

PHUMULA RETIREMENT FUND

12/8/390

Rule Amendment No. 7

Extract of the minutes of the meeting of the Executive Committee of the Phumula Retirement Fund (“the Fund”) held online via video conferencing using Zoom on 4 July 2024.

The Executive Committee of the Fund unanimously resolved in terms of Rule 40.2(a) that the Rules be amended as follows with effect from 1 September 2024,

1. Rule 1.2 shall be replaced as follows:

“1.2 The object of the FUND is to provide BENEFITS for MEMBERS and PENSIONERS and for DEPENDANTS, heirs and the estate of MEMBERS and PENSIONERS and with effect from 1 September 2024, to allow MEMBERS access to SAVINGS WITHDRAWAL BENEFITS, if available.”

2. The following definitions in Rule 2 shall be amended as follows:

“**ACTUARIAL INTEREST**” shall mean, subject to the ACT:

(a) in relation to an IN-SERVICE MEMBER, an amount equivalent in value to the discounted value, as determined by the FUND’S ACTUARY, of the MEMBER’S retiring BENEFIT in terms of RULE 11 (reduced by any early payment of the lump sum BENEFIT as provided for in RULE 21) and as otherwise provided for in these RULES, at the relevant time;

Provided that the ACTUARIAL INTEREST will at all times be subject to a minimum benefit as specified in Section 14A and Section 14B of the ACT; and

Provided further that with effect from 1 September 2024 the ACTUARIAL INTEREST so determined shall consider the MEMBER'S interest in the RETIREMENT COMPONENT, the SAVINGS COMPONENT and the VESTED COMPONENT, as applicable;

- (b) in relation to a PENSIONER or any other person in receipt of a PENSION in terms of these RULES, an amount equivalent in value to the discounted value, as determined by the FUND'S ACTUARY, of such person's PENSION BENEFIT in terms of these RULES, at the relevant time;

"PENSIONABLE SERVICE" shall mean a period in years and complete months consisting of:

- (a) the CONTRIBUTORY SERVICE of a MEMBER;
- (b) service purchased in terms of RULE 9 by him (and by his EMPLOYER in respect of him prior to 1 January 2006) and which will be taken into account in the calculation of a BENEFIT in terms of these RULES, including in terms of RULE 9.4, *mutatis mutandis*;
- (c) any bonus service contemplated in PREVIOUS RULE 15 earned in relation to service prior to the EFFECTIVE DATE in terms of the RULES as they existed on the day immediately before the EFFECTIVE DATE, save that PREVIOUS RULE 15(4) shall be regarded as having never been in existence and that incomplete portions of periods of service required for the purposes of qualifying for bonus service shall be taken into account for the award of bonus service on a proportional basis; and
- (d) any period of potential service contemplated in PREVIOUS RULE 18(2);

Provided that the above PENSIONABLE SERVICE can be allocated in part months to the VESTED COMPONENT and SAVINGS COMPONENT on 1 September 2024;

3. The following definitions shall be added to Rule 2:

“RETIREMENT COMPONENT” shall mean, in respect of a MEMBER, other than a PENSIONER or any other person in receipt of a PENSION, or a MEMBER with an unclaimed benefit as defined in the ACT within the FUND on 31 August 2024:

- (a) if a MEMBER elects to transfer all or a portion of his PENSIONABLE SERVICE from his VESTED COMPONENT or SAVINGS COMPONENT to the RETIREMENT COMPONENT, the ACTUARIAL INTEREST in the RETIREMENT COMPONENT based on the PENSIONABLE SERVICE so transferred; plus
- (b) any amount transferred from the retirement component and, if so elected by the MEMBER, from the vested component and the savings component, of the CJPF in terms of RULE 10;

“SAVINGS COMPONENT” shall mean in respect of a MEMBER, other than a PENSIONER or any other person in receipt of a PENSION, or a MEMBER with an unclaimed benefit as defined in the ACT within the FUND on 31 August 2024:

