

UNICOVER PROVIDENT FUND

(PF NO. 12/8/24299)

AMENDMENT NO. 13

Extract from the minutes of a meeting of the Board of Trustees of the Unicover Provident Fund held at Milnerton on 26 June 2024

RESOLVED THAT with effect from 1 September 2024:

1. The definition of **VESTED BENEFIT** in Rule 1.6 shall be deleted.
2. The following definitions shall be added to Rule 1.6 in alphabetical order:

“ELECTION DATE: The last day of the month during which an OPT-IN MEMBER notifies the FUND in writing that they wish to contribute to a SAVINGS COMPONENT and a RETIREMENT COMPONENT.

NON-RESIDENT MEMBER: A MEMBER who:

- (a) is or was a resident of the Republic of South Africa, who emigrated from the Republic and that emigration is recognised by the South African Reserve Bank for purposes of exchange control in respect of applications for that recognition received on or before 28 February 2021, and approved by the South African Reserve Bank or an authorised dealer in foreign exchange for the delivery of currency on or before 28 February 2022;
- (b) is a person who is not a resident of the Republic of South Africa for an uninterrupted period of three years or longer on or after 1 March 2021; or
- (c) departed from the Republic at the expiry of a visa obtained for the purposes of—
 - (i) working as contemplated in paragraph (i) of the definition of “visa” in section 1 of the Immigration Act, 2002 (Act No. 13 of 2002); or

- (ii) a visit as contemplated in paragraph (b) of the definition of “visa” in section 1 of the Immigration Act, 2002 (Act No. 13 of 2002), issued in terms of paragraph (b) of the proviso to section 11 of that Act by the Director General, as defined in that Act.

OPT-IN MEMBER : A MEMBER who was a MEMBER of the FUND and fifty-five (55) years or older on 1 March 2021, and who has notified the FUND in writing that they wish to contribute to a SAVINGS COMPONENT and a RETIREMENT COMPONENT, provided that such notification must take place within the time period prescribed in the Income Tax Act, No. 58 of 1962 and will be effective on the ELECTION DATE.

RETIREMENT COMPONENT in respect of a MEMBER other than a STATUS QUO MEMBER: The component of the MEMBER ACCOUNT that comprises:

- (a) Two-thirds (2/3) of the contributions paid by the MEMBER and the EMPLOYER in respect of the period commencing on or after 1 September 2024 or the ELECTION DATE, whichever is applicable, net of contributions in respect of all expenses of the FUND including the cost of INSURED BENEFITS; plus
- (b) That portion of any transfer values received by the FUND from an APPROVED FUND, except from a retirement annuity fund, in respect of the MEMBER that represents the MEMBER’S retirement component in that APPROVED FUND; plus
- (c) Transfers from the SAVINGS COMPONENT or the VESTED COMPONENT; less
- (d) Transfers to the retirement component of the MEMBER in another APPROVED FUND; less
- (e) A proportionate share in respect of expenses that are not or cannot be deducted from contributions; less
- (f) Amounts paid to an INSURER to purchase an annuity or annuities, following the retirement or death of a MEMBER; less
- (g) Payment of any cash benefit to the MEMBER or any of their beneficiaries; less
- (h) A proportionate share of any deduction made in terms of section 37D of the ACT,

Increased or decreased by investment returns on the assets underlying the component.

SAVINGS COMPONENT in respect of a MEMBER other than a STATUS QUO MEMBER: The component of the MEMBER ACCOUNT that comprises:

- (a) An opening balance equal to 10% of the value of the MEMBER ACCOUNT immediately prior to 1 September 2024 or the ELECTION DATE, whichever is applicable, subject to a maximum amount of R30,000; plus
- (b) One-third (1/3) of the contributions paid by the MEMBER and the EMPLOYER in respect of the period commencing on or after 1 September 2024 or the ELECTION DATE, whichever is applicable, net of contributions in respect of all expenses of the FUND including the cost of INSURED BENEFITS; plus
- (c) That portion of any transfer values received by the FUND from an APPROVED FUND, except from a retirement annuity fund, in respect of the MEMBER that represents the MEMBER'S savings component in that APPROVED FUND; less
- (d) Transfers to the RETIREMENT COMPONENT; less
- (e) Annual savings withdrawals; less
- (f) Transfers to the savings component of the MEMBER in another APPROVED FUND; less
- (g) A proportionate share of expenses that are not or cannot be deducted from contributions; less
- (h) Amounts paid to an INSURER to purchase an annuity or annuities, following the retirement or death of a MEMBER; less
- (i) Payment of any cash benefit to the MEMBER or any of their beneficiaries; less
- (j) A proportionate share of any deduction made in terms of section 37D of the ACT,

Increased or decreased by investment returns on the assets underlying the component,

Provided that there will be no SAVINGS COMPONENT in respect of a MEMBER who left SERVICE prior to 1 September 2024 and had made an election to receive a benefit in accordance with the provisions of the RULES.

