JSE PENSION FUND

Member Information Booklet

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1. Introduction

1.1. Brief

We welcome you as a member of the JSE Pension Fund (referred to as “the fund” in this booklet). As a member of the fund you are entitled to various benefits as detailed in the fund’s rules and the Pension Funds Act. The objective of the fund is to provide you, and your dependants, with financial benefits in return for the contributions that are paid by you and your employer.

It is important to know that the fund is a ‘defined contribution fund’ which means that contributions by yourself and your employer are defined in the rules and can only change if the rules are changed. The Pension Funds Act describes a “defined contribution category of a fund” to which members belong. All members of the JSE Pension fund belong to this category, the definition of which is stated in paragraph 1.2.

This booklet will be updated from time to time to take into account changes to the fund, the benefits provided and legislation.

All queries concerning the fund should in the first instance be directed to your Human Resources representatives, who if unable to assist you, will then direct the query to the appropriate source, i.e. to one of the trustees or to the administrators.

Please note that an employee eligible for fund membership is a person who is appointed to permanent monthly paid employment and who has not reached the normal retirement age of 65. All eligible employees join the fund as a condition of employment. No employee can withdraw from the fund whilst still in service of their employer.

1.2. Pension Funds Act: “defined contribution category of a fund”

“defined contribution category of a fund” means a category of members whose interest in the fund has a value at least equal to –

(a) the contributions paid by the member and by the employer in terms of the rules of the fund that determine the rates of both their contributions at a fixed rate;

(b) less such reasonable expenses as the board determines;

(c) plus any amount credited to the member’s individual account upon the commencement of the member’s membership with the fund or upon the conversion of the category of the fund to which the member belongs from a defined benefit category to a defined contribution category of a fund or upon the amalgamation of his or her fund with any other fund, if any, other than amounts taken into account in terms of subparagraph (d);

(d) plus any other amounts lawfully permitted, credited to or debited from the member's individual account, if any,

as increased or decreased with fund return: Provided that the board may elect to smooth the fund return.

1.3. Purpose of the booklet

1.3.1. The booklet has the following major objectives:

1.3.1.1. To describe how your contributions are paid into to the fund;

1.3.1.2. To set out the benefits to which you are entitled including the insured death and disability benefits and how they are paid;

1.3.1.3. To explain how tax is levied on benefits paid;

1.3.1.4. To describe how your accumulated fund and contributions are invested and managed;

1.3.1.5. To explain what ad hoc fees are charged to the fund and how they affect the growth of your fund credit;

1.3.1.6. To inform you of the personal details that you should provide the fund and to inform you of the communication you should be receiving from the fund;

1.3.1.7. To provide detail regarding the trustees' duties in terms of the management and operation of the fund;

1.3.1.8. To list the fund's current service providers;

1.3.1.9. To briefly explain the function of the industry regulator and the adjudicator;

1.3.1.10. To explain the impact of any new legislation that may have an impact on the benefits you or your dependants may receive.

2. Contributions

The fund receives money from the JSE and JIS (JSE Investor Services (Pty) Limited) on a monthly basis. The money is made up of your contribution less a disability benefit insurance premium which is deducted from your salary and the employer's contribution to the fund. These contributions are paid into the fund within 7 days after the end of each month. These contributions, net of expenses (administration fess and death benefit insurance premiums), are allocated to your fund credit and are payable to you, together with the net investment return (positive or negative) when you exit the fund.

The contribution is worked out as a percentage of your fund salary (i.e. your basic salary or wages) as defined in the rules. The % of fund salary can be determined as follows:

- If you are a member who was in service as at 1 January 2003 or joined service after 1 January 2003 but before 1 May 2005, you contribute at your chosen rate of either 6.0%, 7.0% or 7.5% of your fund salary.
- If you are a member who joined service on or after 1 May 2005 you contribute at the rate of 7.5% of your fund salary.

Your employer's contribution as a % of fund salary can be determined as follows:

- If you are a member who was in service as at 1 January 2003 or joined service after 1 January 2003 but before 1 May 2005, the employer contributes at a rate agreed upon between you and the employer, that shall not be less than that required to make the total contribution paid at least 13.5% of fund salary.
- If you are a member who joined service on or after 1 May 2005, the employer contributes at a rate of 6% of your fund salary.
- The employer contribution may be reduced to the maximum tax deductible contribution (R350,000 per annum in 2021/2022) that is allowed from time to time in terms of the Income Tax Act, 1962 (Act No. 58 of 1962), as amended, and as determined between the employer and member annually in respect of each year of the member's employment.

