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GOVERNMENT NOTICES


NATIONAL TREASURY

No. R. 1217

1 December 2006

PENSION FUNDS ACT, 1956: AMENDMENT OF REGULATION 30

I, Trevor Andrew Manuel, Minister of Finance, hereby under section 36(1) of the Pension Funds Act, 1956 (Act No. 24 of 1956) amend regulation 30 of the Regulations as set out in the Schedule,



TREVOR A MANUEL, MP
MINISTER OF FINANCE

SCHEDULE

Definitions

1. In this Schedule “the Regulations” means the Regulations made, and as amended from time to time, under section 36 of the Pension Funds Act, 1956 (Act No. 24 of 1956).

Amendment of Regulation 30 of the Regulations

2. Regulation 30 of the Regulations is hereby amended –

(a) by the addition of the following paragraph to subregulation (2):

“ (w) where the assets of a pension fund consist exclusively or in part of fund member policies, the rules of that fund must provide clearly -

(i) whether or not the fund’s liability to provide benefits to affected members or beneficiaries is funded exclusively or in part by fund member policies;

(ii) to the extent that benefits provided or to be provided by the fund to a member or beneficiary are funded by a fund member policy, that -

(aa) the fund’s liability from time to time to the member or beneficiary in respect of those benefits is equal to the fund’s corresponding claim from time to time as policyholder against the insurer for the policy benefits provided or to be provided by the insurer under the policy in accordance with the policy prescriptions;

(bb) the policy is administered by the insurer, and all values and benefits of the policy and charges in respect of it are determined, in accordance with the policy prescriptions;

(cc) any change in the policy benefits provided or to be provided under the policy on account of a causal event, as determined in accordance with the policy prescriptions, has the result that the fund’s liability to the member or beneficiary changes accordingly;

(dd) the fund must notify the member or beneficiary of the change contemplated in paragraph (cc) in respect of causal events that occur after the coming into operation of this subregulation (w);

(iii) where applicable, that every member or beneficiary affected by (i) and (ii) selected or must select the fund member policy (including the investment and other features of the policy) which funds or is to fund the benefits provided or to be provided to the member or beneficiary, and where applicable that the member or beneficiary decided or must decide on any

amendments or other transactions regarding the policy, in accordance with the policy prescriptions;

- (iv) where applicable, where (i), (ii) and (iii) have application, that the fund or its board do not provide advice with regard to the selection of policies by members or beneficiaries (in particular regarding the investment and other related features of the policies), or with regard to amendments or other transactions regarding those policies;
- (v) that the board of the fund must, to reasonably satisfy themselves that the fund member policies made available to members or beneficiaries for selection are suitable for the membership profile of the fund –
 - (aa) within one year of the date of the coming into operation of this subregulation, review the existing range of fund member policies available for selection by members or beneficiaries; and
 - (bb) after this subregulation has come into operation –
 - (i) approve all new fund member policies made available for selection by members or beneficiaries, and
 - (ii) annually review the range of fund member policies that are made available to members or beneficiaries for selection.”;

- (b) by the addition of the following wording at the end of subregulation (3):

“, provided that a pension fund that *is* a registered fund at the date of the coming into operation of subregulation (2)(w) shall amend its rules to comply with that subregulation within one year of that date.”; and

- (c) by the addition of the following subregulation:

“ **(4)** In subregulation (2)(w) and in this subregulation (4), unless the context indicates otherwise:

- (a) the terms “**actuarial basis**”, “**benefit**”, “**causal event**”, “**charge**”, “**fund member policy**”, “**member**”, “**policy**” and “**values**” have the meaning assigned in Part 5 of the Regulations under the Long-term Insurance Act, 1998; and
- (b) “**policy prescriptions**”, in relation to a fund member policy, means the terms of the policy, the underlying actuarial basis of the policy, and the prescriptions of the Long-term Insurance Act, 1998 and the regulations issued under that Act.”.