- (a) the MEMBER'S ACTUARIAL INTEREST in the SAVINGS COMPONENT where PENSIONABLE SERVICE is calculated as:
 - (i) the number of months of PENSIONABLE SERVICE transferred from the VESTED COMPONENT on 1 September 2024 equivalent in value to 10% (ten percent) of the VESTED COMPONENT on 31 August 2024, subject to a maximum of R30,000 (thirty thousand

Rand); provided that PENSIONABLE SERVICE will be transferred proportionally from a MEMBER'S CONTRIBUTORY SERVICE and any bonus service previously contemplated in PREVIOUS RULE 15; less

- (ii) the number of months of PENSIONABLE SERVICE transferred to the MEMBER'S RETIREMENT COMPONENT; plus
- (b) the amount transferred into the MEMBER'S SAVINGS COMPONENT from the CJPF in terms of RULE 10; less
- (c) SAVINGS WITHDRAWAL BENEFITS paid; with the SAVINGS WITHDRAWAL BENEFIT reduced from (a) above, with the reduction in (a) being expressed as a reduction in PENSIONABLE SERVICE calculated at the end of the month prior to payment of the SAVINGS WITHDRAWAL BENEFIT.

"SAVINGS WITHDRAWAL BENEFIT" shall mean the amount elected to be withdrawn by a MEMBER from the SAVINGS COMPONENT whilst in THE SERVICE or before termination of membership of the FUND.

"VESTED COMPONENT" shall mean in respect of a MEMBER, other than a PENSIONER or any other person in receipt of a PENSION, or a MEMBER with an unclaimed benefit as defined in the ACT within the FUND on 31 August 2024:

- (a) the MEMBER'S ACTUARIAL INTEREST in the VESTED COMPONENT where PENSIONABLE SERVICE is calculated as:
 - (i) the number of months of PENSIONABLE SERVICE: less
 - (ii) the number of months PENSIONABLE SERVICE transferred to the SAVINGS COMPONENT on 1 September 2024, equivalent in value

to 10% (ten percentage) of the VESTED COMPONENT on 31 August 2024, subject to a limit of R30,000 (thirty thousand Rand); plus

(b) any amount transferred into the vested component from the CJPF in terms of RULE 10.

4. RULE 10 shall be replaced as follows:

“10. Transfers into the FUND

10.1 A MEMBER may elect to transfer his CJPF benefit at his date of retirement into the FUND.

10.2 Amounts received from the CJPF, shall in accordance with the INCOME TAX ACT, be restricted to transfers to the matching RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT, with the amount transferred to the VESTED COMPONENT being a non-vested benefit in terms of the INCOME TAX ACT, unless a MEMBER elects to transfer his interest in the savings and/or vested component to the RETIREMENT COMPONENT.

10.3 The amounts transferred into the RETIREMENT COMPONENT and at least two-thirds of the VESTED COMPONENT will be used to purchase an additional retirement PENSION on such terms and conditions and in accordance with such procedures as the ACTUARY may determine from time to time.

10.4 The PENSION determined for each MEMBER will be payable in accordance with RULE 18 and RULE 19.

10.5 The PENSION determined for each MEMBER is not subject to the provisions of RULE 15 except to the extent that the MEMBER has elected to purchase a surviving SPOUSE BENEFIT with the transfer amount.”

5. RULE 11 shall be replaced as follows:

“11. Retiring BENEFIT

The retiring BENEFIT payable to a MEMBER shall consist of:

- (a) a lump sum equal to 7% (seven per cent) of his FINAL AVERAGE EMOLUMENTS per year of PENSIONABLE SERVICE allocated to the VESTED COMPONENT (with PENSIONABLE SERVICE reduced by any early payment of the lump sum BENEFIT as provided for in RULE 21); and
- (b) a PENSION equal to the percentage specified in the table in RULE 11(c) below and opposite the age at retirement of his FINAL AVERAGE EMOLUMENTS per year of PENSIONABLE SERVICE allocated to the SAVINGS COMPONENT; and
- (c) a PENSION equal to the percentage specified below and opposite the age at retirement of his FINAL AVERAGE EMOLUMENTS per year of PENSIONABLE SERVICE allocated to the VESTED COMPONENT and the RETIREMENT COMPONENT:

Exact age at retirement (years)	Percentage
60 or under	1.7516
61	1.8296
62	1.9160
63	2.0108
64	2.1140
65	2.2256

Provided that:

if the MEMBER'S age at retirement is not an exact number of years, a portion of a month shall be ignored and the percentage applicable shall be calculated on the basis of 12 (twelve) months being equal to the difference between the percentages applicable to the ages in years, specified above, immediately preceding and succeeding the actual age at retirement."

6. The following RULE 12.4 shall be added as follows:

"12.4 With effect from 1 September 2024:

- (a) if a MEMBER elects to purchase an ANNUITY with a REGISTERED INSURER, any portion of the MEMBER'S PENSION not commuted in terms of RULE 22 must be used to purchase an ANNUITY in accordance with RULE 13.5; subject to the provisions of the INCOME TAX ACT;
- (b) if a MEMBER elects to transfer his ACTUARIAL INTEREST to a pension, provident, pension preservation, provident preservation or retirement annuity fund approved as such by the REVENUE

AUTHORITIES, as permitted in terms of the INCOME TAX ACT, or to the CJPF, his RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT must be transferred to the matching retirement, savings and vested components in that fund, unless the MEMBER elects for the SAVINGS COMPONENT and the VESTED COMPONENT to be transferred to the retirement component in that fund.

- (c) if a MEMBER ceases to be a South African tax resident, the limitations and requirements as set out in the INCOME TAX ACT shall be applied.”

7. The following RULE 13.6 shall be added as follows:

“13.6 With effect from 1 September 2024:

- (a) if a MEMBER elects to purchase an ANNUITY with a REGISTERED INSURER, that portion of a MEMBER'S ACTUARIAL INTEREST constituting his RETIREMENT COMPONENT, together with the actuarial value of any PENSION not commuted in terms of RULE 22 must be used to purchase an ANNUITY in accordance with RULE 13.5;
- (b) any election by a MEMBER to transfer his ACTUARIAL INTEREST to a pension, provident, pension preservation, provident preservation or retirement annuity fund approved as such by the REVENUE AUTHORITIES in terms of the INCOME TAX ACT, or to the CJPF, must be transferred to the matching retirement component, vested component and savings component in that fund, unless the MEMBER elects for the SAVINGS COMPONENT and the VESTED COMPONENT to be transferred to the retirement component in that fund.

(c) if a MEMBER ceases to be a South African tax resident, the limitations and requirements as set out in the INCOME TAX ACT shall be applied.”

8. The heading to RULE 14 shall be renamed “**Withdrawal**”.

9. Rule 14.1 shall be replaced as follows:

“14.1 (a) A MEMBER who leaves THE SERVICE before attaining PENSIONABLE AGE and who is not retiring in terms of RULE 12 shall be entitled to receive as a lump sum the benefit that he is entitled to in terms of the RULES of the FUND as they exist immediately prior to 1 September 2024, or to transfer in terms of RULE 24, his BENEFIT equal to his ACTUARIAL INTEREST in the FUND or his minimum benefit prescribed by the ACT, whichever is the greater; **Provided that** his RETIREMENT COMPONENT must be preserved in the FUND or transferred in terms of RULE 24 to a pension, provident, pension preservation, provident preservation or retirement annuity fund approved as such by the REVENUE AUTHORITIES in terms of the INCOME TAX ACT.

(b) if a MEMBER ceases to be a South African tax resident, the limitations and requirements as set out in the INCOME TAX ACT shall be applied.”

10. The following RULE 14.3 shall be added as follows:

“14.3 SAVINGS WITHDRAWAL BENEFIT

14.3.1 A MEMBER shall be entitled to apply for a SAVINGS WITHDRAWAL BENEFIT in accordance with such terms and conditions determined by the TRUSTEES from time to time, the value of which, before any charges or transactions costs, may not

be less than two thousand Rand (R2,000) or such other amount as may be set in terms of the INCOME TAX ACT from time to time.