Part of the employer's contribution is used to pay for death and disability insurance cover, and administration expenses. The balance of the employer's contribution is allocated to your savings benefit which is defined in the rules as your "fund credit".

Example: The monthly amount of the total contribution paid towards fund credits in the 2024 calendar year based on an illustrative fund salary of R10,000 per month is seen in the table below:

For a member who joined after 1 May 2005	**%**	**Rand**
Employer contribution paid into fund	6.0000%	600.00
Less amount paid for death benefit insurance	(1.0270%)	(102.70)
Less amount paid for disability benefit insurance	(0.5290%)	(52.90)
Less amount paid for administration expenses	(0.2663%)	(26.63)
Employer contribution towards fund credit benefit	4.0947%	417.77
Member contribution paid into fund	7.500%	750.00
Total **net** contribution towards fund credit benefit	11.6777%	1,167.77

A member may also wish to make additional voluntary contributions to the fund.

3. Fund benefits

Fund benefits are payable on exit from the fund. Exit from the fund occurs when you cease employment for whatever reason. The exit benefit will be equal to your fund credit which is described below.

3.1. Your fund credit

The value of your fund credit is made up of:

- The amount of contributions from you and the employer paid into the fund, including any amounts transferred from other funds;
- Less amounts paid towards death and disability benefit insurance;
- Less amounts paid towards administration expenses;
- Plus fund credit growth (positive, nil or negative) determined from the returns (after the deduction for investment manager fees) on the fund's assets but with reference to your selected investment portfolio (please refer to Section 5 for further detail);
- Plus or minus adhoc adjustments to make allowance for adhoc expenses such as audit fees or sundry expenses;
- Less any amounts for divorce or maintenance orders (if any).

The table below shows how a fund credit may grow over a period of a year, through an example based on:

- a fund credit at the end of the last year of R100,000;
- net contributions of R1,167.77 per month; and
- monthly fund credit growth net of investment manager fees on the Long Term portfolio for 2023.

Date	Fund credit value at start of month	Fund credit growth	+ or - Fund credit growth	+ Total net contribution at end of month made towards fund credit benefit	Fund credit value at end of month
Jan	**100,000.00**	6.25%	6,250.00	1,167.77	107,417.77
Feb	107,417.77	-0.74%	-794.89	1,167.77	107,790.65
Mar	107,790.65	-0.85%	-916.22	1,167.77	108,042.20
Apr	108,042.20	2.02%	2,182.45	1,167.77	111,392.42
May	111,392.42	-0.37%	-412.15	1,167.77	112,148.04
Jun	112,148.04	1.04%	1,166.34	1,167.77	114,482.15
Jul	114,482.15	1.99%	2,278.19	1,167.77	117,928.11
Aug	117,928.11	-0.11%	-129.72	1,167.77	118,966.16
Sep	118,966.16	-3.23%	-3,842.61	1,167.77	116,291.32
Oct	116,291.32	-2.38%	-2,767.73	1,167.77	114,691.36
Nov	114,691.36	7.66%	8,785.36	1,167.77	124,644.49
Dec	124,644.49	2.42%	3,016.40	1,167.77	**128,828.66**
Total			***14,815.42***	***14,013.24***	

From this example it can been seen that investment growth of positive R14,815.42 and **net** contributions during the year of R14,013.24 resulted in a fund credit at the end of the year of R128,828.66.

3.2. Retirement benefits

You may, with the consent of the employer, retire from service and thus from the fund, from age 55 onwards. The principle aim of the fund is to provide an efficient financial vehicle for saving towards retirement whilst employed by the JSE or JIS. You could also look on the fund as being a tax efficient savings account with regular monthly deposits.

The fund does not pay pensions. After payment of your fund credit is made to your selected life insurer, you are no longer a member of the fund.

The value of your fund credit at retirement is used to secure a pension from a life insurer or other financial product provider. A retirement benefit counselling document is also accessible on the fund administrator's website too. Furthermore, the fund has an annuity strategy that details the types of annuities that are available to members and the details of the fund's currently considered providers in this regard. However, the type of pension purchased will be your decision and you are strongly encouraged to seek advice from a financial advisor **registered with the FSCA**. This does mean that your particular needs may result in you selecting a different provider from those considered by the fund. The income from the pension will be taxed according to normal income tax tables.

In addition, it is important to note that you have the option of having up to one third of the fund credit value paid to you in cash with the remaining fund credit being used to buy a pension. Tax is payable on the balance of the cash amount after a deduction of up to R550,000, which is exempt from tax (see section 4.1 for further detail). The tax amount payable is dependent on the practice of the revenue authorities at the time of your retirement which may be different to the current practice.

