

COPARTES PENSION FUND

AMENDMENT NO. 3

Extract from the minutes of a meeting of the Board of the Copartes Pension Fund held electronically on 9 July 2024

RESOLVED THAT with effect from 1 September 2024:

1. The following definitions shall be added to Rule 2.3 in alphabetical order:

NON-RESIDENT MEMBER means a MEMBER who:

- (a) is or was a resident of the Republic of South Africa, who emigrated from the Republic and that emigration is recognised by the South African Reserve Bank for purposes of exchange control in respect of applications for that recognition received on or before 28 February 2021, and approved by the South African Reserve Bank or an authorised dealer in foreign exchange for the delivery of currency on or before 28 February 2022;
- (b) is a person who is not a resident of the Republic of South Africa for an uninterrupted period of three years or longer on or after 1 March 2021; or
- (c) departed from the Republic at the expiry of a visa obtained for the purposes of—
 - (i) working as contemplated in paragraph (i) of the definition of “visa” in section 1 of the Immigration Act, 2002 (Act No. 13 of 2002); or
 - (ii) a visit as contemplated in paragraph (b) of the definition of “visa” in section 1 of the Immigration Act, 2002 (Act No. 13 of 2002), issued in terms of paragraph (b) of the proviso to section 11 of that Act by the Director General, as defined in that Act.

RETIREMENT COMPONENT in respect of a MEMBER means:

- (a) that part of the MEMBER’S benefit, as determined by the VALUATOR that represents RETIREMENT SERVICE, plus
- (a) Two-thirds (2/3) of a MEMBER’S contributions to the FUND in accordance with the provisions of Rule 6.1.2 after the TWO POT COMMENCEMENT DATE increased with interest at a rate determined by the BOARD from time to time on the advice of the VALUATOR which may be INVESTMENT EARNINGS.

RETIREMENT SERVICE means two-thirds (2/3) of a MEMBER’S PENSIONABLE SERVICE accrued from the TWO POT COMMENCEMENT DATE adjusted by the VALUATOR for:

- (a) any transfers of SAVINGS SERVICE and/or VESTED SERVICE to RETIREMENT SERVICE,

- (b) any amounts transferred to the FUND that represent the RETIREMENT COMPONENT in another fund, and
- (c) any adjustment to service as a result of any proportional allocation to the RETIREMENT COMPONENT in accordance with the provisions of section 37D of the ACT.

SAVINGS COMPONENT in respect of a MEMBER means:

- (a) That part of the MEMBER'S benefit, as determined by the VALUATOR, that represents SAVINGS SERVICE, plus
- (b) One-third (1/3) of the MEMBER'S contributions to the FUND in accordance with the provisions of Rule 6.1.2 after the TWO POT COMMENCEMENT DATE increased with interest at a rate determined by the BOARD from time to time on the advice of the VALUATOR which may be INVESTMENT EARNINGS ,

Provided that there will be no SAVINGS COMPONENT in respect of a MEMBER who left SERVICE prior to 1 September 2024 and had made an election to receive a benefit in accordance with the provisions of the RULES.

SAVINGS SERVICE means one-third (1/3) of a MEMBER'S PENSIONABLE SERVICE accrued from the TWO POT COMMENCEMENT DATE adjusted by the VALUATOR for:

- (a) An opening balance determined in relation to the value of the benefits based on the MEMBER'S PENSIONABLE SERVICE accrued prior to the TWO POT COMMENCEMENT DATE subject to the value of these benefits being limited to a maximum of R30 000,
- (b) Any SAVINGS WITHDRAWAL BENEFITS taken from the SAVINGS COMPONENT excluding those representing part of the VESTED BENEFIT and the ADDITIONAL VOLUNTARY CONTRIBUTION ACCOUNT,
- (c) Any transfers of SAVINGS SERVICE to RETIREMENT SERVICE,
- (d) Any amounts transferred to the FUND that represent the savings component in another fund, and
- (e) any adjustment to service as a result of any proportional allocation to the SAVINGS COMPONENT in accordance with the provisions of section 37D of the ACT.

TAX YEAR means the period from 1 March each year until the last day of February of the following year.

TWO POT COMMENCEMENT DATE means 1 September 2024.

VESTED COMPONENT means in respect of a MEMBER the MEMBER'S benefit relating to VESTED SERVICE as determined by the VALUATOR, provided that :

- (a) In respect of withdrawal prior to retirement, the VESTED COMPONENT shall be their PRE-RETIREMENT BENEFIT with contributions calculated up to the TWO POT COMMENCEMENT DATE and each complete twelve (12) month period determined up to date of leaving SERVICE plus their ADDITIONAL VOLUNTARY CONTRIBUTION ACCOUNT immediately prior to the TWO POT COMMENCEMENT DATE increased with interest at a rate determined by the BOARD from time to time on the advice of the VALUATOR which may be INVESTMENT EARNINGS, plus
- (b) In the case of a retiring MEMBER, their VESTED BENEFIT and ADDITIONAL VOLUNTARY CONTRIBUTION ACCOUNT immediately prior to the TWO POT COMMENCEMENT DATE increased with interest at a rate determined by the BOARD from time to time on the advice of the VALUATOR which may be INVESTMENT EARNINGS will form part of the VESTED COMPONENT.

