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BOARD NOTICE

BOARD NOTICE 134 OF 2008

DIRECTIVE PF No. 2

Date issued: 20 November 2008

FINANCIAL SERVICES BOARD

REPUBLIC OF SOUTH AFRICA



PENSION FUNDS ACT (ACT 24 OF 1956)

SECTION 14 – AMALGAMATIONS AND TRANSFERS

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INTRODUCTION

1. PURPOSE

- 1.1 This Directive is issued in terms of section 33A of the Pension Funds Act, No. 24 of 1956, as amended ("the Act").
- 1.2 It sets out the conditions of the Registrar of Pension Funds ("the Registrar") in respect of the different types of transfers in terms of section 14 of the Act and attempts to clarify other issues in respect of transfers.
- 1.3 This Directive takes effect on the date that it is issued.

2. PREJUDICE TO MEMBERS

- 2.1 Where transfers could result in members being worse off on resignation immediately after the transfer than they were before, the board of the fund must ensure that this is investigated and confirmed prior to the submission of an application to the Registrar.
- 2.2 The principal officers of the funds concerned must disclose to the Registrar any such prejudice. Proof must be submitted that explicit approval for the transfer by all of the transferring members has been obtained, after a clear and comprehensive communication exercise advising the members of any prejudice they may suffer.
- 2.3 The boards of both the transferor and the transferee funds must be satisfied that a transfer is reasonable and equitable and accords full recognition to the rights and reasonable expectations of the members. Boards should not merely rely on a statement to this effect by the valuers.

3. PRESCRIBED FEES

- 3.1 In terms of Regulation 24(c) issued in terms of section 36 of the Act, on the submission of a scheme for the amalgamation or transfer contemplated in terms of section 14(1) of the Act, the applicable fees set out in Schedule L shall be payable by the transferee fund or other person taking transfer. However, the transferor fund and transferee fund can agree that the transferor fund will pay the necessary fee. The Registrar will not process the application unless the fee is paid and the application is complete.
- 3.2 All applications for prospective transfers in terms of paragraph 12 of this Directive will be charged on the same basis as a multiple transfer.

- 3.3 All "agterskot" applications in terms of paragraph 14 of this Directive will be charged at the maximum rate for a single transfer.

4. ACTUARIAL SURPLUS

- 4.1 The section 14 application forms set out the impact on the fund of any actuarial surplus included or excluded from the transfer.
- 4.2 No actuarial surplus may be included as part of a scheme of transfer until the transferor fund's surplus apportionment scheme has been approved or nil return has been noted by the Registrar in terms of section 15B of the Act, or unless surplus has arisen after the surplus apportionment date and is dealt with in terms of section 15C of the Act.
- 4.3 Section 15G of the Act allows the board of a fund to pay a proportionate share of the member surplus accounts, the investment reserve account and the contingency reserve accounts.
- 4.4 However, in the case of the contingency reserve accounts, this proportionate share does not need to be paid if the board of the fund deems this to be inappropriate and such decision has been motivated to the satisfaction of the Registrar.
- 4.5 The rules of the Fund must be amended to allow for the establishment and maintenance of the contingency reserve accounts, as well as the subsequent transfer thereof in terms of section 15G of the Act.

5. TRANSFERS TO OR FROM PERSONS OTHER THAN A REGISTERED FUND

- 5.1 Section 14 specifically includes transfers to or from persons other than a registered pension fund.
- 5.2 Forms A or B may be used, with appropriate amendment, where the transfer occurs between a person other than a registered fund and a registered fund. If either the transferor or transferee fund is a retirement annuity fund, the Registrar will also accept the application if the special reports are completed by the statutory actuary of a registered insurer.
- 5.3 Form C sets out the documentation required when the transfer occurs from a registered fund to an insurer on the purchase of annuity policies in circumstances other than those described in paragraph 6 of this Directive. This documentation can be adjusted to suit other circumstances where an insurer or some other entity is the transferee fund, such as the transfer to an insurer of the assets and liabilities in respect of death and disability benefits previously paid from within a fund.

6. TRANSACTIONS WHICH DO NOT REPRESENT A TRANSFER IN TERMS OF SECTION 14

- 6.1 A member who, on resignation, retrenchment, dismissal or upon leaving the service of an employer for some other reason, or on liquidation of the fund, is entitled to receive a benefit in cash or is entitled to elect to translocate the benefit to another fund.
- 6.2 On retirement, the rules of a fund allow the retiring member to request the board of the fund to purchase an annuity policy from an insurer registered in terms of the Long-term Insurance Act.
- 6.3 For a fund to give effect to such benefit request, the rules of the fund must provide for the following:
- 6.3.1 That membership of the fund shall cease as soon as the purchase of the annuity, or annuities, is concluded and the balance of any benefit payable in terms of the rules is paid in full.
- 6.3.2 The fund will have no obligation towards the member once the purchase is concluded.
- 6.3.3 The annuity policy must be purchased from a registered long-term insurer in such a way that the member and any other beneficiaries who are entitled to an annuity on the member's death after retirement, become the owners of the policy.
- 6.3.4 The capital amount after commutation, if applicable, must be used to purchase the policy.
- 6.3.5 If the fund is a defined benefit fund, this capital amount after commutation should be either:
- (i) The actuarial reserve corresponding to the benefit defined in the rules, as calculated by the valuator, using the assumptions adopted in the immediately preceding statutory actuarial valuation of the fund submitted in terms of section 16 of the Act with augmentation, if any, from contingency reserve accounts in terms of section 15G;
- OR
- (ii) The purchase price of an annuity policy from a registered long-term insurer, which policy shall provide a stream of income equivalent to the pension which the member could reasonably have expected from the fund.

6.3.6 If the fund is a defined contribution fund, this capital amount after commutation should be the full individual member reserve as defined in the Act with augmentation, if any, from contingency reserve accounts in terms of section 15G.

- 6.4 On the death of a member, the rules of the fund allow the board of the fund to purchase one or more annuity policies on behalf of the deceased member's beneficiaries on such basis that these beneficiaries become the owners of the annuity policies and the fund ceases to have any obligation towards the deceased member's beneficiaries once the purchase is concluded.
- 6.5 The above-mentioned transactions represent the payment of a benefit to the member or the member's beneficiaries and therefore fall outside the ambit of "transfer of any business" contemplated in section 14(1) of the Act.
- 6.6 Transfers between employer surplus accounts in terms of section 15E(1)(e) of the Act will not be regarded as a transfer of business as contemplated in section 14(1).

7. TIME PERIOD FOR THE TRANSFER OF ASSETS, LIABILITIES AND MEMBERS

- 7.1 Sections 14(2)(b) stipulates the time periods within which any transfer must be effected.
- 7.2 If the Registrar establishes that transfers have been effected without approval in terms of section 14(1) of the Act, the Registrar will require such illegal transfers to be reversed. Furthermore, penalties in terms of section 37 of the Act, as well as other administrative sanctions allowed under the Act, may be imposed.

The Registrar will also consider possible action under sections 25 and 26 of the Act in such circumstances.

- 7.3 As such transfers cannot take place without the complicity of the administrators of both transferor and transferee funds, the Registrar may consider revoking the approval in terms of section 13B of the Act of any administrator who effects a transfer without due approval having been obtained.
- 7.4 If any benefits have been paid by the transferor fund during the period between the effective date and the date of approval of the section 14(1) application, then the provisions of paragraph 17.3 will apply.

8. FINANCIAL STATEMENTS

- 8.1 In the case of a full transfer, financial statements must still be compiled for the period from the start of the previous financial year until the date of the actual transfer of the assets. The final financial statements for the fund should reflect no assets, liabilities and members.

- 8.2 If the final financial statements may be extended after the 12 month but not exceeding an 18 month period.
- 8.3 Provision should be made to cover any fees payable by the transferor fund for the period from the effective date of transfer to the closure of the fund.
- 8.4 Upon the finalisation of a transfer contemplated in paragraph 8.1 above, as well as the submission of final financial statements, funds must duly complete Forms F and F1 to apply to the Registrar for the cancellation of the registration of the Fund.

9. TRANSFERS BETWEEN RETIREMENT ANNUITY FUNDS

9.1 In terms of section 14(7) of the Act:

- (a) "Notwithstanding anything to the contrary in the rules of a fund, a retirement annuity fund shall not prohibit the transfer of business that relates to a member's interest or non-member spouse's interest, at the request of such a member or non-member spouse from one retirement annuity fund to another.
- (b) No fees or commissions of any nature are payable by any party or by any agent or mandatary of such party –
- (i) in return for the facilitation, intermediation or recommendation of the transfer; or
 - (ii) for financial services rendered by a financial services provider or representative after the transfer in respect of the transferred interest of the transferring member or non-member spouse which exceeds the fees or maximum commission that would have been permissible for such services in terms of the Long Term Insurance Act, 1998 or any regulations made thereunder had the transfer not been done other than fees –
 - (aa) payable to the registrar;
 - (bb) negotiated and agreed to in writing by the transferring member or non-member spouse annually, which fees are-
 - (A) payable by the transferring member or non-member spouse personally; or
 - (B) authorised by the transferring member or non-member spouse to be paid by the fund or administrator."

SECTION I

AMALGAMATIONS AND TRANSFERS OF BUSINESS IN TERMS OF SECTION 14(1) OF THE ACT

10. TYPES OF TRANSFERS AND RELATED MATTERS

- 10.1 There are various types of transfers in terms of section 14(1) of the Act. The forms to cover such events are contained in the Annexure to this Directive.
- 10.2 The prescribed forms must be duly completed, submitted and the application approved by the Registrar before any transfers in terms of section 14(1) can be effected.

11. RETROSPECTIVE TRANSFERS

- 11.1 Retrospective transfers constitute transfers where the number of members and the amounts are known at the effective date of the section 14(1) application.
- 11.2 Forms A, A1 and A2 must be completed, as well as the following:
- 11.2.1 In the case of the transferor fund:
- If not valuation exempt, Form A3 must be completed; or
 - If valuation exempt, Form A5 must be completed.
- 11.2.2 In the case of the transferee fund:
- If not valuation exempt, Form A4 must be completed; or
 - If valuation exempt, Form A6 must be completed.
- 11.3 If the transferor fund is not a registered fund in terms of the Act, Form A must be completed by the transferee fund and *vice versa*.

12. PROSPECTIVE TRANSFERS

- 12.1 Prospective transfers constitute blanket transfers where the number of members and amounts are not known at the effective date of the section 14(1) application.
- 12.2 Forms B, B1 and B2 must be completed, as well as the following:
- 12.2.1 In the case of the transferor fund:
- If not valuation exempt, Form B3 must be completed; or
 - If valuation exempt, Form B5 must be completed.
- 12.2.2 In the case of the transferee fund:
- If not valuation exempt, Form B4 must be completed; or
 - If valuation exempt, Form B6 must be completed.
- 12.3 The forms provide that approval may be applied for in respect of blanket transfers between two specific funds. Approval for a blanket transfer may be granted prospectively for a maximum period of 12 months from the effective date of the scheme.
- 12.4 In case of a blanket section 14(1) application, the fund must within two months of the expiry of the 12-month period, complete Form B7 and submit it to the Registrar.
- 12.5 Where the option to transfer is not given effect to within the 12-month period, a new section 14(1) application must be submitted to the Registrar for approval.

13. PURCHASE OF PENSIONS IN THE NAME OF PENSIONERS

13.1 Groups:

- Forms C, C1 and C2 must be completed.

Where a blanket section 14(1) application is applicable, the fund must within two months of the expiry of the 12-month period, complete Form C3 and submit it to the Registrar.

13.2 Individual Annuity Policies:

- Form D is to be completed and retained by the fund.

- 13.3 Where a pensioner will be outsourced by means of an individual annuity policy in the name of the pensioner and the rules do not provide for the conditions set out in paragraph 6.3, the purchase of such policy will be subject to the provisions of section 14(1) of the Act.