A simple example of a retirement from the fund follows below.

Mr Delta reached age 65 at 10 December 2023 and subsequently retired on the last day of the month as is required by the fund's rules. In January 2024, the administrator informed him that his fund credit value was R3,000,000 as at 31 December 2023. Mr Delta was proactive prior to his retirement and obtained financial advice from his financial advisor. The advice led him to decide to take out his full one-third of fund credit in cash, i.e. R1,000,000, and to buy a monthly pension from an insurer commencing on 31 January 2024 and payable until his death with the remaining amount of R2,000,000. Part of the R1,000,000 was paid tax-free and the balance was taxed as set out in section 4.1. After comparing quotes from several insurers, Mr Delta purchased an annuity from the insurer who offered the highest pension for a sum of R2,000,000. In processing the retirement claim, the administrator is required to check with the South African Revenue Services that Mr Delta's tax affairs are in order and to obtain a tax directive before transferring the monies to the insurer. As his tax affairs were in order, the administrator was able to promptly process the cash payment and the retirement benefit payment to the insurer on his behalf.

It may be good to know that you can retire from the fund after age 65 but only if your employer agrees to you remaining in service beyond that age. The fund benefit on retirement after age 65 is then the value of the fund credit at your actual date of retirement. Disability benefits would however cease at age 65 and the continuation of lump sum death cover as a multiple of salary is conditional on the terms of the applicable insurance policy at the time.

As can be seen above, the fund administrator has to check with SARS before payment can be made and you are urged / advised to have your tax affairs in order before you retire.

It is important to note that if you have had a transfer from another fund into the fund from 1 March 2021, a portion of that transfer value plus growth may be paid out as lump sum at retirement subject to the respective legislative requirements. The fund's administrators will keep records of the amount that may be paid out as a lump sum at retirement in respect of this transfer value.

3.3. Withdrawal benefits

If your service is terminated before retirement for any reason, you automatically withdraw membership from the fund. The benefit is the value of your fund credit at the date of withdrawal.

On withdrawal it is also important to seek the advice of a financial advisor, as you will be presented with options on what to do with the withdrawal benefit money. The options are as follows:

- Transfer the value of your fund credit to your new employer's pension fund;
- Transfer the value of your fund credit to a preservation pension or retirement annuity fund of your choice; or
- Transfer the value of your fund credit less tax payable to your bank account (**this is not recommended as one of the purposes of saving for retirement is to utilise efficient retirement savings vehicles designed to provide benefits at retirement**).

It is generally and strongly recommended to keep savings towards retirement in some form of retirement fund thereby taking advantage of deferring tax. Furthermore, keeping your savings in a retirement fund gives you access to investments (and lower investment fees) that are usually only available to retirement funds with large assets. **The main advantage achieved is to possibly gain from the compounding effect of growth earned on investments the longer your money is left in a retirement fund**.

3.4. Paid-up members

A person leaving the service of the JSE or JIS becomes a paid-up member in the fund. Every paid-up member is given access to retirement benefit counselling before payment at the date of election of payment of the fund credit. The date of election of payment means the date on which you choose to receive or transfer your benefit and may be the date when you leave service or a date thereafter.

The fund credit is invested per the instruction of the member or in the absence of such instruction the fund credit will be invested in the default investment portfolio (the Long Term portfolio). Deductions in respect of insured benefit premiums will cease as the insurance cover ceases when leaving service of the employer. Basic administration fees are deducted at a rate of 0.02083% of fund credit balance at the start of each month. This monthly deduction is capped at R515 for the 2024 calendar year.

3.5. Housing loan facility

Housing loans are available to members from FNB Smart Product House, a division of FirstRand Limited, such loans being secured against 30% of your fund credit. If a member exits the fund and has an outstanding home loan balance, the outstanding loan balance will be settled by the fund from your fund credit.

FNB will consider loans for amounts greater than a particular amount. The maximum loan that will be available to members is a predetermined portion of the member's withdrawal benefit. The loan facility is repayable with equal monthly instalments where the minimum monthly instalment is a particular amount too.

The loan facility must be taken for a minimum period of a certain duration, and a maximum period which is the lesser of certain duration or the number of months until normal retirement age.

The interest rate applied to the loan is the bank's prime interest rate less a particular % if applicable. The prime interest rate automatically varies in line with the prime overdraft rate.

The loan facility has no once off fee if a FNB loan writer is used to complete the Smart Housing Loan Application form on behalf of the member. In addition, monthly administration fees and optional monthly insurance premiums (with or without gap cover) is payable if the facility is activated.

The details regarding the amounts, repayments and expenses may be obtained from FNB.

3.6. Death benefits

The fund provides benefits on the death of a member. The amount payable is made up of two parts.

The first part is the value of your fund credit at the date of death.

The second part is an amount of 4 times your annual fund salary at the date of death. The fund's insurance provider pays this benefit into the fund's bank account in return for a monthly insurance premium (taken out of the employer's contribution).

It is important to note that the insurer will require submission of medical evidence if this part of your benefit is more than a specified limit (R13,600,000 as at January 2024). You will be contacted separately if this applies to you. However, if you die in an accident per the policy conditions than this limit does not apply.

The sum of the two parts may then be used to purchase a pension from an insurer or paid to a trust company beneficiary fund for your elected dependants or nominees. It is also permissible to allow full or partial payment of the death benefit as a lump sum, after deduction of tax.

Death benefits are payable to your dependants and/or elected nominees, a task that is made much easier if you ***have loaded and/or updated your beneficiaries on JSE Connect (for JSE staff) or completed and returned the beneficiary nomination form (for JIS Staff).***

It is important to note that these benefits are only payable whilst employed by the JSE or JIS and whilst you are below the age of 65.

A simple example of the death benefit payment process is as follows.

Mr Gamma sadly dies whilst in service at the JSE. His fund credit was R500,000 and his fund salary was R400,000 per annum as at the date of his death. The JSE's HR team informs the fund's administrator and the trustees. The trustees inspect the latest, correctly completed beneficiary nomination form on file as received from the diligent and departed Mr Gamma. The trustees investigate his circumstances and decide to pay Mr Gamma's dependants according to his beneficiary nomination form through a suitable trust company's beneficiary fund. The trustees also decide, given Mr Gamma's dependants' circumstances, that the death benefit should be distributed as a monthly income as this is what they would have received if he was still alive. Fortunately, Mr Gamma's tax affairs were also in order, and the administrator was able to pay a total death benefit of R2,100,000 (i.e. R500,000 plus 4 times R400,000) as per the trustee's resolution in quick time to the chosen beneficiary fund such that a monthly income could be paid to the dependants in need less tax where applicable.

3.6.1. Distribution of death benefits by the fund’s elected trustees

It is very important to know that although you may suggest how much to allocate to each specified dependant or nominee, it is the trustees who must, by law, ultimately decide how to allocate the benefit as they deem fair (but also taking your suggested allocations into consideration).

The distribution of the death benefits to your potential beneficiaries is decided by the trustees in terms of Section 37C of the Pension funds Act 24 of 1956. Each case is fully investigated by the trustees who use the details recorded on JSE connect and any other information as may be gathered by HR investigations as an important guide to making distribution decisions. It is therefore very important for you to regularly ***update your beneficiaries***. Note any person to be found a dependant in terms of the Pension Funds Act and not mentioned on your beneficiary form could be allocated some of the death benefit.

3.6.2. Universal Education Protector benefit

This death benefit is paid separately from the fund’s death benefit. The policy benefits and conditions may be requested from HR upon request. The death benefit is an amount that is paid to partly meet your children’s education needs after your death. The benefit is subject to maximum amounts that are reviewed annually.

The amount that is paid in respect of each child is dependent on the stage of education, ie pre/primary/secondary school and tertiary education (duration of an undergraduate degree or recognised trade diploma or certificate).

3.7. Disability benefits

If you become totally disabled (i.e. it is medically proven that you are unable to work), then you will, after 3 months, receive a monthly income equal up to 75% of your fund salary, subject to a maximum benefit of R230,000 per month.

It is important to note that the insurer may require submission of medical evidence if this part of your benefit plus an age dependent employer contribution waiver is more than a specified limit (R165,000 per month as at January 2024). You will be contacted separately if this applies to you.

Benefits in course of payment will increase at 10% per annum but subject to a maximum increase of the Consumer Price Index for the preceding year. This benefit is provided for under a separate disability insurance policy and would be subject to normal income tax. The benefit would be payable until the earlier of retirement, recovery or death. During the period of disablement (but only as late as the normal retirement age of 65), contributions on your behalf will continue to be made to the fund should you remain in the service of your employer over that period. When you reach normal retirement, the monthly disability payments are stopped. This is because your normal retirement benefit becomes payable. A simple example is as follows:

Mr Vega has a severe accident on 1 January 2023 after which he is medically proven totally unable to work. His fund salary is R10,000 per month at the date of becoming disabled. By 31 March 2023 Mr Vega makes no recovery. The fund's disability insurance policy starts paying R7,500 (less your contribution based on the full fund salary) from 30 April 2023. The following January it is seen that year on year CPI at 31 December 2024 was 10%, and Mr Vega's disability income is increased to R8,250 per month from 31 January 2024. In July 2023 Mr Vega makes a complete recovery. His disability income is discontinued in August 2023. However, this did not concern Mr Vega, as he was able to regain employment at the JSE in September 2024. Mr Vega was also happy to hear that contributions to the fund did not stop during his period of disability.