VESTED SERVICE means a MEMBER'S PENSIONABLE SERVICE accrued prior to the TWO POT COMMENCEMENT DATE adjusted by the VALUATOR for:

- (a) Any allocation to the SAVINGS SERVICE in relation to 10% of the value of the benefit accrued subject to a maximum amount of R30 000,
- (b) any transfers of VESTED SERVICE to RETIREMENT SERVICE,
- (c) an amounts transferred to the FUND that represent the VESTED COMPONENT in another fund, and
- (d) any adjustment to service as a result of any proportional allocation to the VESTED COMPONENT in accordance with the provisions of section 37D of the ACT."

2. Rule 5.5.3 shall be replaced with the following:

"5.5.3 If a MEMBER wishes their retirement savings in respect of a paid-up membership certificate to be transferred to the FUND, the FUND must arrange for such transfer, without any charge being levied, provided that the PENSIONABLE SERVICE purchased by the amount so transferred will be allocated among SAVINGS SERVICE, RETIREMENT SERVICE and VESTED SERVICE based on the components in the previous fund."

3. Rule 9.7 shall be replaced with the following:

9.7 Commutation and Pension options

9.7.1 A retiring MEMBER may elect to commute the PENSION representing the following components, as determined by the VALUATOR:

9.7.1.1 Up to the whole of the SAVINGS COMPONENT;

9.7.1.2 Up to the whole of the VESTED BENEFIT;

9.7.1.3 Up to one-third (1/3) of the VESTED COMPONENT excluding the VESTED BENEFIT.

Provided that if the capital value as determined by the VALUATOR of the PENSION excluding the value of the PENSION attributable to the SAVINGS COMPONENT and the VESTED BENEFIT is less than the amount prescribed in terms of the INCOME TAX ACT from time to time or the retiring MEMBER is a NON-RESIDENT MEMBER, the retiring MEMBER may elect to commute up to the whole of the PENSION payable in terms of the RULES.

9.7.2 If any amount of PENSION is commuted, the PENSION shall be correspondingly reduced.

9.7.3 A retiring MEMBER may elect at the ELECTED RETIREMENT DATE, to take an actuarially reduced PENSION from the FUND in which case the PENSION payable to the SPOUSE on the retiring MEMBER'S death will be larger."

4. Rule 9.13.4 shall be replaced with the following:

"9.13.4 A DEFERRED PENSIONER who becomes a DEFERRED PENSIONER on or after 1 March 2019 may at any time elect:

9.13.4.1 that an amount representing the VESTED COMPONENT and the SAVINGS COMPONENT, be paid to the DEFERRED PENSIONER in cash; and

9.13.4.2 that any balance of the VESTED COMPONENT and SAVINGS COMPONENT not taken in cash and the balance of the RETIREMENT COMPONENT as determined by the VALUATOR, be transferred to an APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED PENSION PRESERVATION FUND, an APPROVED PROVIDENT PRESERVATION FUND, an APPROVED RETIREMENT ANNUITY FUND, or a combination of the aforementioned APPROVED FUNDS.

Provided that a NON-RESIDENT MEMBER may elect to take their VESTED COMPONENT, SAVINGS COMPONENT and RETIREMENT COMPONENT in cash."

5. Rule 9.10.1.2 shall be replaced with the following:

"9.10.1.2 the value of the MEMBER'S VESTED COMPONENT as determined in respect of a withdrawal prior to retirement, PLUS the balance of the MEMBER'S SAVINGS COMPONENT and RETIREMENT COMPONENT as determined by the VALUATOR

Provided that the total of the amounts in 9.10.1.1 and 9.10.1.2 will be subject to a minimum of the MEMBER'S MINIMUM INDIVIDUAL RESERVE determined in relation to the MEMBER'S VESTED SERVICE, any remaining SAVINGS SERVICE and RETIREMENT SERVICE."

6. Rule 9.13A shall be added as follows:

"9.13A Savings Withdrawal Benefit

9.13A.1 A MEMBER may at any time request a savings withdrawal benefit of the full, or a portion of the SAVINGS COMPONENT and such savings withdrawal benefit will accrue for tax purposes on the date the savings withdrawal benefit is paid to the MEMBER and will be taxed in accordance with the tax bracket applicable to the MEMBER'S income as prescribed in the INCOME TAX ACT, provided that:

9.13A1.1 Only 1 (one) savings withdrawal benefit may be made during a TAX YEAR, unless the MEMBER has left the service of the EMPLOYER before retirement from employment and already received a savings withdrawal benefit in the same tax year resulting in the value in the SAVINGS COMPONENT being less than the amount specified in legislation, in which case the MEMBER may make an additional withdrawal of the remaining value in the SAVINGS COMPONENT in the same TAX YEAR;

9.13A1.2 The minimum amount allowed for a savings withdrawal benefit is the amount specified in legislation;

9.13A1.3 Where the FUND furnished a guarantee to a third party in respect of a housing loan to the MEMBER by the third party, as contemplated in Section 19(5) of the ACT, payment of a savings withdrawal benefit may be refused by the FUND, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to honour the housing loan or guarantee;

9.13A1.4 Where judgement has been obtained in favour of the EMPLOYER ordering compensation or an acknowledgement of liability was made by the MEMBER in favour of the EMPLOYER as allowed in section 37D of the ACT and submitted to the FUND, which

permissible deduction has not been made yet, a savings withdrawal benefit may be refused, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to satisfy such deduction;

9.13A1.5 Where there is a pending judgement in favour of the EMPLOYER ordering compensation as allowed in section 37D of the ACT, a savings withdrawal benefit may be suspended for a period of 12 (twelve) months if the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit is not sufficient to satisfy the pending judgement;

9.13A1.6 Where an enforceable divorce order has been granted and submitted to the FUND or a formal notification has been received from the MEMBER or non-member spouse that divorce proceedings has been instituted, a savings withdrawal benefit will be subject to the consent of the non-member spouse, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to comply with the order; and

9.13A1.7 Where an enforceable maintenance order has been granted and submitted to the FUND, a savings withdrawal benefit may be refused, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT, and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to comply with the order."

7. Rule 10.3.1 shall be replaced with the following:

"10.3.1 The BOARD shall have the power to agree to the receipt by the FUND of the assets and liabilities in respect of one or more persons who have been accepted for MEMBERSHIP from another entity, subject to the provisions of the RULES, the ACT, and the INCOME

TAX ACT. Upon finalization of the said transfer or amalgamation in accordance with the provisions of section 14 of the ACT, the persons so transferred shall become MEMBERS and the amounts transferred to the FUND in respect of such transferred MEMBERS shall be used to purchase PAST SERVICE as determined by the BOARD, acting on the recommendation of the VALUATOR provided that if such amounts include savings components retirement components or vested components, the PENSIONABLE SERVICE purchased by the amount so transferred will be allocated among SAVINGS SERVICE, RETIREMENT SERVICE and VESTED SERVICE based on the components in the previous fund.”

8. Rule 10.7.5.2 shall be replaced with the following:

“10.7.5.2 If the MEMBER so requests, be paid to the MEMBER as a cash lump sum benefit other than the RETIREMENT COMPONENT which may not be paid as cash and must be transferred to another APPROVED FUND.”

The reasons for the amendments are to provide for the Two-Pot provisions of the Income Tax Act that become effective from 1 September 2024 and in particular:

- (a) To include various new definitions to facilitate the Two-Pot provisions*
- (b) To amend the retirement and withdrawal rules in compliance with the Two-Pot provisions and allow for the Savings Account to be paid to Members on an annual basis.*
- (c) To update the transfer rules to provide for the different components from other Approved Funds to be appropriately allocated in the Fund.*
- (d) To update the termination rule to prohibit payment of the retirement component in cash.*

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



12 July 2024

CHAIRPERSON

DATE



12 July 2024

BOARD MEMBER

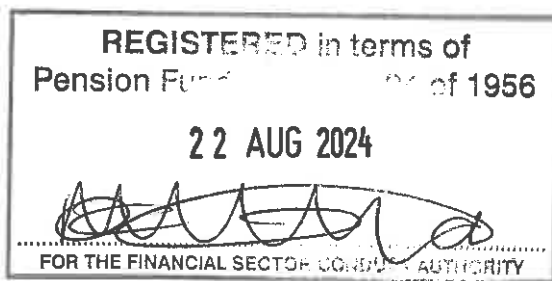
DATE



12 July 2024

PRINCIPAL OFFICER

DATE



COPARTES PENSION FUND

RULE AMENDMENT 3 ACTUARIAL CERTIFICATION

I hereby certify that Amendment 3 of July 2024 to the Rules of the Fund is financially sound in terms of the Pension Funds Act.

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Ranti Mothapo

Fellow of the Actuarial Society of South Africa

in my capacity as the Valuator to the Fund

11 July 2024