

COLUMBUS RETIREMENT FUND (PROVIDENT SECTION)**12/8/33171****("the Fund")****Amendment Number 5**

The Board Members of the Columbus Retirement Fund (Provident Section) resolve at Middelburg on 21 November 2017 that with effect from 1 November 2017 the Rules of the Columbus Retirement Fund (Provident Section) shall be amended as follows:

- 1) The following definitions in Rule 5.2 shall be added or replaced as follows:

"5.2 Definitions and Meanings

The following words and expressions bear the meanings assigned to them below and cognate expressions have corresponding meanings, namely:

FUND CREDIT means, in relation to a MEMBER / DEFERRED MEMBER / IN FUND PRESERVATION MEMBER / PAID UP MEMBER / PENSIONER at any particular date, the sum of:-

- (a) Amounts transferred into the FUND in terms of RULE 11.1.3 (if any), plus
- (b) Contributions made by the MEMBER to the FUND in terms of RULE 11.1 (if any);
plus
- (c) expenses incurred by the FUND in the course of administration (including statutory taxes and levies), investment management, financial management, actuarial management and any other expenses not deducted from the MEMBER/ DEFERRED MEMBER/ IN FUND PRESERVATION MEMBER / PENSIONER / PAID UP MEMBER'S contribution in terms of RULE 13, as agreed to in writing by the BOARD;
plus



- (d) NET INVESTMENT EARNINGS earned on the amounts so realized until date of payment, plus
- (e) Any additional amounts that may be allocated to MEMBER FUND CREDITS by the BOARD from the MEMBER SURPLUS ACCOUNT or in terms of a surplus apportionment in terms of Section 15C of the ACT or from the Expense Reserve Account in terms of RULE 19.1.4.3 or the Data Processing Error Reserve Account in terms of RULE 19.2.5.3.

Provided that the MEMBER'S FUND CREDIT shall not be less than the minimum benefits prescribed in Section 14A of the ACT.

IN FUND PRESERVATION MEMBER means a MEMBER who elected in terms of RULE 14.7.1 to preserve his/her withdrawal benefit in the FUND on the termination of his/her SERVICE.

MEMBER means a person who has been admitted to membership of the FUND in terms of RULE 10.1.1 (admission to membership) subject to the following conditions:

- (a) A person who leaves SERVICE, other than an IN FUND PRESERVATION MEMBER, a DEFERRED MEMBER, a PENSIONER or a PAID UP MEMBER, will remain a MEMBER until all benefits have been paid to him / her or transferred to another APPROVED FUND or REGISTERED INSURER on his / her behalf, provided that no benefits other than FUND CREDIT will accrue to or in respect of him / her and he / she will not be entitled to vote for BOARD MEMBERS, and
- (b) A person who leaves SERVICE and becomes an IN FUND PRESERVATION MEMBER, a DEFERRED MEMBER, a PENSIONER or a PAID UP MEMBER, will remain a MEMBER until all benefits have been paid to him / her or transferred to another APPROVED FUND or REGISTERED INSURER on his / her behalf, provided that no benefits in addition to the aforementioned benefits will accrue to or in respect of him / her, and



- (c) **EMPLOYER** in relation to a **MEMBER** means the **EMPLOYER** in whose service such **MEMBER** is or is deemed to be.

LIVING ANNUITY means an annuity which complies with the following conditions:

- (a) The value of the **LIVING ANNUITY** must be determined solely by reference to the value of the assets held in the **LIVING ANNUITY ACCOUNT** for a specific **PENSIONER** from time to time;
 - (b) The **PENSIONER** shall have the right to elect an investment portfolio from those made available by the **TRUSTEES** for this purpose from time to time, in which his **FUND CREDIT** at date of retirement shall be invested, and shall have the right to change the investment decision from time to time, subject to such requirements that may be determined by the **TRUSTEES**;
 - (c) The **LIVING ANNUITY** amount payable will be determined at such rate selected by the **PENSIONER**, between the limits allowed by law, of the capital value in the **LIVING ANNUITY ACCOUNT**; provided that the percentage may only be selected and/or amended on the anniversary date of commencement of the **LIVING ANNUITY** or such annual review dates as may be allowed in terms of legislation. The amount selected will be paid monthly in arrear or at such other intervals allowed by the **REVENUE SERVICE** and agreed with the **TRUSTEES**;
 - (d) The amount of the **LIVING ANNUITY** must be determined in terms of a method or formula prescribed by the Minister of Finance of the Republic of South Africa. Accordingly, should the method or formula change, the percentages selected in (c) above shall be amended in accordance with such change, from the date required by regulation;
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- (e) The amount of the **LIVING ANNUITY ACCOUNT** is not guaranteed by the **FUND**. It is specifically provided that the **FUND** may be required to intervene when the underlying capital value of the **LIVING ANNUITY ACCOUNT** falls below a threshold determined by the **VALUATOR**, and convert the **LIVING ANNUITY** to a conventional compulsory annuity to meet the **FUND'S** obligation to the



PENSIONER. Should it become necessary to convert the **LIVING ANNUITY** to a conventional compulsory annuity, such annuity shall be purchased in the name of the **PENSIONER** from a **REGISTERED INSURER** selected by the **PENSIONER**, failing which the **TRUSTEES** will select an appropriate **REGISTERED INSURER** for this purpose;

- (f) On the death of the **PENSIONER** the then value of the assets in the **LIVING ANNUITY ACCOUNT** must be paid to a **BENEFICIARY** of the **PENSIONER**, whether as an annuity or lump sum, but always subject to **RULE 15.5**;
- (g) Due to the nature of a **LIVING ANNUITY**, the **FUND** shall not grant any pension increases to the **LIVING ANNUITY** as envisaged by Section 14A of the ACT; and
- (h) The **LIVING ANNUITY** must comply with any further requirements prescribed by the Minister of Finance of the Republic of South Africa and any other applicable legislation from time to time;

LIVING ANNUITY ACCOUNT means the account required to maintain the **LIVING ANNUITY** of a **PENSIONER**. The initial amount of the **LIVING ANNUITY ACCOUNT** is determined in terms of **RULE 14.1**;

PAID UP MEMBER means a **MEMBER** who is absent from **SERVICE** with no remuneration in terms of **RULE 10.2.3**, or a **MEMBER** who elected to join another **APPROVED FUND** in which the **EMPLOYER** participates, and who elected to leave his/her **FUND CREDIT** in the **FUND** until such time as his/her **SERVICE** with the **EMPLOYER** terminates.

PENSIONER means a **MEMBER** who has retired and who is in receipt of a **LIVING ANNUITY** from the **FUND** in terms of these **RULES**.



- 2) Rule 10.1.4 shall be added to Rule 10.1 as follows:

10.1 Member Eligibility and Admission

- 10.1.4 In the event that a MEMBER'S FUND CREDIT value is equal to zero, he / she will no longer be considered a MEMBER of the FUND.

- 3) Rule 10.2 shall be replaced as follows:

10.2 Absence

Subject to the provisions of RULE 10.2.3, if a MEMBER is temporarily absent from service with the consent of the EMPLOYER, and:

- 10.2.1 the full contributions are continued in terms of RULE 11, the maximum period of approved absence will be 24 (twenty-four) months and the MEMBER'S membership of the FUND and the benefits payable in respect of the MEMBER will not be affected; provided that any such benefits which are insured with an INSURER will be subject to such limitations and conditions as the relevant INSURER may impose;

- 10.2.2 only partial contributions are made in terms of RULE 11, the maximum period of approved absence will be 24 (twenty-four) months and the MEMBER'S membership of the FUND and the benefits payable in respect of the MEMBER will either not be affected or will be reduced partially; provided that any such benefits which are insured with an INSURER will be subject to such limitations and conditions as the relevant INSURER may impose;

- 10.2.3 the payment of contributions in terms of RULE 11 are suspended, the maximum period of approved absence will be 24 (twenty-four) months, no retirement benefits will accrue to the MEMBER in respect of such period of absence and the MEMBER'S FUND CREDIT will be



reduced by expenses incurred by the FUND in the course of administration (including statutory taxes and levies), investment management, financial management, actuarial management and any other expenses as agreed to in writing by the BOARD, the cost of death risk benefits in terms of RULE 14.6. The MEMBER will continue to be eligible for the death risk benefits provided for in RULE 14.6, subject to the premiums for the cost of the risk death benefits continuing to be deducted from the MEMBER'S FUND CREDIT.