Please note that if your claim is not successful and you leave service (for example on grounds of incapacity), you will be treated as an exit from service and become entitled to your fund credit.

4. Tax on benefits

All benefits received from the fund are subject to tax. The reason is that you receive tax relief on contributions to the fund and on investment income earned in the fund. Effectively it is the government's way of encouraging people to save towards retirement as tax payment is deferred until benefits are paid. You are urged to take professional financial advice on your options and the tax implications whenever a benefit becomes due.

4.1. Retirement

The fund does not pay pensions. After payment of your fund credit is made to your selected life insurer you are no longer a member of the fund.

On retirement a pension may be purchased from an insurer with the member's fund credit. The pension income attracts tax as per the normal tax tables in much the same way as your salary income is taxed.

However, it is possible to take up to one third of your fund credit as a cash lump sum. As this money is no longer received as a monthly/annual income, SARS imposes tax on the taxable lump sum amount paid according to the following table:

Taxable Lump Sum (R)	Rate of Tax (R)
0 – R550 000	0%
R550 001 to R770 000	R0 + 18% of amount exceeding R550 000
R770 001 to R1 155 000	R39 600 + 27% of amount exceeding R770 000
R1 155 001 and above	R143 550 + 36% of amount exceeding R1 155 000

E.g.: a member is informed that he will receive a one third lump sum payment of R1,200,000 on retirement. As the first R550,000 is tax free, the taxable amount is R650,000. From the above table it can be seen that R143,550 plus 36% of the taxable amount exceeding R1,155,000 (i.e. 36% of R45,000 =R16,200) is payable to SARS. Therefore a total of R159,750 is paid in tax on the lump sum of R1,200,000. Please note that this is a simple example and that there may be other factors which could affect the amount of tax payable.

4.2. Withdrawal

A member is allowed to receive up to R27,500 free of tax on withdrawal from the fund before retirement, where this tax free amount is aggregated across all funds to which you belong during your working life. The balance of your benefit would, if taken in cash, be taxed as follows:

Taxable Lump Sum (R)	Rate of Tax (R)
0 – R27 500	0%
R27 501 to R726 000	R0 + 18% of amount exceeding R27 500
R726 001 to R1 089 000	R125 730 + 27% of amount exceeding R726 000
R1 089 001 and above	R223 740 + 36% of amount exceeding R1 089 000
Contributions previously disallowed as tax deductions, if any, are added to the tax-free amount. The R27,500 tax-free amount plus the withdrawal lump sum taken will reduce the R550,000 tax-free amount at retirement	

4.3. Death

Death benefit proceeds paid as a lump sum are taxed in the same way as retirement benefits. Minor beneficiary payments through a beneficiary fund may not attract tax if the annual income derived is less than the limit set for tax free income imposed by SARS in that year.

4.4. Disability

The monthly income received as of 1 March 2015 is not subject to income tax.

5. Management of fund assets and investment of your contributions

5.1. Management of fund assets

The trustees of the fund are required to manage the investment of the fund's existing assets and future cash flows. The management of investments means that assets are bought with the fund's money with the aim of producing growth of your fund credit as targeted by the trustees.

There are four investment portfolios that you may choose in terms of targeted fund credit growth. However, it should be noted that the higher the fund credit growth targeted, the greater the variability of the return around the targeted growth (particularly over short time periods). This variability is often referred to as risk because of the unpredictable growth path of the corresponding investments in the short term. Fortunately, the variability tends to reduce in the long term which makes the perceived riskier assets appropriate for the long term investment that is associated with the long term nature of retirement savings plans.

The four investment portfolios available are shown in the table below along with some further information about the portfolios.

Investment portfolio:	**Long Term**	**Conservative (Option 2)**	**Conservative (Option 1)**	**Money Market**
Target growth:	Inflation plus 5% p.a. (net of fees)	Inflation plus 4% p.a. (net of fees)	Inflation plus 3% p.a. (net of fees)	Cash returns % p.a.
Risk profile:	Medium	Slightly Conservative	Moderately Conservative	Very Conservative

Inflation is measured by the growth in the headline Consumer Price Index (CPI) for all urban areas. The reason why the target is to exceed inflation is to satisfy the basic goal of investment namely to increase purchasing power of money saved.

The trustees have put together an investment policy document whereby the governance of fund assets is mandated and monitored. The trustees have exercised their power of delegation and appointed Sanlam Investments Multi Managers ('SIMM'), to invest the fund's assets. SIMM is a 'multi-manager' who takes responsibility for selecting and blending an underlying group of asset managers. For each of the portfolios, the trustees have mandated SIMM to ensure that the asset allocations comply at all times to the prescribed limits per the relevant Acts and Regulations.

Furthermore, the trustees reserve the right to change investment managers if it is deemed appropriate to do so. The trustees may review the fund's investment strategy either when there is a material change to the fund, or in anticipation of a major change, or failing such a change, on at least a biennial basis.

5.2. Extent of investment choice

You can alter your investment portfolio four times a year without trustee consent (a fifth alteration requires trustee consent). You may choose that 100% of your fund credit and future contributions are invested in one of the portfolios. Alternatively, you may invest a proportion of your fund credit and future contributions in any of the available portfolios so long as the total is 100%.

If you do not make a choice your fund credit and future contributions will be invested in the Long Term portfolio (the default portfolio).

If you have made a choice in the past, this choice will remain your selected investment strategy until you elect to alter it.

5.3. Investment choice notes

It is your responsibility to ensure that the administrator has implemented your choice.

The administrative cost of implementing an investment choice is R375 excluding VAT.

Investment choice forms are available at HR. These forms provide further details of each portfolio that may be selected.

It is strongly recommended that you consult a financial advisor regarding the investment choice available in the fund and in particular, if you intend to alter your investment strategy in the fund.

5.4. Investment of your contributions

Contributions are first received in the fund's bank account. The employer's part of the contribution is used to pay the insurance costs (death and disability premiums) and administrators fees. After these payments have been made, the remaining contribution (see example in section 3) is transferred to SIMM for investment in your selected investment portfolio.

5.5. Tax on the fund's investment income

Retirement fund tax was historically levied on the investment income earned in the fund for payment to SARS. However, the requirement to pay this tax was discontinued as of 1 March 2007.

5.6. Investment fees

Asset managers charge fees for their investment services. These fees are levied on a monthly basis. The investment fees are deducted from the growth factors that are applied to members' fund credits. The trustees regularly monitor the fees charged for reasonability and with reference to fees charged by other asset managers on similar products.

6. Ad hoc fees that are charged to the fund

The fund incurs expenses in its operational activities. They include: audit fees, actuarial fees, bank charges, FSCA's levies, Fidelity cover, Reserve Bank reports, trustee expenses etc. These fees are deducted from fund credits once a year as an audit adjustment. The adjustment is equal to the value of your fund credit divided by the total fund credits in the fund multiplied by the value of the audit adjustment. Therefore, you have a pro rated audit adjustment expense taken off your fund credit once a year.

7. Communication

The fund has a practice of issuing benefit statements twice a year. These statements show you what your benefits are in the fund as at 30 June and 31 December every year. The benefit statements are accompanied by a member newsletter. The member newsletter is compiled to keep you abreast of news from the fund, tax matters and the pension fund industry.

In addition, beneficiary nominations are to be completed by JSE staff on JSE Connect and completed beneficiary nomination forms are to be returned to HR for JIS staff so that the trustees have updated information as to your wishes in terms of allocating your benefits if you die whilst a member of the fund. These nominations are extremely useful to the Fund's trustees should they find themselves in the unfortunate position of having to distribute the benefits of a deceased member.

Should your personal circumstances have changed or if you are a new Fund member you are strongly urged to take a few minutes to update the details on JSE Connect (for JSE staff) or to provide an updated beneficiary nomination form (for JIS staff). You may make changes to your beneficiaries at any time during the year. Events that may require the updating of your beneficiaries could, for example, be the birth of a child, marriage, divorce, etc. Should you need any help regarding the updating of your beneficiaries please contact HR.

On exit from the fund the administrator will require you or your representative to provide your details on a form appropriate to how you exited the fund.

8. Management and operation of the fund

In terms of the Pension Funds Act, a board of trustees must control the operations and management of the fund. The trustees must manage the fund within the framework of the various laws and principles governing the fund.

It is the objective of the board of trustees to fulfil its obligations keeping the following in mind:

- To act in terms of the law and fund documentation.
- To act in good faith
- To act with due care and diligence
- To avoid a conflict of interest
- To exercise discretion in a proper manner
- To call upon outside expertise when necessary

In order for the board to perform its duties practically and effectively, the fund rules and governing laws give certain powers to the trustees, for example, the power to delegate administrative responsibility, settle disputes, and invest funds.

The fund rules require that the trustees must meet at least once a year. However, the trustees meet more frequently in practice, typically 4 to 6 times a year. Trustee meetings can only proceed if there is a quorum, which requires at least two member and two employer trustees being present. All decisions by the trustees are made by majority vote.

Examples of decisions made by the trustees are as follows:

- The investment of the fund's assets through the services of an investment manager whose performance is monitored by the trustees.
- The selection of an administrator to record and process the payments and receipts of monies arising from membership activities in the fund.
- The use of a consultant to compile a written record of the fund's decisions and to provide advice on the operation of the fund where necessary.
- The selection of a life and disability insurer to insure the risk benefits at the best possible rates.
- The selection of an auditor to audit and sign off the annual financial statements as an accurate record of the fund's transactions.
- The appointment of a valuator to provide feedback to the FSCA in terms of validating that the fund's liabilities (total member fund credits and outstanding payments) can be met by the market value of the fund's assets at the statutory valuation date.
- The selection and monitoring of current and future trustees to ensure proper governance, education and communication procedures are maintained.

- The choice of a beneficiary fund and the distribution and allocation of benefit amounts paid on the death of a member, to dependants or nominees elected by the member.

The board of trustees that currently manage the fund is as follows:

Type of trustee	**Name of trustee**
Chairman / Employer trustee	Mr M. Riba
Principal Officer / Employer trustee	Ms S. Seedat
Employer trustee	Mr A. Sellick
Member trustee	Ms A. de Bruyn
Member trustee	Mr K. Muganiwa
Member trustee	Mr C. Sumner

The company is required to appoint employer trustees. The members elect member trustees from their number. The JSE may not appoint more employer trustees than the number elected by the members and may also appoint alternate trustees. An alternate trustee shall be required to act only if an appointed trustee leaves office or is temporarily absent.

It is important to know that at every meeting all trustees are required to declare any conflict of interest that may result from their position as a trustee. This is just one example of the comprehensive good governance procedures that are practiced by the board.

9. The fund’s current service providers

The board of trustees appoint a number of suitably qualified service providers in order to perform their duties. The list of current service providers is as follows:

- Auditors (BDO South Africa Inc.)
- Bank account (Nedbank)
- Benefit administrator (Robson Savage (Pty) Ltd)
- Fund consultant (Robson Savage (Pty) Ltd)
- Investment administrators (Sanlam Investments Multi Managers (SIMM))
- Housing loans (FNB Smart Product House)
- Risk insurers (Sanlam)
- Trustee liability insurance brokerage house (Aon South Africa)

10. Function of the regulator, the adjudicator, and SARS

10.1. Regulator

The industry's regulator is the Financial Sector Conduct Authority ('the FSCA'). The FSCA is an independent institution established by statute to oversee the South African Non-Banking Financial Services Industry in the public interest. The FSCA's commitment is to promote and maintain a sound financial investment environment in South Africa.

The fund has to submit various documents to the FSCA for approval. Amongst these are: the fund's rules; rule amendments, approval of valuator, monitoring person, principal officer and auditor; annual financials (issued as at 31 December); statutory valuations; valuator certificates; valuation exemption; section 14 transfers; etc.

For further details please visit: http://www.fsca.co.za/.

10.2. Adjudicator

The industry's adjudicator is the Pension Funds Adjudicator ('PFA'). The office of the PFA was established with effect from 1 January 1998 to investigate and decide complaints lodged in terms of the Pension Funds Act.

According to the Act, your complaint must relate to the administration of the pension fund, the investment of its assets, or the application of its rules. In addition to this, the complaint must allege one or more of the following:

- that the fund has made a decision outside its powers,
- that the complainant has been prejudiced as a result of maladministration by the fund,
- that a dispute of fact or law has arisen in relation to a fund, between the fund or any person and the complainant, and
- that an employer who participates in the fund has not fulfilled its duties in terms of the rules of the fund.

Adjudicator complaints should only be sent to the adjudicator after you have had no satisfaction in resolving the issue with the trustees and the administrators.

For further details please visit http://www.pfa.org.za.

10.3. The South African Revenue Service ('SARS')

The main purpose of SARS with respect to the fund is to:

- collect payment of tax due on members' benefits paid from the fund,

- approve rules and amendments in addition to the FSCA mentioned above; and to
- apply legislated limits on the tax deductibility of contributions.

11. Parts of legislation that may impact your fund benefit

11.1. Section 37 D

Section 37D of the Pension Funds Act has been amended to deal with deductions from benefits arising from court orders.