STATUS QUO MEMBER: A MEMBER who was a MEMBER of the FUND and fifty-five (55) years or older on 1 March 2021 and who has not notified the FUND in writing that they wish to contribute to a SAVINGS COMPONENT and a RETIREMENT COMPONENT.

TAX YEAR: The period from 1 March each year until the last day of February of the following year.

VESTED COMPONENT means in respect of a MEMBER other than a STATUS QUO MEMBER: The component of the MEMBER ACCOUNT that comprises:

- (a) Their MEMBER ACCOUNT immediately prior to 1 September 2024 or the ELECTION DATE less the amount allocated to the SAVINGS COMPONENT, whichever is applicable; plus
 - (b) That portion of any transfer values received by the FUND from an APPROVED FUND, except from a retirement annuity fund, in respect of the MEMBER that represents the MEMBER'S vested component in that APPROVED FUND; less
 - (c) Transfers to the RETIREMENT COMPONENT; less
 - (d) Transfers to the vested component of the MEMBER in another APPROVED FUND; less
 - (e) A proportionate share of expenses that are not or cannot be deducted from contributions; less
 - (f) Amounts paid to an INSURER to purchase an annuity or annuities, following the retirement or death of a MEMBER; less
 - (g) Payment of any cash benefit to the MEMBER or any of their beneficiaries; less
 - (h) A proportionate share of any deduction made in terms of section 37D of the ACT,
- Increased or decreased by investment returns on the assets underlying the component.

VESTED PRE-ANNUITISATION BENEFIT:

- (a) In respect of a STATUS QUO MEMBER:
 - (i) The MEMBER'S MEMBER ACCOUNT at any particular date; less
 - (ii) Any amount transferred from an APPROVED FUND in respect of the MEMBER that was not subject to annuitisation in that APPROVED FUND (i.e. a retirement annuity fund) together with investment returns on the transferred amount.
- (b) In respect of an OPT-IN MEMBER:
 - (i) The MEMBER'S MEMBER ACCOUNT immediately prior to the ELECTION DATE; less
 - (ii) An amount transferred from an APPROVED FUND in respect of the MEMBER prior to the ELECTION DATE that was not subject to annuitisation in that APPROVED FUND (i.e. a retirement annuity fund) together with investment returns on the transferred amount.
- (c) In respect of any other MEMBER:
 - (i) The MEMBER'S MEMBER ACCOUNT immediately prior to 1 March 2021, if applicable; plus

- (ii) Any amount allocated to the MEMBER'S MEMBER ACCOUNT as a result of the value of the MEMBER'S MEMBER ACCOUNT on 1 March 2021, if applicable; plus
- (iii) Any amount transferred to the FUND in respect of the MEMBER which would not have been subject to annuitisation in the APPROVED FUND from which such amount was transferred (i.e. a retirement annuity fund); plus
- (iv) investment returns on the above amounts.

Provided that the above VESTED PRE-ANNUITISATION BENEFIT shall be reduced proportionately by any deduction permitted in terms of section 37D of the ACT after 1 March 2021. ”

3. Rule 4.1.4 shall be replaced with the following:

“4.1.4 The retiring MEMBER may elect to take as a lump sum the following amounts:

- (a) Up to the whole of his VESTED PRE-ANNUITISATION BENEFIT, plus
- (b) Up to the whole of his SAVINGS COMPONENT, plus
- (c) Up to one-third of the difference between the VESTED COMPONENT and the VESTED PRE-ANNUITISATION BENEFIT.

Provided that if a MEMBER'S RETIREMENT COMPONENT plus the difference between the VESTED COMPONENT and the VESTED PRE-ANNUITISATION BENEFIT is less than the de minimis amount provided for in the Income Tax Act, No. 58 of 1962 from time to time or the MEMBER is a NON-RESIDENT MEMBER, that entire amount may be taken as a lump sum.

Any amount not taken as a lump sum will be used to purchase an annuity or annuities in the name of the MEMBER from an INSURER.”

4. Rule 4.5.6 shall be replaced with the following:

“4.5.6 A DEFERRED MEMBER may, at any time prior to his retirement from the FUND, elect to transfer his MEMBER'S SHARE to such an APPROVED FUND as may be permitted in terms of the INCOME TAX ACT, provided that with effect from 1 September 2024 or with effect from the ELECTION DATE in the case of an OPT-IN MEMBER, the SAVINGS COMPONENT, the RETIREMENT COMPONENT and the VESTED COMPONENT, if any, must be allocated to the savings component, the retirement component and the vested component in the APPROVED FUND to which the MEMBER transfers.”