- 10.2.4 Subject to the provisions of RULE 10.2.5, if a MEMBER is temporarily absent from service, for the period as stipulated by the EMPLOYER, without the consent of the EMPLOYER, the MEMBER will become entitled to the benefit provided for in terms of RULES 14.1, 14.2 or 14.7 at the end of the period.
- 10.2.5 If a MEMBER is temporarily absent from service due to the MEMBER'S participation in industrial action or due to the EMPLOYER'S right to lock-out striking EMPLOYEES in terms of Section 64 of the Labour Relations Act, 66 of 1995, the EMPLOYER may exercise its right in terms of Section 67(3) of the Labour Relations Act, 66 of 1995, and suspend payment of contributions in respect of the MEMBERS for the duration of the industrial action or lock-out and no retirement benefits will accrue to the MEMBER in respect of the period of absence; provided that the contributions required in respect of the cost of death benefits in terms of RULE 14.6, and the cost of the disability risk benefit in terms of RULES 11.3.4 and 11.3.5 will continue to be payable by the EMPLOYER for the duration of the industrial action or lock-out. The contributions required in respect of the cost of death benefits in terms of RULE 14.6, and the cost of the disability risk benefit in terms of RULES 11.3.4 and 11.3.5 will however cease if the industrial action or lock-out continues for a period of more than 30 (thirty) days and the MEMBER will cease to be eligible for the benefits provided for in RULES 14.6 and 11.3.4 and 11.3.5 after expiry of the 30 (thirty)-day



- 4) Rule 13.4 shall be replaced as follows:

13.4. Ad Hoc Expenses

13.4.1 The following provision will apply in respect of AD HOC EXPENSES:

13.4.1.1 AD HOC EXPENSES need not have accrued for an appropriate deduction to be made from the MEMBERS' FUND CREDIT and the DEFERRED RETIREES', PENSIONERS, IN FUND PRESERVATION and PAID UP MEMBERS' FUND CREDITS and the BOARD may deduct in respect of provisions that they make to ensure impartiality among the MEMBERS and DEFERRED RETIREES, PENSIONERS, IN FUND PRESERVATION and PAID UP MEMBERS of the FUND.

13.4.1.2 AD HOC EXPENSES may further be funded by way of interest earned in the bank account of the FUND other than interest allocated in terms of Rule 18.2.

13.4.1.3 Should the amount deducted from MEMBERS' FUND CREDITS and from DEFERRED RETIREES', PENSIONERS, IN FUND PRESERVATION and PAID UP MEMBERS' FUND CREDITS be in excess of the amounts required to fund AD HOC EXPENSES, an appropriate credit will be made to the MEMBERS' FUND CREDITS and the DEFERRED RETIREES', PENSIONERS, IN FUND PRESERVATION and PAID UP MEMBERS' FUND CREDITS.



- 5) Rule 14.1.1. and 14.1.2 shall be replaced as follows:

14.1 Normal Retirement

14.1.1 Subject to RULES 14.2 and 14.3 a MEMBER must retire as at his / her NORMAL RETIREMENT DATE and will become entitled to the option of becoming a DEFERRED RETIREE, a PENSIONER or become entitled to an annuity vesting on the following day.

14.1.2 Subject to the provisions of RULE 18.2, the amount of the annuity or LIVING ANNUITY will be equal to that which may be purchased by the MEMBER'S FUND CREDIT, as determined by the BOARD after consultation with the ACTUARY.

- 6) Rule 14.3.1 shall be replaced as follows:

14.3.1 Subject to the written consent of the EMPLOYER a MEMBER who has reached his / her NORMAL RETIREMENT DATE may remain in SERVICE and retire on the last day of such month as may be advised to the FUND by the EMPLOYER. Contributions on behalf of the MEMBER will continue until the date of such late retirement. At date of late retirement, the MEMBER will become entitled to the option of becoming a DEFERRED RETIREE, PENSIONER or electing an annuity vesting on the following day."