14.3.2 Only one SAVINGS WITHDRAWAL BENEFIT may be taken during a year of tax assessment, unless upon leaving THE SERVICE within the same year of tax assessment an amount of less than two thousand Rand (R2,000) remains or such other amount as may be set in terms of the INCOME TAX ACT from time to time, in which case the MEMBER may take a second SAVINGS WITHDRAWAL BENEFIT of all of the SAVINGS COMPONENT.

14.3.3 A SAVINGS WITHDRAWAL BENEFIT may be limited, suspended or prohibited where a lawfully permitted amount may become deductible in terms of Section 37D(1) of the ACT and the remaining balance in the SAVINGS COMPONENT and the VESTED COMPONENT shall be insufficient to cover the lien or amount to be deducted, subject to such time limitations for suspension, consents and other conditions prescribed in Section 37D of the ACT.”

11. RULE 22 shall be replaced as follows:

“22 Commutation of PENSION

22.1 If the amount of a PENSION granted in terms of RULE 11(c) does not exceed the limit set in terms of the INCOME TAX ACT from time to time (the *de minimis* amount), then the whole PENSION may be commuted for a lump sum calculated by the ACTUARY. If the whole PENSION is commuted, then no PENSION shall become payable to a surviving SPOUSE and/or ELIGIBLE CHILDREN.

22.2 A MEMBER retiring in terms of RULE 12 or RULE 13 who receives a PENSION that exceeds the limit referred to in RULE 22.1 may commute his full PENSION calculated using the PENSIONABLE SERVICE allocated to the SAVINGS COMPONENT in terms of RULE 11(b) plus up to one-half of his PENSION calculated using the PENSIONABLE SERVICE allocated to the VESTED COMPONENT in terms of RULE 11(c) (excluding the value of any BENEFIT payable to the surviving SPOUSE of such MEMBER in terms of these RULES) for a lump sum as calculated by the ACTUARY or according to tables furnished by the ACTUARY.

Provided that in the case of a MEMBER who joined the FUND on or after the EFFECTIVE DATE, including any MEMBER who transfers any amount from the CJPF to the FUND, the lump sum commuted in terms of this RULE 22.2 shall be limited to his full PENSION calculated using the PENSIONABLE SERVICE allocated to the SAVINGS COMPONENT and up to one-third of the MEMBER'S ACTUARIAL INTEREST in the VESTED COMPONENT."

12. RULE 24 shall be replaced as follows:

"24 Transfer of pension fund rights

When a MEMBER ceases to be in THE SERVICE of the EMPLOYER and is not eligible or does not elect to receive his BENEFIT as a lump sum, or as a retiring BENEFIT in terms of RULE 11 for reasons other than because he has reached his PENSIONABLE AGE or is taking early retirement, the following provisions shall apply:

- (a) at the MEMBER'S election, the FUND shall, subject to the provisions of the INCOME TAX ACT, pay a transfer value equal to

the MEMBER'S ACTUARIAL INTEREST in the FUND at as the date the member ceased to be in THE SERVICE of the EMPLOYER to a pension, provident, pension preservation, provident preservation or retirement annuity fund approved as such in terms of the INCOME TAX ACT. In such event, he shall not be entitled to any further BENEFIT from the FUND in terms of any other RULE of the FUND and there will be no further claim against the FUND by him or any person whose claim, but for the provisions of this RULE, would have derived from his membership or former membership of the FUND;

- (b) if a lump sum BENEFIT has been paid to the MEMBER in the FUND in terms of RULE 21, or if the MEMBER owes an amount to the FUND that is deductible in terms of the ACT, the transfer value shall be reduced by such amounts on a proportional basis taking into account the ratio of the RETIREMENT COMPONENT, against the SAVINGS COMPONENT and VESTED COMPONENT."