- A fund may now deduct maintenance orders as defined in Section 1 of the Maintenance Act or amounts assigned to a non-member spouse in a divorce order;
- Any divorce or maintenance orders may only be deducted after the available money has been reduced by any applicable loan amounts or guarantee amounts, regardless of whether that amount is payable or not. This will always include a provision for tax;

In the event of a maintenance or divorce order having to be paid or deducted at the same time, a maintenance order will be given preference over the divorce order.

In the event of a divorce order, any portion of the benefit assigned to the non-member former spouse, including customary marriages, granted prior to 13 September 2007, except for tax purposes, is deemed to have accrued to the member on 13 September 2007 and must be paid in accordance with the provisions set out in section 37D(4)(a) of the Act. Divorce order allocations to non-member former spouses will be taxed in the non-member former spouse's hands where the divorce occurred on or after 1 March 2009.

This has become a highly complex and specialist area of retirement fund operation and specific advice can be provided on request from the fund's consultants.

11.2. Section 37 C

Under this section a death benefit payment in respect of a dependant or nominee shall be deemed to be payment to such person if payment is made:

(i) to a trust nominated by:

a. the member; or

b. a major dependant/nominee; or

c. a person recognized by law as a Guardian, curator, or caregiver.

The trustees of a fund may no longer pay to a trust of their own accord.

(ii) to a person recognized by law as a Guardian, curator, or caregiver.

(iii) to a beneficiary fund.

Any remaining assets held for the benefit of a deceased member must be paid into the estate of the member or if none, into the Guardian's fund.

11.3. Preservation funds

Employer preservation funds are one of the places you can transfer your fund credit when exiting employment. Your fund credit should grow in value in the preservation fund until it is payable at normal retirement. The growth achieved will depend on the rules of the preservation fund and the return on its assets. You are also allowed to make one (taxable) lump sum withdrawal from the preservation fund before normal retirement. Transfers to pension preservation funds are now tax free.

The following may also be done:

- You may select a pension preservation fund of your choice (not necessarily linked to your employer) even after you have exited service.
- You may transfer your retirement savings from one pension preservation fund to another (you may find this necessary to do if unsatisfied with a preservation fund's management, performance or fees).
- The ex-spouse of a member of a retirement fund may elect to transfer the portion of the member's pension interest that was allocated in terms of a court order as contemplated in section 7(8) of the Divorce Act, to a preservation fund.

11.4. Beneficiary funds

Previously, death benefit proceeds were transferred to umbrella trusts that were largely unregulated. Beneficiary funds, which have come into existence from 1 January 2009, were created by the government as a safer alternative to umbrella trust structures. Fund administrators who have successfully registered beneficiary funds with the FSCA, will continue to administer new beneficiary payments. However, the beneficiary funds and their administrators are now subject to regulation under the Pension Funds Act.

In addition, lump sum benefit payments into a beneficiary fund do not attract tax on transfer. However, monthly income received from the beneficiary fund may be taxable.

11.5. Unclaimed benefits

The Fund's rules allow for the transfer of fund benefits unclaimed by exited members into an unclaimed benefits fund. The transfer will occur after the benefit has remained unclaimed in the fund for a period of two years. Once the transfer has taken place, the fund's trustees will bear no further responsibility with regards to the benefit.

11.6. Living annuities

Living annuities are now defined as such in the Income Tax Act and income will be taxed according to current income tax rates.

In a pension fund or retirement annuity fund, up to a maximum of one third of the benefit may be commuted in cash with the balance to be used to purchase a living annuity from a registered insurer.

On death, the remaining capital or a pension but less any tax may be paid to beneficiaries.

11.7. Role of the Principal Officer

The Principal Officer is responsible for the day-to-day business operations of the fund. He/she will execute all resolutions of the board and liaise with role players to achieve this objective. The Principal Officer will report to the board on all these matters.

12. Trustees recommendations

Make life easier for your family and dependants by doing the following:

- Always keep your affairs in order with proper recording and documentation.
- Summarise your financial position listing all your assets and liabilities.
- SARS features in everyone's life and you are urged to resolve any disputes timeously.
- Make a Will that is properly executed that reflects your updated wishes.
- Complete the beneficiary nomination form.
- All dependants and persons you support financially must appear on the beneficiary nomination form. Update the relevant items above when changes occur.
- Pension fund withdrawals should always be preserved for your retirement.
- Check your decisions with your licensed financial planner.

13. Conclusion

This booklet is based on the current fund rules but in the event of any disagreement, the rules would take precedence. Should you have any queries in relation to the contents of this booklet please contact the HR Personnel who may be able to assist with your query or refer you to the relevant person. Alternatively, please contact the fund's benefit administrator and consultant: Robson Savage Pty Ltd: 011 643 4520.