- 13.4 Many funds have in the past purchased annuity policies with the fund as the owner of the policies. Conversion of such fund policies to individual policies (where the member, or a beneficiary who is entitled to an annuity following the member's death after retirement, becomes the owner of the policy) represents a transfer of business in terms of section 14(1) of the Act and therefore requires the Registrar's approval.
- 13.5 Where the individual annuity is purchased from a long-term insurer, the board of the fund must ensure that any conditions or restrictions contained in the rules of the fund be contained in the compulsory annuity policy document. However, there may be no restriction on the transferability of an annuity policy in terms of Directive 135 issued by the Registrar of Long-term Insurance.
- 13.6 These conditions or restrictions must be worded in such a way that they will be retained in any subsequent replacement policies issued.
- 13.7 In addition, the following must be incorporated as part of these conditions:
- 13.7.1 Name of the fund;
 - 13.7.2 Type of fund (e.g. pension fund, provident fund, retirement annuity fund or preservation fund);
 - 13.7.3 An appropriate policy must be purchased as required in terms of the rules of the fund;
 - 13.7.4 The policy must not be capable of being surrendered;
 - 13.7.5 Any explicit guarantees contained in the rules of the fund must be retained;
 - 13.7.6 The provision to be included in the annuity for subsequent increases in annuity payments; and
 - 13.7.7 The policy or benefits which become payable in terms of the annuity policy shall not be capable of being ceded, pledged or hypothecated, or be liable to be attached or subjected to any form of execution under a judgment or order of a court of law, or to the extent of not more than three thousand rand per annum, be capable of being taken into account in a determination of a judgment debtor's financial position in terms of the Magistrates' Courts Act, 1944. Ownership of a compulsory annuity may not be transferred to another entity or person.

Disclosure Requirements

- 13.8 Any costs, ongoing fees and expenses ("expenses"), which are incurred as a result of the purchase of the annuity policy from an insurer in terms of section 37 of the Long-term Insurance Act, must be fully disclosed by the long-term insurer or the

intermediary concerned. The impact of these expenses on the policy value and how these expenses will be paid must be fully disclosed.

- 13.9 All commissions payable on the purchase of an annuity must be disclosed to the member and are subject to the provisions of the regulations made under section 49 of the Long-term Insurance Act.
- 13.10 The board of the fund must ensure that the declaration as set out in Form D to this Circular has been completed by the member and should retain such certificate for its own records.

14. "AGTERSKOT" ADJUSTMENTS

- 14.1 "Agterskot" means any additional benefit that a member becomes entitled to as a result of that member's current or past membership of a fund.
- 14.2 The Registrar will permit adjustment to the quantum of assets of a previously approved transfer where the valuator determines that, with the benefit of hindsight, a revised quantum of assets should be transferred. Such adjustments may also include amongst others, the payment of proceeds resulting from bulking practices, benefits arising from the Statement of Intent, and where applicable, surplus payments as a result of an approved surplus apportionment scheme.
- 14.3 The application for an "agterskot" adjustment must refer back to one or more previous transfer applications that were approved by the Registrar and must exclusively address the quantum of assets transferred.
- 14.4 Applications for 'agterskot' adjustments must be completed on **Form E**.
- 14.5 Exactly the same members should be affected by the "agterskot" adjustment and the additional assets must be applied in the same manner as was the case in the original transfer.
- 14.6 The boards of both the transferor and transferee funds must have agreed to the "agterskot" adjustment.
- 14.7 The adjustment to the quantum of assets transferred should be accumulated with fund return or by other agreed arrangements, from the effective date of when the entitlement to the "agterskot" arose to the actual date of payment of the "agterskot" adjustment.
- 14.8 In terms of recent amendments to the Income Tax Act, *inter alia*, the once-off payments of surplus benefits can be made tax free once the Registrar has approved a fund's surplus apportionment scheme. So, transferring such benefits may not necessarily guarantee this tax concession. In approving a transfer, the Registrar must be satisfied that the transfer is fair and equitable and that it meets

the reasonable benefit expectations of the members. As a result, the Registrar will like to see that this information is communicated to the members and that they have made informed choices to transfer.

- 14.9 Where members are transferred from the transferor fund to the transferee fund after the transferor fund's surplus apportionment date and the fund has submitted an application in terms of section 14(1) of the Act to the Registrar, but where the surplus apportionment scheme is approved before the section 14(1) application is approved, then the approval of the surplus apportionment scheme will lead to those members being treated as active members in the transferor fund as at the date of approval of the surplus apportionment scheme. In that case, members should not be paid out in cash. Their fund credits need only be enhanced with the surplus payments. In that case no further section 14(1) application is necessary.

15. CAUSES OF DELAYS IN THE PROCESSING OF SECTION 14(1) APPLICATIONS

- 15.1 Delays in the approval of section 14(1) transfer applications or delays in the consideration of responses to queries raised by the Registrar's office are often caused by administrative errors such as:
- 15.1.1 incomplete forms;
 - 15.1.2 forms that have been amended (other than for the reasons discussed in paragraph 5.2 of this Directive);
 - 15.1.3 a participating employer in an A-type umbrella fund whose special rules have not been registered.
- 15.2 As a result the Registrar has to raise queries, the responses to which are sometimes not received timeously, which leads to even further delays in the process.
- 15.3 In terms of section 14(5) of the Act, an application shall lapse if the Registrar requests further information and no satisfactory response is received from either the transferor or transferee fund after a period of 180 days from the date of such a request.
- 15.4 The applicant will be informed of the lapse of the period and a new application, with new fees as prescribed, will have to be submitted. The fee already paid will be forfeited.

16. ERRORS AND ADJUSTMENTS TO APPLICATIONS FOR TRANSFERS

- 16.1 In terms of section 14(6) of the Act, the Registrar may withdraw or amend a certificate issued in terms of section 14(1)(e), in circumstances where the Registrar is satisfied that—:
- (a) the scheme or information provided in terms of section 14(1) was so inaccurate that he would not have granted such certificate had he been aware of the actual facts; or
 - (b) the certificate contains a *bona fide* error.

Replacement pages

- 16.2 Replacement pages will only be considered where they are submitted and the Registrar is notified of these, prior to the issuing of a certificate in terms of section 14(1)(e) of the Act.
- 16.3 Any replacement pages must be duly completed and signed.

Correction of errors (other than "agterskot" adjustments) to previously approved schemes

- 16.4 If errors are discovered in a section 14(1) application that has previously been approved by the Registrar, the fund may apply to the Registrar for consideration of the correction of such errors within a reasonable period.
- 16.5 An amended section 14(1) application, indicating the errors contained in the previous application and duly signed and submitted by the parties responsible for the previous application, must be submitted to the Registrar for approval.
- 16.6 The following are examples of cases that will not be regarded as a correction of errors and in respect of which a new section 14(1) application will be required:
- 16.6.1 Members and their corresponding transfer values were omitted from the initial "erroneous" application.
 - 16.6.2 Members were transferred incorrectly (i.e. when they should not have been transferred).

17. ACTUAL TRANSFERS TO CORRESPOND WITH THE APPROVED SCHEME

Actual transfer different from approved transfer

- 17.1 Where the assets and / or liabilities actually transferred differ from those approved in terms of the scheme, the funds should, without delay, correct the actual transfer to be in accordance with the approved scheme.
- 17.2 No further approval is required, as the corrective action will result in conformance with a scheme already approved in terms of section 14(1) of the Act.

Payment of benefits between the effective date of a retrospective transfer application and the date of approval by the Registrar

- 17.3 Any withdrawal, death or pension payments made from the assets to be transferred, must be reconciled by the transferor fund as set out in Form G, certified by duly authorised officials of both the transferor and transferee funds and such reconciliation must be retained by both funds and be available to the Registrar on request.

18. FUND RETURN PAYABLE FROM THE EFFECTIVE DATE TO THE DATE OF FINAL SETTLEMENT

- 18.1 The transferor fund must compensate the transferee fund (or the members transferring) for investment earnings over the period from the effective date to the actual date of transfer.
- 18.2 The transfer scheme must set out the fund return that will accrue in respect of the transfer value determined as at the effective date of transfer. This must be disclosed in the various forms attached hereto.
- 18.3 If, after submission but before approval of the transfer by the Registrar, it appears that:
- 18.3.1 the transferor fund has contracted to pay a specified rate of interest over the period from the effective date to the date of transfer; and
 - 18.3.2 the transferor fund did not take adequate steps to protect itself against the risk that the fund might not earn this specified rate on the transfer value;

the scheme must be amended prior to approval by the Registrar to avoid such prejudice. When exercising his discretion, the Registrar shall seek to ensure that the scheme is reasonable and equitable, not only in respect of the transferring members, but also in respect of the remaining members.

19. SATISFACTION OF RIGHTS AND REASONABLE BENEFIT EXPECTATIONS

- 19.1 In terms of the prescribed forms attached hereto, both the board of the fund and the valuator are required to express an opinion on whether the transfer satisfies the rights and reasonable benefit expectations of members.
- 19.2 The Registrar will not accept modifications to the opinion prescribed in the forms since it negates the fiduciary responsibility of the board of the fund and the valuator to the stakeholders in a fund, unless such modification is adequately motivated.

20. PRACTICE IN RESPECT OF BENEFITS PAYABLE IN THE PERIOD BETWEEN THE EFFECTIVE DATE OF TRANSFER AND THE ACTUAL TRANSFER

- 20.1 Subject to the rules of the fund, when the effective date of the transfer is in the past, members to be transferred have rights in both the transferor and transferee funds until such time as the transfer has been concluded. When delays are anticipated between the effective date of a transfer and approval of the transfer, it is strongly recommended that the problems associated with this dual membership are avoided by limiting the rights of the transferring members in the transferee fund to benefits arising from service after the effective date of the transfer (in terms of the rules) and amending the rules of the transferor fund to ensure that the transferring members are treated as "paid up" members with no rights to death and disability benefits after the effective date of the transfer. When the transfer application is approved and the transfer value is received by the transferee fund, the transferee fund should recognise prior service or grant benefits in respect of the transfer value received.
- 20.2 If death, disability, resignation, dismissal, retrenchment or retirement occurs after the effective date of transfer but before the section 14(1) application has been approved by the Registrar, two possible situations can arise depending on the type of application:
- 20.2.1 Where the retrospective method is used, the funds should reach agreement as part of the transfer negotiation as to whether the member (or his beneficiaries) will receive benefits in respect of past service from the transferor fund or the transferee fund. Once the agreement is concluded, the funds should amend their rules accordingly, which rules should be applied consistently across all transferring members. If benefits in respect of past service are payable from the transferee fund, benefits can only be paid once the application is approved and the member has been included in the transfer. If benefits in respect of past service are payable from the transferor fund, the benefits should be paid immediately in terms of the rules of the transferor fund. In either case, benefits in respect of service after the effective date of transfer will be paid from the transferee fund; or
- 20.2.2 Where the prospective method is used, the member (or his beneficiaries) will receive benefits from both funds. The rules of both funds should

therefore be explicit as to the benefits they will receive. Form B7 or C3 (as appropriate) must be completed by the transferor fund and submitted within 2 months after the expiry of the 12-month period.

- 20.3 As a member remains a member of the transferor fund until the section 14(1)(e) certificate has been issued, there is a legal obligation on the transferor fund to meet any benefit payments that fall due prior to the approval of the transfer application, in respect of members who have transferred.
- 20.4 A particular problem occurs where the transferor fund's withdrawal benefit is lower than the transferee fund's withdrawal benefit. In such a case, where a member withdraws before the section 14(1) application has been approved, the transferor fund will pay out a lower benefit than the transferee fund would have paid had the transferee fund received the transfer value. A surplus may then be passed across to the transferee fund, which in turn will be obliged to make a second adjusting payment to the member to increase the withdrawal benefit to the higher value. This is an unavoidable consequence of the practice whereby both funds are required to meet the benefit payment in terms of their rules.

