



Financial Sector
Conduct Authority

Riverwalk Office Park Block B
41 Matroosberg Road Ashlea Gardens
Extension 6, Pretoria 0181

Tel. +27 12 428 8000
Toll free. 0800 20 3722
Fax. +27 12 346 6941
Email. info@fsca.co.za
Website. www.fsca.co.za

ENQUIRIES: Ms Prudence Molahloe
OUR REF: 12/8/35064
DATE: 11 June 2024

D. DIALLING NO.: 012 428 8171
FAX: 0
E-MAIL: prudence.molahloe@fsca.co.za

THE PRINCIPAL OFFICER
NATIONAL FUND FOR MUNICIPAL WORKERS
c/o SANLAM LIFE INSURANCE LTD
PO BOX 1
SANLAMHOF

7532P

CASE NUMBER: 593263

Dear Sir/Madam

**PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 2
(Effective 01 May 2024) - NATIONAL FUND FOR MUNICIPAL WORKERS**

Your application of 14 May 2024 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 Provident Fund in terms of the Income Tax Act.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Kekana', written over a circular stamp or seal.

PAPI KEKANA
MANAGER: RETIREMENT FUNDS SUPERVISION: REVIEWS & AUTHORISATIONS
for THE FINANCIAL SECTOR CONDUCT AUTHORITY

Enclosure

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

AMENDMENT DOCUMENT NO 2
NATIONAL FUND FOR MUNICIPAL WORKERS
(called the FUND in this document)

Resolution

The Board of Trustees resolved at Pretoria on 6 May 2024 that the Rules of the Fund be amended from 1 May 2024 as follows:

1. Replace Rule 6.4.1 with the following;

6.4.1 A MEMBER who elects to use their MEMBER'S SHARE or part thereof for a pension will have the following options:

6.4.1.1 the MEMBER will have the option to receive a LIVING ANNUITY from the FUND. From 1 May 2024 this option will not be available to MEMBERS of the FUND.

6.4.1.2. the MEMBER will have the option to purchase a NFMW NEGOTIATED PENSION from the INSURER approved by the BOARD OF TRUSTEES.

6.4.1.3 the MEMBER will have the option to purchase a life annuity from any registered INSURER of the MEMBER'S choice.

6.4.1.4 the MEMBER will have the option to purchase a LIVING ANNUITY from any registered INSURER of the MEMBER'S choice.

2. Replace Rule 6.4.2 with the following:

6.4.2 The NFMW NEGOTIATED PENSION, LIVING ANNUITY and the life annuity shall be purchased in the MEMBER'S name and shall be in full and final settlement of the benefits payable in terms of these RULES.

3. Replace Rule 6.5 with the following:

6.5 LIVING ANNUITY

This RULE is only applicable to those MEMBERS who before 1 May 2024 chose and elected a LIVING ANNUITY payable from the FUND and did not elect to transfer the LIVING ANNUITY out of the FUND.

6.5.1 Where the MEMBER, before 1 May 2024 chose a LIVING ANNUITY payable from the FUND, they must obtain information provided by the FUND at the time they make this choice. The effective date of the LIVING ANNUITY is the date on which payment of a LIVING ANNUITY to an ANNUITANT commences.

6.5.2 In addition, where a MEMBER chose a LIVING ANNUITY from the FUND, they must sign a declaration specifying that they have received retirement information from the FUND, understand the financial and mortality risks attached to a LIVING ANNUITY and that they and their SPOUSE and DEPENDANT(s) have no claim on the FUND, other than the outstanding LIVING ANNUITY sub-account balance in the FUND relating to that MEMBER.

6.5.3 The LIVING ANNUITY payable from the FUND is subject to such limitations on payment, the annual review of the draw down percentage and any other conditions as may be stipulated by legislation or the BOARD OF TRUSTEES from time to time. In particular, the BOARD OF TRUSTEES may stipulate a maximum drawn down percentage, if in their opinion and on the advice of the ACTUARY, this is necessary to better enable the LIVING ANNUITY capital to last for the rest of the ANNUITANT'S expected life.

6.5.4 A living annuity sub-account of the living annuity account must be opened for the MEMBER who chooses a LIVING ANNUITY from the FUND. The opening credit to this account is the full value of the

MEMBERS SHARE as at retirement less any amount which may in terms of the RULES be deducted at that time as well as any amount commuted and paid to the MEMBER as a lump sum.

- 6.5.5 The living annuity sub-account of an ANNUITANT must have allocated to it FUND INTEREST achieved by the NOMINATED INVESTMENT PORTFOLIOS chosen by the ANNUITANT from time to time. This choice is exercised by MEMBERS in accordance with RULE 10.3. The LIVING ANNUITY paid to the ANNUITANT in terms of RULE 6.5.3 must be deducted from the living annuity sub-account of the ANNUITANT. Any taxation and other statutory charges relating to that LIVING ANNUITY, the FUND, or the assets backing the amount to the credit of that living annuity sub account, as well as such expenses as the BOARD OF TRUSTEES may decide relating to that ANNUITANT or this sub-account, must be deducted, from this sub-account.
- 6.5.6 If the ANNUITANT dies, the balance in the living annuity sub-account, after any deductions in terms of the RULES and legislation, may be distributed at the discretion of and by the BOARD OF TRUSTEES if the ANNUITANT has not nominated any NOMINEES. An ANNUITANT may nominate in writing to the BOARD OF TRUSTEES one or more NOMINEES to receive the benefits payable from the FUND in the event of his death, or such portion thereof as he may specify in writing to the BOARD OF TRUSTEES. A nomination hereunder shall not vest any right in the NOMINEE during the lifetime of the ANNUITANT, who may change the nomination at any time in writing to the BOARD OF TRUSTEES, and any nomination shall automatically lapse in the event that the NOMINEE predeceases the ANNUITANT, or a new nomination is lodged by the ANNUITANT with the BOARD OF TRUSTEES.

The BOARD OF TRUSTEES will have the discretion that any death benefit allocated to the SPOUSE and/or NOMINEES of the ANNUITANT upon the death of the ANNUITANT, in terms of this RULE is payable by purchasing a LIVING ANNUITY from the FUND for the benefit of the

SPOUSE, purchase a life annuity or a LIVING ANNUITY from any registered INSURER for the benefit of the SPOUSE and/or NOMINEES or pay as lumpsum to the SPOUSE and/or NOMINEES.

6.5.7 Subject to 1 (one) calendar month notice, an ANNUITANT may at any time instruct the FUND to apply the living annuity sub-account balance to purchase from an INSURER a life annuity or a LIVING ANNUITY, in the name of that ANNUITANT. Such a life annuity or LIVING ANNUITY must be purchased subject to compliance with Rule 6.4, and after such purchase the FUND will cease to have any liability towards the former ANNUITANT or any of their DEPENDANTS.

6.5.8 If the living annuity sub account balance falls below what the ACTUARY calculates is the capital value of the annuity for the ANNUITANT concerned equal to the current State Old Age Pension, then the ANNUITANT concerned must use the living annuity subaccount balance to purchase a life annuity from an INSURER. Such life annuity must be purchased subject to compliance with Rule 6.4, and after such purchase the Fund has no liability to the ANNUITANT or any of their DEPENDANTS.

Reasons for amendments

For the Rules of the Fund to make provision for the Board of Trustee's decision for the Fund not to provide members with the option to elect to receive a living annuity from the Fund from 1 May 2024.

The reason for the decision by the Board of Trustees was due to a change of policy not to provide living annuities from the Fund, but to rather facilitate the purchase of such annuities from an insurer.

Those members who elected to receive a living annuity from the Fund directly prior to 1 May 2024 will have the option to transfer their benefit to a different retirement vehicle as provided for in the Rules or to remain in their current position, i.e., to receive living annuity from the Fund.

Certification

Certification that the above resolutions have been adopted in accordance with the provisions of the Rules of the Fund



CHAIRPERSON OF THE BOARD

8 May 2024

DATE



MEMBER OF THE BOARD

8 May 2024

DATE



PRINCIPAL OFFICER

8 May 2024

DATE