18.06.2025

RULES OF THE MUNICIPAL COUNCILLORS PENSION FUND (MCPF)

REVISED RULES OF THE MUNICIPAL COUNCILLORS PENSION FUND

The BOARD of THE MUNICPAL COUNCILLORS PENSION FUND (the FUND) resolved at Woodmead on 23-10-2025 that the existing registered RULES of the FUND, as amended be replaced by these revised RULES which shall be effective from the first day of the month immediately following the date that the ADMINISTRATOR receives official notice of the registration of these RULES by the AUTHORITY.

TABLE OF CONTENTS

RULE NUMBER PAGE

1. INTERPRETATION AND DEFINITIONS

In these RULES, words defined in the ACT and not in the RULES shall have the meanings assigned to them in the ACT and the following words and expressions shall have the meaning assigned to them and unless inconsistent with the context: –

- Indicate that words in the singular shall include the plural and vice versa;
- Masculine gender to include the other genders; and
- Any reference to an enactment is a reference to the latest version thereof, including amendments to that law.

"ACT" the Pension Funds Act, 1956 (Act No.24 of 1956), as amended, and any regulation promulgated thereunder.

"ACTUARY" is a natural person appointed by the BOARD in terms of section 9A of the ACT and these Rules: A fellow of the Actuarial Society of South Africa or any other institution approved by the AUTHORITY by notice in the Government Gazette or similar publication.

"ADJUDICATOR" shall mean the Pension Funds Adjudicator appointed under section 30C of the Act.

"ADMINISTRATOR" means the person or organisation, recognised by the AUTHORITY in terms of section 13B of the ACT, who has been appointed by the TRUSTEES to administer the FUND in terms of these RULES.

"ANNUITY" means a series of annual or monthly sums of money, payable to an eligible MEMBER, PENSIONER or BENEFICIARY by an insurer or a pension fund for a specified term or for the life of the person, the period and sum thereof being determined in terms of the applicable RULE.

"ANNUITY STRATEGY" shall mean a strategy, as determined by the TRUSTEES, setting out the manner in which a MEMBER'S retirement savings may be applied, with the MEMBER'S consent to purchase an ANNUITY or ANNUITIES on behalf of the MEMBER, in the MEMBER'S name, from a REGISTERED INSURER and which complies with the requirements of Regulation 39 to the ACT and any conduct standards, guidance or other communications issued by the AUTHORITY from time to time. This strategy is the BOARD's preferred strategy communicated to MEMBERs but the MEMBERs are not compelled to use this preferred strategy when they retire.

"APPROVED PENSION FUND" a fund registered by the AUTHORITY as a pension fund and approved as such by the COMMISSIONER or by the Authority on behalf of the Revenue Authority.

"APPROVED RETIREMENT ANNUITY FUND" a fund registered by the AUTHORITY as a retirement annuity fund and approved as such by the COMMISSIONER.

"AUDITOR" an auditor registered under the Auditing Profession Act 2005, (Act no 26 of 2005) duly appointed in terms of these RULES and whose appointment is notified and approved by the AUTHORITY in terms of the ACT.

"AUTHORITY" means the Financial Sector Conduct Authority established in terms of section 56 of the Financial Sector Regulation Act.

"BENEFICIARY" means a nominee of a member or a dependant who is entitled to a benefit, as provided for in the rules of the relevant fund;

"BOARD" means the TRUSTEES appointed and elected in accordance with these RULES who manage, direct, control and oversee the business of the Fund, and any sub-committees thereof, acting under powers delegated to it.

"CALENDAR MONTH" a period from the first to the last day of any month, both days inclusive.

"**CODE OF CONDUCT**" means the code of conduct established in terms of RULE 10.

"COMMENCEMENT DATE" 1 May 1988.

"COMMISSIONER" the Commissioner for the South African Revenue Service.

"CONTINGENCY RESERVE ACCOUNT" means the sum of the balances in the DATA RESERVE ACCOUNT, the EXPENSE RESERVE ACCOUNT and the PROCESS ERROR RESERVE ACCOUNT.

"CONTRIBUTIONS" the contributions made by the MEMBER in terms of RULE 31: Provided that in relation to any refund of CONTRIBUTIONS, it does not include interest.

"COUNCILLOR" an elected or appointed MEMBER of the council of a MUNICIPALITY.

"DATA RESERVE ACCOUNT" means the DATA RESERVE ACCOUNT described in RULE 35.2, subject to the definition and conditions imposed in the SURPLUS LEGISLATION.

"DEFERRED PENSIONER" means a MEMBER who after the termination of his employment as a COUNCILLOR; elects to retain his benefit in the FUND; or after a period of 90 (ninety) days following the termination of his employment as a COUNCILLOR has not indicated in writing to the FUND what should happen to his benefit; his benefit shall be paid-up by default and shall remain in the FUND until withdrawn or transferred up to the age of seventy-five (75) years or his death whichever occurs first.

"DEPENDANT" means a dependant as defined in the ACT.

"EMPLOYER BODY" means any LOCAL AUTHORITY ORGANISATION operating at national level and includes SALGA. If there is more than one EMPLOYER BODY then they must act jointly, and if they are unable for any reason to agree on an issue then SALGA decides the issue.

EXPENSE RESERVE ACCOUNT means the expense account described in RULE 35.3.

"FINAL PENSIONABLE REMUNERATION" for each MEMBER, means the last PENSIONABLE REMUNERATION he received prior to termination of his membership.

"FINANCIAL YEAR" refers to the period from 1 July to 30 June of any year, both days inclusive: Provided that the period commencing on the COMMENCEMENT DATE and terminating on 30 June 1989 shall constitute the first FINANCIAL YEAR.

"FUND" refers to the Municipal Councillors Pension Fund, established in terms of the Pension Benefits for Councillors of Local Authorities Act, 1987 (Act No.105 of 1987).

"FUND CREDIT" means the sum of contributions made by and in respect of a MEMBER towards retirement funding into each MEMBER's SAVINGS COMPONENT, RETIREMENT COMPONENT and VESTED COMPONENT and INVESTMENT RETURN earned by the FUND and allocated to each MEMBER in terms of the RULES of the FUND.

"INDEPENDENT TRUSTEE" means a TRUSTEE who meets the criteria of independence required by the AUTHORITY and is not a MEMBER TRUSTEE or who is neither employed by nor renders any services to any LOCAL AUTHORITY ORGANISATION or to any service provider to the FUND, and who, at the time of appointment as TRUSTEE, is either in the legal, accounting or actuarial professions or any other profession, and acknowledged as being an expert in pension related matters.

INCOME TAX ACT means the Income Tax Act, 1962 (Act. No. 58 of 1962).

"INFORMATION OFFICER" is the person as defined in the Protection of Personal Information Act 4 of 2013 (POPIA) and who is appointed in terms of RULE 14 of these RULES.

"INSURER" an insurer registered in terms of the Long-Term Insurance Act, 1998 (Act No. 52 of 1998).

"INVESTMENT RETURN" means any income (received or accrued) and capital gains and losses (realized or unrealized) attributable to the assets of the FUND, net of expenses and tax charges associated with the acquisition, holding or disposal of those assets; provided that:

- Where such income, capital gains and losses can be attributed to the assets backing the amount to the credit of any ACCOUNT, and/or COMPONENT ACCOUNTS then such INVESTMENT RETURN must be attributed to that ACCOUNT and/or COMPONENT ACCOUNTS;

- In the case of INVESTMENT RETURN to be allocated to ACCOUNTS other than the BENEFITS PAYABLE ACCOUNT, the COMPONENT ACCOUNTS or the UNCLAIMED BENEFITS ACCOUNT, such INVESTMENT RETURN may be reduced by such amounts as the TRUSTEES, acting on the advice of the ACTUARY, may decide to allocate to the EXPENSE RESERVE ACCOUNT from time to time;

- Where such income, capital gains and losses cannot be attributed to the assets backing the amount to the credit of an ACCOUNT and/or COMPONENT ACCOUNTS then such income, capital gains and losses must be allocated amongst the ACCOUNTS and/or COMPONENT ACCOUNTS on such basis as the TRUSTEES consider equitable after taking account of the advice of the ACTUARY;

- The calculation of the INVESTMENT RETURN will be done on a monthly basis in arrears.

"**LOCAL AUTHORITY ORGANISATION**" means South African Local Government Association (SALGA) or its successor, and any provincial organisation. For the purposes of this definition, "national organisation" and "provincial organisation" have the same meaning as the definition of these terms in the Organised Local Government Act, 1997 (No. 52 of 1997).

"MCPF RULES" means the approved rules of the Municipal Councillors Pension Fund as amended from time to time.

"MEMBER" means a person who, having been admitted to membership of the FUND in accordance with the RULES, has not ceased to be a MEMBER in terms of these RULES.

"MEMBER'S INVESTMENT RETURN IN THE RETIREMENT COMPONENT" has the meaning as defined in section 1(1) of the Income Tax Act;

"MEMBER'S INVESTMENT RETURN IN THE SAVINGS COMPONENT" has the meaning as defined in section 1(1) of the Income Tax Act;

"MEMBER'S INVESTMENT RETURN IN THE VESTED COMPONENT" has the meaning as defined in section 1(1) of the Income Tax Act;

"MEMBER TRUSTEE" means a COUNCILLOR appointed in terms of the Municipal Structures Act, 32 of 2000 elected or appointed by other participating COUNCILLORS as a TRUSTEE in terms of the MCPF RULES, and such person must remain a COUNCILLOR to be a MEMBER TRUSTEE on the FUND; this shall also refer to any person who temporarily fills the position of a MEMBER TRUSTEE in terms of the MCPF RULES.

"MUNICIPAL ELECTIONS" means the general Municipal and Local Government elections held every five (5) years in terms of the Constitution of the Republic of South Africa, Act 108 of 1996.

"MUNICIPALITY" means a municipality as contemplated in the Local Government Municipal Structures Act, 1998 (Act No.117 of 1998).

"PARTIAL SUSPENSION" means that a MUNICIPALITY has been granted a temporary and limited relief by the BOARD of the FUND as a result of an event that is unforeseen, unavoidable and external to the MUNICIPLALITY and beyond the control of the FUND and the MUNICIPALTY which may, without limitation include a disaster as declared in terms of the Disaster Management Act, 2002, as determined by the BOARD, to only collect from its MEMBERS, the portion of the CONTRIBUTIONS necessary for the provision of death benefits and FUND administration costs in terms of the MCPF RULES.

"PENSION" means an annual sum payable in terms of these RULES.

"PENSIONABLE REMUNERATION" the salary of a COUNCILLOR for services rendered in his capacity as a COUNCILLOR: Provided that a reimbursement allowance or a special allowance shall not be regarded as PENSIONABLE REMUNERATION: Provided further that this PENSIONABLE REMUNERATION shall not exceed the upper limit of the salaries of full-time COUNCILLORS as determined by the Minister for Provincial and Local Government in terms of the PUBLIC OFFICE BEARERS ACT.

"PENSIONABLE SERVICE" for each MEMBER means, his period of continuous SERVICE from the date of his joining the FUND up to the date on which his membership of the FUND ceases in terms of these RULES, together with such additional SERVICE as may be credited to the MEMBER. PENSIONABLE SERVICE shall be calculated in years and completed months, each completed month counting as one-twelfth of a year.

"POPIA" means the Protection of Personal Information Act 2013, (Act no 4 of 2013), as amended, and any regulation promulgated thereunder.

"**PORTFOLIO**" means those assets which the BOARD has determined according to the investment policy of the FUND for a specific purpose or to have a fixed risk profile.

"PRESERVATION FUND" an approved pension fund organisation as defined in the ACT, set-up for purposes of preserving its member's benefits prior to retirement that functions as a Preservation Fund.

"PRINCIPAL OFFICER" shall mean the Principal Officer as defined in section 1 of the ACT who is appointed in terms of RULE 11 of these RULES and Directive 5 of the FSCA

"PROCESS ERROR RESERVE ACCOUNT" means the PROCESS ERROR RESERVE ACCOUNT described in RULE 35.4, subject to the definition and conditions imposed in the SURPLUS LEGISLATION.

"PROVINCE" means a province of South Africa as referred to in section 103 of the Constitution of the Republic of South Africa, 1996.

"PROVINCIAL MEETING" means a meeting of those MEMBERS who are COUNCILLORS of MUNICIPALITIES within a PROVINCE, convened by the FUND, and at a venue determined by the FUND.

"PUBLIC OFFICE BEARERS ACT" means the Remuneration of Public Office-Bearers Act, 1988 (Act No. 20 of 1988) and the Notices promulgated in terms thereof.

"RETIREMENT COMPONENT", will comprise two-thirds of the contributions received on behalf of the MEMBER in respect of a period commencing from 1 September 2024. Any transfers received by the FUND from the RETIREMENT COMPONENT of a previous fund on behalf of the MEMBER, will be transferred into the RETIREMENT COMPONENT of the MEMBER'S FUND CREDIT. No withdrawals are permitted from the RETIREMENT COMPONENT before retirement and the payments can only be paid to the MEMBER as an annuity from the FUND, a transferee fund or a life or living annuity policy.

"**RULES**" means these RULES and such amendments duly registered by the Authority.

"SAVINGS COMPONENT", comprises the seed capital equal to the lesser of R30 000.00 or 10% of the MEMBER'S FUND CREDIT as at 1 September 2024 and one-third of contributions received in respect of a period commencing from 1 September 2024. Any transfers received by the FUND from the SAVINGS COMPONENT of a previous fund on behalf of the MEMBER, will be transferred into the SAVINGS COMPONENT of the MEMBER'S FUND CREDIT.

"SALGA' the South African Local Authorities and its legal successor, being the national organisation as contemplated in section 2(a) of the Organised Local Government Act, 1997 (Act No. 52 of 1997).

"SERVICE" means the service of a person elected as a MUNICIPAL COUNCILLOR.

"SHARE ACCOUNT" means the SHARE ACCOUNT, described in RULE 33.1 and comprising the aggregate of the MEMBERS' FUND CREDITS.

"SURPLUS LEGISLATION" means the Pension Funds Second Amendment Act, 2001.

"TRUSTEE" means any natural person elected or appointed to the BOARD of the FUND in terms of the RULES of the FUND, including the chairperson and the deputy-chairperson.

"UNCLAIMED BENEFIT" refers to an unclaimed benefit as defined in the Pension Funds Act, 24 of 1956.

"VESTED COMPONENT", will comprise the MEMBER'S FUND CREDIT as at 31 August 2024, less the amount deducted for the SAVINGS COMPONENT'S seed capital. Any transfers received by the FUND from the VESTED COMPONENT of a previous fund on behalf of the MEMBER, will be transferred into the VESTED COMPONENT of the MEMBER'S FUND CREDIT. No contributions will be paid into the VESTED COMPONENT in respect of a period commencing after 1 September 2024.

The headings in these RULES are used for reference purposes only and shall in no way be deemed to explain, modify, amplify or aid in the interpretation of these RULES.

2. OBJECT, BODY CORPORATE, REGISTERED OFFICE AND BINDING FORCE

2.1 The object of the FUND is to provide benefits for MEMBERS and retired MEMBERS of the FUND and the DEPENDANTS of such MEMBERS and retired MEMBERS.

2.2 The FUND is a body corporate capable of suing and being sued in its own name and of performing all acts which may be reasonably necessary for or ancillary to the exercise of its powers or the performance of its functions in terms of these RULES.

2.3 The registered office of the FUND shall be situated at **Portion F8, First Floor, 703 Woodmead Office Park, 20 Morris Street East, Woodmead**.

2.4 These RULES shall be binding on the FUND and the MEMBERS and officers and TRUSTEES thereof, on MUNICIPALITIES and on any person who claims under the RULES or whose claim is derived from a person so claiming.

3. SOURCES OF FUNDING

The sources of funding for the FUND shall consist of –

3.1 CONTRIBUTIONS and INVESTMENT RETURN paid to the FUND in terms of the RULES;

3.2 income derived from the investment of moneys of the FUND; and

3.3 any other moneys or assets to which the FUND may become entitled.

4. CONTROL OF THE FUND

Subject to the provisions of the ACT and of the RULES, the sole responsibility for the management of the FUND shall be vested in the BOARD elected or appointed in terms of the RULES of the FUND.

5. COMPOSITION OF THE BOARD

5.1 The BOARD shall comprise of:

5.1.1 13(thirteen) TRUSTEES inclusive of the Deputy Chairperson and the Chairperson.

5.2 Subject to RULE 5.3, the TRUSTEES shall be appointed as follows:

5.2.1 9 (nine) MEMBER appointed TRUSTEES

5.2.2 2 (two) Independent TRUSTEES

5.2.3 2 (two) EMPLOYER BODY appointed Trustees.

5.3 There are no alternates to any TRUSTEE, but in the event of any vacancy, the provisions of Rule 6.5 shall apply.

5.4 The BOARD shall during its tenure adopt an election policy to direct the election of MEMBER TRUSTEES, INDEPENDENT TRUSTEES and EMPLOYER TRUSTEES.

6. ELECTION OF MEMBER TRUSTEES

6.1 Each Province of the Republic shall elect one MEMBER TRUSTEE. As there are 9 (nine) PROVINCES, there shall be 9 (nine) MEMBER TRUSTEES.

6.2 MEMBER TRUSTEES are elected by MEMBERS, subject to RULE 6.3, which election must take place within 120 (one hundred and twenty) days of each MUNICIPAL ELECTION. Each MEMBER may vote at such an election for 1 (one) candidate.

6.3 MEMBERS who are COUNCILLORS of MUNICIPALITIES within a District in a PROVINCE have the right to nominate from among themselves, at least, 2 (two) members to be voted as a TRUSTEE of that PROVINCE. At a PROVINCIAL gathering of the nominees from the districts, Members shall, from the nominees, elect a MEMBER TRUSTEE to represent that PROVINCE.

6.4 The candidate receiving the highest number of votes per PROVINCE is elected as a MEMBER TRUSTEE for that PROVINCE.

6.5 In the event of any vacancy in office of a MEMBER TRUSTEE, the vacancy shall be filled by the candidate who received the next highest votes in the same PROVINCE in the election in RULE 6.4.

7. APPOINTMENT OF INDEPENDENT TRUSTEES

7.1 The BOARD must ensure that there are, at all times, 2 (two) INDEPENDENT TRUSTEES on the BOARD.

7.2 An INDEPENDENT TRUSTEE is appointed to the BOARD constituted by the MEMBER TRUSTEES and the EMPLOYER TRUSTEES. Any vacancy of an INDEPENDENT TRUSTEE is filled within three months of the date of the vacancy.

8. APPOINTMENT OF TRUSTEES BY EMPLOYER BODY

8.1 The EMPLOYER BODY has the right to appoint 2 (two) TRUSTEES to the BOARD, and to fill any vacancy arising as a result of the vacation of office by any TRUSTEE appointed by it.

8.2 The EMPLOYER BODY may by notice to the PRINCIPAL OFFICER, terminate the appointment of any TRUSTEE appointed in terms of RULE 8.1.

9. TERM OF OFFICE OF TRUSTEES

9.1 TRUSTEES appointed under RULEs 6, 7 and 8 hold office for a period of 5 (five) years.

9.2 TRUSTEES hold office until the first BOARD meeting of the new BOARD following the elections of new COUNCILLORS, which shall be within 120 (one hundred and twenty) days from the announcement of the new COUNCILLORS by the Independent Electoral Commission (IEC) of South Africa, following the MUNICIPAL ELECTIONS.

9.2 TRUSTEES hold office until the first BOARD meeting of the new BOARD following the elections of new COUNCILLORS, which shall be within 120 (one hundred and twenty) days from the announcement of the new COUNCILLORS by the Independent Electoral Commission (IEC) of South Africa, following the MUNICIPAL ELECTIONS.

9.3 INDEPENDENT TRUSTEES appointed under Rule 7 holds office until the appointment of the new INDEPENDENT TRUSTEES appointed by the new BOARD comprised of MEMBERS and EMPLOYER BODY TRUSTEES, such appointment shall not be later than 90 days from the appointment of the new BOARD.

9.4 A TRUSTEE who has completed his term of office is eligible to be re-elected or re-appointed for another term of office. There is no limit to the number of terms of office which a TRUSTEE may occupy.

10. CODE OF CONDUCT

10.1 The BOARD shall adopt a CODE OF CONDUCT to which each TRUSTEE must agree to be bound. Each TRUSTEE shall sign the CODE OF CONDUCT at his first BOARD meeting attendance. The CODE OF CONDUCT shall stipulate a sanction where a TRUSTEE fails to sign the CODE OF CONDUCT at his first BOARD meeting.

10.2 On signing the CODE OF CONDUCT, each TRUSTEE shall confirm that it is binding upon them and shall declare to the BOARD potential conflicts, if any.

11. PRINCIPAL OFFICER

11.1 The BOARD shall appoint a PRINCIPAL OFFICER for the FUND. The BOARD shall apply to the AUTHORITY for the noting of the PRINCIPAL OFFICER in accordance with the ACT. Should the AUTHORITY object to the appointment of a PRINCIPAL OFFICER, the BOARD may not confirm the appointment of the proposed person. Should the PRINCIPAL OFFICER be absent from the Republic of South Africa or be otherwise unable to perform the duties of a PRINCIPAL OFFICER for a period greater than 30 days, the BOARD shall appoint a new PRINCIPAL OFFICER. The provisions of Sections

8(4) and (5) of the ACT, apply with the necessary changes to the appointment of a PRINCIPAL OFFICER.

11.2 The PRINCIPAL OFFICER shall be an individual resident in the Republic of South Africa, and if the PRINCIPAL OFFICER is absent from the Republic or unable for any reason to discharge any duty imposed on the PRINCIPAL OFFICER, the BOARD in a manner directed by its RULES, must appoint a PRINCIPAL OFFICER, within such period as may be prescribed by the AUTHORITY, after the commencement of a continuing absence or inability to discharge any duty by the current PRINCIPAL OFFICER. The same procedure of notification and appointment mentioned in RULE 11.1, shall be applicable hereto, as is required in law.

11.3 The PRINCIPAL OFFICER shall fulfil and perform all the duties and functions required of a PRINCIPAL OFFICER in terms of the ACT, the RULES of the FUND and any directions of the BOARD.

11.4 The duties, functions and responsibilities of the PRINCIPAL OFFICER, in terms these RULES and the ACT, shall include but not be limited to:

11.4.1 countersign documents as required by the ACT and these RULES;

11.4.2 ensure that any rule amendment is timeously submitted to the AUTHORITY for registration and for approval, if required;

11.4.3 within 6 (six) months of each FINANCIAL YEAR, ensure that all MEMBERS are provided with a written summary of all the registered RULES, and its amendments, and audited financials within that FINANCIAL YEAR, unless the FUND is exempted from this requirement;

11.4.4 ensure that the FUND'S annual financial statements and other documents referred to in the ACT, are submitted to the AUTHORITY, as required by the ACT;

11.4.5 sign all FUND documents that must be submitted to the AUTHORITY; and

11.4.6 perform all other duties and functions which is required by law, to perform. This shall include the duties envisaged in terms of this rule and the ACT.

11.5 The PRINCIPAL OFFICER shall be entitled to remuneration for services rendered.

11.6 The duties, functions and responsibilities of the PRINCIPAL OFFICER which shall include the remuneration package as may be agreed with the BOARD, from time to time, shall form the basis of the terms and conditions of the appointment. Such terms and conditions shall be reduced to writing in a separate document.

11.7 The performance of the PRINCIPAL OFFICER'S duties, functions and responsibilities, will be assessed on an annual basis in accordance with the processes and procedures determined by the BOARD, from time to time.

12 BOARD CHAIRPERSON AND DEPUTY-CHAIRPERSON

12.1 At the first BOARD meeting, held within 120 (one hundred and twenty) days after declaration of new COUNCILLORS by the IEC following the MUNICIPAL ELECTIONS, the BOARD must elect its chairperson. At this BOARD meeting the BOARD must also elect a deputy chairperson, who acts in the place of the chairperson when he is not available. The BOARD must elect a chairperson and/or a deputy chairperson at the first BOARD meeting following a vacancy arising.

12.2 The chairperson and deputy chairperson may only hold office for as long as each remains a TRUSTEE and shall hold office for the term of the BOARD.

12.3 The BOARD may at any time by a majority vote to remove the chairperson or deputy chairperson of the BOARD, and replace him with another TRUSTEE, and it may also appoint a TRUSTEE to act temporarily as chairperson of the BOARD in the absence of the chairperson and the deputy chairperson. The chairperson and deputy chairperson of the BOARD are eligible for reappointment as such when his term of office expires.

13 REMUNERATION OF TRUSTEES, COMMITTEE MEMBERS AND EMPLOYEES OF THE FUND

13.1 TRUSTEES of the Fund shall be remunerated for their official services to the FUND in terms of the remuneration policy of the FUND. The BOARD shall adopt a remuneration policy in line with the provisions of Section 22 of the Trust Property

Control Act 57 of 1988.

13.2 The remuneration policy of the FUND shall also provide for the TRUSTEE refund, for all expenses reasonably incurred by him on behalf of the FUND in accordance with policies and limitations set by the BOARD from time to time.

13.3 TRUSTEES and other persons participating in committees of the BOARD shall also be remunerated at the rate and scale as determined by the BOARD in the Remuneration Policy.

13.4 The PRINCIPAL OFFICER and Deputy-Principal Officer (if any) of the FUND and the employees of the FUND, shall be remunerated for their services to the FUND in line with the current industry standards for such a position, size and type of fund.

14 INFORMATION OFFICER

14.1 The BOARD shall by resolution appoint an INFORMATION OFFICER in compliance with the provisions of POPIA.

14.2 The duties and responsibilities of the INFORMATION OFFICER are the duties and responsibilities contemplated in section 55 and section 56 of POPIA and Regulation 4 of the Regulations to that Act.

15 TERMINATION OF OFFICE

15.1 A TRUSTEE terminates office: -

15.1.1 by resignation in writing as a TRUSTEE submitted to the PRINCIPAL OFFICER; or

15.1.2 on death, when the FUND receives notice of the death of a TRUSTEE; or

15.1.3 on becoming mentally or physically incapable of discharging his duties in terms of the MCPF RULES and/or the ACT;

15.1.4 if, an independent investigation finds that a TRUSTEE is not a fit and proper person to hold office and provided that not less than 9 of the TRUSTEES agree with this finding. This is regardless of whether or not the Trustee has breached the FUND'S CODE OF CONDUCT. This decision shall only be made after the BOARD has heard representations regarding the matter by the TRUSTEE concerned, or his representative; or

15.1.5 he fails to sign the FUND'S CODE OF CONDUCT, or any annexure thereto, thirty days after being warned to do so in writing, shall be deemed to have terminated his trusteeship; or

15.1.6 he fails to attend 3 (three) consecutive BOARD meetings or 3 (three) consecutive sub-committee meetings of which the TRUSTEE is a member, or to attend two BOARD meetings in a financial year, shall be deemed to have terminated his trusteeship. This applies regardless of whether that TRUSTEE has tendered apologies or not. or

15.1.7 if any of the grounds listed in RULE 13.2 becomes applicable to a TRUSTEE while in office, in which case he is disqualified from remaining a TRUSTEE.

15.1 A person is disqualified from being nominated, appointed or continuing in office as a TRUSTEE if that person:

15.2.1 was previously a TRUSTEE and was found by the BOARD to have been in breach of the FUND'S CODE OF CONDUCT, or has been previously removed as a trustee of another retirement fund, unless the BOARD decides otherwise; or

15.2.2 has had his estate sequestrated or surrendered or assigned in favour of creditors and who has not been rehabilitated by a court; or

15.2.3 has been convicted by a court of theft, fraud, forgery or any offence involving dishonesty; or

15.2.4 has been discharged by a court from any office of trust on account of misconduct; or

15.2.5 has been convicted by a court on any charge and sentenced to a prison term without the option of a fine.

15.2.6 The AUTHORITY requires new trustees to comply with the minimum Trustee training standards within a specified period from their appointment date. Failure to comply with such minimum standards as contained in the regulations shall be deemed as termination of the Trusteeship.

16 INDEMNIFICATION OF THE BOARD AND OFFICERS OF THE FUND AGAINST LEGAL COSTS

16.1 The BOARD, every TRUSTEE or former TRUSTEE or any person carrying out the mandate of the BOARD, shall be indemnified by the FUND against any claim, brought against the FUND or any such TRUSTEE or person for their actions or inactions carried in the fulfilment of the BOARD mandate. This indemnity shall not apply where the said BOARD, TRUSTEE or person is guilty of acts of theft, dishonesty or fraud. The FUND bears all costs (including legal costs on the attorney-and-own-client scale) incurred by such BOARD, TRUSTEE or officer in defending or settling any such claim: Provided that the FUND may recover all such costs and expenses from such BOARD, TRUSTEE or person, if it transpires that such BOARD, TRUSTEE or officer was guilty of, theft, dishonesty or fraud.

16.2 The BOARD shall procure a professional indemnity cover indemnifying TRUSTEES against any losses which may arise in the normal cause of doing business of the FUND (Fidelity Insurance/ Professional Indemnity Cover) and such shall be updated and renewed annually.

16.3 The BOARD shall be indemnified against loss, damage, liabilities or claims to the FUND caused by the dishonesty, theft, fraud or any ultra vires (beyond powers) acts, of any, TRUSTEE, employee of the FUND or employees of the ADMINISTRATOR, who conducts any business of the FUND or who receives, controls, expends, invests or supervises funds, assets or supplies which are due to the FUND or which belong to the FUND.

17 POWERS OF THE BOARD

17.1 Subject to the provisions of the RULES and policies of the FUND, the object of the BOARD shall be to direct, control and oversee the operations of the FUND in terms of Section 7C of the ACT and any applicable laws and Regulations.

17.2 Subject to the provisions of the RULES and policies of the FUND, the duties of the BOARD shall be to administer the fund in terms of Section 7D of the ACT and any applicable laws and Regulations.

17.3 The BOARD may delegate the exercise of its powers and the performance of its functions to a subcommittee, which subcommittee may be established by the BOARD by way of a resolution, subject to such conditions as it may determine, provided that the BOARD will retain full responsibility for any subcommittee to whom the exercise of its powers and the performance of its functions in terms of the RULES has been delegated and provided further that the delegation is lawful and consistent with the exercise of the BOARD's obligations.

18 ROLE OF THE BOARD

18.1 The BOARD is responsible for directing, controlling and overseeing the operations of the FUND in accordance with section 7C(1) of the ACT and the Pension Funds Regulations and Circulars. To the extent that it does not delegate its authority, the BOARD has the sole discretion to make decisions binding on the FUND.

18.2 In pursuance of its objects the BOARD shall exercise its responsibility in line with the provisions of section 7C(2) of the ACT.

18.3 The BOARD may in writing delegate any of its functions in line with the majority decision of TRUSTEES to a person or a group of persons or committee of a BOARD subject to an approved delegation of authority and processes as set out in the RULES. The BOARD shall not be divested or relieved of a function so delegated and any decision taken under the delegated authority must be ratified by the BOARD.

18.4 The BOARD is also empowered to utilise service providers to perform work for the FUND.

19. BOARD MEETINGS AND DECISION MAKING

19.1 The BOARD shall hold an ordinary meeting as often as may be necessary for the dispatch of business, but not less than 4 (four) times in any calendar year. The FUND can hold any BOARD or Committee Meeting virtually (a virtual meeting is a gathering where participants interact remotely using digital technology, enabling communication and collaboration across different locations using computer technology over the internet), should it so decide.

19.2 The PRINCIPAL OFFICER shall give at least 15 (fifteen) days' written notice to every

TRUSTEE of the time, date and place of each ordinary meeting. The PRINCIPAL OFFICER shall convene the first BOARD meeting within 30 days following the election of the last MEMBER TRUSTEE and the appointment of the MEMBER TRUSTEES.

19.3 The chairperson may at any time and shall, at the written request of at least half of the TRUSTEES, convene a special BOARD meeting within 30 (thirty) days of such request and shall give 7 (seven) days' prior written notice to every TRUSTEE of the time, date and place of such meeting and the purpose thereof.

19.4 The first BOARD meeting shall be comprised of the MEMBER TRUSTEES and the EMPLOYER TRUSTEES and together they shall, in that meeting, commence the process of appointing the INDEPENDENT TRUSTEES.

19.5 Subsequent BOARD meetings shall have a quorum with at least 7 (seven) TRUSTEES, comprised of at least 5 (five) MEMBER TRUSTEES, 1 (one) INDEPENDENT TRUSTEE and 1 (one) EMPLOYER TRUSTEE. A TRUSTEE is present if able to participate in a BOARD meeting, virtually, on prior notification to the CHAIRPERSON.

19.6 If at the expiry of twenty minutes after the scheduled time for the meeting, a quorum has not been assembled, the chairperson has the discretion to extend the waiting period by another ten minutes, and if there is still no quorum after such an extension, no meeting shall take place on the day.

19.7 If a quorum is not present, the meeting may be rescheduled for a date at least 5 (five) days later. The quorum for the rescheduled meeting shall comprise 3 (three) MEMBER TRUSTEES, 1 (one) INDEPENDENT TRUSTEE and 1 (one) EMPLOYER TRUSTEE.

19.8 The BOARD shall have the option of deciding any urgent and pressing issue communicated by the PRINCIPAL OFFICER at the instructions of the CHAIRPERSON and circulated electronically in writing on a "round-robin" basis, within 48 hours of such notification, or a shorter period as decided by the chairperson.

19.9 A decision taken by "round robin resolution" must be noted at the next ordinary meeting of the BOARD and included in the FUND'S minute book.

19.11 The BOARD may decide on a general policy to govern any aspect of the business of the FUND and may record that policy in a "practice note". The TRUSTEES must review its policies from time to time and may change its practice notes when appropriate.

19.12 A decision by the majority of TRUSTEES present at a meeting will be regarded as a decision of the BOARD.

19.13 If the BOARD is in deadlock on any issue –

19.13.1The issue must be reconsidered by the BOARD at a meeting within 10 (ten) working days of the date on which deadlock was reached and a majority of the TRUSTEES present at the meeting must have voted in favour of the decision; **or**

19.13.2 If there is a dispute or deadlock between TRUSTEES on an issue which must be decided on an urgent basis, the TRUSTEES must meet to discuss the issue within 10 (ten) working days of the deadlock being reached. An expert (the identity of whom must be agreed by the BOARD), or failing such agreement, will be decided by:

19.13.2.1 The head of the Johannesburg Bar in the case of a dispute of law or equity;

19.13.2.2 The head of the Actuarial Society of South Africa, in the case of a dispute relating to an actuarial matter; or

19.13.2.3 The head of the South African Institute of Chartered Accountants, in the case of a dispute relating to an accounting matter,

must at the cost of the FUND submit a written recommendation on the matter to the BOARD at the meeting.

If the dispute is not resolved at this meeting of the BOARD, it must accept the recommendation of the expert as a decision of the BOARD.

20 BOARD MINUTES

The PRINCIPAL OFFICER must ensure that all BOARD meetings are recorded, and the minutes preserved. At each subsequent BOARD meeting, the minutes of the previous meeting must be tabled and approved as a true reflection of the discussions and resolutions of the BOARD and must be signed by the chairperson of the meeting chaired by him or her.

21 INVESTMENTS OF THE FUND

21.1 The BOARD must -

21.1.1 open a bank account in the name of the FUND into which all CONTRIBUTIONS and other FUND income must be paid and from which appropriate payments are made;

21.1.2 establish an investment policy and strategy for the FUND, considering the long-term interests of the FUND and its MEMBERS. The policy and strategy must include guidelines on -

(a) the investment objectives of the FUND;

(b) the nature of investments which are appropriate to those objectives with reference, if appropriate, to different categories of MEMBERS;

(c) the types of investments which the FUND is prepared to make and those that it is not prepared to make;

(d) the regular reviews of the performance of the investments;

(e) the extent, if any, to which each MEMBER will be permitted to decide how assets attributable to him/her will be invested; and

(f) in relation to the investments of the FUND –

(i) cause these to be divided and invested in such separate PORTFOLIOS as the BOARD at its sole discretion may decide;

(ii) have deducted from each PORTFOLIO so much of the expenses and taxes relating to the investments of such PORTFOLIO;

(g) consider how broad-based black economic empowerment is promoted;

(h) consider how environmental, social and governance (ESG) aspects of investments are provided for;

(i) provide for appropriate due diligence in respect of current and potential new investments;

(j) generally, comply with the requirements of regulation 28.

21.1.3 ensure that the FUND'S investments are made in accordance with the policy and strategy and in accordance with sound financial principles;

21.1.4 establish effective measures for the control of the investments and to manage the risks associated with the investments of the FUND; and

21.1.5 if the investment policy and strategy allow for the investment of assets in a futures contract, an option contract, loan stock or any instrument that the AUTHORITY by notice in the Government Gazette declares to be a financial instrument, take such prudent precautions to control the risks associated with investments in these kinds of instruments.

21.2 If the BOARD allows a MEMBER to select the PORTFOLIO(S) in which his/her MEMBER'S FUND CREDIT should be invested, the BOARD must specify the conditions that will apply to such choice and communicate this to the MEMBERS.

21.3 The BOARD has the power to –

21.3.1

(a) invest in and dispose of immovable property;

(b) invest, lend, put out at interest, place on deposit, make advances of or otherwise deal with the monies of the FUND upon such security and in such manner as it may decide from time to time; provided that if any amount is lent to a person on the basis of security in the form of a first mortgage over immovable property, the loan may not exceed 80% (eighty per cent) of the fair value of such immovable property on the date on which the monies are lent;

(c) sell, change, reinvest or otherwise deal with shares and other investments;

obtain an overdraft from a bank or borrow from any other party such amount as it decides and, on such terms, as it deems fit in order to complete any investment or meet any temporary unforeseen cash shortage. For this purpose, it can give such security as it decides as long as together all amounts borrowed by the FUND do not exceed half of the FUND'S total income before deductions from all sources during the previous FINANCIAL YEAR unless authorised by the AUTHORITY;

(d) authorize an approved nominee company to hold the assets of the FUND for the purpose of the effective investment of the FUND'S assets;

(e) effect policies of insurance with 1 (one) or more INSURERS for the purposes of investing the FUND'S monies in order to meet the cost of providing benefits in terms of the RULES; and

(f) provide a housing loan guarantee in respect of a MEMBER as envisaged in terms of section 19(5) of the ACT, subject to such terms and conditions as the BOARD and the AUTHORITY may determine from time to time.

21.4 The BOARD must ensure that all investments of the FUND are registered in the name of the FUND if not held as described in RULE 21.3.1(d).

22 PAYMENT OF MONEYS AND EXPENSES OF THE FUND

22.1 All payments due to or in respect of MEMBERS shall be made at the registered office of the FUND in the currency of the Republic of South Africa: Provided that the BOARD may make or accept payments elsewhere on such terms as they may determine.

22.2 All benefits payable in terms of the RULES shall be paid by means of an electronic bank transfer to the MEMBER's or a beneficiary fund's or the legal guardian's bank account on behalf of a beneficiary. The MEMBER or the beneficiary may, however, arrange with the FUND that payment of the benefit be transferred to a pension fund, a beneficiary fund or an insurer for purposes of acquiring a pension or an annuity on behalf of the MEMBER or the beneficiary.

22.3 All expenses in connection with or incidental to the management and administration of the FUND shall be borne by the FUND, or as decided by the BOARD.

23 CUSTODY OF TITLE DEEDS AND SECURITIES

The BOARD shall provide for the custody of title deeds and securities which belong to or are held by the FUND in such a manner as it may determine from time to time.

24 KEEPING OF RECORDS

24.1 The BOARD shall keep the record of all the necessary particulars of all the MEMBERS and DEFERRED MEMBERS of the FUND, and their nominations and where possible the contacts of their potential beneficiaries.

24.2 The BOARD shall, in terms of section 15 of the ACT, balance the books and accounts for every FINANCIAL YEAR and shall draw up a balance sheet and revenue account showing the assets, liabilities, revenue and expenditure of the FUND for the FINANCIAL YEAR.

24.3 A copy of the balance sheet and revenue account shall be distributed to the MUNICIPALITIES associated with the FUND annually.

24.4 The books and all other documents of the FUND shall during office hours be open to inspection by any MEMBER or EMPLOYER BODY.

24.5 The FUND shall provide any MEMBER on demand and on payment of such sum as the BOARD may from time to time determine, a copy of the RULES of the FUND and a copy of the last revenue account and balance sheet referred to in section 15 of the ACT.

24.6 Any MEMBER shall be entitled to inspect without charge at the registered office of the FUND the following documents and make extracts therefrom: -

24.6.1 the documents referred to in sub-RULE 24.5 (if any);

24.6.2 the last valuation report prepared in terms of section 16 of the ACT; and

24.6.3 any scheme which is being carried out by the FUND in accordance with section 18 of the ACT.