13. The following Rule 27.4 shall be added:

"27.4 Notwithstanding any other provisions of these RULES, the TRUSTEES shall have the right to limit, suspend, or prohibit a SAVINGS WITHDRAWAL BENEFIT, or to withhold an amount lawfully deductible in terms of Section 37D of the ACT, and to deal with the amount deducted in accordance with the ACT and the provisions of the INCOME TAX ACT. Any expenses or any amount deducted in terms of this RULE 27, including the costs incurred in giving effect to a deduction, must be deducted on a proportional basis taking into account the ratio of the MEMBER'S interest in the RETIREMENT COMPONENT, against the SAVINGS COMPONENT and against the VESTED COMPONENT."

14. The following RULE 31.5(c) be added as follows:

“(c) that the portion of the MEMBER’S ACTUARIAL INTEREST constituting the RETIREMENT COMPONENT must be transferred to the retirement component, the VESTED COMPONENT may be transferred in full or in part to the retirement component and/or the vested component, and the SAVINGS COMPONENT may be transferred in full or in part to the retirement component or the savings component.”

15. Rule 38(c) shall be replaced as follows:

“(c) The ACTUARIAL INTEREST of every person entitled to a deferred retiring BENEFIT in terms of RULE 11 shall be paid over for the BENEFIT of such person to any pension fund organisation as contemplated in the ACT of which such person is a member or is entitled to become a member in terms of any applicable law or to a retirement annuity fund or preservation fund as contemplated in the relevant provisions of the INCOME TAX ACT (as amended from time to time); **Provided that** the portion of the ACTUARIAL INTEREST constituting the RETIREMENT COMPONENT must be transferred to the retirement component, the VESTED COMPONENT may be transferred in full or in part to the retirement component and/or the vested component, and the SAVINGS COMPONENT may be transferred in full or in part to the retirement component or the savings component.”

The reason for the amendment is to give effect to the Pension Funds Act Amendments and the Revenue Laws Amendments which provide for the implementation of the “two-pot” retirement system to address the concerns related to lack of preservation before retirement and lack of access to retirement funds by households that are in financial distress, by allowing Members to access amounts in a savings component before retirement, and providing for amounts in a retirement component to be preserved until retirement,

and shall include provisions acknowledging the existing vested rights of the Members within this closed Fund and the provisions of the Rules of the Fund that exist immediately prior to 1 September 2024; by:

1. amending definitions to reflect the provisions of the legislation taking into account the existing vested rights of the Members within this closed Fund and describing the effect of the Savings Component seeding on the defined benefits
2. by adding definitions relating to the establishment of the components and terms that are commonly used throughout the amendment
3. amending or adding Rules to clarify the required proportional allocation or deduction of amounts to and from the various components
4. amending or adding provisions to clarify the conditions relating to the preservation of the Retirement Component
5. adding provision for a Savings Withdrawal Benefit and related conditions
6. amending or adding Rules to clarify the limitations regarding the transfer of components underlying a Member's benefit
7. amending provisions relating to restrictions for access to the Retirement Component on transfer or liquidation
8. adding a Rule to incorporate reference to the right to limit, suspend or withhold an amount that may become deductible in accordance with the provisions of Section 37D of the Pension Funds Act
9. providing for how benefits will be impacted when a person ceases to be a tax resident for an uninterrupted period of 3 years or departs from South Africa at the expiry of a visa.

It is hereby confirmed that no amendments other than those above have been made to the RULES.

Certified that the above resolution has been adopted in accordance with the provisions of the RULES of the FUND.

Francis Fug

22-Aug-24

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CHAIRMAN OF THE BOARD

.....
Date

Graham Uden

21-Aug-24

.....
PRINCIPAL OFFICER

.....
Date

Jane Eagle

21-Aug-24

.....
MEMBER TRUSTEE

.....
Date

Certified that these amendments are financially sound.

Jane

21-Aug-24

.....
JEANINE ASTRUP

.....
Date

VALUATOR TO THE FUND

REGISTERED in terms of
Pension Funds Act No. 24 of 1956

23 AUG 2024

[Signature]

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FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY