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IMPORTANT NOTICE

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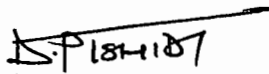
BOARD NOTICE

BOARD NOTICE 61 OF 2011 VALUATION EXEMPTION

I, Dube Phineas Tshidi, Registrar of Pension Funds, hereby, in terms of section 2(5)(a) of the Pension Funds Act (No. 24 of 1956), prescribe the conditions for exemption from the provisions of section 9A and 16 of the Act as set out in the attached Schedule.

This Notice is applicable to all applications for valuation exemption submitted to the Registrar on or after 1 April 2011.

This Notice replaces Regulation 2, of the regulations published by Government Notice R.98 in GG 162 of 26 January 1962, as amended.



**DP TSHIDI
REGISTRAR OF PENSION FUNDS**

SCHEDULE

1. **Definition** – In this Schedule –

“**Act**” means the Pension Funds Act, 1956 (Act No. 24 of 1956), as amended, and any word or expression to which a meaning is assigned in the Act has the meaning so assigned to it.

2. **Format and submission**

2.1 An application for valuation exemption to the Registrar must consist of the following:

- (a) a duly signed statement by the board of the fund, in the format prescribed in Annexure A, whereby the fund applies for exemption from the provisions of section 9A and 16 of the Act; and
- (b) a duly completed certificate by a valuator, as at the date from which the valuation exemption is required, which date must coincide with the fund's financial year end or anniversary, in the format prescribed in Annexure B.

2.2 The submission to the Registrar must be made electronically (through the FSB Retirement Funds Online System, available at the website: www.fsb.co.za) in portable document format (PDF).

2.3 The above-mentioned documents must be submitted as one application.

3. Conditions for valuation exemption

The Registrar may, in terms of section 2(5)(a) of the Act, exempt a pension fund from the provisions of sections 9A and 16 of the Act, provided that all of the following conditions are complied with:

- (a) All existing pension payments and any future pension that becomes payable in terms of the rules are fully secured through the purchase of an annuity policy from a registered insurer;
- (b) All members of the fund, other than pensioners, belong to defined contribution categories of the fund;
- (c) Where any benefit payable to a member exceeds the value of the member's individual account, the excess is fully insured with one or more registered insurers;
- (d) Where the fund has a contingency reserve account in terms of the rules of the fund, other than a processing error reserve account, such account could never have a negative balance; and
- (e) The fund does not have an investment reserve account.

4. Funds eligible to be considered for valuation exemption

In addition to compliance with the conditions as set out in paragraph 3 above, a fund must meet the following criteria to be considered for valuation exemption:

- (a) The fund complies with the provisions of section 15B of the Act in that: either a surplus apportionment scheme has been approved; a nil return has been noted, or the fund need not make a submission in terms of section 15B; and
- (b) Unless the fund has previously been exempted from valuation subsequent to its surplus apportionment date, the statutory actuarial valuation following such valuation as at its surplus apportionment date, has been accepted by the Registrar.

5. Withdrawal of valuation exemption

- 5.1 Once a valuation exemption has been granted, such valuation exemption will remain valid unless it is explicitly withdrawn by the Registrar.
- 5.2 The Registrar must be notified in writing without delay by the board, providing full particulars, if at any time, following the Registrar's granting of valuation exemption:
 - 5.2.1 a fund fails to comply with any of the conditions of paragraph 3 above; or
 - 5.2.2 a fund, by virtue of its board, principal officer, chairperson of the board, actuary, auditor, administrator or any other person acting in an advisory capacity is no longer of the opinion that all of the conditions of paragraph 3 are complied with; or
 - 5.2.3 a fund, that is valuation exempt, submits any rule amendment, which, once registered, would cause that the fund no longer qualifies for valuation exemption.
- 5.3 On receipt of the notification referred to in paragraph 5.2 above, the Registrar may withdraw the fund's valuation exemption.
- 5.4 As a consequence of the Registrar withdrawing a valuation exemption:—
 - 5.4.1 the valuation exemption granted to the fund will no longer be valid;
 - 5.4.2 the fund must within 90 days from the date of the Registrar's withdrawal of the valuation exemption, appoint a valuator in terms of section 9A of the Act; and
 - 5.4.3 the fund must submit a statutory actuarial valuation report in terms of section 16 of the Act as at the date of the fund's financial year end following the withdrawal of such exemption.

6. **Transitional arrangements** – Where a fund is exempt from valuation as at the date of publication of this Notice, such valuation exemption will remain in force until its date of expiry whereafter application may be made in terms of this Notice.

7. **Short title** – This Notice is called the Notice on Valuation Exemption, 2011.

ANNEXURE A

NOTICE ON VALUATION EXEMPTION, 2011

STATEMENT BY THE BOARD OF THE..... (12/8/.....) ("the Fund")

We, duly authorised by the board of the Fund, confirm that Fund is applying to be exempted from the requirements of sections 9A and 16 of the Pension Funds Act, 1956.

CHAIRPERSON

MEMBER OF THE BOARD

FULL NAME IN PRINT

FULL NAME IN PRINT

DATE

DATE

PRINCIPAL OFFICER

FULL NAME IN PRINT

DATE

ANNEXURE B**NOTICE ON VALUATION EXEMPTION, 2011****CERTIFICATION BY A VALUATOR: (12/8/.....) ("the Fund")**

I, (full name of valuator), certify that as at (date):

1. The Fund complies with the following conditions:
 - (a) All existing pension payments and any future pension that becomes payable in terms of the rules are fully secured through the purchase of an annuity policy from a registered insurer;
 - (b) All members of the Fund, other than pensioners, belong to defined contribution categories of the Fund;
 - (c) Where any benefit payable to a member exceeds the value of the member's individual account, the excess is fully insured with one or more registered insurers;
 - (d) Where the Fund has a contingency reserve account, such account can never be in deficit; and
 - (e) The Fund does not have an investment reserve account.
2. All reserve accounts are provided for in the rules of the Fund.
3. In my opinion:
 - 3.1 the value of the assets equal or exceed the value of the liabilities at the level of each member's individual account and at fund level;
 - 3.2 the assets are appropriate considering the liabilities of the Fund;
 - 3.3 without referring to individual calculations, the method used in allocating funds to members' individual accounts is based on sound principles; and
 - 3.4 the appointment of a valuator and triennial statutory actuarial valuations, as contemplated in sections 9A and 16 of the Act respectively, are unnecessary.

SIGNATURE_____
DATE