

13 September 2019

The Principal Officer
Transnet Second Defined Benefit Fund

Dear Peet

TRANSNET SECOND DEFINED BENEFIT FUND ("TSDBF"): AFFORDABILITY OF THE PROPOSALS SET OUT IN THE "JOINT MEMORANDUM OF THE LEGAL REPRESENTATIVES OF THE PENSIONER CLASS AND THE LEGAL REPRESENTATIVES OF TRANSNET SOC LTD RECORDING THE TERMS, CONDITIONS AND PRINCIPLES AGREED AS THE KEY ELEMENTS OF AN AFFORDABLE AND REASONABLE SETTLEMENT OF THE PENSIONER CLASS ACTION" DATED 31 MAY 2019

We have been requested to:

- (i) certify the affordability of the proposals set out in the above Joint Memorandum using the valuation results as at 31 March 2019; and
- (ii) determine the "Equalisation Amount", being the amount that is required to be transferred from the Transnet sub-fund in the Transport Pension Fund (the "TTPF") to the TSDBF to ensure that as at 1 April 2019 the funding levels of the TTPF and the TSDBF would be equal.

The main benefit improvement proposals set out in the Joint Memorandum are:

- (i) a payment of R10 000 per pensioner in each of the next 3 years, starting with the first payment within 60 days of the entire settlement agreement being made an order of the High Court; and
- (ii) special additional pension increases of 11%, 7% and 4% over the next 3 years, and targeted increases at 70% of CPI thereafter.

Below we set out, for the TSDBF:

- (i) the valuation results as at 31 March 2019,
- (ii) the impact of the above benefit proposals; and
- (iii) the impact of a transfer from the TTPF of R1.76 billion, being the Equalisation Amount as at the valuation date (Note: returns must be added to this amount from 1 April 2019 to the effective date of transfer):

FINANCIAL SERVICES

ALEXANDERFORBES

	At 31/03/2019	At 31/03/2019	At 31/03/2019
	Valuation results before any changes	Implementing the Joint Memorandum	After a transfer of R1.73bn from TTPF
	(R'million)	(R'million)	(R'million)
Assets	13 346	12 172	13 932
Value of Accrued Liability	9 552	12 065	12 065
Solvency Reserve	305	543	543
Surplus/(Deficit)	3 489	(436)	1 324
Funding Level	135.4%	95.2%	110.5%

The TSDBF will still be financially sound as at 31 March 2019 if all of the proposals are implemented.

Kind regards.



Andre Pienaar

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TRANSPORT PENSION FUND

GENERAL RULES

Issued in terms of ss4A(9) of the Transnet Pension Fund Act № 62 of 1990, as amended

DATE OF COMMENCEMENT: 11 NOVEMBER 2005

As amended by

General Rules Amendment No 1 signed on 09.09.2011; Effective Date 09.09.2011

General Rules Amendment No 2 signed on 30.04.2012; Effective Date 30.04.2012

General Rules Amendment No 3 signed on 02.11.2012; Effective Date 02.11.2012

General Rules Amendment No 4 signed on 09.12.2015; Effective Date 09.12.2015

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PART A:
GENERAL RULES

RULE 1 : DEFINITIONS

1

1.1 In these **Rules**, which are published in terms of section 5 of the **Act**, unless the context otherwise indicates –

- 1.1.1 **Act** : means the Transnet Pension Fund Act, 1990 (Act No. 62 of 1990), as amended from time to time;
- 1.1.2 **Actuarial Value** : means a value of the benefit calculated in accordance with a formula as determined by the **Actuary** and approved by the **Sub-Fund Board** and the **Employer**;
- 1.1.3 **Actuary** : means a Fellow of any institute, faculty, society or chapter of actuaries appointed in terms of section 6 of the **Act**;
- 1.1.4 **Administrator** : means the institution appointed to administer the **Fund** or to administer a **Sub-Fund**, as the case may be;
- 1.1.5 **Alternative Employer**: means an Alternative Employer as defined in the **Act**;
- 1.1.6 **Alternative Group of Employers**: means an Alternative Group of Employers as defined in the **Act**;
- 1.1.7 **Approved Fund** : means a Pension, Provident, Preservation or Retirement Annuity Fund approved as such by the **Revenue Authorities**;
- 1.1.8 **Auditor** : means an auditor registered under the Auditing Profession Act, 2005 (Act No. 26 of 2005), and appointed by the **Board** in terms of **Rule 3.9**;
- 1.1.9 **Board** : means the board comprising **Trustees** referred to in **Rule 3.1**;

1.1.10 **Dependant** : means

1.1.10.1 **Qualifying Spouse**; and

1.1.10.2 **Qualifying Child**

[amended on 09.09.2011; wef 09.09.2011]

1.1.11 **Disabled Person** : means a **Member** who is disabled if, in the opinion of the **Sub-Fund Board** (which shall consider the recommendation of a suitably qualified medical professional), the **Member** is by reason of infirmity of mind or body (whether temporarily or permanently) incapable of discharging efficiently

1.1.11.1 his or her duties; and

1.1.11.2 any other duties which he or she may reasonably be expected to perform for the **Employer**, taking into account his or her age, training, remuneration, work experience, education and potential for re-training;

1.1.12 **Employer** means a **Transnet Employer** or an **Alternative Employer**;

1.1.13 **Fund** : means the **Transport Pension Fund**, established in terms of the **Act**, previously called the **Transnet Pension Fund**;

1.1.14 **General Rules** : means the **Rules** contained in Part A hereof and which are applicable to the **Fund** as a whole;

1.1.15 **Insurer** : means an insurer registered in terms of the Long-Term Insurance Act, 1998 (Act 52 of 1998) to transact long term insurance business;

1.1.16 **Investment Consultant** : means a natural or legal person who attends to the strategic management process of the assets of the **Fund** and the management of the **Fund's** portfolio managers;

1.1.17 **Member** : means a person who –

1.1.17.1 is employed by an **Employer**; and

1.1.17.2 at 1 December 2000 was obliged to contribute to the **Fund** as a **Member** on a monthly basis;

DEFINITIONS

TRANSPORT PENSION FUND GENERAL RULES

DEFINITIONS

1.1.18 **Minister** : means the **Minister** controlling the ministerial portfolio responsible for **Transnet**;

1.1.19 **Nominee** : means a person who has been nominated in writing by a **Member** to receive a benefit or part thereof in terms of the **Rules** upon the death of the **Member**;

1.1.20 **Pension** : means the monthly pension payable from a **Sub-Fund** in terms of the **Special Rules** to a **Pensioner** or **Dependant**;

[amended on 09.09.2011; wef 09.09.2011]

1.1.21 **Pensionable Salary** : means the annual pensionable salary of a **Member** stipulated by his or her **Employer** to constitute "**Pensionable Salary**" but subject to any provisions in terms of these **Rules**;

1.1.22 **Pensioner** means, in relation to the **Fund**, a person, including a **Disabled Person**, who is entitled to a **Pension** paid by the **Fund** and whose entitlement to that **Pension** is derived from his or her membership of the **Fund**;

[amended on 09.09.2011; wef 09.09.2011]

1.1.23 "**Pension Interest**" means in relation to a **Member** who is a party to a divorce action, the benefits to which that **Member** would have been entitled to in terms of the **Rules** of the **Fund** if his/her membership of the **Fund** would have been terminated on the date of the divorce on account of his/her resignation from his/her employment;

[inserted on 02.11.2012; wef 02.11.2012]

1.1.24 **Principal Employer** : means

1.1.24.1 **Transnet**; or

1.1.24.2 an **Alternative Employer**;

1.1.25 **Principal Officer** : means the officer appointed in terms of **Rule 3.6**;

1.1.26 **Qualifying Child** : means, in relation to a **Member** or **Pensioner**, a "**Qualifying Child**" as defined in the rules of the **Sub-Fund** to which that **Member** or **Pensioner** is attributed.

[amended on 09.09.2011; wef 09.09.2011]

- 1.1.27 **Qualifying Spouse** : means a "Qualifying Spouse" as defined in the rules of the **Sub-Fund** to which that **Member** or **Pensioner** is attributed;
[amended on 09.09.2011; wef 09.09.2011]

- *[definition of Recognised Marital Union deleted on 8.12.2011; wef 8.12.2011]*

- 1.1.28 **Registered Trade Union** : means a trade union that has been duly registered by the Registrar of Labour Relations and with which an **Employer** has a recognition agreement;

- 1.1.29 **Revenue Authorities** : means the South African Revenue Services;

- 1.1.30 **Rules** : means the **General Rules** and the **Special Rules**;

- 1.1.31 **Responsible Minister**: means in relation to a **Sub-Fund**, the Minister in charge of the Ministry responsible for the **Employer** for the benefit of the employees of which the **Sub-Fund** has been established.

- 1.1.32 **Special Rules** : means the Special Rules contained in Part B as Annexures to the **General Rules** pertaining to a particular **Sub-Fund**;

- 1.1.33 **Sub-Fund** : means a **Sub-Fund** as defined in the **Act**;

- 1.1.34 **Sub-Fund Board** : means the Sub-Fund Board established in terms of the **Act**;

- 1.1.35 **Transnet** : means Transnet Limited, formed and incorporated in terms of section 2 of the Legal Succession to the South African Transport Services Act, 1989 (Act No. 9 of 1989) and, if applicable, its subsidiaries;

- 1.1.36 **Transnet Employer**: means **Transnet** or any other company contemplated in the definition of **Transnet Group of Employers**;

- 1.1.37 **Transnet Group of Employers** : means the **Transnet Group of Employers** as defined in the **Act**;

- 1.1.38 **Transnet Retirement Fund** : means a fund established under that name in terms of section 14A of the **Act**;

..... *[definition of Transnet Second Defined Benefit Fund deleted on 8.12.2011; wef 8.12.2011]*

DEFINITIONS

TRANSPORT PENSION FUND GENERAL RULES

DEFINITIONS

1.1.39 **Trustee** : means a member of the board of trustees appointed in terms of Rule 3.1 and includes the alternate to such Trustee;

1.1.40 **2008 First Rule Amendment date** means 1 April 2008, the date with effect from which the first **General Rule** amendments approved by the Board in 2008 come into retrospective effect.

[definition inserted on 8.12.2011; wef 8.12.2011]

1.2 Unless the context requires otherwise –

1.2.1 words referring to the singular number shall include the plural number and vice versa ; and

1.2.2 the word "meeting" shall include an adjourned meeting;

1.2.3 expression in the masculine shall include feminine and vice versa.

1.2.4 The clause headings have been inserted for convenience only and shall not be taken into account in the interpretation of the clause.

1.3 The headings to these **Rules** are intended for reference purposes only and shall not be taken into account in the interpretation thereof.

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RULE 2 : THE FUND

2

- 2.1 The Fund shall have legal personality and as such be capable of acquiring its own assets and of suing or being sued in its own name, and of performing all such functions and transactions as may be necessary for, or incidental to the exercise of its powers or the performance of its functions in terms of these Rules.
- 2.2 The object of the Fund shall be to provide pension benefits upon retirement, death, disability or withdrawal to a Pensioner, Member, Dependant or Nominee, as the case may be.
- 2.3 The registered office of the Fund shall be such address as may be decided by the Board and of which the Minister is notified in writing.

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RULE 3 : MANAGEMENT OF THE FUND

3

3.1 The Board

The management and control of the Fund shall vest in the Board. Each Sub-Fund Board will appoint four members from amongst their number which members will then also be members of the Board. Each Sub-Fund Board may also appoint alternates to its appointed Trustees. If a Sub-Fund Board fails to appoint its Trustees as contemplated in the Special Rules, the quorum for the Board meeting will be determined as contemplated in Rule 3.4.7.

3.2 Termination of office

A Trustee shall cease to hold office upon –

- 3.2.1 resignation as a Trustee; or
- 3.2.2 disqualification in terms of Rule 3.3; or
- 3.2.3 termination of his or her appointment by the Sub-Fund Board; or
- 3.2.4 the Board resolving by a 75% vote to terminate a Trustee's appointment.

3.3 Ability to Act as a Trustee

Any of the following persons shall be disqualified from being appointed or acting as the chairperson or a Trustee:

- 3.3.1 a body corporate;
- 3.3.2 a minor or any other person who suffers from infirmity of mind or is otherwise incapable of acting as a Trustee;
- 3.3.3 any person who is disqualified in terms of the Companies Act, 1973 (Act 61 of 1973) from being a director;
- 3.3.4 a person who has been removed from the position as chairperson or as Trustee of the Fund in terms of Rule 3.2.4;

3.3.5 save under authority of the Court –

3.3.5.1 an unrehabilitated insolvent;

3.3.5.2 any person removed from an office of trust on account of misconduct;

3.3.5.3 any person who has at any time been convicted (whether in the Republic or elsewhere) of theft, fraud, forgery or uttering a forged document, perjury, or any offence involving dishonesty or in connection with the promotion, formation or management of a company, and has been sentenced to imprisonment without the option of a fine.

3.4 Meetings of the Board

3.4.1 The Board shall appoint a chairperson of the Board, who may be, but is not required to be a Trustee elected by the Sub-Fund Boards, and who may be remunerated by the Fund as may be agreed upon by the Board and such chairperson.

3.4.2 The chairperson, when unable to attend any meeting, shall appoint an acting chairperson for that meeting, who shall be a Trustee or failing such appointment, the Trustees present shall appoint an acting chairperson for that meeting from amongst themselves.

3.4.3 The Board shall meet at least every quarter and at such other times as the Board may decide.

3.4.4 The Board shall at the last meeting of every year determine the dates for the quarterly meetings to be held in the forthcoming year.

3.4.5 A special meeting shall be called on at least 14 days written notice on the instruction of the chairperson or at the written request of any three Trustees, subject thereto that a reduced period of notice may be given provided that at least 75% of all Trustees attend the special meeting and at such meeting it is resolved by 75% of the Trustees present at such meeting to condone the reduced notice period.

3.4.6 Notice of meetings by electronic mail shall be accepted as written notice.

Nick
ASAC

- 3.4.7 The majority of the appointed **Trustees** (excluding any vacant **Trustee** positions) shall constitute a quorum for a meeting of the **Board**.
- 3.4.8 A decision by a majority of the **Trustees** present at a duly convened **Board** meeting shall constitute a decision of the **Board**.
- 3.4.9 Decisions of the **Board** shall be taken by a show of hands or, if so required by any **Trustee** present at the meeting, by a proportionate vote as contemplated in **Rule 3.4.10**.
- 3.4.10 In the event that voting is requested by way of a proportionate vote, 1000 (one thousand) votes will be allotted to be exercised in terms of such proportionate vote in the following manner:
 - 3.4.10.1 Votes will be allocated to each **Sub-Fund** in the ratio that the liabilities of the **Sub-Fund** bear to the liabilities of the **Fund** as a whole as determined in terms of the latest available actuarial valuation;
 - 3.4.10.2 Each **Trustee** appointed by a **Sub-Fund** will be entitled to exercise 25% of the votes allocated to the **Sub-Fund** and the other votes allocated to the **Sub-Fund** for which he or she has been instructed to exercise as proxy;
- 3.4.11 In the event that more than 50% (fifty per cent) of the **Trustees** in number are dissatisfied with the result of a proportionate vote, such **Trustees** may refer the matter for a final decision to the chief actuary of the Financial Services Board, or an actuary nominated by such chief actuary, who shall decide upon the matter as an expert not as an arbitrator, and whose decision shall be final and binding upon the **Fund**.
- 3.4.12 Subject to there being sufficient **Trustees** to form a quorum as contemplated in terms of **Rule 3.4.7**, the **Board** shall be entitled to function notwithstanding the existence of any vacancy.
- 3.4.13 If a quorum is not present at any **Board** meeting within thirty minutes after the time fixed for its commencement, the meeting shall adjourn to the following week, on the same day, place and time.
- 3.4.14 At such adjourned **Board** meeting the **Trustees** present shall form a quorum.

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3.4.15 The chairperson shall -

3.4.15.1 where the chairperson is a **Trustee** appointed in terms of **Rule 3.1**, have a deliberative vote in his/her capacity as a **Trustee** as well as a casting vote in the event of an equality of votes, subject to **Rule 3.4.15.3**;

3.4.15.2 where the chairperson is not a **Trustee** appointed in terms of **Rule 3.1**, only have a casting vote in the event of an equality of votes, subject to **Rule 3.4.15.3**;

3.4.15.3 in the event of a proportionate vote, not have a casting vote.

3.4.16 The acting chairperson appointed in terms of **Rule 3.4.2**, shall in addition to his deliberative vote as a **Trustee**, also have a casting vote in the event of an equality of votes. However in the event of a proportionate vote in terms of **Rule 3.4.10**, the acting chairperson shall have no casting vote.

3.4.17 The **Trustees** shall conduct themselves at meetings of the **Board** in a responsible manner that is in harmony with their status as **Trustees**. Should a **Trustee** act in breach of this requirement, the **Board** may, by a majority vote of at least two thirds of **Trustees** present at the meeting at which such breach occurs, require the person concerned to leave the meeting or take such other decision or action as may, in the circumstances, seem desirable.

3.4.18 The **Board** shall cause minutes of all its meetings to be recorded.

3.4.19 Such minutes, if signed by any person purporting to be the chairperson of the meeting to which it relates shall be a *prima facie* reflection of the proceedings and of the correctness of the matters therein recorded.

3.5 Powers of the Board

Subject to the provisions of the **Act**, the **Board** is empowered to carry out the objectives and purposes of the **Fund** in accordance with the **Rules** and, without prejudice to the general purport of this provision, shall have the following powers:

3.5.1 to contract on behalf of the **Fund** and to sign such contract or other documents on behalf of the **Fund**;

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- 3.5.2 to institute and defend any legal or administrative action, application or process for or against the Fund and to conduct, oversee, defend, settle or abandon such action or application;
- 3.5.3 to raise, borrow or lend moneys, at interest or otherwise, for the purposes of the Fund; provided that borrowing shall be limited to temporary loans for bridging unforeseen cash shortages or for taking advantage of attractive investment opportunities;
- 3.5.4 to appoint at the cost of the Fund one or more persons or entities, consultants or advisors irrespective whether such persons or entities are employed or forms part of an Employer or not, to attend to any function as determined by the Board;
- 3.5.5 to delegate any of its powers and functions to a Sub-Fund Board, any other sub-committee or any other person, subject to any conditions the Board may determine;
- 3.5.6 to create, amend and rescind practice notes in respect of any matter concerning the Fund, which shall be binding on the Employers, Trustees, Members, Pensioners, Dependants and Nominees, provided that such practice notes do not conflict with the existing Rules or the Act;
- 3.5.7 to insure the Trustees and all other officials (including Sub-Fund Board members who are not simultaneously Trustees, the Principal Officer and secretary) of the Fund against claims for damages arising from the negligent performance or non-performance of their functions, acting collectively or individually, excluding damages arising from dishonest and fraudulent conduct on the part of the Trustees or such other officials;
- 3.5.8 generally to take such steps as are, in the discretion of the Board, conducive to the attainment of the objectives of the Fund;
- 3.5.9 to transfer the whole or part of the assets and liabilities in respect of the transferring Members of the Fund to another Approved Fund in terms of the Rules.

3.6 Principal Officer

- 3.6.1 The Board shall appoint a Principal Officer to the Fund who shall be responsible for liaising with the Revenue Authorities and the Financial Services Board and any

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like institutions, and shall perform any other functions that the Board may delegate to the Principal Officer.

3.6.2 The Board may at any stage terminate the appointment of the Principal Officer.

3.6.3 Should the Principal Officer be absent from the Republic for more than thirty days or be otherwise unable to fulfil his/her function, the Board may appoint another principal officer for the period of such absence or inability.

3.6.4 The cost of the appointment of the Principal Officer will be paid by the Fund and will be allocated to every Sub-Fund on a basis that the Board deem appropriate.

3.7 The Secretary

3.7.1 The Board shall appoint the secretary of the Fund who shall also have the secretarial duties contemplated in Rule 3.7.2, towards the Sub-Fund and may at any stage terminate such appointment.

3.7.2 The secretary shall –

3.7.2.1 keep all documents relating to the business of the Fund and Sub-Fund in safe custody, except those which are prescribed by law to be kept by any other person or institution;

3.7.2.2 submit to the Board, to the extent necessary, all matters and documents received from an Employer;

3.7.2.3 receive notices of matters to be considered by the Board;

3.7.2.4 convene all meetings of the Board and all of its sub committees;

3.7.2.5 record the minutes of the proceedings of all meetings of the Board;

3.7.2.6 circulate copies of the minutes of all meetings to all the members of such meetings;

3.7.2.7 perform such other duties as the Board may from time to time prescribe.

3.7.3 The cost of the appointment of the secretary shall be paid by the Fund and will be allocated to every Sub-Fund on a basis that the Board deems appropriate.

3.8 The appointment of the Administrator and the Investment Consultant

3.8.1 **Transnet** shall appoint the first **Administrator** and the first **Investment Consultant** pursuant to the amendment of these **Rules** in 2007 for a period of 3 (three) years and 1 (one) year respectively, reckoned from the date of such appointment. **Transnet** shall be entitled to cede and assign its rights and obligations in terms of such agreement with the **Administrator** and the **Investment Consultant** to the **Fund** at any time prior to the expiry of such agreement by giving written notice thereof to the **Fund**.

3.8.2 The **Board** shall upon the expiry of the appointment of the **Administrator** and **Investment Consultant** as contemplated in **Rule 3.8.1**, appoint the **Administrator** and **Investment Consultant** for the **Fund**.

3.8.3 Notwithstanding the appointment of the **Administrator** or **Investment Consultant** as contemplated in **Rules 3.8.2**, a **Sub-Fund Board** may in its discretion appoint its own administrator or investment consultant for such **Sub-Fund**, and the cost of such appointments shall be borne by such **Sub-Fund** exclusively.

3.8.4 The **Administrator** and **Investment Consultant** shall execute all instructions of the **Board**, the **Sub-Fund Boards** (if applicable) and their sub committees.

3.8.5 The fees of the **Administrator** shall form part of the annual budget of the **Fund** in terms of **Rules 3.9.1** and **3.9.2**. Such fees of the **Administrator** shall be allocated for payment to every **Sub-Fund** proportionately and such proportionate amount shall be calculated by dividing the annual budget for such **Administrators** costs with the aggregate number of **Members, Pensioners, Dependants and Nominees** of the **Fund** and by multiplying that figure with the number of **Members, Pensioners, Dependants and Nominees** assigned to the **Sub-Fund** of the particular **Principal Employer**.

3.8.6 The fees of the **Investment Consultant** shall be paid by the **Fund** and will be allocated to every **Sub-Fund** as the **Board** deems appropriate.

3.9 Refund of Costs

3.9.1 The refund budget for each **Sub-Fund** is subject to the approval of the **Board** and the sum of these **Sub-Fund** refund budgets shall equal the total refund budget for the **Fund**.

[amended on 09.09.2011; wef 09.09.2011]

- 3.9.2 The refund budgets for each **Sub-Fund** shall include the **Administrators** costs and such other costs of the **Sub-Funds** for which the **Sub-Fund Boards** require the approval of the relevant **Principal Employer** in order to confirm the refund of such amounts to the relevant **Sub-Funds**.
- 3.9.3 The refund budgets for the **Sub-Funds** in respect of any financial year commencing prior to the enactment of the Transnet Pension Fund Amendment Bill, 2006, as well as the refund budget in respect of the financial year immediately following such enactment, have to be submitted for approval to **Transnet** by the **Board** not less than 3 months prior to the commencement of the relevant financial year, provided that if not later than 30 (thirty) days subsequent to the commencement of the relevant financial year, **Transnet** does not in writing indicate whether or not it has approved or rejected the refund budget, the refund budget shall be submitted to the **Actuary** for approval, with such adjustments as the **Actuary** deems fit.
- 3.9.4 The refund budgets for the **Sub-Funds** in respect of every financial year other than as contemplated in respect of **Rule 3.9.3** must be submitted for approval to the relevant **Principal Employer** by the **Sub-Fund Board** not less than 3 months prior to the commencement of the relevant financial year, provided that if not later than 30 (thirty) days subsequent to the commencement of the relevant financial year, the **Principal Employer** does not in writing indicate whether or not it has approved or rejected the refund budget, the refund budget shall be submitted to the **Actuary** for approval, with such adjustments as the **Actuary** deems fit in which event it shall be deemed to have been approved by the **Principal Employer**.
- 3.9.5 Each **Principal Employer** shall pay to the **Fund** an amount equivalent to that proportion of the **Administrators fees** as calculated in **Rule 3.8.5** above, within 30 days of the approval of the relevant **Sub-Fund's** refund budget by the **Principal Employer** as contemplated in **Rules 3.9.3** or **3.9.4**.
- 3.9.6 The **Principal Employer** shall pay to the **Fund** an amount equivalent to the remaining costs (net of the **Administrators** costs) of the approved refund budget as contemplated in **Rule 3.9.2** on such dates as may be agreed between each **Sub-Fund Board** and the relevant **Principal Employer**.



3.10 Appointment of Auditors

- 3.10.1 The **Board** shall appoint an **Auditor** to attend to the annual auditing of the **Fund** and the **Sub-Funds** and the contract effecting such appointment shall not be for a fixed period but shall provide for the termination thereof by notice duly given by either party.
- 3.10.2 The **Board** shall, as soon as the audited financial statements pertaining to the **Fund** and the **Sub-Funds** are available, submit a copy of such audited financial statements to the **Principal Employers**.
- 3.10.3 The financial year of the **Fund** or a **Sub-Fund** shall be from 1 April up to and including 31 March of the following year.
- 3.10.4 All expenses related to the audit of the **Fund** shall be borne by the **Fund** and be allocated for payment, to every **Sub-Fund** on a basis as the **Board** deem appropriate.
- 3.10.5 All expenses related to the audit of a **Sub-Fund** only, shall be attributed to such **Sub-Fund**, shall be paid from only the assets attributable to such **Sub-Fund**.

3.11 Accounts

The **Board** and each applicable **Sub-Fund Board** shall ensure that such accounts, entries, registers and records as are necessary for the proper management of the **Fund** and the **Sub-Funds** are kept in accordance with generally accepted accounting practice.

3.12 Confidentiality

The chairperson, **Trustees**, the **Sub-Fund Board** members and all persons engaged in the administration of the **Fund** or **Sub-Funds** shall treat all matters and information that may come to their knowledge in the performance of their duties in connection with the **Fund** or **Sub-Funds** as confidential.

3.13 Fidelity Insurance

- 3.13.1 The **Board** shall ensure that to the extent possible, insurance is taken out to indemnify the **Fund** against any loss or damage which the **Fund** may suffer as a result of theft, fraud, dishonesty or negligence by the **Trustees** and **Sub-Fund Board** members.

3.13.2 The **Board** shall have the power to insure the **Fund** against any loss or damage which the **Fund** may suffer as a result of theft, fraud, dishonesty or negligence by a service provider, the **Administrator** or other administrator appointed in terms of **Rule 3.8**.

3.13.3 The **Trustees** and the **Sub-Fund Board** members are indemnified by the **Fund** against any liability due to negligent conduct by the **Trustees** and **Sub-Fund Board** members.

3.14 Actuarial Valuations

3.14.1 Subject to the **Act**, the **Board** may at any time appoint an **Actuary** to attend to the valuation of the **Fund** and any **Sub-Fund**.

3.14.2 The **Board** shall ensure that proper records are maintained as to enable the **Actuary** to make an actuarial valuation at any time.

3.14.3 The **Fund** and every **Sub-Fund** shall be actuarially valued at intervals not exceeding three years, to determine whether the **Fund** and **Sub-Funds** are in a financial position to pay the benefits provided for in these **Rules**.

3.14.4 The **Actuary** shall submit the actuarial report of the valuation to the **Responsible Ministers** and shall submit copies of the report to the Minister of Finance, the **Principal Employers**, the **Board**, the **Sub-Fund Boards** and the Registrar of Pension Funds as contemplated in section 3 of the Pension Funds Act, 1956.

[amended on 09.09.2011; wef 09.09.2011]

3.14.5 All expenses related to the actuarial valuation of the **Fund** which are not assigned to a **Sub-Fund** shall be allocated for payment to every **Sub-Fund** on a basis as the **Board** deems appropriate.

3.14.6 All expenses related to the actuarial valuation of a **Sub-Fund** only, shall be attributed to such **Sub-Fund**, shall be paid by such **Sub-Fund** exclusively.

3.15 Unsound Financial Position

3.15.1 When any report of the **Actuary** indicates in the opinion of the **Responsible Minister**, acting in concurrence with the Minister of Finance, that a **Sub-Fund** is in an unsound financial position, the **Responsible Minister**, with the concurrence of the Minister of Finance, may direct the **Sub-Fund Board** to submit a scheme

approved by the **Board** setting out arrangements to rectify the financial position of the **Sub-Fund** within a reasonable period. Such scheme shall be submitted within three ~~six~~ months from the date of receipt of such direction, together with a report thereon by the **Actuary**.

3.15.2 When any report of the **Actuary** indicates in the opinion of the **Actuary** that a **Sub-Fund** is in an unsound financial position, the **Sub-Fund Board** shall within three months from the date of such report, submit a scheme approved by the **Board** to the **Responsible Minister** and the Minister of Finance in respect of the **Sub-Fund**, setting out the arrangements which have been made or which is intended to rectify the financial position of the **Sub-Fund**, together with a report thereon by the **Actuary**.

3.15.3 If the **Responsible Minister**, in concurrence with the Minister of Finance, is satisfied that the arrangements referred to in **Rule 3.15.1** or **3.15.2** should suffice to accomplish the objects of this **Rule**, the former shall approve the scheme.

3.15.4 The **Responsible Minister**, if not satisfied with such arrangements, shall, in concurrence with the Minister of Finance, request the **Sub-Fund Board** to make such amendments to the scheme, or to submit such new scheme as will be satisfactory, and the **Sub-Fund Board** shall comply with the request within a period prescribed by the **Responsible Minister**, not being less than 30 days from the date of the request, and shall at the same time furnish the **Responsible Minister** and the Minister of Finance with a report on such amendments or such new scheme by the **Actuary** and the provisions of **Rule 3.15.3** shall apply to any such amended scheme or new scheme which the **Sub-Fund Board** may submit with the approval of the **Board**.

[amended on 09.09.2011; wef 09.09.2011]

3.15.5 The **Sub-Fund Board** shall carry out the terms of any scheme approved by the **Responsible Minister** under this **Rule** provided that –

3.15.5.1 the **Responsible Minister** may, if satisfied that none of the objects of this **Rule** would be thereby prejudiced, with the concurrence of the Minister of Finance, permit the **Sub-Fund Board** to amend such scheme from time to time;

3.15.5.2 if any information submitted to the **Responsible Minister** during the currency of such scheme indicates, in the opinion of the **Responsible Minister**, that the scheme is unlikely to accomplish the objects of this

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Rule, such approval of the scheme may be withdrawn, and the **Sub-Fund Board** shall, within three months thereafter, prepare a further scheme to which the provisions of this Rule shall apply *mutatis mutandis*; and

3.15.5.3 if any such information shows, in the opinion of the Minister of Finance, that the financial condition of the particular **Sub-Fund** is no longer unsound, the **Responsible Minister** shall inform the **Principal Officer** to that effect and, on receipt of such communication, the obligations of the **Sub-Fund** in respect of that scheme shall terminate immediately;

3.15.5.4 if the **Responsible Minister**, in concurrence with the Minister of Finance, is of the opinion that a **Sub-Fund** is in such an unsound financial condition that any scheme contemplated in this Rule would be ineffective, impracticable or unsatisfactory, the **Responsible Minister** may -

(a) apply to the court for an order directing that the provisions of these **Rules** relating to the appointment, powers, remuneration (if any) and removal from office of the person managing the business of the **Sub-Fund**, or relating to such other matter as he may regard appropriate, be altered in a manner to be specified in such application, and/ or directing that the whole or any part of the business of the **Sub-Fund** be wound up; or

(b) call on the guarantee furnished by the **Principal Employer** in terms of the **Act** to place the **Sub-Fund** in a financially sound condition on terms specified by the **Responsible Minister**.

RULE 4 : MEMBERSHIP OF THE FUND

4

4.1 The Fund shall be a defined benefit pension fund only in respect of Members who were employees of an entity in the Transnet Group of Employers as at 1 December 2000, including Pensioners and Dependants who received a Pension from the Fund as from 1 December 2000. The Fund is a closed pension fund and in terms of Section 14(2) of the Act no person may become a Member of the Fund subsequent to 1 December 2000.

4.2 A Member may continue his/her membership of the Fund, or may elect to transfer his/her Actuarial Value to the Transnet Retirement Fund, in the event of :

4.2.1 the transfer of the business in which he or she is employed from; or

4.2.2 the disposal of shares in,

the entity in the Transnet Group of Employers by which the Member is employed to another entity in the Transnet Group of Employers, or subsequent to 11 November 2005, to an entity in the Alternative Group of Employers.

4.3 A Member may, subsequent to the transfer of the business or disposal of shares as contemplated in Rule 4.2, continue membership in the Fund, or may elect to transfer his/her Actuarial Value to the Transnet Retirement Fund, in the event of:

4.3.1 the transfer of the business in which he or she is employed from; or

4.3.2 the disposal of shares in,

the entity in the Alternative Group of Employers by which the Member is employed to another Employer.

4.4 A Member's membership in the Fund shall terminate in the event that the Member is no longer employed by an Employer.

4.5 A Member may voluntarily elect to transfer from the Fund to the Transnet Retirement Fund, subject to the rules of the Transnet Retirement Fund, with effect from the 1st day of any calendar month of any year, provided that the Member has notified the Administrator in writing at least 30 (thirty) days prior to the particular effective date of transfer as aforementioned, subject to the following :

[amended on 09.12.2015; wef 09.12.2015]

- 4.5.1 The benefit of a Member who elected to transfer to the **Transnet Retirement Fund** as contemplated in this **Rule 4.5**, shall be the **Actuarial Value** pertaining to such Member.
- 4.5.2 For purposes of determining the **Actuarial Value**, the date of birth of the Member indicated in the records of the **Fund** or **Sub-Fund** at the date immediately preceding the transfer of the Member to the **Transnet Retirement Fund** shall be applicable for determining the age of the Member.
- 4.5.3 The election by a Member shall be deemed authorisation to the **Board** to transfer the benefit as referred to in **Rule 4.5.1** on behalf of the Member to the **Transnet Retirement Fund** less any amount owed by the Member to the **Fund** or **Sub-Fund**.
- 4.5.4 In the event that one or more Members attributable to a **Sub-Fund** elect to transfer from the **Fund** to the **Transnet Retirement Fund** in terms of **Rule 4.5**, such assets as determined by the **Actuary** which shall be commensurate with the value of each such Member's benefit in the **Sub-Fund** as determined in terms of **Rule 4.5.1** will be drawn from his or her **Sub-Fund** and transferred to the **Transnet Retirement Fund**.
- 4.5.5 The **Administrator** shall notify every **Employer** within 30 (thirty) days of the relevant effective date of any transfers of Members assigned to such **Employer's Sub-Fund** who elected in terms of this **Rule 4.5** to transfer to the **Transnet Retirement Fund**.
- 4.5.6 The Member and his or her **Dependants** and **Nominees** shall pursuant to his or her election to become a member of the **Transnet Retirement Fund** have no further claim against the **Fund** or **Sub-Fund**, except for the obligation to claim transfer of his **Actuarial Value** to the **Transnet Retirement Fund**.
- 4.5.7 The election as referred to in this **Rule 4.5** shall be irrevocable from the date of such election and such Member may not revert to the **Fund**.
- 4.6 Any moneys owing to the **Fund** or **Sub-Fund** as contemplated by these **Rules** in respect of a Member who elects to become a member of the **Transnet Retirement Fund** shall, upon transfer to the **Transnet Retirement Fund**, be recovered from the benefit of such a Member as determined in terms of **Rule 4.5.1**.

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4.7 In the event that –

- 4.7.1 the employment of a Member with an Employer is terminated before retirement due to the assignment of his/her employment due to a transfer of a business as a going concern as contemplated in the Labour Relations Act, 1995 (Act No 66 of 1995) to a new employer which is not an Employer as defined; or
- 4.7.2 the shares in the Member's Employer are disposed of with the result that such Employer is no longer an Employer as defined,

the Member's membership of the Fund shall be terminated and a benefit in an amount equal to the Actuarial Value of that Member, irrespective of the funding level of the Fund, accrues to the Member.

- 4.8 A Member whose employment is terminated as contemplated in terms of Rule 4.7 must elect that the whole of his/her benefit be transferred to an Approved Fund or to more than one Approved Fund in such proportions as the Member deems fit.
- 4.9 A Member whose employment is terminated for any reason other than as contemplated in Rule 4.2, 4.3 or 4.7, may elect to transfer the whole or part of his/her benefit as determined in terms of the Special Rules applicable to such Member, to one or more Approved Funds and/or elect to receive the whole or part of the benefit as a cash amount.
- 4.10 Payment or transfer in terms of this Rule shall be made as soon as possible after termination of employment.
- 4.11 If agreed by his/her Employer, a Member may elect to terminate his/her membership of the Fund, in which event the benefit of such Member accrues to the Member and the Member must select one or more Approved Funds to which the whole amount in his/her Member's Account, less deductions, will be paid by the Fund on the Member's behalf and the Member will not be entitled to be paid any amount in cash.
 - 4.11.1 The benefit of a Member who elects to terminate his/her membership as contemplated in this Rule 4.11, shall be the Actuarial Value pertaining to such Member. For purposes of determining the Actuarial Value, the date of birth of the Member indicated in the records of the Fund or Sub-Fund at the date immediately preceding the transfer of the Member to an Approved Fund shall be applicable for determining the age of the Member.

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4.11.2 The election by a **Member** shall be deemed authorisation to the **Board** to transfer the benefit as referred to in **Rule 4.11.1** on behalf of the **Member** to the **Approved Fund/s** less any amount owed by the **Member** to the **Fund** or **Sub-Fund**.

4.11.3 In the event that one or more **Members** elect that their **Actuarial Values** be drawn from his/her/their **Sub-Fund** and be transferred to **Approved Fund/s** in terms of **Rule 4.11**, there shall be drawn from that **Sub-Fund** such assets as determined by the **Actuary** which shall be commensurate with the value of such **Member's** benefit in the **Sub-Fund** as determined in terms of **Rule 4.11.1** and the equivalent amount will be transferred to the **Approved Fund/s**.

[amended on 09.09.2011; wef 09.09.2011]

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RULE 5 : ESTABLISHMENT OF SUB-FUNDS

5

- 5.1 **Sub-Funds** shall be established in terms of the **Act**.

- 5.2 The **Board** shall retain the responsibility for the management of the assets and liabilities pertaining to **Members, Pensioners, Dependants** and **Nominees** who are to be assigned to a **Sub-Fund**, until such **Sub-Fund** has been established and a **Sub-Fund Board** has been appointed.

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RULE 6 : RULES OF THE FUND

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- 6.1 The **General Rules** and **Special Rules** of the **Fund** may be amended in terms of the **Act**, which amendments may have retrospective effect.
- 6.2 The **Rules** of the **Fund** as amended from time to time shall be binding on each **Employer**, its **Members**, **Dependants**, **Nominees** and the **Fund**.
- 6.3 As soon as may be reasonable after the amendment of the **General Rules** or the **Special Rules**, the **Board** or the **Sub-Fund Board** as the case may be, shall ensure that such amendment is properly communicated to the **Fund**, the **Members** and **Pensioners** assigned to such **Sub-Fund**, as the case may be,

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RULE 7 : DISPUTE RESOLUTION

7

- 7.1 Subject to the remaining provisions of this Rule, the decision of the Board as to the meaning of or interpretation of the General Rules and the decision of the applicable Sub-Fund Board as to the meaning of the Special Rules applicable to its Sub Fund shall be final and binding on the Employers, Members, Pensioners, Dependants or Nominees and every person claiming to be entitled to a benefit under these Rules.
- 7.2 If any person affected by a decision of the Board or the Sub-Fund Board in terms of Rule 7.1, is dissatisfied with the decision, such person may refer the decision to arbitration within 4 weeks after he/she is notified in writing of the decision.
- 7.3 The arbitration shall be held with only the parties and their representatives present thereat and it is the intention that the arbitration shall, where possible, be held and concluded within 21 (twenty-one) working days after it has been demanded. The parties shall use their best endeavours to procure the expeditious completion of the arbitration.
- 7.4 The arbitrator must be appointed by agreement between the parties to the dispute within 4 weeks after the date on which the decision has been referred as contemplated in Rule 7.2 above. Depending on the nature of the dispute, the arbitrator shall be an impartial practicing attorney or advocate, alternatively an independent actuary of not less than 10 (ten) years standing appointed by the parties, or, failing agreement by the parties within 5 (five) days after the arbitration has been demanded, at the request of either of the parties shall be nominated by the President for the time being of the Law Society of Gauteng or the Actuarial Society of South Africa (or the successor body thereto). If that person fails or refuses to make the nomination, either party may approach the High Court of South Africa to make such an appointment. To the extent necessary, the court is expressly empowered to do so.
- 7.5 The arbitrator shall have full discretion with regard to the proceedings save that he shall be obliged to give his award in writing fully supported by reasons. His award shall be final and binding on the parties to the dispute save that a party shall be entitled to apply to the High Court within 30 (thirty) days to set aside the award in regard to a question of law or fact.
- 7.6 The arbitrator –

- 7.6.1 may by notice to the parties within 14 (fourteen) days after his appointment, dispense wholly or in part with formal submissions or pleadings provided that the parties are given the opportunity to make submissions;
- 7.6.2 shall determine the applicable procedure and shall not be bound by strict rules of evidence;
- 7.6.3 shall allow any party to the arbitration to call any witnesses he determines and shall permit cross examination of witnesses; and
- 7.6.4 shall make such order as to costs as he deems just.
- 7.6.5 Any party shall be entitled to have the award made an order of court of competent jurisdiction.
- 7.7 The parties shall keep the evidence in the arbitration proceedings and any order made by any arbitrator confidential unless otherwise contemplated herein.
- 7.8 The arbitrator shall have the power to give default judgement if any party fails to make submissions on due date and/or fails to appear at the arbitration.
- 7.9 If there is any other Rule which provides for a different method of determination of a particular dispute, that Rule shall prevail over this Rule.

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RULE 8 : 2000 SURPLUS DISTRIBUTION

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- 8.1 The sharing of the actuarial surplus which existed in the Fund as at 1 November 2000, between Transnet and the Fund in the ratio of 40:60 respectively, and the payment in 2001 to Transnet of its share, together with the return earned on the investment of that share from 1 November 2000 to the date of payment is authorized in terms of these Rules.
- 8.2 The actuarial surplus allocated to the Fund in terms of Rule 8.1 together with any investment return thereon shall not be taken into consideration for purposes of calculating the current actuarial surplus in respect of the Fund or any Sub-Fund.
- 8.3 The portion of the actuarial surplus allocated to the Fund in terms of Rule 8.1 shall be allocated to all persons who as at 1 November 2000 were Members and the Dependants of such persons who have since then died and dealt with in terms of the Special Rules. The surplus allocated to each such person or the Dependants of such persons will be equal to 2,997% (two comma nine nine seven per cent) of the transfer value (excluding any enhancement from the Employer) the person would have been entitled to had the person elected to transfer to the Transnet Retirement Fund with effect from 1 December 2000, plus the equivalent of the return earned on the investment of such amount. The aggregate of the amounts so allocated may not exceed the surplus amount reflected in the actuarial valuation report of the Fund of 31 March 2001 plus the returns, positive or negative, earned on the investment of that amount since 1 November 2000 without the prior approval of the relevant Principal Employer.
- 8.4 The actuarial surplus calculated in respect of every Member or deceased person referred to in Rule 8.3 in terms of that Rule shall be payable as follows :
 - 8.4.1 In respect of Members who at the time of approval of these substituted Rules qualified as Members as defined, the portion of actuarial surplus allocated to every Member in terms of Rule 8.3, shall be paid in the form of a lump to the Member upon termination of membership of the Fund, in addition to any benefits payable in terms of the Special Rules of such Sub-Fund, subject to any tax directive issued by the Revenue Authorities.
[amended on 09.09.2011; wef 09.09.2011]
 - 8.4.2 In respect of persons who were members but who have resigned or have been retrenched or dismissed or whose membership have terminated as contemplated in Rules 4.2, 4.3 or 4.8 prior to the approval of these substituted Rules, the portion of

actuarial surplus allocated to every such **Member** in terms of **Rule 8.3** shall be paid in the form of lump sums to such former **Members**, subject to any tax directive by the **Revenue Authorities**.

[amended on 09.09.2011; wef 09.09.2011]

8.4.3 In the event of the demise of a **Member** prior to being retired and prior to the approval of these substituted **Rules**, the actuarial surplus allocated to such a **Member** in terms of **Rule 8.3**, shall be paid in accordance with the **Special Rules** of the **Sub-Fund** to which such a **Member** would have been attributed, subject to any tax directive issued by the **Revenue Authorities**.

[amended on 09.09.2011; wef 09.09.2011]

8.4.4 In respect of **Members** who have retired prior to the approval of these substituted **Rules**, the portion of actuarial surplus allocated to every such **Member** in terms of **Rule 8.3** shall be paid to such **Member** in his/her capacity as a **Pensioner**, or in the event of the demise of such **Pensioner** prior to payment being effected, payment shall be made in the form of a lump sum, in addition to any other benefit which may be payable in terms of the **Special Rules**, subject to the tax directive of the **Revenue Authorities**.

[amended on 09.09.2011; wef 09.09.2011]

8.5 The actuarial surplus referred to in **Rule 8.2** shall be allocated to a separate dedicated account of the **Fund** which shall be invested in accordance with the decisions of the **Board**.

[inserted on 30.04.2012; wef 30.04.2012]

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RULE 9 : ADDITIONAL VOLUNTARY CONTRIBUTIONS

- 9.1 A **Member** may in his/her discretion make additional voluntary contributions on a monthly basis to the **Fund** by requesting his/her **Employer** to deduct from his/her monthly salary, with effect from the month of his/her annual salary increase, a fixed amount per month as his/her additional voluntary contribution.
- 9.2 A **Member** in respect of whom the **Fund** receives additional voluntary monthly contributions, may in his/her discretion terminate, decrease or increase such additional voluntary monthly contributions by requesting his/her **Employer** to amend his/her monthly additional voluntary contributions accordingly, with effect from the month of his/her annual salary increase.
- 9.3 All additional voluntary contributions made by a **Member** in terms of this **Rule** will be paid into the separate dedicated account referred to in **Rule 8.5** and will be invested together with the funds in such separate dedicated account and in accordance with the investment decisions of the **Board**, as envisaged in terms of **Rule 8.5**.
- 9.4 Upon termination of a **Member's** membership of the **Fund** for any reason whatsoever, the aggregate of all his/her additional voluntary contributions in terms of this **Rule** together with any investment return thereon, positive or negative, shall be paid as a lump sum in addition to any other lump sum payable in terms of **Rule 8** and any other amounts payable in terms of the **Special Rules**, subject to any tax directive issued by the **Revenue Authorities**.

[New Rule 9 inserted on 30.04.2012; wef 30.04.2012]

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RULE 10 : ASSIGNMENT OF PENSION INTEREST IN TERMS OF DIVORCE ORDERS

- 10.1 With effect from the date of approval of this Rule and notwithstanding the date of accrual of a Member's benefit in terms of these Rules, the following sub-rules shall apply in respect of the assignment of a Member's Pension Interest in terms of a divorce order:
- 10.1.1 Where an amount of a Member's Pension Interest has been assigned to a Member's former spouse in terms of section 7(8) of the Divorce Act No. 70 of 1979 (or any amendment thereof), the accrual of such assigned amount of a Member's Pension Interest to such a Member's former spouse, shall be deemed to be :
- 10.1.1.1 in the event of endorsements made in terms of section 7(8)(a) of the Divorce Act No. 70 of 1979 prior to the effective date of the amendment of this Rule, the effective date of the amendment of this Rule; or
- 10.1.1.2 in the event of an endorsement made in terms of section 7(8)(a) due to an order of divorce or dissolution of a customary marriage granted subsequent to the effective date of the amendment of this Rule, the date of receipt by the Fund of such order of divorce or dissolution, as the case may be.
- 10.1.2 The amount of the Pension Interest which accrue to a former spouse of a Member as envisaged in terms of Rule 10.1.1, shall be deducted from the Member's benefit and paid to such Member's former spouse less any taxation as may be applicable.
- 10.1.3 Any amount that may be deducted in terms of Rule 10.1.2 may only be deducted after the amount of the Member's benefit has been reduced by any amount owing or amount guaranteed as envisaged in the Act or the Rules, where such an amount or guarantee was granted prior to the granting of the court order or order of dissolution, irrespective of the fact that such amount is due and payable or not: Provided that the aggregate of all amounts deducted in terms of this Rule may not exceed the Member's benefit available at the time of deduction.
- 10.1.4 In the event that more than one court order provides for the deduction of amounts from a Member's benefit at the same time, the court orders must be dealt with in accordance with the following hierarchy-
- (i) any maintenance order;
 - (ii) any decrees of divorce or for the dissolution of a customary marriage ranking in accordance with the earliest date.

- 10.1.5 The Fund shall give written notice to all former spouses of **Members** –
- 10.1.5.1 who are entitled to an amount of the **Member's Pension interest** in terms of **Rule 10.1.1.1**, within 45 (forty five) days of the effective date of the amendment of this **Rule**; and
 - 10.1.5.2 who are entitled to an amount of the **Member's Pension Interest** in terms of **Rule 10.1.1.2**, within 45 (forty five) days of receipt of the order of divorce or dissolution of customary marriage, as the case may be.
- 10.1.6 The former spouse to whom written notice has been given as envisaged in terms of **Rule 10.1.5** must notify the **Fund** in writing within 120 (one hundred and twenty) days of receipt of the written notice from the **Fund**, whether the assigned amount of the **Pension Interest** should be paid to such former spouse in cash or be transferred to another **Approved Fund**.
- 10.1.7 In the event that a former spouse of a **Member** fails to notify the **Fund** in writing of his/her election within the period as envisaged in terms of **Rule 10.1.6**, the **Fund** shall transfer the assigned amount of the **Pension Interest** to such former spouse within 120 (one hundred and twenty) days of the expiry of the period referred to in **Rule 10.1.6**, to a money market account in the name of the **Fund** for the benefit of such former spouse which will only earn a basic interest until date of receipt of a written election from such former spouse.
- 10.1.8 A former spouse is not a **Member** nor a **Beneficiary** of the **Fund** in relation to the amount of the **Pension Interest** assigned to him/her in terms of an order of divorce or order of dissolution of a customary marriage.
- 10.1.9 The Period of Pensionable Service as defined in the **Special Rules** of a **Sub-Fund** as well as the period of membership, actual service, continuous service and contributory service referred to in the **Special Rules** of the **Sub-Fund**, may be adjusted by such period as may be determined by the actuary to take into account the value of an amount previously deducted from a **Member's** benefit in terms of this **Rule**. In addition to the aforementioned adjustments, the actuary may make actuarial adjustments to a **Member's** surplus benefit referred to in **General Rule 8** and to a **Member's** contributions in order to retain an equitable relationship between the **Member's** contributions and his/her benefits.

[New Rule 10 inserted on 02.11.2012; wef 02.11.2012]

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RULE 11 : MISCELLANEOUS

11.1 Provision of Information by the Employer

11.1.1 An **Employer** shall provide all reasonable information to the **Administrator** for the purposes of fulfilling its administration functions.

11.1.2 In the event of any inconsistency between the **Act** and the **Rules**, the **Act** shall prevail and in the event of any inconsistency between the **General Rules** and the **Special Rules**, the **General Rules** shall prevail.

[previous Rule 10 re-numbered as Rule 11 on 02.11.2012; wef 02.11.2012

PART B:

TRANSNET SUB-FUND

SPECIAL RULES

Issued in terms of ss4A(6) of the Transnet Pension Fund Act № 62 of 1990, as amended

DATE OF PARTICIPATION : 1 MAY 2005

As amended by

Special Rules Amendment No 1 signed 9 Sep 2011; Effective Date 01.04.2008

Special Rules Amendment No 2 signed 30 Apr 2012; Effective Date 30.04.2012

Special Rules Amendment No 3 signed 30 May 2013; Effective Date 30.05.2013

Special Rules Amendment No 4 signed 8 March 2016; Effective Date 8 March 2016

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DEFINITIONS

DEFINITIONS

A. INTRODUCTION

- A.1 As a result of the Employer's participation in the Sub-Fund, with effect from the Participation Date the following Special Rules shall apply with effect from such date.
- A.2 The words and expressions defined in the General Rules shall bear the same meaning in these Special Rules as assigned to it in the definitions thereof.
- A.3 These Special Rules relate to the Transnet Sub-Fund which is a sub-fund of the Transport Pension Fund.

[Rule A.3 inserted on 09.09.2011; wef 01.04.2008]

B. DEFINITIONS

In addition to the definitions in the General Rules the following words or expressions shall have the following meaning :

[amended on 09.09.2011; wef 01.04.2008]

Actuarial Surplus: means the excess in the value of –

- (a) the value that the Actuary has placed on the assets assigned to the Sub-Fund less any credit balances in the Pensioner Surplus Reserve and the Employer Surplus Reserve; over
- (b) the value that the Actuary has placed on –
 - (i) the liabilities of the Fund insofar as they relate to the Sub-Fund; and
 - (ii) reserves held by the Fund in respect of the Sub-Fund to provide for contingent liabilities;

[definition inserted on 09.09.2011; wef 01.04.2008]

Average Pensionable Salary : means the Pensionable Salary of a Member for the period of twelve months prior to the termination of such Member's Period of Pensionable Service, divided by 12;

Casual Service Member : means a person who –

- (a) was employed by an Employer of the Transnet Group of Employers on a temporary or casual basis; and

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DEFINITIONS

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- (b) was not at the date of employment with an entity in the **Transnet Group of Employers** entitled to contribute to the **Sub-Fund**; and
- (c) subsequently became a **Member**.

Committee Member: means a **Member** of a **Sub-Fund Board**, appointed in terms of the **Special Rules** of the relevant **Sub-Fund**, and includes the alternates to such **Committee Member**.

[definition inserted on 09.09.2011; wef 01.04.2008]

Employer Surplus Reserve: means the reserve established in terms of **Special Rule 19.1.2**

[definition inserted on 09.09.2011; wef 01.04.2008]

Interest Payment means :

- (a) the average rate of interest earned on the cash investments of a **Sub-Fund** determined annually on the total cash investments of such **Sub-Fund** as at 31 March of each year; and
- (b) effective as from the first day of the month following the date on which the rate of interest becomes known; and
- (c) the monthly rate shall be equal to 1/12th of the annual rate.

Participation Date : means 1 May 2006;

Pension: means the **Pension** payable to a **Pensioner** or **Qualifying Spouse** respectively will cease at the death of such **Pensioner** or **Qualifying Spouse**. The **Pension** payable to a **Qualifying Child**, may on his or her death be allocated to other **Qualifying Children** of the deceased **Pensioner** as may be determined by the **Sub-Fund Board**;

[definition inserted on 09.09.2011; wef 01.04.2008]

Pensioner Surplus Reserve: means the reserve established in terms of **Special Rule 19.1.1**

[definition inserted on 09.09.2011; wef 01.04.2008]

Period of Antedated Service : means a period in respect of which a **Member** who elected prior to 1 January 1990 to make contributions to the **Sub-Fund** in respect of a period prior to being employed by an entity in the **Transnet Group of Employers**, but excluding a period prior to such a **Member's** 16th birthday;

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Period of Casual Service : means a period of service in respect of which a **Casual Service Member** was not entitled to obtain membership of the **Sub-Fund** and in respect of which period such **Casual Service Member** elected to contribute to the **Sub-Fund** once such a **Casual Service Member** became a **Member** of the **Sub-Fund**, but excluding a period prior to a **Casual Service Member's** 16th birthday;

Period of Linking of Service : means a period in respect of which a **Member** –

who before being re-employed by an entity in the **Transnet Group of Employers**, had been an employee of an entity in the **Transnet Group of Employers** and contributed to the **Sub-Fund**; and

- (a) who subsequent to his re-employment with an entity in the **Transnet Group of Employers** elected to contribute in respect of such previous period of employment with an entity in the **Transnet Group of Employers**; and
- (B) which previous period of employment with an entity in the **Transnet Group of Employers** shall be linked to his current period of employment for purposes of calculating benefits in terms of these **Special Rules**.

Period of Pensionable Service : means a period in respect of which a **Member**, as an employee of an **Employer** who was obliged to make contributions to the **Fund** and/or **Sub-Fund**, which period shall include a **Period of Casual Service**, a **Period of Linking of Service**, a **Period of Antedated Service** or any period of unpaid leave for which the **Member** elected to contribute to the **Fund** or **Sub-Fund** expressed in years with each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year;

Qualifying Child means -

- (i) a child born to a deceased **Member**; and/or
- (ii) a child of the deceased **Member** who had not yet been born at the date of his or her death; and/or
- (iii) a child who was adopted by or became a stepchild of the deceased **Member** before the date of retirement of that deceased **Member**; or
- (iv) a child who before the **2008 First Rule Amendment Date** was born to, became adopted by or became a step-child of a person who was then a **Pensioner** and who has since died;

and

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DEFINITIONS

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- (v) was dependent on the **Member** or **Pensioner** at the date of his or her death or, but for the **Member's** or **Pensioner's** death, would have become dependent on him or her; and
 - (a) is under the age of 18; or
 - (b) is over the age of 18; and
 - (i) was engaged in full- time tuition at an education institution registered as such with the Department of Education, has been continuously in such full-time tuition since then, and is not more than 26 years of age; or
 - (ii) in respect of whom it has been demonstrated to the satisfaction of the **Sub-Fund Board** that –
 - a) he or she is mentally or physically incapable of supporting him or herself, and –
 - b) in respect of whom the **Sub-Fund Board** has at intervals not exceeding 5 years exercised its discretion to treat him or her as a **Qualifying Child** for the purposes of these **Special Rules** for a period or further period not exceeding 5 years,

and "**Qualifying Children**" shall bear a corresponding meaning;"

[definition inserted on 09.09.2011; wef 01.04.2008]

Qualifying Spouse means a person who was a party to a **Recognised Marital Union** with a **Member** or a **Pensioner** at the date of the **Member's** or **Pensioner's** death and,

- (i) in the case of a **Recognised Marital Union** with a **Pensioner**, was a party to that **Recognised Marital Union** before the **2008 First Rule Amendment Date**; and
- (ii) in the case of a **Member** who became a **Pensioner** after the **2008 First Rule Amendment Date**, was a party to that **Recognised Marital Union** at the date of retirement of that **Member**.

[definition inserted on 09.09.2011; wef 01.04.2008]

Recognised Marital Union means a marriage or civil union recognized as such for the purposes of the Marriage Act, 1961, the Recognition of Customary Marriages Act, 1998, or the Civil Union Act, 2006, or in accordance with the tenets of a religion, or a union which the **Board** has in its discretion determined to be a **Recognised Marriage** for the purposes of these **Rules**.

[definition inserted on 09.09.2011; wef 01.04.2008]

Redundancy : means in respect of a **Member** of which the **Administrator** has been notified of by an **Employer** that the employment of the **Member** had been terminated due to redundancy as determined by such **Employer**;

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Retirement Date : means the date on which a Member elects to retire in accordance with his or her conditions of employment or is compelled to retire, whichever date is the earlier;

Service Condition : means the Service Conditions contained in the First Main Agreement published in Government Gazette No. 14237 on 28 August 1992, concluded between Transnet and the trade unions and which is applicable to all employees of Transnet, or any replacement thereof as confirmed by the Principal Employer.

2008 First Rule Amendment Date means 1 April 2008, the date with effect from which the first Special Rule amendments approved by the Sub-Fund Board in 2008 come into retrospective effect.

[definition inserted on 09.09.2011; wef 01.04.2008]

SPECIAL RULE 1 : MANAGEMENT OF THE SUB-FUNDS

1

1.1 Sub-Fund Committees

1.1.1 A **Sub-Fund Committee** shall be established in respect of each **Sub-Fund**, in terms of the Act.

1.1.2 Each **Sub-Fund Board** shall consist of:

1.1.2.1 1 (one) **Committee Member** and one alternate appointed by each **Registered Trade Union** which represents for purposes of collective bargaining with their **Employer Members** assigned to a particular **Sub-Fund**, and

1.1.2.2 1 (one) **Committee Member** and one alternate elected by the **Pensioners** of the **Sub-Fund**, and

1.1.2.3 **Committee Members** and alternates which the **Principal Employer** and the **Employers** related to it may jointly appoint to the particular **Sub-Fund Board**, equal in aggregate to the number of **Committee Members** appointed by all **Registered Trade Unions** to such **Sub-Fund Board** as contemplated in **Special Rule 1.1.2.1** and the number of **Committee Members** appointed as contemplated in **Sub-Rule 1.1.2.24**;

Provided that nothing in this sub-rule 1.1.2 shall be construed as restricting membership of the **Committee Members** or alternates to persons who are **Members** of the **Fund**.

[Rule 1.1.2 amended on 09.09.2011; wef 01.04.2008]

1.1.2A The term of office of a **Committee Member** shall be for such period as the **Sub-Fund Board** may determine, but no longer than 4 years. A **Committee Member** of a **Sub-Fund Board** on the termination of his or her term of office will be capable of being re-elected or re-appointed, as the case may be.

[Rule 1.1.2A inserted on 09.09.2011; wef 01.04.2008]

1.1.3 A **Sub-Fund Committee** member or alternate member shall cease to hold office or be entitled to act in the place of a **Sub-Fund Committee** member upon :

- 1.1.3.1 resignation as a **Sub-Fund Committee** member; or
- 1.1.3.2 termination of his/her appointment by the **Registered Trade Union** that made the appointment in terms of **Special Rule Error! Reference source not found.**; or
- 1.1.3.3 termination of his/her appointment by the **Principal Employer** or **Employer** that made the appointment in terms of **Special Rule Error! Reference source not found.**; or
- 1.1.3.4 disqualification in terms of **General Rule 3.3** whether or not the **Sub-Fund Committee** member is a **Trustee**.
- 1.1.3.5 the **Board** resolving by a 75% vote to terminate a **Committee Member's** appointment.

[inserted on 09.09.2011; wef 01.04.2008]

1.2 Meetings of Sub-Fund Committees

1.2.1 The Transnet Employer shall appoint a chairperson for the **Sub-Fund** with effect from the date of the amendment of this Rule and shall elect a new chairperson thereafter at intervals of 12 (twelve) consecutive months, at which event a previous chairperson may be re-elected.

[amended on 30.05.2013; wef 30.05.2013]

1.2.2 The chairperson, when unable to attend any meeting, shall appoint an acting chairperson for that meeting, who shall be a member of the **Sub-Fund Committee** or failing such appointment, the members present shall appoint an acting chairperson for that meeting from amongst themselves.

1.2.3 The members of a **Sub-Fund Committee** may convene meetings as the chairperson or the majority members may deem fit, which meetings shall be held not less than once every 2 (two) months.

1.2.4 A quorum at the meetings of the **Sub-Fund Committee**, shall be a majority of members of such **Sub-Fund Committee**, excluding any vacancies.

1.2.5 Any resolution shall be made by a majority vote at a duly constituted meeting.

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1.3 Powers of Sub-Fund Committees

Subject to the provisions of the **Act** and the **Rules**, the **Sub-Fund Committee** shall have the following powers :

- 1.3.1 to determine by agreement with the applicable **Principal Employer** and implement the investment policy and strategy to be applied to the assets assigned to the **Sub-Fund**;
- 1.3.2 to receive, administer and invest the moneys and other assets of the **Sub-Fund** or to cause the moneys or other assets of the **Sub-Fund** to be invested;
- 1.3.3 to acquire, hold, alienate or otherwise deal with any movable or immovable property attributable to the **Sub-Fund**;
- 1.3.4 to invest, lend, place on deposit, make advances of, or otherwise deal with all moneys and investments of the **Sub-Fund** upon such securities and in such manner as the **Sub-Fund Committee** may determine from time to time; and, in particular, to invest the whole or part of the moneys or investments of the **Sub-Fund**, for such period and on such terms as the **Sub-Fund Committee** may determine, in an investment policy issued by an **insurer**;
- 1.3.5 to exercise control over and manage the **Sub-Fund** in the best interests of the **Sub-Fund** with due regard to the interests of the **Members, Pensioners, Dependants, Nominees** and **Employers** assigned to the **Sub-Fund**;
- 1.3.6 to determine how benefits payable on the death of a **Member** assigned to the **Sub-Fund** are to be allocated amongst his or her **Dependants** and **Nominees**;
- 1.3.7 to determine whether a person who claims a benefit for which a **Sub-Fund** is liable is entitled to that benefit;
- 1.3.8 to exercise such powers as the **Minister** may by regulation confer upon the **Sub-Fund Committee**;
- 1.3.9 to exercise such powers as the **Board** of the **Sub-Fund** may delegate to the **Sub-Fund Committee**;
- 1.3.10 to appoint investment managers, at the cost of the **Sub-Fund** for purposes of making or realizing investments;

- 1.3.11 to appoint and to delegate powers and functions to any subcommittee or such professionals or consultants, at the cost of the **Sub-Fund**, as the **Sub-Fund Committee** deems fit;

- 1.3.12 to generally do anything relating to the making of investments to the best advantage of the **Sub-Fund**, including (but not limited to) anything to enable the **Sub-Fund** to meet its current and future liabilities; and/or to reduce its investment risk.

- 1.3.13 to exercise the powers contemplated in **Special Rule 19**.

[inserted on 09.09.2011; wef 01.04.2008]

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SPECIAL RULE 2 : PENSIONABLE SERVICE

2

2.1

- 2.1.1 A **Member** of the **Fund** who, immediately prior to the date of admission thereto, was employed in a temporary or a casual capacity, may elect, subject to the succeeding provisions of this **Special Rule**, to contribute in respect of the period of continuous service prior to the said date, but not prior to the **Member's** sixteenth birthday.
- 2.1.2 The option provided for in **Special Rule 2.1.1** may be exercised at any time while the **Member** is in the employ of an **Employer** after the date on which the **Administrator**, by means of an option form, furnishes the **Member** with details of the arrear contributions and interest that will become payable to the **Fund** should the **Member** decide to contribute in respect of any such period of continuous service as is referred to in that **Special Rule**. An option exercised in terms of this **Special Rule** shall be irrevocable. Should any disagreement arise between the **Member** and the **Administrator** concerning the information furnished in terms of this **Special Rule**, the **Administrator** shall submit full particulars of the case to the Secretary for the decision of the **Sub-Fund Committee**, which shall be final and binding on the parties.
- 2.1.3 A **Member** who receives an option form from the **Administrator** in terms of **Special Rule 2.1.1** shall sign, date and return a receipt for such option form to the **Administrator**.
- 2.1.4 Whenever membership of the **Fund** is antedated in terms of **Special Rule 2.1.1**, the **Member** shall be required to pay arrear contributions to the **Sub-Fund** on the following basis:
- 2.1.4.1 For the period of continuous service prior to 1 April 1986, at the rate of 4,5% of the **Pensionable Salary** drawn during the period to be covered;
- 2.1.4.2 for the period of continuous service from 1 April 1986, up to and including 15 June 1987 at the rate of 5,5% of the **Pensionable Salary** drawn during the period to be covered;
- 2.1.4.3 for the period of continuous service from 16 June 1987, at the rate of 7,5% of the **Pensionable Salary** drawn during the period covered; and

- 2.1.4.4 any appropriate additional special contributions as laid down in **Special Rule 5.2.**
- 2.1.5 In addition to the arrear contribution prescribed in **Special Rule 2.1.4**, the Member shall pay interest as follows:
- 2.1.5.1 Prior to 1 April 1971 - at 4,5% per annum.
- 2.1.5.2 From 1 April 1971 up to the end of the month in which the option is exercised - at the rate of **Interest Payment** applicable at the date of the exercise of the option. For calculation purposes the monthly rate shall be equivalent to one twelfth of the annual rate.
- 2.1.6 Arrear contributions and interest may be paid in one amount, or in such monthly instalments as may be determined but in such a manner that a Member's monthly payment for arrear contributions shall be at least 2% of the **Pensionable Salary** unless such 2% is less than the monthly interest on the debt, in which event the interest plus R1,00 shall be recovered.
- 2.1.7
- 2.1.7.1 If a Member referred to in **Special Rule 2.1.1** dies or is retired for any of the reasons referred to in **Service Conditions 7, 8, 11, 12, 13, or 15**, except where retirement is effected by reason of permanent ill-health or physical disability and a medical practitioner has certified that the permanent ill-health or physical disability was occasioned by the Member's own default—
- (a) before the option form referred to in **Special Rule 2.1.2** has been furnished, or
- (b) after such option form was furnished but before the option referred to in **Special Rule 2.1.1** has been exercised,
- the Member shall be deemed to have elected to contribute in respect of such period of continuous service as is referred to in **Special Rule 2.1.1** and any benefit payable to the Member or to some other person in respect of the Member or to some other person in respect of the Member's death shall be calculated as if the amount payable in terms of **Special Rules 2.1.4 and 2.1.5** had been paid in full at the time of the Member's death or retirement, as the case may be, provided that the

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provisions of this **Special Rule** shall be given effect to only if it would be to the advantage of the **Member** or such other person to do so.

- 2.1.7.2 If a **Member** who has elected to contribute in respect of any such period of continuous service as is referred to in **Special Rule 2.1.1**, dies or retires for any of the reasons mentioned in **Special Rule 2.1.7.1** before the amounts payable in terms of **Special Rules 2.1.4** and **2.1.5** have been paid in full, any benefit payable to the **Member** or to some other person in respect of the **Member's** death, shall be calculated as if such amounts had been paid in full at the time of the **Member's** death or retirement, as the case may be.
- 2.1.7.3 If a **Member**, who has elected to contribute in respect of any such period of continuous service as is referred to in **Special Rule 2.1.1**, leaves the service of an **Employer** for any reason other than the reason referred to in **Special Rule 2.1.7.1**, the antedated pensionable service shall be taken into account in the calculation of the benefit and any amount owing on account of arrear contributions and interest, if any, shall be recovered from such benefit.
- 2.1.7.4 Upon the death or retirement of a **Member** to whom **Special Rules 2.1.7.1** or **2.1.7.2** apply, any amount payable in terms of **Special Rules 2.1.4** and **2.1.5** which has not then been paid or paid in full, shall be recovered by deduction thereof from any benefit payable to the **Member** or to some other person in respect of the **Member's** death.
- 2.1.7.5 If a **Member** who has elected to contribute in respect of such period of continuous service as is referred to in **Special Rule 2.1.1** ceases to be a **Member** in the circumstances mentioned in **Special Rule 10.12.2** before the amounts payable in terms of **Special Rules 2.1.4** and **2.1.5** have been paid in full, and a **Pension** is granted under the said **Special Rule**, there shall be taken into account, for the purpose of calculating the amount of such **Pension**, only such portion of the said period of service as has actually been covered by contributions at the date upon which the **Member** ceased to be a **Member**.

2.2

- 2.2.1 In the case of a **Member** of the **Sub-Fund** who joined the South African Transport Services or its predecessor before 1 January 1990 at an age higher than 16 years

and elected, prior to 1 January 1990, to antedate pensionable service back to such Member's sixteenth birthday, or for a period of five years or in multiples thereof to a date not earlier than the Member's sixteenth birthday, and who retires for any of the reasons referred to in **Service Conditions 7, 8, 11, 12, 13 and 15** before the debt has been settled, the full period of the antedated service shall be taken into account in calculating the benefit and the balance of the debt shall be recovered from the benefit. This **Special Rule** shall however not be applicable where retirement is effected on ground of permanent ill-health or physical disability and a medical practitioner has certified that the retirement is due to the Member's own default.

- 2.2.2 If a Member who has exercised the option referred to in this **Special Rule 2.2** leaves the service of an **Employer** for any reason other than the reasons referred to in **Special Rule 2.2.1**, the antedated pensionable service shall not be taken into account in the calculation of the benefit and only the Member's own contributions together with the contributions made by the **Employer** without interest shall be refunded to the Member. This **Special Rule** shall also apply where retirement is effected on ground of permanent ill-health or physical disability and it is certified by a medical practitioner that the retirement is due to the Member's own default.
- 2.2.3 If a Member who has exercised the option referred to in this **Special Rule 2.2** is dismissed as the result of a disciplinary infringement, the antedated pensionable service shall not be taken into account in the calculation of the benefit and only the Member's own contributions together with the contributions made by the **Employer** without interest shall be refunded to the Member.
- 2.2.4 If a Member who has exercised the option referred to in this **Special Rule 2.2** dies before the debt due has been paid in full, the full period of antedated pensionable service shall be taken into account in calculating the benefit and the balance of the debt shall be recovered from the benefit payable.
- 2.2.5 If a Member exercised the option referred to in this **Special Rule 2.2** to antedate pensionable service after attainment of the lower retiring age and the cash sum of the benefit has been paid in terms of **Special Rule 10.1.7.1** the debt in respect of the antedated service shall be recovered from the additional cash sum which flows from such an option. If the additional cash sum is not sufficient, the balance shall, when the option is exercised, be paid in cash.

**SPECIAL RULE 3 : CONTINUITY AND LINKING UP OF EMPLOYMENT
FOR PENSION PURPOSES**

3

3.1 Any periods of employment of any Member –

3.1.1 with an Employer,

3.1.2 with the South African Transport Services or the South African Railways and Harbours Administration,

3.1.3 in any other service to the extent of any portion of such employment admitted for Pension purposes, and

3.1.4 in accordance with the provisions of **Special Rule 2**,

shall, if uninterrupted, be deemed to be one period of continuous employment for the purposes of these **Special Rules**.

3.2 A Member of the Sub-Fund who had previous pensionable service may link up a previous **Period of Pensionable Service** in respect of which an annuity is not payable, with current pensionable service, provided that –

3.2.1 documentary evidence of the previous period of service and salary scales is provided by the Member;

3.2.2 the period of the break does not exceed 5 years; and

3.2.3 the Member's own contributions in respect of the previous service, as calculated by the Administrator, plus any interest that might have been payable, shall be paid back into the Sub-Fund by the Member as well as compound interest calculated on the total of both amounts based on –

3.2.3.1 the average return of the Sub-Fund's investments, held by the investment managers referred to in **Special Rule 1.3.10**, calculated by the Actuary; and

3.2.3.2 from 1 May 1994 at the rate of Interest Payment.

- 3.2.4 If a **Member** should decide to link up service –
 - 3.2.4.1 no moneys shall be payable to the **Sub-Fund** if no benefit was paid;
 - 3.2.4.2 provided however that the **Member** may upon re-employment again exercise the option to contribute to the **Sub-Fund** in respect of the period referred to in **Special Rule 2.1.1**;
 - 3.2.4.3 the break in service shall be regarded as non-pensionable service and shall not be taken into account when calculating the benefit upon termination of employment.

- 3.3 Should a **Member** who wishes to link up service in terms of **Special Rule 3.2** have previously exercised the election referred to in **Special Rule 2.2** such election shall be cancelled and the amount already paid in terms thereof shall be used to settle, fully or partly, the liability referred to in **Special Rule 3.2.3**. Interest shall be forfeited.

- 3.4 If a **Member** who has exercised the option referred to in **Special Rule 3.2** retires before the liability has been settled, the balance shall be recovered from the cash sum, which constitutes part of the benefits.

- 3.5 In the case of a **Member**, who has exercised the option referred to in **Special Rule 3.2**, whose services with an **Employer** are terminated under circumstances such that an annuity does not become payable, the pensionable service shall be calculated only for the last period of actual service. The amount the **Member** had paid, together with the interest thereon, at the date of termination shall be refunded.

- 3.6 If a **Member** who has exercised the option referred to in **Special Rule 3.2** dies before the debt due has been paid in full, the full period of previous service shall be taken into account in calculating the benefit and the balance of the debt shall be recovered from the benefit payable.

- 3.7 The debt referred to in **Special Rule 3.2.2** may be paid in one amount or recovered in monthly instalments from the **Member's** salary in such manner that the payment shall be at least 2% of the **Pensionable Salary**. Should the payment be less than the monthly interest on the debt, the interest plus R1,00 shall be recovered.

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SPECIAL RULE 4 : PENSIONABLE SALARY ON WHICH CONTRIBUTIONS SHALL BE MADE

4

4.1 The **Pensionable Salary** on which contributions to the **Sub-Fund** shall be paid shall be salary and service bonus.

4.2 The following shall not constitute **Pensionable Salary** or be taken into account in determining the benefit payable to a **Member**:

4.2.1 Payments for Sunday time and overtime.

4.2.2 Allowances of any kind, unless the **Sub-Fund Committee** decides otherwise.

4.2.3 Fees, honoraria and bonuses of any kind, other than the service bonus referred to in **Special Rule 4.1**.

4.3

4.3.1 Except where provided to the contrary an **Member** shall contribute monthly to the **Sub-Fund** at the appropriate rate of contributions as determined in **Special Rule 5**, provided that, contributions on the service bonus be recovered in the month during which month such bonus is payable.

4.3.2 The contributions of a **Member** who leaves the service of an **Employer** for any reason during the course of a month shall be on a *pro rata* basis.

4.4 If the ordinary hours of duty of any section of the personnel of an **Employer** are temporarily reduced as a measure of economy, a **Member**, whose hours are so reduced, shall continue to contribute to the **Sub-Fund** on the **Pensionable Salary** on which contributions immediately prior to the reduction were based and, for the purpose of the **Sub-Fund** but for no other purpose, such **Pensionable Salary** shall be regarded as the applicable **Pensionable Salary**.

4.5 If the **Pensionable Salary** of a **Member** is reduced, except as provided for in **Special Rule 4.4**, the **Member** shall, in the absence of an election to contribute on the reduced **Pensionable Salary**, continue to contribute to the **Sub-Fund** on the **Pensionable Salary** on which contributions immediately prior to the reduction were based and, for the purpose of the **Sub-Fund** but for no other purpose, such **Pensionable Salary** shall be regarded as the applicable **Pensionable Salary**.

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SPECIAL RULE 5 : RATES OF CONTRIBUTIONS

- 5
- 5.1 Every ~~Member~~ shall contribute to the ~~Sub-Fund~~ at the rate of 7,5% of Pensionable Salary.
- 5.2 Every ~~Member~~ who holds a position mentioned in **Service Condition 15(1)(b)** or a ~~Member~~ to whom the *proviso* to **Service Condition 15(1)(e)** applies, shall, in addition to the contributions prescribed in **Special Rule 5.1**, make special contributions to the ~~Sub-Fund~~ at the rate of 1% of Pensionable Salary with effect from the date of appointment to any such position.
- 5.3 If a ~~Member~~ by whom the special contributions prescribed in **Special Rule 5.2** are payable, is transferred (otherwise than in consequence of a disciplinary punishment of reduction in rank for a specified period) to a post in respect of which special contributions are not payable, the amount of the special contributions paid shall be refunded without interest.
- 5.4 When a refund in terms of **Special Rule 5.3** is made to a ~~Member~~, the ~~Sub-Fund~~ shall retain the contributions to the ~~Sub-Fund~~ made by the **Employer**.
- 5.5 A ~~Member~~ to whom **Special Rule 5.2** applies, who has been transferred under the circumstances mentioned in **Special Rule 5.3**, and who is subsequently reappointed to a post in respect of which the special contributions are payable, shall repay to the ~~Sub-Fund~~, in such manner as the **Administrator** may determine, the amount that was paid in terms of **Special Rule 5.3** and, if at the time of such ~~Member's~~ retirement or death such amount has not been paid in full, the balance may, in the absence of agreement as to some other method of payment, be recovered from any moneys due to the ~~Member~~ by the **Employer** or by deduction from any benefit payable to such ~~Member~~ or to some other person in respect of such ~~Member's~~ death.
- 5.6 The provisions of this **Special Rule** shall not affect the provision relating to the payment of arrear contributions and interest contained elsewhere in these **Special Rules**.

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SPECIAL RULE 6 : WHEN CONTRIBUTIONS COMMENCE

6 Contributions to the **Sub-Fund** shall commence –

- 6.1 in the case of an ~~Member~~ who was a ~~Member~~ of the New Fund or the Pension Fund prior to the commencement of the **Act**, from the date which has been or may be determined as the commencing date of membership in terms of any act or regulation then applicable; or
- 6.2 in the case of an ~~Member~~ who becomes a ~~Member~~ on or after the date of commencement of the **Act**, as from which such ~~Member~~ qualifies for membership of the **Fund**.

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**SPECIAL RULE 7 : COLLECTION OF CURRENT CONTRIBUTIONS AND
ARREAR CONTRIBUTIONS WITH INTEREST FROM A
MEMBER**

7

7.1 Current contributions due to the **Sub-Fund** by a **Member** shall, except where otherwise provided in this **Special Rule**, be collected by means of salary deductions through the medium of the **Member's** pay voucher.

7.2 Arrear contributions and interest due to the **Sub-Fund** by a **Member** shall also be collected by means of salary deductions through the medium of the **Member's** pay voucher and shall be so collected at the rate of at least 2% of **Pensionable Salary** unless 2% of **Pensionable Salary** is less than the monthly interest on the debt in which event the interest plus R1,00 shall be recovered provided that, by arrangement with the **Administrator**, a **Member** may elect –

7.2.1 to increase, beyond 2% of **Pensionable Salary**, the rate at which arrear contributions and interest shall be so collected, and/or

7.2.2 to make cash payments periodically in reduction of arrear contributions and interest in addition to the amounts that are deducted in respect thereof from pay vouchers in terms of this **Special Rule**.

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SPECIAL RULE 8: COLLECTION OF CURRENT AND ARREAR ONTRIBUTIONS AND INTEREST THEREON OUTSTANDING WHEN A MEMBER LEAVES THE SERVICE OF AN EMPLOYER OR DIES

8

8.1 When a **Member** leaves the service of an **Employer** for any reason or dies and there is owing by such **Member** to the **Sub-Fund** any amount on account of –

8.1.1 contributions in respect of a period of service immediately preceding the date on which the **Member** leaves the service of an **Employer** or dies, which are in terms of **Special Rule 8.2** required to be assessed but not actually recovered from the salary payable for that period, or

8.1.2 contributions erroneously not collected in respect of any period earlier than that referred to in **Special Rule 8.1.1**, or

8.1.3 unpaid contributions and interest (if any) for the payment of which the **Member** had incurred liability in terms of **Special Rule 9.2.1**, or

8.1.4 contributions and interest (if any) for the payment of which the **Member** had incurred liability by reason of the **Member's** having at some time in the past been mistakenly but *bona fide* dealt with under any provision of any act, regulation, **Service Condition** or **Special Rule** applicable, as if the **Member** had left the service of an **Employer**,

there shall nonetheless be calculated with reference to the whole period of employment which can be taken into account for pension purposes, any benefit payable to such former **Member** or such **Member's** estate or to some other person in respect of such **Member's** death, and any amount so owing to the **Sub-Fund** shall be recovered, in the manner prescribed in the succeeding **Special Rules**, from such benefit.

8.2 The period of service, referred to in **Special Rule 8.1.1** in respect of which current contributions shall be assessed but not actually recovered from a **Member's** salary, shall be –

8.2.1 that which a **Member** of the **Sub-Fund**, who is leaving the service of an **Employer** on grounds other than retirement with a benefit, or who dies, completes after the close of the period covered by the amount of salary included on the last pay voucher compiled by the **Employer** concerned prior to the receipt of the advice in the accounting section concerned containing the information that the **Member** is leaving the such service or has died, or

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8.2.2 that which a Member of the Sub-Fund, who is retiring with a benefit, will, according to the information shown on the advice referred to in Special Rule 8.2.1, complete during the pay month in which retirement takes place.

8.3 The collection of any current contributions in arrear and any arrear contributions in instalments from the salary of a Member referred to in Special Rule 8.1 shall be discontinued for the period in respect of which normal current contributions are assessed in terms of the said Special Rule.

8.4 The advice referred to in Special Rule 8.2.1 shall be submitted to the Administrator as soon as it is practicable to insert thereon particulars in respect of a Member referred to in Special Rule 8.2.1 or 8.2.2 of –

8.4.1

8.4.1.1 normal current contributions;

8.4.1.2 the instalment in respect of current contributions in arrear (if any); and

8.4.1.3 the instalment in respect of arrear contributions (if any);

deducted from the Member's salary on the last pay voucher compiled prior to the receipt of the advice in the accounting section,

8.4.2

8.4.2.1 normal current contributions;

8.4.2.2 instalments in respect of current contributions in arrear (if any); and

8.4.2.3 instalments in respect of arrear contributions (if any),

that still require to be deducted for the further period ending at the close of the pay month immediately preceding that in which the Member will retire; and

8.4.3

8.4.3.1 normal current contributions that will be assessed for the final prescribed period of service in terms of Special Rule 8.2.1 or 8.2.2; and

8.4.3.2 other current and/or arrear contributions (if any) that may be outstanding on the Member's last day in the employ of an Employer.

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- 8.5 When all the particulars required for the completion of the advice referred to in **Special Rule 8.2.1** are not available at the date it is due to be submitted to the accounting section concerned or to the **Administrator**, as the case may be, it shall be forwarded without further delay, and the particulars, unavoidably omitted, shall be transmitted as soon as possible thereafter to the **Administrator** who will determine the amount of contributions, and the interest thereon, if any, that require, in terms of **Special Rule 8.6**, to be deducted from benefits payable.
- 8.6 The **Administrator** shall then proceed, with due regard to the provisions of **Special Rule 8.1** to calculate the benefit payable to an ex-**Member**, or **Pensioner**, or any other **Dependant** or the estate of a deceased **Member**, as the case may be, and shall deduct from such benefit the amount of the assessed current contributions referred to in **Special Rule 8.4.3**, together with any amount in respect of current and/or arrear contributions and interest thereon referred to in **Special Rules 8.1.2** to **8.1.4**, that may be outstanding at the date the **Member** leaves the service of an **Employer** or dies, provided that, if the **Member** retires with a cash sum and a **Pension**, the amount due shall be recovered –
- 8.6.1 as a first charge as far as possible from the cash sum that may be paid to such person or estate, or
- 8.6.2 as a first charge in one amount, or in monthly instalments as may be determined by the **Administrator**, from the **Pension** if the cash sum is less than the amount owed to the **Sub-Fund**, provided that, if the **Pensioner**, from whose **Pension** the outstanding contributions and interest (if any) are being recovered in monthly instalments, dies before the total amount due to the **Sub-Fund** is paid, the amount outstanding shall be recovered from the benefit payable in respect of such **Pensioner's** death.

SPECIAL RULE 9: CONTRIBUTIONS BY MEMBERS ON LEAVE OR UNDER SUSPENSION

9

9.1 A **Member** shall continue to contribute to the **Sub-Fund** while on leave, off sick or under suspension, with full or partial pay, but such contributions shall be calculated on the full **Pensionable Salary**.

9.2

9.2.1 A **Member** shall be liable to contribute to the **Sub-Fund** in respect of a period not exceeding 90 days during which such **Member** has continuously been on leave, off sick or under suspension, without pay. The contributions due in respect of such period shall, upon resumption of duty, be recovered from salary in monthly instalments at the rate of 5% of current monthly **Pensionable Salary** or in one instalment when the amount outstanding does not exceed a figure equalling 5% of such **Pensionable Salary**. No interest shall be charged on such contributions.

9.2.2 A **Member** may elect to contribute to the **Sub-Fund** in respect of the whole of a period exceeding 90 days during which such **Member** continuously been on leave, off sick or under suspension, without pay, and the **Member** shall not be precluded from electing so to contribute because of an election prior to 1 March 1978 not to contribute in respect of such period.

9.2.3 The option provided for in **Special Rule 9.2.2** may be exercised at any time while the **Member** is in the service of an **Employer** after the **Administrator** has furnished such **Member** with particulars of the amount of the liability through the medium of an option form, provided that the **Member** shall sign, date and return to the **Administrator** a receipt for such form.

9.2.4 Should any disagreement arise between the **Member** and the **Administrator** concerning the information furnished in terms of **Special Rule 9.2.3** the **Administrator** shall submit full particulars of the case to the Secretary for the decision of the **Sub-Fund Committee**. The **Sub-Fund Committee's** decision shall be final. The **Member** concerned shall be informed of the decision.

9.2.5 An option exercised in terms of **Special Rule 9.2.2** shall be irrevocable.

9.2.6 Subject to any agreement between the **Employer** and the relevant **Registered Trade Union**:

- 9.2.6.1 If a **Member** is dismissed and declares a dispute, the **Employer** will continue to pay contributions until the finalising of the dispute, and
- 9.2.6.2 If the dispute has been settled between the parties themselves or if the prosecution of the dispute has been abandoned by the **Member**, the contributions referred to in **Special Rule 9.2.6.1** shall be refunded to the **Employer** together with interest at the rate of **Interest Payment**, unless the parties to the dispute have agreed otherwise.
- 9.2.7
- 9.2.7.1 If a **Member** has elected not to contribute in respect of a period referred to in **Special Rule 9.2.2**, such period shall not be taken into account in calculating the period or continuous employment.
- 9.2.7.2 If a **Member** elects to contribute in respect of a period referred to in **Special Rule 9.2.2**, the contributions due, together with **Interest Payment**, in respect of so much of the period of leave, absence due to sickness or suspension as exceeds 90 days, shall, subject to the provisions of **Special Rules 9.2.7.3** and **9.2.7.4**, be recovered from such **Member's** salary in such monthly payments as may be determined, but in such a manner that the payments shall be at least 2% of the **Member's Pensionable Salary**, unless 2% of such **Pensionable Salary** is less than the monthly interest on the debt, in which event the interest plus R1,00 shall be recovered. For calculation purposes the monthly rate shall be equivalent to one twelfth of the annual rate.
- 9.2.7.3 A **Member** may pay higher instalments through the medium of such **Member's** pay voucher or make a cash payment in settlement of the total indebtedness or part thereof, with the balance, in the latter case, being deducted in monthly instalments agreed upon by the **Administrator** and the **Member**.
- 9.2.7.4 A **Member** may, by arrangement with the **Administrator**, make further additional cash payments periodically in reduction of the debt.
- 9.2.8 If a **Member** dies before the exercise of the option, it shall be accepted, if it is to the benefit of the widow, widower or dependents, that the **Member** wished to contribute for a period referred to in **Special Rule 9.2.2** and the outstanding debt shall be recovered from the benefit payable.

CONTRIBUTIONS LEAVE/SUSPENSION

CONTRIBUTIONS LEAVE/SUSPENSION

- 9.3 Contributions in respect of any period deemed as leave without pay or absence due to sickness without pay shall be calculated and made in accordance with **Special Rule 4.3.1**, and shall be based on the **Pensionable Salary** which the **Member** would have received during the deemed period of leave, absence due to sickness or period of suspension from duty.
- 9.4 Contributions payable in terms of this **Special Rule** shall be calculated at the rate applicable during the period of leave, absence due to sickness or suspension from duty.
- 9.5 When a **Member** resumes duty after a period of suspension exceeding 90 days, the **Employer** shall supply particulars of such absence to the **Administrator**.

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SPECIAL RULE 10 : BENEFITS

10

10.1 AGE-LIMIT

10.1.1 The benefit payable to a **Member**, to whom **Service Condition 15(4)** does not apply, upon retirement from the service of an **Employer** upon reaching the age-limit of 63 years provided for in **Service Condition 15(1)(a)** shall, if the **Member's** contributions cover a period of ten years or more, be as follows:

10.1.1.1 A **Pension** which shall be calculated as a fraction of the **Member's Average Pensionable Salary** during the last 12 months prior to retirement. The numerator of the fraction shall be the period of membership of the **Fund** expressed in years, with each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year, and the denominator shall be 54.

10.1.1.2 A cash sum which shall be calculated by multiplying each rand of one-third of the **Pension** calculated in terms of **Special Rule 10.1.1.1** by a factor of 12.

10.1.2 The benefit payable to a **Member**, to whom **Service Condition 15(4)** does not apply, upon retirement from the service of an **Employer** upon reaching the age-limit of 58 years provided for in **Service Condition 15(1)(b)** shall, if the **Member's** contributions cover a period of 10 years or more, be as follows:

10.1.2.1 A **Pension** which shall be calculated as a fraction of the **Member's Average Pensionable Salary** during the last 12 months prior to retirement. The numerator of the fraction shall be the period of membership expressed in years, with each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year, and the denominator shall be 49.

10.1.2.2 A cash sum which shall be calculated by multiplying each rand of one-third of the **Pension** calculated in terms of **Special Rule 10.1.2.1** by a factor of 13,50.

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- 10.1.3 The benefit payable to a **Member** upon retirement from the service of an **Employer** upon reaching the age-limit of 63 provided for in **Service Condition 15(1)(e)** shall, if such **Member's** contributions cover a period of 10 years or more, be as follows:
- 10.1.3.1 A **Pension** which shall be calculated as a fraction of the **Member's Average Pensionable Salary** during the last 12 months prior to retirement. The numerator of the fraction be the period of membership of the **Fund** expressed in years, with each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year, and the denominator shall be 54.
- 10.1.3.2 A cash sum which shall be calculated by multiplying each rand of one-third of the **Pension** calculated in terms of **Special Rule 10.1.3.1** by a factor of 12.
- 10.1.4 The benefit payable to a **Member** upon retirement from the service of an **Employer** upon reaching the age-limit of 58 provided for in the *proviso* to **Service Condition 15(1)(e)** shall, if such **Member's** contributions cover a period of 10 years or more, be as follows:
- 10.1.4.1 A **Pension** which shall be calculated as a fraction of the **Member's Average Pensionable Salary** during the last 12 months prior to retirement. The numerator of the fraction shall be the period of membership of the **Fund** expressed in years, with each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year, and the denominator shall be 49.
- 10.1.4.2 A cash sum which shall be calculated by multiplying each rand of one-third of the **Pension** calculated in terms of **Special Rule 10.1.4.1** by a factor of 13,50.
- 10.1.5 The benefit payable to a **Member**, to whom **Service Condition 15(4)** applies, who elects to retire or is retired on reaching the lower retiring age referred to therein, shall be, if the **Member's** contributions cover a period of 10 years or more, as follows:

10.1.5.1 A Pension which shall be calculated as a fraction of the Member's Average Pensionable Salary during the last 12 months prior to retirement. The numerator of the fraction shall be the period of membership of the Fund expressed in years, with each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year, and the dominator shall be:

- (a) 55 in the case of a Member to whom the provisions of Service Condition 15(1)(b) apply; and
- (b) 60 in all other cases.

10.1.5.2 A cash sum which shall be calculated by multiplying each rand of one-third of the Pension calculated in terms of Special Rule 10.1.5.1 by the following factor:

Age	Factor
55	13,50
60 or over	12,00

provided that, in the case of a Member to whom Service Condition 15(1)(b) applies, the factor applicable to the age of 55 years shall apply to any higher age.

10.1.6

10.1.6.1 The following benefit is payable to a Member who:

- (a) Contributes at the rate of 7,5% of the Pensionable Salary;
- (b) is entitled to retire at the attainment of the age of 60 years but elected not to do so;
- (c) has completed 10 years or more pensionable service;
- (d) retires on or before the attainment of the retirement age of 63 years:

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- (i) A Pension which is calculated by multiplying the Member's Average Pensionable Salary during the last 12 months preceding retirement with the Period of Pensionable Service expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) divided by the factor set forth hereinafter opposite the retirement age of the Member:

Age	Factor
60	60
61	58
62	56
63	54

- (ii) A cash sum which is calculated by multiplying one-third of the pension calculated in paragraph (i) by 12.

10.1.6.2 The following benefit is payable to a Member intended in Special Rule 10.1.6.1 where such Member's services are terminated before the attainment of the retirement age of 63 years, on grounds of permanent ill-health or physical disability and where a medical practitioner certified that such permanent ill-health or physical disability is not caused by the Member's own default:

- (a) A Pension which is calculated by multiplying the Member's Average Pensionable Salary during the last 12 months preceding retirement with the Period of Pensionable Service expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) and divided by 60.
- (b) A cash sum which is calculated by multiplying one-third of the Pension calculated in paragraph (a) by 12.

10.1.6.3 The following benefit is payable to a Member who:

- (a) Contributes at the rate of 8,5% of the Pensionable Salary;

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- (b) is entitled to retire at the attainment of the age of 55 years but elected not to do so;
- (c) has completed 10 years or more pensionable service;
- (d) retires on or before the attainment of the retirement age of 58 years:
 - (i) A Pension which is calculated by multiplying the Member's Average Pensionable Salary during the last 12 months preceding retirement with the Period of Pensionable Service expressed in years (each day of an incomplete year reckoned as one three hundred and sixty-fifth of a year) divided by the factor set forth hereinafter opposite the retirement age of the member:

Age	Factor
55	55
56	53
57	51
58	49

- (ii) A cash sum which is calculated by multiplying one-third of the pension calculated in paragraph (i) by 13,50.

10.1.6.4 The following benefit is payable to a Member intended in Special Rule 10.1.6.3 where such Member's services are terminated before the attainment of the retirement age of 58 years, on grounds of permanent ill-health or physical disability and where a medical practitioner certified that such permanent ill-health or physical disability is not caused by the Member's own default:

- (a) A Pension which is calculated by multiplying the Member's Average Pensionable Salary during the last 12 months preceding retirement with the Period of Pensionable Service expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) and divided by 55.

- (b) A cash sum which is calculated by multiplying one-third of the Pension calculated in paragraph (a) by 13,50.

10.1.7

10.1.7.1 The following benefit is payable to a Member who:

- (a) Contributes at the rate of 7,5% of the Pensionable Salary;
- (b) has the option to retire at the attainment of the age of 60 years, but who elected not to do so;
- (c) was paid the cash sum before 1 April 1995 that would have been payable in the event of retirement on such date;
- (d) has completed 10 years or more pensionable service;
- (e) retires on or before the attainment of the retirement age of 63 years:
 - (i) A Pension which is calculated by multiplying the Member's Average Pensionable Salary during the last 12 months preceding retirement with the Period of Pensionable Service expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) divided by the factor set forth hereinafter opposite the retirement age of the Member:

Age	Factor
60	60
61	58
62	56
63	54

- (ii) A cash sum (additional to that already paid) which is calculated by multiplying one-third of the pension calculated in paragraph (i) by 12, minus the cash sum received on 60 years of age.

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10.1.7.2 The following benefit is payable to a Member intended in **Special Rule 10.1.7.1** where such Member's services are terminated before the attainment of the retirement age of 63 years, on grounds of permanent ill-health or physical disability and where a medical practitioner certified that such permanent ill-health or physical disability is not caused by the Member's own default:

- (a) A Pension which is calculated by multiplying the Member's **Average Pensionable Salary** during the last 12 months preceding retirement with the **Period of Pensionable Service** expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) and divided by 60.
- (b) A cash sum (additional to that already paid) which is calculated by multiplying one-third of the Pension calculated in paragraph (a) by 12, minus the cash sum that was received on 60 years of age.

10.1.8

10.1.8.1 The following benefit is payable to a Member who:

- (a) Contributes at the rate of 8,5% of the **Pensionable Salary**;
- (b) has the option to retire at the attainment of the age of 55 years, but who elected not to do so;
- (c) was paid the cash sum before 1 April 1995, that would have been payable in the event of retirement on such date;
- (d) has completed 10 years or more pensionable service; and
- (e) who retires on or before the attainment of the retirement age of 58 years:

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- (i) A Pension which is calculated by multiplying the Member's Average Pensionable Salary during the last 12 months preceding retirement with the Period of Pensionable Service expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) divided by the factor set forth hereinafter opposite the retirement age of the Member:

Age	Factor
55	55
56	53
57	51
58	49

- (ii) A cash sum (additional to that already paid) which is calculated by multiplying one-third of the pension calculated in paragraph (i) by 13,50, minus the cash sum that was received on 55 years of age.

10.1.8.2 The following benefit is payable to a Member intended in Special Rule 10.1.8.1 where such Member's services are terminated before the attainment of the retirement age of 58 years, on grounds of permanent ill-health or physical disability and where a medical practitioner certified that such permanent ill-health or physical disability is not caused by the Member's own default:

- (a) A Pension which is calculated by multiplying the Member's Average Pensionable Salary during the last 12 months preceding retirement with the Period of Pensionable Service expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) and divided by 55.
- (b) A cash sum (additional to that already paid) which is calculated by multiplying one-third of the Pension calculated in paragraph (a) by 13,50, minus the cash sum that was received on 55 years of age.

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- (c) A Pension paid in terms of this Special Rule shall be paid by the Employer until the Pensioner reaches the applicable age-limit and thereafter from the Sub-Fund.

- 10.1.9 If the employment of a Member of the Sub-Fund is terminated on attainment of the applicable age-limit (excluding cases that fall under Service Condition 11 or 15(3)) before contributions cover a period of 10 years, twice the amount of the member's own contributions, without interest, shall be refunded.

10.2 LENGTH OF SERVICE

10.2.1

- 10.2.1.1 A Member who is appointed in temporary or permanent employment and contributes to the Sub-Fund at the rate of 7,5% of his Pensionable Salary and is entitled to retire on completion of 40 years actual service, shall, subject to the provisions of Special Rules 10.2.1.4, 10.2.1.5 and 10.2.1.6, be granted benefits as follows:

- (a) A Pension, which shall be calculated on the Member's Average Pensionable Salary over the last 12 months preceding retirement multiplied by the period of membership of the Fund expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year), and divided by 60.
- (b) A gratuity, which shall be calculated by multiplying each rand of one-third of the Pension calculated in paragraph (a), by 12.

- 10.2.1.2 A Member who is appointed in temporary or permanent employment and contributes to the Sub-Fund at a rate of 8,5% of his Pensionable Salary and is entitled to retire after completion of –

- (a) 37 years actual service; or

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- (b) 37 years actual service in the case of a **Member** who occupied the position of Ore Train Driver, Shunting Driver or Driver's Assistant and was transferred to **Transnet** arising from the purchase of the Sishen-Saldanha Bay Project who elected to retire at the age of 58 years and contributes to the **Sub-Fund** at the rate of 8,5% of his **Pensionable Salary**; or
- (c) 35 years actual service in the case of –
- (i) a **Member** employed prior to 29 June 1955 and who was a **Member** of the former New Railways and Harbours Superannuation Fund; or
- (ii) a **Member** employed prior to 1 December 1981 and who was a **Member** of the former Railways- and Harbours Pension Fund for Non-Whites;

shall, subject to the provisions of **Special Rules** 10.2.1.4, 10.2.1.5 and 10.2.1.6 be granted the benefits in **Special Rule** 10.2.1.3.

10.2.1.3 The following benefit shall be granted to a **Member** referred in **Special Rule** 10.2.1.2 :

- (a) A **Pension**, which shall be calculated on the **Member's Average Pensionable Salary** over the last 12 months preceding retirement multiplied by the period of membership of the **Fund** expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year), divided by 55.
- (b) A gratuity, which shall be calculated by multiplying each rand of one-third of the **Pension** calculated in paragraph (a), by 13,5.

10.2.1.4 The **Member** referred to in **Special Rules** 10.2.1.1 and 10.2.1.2 shall pay to the **Sub-Fund** an amount equivalent to the contributions that would have been payable had the **Member** remained in the employment of the **Employer** until attainment of the age of 60 years for that **Member** who contributes at 7,5% and the age of 55 years for that **Member** who contributes at 8,5%.

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10.4.1.2 If a **Member** of the **Sub-Fund** in permanent employment, who does not have the option to elect to retire at a lower retiring age in terms of **Service Condition 15(4)**, is retired on the ground of mutual agreement, in terms of **Service Condition 13**, the benefits for which provision is made in **Special Rule 10.1.5** shall apply, provided that, in the event of a **Pension** being payable, the following denominator shall be substituted for that which would otherwise have been applicable if the **member** has reached the age for which provision is made therein:

Age	Factor
60	60
61	58
62	56
63	54
55	55
56	53
57	51
58	49

10.5 REDUNDANCY

10.5.1 If a **Member** of the **Sub-Fund** in temporary or permanent employment is declared redundant and retires the following provisions shall apply:

10.5.1.1 A **Member** whose age is less than 50 years irrespective of service shall receive a single amount calculated in accordance with a formula as determined by the **Actuary**.

10.5.1.2 A **Member** who has contributed to the **Fund** for a period of 10 years or more and whose age is 50 years or more, and the total of the age and pensionable service is at least 75, shall be entitled to a benefit as follows:

- (a) A single amount calculated in accordance with a formula as determined by the **Actuary**; or

- (b) an annuity and cash sum. The pension shall be calculated as a fraction of the **Member's Average Pensionable Salary** during the last 12 months prior to retirement. The numerator of the fraction shall be the period of membership of the **Fund** expressed in years, with each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year, and the denominator shall be 60, provided however such benefit shall be reduced by 0,3% for each calendar month in the period between the **Member's** sixtieth birthday and the actual date of retirement in respect of ordinary personnel who contribute at 7,5% to the **Sub-Fund**. In respect of footplate staff who contribute at 8,5% to the **Sub-Fund** the denominator shall be 55 and the benefit shall be reduced by 0,3% for each calendar month in the period between the **Member's** fifty-fifth birthday and the actual date of retirement. A cash sum which shall be calculated by multiplying the **Pension** calculated by the factor of 4 in the case of ordinary personnel and 4,5 in the case of footplate staff.

- 10.5.1.3 A **Member** whose age is 50 years or more but the total of his age and pensionable service is less than 75, shall receive the same benefit referred to in **Special Rule 10.5.1.1**.

10.6 MEMBERS OCCUPYING OVERPAID C-GRADES OR PLACED IN GRADED POSTS ON THE BASIS PERSONAL TO HOLDER

10.6.1

- 10.6.1.1 A **Member** who is appointed in temporary or permanent employment –

- (a) whose age is less than 50 years, irrespective of period of service; and
- (b) who occupies an overpaid C-grade or is placed in a graded post on the basis personal to holder; and
- (c) who retires in accordance with a voluntary package deal,

shall receive a single amount calculated in accordance with a formula as determined by the **Actuary**.

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10.6.1.2 A **Member** who is appointed in temporary or permanent employment –

(a) whose age is 50 years or more but the total of his age and pensionable service is less than 75; and

(b) who occupies an overpaid C-grade or is placed in a graded post on the basis personal to holder; and

(c) who retires in accordance with a voluntary package deal,

shall receive a single amount calculated in accordance with a formula as determined by the **Actuary**.

10.6.1.3 A **Member** who is appointed in temporary or permanent employment and contributes to the **Sub-Fund** at the rate of 7,5% of his **Pensionable Salary** –

(a) whose age is 50 years or more and the total of his age and pensionable service is at least 75; and

(b) who occupies an overpaid C-grade or is placed in a graded post on the basis personal to holder; and

(c) who retires in accordance with a voluntary package deal,

shall, subject to the provisions of **Special Rule 10.6.1.5**, receive the benefits in **Special Rule 10.6.1.4** or a single amount calculated in accordance with a formula as determined by the **Actuary**.

10.6.1.4 The following benefits shall be awarded to a **Member** mentioned in **Special Rule 10.6.1.3**:

(a) A **Pension**, which shall be calculated by multiplying the **Member's Average Pensionable Salary** during the last 12 months prior to retirement with the period of membership of the **Fund** expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) divided by 60.

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- (b) A cash sum amount, which shall be calculated by multiplying one-third of the **Pension** calculated in paragraph (a) with 12.
- 10.6.1.5 The benefit of the **Member** referred to in **Special Rule 10.6.1.3** shall be reduced by 0,3% for each calendar month in the period between the **Member's** sixtieth birthday and the actual date of retirement.
- 10.6.1.6 A **Member** who is appointed in temporary or permanent employment and contributes to the **Sub-Fund** at the rate of 8,5% of his **Pensionable Salary** –
- (a) whose age is 50 years or more and the total of his age and pensionable service is at least 75; and
- (b) who occupies an overpaid C-grade or is placed in a graded post; and
- (c) who retires in accordance with a voluntary package deal,
- shall, subject to the provisions of **Special Rule 10.6.1.8**, receive the benefits in **Special Rule 10.6.1.7** or a single amount calculated in accordance with a formula determined by the **Actuary**.
- 10.6.1.7 The following benefits shall be awarded to a **Member** mentioned in **Special Rule 10.6.1.6**:
- (a) A **Pension**, which shall be calculated by multiplying the **Member's Average Pensionable Salary** during the last 12 months prior to retirement with the period of membership of the **Fund** expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) divided by 55.
- (b) A cash amount, which shall be calculated by multiplying one-third of the **Pension** calculated in paragraph (a) with 13,5.
- 10.6.1.8 The benefit of the **Member** referred to in **Special Rule 10.6.1.6** shall be reduced by 0,3% for each calendar month in the period between the **Member's** fifty-fifth birthday and the actual date of retirement.

10.6.1.9 For the purpose of the period of membership intended in **Special Rules 10.6.1.4(a)** and **10.6.1.7(a)** pensionable service referred to in **Special Rule 2.2** shall be taken into account.

10.7 INEFFICIENCY

If a **Member** of the **Sub-Fund** is retired before Superannuation on the ground of inefficiency in terms of **Service Condition 7**, the benefits which shall be applicable shall be those applicable on retirement on the ground of permanent ill-health or physical disability not certified by a medical practitioner to be due to the **Member's** own default (subject to the provisions of **Special Rules 10.1.6.2** or **0**, as the case may be), provided, however, that such benefit shall be adjusted as to represent 75% thereof (i.e. the denominator shall be a constant 80 for ordinary personnel and 73 for locomotive personnel. The whole benefit shall form a charge against the **Sub-Fund**.

10.8 PERMANENT ILL-HEALTH OR PHYSICAL DISABILITY

10.8.1 If a **Member** is retired in terms of **Service Condition 11** by reason of permanent ill-health or physical disability, in respect of which a medical practitioner has certified that it was due to such **Member's** own default, the **Member** shall be entitled to the **Actuarial Value** pertaining to such **Member**.

[amended on 08.03.2016; wef 08.03.2016]

10.8.2

10.8.2.1 The benefit payable to a **Member**, who has the option to retire at a lower retirement age in terms of **Service Condition 15(4)** upon retirement from the service of such **Member's Employer** on the ground of permanent ill-health or physical disability in terms of **Service Condition 11** in respect of which a medical practitioner has not certified that it was due to the **Member's** own default, after having contributed to the **Fund** for a period of ten years or more, shall (subject to the provisions of **Special Rule 10.1.6.2** or **10.1.6.3** as the case may be), be as follows:

[amended on 08.03.2016; wef 08.03.2016]

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(a) A Pension which shall be calculated as a fraction of the Member's Average Pensionable Salary during the last 12 months prior to retirement. The numerator of the fraction shall be the period of membership of the Fund expressed in years, with each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year, and the denominator shall be –

- (i) 55 in the case of a Member to whom Service Condition 15(1)(b) applies; and
- (ii) 60 in the case of other Members.

(b) A cash sum which shall be calculated by multiplying each rand of one-third of the Pension calculated in terms of paragraph (a) by the factor 12,

provided that, in the case of a Member to whom Service Condition 15(1)(b) applies, the factor of 13,50 shall be used for the purpose of calculating such cash sum, irrespective of the age of the member.

10.8.2.2 The benefits payable to a Member referred to in Special Rule 10.8.2.1 but who does not have the option to elect to retire at a lower retiring age in terms of Service Condition 15(4), shall be those referred to in Special Rule 10.8.2.1, provided that, in the case of the Pension, the denominators set out below shall be substituted for those set out in Special Rule 10.8.2.1, if the Member has reached an age for which provision is made therein:

Age	Denominator
60	60
61	58
62	56
63	54
55	55
56	53
57	51
58	49
50	50

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51	48
52	46
53	44

10.8.2.3 A Member who, due to mental or physical defect, disease or infirmity could not obtain membership of the Pension Fund prior to 1 April 1993 but is granted membership from 1 April 1993 and is retired earlier than the prescribed retiring age due to the said conditions, shall become entitled to the Actuarial Value pertaining to such Member.

[amended on 08.03.2016; wef 08.03.2016]

10.9 ABSCONDMENT OR RESIGNATION WITHOUT NOTICE

If a Member who is a Member of the Sub-Fund absconds or resigns without having complied with the requirements of any law or contract regarding the giving of notice and the Employer has not waived its right to receive such notice shall be entitled to the Actuarial Value pertaining to such Member.

[amended on 08.03.2016; wef 08.03.2016]

10.10 ABSCONDMENT OR REFUSAL TO SERVE IN CONCERT

Whenever a number of Members acting in concert desert or refuse to serve, or absent themselves from duty without lawful cause or reasonable excuse, or resign without giving the notice required by law, rule or contract, and in terms of any law applicable to the Employer concerned are deemed in consequence to have terminated their services, such Members shall, notwithstanding anything in any law or these Special Rules contained, be entitled, after the expiration of a period of three months after they have so terminated their services, to receive on application the Actuarial Value pertaining to such Member.

[amended on 08.03.2016; wef 08.03.2016]

10.11 RESIGNATION

10.11.1 Subject to the provisions of Special Rule 2.2.1, a Member who is a Member of the Sub-Fund and who, after giving the notice required by any law or contract, resigns voluntarily, shall become entitled to the Actuarial Value pertaining to such Member.

[amended on 30.04.2012; wef 30.04.2012]

[amended on 08.03.2016; wef 08.03.2016]

BENEFITS

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10.11.2 ... [deleted wef 08.03.2016]

10.12 DISMISSAL

10.12.1 A ~~Member~~ of the Sub-Fund who-

10.12.1.1 is dismissed on account of a disciplinary infringement, or

10.12.1.2 resigns in order to avoid dismissal or in anticipation of a charge alleging a disciplinary infringement being laid,

shall, subject to the provision of section 9 of the Act and, in a case falling under 10.12.1.1, subject to the provision of **Special Rule 10.12.2**, be paid what would have been due in terms of **Special Rule 10.11** to a ~~Member~~.

10.12.2 A ~~Member~~, who has paid contributions in respect of a period of continuous service of at least 20 years, and is dismissed as a result of a disciplinary infringement other than: -

10.12.2.1 fraud or other serious disciplinary infringement of which dishonesty is an element, or

10.12.2.2 deliberate mal performance of work

may, notwithstanding anything to the contrary in these **Special Rules**, be granted by the **Sub-Fund Committee**, in lieu of any other benefit payable from the **Sub-Fund**, such **Pension** as the **Sub-Fund Committee** may determine, not exceeding one half of the **Pension** which would have been applicable upon the date of dismissal if such ~~Member's~~ services had been dispensed with upon that date in consequence of a reduction in or reorganisation of personnel, provided that -

- (a) no portion of such **Pension** shall, except for the purposes of section 10 of the **Act**, be commuted by a cash payment, and
- (b) all payments of any such **Pension** which are made before such ~~Member~~ has attained the age fixed for retirement shall be made by the **Employer** and all such payments which are made thereafter shall be made out of the **Sub-Fund**.

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- 10.12.3 Upon the decision of the **Sub-Fund Committee** to grant to any person a **Pension** under **Special Rule 10.12.2**, such person's right to any other benefit payable from the **Sub-Fund** shall lapse.
- 10.12.4 If a **Member** referred to in **Special Rule 10.12.2** is dismissed as a result of a disciplinary infringement which does not preclude the grant of a **Pension** under that **Special Rule**, the person who dismisses the **Member** shall, when dismissing such **Member**, submit to the **Sub-Fund Committee** a recommendation as to whether or not the **Member** should be granted a **Pension** and notify the **Member** of the recommendation.
- 10.12.5 If the whole of a **Pension** granted in terms of **Special Rule 10.12.2** is commuted in a cash amount for the purpose of section 10 of the **Act**, the cash payment shall be not less the Actuarial Value pertaining to such Member.
[amended on 08.03.2016; wef 08.03.2016]
- 10.12.6 For the purpose of any commutation necessary in terms of **Special Rule 10.12.2(a)**, the factor as indicated in the following table shall be used:

Age	Factor
30	18,19
31	18,06
32	17,93
33	17,79
34	17,65
35	17,50
36	17,35
37	17,19
38	17,03
39	16,86
40	16,68
41	16,50
42	16,31
43	16,11
44	15,90
45	15,69
46	15,47

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47	15,24
48	15,00
49	14,75
50	14,50
51	14,50
52	14,25
53	14,00
54	13,75
55	13,50
56	13,00
57	12,75
58	.....	12,50
59	.....	12,25
60	.....	12,00

10.13 IMPOSSIBILITY OF PERFORMANCE

10.13.1 A Member of the Sub-Fund whose –

10.13.1.1 services are terminated on the grounds of impossibility of performance or supervening impossibility of performance shall, subject to the provision of sections 9 and 10 of the Act, section 7 of the Divorce Act, 1979, and the provisions of Special Rule 10.13.1.2, be paid what would have been due in terms of Special Rule 10.12 to a Member.

10.13.1.2 A Member, who has paid contributions in respect of a period of continuous service of at least 20 years, and whose service is terminated in terms of impossibility of performance or supervening impossibility of performance –

(a) may, notwithstanding anything to the contrary in these Special Rules, be granted by the Sub-Fund Committee, in lieu of any other benefit payable from the Sub-Fund, such Pension as the Sub-Fund Committee determine, not exceeding one half of the Pension which would have been applicable if such Member's services had been dispensed with upon that date in consequence of permanent ill-health, provided that –

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- (i) no portion of such Pension shall, except for the purposes of sections 9 and 10 of the Act and section 7 of the Divorce Act, 1979 be commuted for a cash payment; and
- (ii) all payments of any such Pension which are made before such Member has attained the age fixed for retirement shall be paid by the Employer and all such payments which are made thereafter shall be paid out of the Sub-Fund.

10.13.1.3 Upon the decision of the Sub-Fund Committee to grant to any person a Pension under Special Rule 10.13.1.2 such person's right to any other benefit payable from the Sub-Fund shall lapse.

10.13.1.4 The Employer who dismisses a Member who may qualify for a Pension in terms of Special Rule 10.13.1.2 shall, when dismissing such Member, submit to the Sub-Fund Committee a recommendation as to whether or not the Member should be granted such a Pension.

10.13.1.5 If the whole of a Pension granted in terms of Special Rule 10.13.1.2 is commuted in a cash amount for the purpose of sections 9 and 10 of the Act or section 7 of the Divorce Act, 1979, the cash payment shall be not less than the aggregate of the contributions paid by the Member.

10.13.1.6 For the purpose of any commutation necessary in terms of Special Rule 10.13.1.2(a)(i), the reduction in the annual Pension is determined by dividing the outstanding amount required by the factor based on age as indicated in the following table:

Age	Factor
30	18,19
31	18,06
32	17,93
33	17,79
34	17,65
35	17,50
36	17,35
37	17,19
38	17,03
39	16,86

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40	16,68
41	16,50
42	16,31
43	16,11
44	15,90
45	15,69
46	15,47
47	15,24
48	15,00
49	14,75
50	14,50
51	.....	14,50
52	.....	14,25
53	.....	14,00
54	.....	13,75
55	.....	13,50
56	.....	13,00
57	.....	12,75
58	.....	12,50
59	.....	12,50
60 or over	.....	12,00

10.14 TEMPORARY / CONTRACT MEMBERS

10.14.1 If the services of a Member, who –

10.14.1.1 is in temporary employment, are terminated by notice given by such Member's Employer, on grounds other than a disciplinary infringement, or

10.14.1.2 was engaged under contract for a fixed period, are terminated in terms of such Member's contract,

the Member shall be entitled to receive the Actuarial Value pertaining to such Member.

[amended on 08.03.2016; wef 08.03.2016]

10.15 DEATH OF A MEMBER

10.15.1 Subject to **Special Rule 10.17**,

10.15.1.1 Upon the death of a **Member** of the **Sub-Fund** who contributed to the **Sub-Fund** at the rate of 7.5% of his **Pensionable Salary**, there shall be paid to the **Dependants** and on a basis determined by the **Sub-Fund Board**:

- (a) Annual **Pensions** which together shall be 70% of the **Pension** calculated on the deceased **Member's Average Pensionable Salary** over the last 12 months preceding the demise multiplied by the period of membership of the **Fund** expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) and divided by 60: provided that in the case of a **Member** who dies after attaining the age of 60 years, the divisor is –
- (i) 58, in the case of a **Member** who is 61 years of age;
 - (ii) 56 in the case of a **Member** who is 62 years of age;
 - (iii) 54 in the case of a **Member** who is 63 years of age.
- (b) The aggregate of the **Pensions** calculated in paragraph (a) is multiplied by the factor arrived at by dividing the sum total **Period of Pensionable Service** and the number of years service that still could have been rendered from the date of death to the age of 63 years by the **Period of Pensionable Service**.
- (c) **Gratuities** which together shall be calculated by multiplying one third of the aggregate of the **Pension** calculated in paragraph (a) by 12 and dividing it by 0.7. Where the membership is less than 10 years the period of membership for the calculation of the gratuity shall be regarded as at least 10 years.

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10.15.1.2 Upon the death of a **Member** of the **Sub-Fund** who contributed to the **Sub-Fund** at the rate of 8.5% of his **Pensionable Salary**, there shall be paid to the **Dependants** and on a basis determined by the **Sub-Fund Board**:

(a) Annual **Pensions** which together shall be 70% of the **Pension** calculated on the deceased **Member's Average Pensionable Salary** over the last 12 months preceding the demise multiplied by the period of membership of the **Fund** expressed in years (each day of an incomplete year being reckoned as one three hundred and sixty-fifth of a year) and divided by 55: provided that in the case of a **Member** who dies after attaining the age of 60 years, the divisor is –

(i) 53, in the case of a **Member** who is 56 years of age;

(ii) 51 in the case of a **Member** who is 57 years of age;

(iii) 49 in the case of a **Member** who is 58 years of age.

(b) The aggregate of the **Pensions** calculated in paragraph (a) is multiplied by the factor arrived at by dividing the sum total of pensionable service and the number of years service that still could have been rendered from the date of death to the age of 58 years by the **Period of Pensionable Service**.

(c) **Gratuities** which together shall be calculated by multiplying one third of the aggregate of the **Pension** calculated in paragraph (a) by 13.5 and dividing it by 0.7. Where the membership is less than 10 years the period of membership for the calculation of the gratuity shall be regarded as at least 10 years.

10.15.1.3 In the case of a **Member** who has an option to retire at the lower retiring age who exercised the option to receive a cash amount on reaching the lower retiring age and who dies after such payment is made, the **Dependants** shall be paid in aggregate a further cash amount equivalent to that which would have been paid to the **Member**, had he retired on the day immediately after the date of death, minus the amount already paid on attaining the lower retirement age.

10.15.2 ... *[deleted wef 08.03.2016]*

10.15.3 When the amounts referred to in this **Special Rule** have been paid to any **Dependant** other than the person lawfully administering the estate of a deceased **Member**, the **Employer** and the **Fund** shall be exempt from any further claim and no such amounts shall form part of the estate of the deceased.

10.15.4 When an amount has been paid in terms of **Special Rule** 10.17.4 and it is subsequently discovered within 12 months of the date of death that such deceased **Member** left **Dependants** there shall be paid to the **Dependants** such a benefit as determined in **Special Rule** 10.15.1.1 or 10.15.1.2 (as the case may be) less the amount referred to in **Special Rule** 10.15.1.2 and on payment of such an amount the **Employer** and the **Fund** shall be exempt from any further claim.

[amended on 08.03.2016; wef 08.03.2016]

10.15.5 In the event that a court of law finds that any **Dependant** in relation to the **Member** caused the death of such a **Member** unlawfully, the **Sub-Fund Board** has the discretion to declare any benefit otherwise payable in terms of these **Special Rules** to such a **Dependant** forfeited.

[Rule 10.15 amended on 09.09.2011; wef 01.04.2008]

10.16 DEATH OF A PENSIONER

- 10.16.1 Upon the death of a person who is in receipt of a **Pension** in terms of these **Special Rules** there shall be paid to the **Dependants**, as determined by the **Sub-Fund Board** and subject to the provisions of **Special Rule 10.16.9** and **10.17**, such a benefit as is provided for in this **Special Rule** in relation to the particular class of **Dependant**.
- 10.16.2 If one or more **Dependants** is the deceased **Pensioners' Qualifying Spouse**, or are the deceased **Pensioner's Qualifying Spouses** there shall be paid a **Pension** or **Pensions** calculated as follows:
- 10.16.2.1 Where the deceased **Pensioner** retired on or after attaining the retirement age, the **Pension** or the aggregate of the **Pensions** payable to the **Qualifying Spouses** shall be calculated at 70% of the **Pension** which was payable to the deceased **Pensioner** on the date of death.
- 10.16.2.2 Where the deceased **Pensioner** retired before attaining the retirement age, the **Pension** payable to a **Qualifying Spouse** or, if there is more than one **Qualifying Spouse**, the aggregate of the **Pensions** payable to the **Qualifying Spouses** together shall be calculated by multiplying 70% of the **Pension** which was payable at the date of death by the factor which is arrived at by dividing the sum total **Period of Pensionable Service** and the number of years service that the **Member** would still have rendered from the date of death to the date of statutory retirement, by the **Period of Pensionable Service**.
- 10.16.2.3 Where the deceased **Pensioner** entered into a **Recognised Marital Union** after **Retirement Date** but before the **2008 First Rule Amendment Date** there shall be paid to that **Qualifying Spouse** a **Pension** calculated as follows:
- (a) where the age difference between the **Pensioner** and the **Qualifying Spouse** is five years and less, the benefit as otherwise determined in **Special Rule 10.16.2.1** or **10.16.2.2** as the case may be, shall be payable to that **Qualifying Spouse**;



- (b) where the age difference is more than five years, the benefit as determined in **Special Rule 10.16.2.1** or **10.16.2.2** as the case may be, is adjusted by multiplying the benefit with a factor that is arrived at by dividing the age of the **Qualifying Spouse** by that of the **Pensioner** provided that the **Pension** shall not exceed that as determined in **Special Rule 10.16.2.1** or **10.16.2.2** as the case may be.
- 10.16.3 If the **Dependant** in **Special Rule 10.16.1** is someone other than the **Qualifying Spouse** of the deceased **Pensioner**, [a]Pensions shall, subject to **Special Rule 10.17** be paid to the **Dependants** at the discretion of the **Sub-Fund** and on a basis determined by the **Sub-Fund**, but shall not in aggregate exceed 80% of the **Pension** calculated in terms of **Special Rule 10.16.2**.
- 10.16.4 The **Sub-Fund Board** may, after consultation with the **Actuary**, and approval by the **Employer** determine the benefit payable from the **Sub-Fund** to a **Dependant** or **Qualifying Spouse** in relation to the death of a **Pensioner** referred to in **Special Rule 10.16.1** who was a **Member** of the Railways and Harbours Pension Fund for Non-White Members who retired on or before 1 April 1986.
- 10.16.5 Upon the death of a **Pensioner** to whom a **Pension** was paid upon dismissal or on the ground of impossibility of performance or supervening impossibility of performance after the completion of 20 years service, there shall be paid to the **Dependants** as determined by the **Sub-Fund Board Pensions** referred to in **Special Rule 10.16.2.1** or **10.16.3**, as the case may be.
- 10.16.6 In relation to the death of a **Pensioner** referred to in **Special Rule 10.16.1**—
- 10.16.6.1 who ceased to be a **Member** of the New Fund on or before 26 July 1951, section 32 of the Railways and Harbours Superannuation Fund Act, 1925 (Act No. 24 of 1925), as it existed immediately prior to that date, shall continue to apply;

- 10.16.6.2 who was a **Member** of the New Fund on or after 26 July 1951, but ceased to be a **Member** on or before 1 March 1956, the said section 32, as substituted by section 15 of the Railways and Harbours Acts Amendment Act, 1951 (Act No. 63 of 1951), shall continue to apply, provided that in the application of the said section 32 in relation to the death of any such **Pensioner**, section 31(3) of the Railways and Harbours Superannuation Fund Act, 1925 (Act No. 24 of 1925), as substituted by section 14 of the Railways and Harbours Act Amendment Act, 1951, shall be construed as if for the words "The sum on which such annuity is in terms of this subsection required to be based", there were substituted the words "The sum which is thus found to be the greater shall be increased by adding thereto an amount equal to 10% thereof, which increased sum"; or;
- 10.16.6.3 who ceased to be a **Member** of the New Fund on or after 1 March 1956 but before 1 April 1968, and who died or dies after 31 March 1959, section 31 of the Railways and Harbours Superannuation Fund Act, 1960 (Act No. 39 of 1960), as it existed immediately prior to 1 April 1968, shall continue to apply.
- 10.16.7 With relation to the death of a **Pensioner** intended in **Special Rule** 10.16.1 who was a female pensioner, no benefit is paid to her spouse or **Dependants** when –
- 10.16.7.1 such **Member** retired before 1 January 1991; and
- 10.16.7.2 such **Member** elected on or before 1 January 1991 to exclude her **Qualifying Spouse** or **Dependants** from receiving any benefit upon her death.
- 10.16.8 The **Pension** (if any) to which the **Qualifying Spouse**, who was in receipt of a **Pension** in respect of his contributions to the Railways and Harbours Superannuation Fund constituted under Chapter III of the Railways and Harbours Service Act, 1912 (Act No. 28 of 1912), is entitled upon his death in terms of the provision of section 49 of that act shall be enhanced by an amount equal to 10% of such **Pension**.

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- 10.16.9 In the event that a court of law finds that any **Dependant** in relation to the **Pensioner** caused the death of such a **Pensioner** unlawfully, the **Sub-Fund Board** has the discretion to declare any benefit payable in terms of these **Special Rules** to such a **Dependant** as forfeited.

[Rule 10.16 amended on 09.09.2011; wef 01.04.2008]

10.17 DISPOSAL OF DEATH BENEFITS

- 10.17.1 The aggregate of the benefits payable to **Qualifying Spouses** and **Qualifying Children** in terms of **Special Rules** 10.15 and 10.16 shall not exceed the benefit that would have been payable to the deceased **Pensioner** or **Member** upon reaching normal **Retirement Age**, subject to the following:
- 10.17.1.1 In the event that there is only one **Qualifying Spouse** and no **Qualifying Children** such **Qualifying Spouse** shall receive the total benefit calculated in terms of **Special Rule** 10.15.1 or 10.16.2 as the case may be;
- 10.17.1.2 In the event that there is more than one **Qualifying Spouse** and no **Qualifying Children** each **Qualifying Spouse** shall receive an equal share of the benefit calculated in terms of **Special Rule** 10.15.1 or 10.16.2 as the case may be;
- 10.17.1.3 In the event that there is one **Qualifying Spouse** and **Qualifying Children** such **Qualifying Spouse** may receive the total benefit referred to in **Special Rule** 10.15.1 or 10.16.2 as the case may be, although the **Sub-Fund Board** will have the discretion to reduce such benefit and allocate any portion thereof to such **Qualifying Children** as the **Sub-Fund Board** may deem fit.
- 10.17.1.4 In the event that there is more than one **Qualifying Spouse** and **Qualifying Children** the total benefit referred to in **Special Rule** 10.15.1 or 10.16.2 as the case may be, may be shared equally among each **Qualifying Spouse** although the **Sub-Fund Board** has the discretion to reduce such benefit and allocate any portion thereof to any such **Qualifying Spouse** or **Qualifying Children** as the **Sub-Fund Board** may deem fit;

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- 10.17.1.5 In the event that there is no **Qualifying Spouse** who is entitled to a benefit but only **Qualifying Children**, the benefit referred to in **Special Rule 10.15.1** or **10.16.2** as the case may be, shall be reduced to 80% of such benefit and shall be paid to or on behalf of all or some of such **Qualifying Children** as determined by the **Sub-Fund Board**;
- 10.17.2 The **Sub-Fund Board** may in its discretion, pay any benefit to those **Qualifying Children** who are entitled to a benefit in terms of these **Special Rules**, into a trust as contemplated in the Trust Property Control Act, 1988 (Act No. 57 of 1988), for the benefit of such **Qualifying Children** contemplated in this **Special Rule** and it shall be deemed to be a payment to such **Qualifying Children**.
- 10.17.3 The benefit in terms of these **Special Rules** payable in the month in which the **Pensioner** or **Dependant** who is entitled to a benefit in terms of these **Special Rules** dies, will be paid into their estate.
- 10.17.4 In the event that:
- 10.17.4.1 there are no **Dependants** but the **Member** has appointed a **Nominee**, the **Nominee** shall receive the **Actuarial Value** pertaining to each **Member**;
[amended on 08.03.2016; wef 08.03.2016]
- 10.17.4.2 there are no **Dependants** or **Nominees**, the **Actuarial Value** pertaining to each **Member** shall be paid into the estate of the deceased **Member**.
[amended on 08.03.2016; wef 08.03.2016]
- 10.17.5 Where the benefit in terms of these **Special Rules** has been paid to any **Dependants** or **Nominee**, the **Employer** and the **[Sub-]Fund** shall be exempt from any further claim and no such amounts shall form part of the estate of the deceased **Member**.

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- 10.17.6 If benefits are payable in terms of Rule 16 to more than one **Qualifying Spouse, Qualifying Child** or **Nominee**, the **Sub-Fund Board** may in its discretion determine the proportions of which the benefit that would otherwise have been paid to the **Qualifying Spouse, Qualifying Child** or **Nominee**, will be paid to each on a basis that it deems equitable.