- 7) Rule 14.4.2 shall be replaced as follows:

14.4.2 The written notice must include the options elected by the MEMBER, in particular regarding payment of any portion of the benefit as a lump sum benefit, and/or the annuity or LIVING ANNUITY selected in terms of RULE 14.5.3 and any other information which may be required by the BOARD and/or the ADMINISTRATOR from time to time.



- 8) Rule 14.7.1 shall be replaced as follows:

14.7 Withdrawal Benefits

- 14.7.1 If a MEMBER resigns from SERVICE prior to his / her NORMAL RETIREMENT DATE or is dismissed for operational reasons, misconduct or incapacity prior to his / her NORMAL RETIREMENT DATE, he / she will become entitled to his / her MEMBER'S FUND CREDIT, which will be automatically preserved by remaining invested in the INVESTMENT PORTFOLIOS that he/she was invested in immediately prior to withdrawal or such INVESTMENT PORTFOLIO selected by the MEMBER until the benefit is claimed by the MEMBER in terms of RULES 14.7.2, 14.7.3 or 14.7.4, subject to the provisions of RULE 18.2. The MEMBER'S FUND CREDIT will be calculated as at the date on which the FUND is regarded as having been notified of such the MEMBER'S withdrawal in terms of RULE 14.4.3.

- 9) Rule 14.8 shall be added as follows:

14.8 Death of a PENSIONER

On the death of a PENSIONER the then value of the assets in the LIVING ANNUITY ACCOUNT must be paid to a BENEFICIARY of the PENSIONER, whether as an ANNUITY or lump sum, but always subject to RULE 15.5;

- 10) Rule 19.1 shall be replaced as follows:

19.1. Expense Reserve Account

- 19.1.1 An Expense Reserve Account will be established in the FUND.
19.1.2 The purpose of the Expense Reserve Account is to fund the cost of ADMINISTRATION EXPENSES and AD HOC EXPENSES.
19.1.3 The following credit transactions will be recorded in the Expense Reserve Account:







- 19.1.3.1 Amounts paid to the FUND by the EMPLOYER in terms of Rule 11.3.2 and 11.3.3 (if any); plus
 - 19.1.3.2 Amounts deducted from the MEMBERS' FUND CREDITS in respect of AD HOC EXPENSES in terms of Rule 13.2; plus
 - 19.1.3.3 Amounts deducted from DEFERRED RETIREES', IN FUND PRESERVATION and PAID UP MEMBERS' FUND CREDITS in respect of ADMINISTRATION EXPENSES and in respect of AD HOC EXPENSES in terms of Rule 14.4(b); plus
 - 19.1.3.4 Positive INVESTMENT EARNINGS on the amount standing to the credit of the Expense Reserve Account from time to time.
- 19.1.4 The following debit transactions will be recorded in the Expense Reserve Account:
- 19.1.4.1 Amounts paid to any of the FUND'S service providers or creditors in respect of ADMINISTRATION EXPENSES and AD HOC EXPENSES ; and
 - 19.1.4.2 Negative INVESTMENT EARNINGS on the amount standing to the credit of the Expense Reserve Account from time to time; and
 - 19.1.4.3 Any allocations made to MEMBERS' FUND CREDITS FUND CREDITS by the BOARD from time to time, excluding DEFERRED MEMBERS / IN FUND PRESERVATION MEMBERS / PENSIONERS and PAID UP MEMBERS.




The reasons for the amendment are:

- To update the definition of Fund Credit;
- To allow for temporary absence from service;
- To allow members to preserve their benefits in the Fund on withdrawal;
- To allow members to become paid – up members;
- To allow for the payment of in-fund living annuities on retirement.

Certified that the above resolution has been adopted in accordance with the provisions of the Rules of the Fund.

 Chairman	<u>21 Nov 2017</u> Date	 Trustee	<u>21 Nov 2017</u> Date
 Principal Officer	<u>21 Nov 2017</u> Date	 Trustee	<u>21 Nov 2017</u> Date

Certified that the amendment will not adversely affect the financial soundness of the Fund.



Dave Steere
Fellow of the Institute of Actuaries

27 November 2017
Date