SECTION II

FULL TRANSFERS, SURPLUS AND CANCELLATION OF A FUND'S REGISTRATION

21. APPLICATION TO CANCEL THE REGISTRATION OF A FUND AS A RESULT OF A FULL TRANSFER IN TERMS OF SECTION 14(1)

- 21.1 "Full transfer" means where the approval of a transfer will result in the transferor fund having no remaining members, zero assets and zero liabilities.
- 21.2 In the case of a full transfer, the following forms must be completed in addition to the other requirements listed throughout section II of this Directive:
- Forms F and F1.
- 21.3 The Registrar's office remains concerned about approved full transfers that are effected without the Registrar having approved a surplus apportionment scheme or noted a nil return in terms of section 15B of the Act, in respect of the transferor fund.
- 21.4 Such transfers generally have the effect of leaving the fund without a board of management to fulfil the fund's duties up to the time when the registration of the fund is cancelled.

Requirements to ensure continuity of a fund following a full transfer

- 21.5 With regard to funds that satisfy the requirements of a nil return, the Registrar must note the nil return before a full transfer application will be considered;
- 21.6 With regard to all other funds, including those funds that have not yet had their surplus apportionment schemes approved or nil returns noted by the Registrar, the following must be complied with:
- 21.6.1 An application may be submitted for the members' accrued liabilities and associated assets to be transferred; and
- 21.6.2 In addition, the rules of the transferor fund should allow for the following:
- That the board of the fund's term of office will be extended for a period of at least 3 years from the effective date of the full transfer; or
 - Where the board of the fund is no longer properly constituted, that the Registrar may appoint one or more independent persons to the board.

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- 21.7 The rule requirements are necessary to ensure, *inter alia*, that the fund completes and submits a surplus apportionment scheme or nil return, as the case may be, and to ensure that the fund applies for cancellation of registration in terms of section 27 of the Act.
- 21.8 The reasonable cost of any intervention by the Registrar in the management of the fund and / or remuneration of independent board members will be payable from the assets of the fund.
- 21.9 If the rules of the transferor fund do not allow for the conditions outlined above, the existing board of the fund should duly amend the rules before their term of office expires.
- 21.10 Once the Registrar has approved a transfer of all accrued liabilities, the balance of the assets remaining in the transferor fund must either be apportioned in terms of an approved surplus apportionment scheme (refer to section 15B of the Act) or, where the Registrar noted a nil return, transferred in terms of a subsequent section 14(1) application.
- 21.11 The principal officer, valuator or auditor must within 60 days after approval of the transfer by the Registrar, apply for the cancellation of registration of the fund.

SECTION III

AMALGAMATIONS AND TRANSFERS OF BUSINESS IN TERMS OF SECTION 14(8) OF THE ACT

22. BACKGROUND

- 22.1 This section provides guidance on the process that should be followed when effecting amalgamations and transfers in terms of section 14(8) of the Act.
- 22.2 In such cases the scheme for the proposed transaction need not be submitted to the Registrar and the Registrar is not required to issue a certificate to the effect that all the requirements of section 14(1) of the Act have been satisfied.
- 22.3 In terms of section 14(8) of the Act, the provisions of section 14(1) do not apply where the affected members were duly informed of a proposed transaction and any objection the members may have has been resolved to the satisfaction of the board concerned, and -
- 22.3.1 Both the transferor and transferee funds are valuation exempt; or
- 22.3.2 The transferor or transferee fund is neither registered nor required to register under the Act and the other fund is valuation exempt.
- 22.4 Furthermore:—
- 22.4.1 Such registered funds must keep proper records of all such transactions;
- 22.4.2 The assets and liabilities must be transferred within 180 days of the effective date of the transfer; and
- 22.4.3 Any assets transferred must be increased or decreased with fund return from the effective date until the final date of settlement.
- 22.5 The records of any transaction effected in terms of section 14(8) of the Act must be maintained by both funds and be made available to the Registrar upon request or inspection.
- 22.6 Any proposed transaction in terms of section 14(8) of the Act shall not be of any force or effect if, in the Registrar's view, the transaction effected does not comply with the provisions of the Act or the conditions prescribed in this Directive.

23. REGISTRAR'S REQUIREMENTS

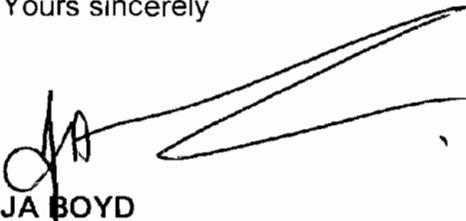
- 23.1 Registered funds are required to maintain the following documents as the minimum records that are required for any transaction contemplated in terms of section 14(8) of the Act:
- 23.1.1 Form H – Scheme for the proposed transfer of business, duly completed and signed;
 - 23.1.2 Form J – Recognition of transfer of business, duly completed and signed;
 - 23.1.3 Proof that the proposed transaction has been communicated and any objection the affected members may have has been resolved to the satisfaction of the fund concerned (this provision will not apply to voluntary transfers at the request of a member transferring from one retirement annuity fund to another);
 - 23.1.4 Proof of valuation exemption; and
 - 23.1.5 Proof that the Registrar is satisfied that the requirements for surplus schemes in terms of section 15B of the Act have been complied with (where applicable).
- 23.2 In terms of section 14(8)(ii) of the Act, the Registrar prescribes the following conditions:
- 23.2.1 The proposed transaction can only be effected in terms of the rules of the relevant fund and the provisions of such rules must be complied with unless the provisions of section 14(7) of the Act, relating to the transfer of business from one retirement annuity fund to another, apply.
 - 23.2.2 Where a proposed transaction might have the effect of causing prejudice to any of the affected members upon transfer, the explicit approval of the proposed transaction by all of the transferring members must be obtained.
- 23.3 Furthermore, any proposed transaction in terms of section 14(8) of the Act shall not be of any force or effect unless:–
- 23.3.1 Both funds have agreed to the proposed transaction by duly completing and signing Form H.
 - 23.3.2 The date of payment has been recorded on Form H.

- 23.3.3 The transferor fund completes and signs Form J once the transfer is effected and makes available a copy to the transferee fund within 14 business days of the date of payment. Likewise, the transferee fund must within 14 business days complete and sign Form J and provide a copy to the transferor fund.
- 23.3.4 In the event that the transferee fund is an entity that is not required to register under the Act, such entity is not required to complete Form H. However, Form J must be completed by a duly authorised person of that entity.

24. FULL TRANSFERS

- 24.1 Where a transfer will result in the transferor fund having no remaining members, zero assets and zero liabilities ("full transfer"), all the requirements set out in the preceding paragraphs 22 and 23, as well as the requirements set out in paragraph 5 of PF Circular 126, must be complied with in addition to the following:
- 24.1.1 The transferor fund must provide proof to the transferee fund that the Registrar has either approved the fund's surplus apportionment scheme or noted its nil return in terms of section 15B of the Act; and
- 24.1.2 The transferor fund must complete Forms F & F1 of this Directive in order to apply for cancellation of its registration.
- 24.2 The transferor fund must submit to the Registrar copies of the records of the transaction, as set out in paragraph 24.1 above, within 180 days of the effective date of the transfer to ensure that the registration of the transferor fund is cancelled.

Yours sincerely



JA BOYD
For: REGISTRAR OF PENSION FUNDS

FORM A

TRANSFER OF MEMBERS BETWEEN TWO FUNDS WHEN THE NUMBER OF MEMBERS AND THE AMOUNTS TO BE TRANSFERRED ARE KNOWN PRIOR TO APPLICATION TO THE REGISTRAR IN TERMS OF SECTION 14

SECTION 14(1): SCHEME FOR THE PROPOSED TRANSFER OF BUSINESS FROM THE (TRANSFEROR FUND) (12/8/.....) TO THE (TRANSFEE FUND) (12/8/.....)

[To be signed by one of the following persons duly authorised by the board of the transferor fund: the chairperson of the board, a member of the board or the principal officer of the fund]

1. The purpose of the scheme:
.....
.....
2. The transfer will be effected in terms of rule(s)

Transferor Fund:
- Transferee Fund:
3. The effective date of the transfer is
4. The effect upon the membership of the transferor fund of the transfer as at the effective date, if approved, will be as follows:

	Number transferring	Number remaining after the transfer
Active members		
Pensioners		
Deferred pensioners		
Unclaimed benefits		

Please note that Form G needs to be completed only in the event that the actual transfer differs from the approved section 14 scheme due to the payment of withdrawal, death or pension benefits prior to the approval of the section 14 scheme and is to be kept on file by both funds. This form is to be presented to the Registrar upon request or inspection.

5. Is the transfer directly or indirectly based on any written agreement between the employer or the fund and a third party or on any written agreement between two funds or on any written agreement between two employers?
.....

Note: If yes, certified copies of the relevant agreement must be included.

6. The members have been informed of the proposed scheme of transfer and were given at least 12 weeks in which to object to the scheme. The board of the fund has considered such objections and, where the complaints were reasonable, has amended the transfer scheme. Complainants have been informed if the board elected not to address their complaints.
7. Copies of the board resolutions of the transferor fund (Form A1) and the transferee fund (Form A2) approving the terms of the transfer are attached.
In addition, the fund is not exempt from actuarial valuation. The special reports from the valuator to the transferor fund (Form A3) and the valuator to the transferee fund (Form A4) are enclosed.
OR
The fund is exempt from actuarial valuation. The certificates of the principal officer of the transferor fund (Form A5) and the principal officer of the transferee fund (Form A6) are enclosed.
(Delete and initial whichever is not applicable)

8 I, duly authorised by the board of the transferor fund, declare that the information above and the forms hereto are, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

CAPACITY

DATE

FORM A1

SPECIAL RESOLUTION BY THE BOARD OF (TRANSFEROR FUND) (12/8/.....)

[To be signed by the following persons duly authorised by the board of the transferor fund: the chairperson of the board, a member of the board and the principal officer of the fund]

1. The board of the Fund, at its meeting on at approved the transfer of members to the (Transferee Fund) (12/8/.....) on the terms set out below:

1.1 Members to be transferred:
(which should refer to all or a particular category¹ of member)

1.2 Members will receive their accrued actuarial liability / share of fund as determined by the valuator / board of the fund (should the fund be exempt from actuarial valuation) together with such share of surplus and various reserve accounts as is described in par. 2 below, subject to a minimum of the member's individual reserve, as defined in section 14B of the Act.
(Delete and initial whichever is not applicable)

If any of the above is not applicable, the reasons are detailed below:

1.3 The Fund's policy with regard to pension increases prior to the transfer is as follows:

1.4 Effective date of transfer:

1.5 Assets to be transferred:
(where scrip / title is to be transferred, a schedule may be attached)

The assets transferred will include any investment income earned on the instruments listed above from the effective date of transfer to the date upon which transfer actually occurs.

1.6 Where payment will be made in cash, the amount to be transferred will have interest added at the following rate to the amount determined at the effective date of transfer:
Fund return²
OR
Fixed rate of interest
(Delete and initial whichever is not applicable)

If a fixed rate of interest is payable, describe the steps that have been taken to protect the fund against loss if the investment return earned on the assets of the fund is lower than the fixed rate of interest payable:

1.7 Do transferring members have existing housing loans from the Fund or does the Fund have guaranteed housing loans for transferring members?
Yes / No
(Delete and initial whichever is not applicable)

If Yes, the loans or guarantees are being transferred / are not being transferred and will be redeemed as part of the transfer.
(Delete and initial whichever is not applicable)

Note: The Board must ensure that the requirements of the National Credit Act have been fully complied with in as far as housing loans are concerned.

1.8 Any relevant court orders in respect of the members transferring form part of the liabilities transferred.

1.9 Unclaimed benefits have / have not been included in the transfer value.
(Delete and initial whichever is not applicable)

1.10 Minimum benefits have been taken into account as follows:
.....
.....

2. The Board applied its mind to the inclusion of surplus and reserves transferred as at the effective date of the transfer and determined as follows:

2.1 Unallocated actuarial surplus, together with the investment reserve account, contingency reserve accounts, the member surplus account and the employer surplus account, were taken into account in the following manner:
.....
.....

2.2 The table below reflects the amounts relating to the transfer and the rule(s) of the Fund in terms of which the inclusion of surplus and reserves are based as well as the purpose for which the contingency reserve(s) is/are held:

Reserve Account	Amount held in the account prior to the transfer	Amount transferred from the account	Purpose for which the account is held	In terms of Rule
Investment reserve account			N/a	
Member surplus account			N/a	
Employer surplus account			N/a	
Contingency reserve accounts:				
A				
B				
C				
Unallocated actuarial surplus			N/a	
Total			N/a	

Notes:

(1) The reference to "proportionate share" below means that each transferring member will receive a proportion of the account in the ratio that his / her liability in respect of accrued service bears to all members' liabilities in respect of accrued service at the effective date of the transfer.

¹ The category may, for example, relate to members employed within a division, participating employer or bargaining unit, to membership of a particular trade union, or to the status of the employee.

² As defined in the Act.

- (2) If members will not receive such a proportionate share, the application must state why the board of the Fund did not give them a proportionate share. (See par 7 below and refer to section 15G of the Act)
- (3) In the case of a defined benefit fund, the investment reserve is deemed to be the solvency reserve that must include the difference between the fair value of the assets and the actuarial value of the assets. In the case of a defined contribution fund, the investment reserve is defined in the Act
- (4) Amounts stated in the table above must be stated as at the effective date of the transfer. Should accurate amounts only be available as at the previous valuation date of the fund, then approximate figures, with an explanation of the method used to determine these amounts, will suffice
- (5) The contingency reserves stated in the table above must be in terms of the registered rules of the Fund.

2.3 The following claims¹ against the Fund were not taken into account when the distribution of surplus was determined:

(noting that such claims should exclude any claims which have been recognised as liabilities by the board of the Fund and the valuator)

3 The total assets to be transferred is therefore.

Rand

Members' Actuarial Values/Shares of Fund*

Surplus and Reserves**

Total

* Delete and initial whichever is not applicable

** Must tie up with the value in par. 2.2

- 4 The basis described above is, in the opinion of the board, reasonable and equitable in respect of the transferring members
- 5 The transfer values, including the shares of any of the accounts mentioned in par. 2 above, accord full recognition to the rights and reasonable benefit expectations of transferring members.
- 6 The rights and reasonable benefit expectations of the remaining members are not adversely affected. If no members or pensioners will remain please explain the process to be followed for the future of the Fund and the expenses that could still be incurred
- 7 Where a non-proportional share of the accounts as set out in par 2 above (with the exception of the employer surplus account) has been included in the amount to be transferred, the statements in paragraphs 4, 5 and 6 may have been made for the following reasons:
- 8 Where appropriate, the rules of the Fund have been amended and registered by the Registrar to give effect to this scheme.

¹ These do not refer to outstanding benefits or creditors, both of which should be taken into account as liabilities if transferred, these refer to pending litigation or complaints in which members or former members are demanding adjustment to amounts previously paid or to accrued liabilities which are being transferred

- 9 No member will become entitled to a cash refund, except for payment of tax payable to SARS and except where housing loans granted by the transferor fund have been redeemed with appropriate payment of tax to SARS
- 10 If there is no reduction in the value of the underlying assets where the value of the member's resignation benefit depends upon the performance of such assets, the value of the transferring member's resignation benefits immediately after transfer will not be worse than they would have been immediately prior to transfer.
Yes / No
(Delete and initial whichever is not applicable)
If No, please refer to paragraph 2 of the main body of this Directive.
- 11 The members involved in the transfer have been properly informed, in writing, of the effect of the proposed scheme on their contribution rates and benefits in the following way:

Note: A copy of the information pack given to members, including any written statements and a copy of any audiovisual presentation made to them must be submitted

Where the transferor fund has surplus, the extent of such surplus, measured in terms of the fair value of assets rather than an actuarial value of assets, and the distribution of such surplus between stakeholders should be revealed in an objective manner in this communication
- 12 We are satisfied that the communication to members was adequate to enable them to make an informed decision about whether or not to object to the terms of the transfer
- 13 If the actuary reported to the board of the Fund on the financial impact of the transfer, a summary of such report has been made available to the members as part of the communication material
- 14 We, duly authorised by the board of the transferor fund, declare that the information above is, to the best of our knowledge and belief, correct and complete.

CHAIRPERSON

MEMBER OF THE BOARD

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

PRINCIPAL OFFICER

FULL NAME IN PRINT

DATE

FORM A2

SPECIAL RESOLUTION BY THE BOARD OF (TRANSFEREE FUND) (12/8/.....)

[To be signed by the following persons duly authorised by the board of the transferee fund. the chairperson of the board, a member of the board and the principal officer of the fund]

1. The board of the Fund, at its meeting on at, approved the disposition of the assets received as a result of the transfer of members from the (Transferor Fund) (12/8/.....) as follows:

1.1 The transferring members will be credited with the following benefits in recognition of the transfer amount received, excluding such amounts as the board shall apply in par. 2 below:

1.2 The Fund's policy with regard to pension increases prior to the transfer is as follows:

1.3 Effective date of transfer:

1.4 Will transferring members transfer their existing housing loans from the transferor fund to the transferee fund, or will guarantees provided by the transferor fund in respect of housing loans be transferred to the transferee fund?
 Yes / No
 (Delete and initial whichever is not applicable)

If No, it will be assumed that any such loans or guarantees do not exist or are redeemed prior to receipt by this fund of the net transfer value.

Note: The Board must ensure that the requirements of the National Credit Act have been fully complied with in as far as housing loans are concerned.

1.5 Any relevant court orders in respect of the members transferring form part of the liabilities transferred.

1.6 Unclaimed benefits have / have not been included in the transfer value.
 (Delete and initial whichever is not applicable)

2. The Board applied its mind to the application of amounts to be transferred and determined to allocate these amounts as follows:

Account	Reserve account in terms of Rule	Rand amount
Member share account		
Investment reserve account		
Member surplus account		
Contingency reserve account(s):		
A		
B		
C		
Unallocated surplus		
Total		

3. The basis described above is, in the opinion of the board, reasonable and equitable in respect of the members transferring.

4. The rights and reasonable benefit expectations of the members in the fund prior to the transfer are not adversely affected.

5. Where appropriate, the rules of the Fund have been amended and registered by the Registrar to give effect to this scheme.

6. If there is no reduction in the value of the underlying assets where the value of the member's resignation benefit depends upon the performance of such assets, the value of the transferring members' resignation benefits immediately after transfer will be not worse than they would have been immediately prior to transfer.
 Yes / No
 (Delete and initial whichever is not applicable).
 If No, please refer to paragraph 2 of the main body of this Directive.

7. The members involved in the transfer have been properly informed, in writing, of the effect of the proposed scheme on their contribution rates and benefits in the following way:

Note: A copy of the information pack given to members, including any written statements and a copy of any audiovisual presentation made to them should be attached.

Where the transferor fund had surplus, the extent of such surplus, measured in terms of the fair value of assets rather than an actuarial value of assets, and the distribution of such surplus between stakeholders should have been revealed in an objective manner in this communication.

8. We are satisfied that the communication to members was adequate to enable them to have made an informed decision about whether or not to object to the terms of the transfer.

9. If the actuary reported to the board of the Fund on the financial impact of the transfer, a summary of such report has been made available to the transferring members as part of the communication material.

10 We, duly authorised by the board of the transferee fund, declare that the information above is, to the best of our knowledge and belief, correct and complete

FORM A3

SPECIAL REPORT OF THE VALUATOR TO THE (TRANSFEROR FUND) (12/8/.....) IN TERMS OF SECTION 14 (1) (B) IN RESPECT OF THE TRANSFER OF MEMBERS FROM THE TRANSFEROR FUND TO THE (TRANSFEEE FUND) (12/8/.....)

[To be completed by the valuator to the fund appointed in terms of section 9A of the Act and must only be completed if the transferor fund is not exempt from actuarial valuation]

_____	_____
CHAIRPERSON	MEMBER OF THE BOARD
_____	_____
FULL NAME IN PRINT	FULL NAME IN PRINT
_____	_____
DATE	DATE

PRINCIPAL OFFICER	

FULL NAME IN PRINT	

DATE	

1 The transfer will not render the transferor fund unable to meet the requirements of the Pension Funds Act (No. 24 of 1956), as amended, or to remain in a sound financial condition.

OR

The transferor fund will cease to exist after the transfer has been effected.
(Please delete and initial whichever is not applicable.)

2 Basis and method used to calculate the transfer values (including provision for minimum benefits and determination of investment return to be added to the amount determined at the effective date of transfer until the actual date of transfer, and such shares of the member surplus account, investment reserve account and the contingency reserve accounts as the board has deemed appropriate to be included)

Note. Reference can be made to the rules of the Fund and the previous statutory valuation report submitted.

3 Where the transferor fund pays pensions from the Fund, the Fund's past policy regarding pension increases was given effect to as follows:

4 Reasons for using a different basis to the basis used at the last statutory actuarial valuation, if applicable, and the effect thereof on the transfer values:

5. In my opinion the transfer values, and such shares of the member surplus account, investment reserve account and the contingency reserve accounts as have been included in the transfer, satisfy the rights and reasonable benefit expectations of the members, deferred pensioners, and pensioners transferred in respect of benefits arising from service prior to the effective date of transfer.

If not, the valuator should explain why the rights and reasonable benefit expectations of the members, pensioners and deferred pensioners transferred are adversely affected:

6. In my opinion the rights and reasonable benefit expectations of the remaining members, pensioners and deferred pensioners will not be prejudiced as a result of the transfer

If not, the valuator should explain why the rights and reasonable benefit expectations of the remaining members, pensioners or deferred pensioners are adversely affected:

FORM A4

SPECIAL REPORT OF THE VALUATOR TO THE (TRANSFeree FUND) (12/8/.....) IN TERMS OF SECTION 14 (1) (B) IN RESPECT OF THE TRANSFER OF MEMBERS FROM THE (TRANSFEROR FUND) (12/8/.....) TO THE TRANSFeree FUND

[To be completed by the valuator to the fund appointed in terms of section 9A of the Act and must only be completed if the transferee fund is not exempt from actuarial valuation]

7. Funding level:

.....

8. The impact of the inclusion in the transfer value of any share of the member surplus account, investment reserve account and any contingency reserve accounts on the members remaining in the transferor fund is as follows:

.....

Note: Where the valuator has prepared a report setting out the financial consequences expected as a result of the transfer, as would commonly be the case if a fund is being restructured, a copy of the report should be attached.

9. I, valuator to the transferor fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

1. The transfer will not render the Transferee Fund unable to meet the requirements of the Pension Funds Act (No. 24 of 1956), as amended, or to remain in a sound financial condition.

If not, the valuator must explain the effect of the transfer on the transferee fund and the steps that should be taken to attain a financially sound condition after the transfer:

.....

2. In my opinion the transfer values have been applied in such a way as to give the transferring members full recognition for the amount transferred in:

- 2.1 the value of the benefits granted in terms of the rules of the transferee fund, and
- 2.2 the apportionment of part of the transfer value to the member surplus account, investment reserve account and contingency reserve accounts in the transferee fund.

3. In my opinion the rights and reasonable benefit expectations of the existing members, pensioners and deferred pensioners will not be prejudiced as a result of the transfer.

If not, the valuator should explain why the rights and reasonable benefit expectations of the existing members, pensioners or deferred pensioners are adversely affected:

.....

Note: The valuator should consider, amongst other matters, the expectations that the existing members, pensioners and deferred pensioners have in respect of the use of the member surplus account, investment reserve account, and contingency reserve accounts.

4. Funding level:

.....

5. Where the transferee fund pays pensions from the Fund, the Fund's past policy regarding pension increases has been given effect as follows:

.....

6. I, valuator to the transferee fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

Note Where the transferee fund is a retirement annuity fund administered by a registered insurer, the statutory actuary to the insurer may sign in place of a valuator but must state the capacity in which he is signing

FORM A5

CERTIFICATE BY THE PRINCIPAL OFFICER OF THE (TRANSFEROR FUND) (12/8/.....) IN RESPECT OF THE TRANSFER OF MEMBERS FROM THE TRANSFEROR FUND TO THE (TRANSFEE FUND) (12/8/.....)

- 1 The transferring members will receive transfer values that represent their full individual account values in the Fund as at, being their effective date of transfer.
- 2 The Fund has been exempted from actuarial valuation in terms of Regulation 2. The Fund does / does not have reserve accounts.
(Delete and initial whichever is not applicable)
- 3 If the Fund does have these reserve accounts then a proportionate share has/has not been included in the transfer values of the transferring members
(Delete and initial whichever is not applicable).

If not, the reasons are

4. In my opinion the transfer values, and such shares of the contingency reserve accounts as have been included in the transfer, satisfy the rights and reasonable benefit expectations of the members transferred in respect of benefits arising from service prior to the effective date of transfer

If not, the principal officer should explain why the rights and reasonable benefit expectations of the members transferred are adversely affected:

- 5 In my opinion the rights and reasonable benefit expectations of the remaining members will not be prejudiced as a result of the transfer.

If not, the principal officer should explain why the rights and reasonable benefit expectations of the remaining members are adversely affected:

6. I, principal officer of the transferor fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

Note. If the fund is not valuation exempt, Form A3 needs to be completed by the valuator to the Fund

FORM A6

CERTIFICATE BY THE PRINCIPAL OFFICER OF THE (TRANSFEEE FUND) (12/8/.....) IN RESPECT OF THE TRANSFER OF MEMBERS FROM THE (TRANSFEROR FUND) (12/8/.....)

- The transferring members will receive transfer values that represent their full individual account values in the Fund as at, being their effective date of transfer.
- The Fund has been exempted from actuarial valuation in terms of Regulation 2. The Fund does / does not have reserve accounts.
(Delete and initial whichever is not applicable)
- If the Fund does have these reserve accounts then a proportionate share has / has not been allocated to the transfer values of the transferring members.
(Delete and initial whichever is not applicable).

If not, the reasons are:
.....
- In my opinion the rights and reasonable benefit expectations of the existing members will not be prejudiced as a result of the transfer.

If not, the principal officer should explain why the rights and reasonable benefit expectations of the existing members are adversely affected:
.....

Note: The principal officer should consider, amongst other matters, the expectations that the existing members have in respect of the use of the contingency reserve accounts.
- I, principal officer of the transferee fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

Note: If the fund is not valuation exempt, Form A4 needs to be completed by the valuator to the Fund.

FORM B

BLANKET TRANSFERS AND TRANSFER OF MEMBERS BETWEEN TWO FUNDS WHEN EXACT NUMBERS ARE NOT KNOWN

SECTION 14(1): SCHEME FOR THE PROPOSED TRANSFER OF BUSINESS FROM THE (TRANSFEROR FUND) (12/8/.....) TO THE (TRANSFEEE FUND) (12/8/.....)

[To be signed by one of the following persons duly authorised by the board of the transferor fund: the chairperson of the board; a member of the board or the principal officer of the fund]

- The purpose of the scheme:
.....
- The transfer will be effected in terms of rule(s):

Transferor Fund:

Transferee Fund:
- The effective date of the transfer is:
OR
The transfer will occur as and when members elect to transfer to the transferee fund within the 12-month period starting on
(Delete and initial whichever is not applicable)
- Is the transfer directly or indirectly based on any written agreement between the employer, or the fund, and a third party or on any written agreement between two funds or on any written agreement between two employers?
.....

Note: If yes, certified copies of the relevant agreement must be included.
- The members will be informed of the proposed scheme and will be given at least 12 weeks in which to object to the scheme. The board of the fund will consider such objections and, where the complaints are reasonable, will endeavour to resolve them. Complainants will be informed if the board elects not to address their complaints.
- Copies of the board resolutions of the transferor fund (Form B1) and the transferee fund (Form B2) approving the terms of the transfer are enclosed.
In addition, the fund is not exempt from actuarial valuation. The special reports from the valuator to the transferor fund (Form B3) and the valuator to the transferee fund (Form B4) are enclosed.
OR
The fund is exempt from actuarial valuation. The certificates of the principal officer of the transferor fund (Form B5) and the principal officer of the transferee fund (Form B6) are enclosed.
(Delete and initial whichever is not applicable)

7 I duly authorised by the board of the transferor fund, declare that the information above and the forms hereto are, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

CAPACITY

DATE

FORM B1

SPECIAL RESOLUTION BY THE BOARD OF (TRANSFEROR FUND) (12/8/.....)

[To be signed by the following persons duly authorised by the board of the transferor fund
the chairperson of the board, a member of the board and the principal officer of the fund]

1. The board of the Fund, at its meeting on at approved the transfer of members to the (Transferee Fund) (12/8/.....) on the terms set out below
 - 1.1 Members to be transferred
(which should refer to all or a particular category¹ of member, noting whether the members have a choice to transfer, or not.)
 - 1.2 Members will receive their accrued actuarial liability / share of fund as determined by the valuator / board of the fund (should the fund be exempt from actuarial valuation) together with such share of surplus and various reserve accounts as is described in par. 2 below, subject to a minimum of the member's individual reserve, as defined in section 14B of the Act.
(Delete and initial whichever is not applicable)

If any of the above is not applicable, the reasons are detailed below
.....
 - 1.3 The Fund's policy with regard to pension increases prior to the transfer is as follows
.....
 - 1.4 Effective date of transfer:
OR
The transfer will occur as and when members elect to transfer to the transferee fund within the 12-month period starting on
(Delete and initial whichever is not applicable)
 - 1.5 Assets to be transferred
.....
(where scrip / title is to be transferred, a schedule may be attached)

The assets transferred will include any investment income earned on the instruments listed above from the effective date of transfer to the date upon which transfer actually occurs

[No later than 2 months after the end of the 12-month period, the Board of the Fund will submit Form B7 duly completed to the Registrar. Form B7 will provide full details of the amounts and the number of members / pensioners transferred.]
 - 1.6 Where payment will be made in cash, the amount to be transferred will have interest added at the following rate to the amount determined at the effective date of transfer
Fund return²
OR
Fixed rate of interest
(Delete and initial whichever is not applicable)

¹ The category may, for example, relate to members employed within a division, participating employer or bargaining unit, to membership of a particular trade union, or to the status of the employee.

² As defined in the Act.

If a fixed rate of interest is payable, describe the steps that have been taken to protect the fund against loss if the investment return earned on the assets of the fund is lower than the fixed rate of interest payable:

1.7 Do transferring members have existing housing loans from the Fund or does the Fund have guaranteed housing loans for transferring members?
 Yes / No
 (Delete and initial whichever is not applicable)

If Yes, the loans or guarantees are being transferred / are not being transferred and will be redeemed as part of the transfer.
 (Delete and initial whichever is not applicable)

Note: The Board must ensure that the requirements of the National Credit Act have been fully complied with in as far as housing loans are concerned.

1.8 Any relevant court orders in respect of the members transferring form part of the liabilities transferred.

1.9 Unclaimed benefits have / have not been included in the transfer value.
 (Delete and initial whichever is not applicable)

1.10 Minimum benefits have been taken into account as follows:

2. The Board applied its mind to the inclusion of surplus and reserves and determined as follows:

2.1 Unallocated actuarial surplus, together with the investment reserve account, contingency reserve accounts, the member surplus account and the employer surplus account, will be taken into account in the following manner:

2.2 The table below reflects the rule(s) of the Fund in terms of which the inclusion of surplus and reserves are based as well as the purpose for which the contingency reserve(s) is/are held:

Reserve account	Purpose for which the account is held	In terms of Rule
Investment reserve account	N/a	
Member surplus account	N/a	
Employer surplus account	N/a	
Contingency reserve accounts:		
A		
B		
C		
Unallocated actuarial surplus	N/a	

Notes:

(1) The reference to "proportionate share" below means that each transferring member will receive a proportion of the account in the ratio that his / her liability in respect of accrued service bears to all members' liabilities in respect of accrued service at the effective date of the transfer.

(2) If members will not receive such a proportionate share, the application must state why the board of the Fund did not give them a proportionate share. (See par. 6 below and refer to section 15G of the Act.)

(3) In the case of a defined benefit fund, the investment reserve is deemed to be the solvency reserve that must include the difference between the fair value of the assets and the actuarial value of the assets. In the case of a defined contribution fund, the investment reserve is defined in the Act.

(4) Amounts must be calculated as at the actual date of the transfer. Should accurate amounts only be available as at the previous valuation date of the fund, then approximate figures, with an explanation of the method used to determine these amounts, will suffice.

(5) The contingency reserves stated in the table above must be in terms of the registered rules of the Fund.

2.3 The following claims¹ against the fund were not taken into account when the distribution of surplus was determined:

(noting that such claims should exclude any claims which have been recognised as liabilities by the board of the Fund and the valuator)

3. The basis described above is, in the opinion of the board, reasonable and equitable in respect of the transferring members.

4. The transfer values, including the shares of any of the accounts mentioned in par. 2 above, accord full recognition to the rights and reasonable benefit expectations of transferring members.

5. The rights and reasonable benefit expectations of the remaining members will not be adversely affected. If no members or pensioners will remain, please explain the process to be followed for the future of the Fund and the expenses that could still be incurred.

6. Where a non-proportional share of the accounts as set out in par. 2 above (with the exception of the employer surplus account) has been included in the amount to be transferred, the statements in paragraphs 3, 4 and 5 may be made for the following reasons:

7. Where appropriate, the rules of the Fund have been amended and registered by the Registrar to give effect to this scheme.

8. No member will become entitled to a cash refund, except for payment of tax payable to SARS and except where housing loans granted by the transferor fund have been redeemed with appropriate payment of tax to SARS.

9. If there is no reduction in the value of the underlying assets where the value of the member's resignation benefit depends upon the performance of such assets, the value of the transferring member's resignation benefits immediately after transfer will not be worse than they would have been immediately prior to transfer.

Yes / No
 (Delete and initial whichever is not applicable).
 If No, please refer to paragraph 2 of the main body of this Directive.

¹ These do not refer to outstanding benefits or creditors, both of which should be taken into account as liabilities if transferred; these refer to pending litigation or complaints in which members or former members are demanding adjustment to amounts previously paid or to accrued liabilities which are being transferred.

10 The members involved in the transfer will be properly informed, in writing, of the effect of the proposed scheme on their contribution rates and benefits in the following way

Note A copy of the information pack to be given to members, including any written statements and a copy of any audiovisual presentation to be made to them must be submitted.

Where the transferor fund has surplus, the extent of such surplus, measured in terms of the fair value of assets rather than an actuarial value of assets, and the distribution of such surplus between stakeholders should be revealed in an objective manner in this communication.

11 We are satisfied that the communication to members will be adequate to enable members to make an informed decision about any election they might be asked to make and about whether or not to object to the terms of the transfer.

12 If the actuary reported to the board of the Fund on the financial impact of the transfer, a summary of such report will be made available to the members as part of the communication material

13 We, duly authorised by the board of the transferor fund, declare that the information above is, to the best of our knowledge and belief, correct and complete

CHAIRPERSON

MEMBER OF THE BOARD

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

PRINCIPAL OFFICER

FULL NAME IN PRINT

DATE

FORM B2

SPECIAL RESOLUTION BY THE BOARD OF (TRANSFEREE FUND) (12/8/.....)