[Rule 10.17 amended on 09.09.2011; wef 01.04.2008]

10.18 REDUCTION OF BENEFIT AFTER PAYMENT TO THE DEPENDANTS

- 10.18.1 If the **Sub-Fund Committee** becomes aware of or traces a qualifying **Dependant**, within 12 months of the death of a **Member** or **Pensioner**, a benefit as determined in **Special Rules** 10.15.1 or 10.16, as the case may be, shall be paid to such qualifying **Dependant**, from the date the **Sub-Fund Committee** becomes aware of or traces such qualifying **Dependant**.

[amended on 09.09.2011; wef 01.04.2008]

- 10.18.2 If the **Sub-Fund Committee** becomes aware of or traces a qualifying **Dependant**, after 12 months of the death of a **Member** or **Pensioner**, a benefit may be paid to such qualifying **Dependant** in such proportions as may be deemed equitable in the discretion of the **Sub-Fund Committee** to such qualifying **Dependant** in accordance with the provisions of **Special Rules** 10.15.1 or 10.16, as the case may be.

[amended on 09.09.2011; wef 01.04.2008]

- 10.18.3 In the event that any benefit becomes payable in terms of **Special Rule** 10.18.2, the benefit payable to a qualifying **Dependant** in terms of **Special Rule Error eference source not found.**, shall be reduced in order to provide for the payment of the benefit as contemplated in **Special Rule** 10.15.1 or 10.16 (as the case may be), in order to ensure that the aggregate of the benefits payable to all **Dependants** shall not exceed the aggregate of the benefits determined in terms of **Special Rule** 10.17.1.

[substituted on 8.12.2011; wef 8.12.2011]

10.19 ANNUAL INCREASE

The benefit received by a **Pensioner** or **Dependant** shall be increased by 2% (two per cent) compounded annually, for each completed year in respect of which the benefit has been or is received: Provided that in the case of a **Dependant**, the 2% (two per cent) enhancement of the benefit shall be calculated from the date on which the benefit first became payable to the **Pensioner**.

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10.20 PAYMENT ON BEHALF OF A PERSON ENTITLED TO A BENEFIT

The **Administrator** (or **Sub-Fund Committee**) may, after having considered a report by two medical practitioners regarding the mental condition of any person entitled to a benefit in terms of these **Special Rules**, who is unable to manage his own affairs, order that the benefit be paid to some other person on behalf of the person entitled to benefits in terms of these **Special Rules** upon such conditions as the **Administrator** (or **Sub-Fund Committee**) may determine regarding the administration of the benefit on behalf of such person, provided that no such order shall be made in respect of a person for whom a curator bonis has been appointed and that any such order shall lapse if a curator bonis for a person is appointed.

10.21 PAYMENT TO ESTATE

When the amounts referred to in **Special Rules** 10.15.1 or 10.16 have been paid to any person mentioned therein other than the person lawfully administering the estate of a deceased **Member** or **Pensioner**, the **Employer** and the **Sub-Fund** shall be exempt from any further claim under any of those **Special Rules**, and no such amount shall be deemed to form part of the estate of the deceased.

[amended on 09.09.2011; wef 01.04.2008]

10.22 CIRCUMSTANCES NOT PROVIDED FOR IN THESE RULES

- (a) Should the employment of the **Member** be terminated under circumstances not provided for in these **Special Rules**, the **Sub-Fund Committee** may in its discretion and notwithstanding anything contained in these **Special Rules**, pay a benefit in addition to any other benefit payable in terms of these **Special Rules** provided that the **Actuary** has determined the financial implication thereof and has provided a report in this regard to the **Sub-Fund Committee** and provided further that the prior written consent of the **Principal Employer** attributable to such **Sub-Fund**, has been obtained.

[re-numbered on 09.09.2011; wef 01.04.2008]

- (b) Should provision not be made in these **Rules** to treat a period of employment as pensionable service that should, in the opinion of the **Sub-Fund Board**, be so treated, the **Sub-Fund Board** may, with the approval of the **Principal Employer**, authorise the recognition of such employment as pensionable service and prescribe when and in what manner contributions and interest shall be paid in respect thereof.

[inserted on 09.09.2011; wef 01.04.2008]

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10.23 NON-CONTRIBUTORY PERIODS

Subject to the provisions of **Special Rule 2**, no person shall be entitled to a benefit in respect of a period for which no contribution has been made or will be made by or on behalf of such person.

10.24 RE-EMPLOYMENT

If a **Member** has been granted a benefit (excluding a benefit due to disability) in terms of these **Special Rules** and is thereafter re-employed by the **Employer**, such **Member** shall continue to receive such benefit.

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SPECIAL RULE 11 : PAYMENT OF BENEFITS

11

11.1 Whenever a benefit becomes payable to any **Member, Pensioner, Dependant or Nominee**, the benefit will be paid by means of an electronic fund transfer to the **Member, Pensioner, Dependant or Nominee's** account with a banking institution, the details of which have been furnished by the **Employer** or the **Member, Pensioner, Dependant or Nominee** to the **Administrator**, provided that the **Member, Pensioner, Dependant or Nominee** may instruct the **Fund** in writing to instead pay all or a portion of such benefit directly to another **Approved Fund** or to an insurer which is the issuer of an investment product that has been selected by the **Member, Pensioner, Dependant or Nominee** for the benefit of such **Member, Pensioner, Dependant or Nominee**.

[amended on 08.03.2016; wef 08.03.2016]

11.2 The **Employer** or the **Member, Pensioner, Dependant or Nominee** may however specifically request that the benefit be paid by means of a cheque posted to such **Member, Pensioner, Dependant or Nominee's** registered postal address as notified by the **Employer** and/or the **Member, Pensioner, Dependant or Nominee** to the **Administrator**.

11.3 The payment referred to in **Special Rule 11.2** shall be on such terms and conditions as advised by the **Sub-Fund Committee** in writing to the **Member, Pensioner, Dependant or Nominee** and the **Employer** and it shall be deemed that the postal services will be the agent of the **Member, Pensioner, Dependant or Nominee** as the case may be.

SPECIAL RULE 12 : INTEREST ON LATE PAYMENTS

- 12 In the event that any benefit is not paid within 30 days from the date on which such benefit becomes payable to a **Member, Pensioner, Dependant or Nominee**, the **Sub-Fund** attributed such **Member, Pensioner, Dependant or Nominee**, shall pay interest on such benefit at a rate equal to the **Interest Payment** reckoned from the first day on which the **Member, Pensioner, Dependant or Nominee** becomes entitled to such benefit.

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SPECIAL RULE 13 : ESTABLISHMENT OF EXISTENCE

- 13 The **Sub-Fund** shall be entitled to establish from time to time whether the **Pensioner** or **Dependant** is still alive and in the event that the **Sub-Fund** cannot establish whether such **Pensioner** or **Dependant** is still alive or where the **Sub-Fund** obtains proof that the **Pensioner** or **Dependant** is no longer alive, the **Sub-Fund** shall be entitled to suspend or terminate payment of the benefit.

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SPECIAL RULE 14 : PROCEDURE: RETIREMENT ON GROUND OF PERMANENT ILL HEALTH OR PHYSICAL DISABILITY

14

14.1 When it is decided that consideration should be given to the retirement of a Member on ground of permanent ill-health or physical disability in terms of the Service Condition 11, the Member shall be given the opportunity of completing and signing a declaration. Should the Member be incapable by reason of mental illness of managing his or her own affairs and a *curator bonis* has been appointed, the *curator bonis* shall be invited to complete and sign the form on behalf of the Member. Should the Member or the *curator bonis*, as the case may be, refuse or fail to complete and sign the form, it may be dispensed with. If the Member is incapable of managing his or her own affairs by reason of mental illness and no *curator bonis* has been appointed the form shall be dispensed with.

14.2 A memorandum shall be completed by the Member's supervisor in connection with the state of health of the Member based on such Member's sickness record and medical and other relevant reports available to the supervisor. It should be stated in which respect the Member, as a result of the ill-health or physical disability, is unable to perform the duties of his or her position and why provision cannot be, or has not been, made for the Member in some other suitable position.

14.3 Arrangements shall be made, after Special Rules 14.1 and 14.2 have been complied with, for the Member to be medically examined by a general practitioner or specialist who should be provided with the declaration referred to in Special Rule 14.1, if completed and signed, the memorandum referred to in Special Rule 14.2 and any other relevant medical and other information available, and requested to complete a confidential report. Should there be no medical information available, the general practitioner or the specialist, as the case may be, shall be informed specifically to such effect.

14.4 The medical report completed by the general practitioner or specialist, as the case may be, may be based on --

14.4.1 the examination of the Member by the general practitioner or specialist; or

14.4.2 any examination of the Member made by any medical practitioner whose report has been submitted to the general practitioner or specialist by the Employer; or

14.4.3 any medical report obtained by the general practitioner or specialist or specialist in the course of treatment of the Member; or

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- 14.4.4 any medical report from any medical practitioner whom the general practitioner or specialist might decide to consult before completing the report; or
- 14.4.5 any combination of the examinations and reports referred to in **Special Rules** 14.4.1 to 14.4.4 above.
- 14.5 If it is impracticable for the general practitioner or specialist to complete a report by reason of the **Member's** refusal to submit to medical examination by or at the instance of the medical practitioner or specialist, the report may be endorsed accordingly and may be completed as far as practicable on the basis of the knowledge of the medical history of the **Member** possessed by the general practitioner or specialist arising out of personal knowledge of the case, prior medical examination or the reports referred to in **Special Rules** 14.4.2 , 14.4.3 and 14.4.4
- 14.6 In the event of there being insufficient information contained in the report of the general practitioner or specialist by reasons of the fact that the **Member** refused to submit to medical examination, or should the general practitioner or specialist refuse to examine the **Member** or submit the report, any decision may be based on the medical examinations and reports referred to in **Special Rules** 14.4.2, 14.4.3 and 14.4.4.
- 14.7 The documents shall then be submitted to the **Member's** supervisor and a vocational and welfare (or similar) officer for reports.
- 14.8 Thereafter the documents shall be considered by the **Employer** and should the **Employer** decide that consideration of the **Member's** retirement on either of the grounds referred to in this **Special Rule** should be proceeded with, the **Employer** shall submit all the relevant papers, together with any comments considered necessary, to the **Sub-Fund Committee** with a request that such committee consider the matter and make a recommendation as to whether the retirement should be proceeded with or not.
- 14.9 In a case where there is doubt on the part of the **Sub-Fund Committee** regarding the retirement of a **Member**, the Secretary may obtain a further report from an independent medical practitioner or **Sub-Fund Committee**. If the independent medical practitioner or **Sub-Fund Committee** so desires, the **Member** may be subjected to a further medical examination, if the **Member** agrees.
- 14.10 The recommendation of the **Sub-Fund Committee** shall be conveyed to the **Employer**.



- 14.11 The **Employer** shall take the recommendation of the **Sub-Fund Committee** into account when arriving at a decision.
- 14.12 Fees due in respect of a medical examination conducted in terms of **Special Rule 14.9** shall be for the **Employer's** account.

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**SPECIAL RULE 15 : REFUND TO THE FUND OF SPECIAL CONTRIBUTIONS
PAID ON BEHALF OF MEMBERS AND INCLUSION OF
SUCH SPECIAL CONTRIBUTIONS IN CALCULATION OF
PAYMENTS MADE IN CERTAIN CIRCUMSTANCES TO
MEMBERS OR DEPENDENTS**

15

15.1 Whenever a payment to or in respect of a Member is made from the Sub-Fund in terms of Special Rules 10.1.9, 10.9, 10.10, 10.11, 10.12, 10.13 or 10.14, there shall be paid to the Employer from the Sub-Fund an amount equal to the special contributions, if any, paid by the Employer on behalf of such Member in terms of section 8(2) of the Railways and Harbours Superannuation Fund Act, 1925 (Act No. 24 of 1925).

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SPECIAL RULE 1S : NO DIFFERENTIATION IN THE CASE OF A MEMBER WHO IS NOT A SOUTH AFRICAN CITIZEN

- 16 There shall be no differentiation in treatment in respect of contributions or benefits in the case of a Member who is not a South African citizen and is employed outside the borders of the Republic of South Africa, unless such differentiation is required in any foreign country by virtue of legal or other requirements, in which event any additional cost or loss flowing from such differentiation shall not be borne by the Sub-Fund but shall be borne by the Employer.

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SPECIAL RULE 17 : UNCLAIMED BENEFITS

[previous rule 18 re-numbered as Rule 17 on 09.09.2011; wef 01.04.2008]

- 17 In the event that any benefit payable in terms of the **Special Rules** has not been claimed by the **Member, Pensioner, Dependant or Nominee** within 36 months from the date that such **Member, Pensioner, Dependant or Nominee** became entitled to the benefit, it shall be deemed that such person's right to such benefit has prescribed and such person shall have no further right or claim against the **Fund or Sub-Fund** in respect to such benefit. Notwithstanding the aforementioned the **Sub-Fund** may in its discretion after the expiry of the aforementioned 36-month period, upon written request by the **Member, Pensioner, Dependant or Nominee**, decide to pay such prescribed benefit or portion thereof.



TRANSPORT PENSION FUND

NONE

TRANSNET SUB-FUND SPECIAL_RULES

616

NONE

SPECIAL RULE 18: NONE



SPECIAL RULE 19 : ALLOCATION OF SURPLUS

- 19.1 There is established in the accounts of the **Sub-Fund** the following special reserves:
- 19.1.1 The **Pensioner Surplus Reserve**; and
- 19.1.2 The **Employer Surplus Reserve**.
- 19.2 If, in the opinion of the **Actuary**, it would not be imprudent to do so, the **Sub-Fund Board**, with the consent of the **Principal Employer**, may each year allocate any portion of any **Actuarial Surplus** the **Actuary** deems reasonable to make available for allocation, to the **Pensioner Surplus Reserve**, to the **Employer Surplus Reserve**, or to both in such a manner as the **Sub-Fund Board**, with the consent of the **Principal Employer**, determines.
- 19.3 Subject to **Special Rule 19.7**, monies standing to the credit of the **Pensioner Surplus Reserve** may be used at the discretion of the **Sub Fund Board** -
- 19.3.1 to provide for improved benefits for **Pensioners** and/or **Dependants** provided that the **Special Rules** are amended insofar as may be necessary to facilitate this;
- 19.3.2 to grant once-off bonuses to **Pensioners** and **Dependants** in receipt of **Pensions** funded out of the assets assigned to the **Sub-Fund** as contemplated in **Special Rule 20**;
- 19.4 If monies are transferred from the **Employer Surplus Reserve** to the **Pensioner Surplus Reserve** for the benefit of specific **Pensioners** and/or **Dependants** or specific categories of **Pensioners** and/or **Dependants** as determined by the **Principal Employer**, the **Sub-Fund Board** must use those monies for the benefit of those **Pensioners** and/or **Dependants** as directed by the **Principal Employer**.
- 19.5 Subject to **Special Rule 19.7**, monies standing to the credit of the **Employer Surplus Reserve** may at the discretion of the **Principal Employer** -
- 19.5.1 be transferred to the **Pensioner Surplus Reserve** for the benefit as determined by the **Principal Employer** of specific **Pensioners** and/or **Dependants** or specific categories of **Pensioners** and/or **Dependants**;



ALLOCATION OF SURPLUS

ALLOCATION OF SURPLUS

- 19.5.2 be transferred to another Fund to which the Principal Employer is obliged to make contributions or the benefits of which are wholly or partially underwritten by the Principal Employer;
- 19.5.3 be applied in lieu of the contributions that would otherwise be payable by the Principal Employer in terms of these Special Rules.
- 19.6 The return, positive or negative, earned on the investment of the monies standing to the credit of the Pensioner Surplus Reserve or the Employer Surplus Reserve must be allocated to the Pensioner Surplus Reserve or the Employer Surplus Reserve, as applicable.
- 19.7 If, following a valuation of the Sub-Fund the Actuary determines that it is under-funded and is unlikely within a reasonable period of time to be restored to full funding, then –
- the monies then standing to the credit of the Pensioner Surplus Reserve and the monies then standing to the credit of the Employer Surplus Reserve shall be reduced in the same proportion by the amount of the deficit, provided that no credit balance shall be reduced by more than the amount to which the account was in credit.

[Rule 19 inserted on 09.09.2011; wef 01.04.2008]

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SPECIAL RULE 20 : BONUS PAYMENTS TO PENSIONERS

- 20.1 Subject to **Special Rule 19.4**, the **Sub-Fund Board** may, with the approval of the Board of Directors of Transnet, grant once-off bonuses to each **Pensioner** or **Dependant** funded from monies standing to the credit of the **Pensioner Surplus Reserve**.
- 20.2 Different bonuses may be granted to different categories of **Pensioners** and/or **Dependants** and a bonus may be granted only to a category of **Pensioners** or a category of **Dependants**.
- 20.3 The payment of a bonus to one category of **Pensioners** or **Dependants** will not entitle any person falling within a different category of **Pensioners** or **Dependants** to an equivalent bonus.
- 20.4 The payment of a bonus to a **Pensioner** or **Dependant** in any one year will not entitle that **Pensioner** or **Dependant** to an equivalent bonus or any bonus at all in any subsequent year.

[Rule 20 inserted on 09.09.2011; wef 01.04.2008]

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SPECIAL RULE 21 : PAYMENTS TO PROCURE EQUITY**21.1 If the Board is of the opinion—**

21.1.1 that, although a benefit paid to, or that will be paid to -

21.1.1.1 a ~~Member~~, Pensioner or former ~~Member~~; or

21.1.1.2 ~~Members~~, Pensioners, or former Pensioners falling within a category of ~~Members~~, Pensioners or former Pensioners, as the case may be,

was paid or will be paid in fulfillment of the Fund's obligations to that person or that category of persons in terms of the ~~Sub-Fund Rules~~, it would be equitable for an additional amount to be paid to him or her or each of them, and

21.1.2 based on the advice of the Actuary, that the Sub-Fund will remain financially sound if that amount is or those amounts are paid, then –

if the total amount or amounts to be paid in terms of this Special Rule in accordance with the decision will not, when taken with any other amount or amounts to be paid in terms of this Special Rule in any Financial Year exceed –

21.1.3 R1 million (one million rands), the Executive Committee may authorize the payment of that amount or those amounts;

21.1.4 R10 million (ten million rands), the Sub-Fund Board may authorize the payment of that amount or those amounts;

21.1.5 An amount in excess of R10m (ten million rands), the Sub-Fund Board and the Principal Employer by agreement may authorize the payment of that amount or those amounts.

21.2 No payment made to any person in terms of this Sub-Fund Rule will constitute an acknowledgment by the Fund that, before the decision contemplated in Sub-Fund Rule 21.1 above was made, the Fund was liable to pay the amount or amounts contemplated.

21.3 Any amount or amounts payable in terms of this Sub-Fund Rule will be drawn from the assets or surplus attributable to the Transnet Sub-Fund other than those standing to the credit of the Pensioner Surplus Account or the Employer Surplus Account.

21.4 The Board may use its discretion to determine the prescription period applicable to these payments as well as whether or not these payments are made to the estates or dependants of deceased ~~Members~~, Pensioners or former ~~Members~~.

[Rule 21 inserted on 09.09.2011; wef 01.04.2008]

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