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To all approved administrators, privately administered funds and insurers who underwrite pension funds

CIRCULAR PF NO. 112

Primary enhancement in respect of the apportionment of actuarial surplus referred to in section 15B (5) (b) of the Pension Funds Act, 1956 (Act No. 24 of 1956) ("the Act")

1. The minima prescribed in section 15B (5) (b) of the Act cross-referenced to section 14B (2) of the Act, and the assumptions in the Notice on Assumptions for the Determination of Minimum Individual Reserves of Members of Defined Benefit Categories of Pension Funds, (published in *Gazette* No. 24809 dated 25 April 2003), shall be used when determining the primary enhancement in terms of the said section 15B (5) (b).

2. Where a former member had an annuity policy purchased in that member's name, either on retirement or subsequently as a result of an outsourcing exercise, the former member shall receive at least that member's minimum individual reserve at the date upon which the relevant fund no longer had a liability in respect of the member, calculated in accordance with section 14B of the Act:

   - If the annuity policy was purchased on the retirement of the former member, the minimum individual reserve shall be determined as if the former member had left the fund immediately prior to such member's actual retirement.

- If the former member was already on pension at the time the annuity policy was purchased, the former member shall receive at least the present value of that member's pension after increase in terms of section 14B (4) at the effective date of purchase of the annuity policy, capitalised using the assumptions applicable after retirement as stated in the said Notice on Assumptions for the Determination of Minimum Individual Reserves of Members of Defined Benefit Categories of Pension Funds.

Registrar of Pension Funds