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OUR REF: 12/8/1278
DATE: 10 January 2019

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THE PRINCIPAL OFFICER
LA RETIREMENT FUND
c/o **VERSO FINANCIAL SERVICES (PTY) LTD**
P O BOX 4300
TYGER VALLEY

7536

CASE NUMBER: 480587

Dear Sir/Madam

**PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 2
(Effective 01 July 2018) - LA RETIREMENT FUND**

Your application of 14 December 2018 refers. I have enclosed a copy of the Amendment duly approved and registered in terms of section 12(4) of the Pension Funds Act.

The fund continues to be recognized as a Pension Fund in terms of the Income Tax Act.

Yours faithfully

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

Transitional Management Committee:

AM Sithole (Commissioner) DP Tshidi CD da Silva JA Boyd MM du Toit LP Kekana K Gibson OB Makhubela P Mogase

AMENDMENT DOCUMENT NO. 2

LA RETIREMENT FUND

(called the FUND in this document)

Resolution

The BOARD of the FUND resolved at Cape Town on 14 DECEMBER 2018 to adopt the amendments to the RULES of the FUND described below with effect from the following dates:

1 July 2018

1. The expression "RULE 7.3(c)", where it appears in the last line of RULE 7.6, is replaced by "RULE 7.3.1(c)".
2. RULE 14.11.6 is replaced by the following:

"14.11.6 The Municipal Manager of each LOCAL AUTHORITY shall, not later than thirteen weeks after receipt of the notice provided for in RULE 14.11.2, notify the PRINCIPAL OFFICER of the names and addresses of the appointed COUNCILLOR delegates and their alternates."

1 November 2018

3. The following RULE is inserted immediately after RULE 4.2.2:

"4.2.2A Notwithstanding any contrary provisions contained in this RULE 4.2, if the cost of the RISK DEATH IN SERVICE BENEFIT of a specific MEMBER at any time increase to such an extent

 - ♦ that the total monthly costs consisting of the costs and expenses referred to in RULE 4.2.2 as well as the costs for the UNAPPROVED RISK BENEFITS, exceed the monthly contributions payable by the relevant LOCAL AUTHORITY to the FUND on behalf of a such a MEMBER,
 - ♦ then, with effect from the first day of the month in which the shortfall occurs, the RISK DEATH IN SERVICE BENEFIT to which such a MEMBER is entitled under the FUND in terms of Part 6 will be automatically reduced to the extent required to cancel the shortfall in the relevant LOCAL AUTHORITY's contribution to the FUND,

and the MEMBER concerned will be informed of such reduction within sixty days after the date on which the reduction was effected by the FUND."

1 March 2019

4. The following definition is added to Part 2:

"RETIREMENT BENEFITS COUNSELLING:

Retirement benefits counselling as defined in the ACT."

5. The following RULE is added at the end of RULE 5.1:

"5.1.6 A MEMBER must be given access to RETIREMENT BENEFITS COUNSELLING with regard to the terms of the FUND's annuity strategy at least three months prior to his/her NORMAL RETIREMENT AGE, or such other period as prescribed by the AUTHORITY from time to time."

6. RULE 7.3.1(c) is replaced by the following:

"(c) elect to preserve his full benefit in the terms of this Part in the FUND, in which case the MEMBER shall become a DC DEFERRED MEMBER and the provisions of the RULES 7.4 and 7.5 shall apply to him, subject to RULE 7.6."

7. RULE 7.4(b) is replaced by the following:

"(b) The RISK DEATH IN SERVICE BENEFIT shall cease from the date that the MEMBER becomes a DC DEFERRED MEMBER, subject to RULE 7.7, and no cost for such RISK DEATH IN SERVICE BENEFIT will be deducted in respect of him in this regard."

8. RULE 7.6 is replaced by the following:

"7.6 LIMITATION ON THE OPTIONS

7.6.1 If the MEMBER does not advise the FUND of his choice with regard to the options provided for in this Part, his withdrawal benefit will be made paid-up in the FUND in terms of RULE 7.3.1(c).

7.6.2 A MEMBER must be given access to RETIREMENT BENEFITS COUNSELLING pertaining to the terms and process with regard to the preservation of benefits in the FUND, prior to the payment or transfer of his/her MEMBER SHARE."

9. RULE 13.1.1 is replaced by the following:

“13.1.1 The FUND, in consultation with the EMPLOYER and other funds, may receive benefits from those other funds on the conditions laid down by the FUND provided that such benefits, if provided by a defined benefit fund, must be converted to defined contribution benefits prior to transfer to the FUND, subject to the relevant tax legislation.”

Reasons for amendments

Paragraph 1: A reference error in the Rules is corrected.

Paragraph 2: This wording of Rule 14.11.6 is being changed in order to rectify a mistake in the Rules as the period of 13 weeks for notification of elected delegates is contrary to the six weeks period provided for in Rule 14.13, which provides for the election of member delegates. The member delegates are accordingly excluded from Rule 14.11.6 as per the previous registered Rules of the Fund.

Paragraph 3: The Rules are amended to provide for the situation where the monthly contributions paid by a Local Authority on behalf of a specific Member is insufficient to cover all the relevant Insured costs and Fund expenses, in which case the Member's Risk Death In Service Benefit will be automatically reduced in order to cancel out the shortfall in Local Authority contributions, after which the Member will be duly informed of such reduction.

Paragraphs 4 to 9: To update the Rules with regard to those few amendments still needed to fully align with the new default regulations by


- ♦ providing for retirement benefits counselling to be provided at retirement from and termination of Service – paragraphs 4, 5 and 8;
- ♦ providing that a Member's withdrawal benefit will become paid-up in the Fund irrespective whether his benefit is subject to a Section 37D deduction at termination of Service – paragraph 6;
- ♦ providing that the Member will not be required to make any further payments for approved Risk Benefits when his benefit becomes paid-up in the Fund – paragraph 7; and

- ♦ to provide that any amounts transferred to the FUND must constitute defined contribution benefits - paragraph 9.

Certification by BOARD OF TRUSTEES

Certified that the above resolution has been adopted in accordance with the provisions of the RULES of the FUND.



.....
Chairman of the BOARD OF TRUSTEES


.....
Member of the BOARD OF TRUSTEES


.....
Principal Officer

Certification by ACTUARY

Certified that this amendment will not render the FUND financially unsound.


.....
Sean Neethling
ACTUARY

LARF/nh
Updated 4 December 2018