24.7 The acquisition and retention of personal information of the MEMBERS and DEFERRED MEMBERS and potential beneficiaries shall be kept in compliance with the Protection of Personal Information Act, 4 of 2013 (POPIA).

24.8 The FUND shall comply with the laws and regulations the management of its information technology infrastructure and shall establish a policy providing for the cybersecurity and cyber-resilience of its data and information systems in line with the prevailing Legislation.

25 APPOINTMENT OF AUDITOR AND ANNUAL AUDIT

25.1 The FUND'S books and accounts shall be audited annually by an AUDITOR appointed by the BOARD and approved by the AUTHORITY in terms of section 9 of the ACT.

25.2 Within six months from the expiration of every FINANCIAL YEAR, the BOARD shall furnish to the AUTHORITY in terms of section 15 of the ACT, a revenue account which shows the revenue and expenditure of the FUND for that year, and a balance sheet showing the financial position of the FUND at the close of that year, duly certified in each case by the Auditor of the FUND.

26 APPOINTMENT OF ACTUARY AND HIS DUTIES

26.1 The BOARD shall from time to time appoint an ACTUARY approved by the AUTHORITY in terms of section 9A of the ACT.

26.2 The ACTUARY shall also be the valuator of the FUND, as contemplated in section 9A of the ACT, for purposes of having the FUND'S financial condition investigated and reported upon in compliance with section 16 of the ACT.

26.3 A copy of the report shall be deposited with the AUTHORITY in terms of section 16 of the ACT and any other persons as prescribed by the ACT or the AUTHORITY from time to time.

27 APPOINTMENT OF A FUND ADMINISTRATOR

The BOARD may, should it see fit, appoint a Fund Administrator approved by the AUTHORITY in terms of Section 13B of the ACT, to administer and perform duties as mandated by the BOARD. Regardless of the appointment of a fund Administrator, the BOARD remains accountable to the members, beneficiaries and pensioners, and is not disinvested of its duties imposed in terms of Section 7D of the ACT.

28 PARTICIPATION AND MEMBERSHIP

28.1 Every MUNICIPALITY participates as an employer in the FUND.

28.2 Every COUNCILLOR of each participating MUNICIPALITY is an eligible MEMBER upon his election as a COUNCILLOR, subject to the provisions in the PUBLIC OFFICE BEARERS ACT.

28.3 A MEMBER cannot cease to be a MEMBER whilst he remains a COUNCILLOR.

28.4 A COUNCILLOR who ceases to be a COUNCILLOR within 60 (sixty) days of the public announcement of the date of national MUNICIPAL ELECTIONS, but at those same MUNICIPAL ELECTIONS is re-elected as a COUNCILLOR, is deemed for the purposes of these RULES to have remained a COUNCILLOR without any interruption and may not as a result of so ceasing to be a COUNCILLOR, be eligible to withdraw from the FUND. However, the membership of such COUNCILLOR of the FUND is subject, in respect of any insured benefit, to the provisions of RULE 31.3.

28.5 A COUNCILLOR may be admitted to membership of the FUND at any age.

29 AMALGAMATIONS AND TRANSFERS

29.1 The BOARD may, in terms of the relevant provisions of the ACT and in consultation with the ACTUARY: –

29.1.2 amalgamate any business carried on by the FUND with any business carried on by any other Pension Fund Organisation as defined in the ACT;

29.1.3 transfer any business carried on by the FUND to any other Pension Fund Organisation as defined in the ACT;

29.1.4 accept the transfer of any business carried on by another Pension Fund Organisation as defined in the ACT, to the FUND;

29.1.5 Whenever the FUND amalgamates, transfers or accepts the transfer of any business, the BOARD must ensure that a written notice is sent to every MEMBER who is to transfer into the FUND. Full details of the amalgamation or transfer scheme must appear in the notice. The notice must be sent at least thirty days before the scheme is submitted to the AUTHORITY for his approval in terms of Section 14 of the ACT.

29.1.6 The FUND may accept the transfer into it, including in terms of Section 14 of the ACT, of the VESTED, SAVINGS and RETIREMENT COMPONENTS of persons who were members of any pension fund, provident fund or a retirement annuity fund as defined in the Income Tax Act, 1962, the amounts so transferred shall be allocated into the member's VESTED, SAVINGS and RETIREMENT COMPONENTS in the FUND, respectively.

30 EVIDENCE OF IDENTITY AND OTHER PARTICULARS TO BE PRODUCED

30.1 Every MEMBER shall, within such a period as the BOARD may determine, produce evidence of any other matter which the BOARD may legally require and in such format as the BOARD may determine.

30.2 Each person entitled to receive a benefit from the FUND shall provide in writing to the FUND or its ADMINISTRATOR, proof of his identity and their active banking details.

31 CONTRIBUTIONS BY MEMBERS

31.1 Subject to the provisions of RULE 31.3 every MEMBER, except for DEFERRED PENSIONERS and MEMBERS whose MUNICIPALITY is under PARTIAL SUSPENSION in terms of RULE 46.2, shall every month contribute to the FUND at the rate of:

31.1.1 15%; or

31.1.2 28.75%; or

31.1.3 any amount that the MEMBER may chose but not less than 15%

of his monthly PENSIONABLE REMUNERATION in respect of future SERVICE as he shall have notified the FUND, elect to switch the rate at which he is to contribute with effect from the beginning of any FINANCIAL YEAR.

31.2 Every MEMBER whose MUNICIPALITY is under PARTIAL SUSPENSION, shall for the duration of the PARTIAL SUSPENSION contribute at the rate determined by the BOARD in terms of RULE 46.2.

31.3 Any person who becomes a MEMBER, shall contribute to the FUND from the first day of the month on which his membership commences until the termination of his term as COUNCILLOR, unless such a MEMBER at a later stage becomes a DEFERRED PENSIONER or his MUNICIPALITY is under PARTIAL SUSPENSION.

31.4 If a MEMBER: -

31.4.1 ceases to be a COUNCILLOR of a MUNICIPALITY in terms of RULES 36 or dies, CONTRIBUTIONS shall be paid to the FUND in full for the month in which he ceased to be a COUNCILLOR or died, as the case may be;

31.4.2 for any other reason ceases to be a COUNCILLOR of a MUNICIPALITY

– before or on the fifteenth day of any month, he shall not contribute to the FUND in respect of that month; or

31.4.3 after the fifteenth day of any month, he shall contribute in full to the FUND in respect of that month, subject to the provisions of the PUBLIC OFFICE BEARERS ACT.

31.5 If a MEMBER receives less than his full PENSIONABLE REMUNERATION in respect of any CALENDAR MONTH, subject to the provisions of Rule 31.1: –

31.5.1 shall contribute to the FUND in respect of that CALENDAR MONTH on the basis of his full PENSIONABLE REMUNERATION if he has received PENSIONABLE REMUNERATION for fifteen or more days in respect of that CALENDAR MONTH;

31.5.2 shall not contribute to the FUND in respect of that CALENDAR MONTH if he has received his PENSIONABLE REMUNERATION for less than fifteen days in respect of that CALENDAR MONTH.

31.6 A COUNCILLOR becomes a MEMBER in terms of RULE 28 and is in terms of RULE 31.1 obliged to contribute, but fails to do so, such COUNCILLOR shall, on the date of it coming to the notice of the BOARD, pay the arrear CONTRIBUTIONS in one sum or by instalments, as the BOARD may decide, together with late payment interest, calculated from the first day of the month on which the said person should have commenced making CONTRIBUTIONS, up to the date of payment. The *in duplum* rule does not apply to such arrear contributions.

31.7 If a MUNICIPALITY fails to contribute in terms of RULES 32.1.1 and 32.1.2, such MUNICIPALITY shall pay the arrear CONTRIBUTIONS in one sum, together with late payment interest in terms of Section 13A(7)(b) of the ACT, calculated from the date on which that COUNCILLOR should have commenced making CONTRIBUTIONS, up to the date of payment. The *in duplum* rule does not apply to such arrear contributions.

32 COLLECTIONS AND DELIVERY OF CONTRIBUTIONS MADE BY MUNICIPALITIES

32.1 A MUNICIPALITY shall, in respect of its MEMBERS, excluding DEFERRED PENSIONERS and MEMBERS whose MUNICIPALITY is under PARTIAL SUSPENSION, collect and deliver to the FUND on or before the 7 (seventh) day of every month a CONTRIBUTION statement in such format as the TRUSTEES may determine, containing such information as prescribed in terms of section 13A (1) and (2) of the ACT and which shall include the following: -

32.1.1 the CONTRIBUTIONS payable by each MEMBER in respect of the preceding month;

32.1.2 an amount equal to such percentage of each MEMBER'S monthly PENSIONABLE REMUNERATION as determined in terms of the PUBLIC OFFICE BEARERS ACT, payable by the MUNICIPALITY;

32.1.3 the premium in respect of the death cover to be provided for each COUNCILLOR and credited to the EXPENSE RESERVE ACCOUNT from which that premium must then be paid to INSURER; and

32.1.4 the premium in respect of the funeral benefit to be provided for each COUNCILLOR and credited to the EXPENSE RESERVE ACCOUNT from which that premium must then be paid to INSURER.

32.2 Amounts payable in terms of RULE 32.6 if any: Provided that if the MEMBER is paying by instalments, the MUNICIPALITY shall make a lump sum payment to the FUND in respect of its instalments and INVESTMENT RETURN.

32.3 If the contribution statement or payment in terms of sub-RULE 32.1 is received by the FUND after the seventh day of any month, the TRUSTEES shall charge interest as prescribed by the ACT on the amount outstanding, or, if the payment has been received, on an amount equivalent to the amount represented by the outstanding contribution statement, calculated from the first day of the month in which such contribution statement must be delivered and payment is due, up to the date on which the contribution statement and payment are received. The *in duplum* rule does not apply to arrear contributions.

32.4 Failure to pay CONTRIBUTIONS within seven days after the end of any month is a criminal offence punishable with a fine in terms of section 13A read with section 37 of the ACT. The FUND is empowered to report such matters to the relevant authorities in order to recover the contributions owed to it.

32.5 A MUNICIPALITY under PARTIAL SUSPENSION shall deliver to the FUND on or before the 7 (seventh) day of every month a CONTRIBUTION statement in such format as the BOARD may prescribe in terms of RULE 32.1.

32.6 With effect from 1 September 2024, the total contributions for retirement purposes, excluding the deductions for costs for fund administration, Insured Death and funeral benefits in terms of RULES 31.1 and 32.1 will be allocated in proportions of one-third to the SAVINGS and two-thirds to the RETIREMENT COMPONENTS.

32.7 The FUND shall designate an "authorised person" to monitor and ensure compliance in terms of section 13A(6)(a) and report as prescribed to such persons specified in the report registered with the Registrar in terms of section 13A(6)(b).

33 PAYMENT OF CONTRIBUTIONS AND RECOVERY OF ARREAR CONTRIBUTIONS AND OTHER AMOUNTS

33.1 Subject to contrary provisions contained in any law, the CONTRIBUTIONS payable in terms of RULE 32 and the instalments payable in terms of RULE 30 shall be a first charge upon the PENSIONABLE REMUNERATION payable to the MEMBER and shall be deducted monthly from his PENSIONABLE REMUNERATION by the MUNICIPALITY concerned and paid to the FUND.

33.2 Where payment of arrear CONTRIBUTIONS or other amounts are being made by a MEMBER in instalments in terms of RULE 31.6 and membership ends before such arrear payments have been completed, the benefits to which the MEMBER, his estate or his DEPENDANTS are entitled, shall be calculated with due regard to any outstanding

DEPENDANTS are entitled, shall be calculated with due regard to any outstanding CONTRIBUTIONS or other amounts on a basis as determined by the BOARD upon advice from the ACTUARY.

33.3 In the event that the MUNICIPALITY fails to pay CONTRIBUTIONS deducted from the MEMBER as contemplated in RULES 31.1 and remains in default seven days after receipt of written notice requiring such failure to be remedied: Provided that if the MEMBER and/or the MUNICIPALITY persist in such failure for three consecutive CALENDAR MONTHS in any FINANCIAL YEAR, such deductions shall terminate, whereupon the MEMBER, his estate or his DEPENDANTS shall only be entitled to benefits in terms of RULE 33.2.

34 FUND ACCOUNTS

34.1 The assets of the FUND must be held in the following ACCOUNTS: -

34.1.1 SHARE ACCOUNT;

34.1.2 DATA RESERVE ACCOUNT;

34.1.3 EXPENSE RESERVE ACCOUNT;

34.1.4 PROCESS ERROR RESERVE ACCOUNT.

34.2 The provisions in respect of these ACCOUNTS are set out in RULE 35.

35 COMPOSITION OF ACCOUNTS

35.1 SHARE ACCOUNT

The SHARE ACCOUNT shall comprise the MEMBERS' FUND CREDITS. It shall be maintained for each MEMBER. The SHARE ACCOUNT less, the debits, in terms of RULES 35.1.2, 35.2.2, 35.3.2 and 35.4.2, shall further comprise three components, the SAVINGS, the RETIREMENT and the VESTED COMPONENT. The SHARE ACCOUNT of any MEMBER who had exited the Fund before 31 August 2024, but the benefit remains unpaid will only comprise of the VESTED COMPONENT. The following Credits shall be recorded in this account.

35.1.1 Credits

(a) An opening balance comprising the value of a MEMBER'S interest in the FUND on the date of transfer, as calculated by the ACTUARY;

(b) the MEMBER'S CONTRIBUTIONS in terms of RULE 31.1;

(c) INVESTMENT RETURN transferred from the PROCESS ERROR RESERVE ACCOUNT.

(d) Credits transferred from other accounts of the FUND, as decided by the BOARD from time-to-time, on the advice of the ACTUARY, where such credits are transferred after 1 September 2024, they will be allocated proportionally across all components of the MEMBER'S FUND CREDIT.

(e) Fund returns earned on the assets of the SAVINGS, the VESTED and the RETIREMENT components, and will be allocated to that component, respectively.

35.1.2 Debits

(a) All fund expenses as referred to in Rule 22.3;

(b) Premiums paid to insurers for the death and the funeral covers referred to in Rules 32.1.3 and 32.1.4, respectively;

(c) Benefits paid to active MEMBERS from the SAVINGS component from time-to-time following each member's claim;

(d) Benefits paid out to other funds or Insurers or beneficiaries in terms of Section 37C of the ACT from the MEMBERS' VESTED, RETIREMENT and SAVINGS' components when MEMBERS' exit the FUND due to termination of employment, retirement, death the member or the termination or partial termination of the Fund; and

(e) Transfers to other accounts of the FUND as decided by the BOARD from time-to-time, on the advice of the ACTUARY.

35.2 DATA RESERVE ACCOUNT

The FUND maintains a DATA RESERVE ACCOUNT in which the following transactions are recorded: -

35.2.1 Credits

(a) An opening balance as at the surplus apportionment date contained in the nil-scheme approved by the AUTHORITY;

(b) Any amount relating to data errors or data omission which resulted in a positive cash flow to the FUND;

(c) INVESTMENT RETURN, at a value equal to the rate of return earned on the FUND'S investments, net of investment fees and tax, on the amounts in RULES 35.2.1 and 35.2.2, as determined by the TRUSTEES on advice from the ACTUARY; and

(d) Transfers from other accounts of the Fund as decided by the BOARD from time-to-time, on the advice of the ACTUARY.

35.2.2 Debits

(a) any amount relating to data errors or data omissions which resulted in a payment from the FUND which was not previously considered in the data or valuation of the FUND; and

(b) Transfers to other accounts of the FUND as decided by the BOARD from time-to-time, on the advice of the ACTUARY.

35.3 EXPENSE ACCOUNT

The following shall be recorded in the expense account in which the following transactions are recorded:

35.3.1 Credits

(a) The amounts as at 1 October 2013 used as the opening balance as determined by the BOARD on the Advice of the Actuary;

(b) Such portions of the contributions in terms of RULE 31.1 in respect of fund expenses as referred to in RULE 22.3;

(c) The premium, payable by the MUNICIPALITY in respect of each MEMBER, for the insured Funeral Benefit;

(d) Any amount received from a MEMBER'S FUND CREDIT in terms of Rules 35.1.1;

(e) Transfers from other accounts of the FUND as decided by the BOARD from time-to-time, on the advice of the ACTUARY; and

(f) INVESTMENT RETURN, at a value equal to the rate of return earned on the FUND'S investments, net of investment fees and tax, on the amounts in RULES 35.3.1 and 35.3.2, as determined by the TRUSTEES on advice from the ACTUARY.

35.3.2 Debits

(a) All fund expenses as referred to in Rule 22.3;

(b) Premiums paid to insurers for the death and the funeral covers referred to in Rules 32.1.3 and 32.1.4, respectively; and

(c) Transfers to other accounts of the FUND as decided by the BOARD from time-to-time, on the advice of the ACTUARY.

35.4 PROCESS ERROR RESERVE ACCOUNT

The FUND maintains a PROCESS ERROR RESERVE ACCOUNT in which the following transactions are recorded;

35.4.1 Credits

(a) The balance as at the surplus apportionment date contained in the nil-Fund surplus apportionment scheme approved by the AUTHORITY;

(b) INVESTMENT RETURN earned on the FUND'S investments, gross of investment fees and tax, excluding the interest allocated on the amounts specified in the RULES 35.2.1, and 35.3.1, as determined by the TRUSTEES on advice from the ACTUARY.

(c) Transfers from other accounts of the FUND as decided by the BOARD from time-to-time, on the advice of the ACTUARY.

(a) Expenses related to investment fees and tax;

(b) INVESTMENT RETURN allocated to the SHARE ACCOUNT as determined by the TRUSTEES on advice of the ACTUARY.

(c) Transfers to other accounts of the FUND as decided by the BOARD from time-to-time, on the advice of the ACTUARY.

36 RETIREMENT BENEFITS

36.1 A MEMBER who ceases to be a COUNCILLOR: –

36.1.1 must retire if at that time he is 55 (fifty-five) years or older, unless such MEMBER elects in writing to the FUND not to retire within such period as the BOARD determines or is precluded from not retiring in terms of any provision of the Income Tax Act, 1962 (including any subordinate legislation thereto) or any directive of the COMMISSIONER. Such a MEMBER who does not in this circumstance retire has his MEMBER FUND CREDIT in the FUND dealt with in terms of RULE 36.2;

36.1.2 must retire if at that time he is aged 60 (sixty) or older.

36.2 When a MEMBER retires, he shall become entitled to his MEMBER'S FUND CREDIT on that date, payable in terms of sub-RULE 36.2.

36.2.1 A MEMBER may at the time of his retirement elect to commute up to one third of the VESTED COMPONENT of his MEMBER'S FUND CREDIT to a lump sum. The balance of the MEMBER'S FUND CREDIT shall then be appropriated by the MEMBER for a PENSION by purchasing an ANNUITY from an INSURER in the MEMBER'S name. Such MEMBER'S membership of the FUND shall cease as soon as the purchase of an ANNUITY is concluded. Once the lump sum is paid and an ANNUITY is purchased, the FUND will have no further liability in respect of such MEMBER.

36.2.2 A MEMBER may at the time of his retirement elect to commute a portion or the total SAVINGS COMPONENT of his MEMBER'S FUND CREDIT to a lump sum. The balance of the SAVINGS COMPONENT and the total RETIREMENT COMPONENT of MEMBER'S FUND CREDIT shall then be appropriated by the MEMBER for a PENSION by purchasing an ANNUITY from an INSURER in the MEMBER'S name. Such MEMBER'S membership of the FUND shall cease as soon as the purchase of an ANNUITY is concluded. Once the lump sum is paid and an ANNUITY is purchased, the FUND will have no further liability in respect of such MEMBER.

36.2.3 A MEMBER may at the time of his retirement elect to receive the total of his MEMBER'S FUND CREDIT, inclusive of the SAVINGS, the VESTED and the RETIREMENT COMPONENTS, as a lump sum, if the two-thirds of the total value does not exceed the minimum amount as determined from time to time by the Minister in terms of the Income Tax Act, 1962 (including any subordinate legislation thereto).

36.3 A COUNCILLOR whose employment has been terminated but has not submitted a claim for the payment or transfer of his benefit, shall become a DEFERRED PENSIONER as defined in the FUND RULES. A DEFERRED PENSIONER may elect to retire at the age of 55 (fifty-five) years or older by notice in writing to the FUND and must retire by no later than age 75 (seventy-five) years. The provisions of RULE 36.2 apply in the same way to a DEFERRED PENSIONER on retirement.

36.4 If an amount due to or in respect of a DEFERRED PENSIONER is not claimed at the date on which he attains the age of seventy-five (75) years, or on the date of the DEFERRED PENSIONER'S death, whichever occurs first, the MEMBER or the BENEFICIARIES shall nevertheless at any time thereafter be entitled to claim the said amount from the FUND, respectively.

36.5 If the benefit due to a DEFERRED PENSIONER remains unclaimed two years following his seventy-five (75) birthday, the benefit shall become an unclaimed benefit and shall be transferred by the FUND to an unclaimed benefit fund.

36.6 A MEMBER who after retirement, emigrates to a foreign country and has been a non-tax resident for an uninterrupted period of 3 years following his departure from the Republic of South Africa, may claim for the payment of the total of his MEMBER'S FUND CREDIT inclusive of, the VESTED COMPONENT, the SAVINGS COMPONENT and the provisions of the Income Tax Act, 1962 (including any subordinate legislation thereto).

37 RESIGNATION, DISCHARGE OR LEAVING OF THE SERVICE IN CIRCUMSTANCES NOT ELSEWHERE PROVIDED FOR

37.1 If a MEMBER who is not qualified to retire in terms of RULE 36 ceases to be a COUNCILLOR and is not entitled to benefits in terms of any other section of the RULES, he shall be entitled to a LUMP SUM equal to the VESTED COMPONENT and the SAVINGS COMPONENT of his MEMBER'S FUND CREDIT but excluding the RETIREMENT COMPONENT. However, where a MEMBER has previously withdrawn from the SAVINGS COMPONENT during the same financial year as the exit, the balance of the SAVINGS COMPONENT will be retained by the FUND unless the balance of the SAVINGS COMPONENT is less than the minimum amount stipulated by the Minister in terms of the Income Tax Act, 1962 (including any subordinate legislation thereto), it may be paid out as a lump sum. The RETIREMENT COMPONENT of the MEMBER'S FUND CREDIT will be retained in the FUND until payable in terms of RULE 36 as an annuity or transferred to a Fund provided in terms of sub-RULES 37.2.1, 37.2.2 and 37.2.3.

37.2 A MEMBER may elect to transfer his benefits in terms of the above provisions to:

37.2.1 an APPROVED RETIREMENT ANNUITY FUND; a Pension PRESERVATION FUND; or

37.2.2 another APPROVED PENSION FUND of his choice;

37.2.3 retain what he would otherwise have received as the VESTED, SAVINGS and RETIREMENT COMPONENTS of his MEMBER'S FUND CREDIT in the FUND, in which event he becomes a DEFERRED PENSIONER. A DEFERRED PENSIONER may, at any time but subject to RULE 35.1 claim for the payment of his share of the VESTED and SAVINGS COMPONENTS and transfer his share of the RETIREMENT COMPONENT shall be dealt with in terms of RULE 37.2.1, 37.2.2 and 37.2.3 and the provisions of the Income Tax Act, 1962.

37.3 A MEMBER may elect to transfer his benefits in terms of the above provisions to:

37.3.1 Benefits transferred to another fund in terms RULE 37.2.1, 37.2.2 and 37.2.3 from the VESTED, the SAVINGS and RETIREMENT COMPONENTS, will be allocated to the VESTED, the SAVINGS and the RETIREMENT COMPONENTS of the new fund, respectively.

38 PAYMENT OF BENEFITS FROM THE SAVINGS COMPONENT WHERE A MEMBER HAS NOT EXITED THE FUND

38.1 As from 1 September 2024, a MEMBER who has not exited the FUND, may submit one claim during a tax year in terms of the INCOME TAX ACT for the payment of a portion or the total benefit in the SAVINGS COMPONENT of the MEMBER'S FUND CREDIT, which is not less than the amounts determined from time to time by the Minister in terms of the Income Tax Act, 1962 (including any subordinate legislation thereto). The payment of the benefit from the SAVINGS COMPONENT where the MEMBER has not exited the funds will be taxed in terms of the PAYE tax tables as determined in terms of the Income Tax Act, 1962 (including any subordinate legislation thereto).

38.2 A MEMBER who has not terminated his participation in the FUND may, at any time, elect to have his benefit transferred from the SAVINGS COMPONENT to the RETIREMENT COMPONENT.

39 DEATH BENEFIT

39.1. AMOUNT OF BENEFITS

On the death of a MEMBER whilst a COUNCILLOR there is payable a benefit in an amount equal to: –

39.1.1 the value of the amount standing to the credit of the MEMBER'S FUND CREDIT at the date of his death; and

39.1.2 3 x annual PENSIONABLE REMUNERATION, subject to the following conditions:

(a) This benefit is only payable by the FUND on the death of a MEMBER if the INSURER from whom the FUND has purchased this insured benefit pays that benefit to the FUND;

(b) It is recorded that the BOARD in consultation with the ACTUARY determines what proportion of the CONTRIBUTIONS is to be allocated to the EXPENSE RESERVE ACCOUNT for payment of the premium in respect of the insured benefit, as well as the expenses of the FUND. To the extent that the amount of such CONTRIBUTIONS so allocated to the EXPENSE RESERVE ACCOUNT is, together with such credit balance in the EXPENSE RESERVE ACCOUNT, inadequate to provide for the premium due for the amount of the insured benefit then such insured benefit shall be reduced to such amount as the premium is able to provide from such allocated CONTRIBUTIONS and the amount to the credit of the EXPENSE RESERVE ACCOUNT;

(c) If for any reason CONTRIBUTIONS by or in respect of a MEMBER are not received by the FUND so that the FUND is not able to pay the premium for the insured benefit when due, then if the insured benefit is not payable in consequence thereof no person, whether or not a DEPENDANT or beneficiary of that MEMBER, has any claim against the FUND or the BOARD for the insured benefit.

39.2 PAYMENT OF BENEFIT

39.2.1 Payment of the benefit in the event of death must be made in terms of Section 37C of the ACT.

39.2.2 A beneficiary may elect to receive his benefit in cash or alternatively by way of the purchase of 1 (one) or more annuities from an INSURER, or as a mixture of cash and annuity as the beneficiary may decide. Notwithstanding in terms of section 37C.

39.2.3 Should the beneficiary fail to choose the mode of payment in terms of RULE 37.2.2 above, the BOARD may pay the benefit in any manner permitted in terms of section 37C.

39.2.4 The proceeds in respect of an insured benefit must be credited, when received by the FUND from the INSURER, to the MEMBER'S FUND CREDIT of the MEMBER in respect of whom that insured benefit is payable, and included as part of the benefit payable in terms of RULE 39.1.2.

39.3 RESTRICTIONS

Notwithstanding any other provision specifying otherwise, to the extent that any benefit in terms of this RULE 39 comprises the insured benefit, then such insured benefit is limited or restricted in terms of the policy providing the insured benefit with the INSURER, including but not limited to any requirement that a MEMBER undergo regular medical examinations, the exclusion in respect of any existing or pre-existing condition, or any other term or condition.

39.4 COMMUTATION

A beneficiary may commute for cash the whole or part of the annuity he is entitled to in terms of RULE 39.1 subject to any taxation thereon and subject to the requirements of the Income Tax Act, 1962.

40 MEMBER COUNSELLING

Every MEMBER of the FUND who ceases to be a Councillor in terms of RULE 36 or RULE 37, shall be provided with retirement benefit counselling, prior to the payment or transfer of his benefit is made to another FUND, or an annuity is purchased from an INSURER on his behalf.

41 MONEYS DUE MAY BE DEDUCTED FROM BENEFITS

41.1 The BOARD may, deduct from any benefit due to a MEMBER in terms of the MCPF RULES, any amount permitted in terms of section 37D for purposes of settling debts due to tax owing to the SOUTH AFRICAN REVENUE SERVICES (SARS), outstanding maintenance in terms of the Maintenance Act, payment to the employer for loss caused by the misconduct, theft, dishonesty or fraud of the MEMBER and any pension interest payable to a former spouse of the MEMBER in terms of the Divorce Act, 70 of 1979.

41.2 If a MEMBER exits the FUND in terms of either RULE 36, 37 or 39, the BOARD shall have the right to commute for a lump sum any amount of the retirement benefits up to the maximum amount which may be commuted in terms of the Income Tax Act, 1962 (Act No.58 of 1962) and to make the deduction from such lump sum.

41.3 Should a MEMBER become entitled to a retirement benefit, but the MEMBER and/or the MUNICIPALITY has not yet completed the obligations in respect of PENSIONABLE SERVICE in respect of either RULE 31,32,33 the MEMBER'S FUND CREDIT shall be proportionally reduced to the benefits received.

42 CESSION, PLEDGING OR ATTACHMENT OF BENEFITS

If a person purports or attempts to transfer or otherwise cede, pledge or hypothecate any benefit in terms of the MCPF RULES in contravention of section 37A of the ACT, the BOARD may exercise the powers vested in the FUND in terms of that section.

43 HOW BENEFITS ARE AFFECTED BY INSOLVENCY

A MEMBER'S pension benefit in the FUND for purposes of insolvency, does not form part of the MEMBER'S insolvent estate and shall be dealt with in terms section 37B of the ACT.

44 UNCLAIMED MONEYS

If an amount due to or in respect of a DEFERRED PENSIONER is not claimed, within 24 months, after the DEFERRED PENSIONER attained the age of seventy-five (75) years or the death of a

MEMBER or a DEFERRED PENSIONER, the benefit shall be transferred into an unclaimed benefit fund. Any claim received by the FUND from the DEFERRED PENSIONER or his BENEFICIARY prior to the transfer of the benefit to an unclaimed beneficiary fund, shall be paid by the FUND in terms of the applicable RULE. Where a claim is received by the FUND following the transfer of a former MEMBER'S benefit into an unclaimed benefit fund, the DEFERRED PENSIONER or BENEFICIARY shall be referred to the unclaimed benefit fund for payment. The payment of a benefit due to a DEFERRED PENSIONER or a BENEFICIARY of the MEMBER by an unclaimed benefit fund extinguishes such claimant's a debt against the FUND.

45 AMENDMENT OF RULES

45.1 The RULES of the FUND may at any time be amended, rescinded or added to by the BOARD with a majority of votes, subject to the provisions of section 12 of the ACT: Provided that the amendment shall not be in conflict with the provisions of the ACT or the Income Tax Act, 1962 (Act No.58 of 1962): Provided further that any amendment of the RULES that affects the financial position of the FUND, shall be referred to the ACTUARY before it is accepted.