[To be signed by the following persons duly authorised by the board of the transferee fund: the chairperson of the board, a member of the board and the principal officer of the fund]

1 The board of the Fund, at its meeting on .. at .., approved the disposition of the assets received as a result of the transfer of members from the .. (Transferor Fund) (12/8/ ..) as follows.

1.1 The transferring members will be credited with the following benefits in recognition of the transfer amount received, excluding such amounts as the board shall apply in par 2 below.

1.2 The Fund's policy with regard to pension increases prior to the transfer is as follows

1.3 Effective date of transfer.

OR

The transfer will occur as and when members elect to transfer to the transferee fund within the 12-month period starting on (Delete and initial whichever is not applicable)

1.4 Will transferring members transfer their existing housing loans from the transferor fund to the transferee fund, or will guarantees provided by the transferor fund in respect of housing loans be transferred to the transferee fund? Yes / No (Delete and initial whichever is not applicable)

If No, it will be assumed that any such loans or guarantees do not exist or are redeemed prior to receipt by this fund of the net transfer value

Note: The Board must ensure that the requirements of the National Credit Act have been fully complied with in as far as housing loans are concerned

1.5 Any relevant court orders in respect of the members transferring form part of the liabilities transferred.

1.6 Unclaimed benefits have / have not been included in the transfer value (Delete and initial whichever is not applicable)

2. The Board applied its mind to the application of amounts to be transferred and determined to allocate these amounts according to the following principles:

Account	Reserve account in terms of Rule	Principle that will apply
Member share account		
Investment reserve account		
Member surplus account		
Contingency reserve account(s): A B C		
Unallocated surplus		

3. The basis described above is, in the opinion of the board, reasonable and equitable in respect of the members transferring.

4. The rights and reasonable benefit expectations of the members in the fund prior to the transfer are not adversely affected.

5. Where appropriate, the rules of the Fund have been amended and registered by the Registrar to give effect to this scheme.

6. If there is no reduction in the value of the underlying assets where the value of the member's resignation benefit depends upon the performance of such assets, the value of the transferring member's resignation benefits immediately after transfer will not be worse than they would have been immediately prior to transfer.

Yes / No
(Delete and initial whichever is not applicable).
If No, please refer to paragraph 2 of the main body of this Directive.

7. The members involved in the transfer will be properly informed, in writing, of the effect of the proposed scheme on their contribution rates and benefits in the following way:

.....

.....

Note: A copy of the information pack to be given to members, including any written statements and a copy of any audiovisual presentation to be made to them should be attached.

Where the transferor fund has surplus, the extent of such surplus, measured in terms of the fair value of assets rather than an actuarial value of assets, and the distribution of such surplus between stakeholders should be revealed in an objective manner in this communication.

8. We are satisfied that the communication to members will be adequate to enable members to make an informed decision about any election they might be asked to make and about whether or not to object to the terms of the transfer.

9. If the actuary reported to the board of the Fund on the financial impact of the transfer, a summary of such report will be made available to the transferring members as part of the communication material.

10. We, duly authorised by the board of the transferee fund, declare that the information above is, to the best of our knowledge and belief, correct and complete.

CHAIRPERSON

MEMBER OF THE BOARD

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

PRINCIPAL OFFICER

FULL NAME IN PRINT

DATE

FORM B3

SPECIAL REPORT OF THE VALUATOR TO THE (TRANSFEROR FUND) (12/8/.....) IN TERMS OF SECTION 14 (1) (B) IN RESPECT OF THE TRANSFER OF MEMBERS FROM THE TRANSFEROR FUND TO THE (TRANSFeree FUND) (12/8/.....)

[To be completed by the valuator to the fund appointed in terms of section 9A of the Act and must only be completed if the transferor fund is not exempt from actuarial valuation]

1 The transfer will not render the transferor fund unable to meet the requirements of the Pension Funds Act (No. 24 of 1956), as amended, or to remain in a sound financial condition

OR

The transferor fund will cease to exist after the transfer has been effected. (Delete and initial whichever is not applicable)

2 Basis and method used to calculate the transfer values (including provision for minimum benefits and determination of investment return to be added to the amount determined at the effective date of transfer until the actual date of transfer, and such shares of the member surplus account, investment reserve account and the contingency reserve accounts as the board has deemed appropriate to be included):

Note: Reference can be made to the rules of the Fund and the previous statutory valuation report submitted.

3 Where the transferor fund pays pensions from the Fund, the Fund's past policy regarding pension increases was given effect to as follows.

4 Reasons for using a different basis to the basis used at the last statutory actuarial valuation, if applicable, and the effect thereof on the transfer values:

5 In my opinion the transfer values, and such shares of the member surplus account, investment reserve account and the contingency reserve accounts as have been included in the transfer, satisfy the rights and reasonable benefit expectations of the members, deferred pensioners, and pensioners transferred in respect of benefits arising from service prior to the effective date of transfer.

If not, the valuator should explain why the rights and reasonable benefit expectations of the members, pensioners and deferred pensioners transferred are adversely affected.

6 In my opinion the rights and reasonable benefit expectations of the remaining members, pensioners and deferred pensioners will not be prejudiced as a result of the transfer

If not, the valuator should explain why the rights and reasonable benefit expectations of the remaining members, pensioners or deferred pensioners are adversely affected:

7 Funding level:
8. The impact of the inclusion in the transfer value of any share of the member surplus account, investment reserve account and any contingency reserve accounts on the members remaining in the transferor fund is as follows.

Note: Where the valuator has prepared a report setting out the financial consequences expected as a result of the transfer, as would commonly be the case if a fund is being restructured, a copy of the report should be attached

9. I, valuator to the transferor fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

FORM B4

**SPECIAL REPORT OF THE VALUATOR TO THE (TRANSFEREE FUND)
(12/8/.....) IN TERMS OF SECTION 14 (1) (B) IN RESPECT OF THE TRANSFER OF MEMBERS
FROM THE (TRANSFEROR FUND) (12/8/.....) TO THE TRANSFEREE FUND**

[To be completed by the valuator to the fund appointed in terms of section 9A of the Act and must only be completed if the transferee fund is not exempt from actuarial valuation]

1. The transfer will not render the Transferee Fund unable to meet the requirements of the Pension Funds Act (No. 24 of 1956), as amended, or to remain in a sound financial condition.

If not, the valuator must explain the effect of the transfer on the transferee fund and the steps that should be taken to attain a financially sound condition after the transfer:
.....

2. In my opinion the transfer values have been applied in such a way as to give the transferring members full recognition for the amount transferred in:

- 2.1 the value of the benefits granted in terms of the rules of the transferee fund, and
- 2.2 the apportionment of part of the transfer value to the member surplus account, investment reserve account and contingency reserve accounts in the transferee fund.

3. In my opinion the rights and reasonable benefit expectations of the existing members, pensioners and deferred pensioners will not be prejudiced as a result of the transfer.

If not, the valuator should explain why the rights and reasonable benefit expectations of the existing members, pensioners or deferred pensioners are adversely affected:
.....

Note: The valuator should consider, amongst other matters, the expectations that the existing members, pensioners and deferred pensioners have in respect of the use of the member surplus account, investment reserve account, and contingency reserve accounts.

4. Funding level:
.....

5. Where the transferee fund pays pensions from the Fund, the Fund's past policy regarding pension increases has been given effect as follows:
.....

6. I, valuator to the transferee fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

Note: Where the transferee fund is a retirement annuity fund administered by a registered insurer, the statutory actuary to the insurer may sign in place of a valuator but must state the capacity in which he is signing.

FORM B5

CERTIFICATE BY THE PRINCIPAL OFFICER OF THE (TRANSFEROR FUND) (12/8/.....) IN RESPECT OF THE TRANSFER OF MEMBERS FROM THE TRANSFEROR FUND TO THE (TRANSFEE FUND) (12/8/.....)

- 1 The transferring members will receive transfer values that represent their full individual account values in the Fund as at, being their effective date of transfer.
2 The Fund has been exempted from actuarial valuation in terms of Regulation 2. The Fund does / does not have reserve accounts. (Delete and initial whichever is not applicable)
3 If the Fund does have these reserve accounts then a proportionate share has/has not been included in the transfer values of the transferring members (Delete and initial whichever is not applicable).
If not, the reasons are:
4 In my opinion the transfer values, and such shares of the contingency reserve accounts as have been included in the transfer, satisfy the rights and reasonable benefit expectations of the members transferred in respect of benefits arising from service prior to the effective date of transfer.
If not, the principal officer should explain why the rights and reasonable benefit expectations of the members transferred are adversely affected.
5 In my opinion the rights and reasonable benefit expectations of the remaining members will not be prejudiced as a result of the transfer.
If not, the principal officer should explain why the rights and reasonable benefit expectations of the remaining members are adversely affected:
6 I, principal officer of the transferor fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

Note: If the fund is not valuation exempt, Form B3 needs to be completed by the valuator to the Fund.

FORM B6

CERTIFICATE BY THE PRINCIPAL OFFICER OF THE (TRANSFEE FUND) (12/8/.....) IN RESPECT OF THE TRANSFER OF MEMBERS FROM THE (TRANSFEROR FUND) (12/8/.....)

- 1 The transferring members will receive transfer values that represent their full individual account values in the Fund as at, being their effective date of transfer.
2 The Fund has been exempted from actuarial valuation in terms of Regulation 2. The Fund does / does not have reserve accounts. (Delete and initial whichever is not applicable)
3 If the Fund does have these reserve accounts then a proportionate share has/has not been included in the transfer values of the transferring members. (Delete and initial whichever is not applicable)
If not, the reasons are:
4 In my opinion the rights and reasonable benefit expectations of the existing members will not be prejudiced as a result of the transfer.
If not, the principal officer should explain why the rights and reasonable benefit expectations of the existing members are adversely affected:
Note: The principal officer should consider, amongst other matters, the expectations that the existing members have in respect of the use of the contingency reserve accounts.
5 I, principal officer of the transferee fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

Note: If the fund is not valuation exempt, Form B4 needs to be completed by the valuator to the Fund.

FORM B7

ANNEXURE IN RESPECT OF MEMBERS TRANSFERRED BETWEEN TWO FUNDS AS WAS PROSPECTIVELY GRANTED BY THE REGISTRAR

[To be completed by the transferor fund and submitted within 2 months after the expiry of the 12-month period]

SECTION 14(1): SCHEME FOR THE TRANSFER OF BUSINESS FROM THE (TRANSFEROR FUND) (12/8/.....) TO THE (TRANSFEREE FUND) (12/8/.....)

[To be signed by one of the following persons duly authorised by the board of the transferor fund: the chairperson of the board; a member of the board or the principal officer of the fund]

1. Case Number:
2. Effective Date:
3. The effect upon the membership of the transferor fund (may not be more than 12 months after the effective date) was as follows:

	Transfer Date	Number of		Rand Amount
		Active Members	Deferred Pensioners	
Members transferring				
Total				

	Active Members	Number of	
		Pensioners	Deferred Pensioners
Members remaining			

4. I, duly authorised by the board of the transferor fund, declare that the information above and the forms hereto are, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

CAPACITY

DATE

FORM C

PURCHASE OF ANNUITY POLICIES IN THE NAMES OF PENSIONERS

SCHEME FOR THE PROPOSED TRANSFER OF BUSINESS FROM THE (TRANSFEROR FUND) (12/8/.....) TO VARIOUS INSURERS FOR THE PURCHASE OF ANNUITIES IN RESPECT OF EXISTING PENSIONERS IN THE TRANSFEROR FUND OR THE CESSION OF ANNUITY POLICIES OWNED BY THE TRANSFEROR FUND TO PENSIONERS

[To be signed by one of the following persons duly authorised by the board of the transferor fund: the chairperson of the board; a member of the board or the principal officer of the fund]

1. The purpose of the scheme:
2. The transfer will be effected in terms of Rule(s) of the transferor fund.
3. The effective date of the transfer is:
4. The period over which pensioners may elect to transfer is within 12 months from the effective date, but the amounts transferred will be determined as at the effective date, adjusted only in respect of amounts paid subsequent to the effective date and net investment return earned.
5. For transfers where the number of pensioners transferring and the amounts to be transferred are known prior to applying in terms of section 14:
 - 5.1 The effect upon the membership of the transferor fund of the transfer as at the effective date, if approved, will be as follows:

	Number transferring	Number remaining after the transfer
Active members	N/a	
Pensioners		
Deferred pensioners	N/a	
Unclaimed benefits	N/a	

- 5.2 Please note that Form G (suitably amended) needs to be completed only in the event that the actual transfer differs from the approved section 14 scheme due to the payment of death or pension benefits prior to the approval of the section 14 scheme and is to be kept on file by both Funds. This form is to be presented to the Registrar upon request or inspection.
6. For transfers where the number of pensioners transferring and the amounts to be transferred are not known prior to applying in terms of section 14, the transferor fund will complete and submit Form C3 to the Registrar within 2 months after the expiry of the 12-month period.
7. Pensioners will be informed of the proposed scheme and will be given at least 12 weeks in which to object to the scheme. The board of the fund will consider such objections and, where the complaints are reasonable, will endeavour to resolve them. Complainants will be informed if the board elects not to address their complaints.
8. Where the transferor fund has surplus, the extent of such surplus, measured in terms of the fair value of assets rather than an actuarial value of assets, and the distribution of such surplus between stakeholders should be revealed in an objective manner in such communication.

FORM C1

9 Copies of the board resolution of the transferor fund approving the terms of the transfer (Form C1) and the special report from the valuator to the transferor fund (Form C2) are enclosed

10 I, duly authorised by the board of the transferor fund, declare that the information above and the forms hereto are, to the best of my knowledge and belief, correct and complete

SIGNATURE

FULL NAME IN PRINT

CAPACITY

DATE

SPECIAL RESOLUTION BY THE BOARD OF (TRANSFEROR FUND) (12/8/.....)

[To be signed by the following persons duly authorised by the board of the transferor fund, the chairperson of the board, a member of the board and the principal officer of the fund]

1 The board of the Fund, at its meeting on at approved the purchase of annuity policies in the name of pensioners or the cession of existing annuity policies owned by the Fund to pensioners on the terms set out below.

- 1.1 Pensioners to be transferred
- 1.2 Pensioners will receive their accrued actuarial liability as determined by the valuator together with such share of surplus and various reserve accounts as is described in par. 2 below, where such amounts make provision for the minimum pension increase as defined in section 14B of the Act

If any of the above is not applicable, the reasons are detailed below.

- 1.3 The Fund's policy with regard to pension increases prior to the transfer is as follows
- 1.4 Effective date of transfer
OR
The transfer will occur as and when pensioners elect to transfer to the transferee fund within the 12-month period starting on
(Delete and initial whichever is not applicable)

- 1.5 Assets to be transferred:
.....
(where scrip / title is to be transferred, a schedule may be attached)
- The assets transferred will include any investment income earned on the instruments listed above from the effective date of transfer to the date upon which transfer actually occurs

[No later than 2 months after the end of the 12-month period, the Board of the Fund will submit Form C3 duly completed to the Registrar. Form C3 will provide full details of the amounts and the number of pensioners transferred.]

- 1.6 Where payment will be made in cash, the amount to be transferred will have interest added at the following rate to the amount determined at the effective date of transfer
Fund return¹
OR
Fixed rate of interest
(Delete whichever is not applicable)

If a fixed rate of interest is payable, describe the steps that have been taken to protect the fund against loss if the investment return earned on the assets of the fund is lower than the fixed rate of interest payable:
.....

¹ As defined in the Act

2. The Board applied its mind to the inclusion of surplus and reserves and determined as follows:

2.1 Unallocated actuarial surplus, together with the investment reserve account, contingency reserve accounts, the member surplus account and the employer surplus account, will be taken into account in the following manner:

.....

2.2 The table below reflects the amounts relating to the transfer and the rule(s) of the Fund in terms of which the inclusion of surplus and reserves are based as well as the purpose for which the contingency reserve(s) is/are held:

Reserve accounts	Amount held in the account prior to the transfer	Amount transferred from the account	Purpose for which the account is held	In terms of Rule
Investment reserve account			N/a	
Member surplus account			N/a	
Employer surplus account			N/a	
Contingency reserve accounts:				
A				
B				
C				
Unallocated actuarial surplus			N/a	
Total			N/a	

Notes:

- (1) If the amounts are not known, the principles to be applied should be submitted immediately and the above schedule at the end of the 12-month period.
- (2) The reference to "proportionate share" below means that each transferring pensioner will receive a proportion of the account in the ratio that his / her liability bears to all pensioners' liabilities in respect of accrued service at the effective date of the transfer. (See par. 6 below)
- (3) If pensioners will not receive such a proportionate share, the application must state why the board of the fund did not give them a proportionate share. (See par. 6 below and refer to section 15G of the Act.)
- (4) The investment reserve is deemed to be the solvency reserve that must include the difference between the fair value of the assets and the actuarial value of the assets.
- (5) Amounts stated in the table above must be stated as at the effective date of the transfer. Should accurate amounts only be available as at the previous valuation date of the fund, then approximate figures, with an explanation of the method used to determine these amounts, will suffice.
- (6) The contingency reserves stated in the table above must be in terms of the registered rules of the Fund.

2.3 The following claims¹ against the fund were not taken into account when the distribution of surplus was determined:

.....

 (noting that such claims should exclude any claims which have been recognised as liabilities by the board of the Fund and the valuator)

3. The basis described above, is, in the opinion of the board, reasonable and equitable in respect of the transferring pensioners and their beneficiaries.
 4. The transfer values accord full recognition to the rights and reasonable benefit expectations of pensioners and their beneficiaries.
 5. The rights and reasonable benefit expectations of the remaining members and pensioners will not be adversely affected. If no members or pensioners will remain, please explain the process to be followed for the future of the Fund and the expenses that could still be incurred.

 6. Where a non-proportional share of the accounts as set out in par. 2 above (with the exception of the employer surplus account) has been included in the amount to be transferred, the statements in paragraphs 3, 4 and 5 may be made for the following reasons:

 7. Where appropriate, the rules of the Fund have been amended and registered by the Registrar to give effect to this scheme.
 8. No pensioner will become entitled to a cash refund.
 9. No pensioner will receive a pension of lower value immediately after the transfer than the pension that the pensioner was receiving immediately prior to the transfer.
 10. The pensioners involved in the transfer have been / will be properly informed, in writing, of the effect on their benefits of the proposed scheme. A sample copy of the written communication that has been given / will be given to the pensioners is enclosed.
 (Delete and initial whichever is not applicable)
- Note: A copy of the information pack to be given to pensioners, including any written statements and a copy of any audiovisual presentation to be made to them must be submitted.
- Where the transferor fund has surplus, the extent of such surplus, measured in terms of the fair value of assets rather than an actuarial value of assets, and the distribution of such surplus between stakeholders should be revealed in an objective manner in this communication.
11. We are satisfied that the communication to pensioners will be adequate to enable pensioners to make an informed decision about any election they might be asked to make and about whether or not to object to the terms of the transfer.

¹ These do not refer to outstanding benefits or creditors, both of which should be taken into account as liabilities if transferred; these refer to pending litigation or complaints in which members or former members are demanding adjustment to amounts previously paid or to accrued liabilities which are being transferred.

- 12 If the actuary reported to the board of the Fund on the financial impact of the transfer, a summary of such report will be made available to the pensioners as part of the communication material.
- 13 We, duly authorised by the board of the transferor fund, declare that the information above is, to the best of our knowledge and belief, correct and complete.

CHAIRPERSON

MEMBER OF THE BOARD

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

PRINCIPAL OFFICER

FULL NAME IN PRINT

DATE

FORM C2

SPECIAL REPORT OF THE VALUATOR TO THE (TRANSFEROR FUND) (12/8/.....) IN TERMS OF SECTION 14 (1) (B) IN RESPECT OF THE PURCHASE OF ANNUITIES IN RESPECT OF PENSIONERS BEING PAID UNDER THE TRANSFEROR FUND

1 The transfer will not render the transferor fund unable to meet the requirements of the Pension Funds Act (No 24 of 1956), as amended, or to remain in a sound financial condition

OR

The transferor fund will cease to exist after the transfer has been effected.
(Delete and initial whichever is not applicable)

2 Basis and method used to calculate the transfer values (including provision for minimum benefits and determination of investment return to be added to the amount determined at the effective date of transfer until the actual date of transfer, and such shares of the member surplus account, investment reserve account and the contingency reserve accounts as the board has deemed appropriate to be included)

Note Reference can be made to the rules of the Fund and the previous statutory valuation report submitted

3 The Fund's pension increase policy has been given effect to as follows

4 Reasons for using a different basis to the basis used at the last statutory actuarial valuation, if applicable, and the effect thereof on the transfer values:

5 In my opinion the transfer values, and such shares of the member surplus account, investment reserve account and the contingency reserve accounts as have been included in the transfer, satisfy the rights and reasonable benefit expectations of the pensioners transferred in respect of benefits arising from service prior to the effective date of transfer

If not, the valuator should explain why the rights and reasonable benefit expectations of the pensioners transferred are adversely affected:

6 In my opinion the rights and reasonable benefit expectations of the remaining members, pensioners and deferred pensioners will not be prejudiced as a result of the transfer

If not, the valuator should explain why the rights and reasonable benefit expectations of the remaining members, pensioners or deferred pensioners are adversely affected:

FORM C3

ANNEXURE IN RESPECT OF ANNUITY POLICIES PURCHASED IN THE NAMES OF PENSIONERS AS WAS PROSPECTIVELY GRANTED BY THE REGISTRAR

[To be completed by the transferor fund and submitted within 2 months after the expiry of the 12-month period]

SECTION 14(1): SCHEME FOR THE TRANSFER OF BUSINESS FROM THE (TRANSFEROR FUND) (12/8/.....) TO VARIOUS INSURERS FOR THE PURCHASE OF ANNUITIES IN RESPECT OF EXISTING PENSIONERS IN THE TRANSFEROR FUND OR THE CESSION OF ANNUITY POLICIES OWNED BY THE TRANSFEROR FUND TO PENSIONERS

[To be signed by one of the following persons duly authorised by the board of the transferor fund: the chairperson of the board; a member of the board or the principal officer of the fund]

1. Case Number:
2. Effective Date:
3. The effect upon the membership of the transferor fund (may not be more than 12 months after the effective date) was as follows:

	Transfer Date	Number	Rand Amount
Pensioners transferring			
Total			

	Number of		
	Active Members	Pensioners	Deferred Pensioners
Members remaining			

4. I, duly authorised by the board of the transferor fund, declare that the information above and the forms hereto are, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

CAPACITY

DATE

7. Funding level:
.....
 8. The impact of the inclusion in the transfer value of any share of the member surplus account, investment reserve account and any contingency reserve accounts on the members remaining in the transferor fund is as follows:
.....
.....
- Note: Where the valuator has prepared a report setting out the financial consequences expected as a result of the transfer, as would commonly be the case if a fund is being restructured, a copy of the report should be attached.
9. I, valuator to the transferor fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

FORM D

DECLARATION IN PURCHASING AN INDIVIDUAL ANNUITY POLICY MADE BY A MEMBER OF THE (TRANSFEROR FUND) (12/8/.....)

- 1 I, (member's name) hereby confirm that I have received written particulars of all expenses and commissions in respect of the compulsory annuity policy. These amount to R
- 2 The effect that it will have on my policy value has been duly explained to me and I declare that I am fully aware of the impact that the annuity policy will have on my benefits so transferred.
- 3 I hereby consent to such expenses and commissions and fully understand the effect thereof and hereby request that an annuity policy be purchased from (name of registered long-term insurer).

_____	_____
MEMBER	PRINCIPAL OFFICER OR DULY AUTORISED MEMBER OF THE BOARD
_____	_____
FULL NAME IN PRINT	FULL NAME IN PRINT
_____	_____
DATE	DATE

Note This is a separate document The Fund must retain a signed copy hereof

FORM E

AN APPLICATION FOR AN 'AGTERSKOT' TRANSFER IN RESPECT OF THE PREVIOUSLY APPROVED TRANSFER OF BUSINESS FROM (TRANSFEROR FUND) (12/8/.....) TO (TRANSFEE FUND) (12/8/.....)

[This form is to be completed by the valuator of the transferor fund, the principal officers of both Funds as well as the chairpersons or duly authorized members of the boards of both Funds]

- 1 Case number of previous approval
- 2 Reason and motivation for the application by the Valuator:
(exactly the same numbers of members should be affected by the 'agterskot' adjustment, any differences must be justified)

3 Details of transfer

	Effective Date	Number of Members	Transfer Value
Original scheme as approved by the Registrar			
Agterskot Adjustment			

- 4 We confirm that the additional assets will be applied in the same manner as the original scheme that was approved by the Registrar
- 5 We confirm that the assets transferred will be rolled up with fund return from the effective date of transfer to the actual date of payment
- 6 I, valuator to the transferor fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE OF VALUATOR

FULL NAME IN PRINT

DATE

FOR THE TRANSFEROR FUND

7. The Board of the Transferor Fund hereby agrees to this transfer and certifies that the provisions of the rules of the Fund have been complied with in effecting this transfer and that the transfer is made in terms of rule ____ of the registered rules to the Fund. The Board further declares that the above information is, to the best of Board's knowledge, correct and complete.

CHAIRPERSON / AUTHORISED
MEMBER OF THE BOARD

PRINCIPAL OFFICER

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

FOR THE TRANSFEREE FUND

8. The Board of the Transferee Fund hereby agrees to this transfer and certifies that the provisions of the rules of the Fund have been complied with in effecting this transfer and that the transfer is made in terms of rule ____ of the registered rules to the Fund. The Board further declares that the above information is, to the best of Board's knowledge, correct and complete.

CHAIRPERSON / AUTHORISED
MEMBER OF THE BOARD

PRINCIPAL OFFICER

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

FORM F

APPLICATION TO DE-REGISTER (THE FUND) (12/8/.....)

[to be signed by a duly authorised member of the board of the Fund]

1. The board of the Fund has resolved that the Fund should be deregistered as the Fund will have no members, assets and liabilities after the transfer has been effected. A copy of the board resolution stating that fact, is attached hereto.
2. A certificate from the valuator / principal officer / auditor of the Fund (Delete and initial whichever is not applicable) stating that the Fund has no members, assets and liabilities is also enclosed.
3. I, duly authorized member of the board of the Fund, declare that the information above is, to the best of my knowledge and belief, correct and complete.

SIGNATURE

FULL NAME IN PRINT

DATE

FORM F1

**CERTIFICATE OF THE VALUATOR / PRINCIPAL OFFICER / AUDITOR OF THE
(FUND) (12/8/.....) IN RESPECT OF THE APPLICATION TO DE-REGISTER THE FUND**

(Delete and initial whichever is not applicable)

- 1 The Fund has no members, assets and liabilities.
- 2 I, valuator / principal officer / auditor of the Fund (Delete and initial whichever is not applicable), declare that the information above is, to the best of my knowledge and belief, correct and complete

SIGNATURE

FULL NAME IN PRINT

DATE

FORM G

**CERTIFICATE OF RECONCILIATION WITH RESPECT TO THE TRANSFER OF BUSINESS FROM
(TRANSFEROR FUND) (12/8/.....) TO (TRANSFEEE FUND) (12/8/.....)**

[This form is to be completed only in the event that the actual transfer differs from the approved section 14 scheme due to the payment of withdrawal, death or pension benefits prior to the approval of the section 14 scheme and is to be kept on file by both Funds. This form is to be presented to the Registrar upon request or inspection]

- 1 Case Number
- 2 Effective Date
3. We have examined the transfer of business from the transferor fund to the transferee fund as stated above and wish to certify that the transfer took place as detailed in the following summary:

	Date	Number of Members	Transfer Value
Scheme as approved by the Registrar			
Position as at the effective date			
Benefit payments made before section 14 approval was granted (Schedule attached)			
Interest earned on the transfer values			
Final amount transferred			

4. We declare that the above is, to the best of our knowledge, correct and complete

For the Transferor Fund

For the Transferee Fund

CHAIRPERSON / AUTHORISED
MEMBER OF THE BOARD

CHAIRPERSON / AUTHORISED
MEMBER OF THE BOARD

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

PRINCIPAL OFFICER

PRINCIPAL OFFICER

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

FORM H

SECTION 14(8): SCHEME FOR THE PROPOSED TRANSFER OF BUSINESS FROM THE (TRANSFEROR FUND) (12/8/.....) TO THE (TRANSFeree FUND) (12/8/.....)

This form must be completed in the event that the Registrar's approval is not required in terms of section 14(8). The form must be kept on file by both the transferor and transferee fund and must be presented to the Registrar upon request or inspection. For each fund, the form must be signed by the following persons duly authorised by the Board: the chairperson of the board (or other member of the board so appointed) and the principal officer of the Fund

- 1 The purpose of the scheme and whether the transfer is based on any agreement
- 2 The transfer will be effected in terms of rule(s)*
 Transferor Fund
 Transferee Fund
- 3 The effective date of the transfer is
- 4 The effect of the transfer on the membership of the transferor fund as at the effective date will be as follows

	Number transferring	Number remaining after the transfer
Active members		
Pensioners		
Deferred pensioners		
Members with Unclaimed benefits		

- 5 Assets to be transferred R _____
 Constituted as follows

 The assets transferred will be increased or decreased with fund return¹ from the transferor fund from the effective date of transfer to the actual date of payment
- 6 Are housing loans being transferred? If yes, please provide details thereof OR provide an explanation as to the extent and nature of the liability

Note. The Board must ensure that the requirements of the National Credit Act have been fully complied with in as far as housing loans are concerned

¹ As defined in the Act
 * Not applicable to retirement annuity funds in line with section 14(7) of the Act

7. Will any enforceable court orders in respect of the members transferring form part of the liabilities transferred?

CERTIFICATION FOR THE TRANSFEROR FUND:

8. We the Board of the transferor fund certify the following:
 - 8.1 That the transferor fund is valuation exempt (proof of valuation exemption is attached); and
 - 8.2 That the transfer values accord full recognition to the rights and reasonable benefit expectations of the transferring members; and
 - 8.3 That the rights and reasonable benefit expectations of the remaining members are not adversely affected; and
 - 8.4 That the provisions of the rules of the transferor fund have been complied with (this provision is not required where section 14(7) applies); and
 - 8.5 That the communication to the affected members was adequate to enable them to make an informed decision as to whether or not to object to the scheme of transfer. Where there were objections, the Board of the Fund has considered such objections and they were satisfactorily resolved. In the event that the transfer will have the effect of prejudicing the transferring members, explicit approval to transfer was received from all of the prejudiced members and such members were given at least 4 weeks to object to the transfer (this provision will not be applicable to voluntary transfers between Retirement Annuity Funds); and
 - 8.6 That the assets and liabilities will be transferred within 180 days of the effective date of transfer; and
 - 8.7 The assets transferred will be increased or decreased with fund return from the effective date to the date of final settlement; and
 - 8.8 No member will become entitled to a cash refund, except for payment of tax payable to SARS and except where housing loans granted by the transferor fund have been redeemed with appropriate payment of tax to SARS; and
 - 8.9 That the transferor fund will keep all records of this transfer and will present them to the Registrar upon request or inspection; and
 - 8.10 Where this constitutes a full transfer, the transferor fund's surplus apportionment scheme was approved by the Registrar or where a nil surplus scheme was required, such a scheme has been noted by the Registrar. The Fund will apply for de-registration within 180 days of the actual date of payment (proof of surplus scheme approval is attached).

CERTIFICATION FOR THE TRANSFEE FUND:

9. We, the Board, of the transferee fund certify the following:
 - 9.1 That the transferee fund is valuation exempt (proof of valuation exemption is attached); and
 - 9.2 That the rights and reasonable benefit expectations of the existing members in the transferee fund are not adversely affected; and
 - 9.3 That the benefits of the transferring members will be applied reasonably and equitably in the transferee fund; and
 - 9.4 That the provisions of the rules of the transferee fund have been complied with (this provision is not required where section 14(7) applies); and
 - 9.5 That the communication to the transferring members was adequate to enable them to make an informed decision as to whether or not to object to the scheme of transfer; and
 - 9.6 That the transferee fund has kept all records of this transfer and will present them to the Registrar upon request or inspection.

FOR THE TRANSFEROR FUND:

10 We, duly authorised by the board of the transferor fund, declare that the information above is, to the best of our knowledge and belief, correct and complete. We also undertake to complete Form J in recognition of transfer and refer it to the transferee fund within 14 working days of actual date of payment.

_____ CHAIRPERSON / AUTHORISED MEMBER OF THE BOARD	_____ PRINCIPAL OFFICER
_____ FULL NAME IN PRINT	_____ FULL NAME IN PRINT
_____ DATE	_____ DATE

FOR THE TRANSFEEE FUND:

11. We, duly authorised by the board of the transferee fund, declare that the information above is, to the best of our knowledge and belief, correct and complete. We accept the transfer on the terms set out above and undertake to complete Form J once received from the transferor fund and return a copy within 14 working days of receipt thereof

_____ CHAIRPERSON / AUTHORISED MEMBER OF THE BOARD	_____ PRINCIPAL OFFICER
_____ FULL NAME IN PRINT	_____ FULL NAME IN PRINT
_____ DATE	_____ DATE

NB: In the event that the transferee fund is an Insurer, it is not necessary for the Insurer to complete this Form

FORM J

RECOGNITION OF TRANSFER FOR TRANSFERS COMPLETED IN TERMS OF SECTION 14(8)

To be completed by representatives of the transferor and the transferee fund once the transfer has taken place and must be kept on file by both funds

A FOR THE TRANSFEROR FUND:

- 1 Name of the Transferor Fund
- 2 Registration Number: 12/8/
3. Number of members transferring: (schedule attached)
4. Transfer value at effective date of transfer: R..... Effective date:
5. Transfer value at date of payment: R..... Date of payment:
6. We certify the following:
 - 6.1 That the transfer values were adjusted with fund return from the effective date of transfer to the actual of date of payment.
 - 6.2 That a completed copy of this form will be forwarded to the transferee fund within 14 business days from the date of payment
- 7 Details of representative of the Transferor Fund

Full name in print: _____
 Designation: _____
 Administrator/Company: _____
 Signature: _____
 Date: _____
 Telephone: _____
 Fax: _____
 Email: _____

B FOR THE TRANSFEREE FUND*:

1. Name of the Transferee Fund
2. Registration Number:
3. Banking details of the transferee fund where money was deposited:

Account Holder _____
Name of Bank _____
Branch Name _____
Branch code: _____
Reference Number: _____
Amount: R _____
Date of deposit. _____

4. We certify the following:
 - a. That the transfer values will be applied in the manner specified in Form H to this transfer.
 - b. That a completed copy of this form will be sent back to the transferor fund within 14 business days from the date of receipt thereof.
5. Name of representative of the Transferee Fund:

Full name in print: _____
Designation: _____
Administrator/Company: _____
Signature: _____
Date: _____
Telephone: _____
Fax: _____
Email: _____

*In the event that the transferee fund is an entity that is not required to register under the Pension Funds Act, this form must be completed by a duly authorized person of that entity.