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## GENERAL NOTICES ALGEMENE KENNISGEWINGS

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### NOTICE 33 OF 2003 NATIONAL TREASURY PROPOSED AMENDMENT OF PENSION FUND REGULATIONS

I, TREVOR ANDREW MANUEL, MP, Minister of Finance, hereby amend the Pension Funds Regulations made in terms of subsection (1) of section 36 of the Pension Funds Act, 1956 (Act No 24 of 1956), as set forth in the Schedule hereto.



TA Manuel, MP

MINISTER OF FINANCE

DATE: 23 December 2002

## **SCHEDULE**

### **PENSION FUNDS AMENDMENT REGULATIONS, 2002**

#### **Definitions**

1. In this Schedule-

- (a) "the Act" means the Pension Funds Act, 1956 (Act No. 24 of 1956), and any word or expression to which a meaning has been assigned in the Act, shall have that meaning;

#### **Amendment of Regulation 2 in PART 1**

2. Regulation 2 in PART 1 shall be replaced with effect from 1 January 2003 by the following:

- "2. The Registrar may, in terms of section 2(3)(a) of the Act, exempt a pension fund from the provisions of sections 9A and 16 of the Act on the following conditions:

- (a) Any pension that becomes payable in terms of the rules is fully secured through the purchase of an annuity policy from a registered insurer.
- (b) All members of the fund, other than pensioners, belong to defined contribution categories of the fund.
- (c) If any benefit payable to a member exceeds the value of the member's individual account, the excess is fully insured with one or more registered insurers.
- (d) The fund does not have one, or more, of the following:
  - (i) a member surplus account;
  - (ii) an employer surplus account, other than an employer surplus account to which the only amounts credited other than investment returns are employer contributions, defined in terms of a specific rule of the fund and paid to the fund after 7 December 2001, and / or an amount credited to the account in terms of a surplus apportionment scheme which has been approved by the Registrar in terms of section 15B of the Act, and / or an amount transferred into such account in terms of an application approved by the Registrar in terms of either section 15F or section 15E of the Act;
  - (iii) an investment reserve account which could ever have a debit balance;
  - (iv) a contingency reserve account, other than a contingency reserve account which contains only a provision for the

- payment of tax or other known expenses payable by the fund; or
- (v) any account which holds actuarial surplus, other than the members' individual accounts and the accounts mentioned in subparagraphs (i) to (iv).
- (e) The pension fund shall submit to the Registrar, at least once in every three years, a certificate by a valuator certifying that -
- (i) the rules satisfy the requirements in paragraphs (a) to (d);
  - (ii) he is not aware that the requirements of paragraphs (a) to (d) have not been complied with or are in danger of not being complied with;
  - (iii) in his opinion the assets and liabilities are adequately matched;
  - (iv) in his opinion the assets are suitable considering the liabilities of the fund;
  - (v) without referring to individual calculations, the method used in allocating the funds to members' individual accounts is in his opinion based on sound principles;
  - (vi) if the rate of investment return credited to members' individual accounts is smoothed, he is satisfied that
    - (aa) the rate is reasonable in relation to the gross investment return earned by the fund, nett of such expenses as the board deems reasonable to deduct from the investment return, and
    - (bb) the rate does not endanger the financial soundness of the fund; and
  - (vii) in his opinion, the appointment of a valuator and triennial valuations, as contemplated in sections 9A and 16, respectively, are unnecessary."