5. Rule 7.1.3 shall be replaced with the following:

“7.1.3 At any time prior to his ELECTED RETIREMENT DATE:

- (a) a PAID-UP MEMBER who was a STATUS QUO MEMBER may elect:
 - (i) That the full amount of his MEMBER’S SHARE, or any portion thereof, be paid to them in cash; and
 - (ii) At the same time, that any balance of their MEMBER’S SHARE not taken in cash be transferred to an APPROVED FUND or a combination of APPROVED FUNDS.
- (b) At any time prior to his ELECTED RETIREMENT DATE, a PAID-UP MEMBER who was not a STATUS QUO MEMBER may elect:
 - (i) To take his VESTED COMPONENT in cash; and
 - (ii) To take his SAVINGS COMPONENT in cash if no withdrawal had been made during that TAX YEAR or, if a withdrawal had been made during that TAX YEAR, to take their SAVINGS COMPONENT in cash if it is less than R2,000; and
 - (iii) In the case of a NON-RESIDENT MEMBER, to take the balance in his RETIREMENT COMPONENT in cash,
 - (iv) At the same time to transfer the balance of his MEMBER’S SHARE after payment of any cash amount, or the whole thereof if the MEMBER does not choose to take cash, to an APPROVED FUND or a combination of APPROVED FUNDS, provided that the SAVINGS COMPONENT, the RETIREMENT COMPONENT and the VESTED COMPONENT must be allocated to the savings component, the retirement component and the VESTED COMPONENT in the APPROVED FUND to which the MEMBER transfers.”

6. Rule 7.4 shall be added as follows:

“7.4 **SAVINGS COMPONENT**

- 7.4.1 A MEMBER may at any time request a savings withdrawal benefit of the full, or a portion of the SAVINGS COMPONENT and such savings withdrawal benefit will accrue for tax purposes on the date the savings withdrawal

benefit is paid to the MEMBER and will be taxed in accordance with the tax bracket applicable to the MEMBER'S income as prescribed in the Income Tax Act, No. 58 of 1962, provided that:

- (a) Only 1 (one) savings withdrawal benefit may be made during a TAX YEAR, unless the MEMBER has left the service of the EMPLOYER before retirement from employment and already received a savings withdrawal benefit in the same tax year resulting in the value in the SAVINGS COMPONENT being less than the amount prescribed in terms of the Income Tax Act, No. 58 of 1962, in which case the MEMBER may make an additional withdrawal of the remaining value in the SAVINGS COMPONENT in the same TAX YEAR;
- (b) The minimum amount allowed for a savings withdrawal benefit is the amount determined in terms of legislation from time to time;
- (c) Where the FUND furnished a guarantee to a third party in respect of a housing loan to the MEMBER by the third party, as contemplated in Section 19(5) of the ACT, payment of a savings withdrawal benefit may be refused by the FUND, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to honour the housing loan or guarantee;
- (d) Where judgement has been obtained in favour of the EMPLOYER ordering compensation or an acknowledgement of liability was made by the MEMBER in favour of the EMPLOYER as allowed in section 37D of the ACT and submitted to the FUND, which permissible deduction has not been made yet, a savings withdrawal benefit may be refused, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to satisfy such deduction;
- (e) Where there is a pending judgement in favour of the EMPLOYER ordering compensation as allowed in section 37D of the ACT, a savings

withdrawal benefit may be suspended for a period of 12 (twelve) months if the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT, and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit is not sufficient to satisfy the pending judgement;

- (f) Where an enforceable divorce order has been granted and submitted to the FUND or a formal notification has been received from the MEMBER or non-member spouse that divorce proceedings have been instituted, a savings withdrawal benefit will be subject to the consent of the non-member spouse, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to comply with the order; and
- (g) Where an enforceable maintenance order has been granted and submitted to the FUND, a savings withdrawal benefit may be refused, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT, and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to comply with the order."

8 Rules 10.8.4 and 10.8.5 shall be added as follows:

"10.8.4 If any amount transferred to the FUND that is applied for a MEMBER'S benefit under their FUND CREDIT includes savings components, retirement components or vested components, they will be allocated to the MEMBER'S SAVINGS COMPONENT, RETIREMENT COMPONENT and VESTED COMPONENT in the FUND.

10.8.5 Amounts transferred from the FUND that were allocated to the MEMBER'S SAVINGS COMPONENT, RETIREMENT COMPONENT and VESTED COMPONENT in the FUND will be allocated to the savings component, retirement component or vested component in the FUND to which the MEMBER is transferred. "

9 Rule 12.3.4(c) shall be replaced with the following:

- “(c) At the request of a MEMBER other than a DEFERRED MEMBER, be paid to the MEMBER in cash; provided that such a MEMBER’S RETIREMENT COMPONENT may not be paid in cash and must be transferred for their benefit to an APPROVED FUND and allocated to the retirement component in that fund.”

The reasons for the amendments are to provide for the Two-Pot provisions of the Income Tax Act that become effective from 1 September 2024 and in particular:

- (a) To include various new definitions to facilitate the Two-Pot provisions*
- (b) To amend the retirement and withdrawal rules in compliance with the Two-Pot provisions and allow for the Savings Component to be paid to Members on an annual basis.*
- (c) To update the transfer rules to provide for the different components from other Approved Funds to be appropriately allocated in the Fund.*


CERTIFIED that the above resolution has been adopted in accordance with the provisions of the Rules of the Fund



CHAIRPERSON

12/07/2024


DATE



BOARD MEMBER

12/07/2024

DATE



PRINCIPAL OFFICER

12/07/2024

DATE