45.2 The BOARD shall notify the AUTHORITY and the COMMISSIONER in writing of any amendment of the RULES.

43.3 As soon as any amendment of the RULES is approved by the AUTHORITY, or at least once annually, the BOARD shall notify the MEMBERS in writing of any amendment of the RULES.

45.4 If a valuation in terms of RULE 26.2 discloses a deficit, then, except to the extent that the deficit or part thereof will be extinguished within the period determined by the AUTHORITY by an increase in CONTRIBUTIONS, the ACTUARY shall decide, subject to the approval of the AUTHORITY, how benefits in respect of past PENSIONABLE SERVICE of MEMBERS, and PENSIONERS have to be reduced in order to extinguish such deficit, and the RULES shall then be amended accordingly, notwithstanding the provisions of sub-RULE 45.1.

of this RULE, all benefits in terms of the MCPF RULES related to past PENSIONABLE SERVICE, including the benefits to which PENSIONERS are entitled, shall be reduced in the same proportion.

45.6 If, in an investigation in terms of RULE 26.2, the current CONTRIBUTIONS being made to the FUND in terms of RULES 32.1.1 and 32.1.2 are found to be inadequate, then, except to the extent that the inadequacy is corrected by an increase in CONTRIBUTIONS, the ACTUARY shall decide, subject to the approval of the AUTHORITY, how benefits in respect of future PENSIONABLE SERVICE of MEMBERS and PENSIONERS have to be reduced for this reason, and the RULES shall then be amended accordingly, notwithstanding the provisions of sub-RULE 45.1.

45.7 Except with the approval of the AUTHORITY, if and when benefits in respect of future PENSIONABLE SERVICE are reduced in terms of this RULE, all benefits in terms of the MCPF RULES related to future SERVICE, shall be reduced in the same proportion.

45.8 Subject to the approval of the AUTHORITY, any reduction in benefits effected in terms of sub-RULE 45.4 or 45.5 may be reinstated wholly or partly if a subsequent report by the ACTUARY in terms of sub-RULE 25.2 indicates that such reinstatement is warranted, and the RULES shall then be amended accordingly, subject to the provisions of sub-RULE 45.1.

46 RECONSTRUCTION, SUSPENSION AND TERMINATION OF THE FUND

46.1 RECONSTRUCTION

If a MUNICIPALITY ceases to exist as the result of its reconstruction in a different form, the reconstructed municipality shall have the right of taking the place of the previous MUNICIPALITY and, if it exercises such right, the FUND shall not be affected except that "MUNICIPALITY" shall then mean the authority as reconstructed.

46.2 PARTIAL SUSPENSION

46.2.1 A single participating MUNICIPALITY may apply to the BOARD, in writing, for the PARTIAL SUSPENSION of its CONTRIBUTIONS to the FUND, if it is no longer able to meet its financial commitments to the FUND due to an event that is unforeseen, unavoidable and external to a MUNICIPALITY and beyond the control of the FUND and the MUNICIPALITY which may, without limitation include a disaster as declared in terms of the Disaster Management Act, 2002, determined by the BOARD. If the application is approved by the BOARD, the following consequences will ensue;

(a) for the duration of the PARTIAL SUSPENSION, the only CONTRIBUTIONS due by the MUNICIPALITY collected from the MEMBER in terms of section 13A(1) of the Act shall be the contributions required to provide for the maintenance of the EXPENSE RESERVE ACCOUNT as determined by the BOARD in terms of RULE 46.2.1(d) and (e);

(b) no late payment interest in terms of section 13A(7) of the Act shall be recorded in the name of the MUNICIPALITY, for the period of the PARTIAL SUSPENSION;

(c) for the duration of the PARTIAL SUSPENSION, the MUNICIPALITY shall be deemed to be compliant with its obligations in terms of Section 13A and no criminal liability or personal liability will arise in terms of RULE 30.4 and Section 13A(8) of the Act, respectively;

(d) the MUNICIPALITY will continue to deduct and deliver to the FUND the portion of the CONTRIBUTIONS necessary for the provision of the risk benefits and FUND administration costs the duration of the PARTIAL SUSPENSION;

(e) the MUNICIPALITY's duty to submit contribution statements showing payments made to the FUND in terms of section 13A(2) read with RULE 30.1 remains, during the period of the PARTIAL SUSPENSION;

(f) the PARTIAL SUSPENSION is for a maximum duration of six uninterrupted months unless a once-off extension is granted by the BOARD, for a specified period; and

(g) the PARTIAL SUSPENSION shall automatically terminate after a period of six (6) uninterrupted months, or where a PARTIAL

BOARD, for a specified period; and

(g) the PARTIAL SUSPENSION shall automatically terminate after a period of six (6) uninterrupted months, or where a PARTIAL SUSPENSION is extended it will terminate on the date stipulated in the extension notice or it will automatically terminate if the MUNICIPALITY defaults in deducting and delivering contributions due in terms of the PARTIAL SUSPENSION notice. On termination of the PARTIAL SUSPENSION, normal contributions shall resume in terms of RULE 31 and Rule 32 or where the municipality is in default with payment, the provisions of RULE 31 will apply.

46.2.2 The BOARD, in consultation with the ACTUARY, shall consider any application submitted by a participating MUNICIPALITY for a PARTIAL SUSPENSION of CONTRIBUTIONS or an extension of an existing PARTIAL SUSPENSION and exercise its discretion. It will notify the MUNICIPALITY of its approval or rejection, thereof, as soon as practically possible before the specified PARTIAL SUSPENSION date or extension date arrives.

46.2.3 On approval by the BOARD of the PARTIAL SUSPENSION of CONTRIBUTIONS or an extension thereof, the following provisions shall apply to the MEMBERS of that MUNICIPALITY:

(a) Subject to the provisions of RULE 46.2.1, no CONTRIBUTIONS for purposes of a MEMBER's retirement savings in terms of RULE 31 shall be deducted, only a portion of the MEMBER'S CONTRIBUTIONS shall be deducted for purposes of provision for the EXPENSE RESERVE ACCOUNT for the duration of the PARTIAL SUSPENSION;

(b) The BOARD together with the ACTUARY shall determine the amount payable as a provision for the EXPENSE RESERVE ACCOUNT and inform the MUNICIPALITY on approval of the PARTIAL SUSPENSION and will notify the MUNICIPALITY a month before deduction or of any changes in the amount payable during the partial termination period;

if the PARTIAL SUSPENSION is extended, of the extension and the applicable conditions thereof.

(e) Should a participating MUNICIPALITY during a PARTIAL SUSPENSION default to pay expense contributions as specified in RULE 44.2.3(b) above, the provisions of RULE 31.3 regarding the continued insured benefits, will apply.

46.3 PARTIAL TERMINATION

46.3.1 A single participating MUNICIPALITY may apply to the BOARD in writing for the termination of their CONTRIBUTIONS to the FUND, who shall only grant their approval for one of the following reasons: -

46.3.2 if the MUNICIPALITY is dissolved in its present form and ceases to exist or is reconstructed in a different form and the reconstructed MUNICIPALITY is unable to meet the financial commitment in respect of CONTRIBUTIONS to the FUND; or

46.3.3 if the MUNICIPALITY is no longer able to meet the financial commitment in respect of CONTRIBUTIONS to the FUND due to a decrease in income; or

46.3.4 if the BOARD, in its absolute discretion, resolve that the reason tendered by the MUNICIPALITY is acceptable.

46.3.5 On approval by the BOARD of the termination of CONTRIBUTIONS by a MUNICIPALITY, the following provisions shall apply to the MEMBERS then serving as COUNCILLORS of that MUNICIPALITY: -

(a) Subject to the provisions of RULE 46.3.5(d) below, each MEMBER shall become entitled to his MEMBER'S FUND CREDIT .

(b) The termination of the CONTRIBUTIONS of a single participating MUNICIPALITY shall be subject to such conditions as may be prescribed by the BOARD.

(b) The termination of the CONTRIBUTIONS of a single participating MUNICIPALITY shall be subject to such conditions as may be prescribed by the BOARD.

(c) Any costs related to such partial termination shall be borne by that MUNICIPALITY.

(d) the MEMBER'S FUND CREDIT in RULE 46.3.5 (a) shall be paid in terms of RULE 46.4.2.

46.4 TERMINATION

46.4.1 If the BOARD determines that CONTRIBUTIONS to the FUND are to be terminated, they shall appoint a suitable person, who is not a TRUSTEE of the FUND and whose appointment shall be subject to the AUTHORITY'S approval, to act as liquidator of the FUND.

46.4.2 As from a date decided by him, the liquidator shall realise the assets of the FUND and, after payment of all expenses incurred in terminating the FUND, apportion the proceeds amongst the MEMBERS, PENSIONERS and other beneficiaries on an equitable basis as recommended by the ACTUARY and approved by the liquidator.

46.4.3 The termination procedures in terms of RULE 46.3 shall be subject to the following provisions:

(a) the amount available for a person in receipt of a PENSION shall be applied to purchase a PENSION for him from an INSURER;

(b) the amount available for a person prospectively entitled to retirement benefit shall, as the liquidator in consultation with the ACTUARY may decide.

(i) be transferred for such person's benefit to an APPROVED PENSION FUND or an APPROVED RETIREMENT ANNUITY

FUND; or

(ii) be applied to purchase a PENSION for such person from an INSURER; or

(iii) the SAVINGS and VESTED COMPONENTS may be paid to the MEMBER as a lump sum and the RETIREMENT COMPONENT which may not be paid as cash and must be transferred to another APPROVED FUND.

46.4.4 if a person to whom a benefit is payable cannot be traced, the benefit shall be disposed of in such manner as shall be provided for in the scheme of termination with the approval of the AUTHORITY or such benefit shall be transferred into an unclaimed benefit fund through a resolution by the BOARD.

47 SHORT TITLE AND DATE OF COMMENCEMENT

These RULES shall be known as the RULES of the MUNICIPAL COUNCILLORS PENSION FUND, which commenced on the COMMENCEMENT DATE.

Extract from the minutes of a meeting of the Trustees of the Municipal Councillors Pension Fund held at ......Woodmead...................................... on ......23 October 2025......................................

MR WANDA NDABENI
PRINCIPAL OFFICER

DEPUTY CHAIRPERSON

DocuSigned by:
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CHAIRPERSON

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

03 JUL 2026

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FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY