
FINANCIAL SERVICES BOARD

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(To all self-administered funds, fund administrators, valuers, and administering insurers of funds exempted in terms of section 2(3)(a) of the Pension Funds Act, 1956)

CIRCULAR PF NO. 114

Information required on submission of a surplus apportionment scheme

1. Introduction

Section 15B of the Pension Funds Second Amendment Act, No. 39 of 2001, requires a scheme for the apportionment of actuarial surplus to be submitted to, and to be approved by the Registrar of Pension Funds before it can be effected.

This circular sets out the information that should be provided to the Registrar when such a scheme is submitted.

2. Surplus apportionment and associated matters

Surplus apportionment will take place at the earlier of -

- the next statutory actuarial valuation,
- liquidation of the fund ,
- conversion of at least one category of members in the fund to defined contribution, and
- election by the board to apportion actuarial surplus between stakeholders.

Depending upon the financial position of the fund and the extent of claims in respect of former members and pensioners, one of the following sets of documents must be submitted to the Registrar together with Forms D, E, F and G where applicable:

- 2.1 Full top-up of former members, the full minimum increase to pensioners, and the equitable distribution of the balance of the actuarial surplus.

Appendix A covers the scheme.

Appendix A1 is the schedule of votes of the board.

Appendix A2 is the certificate by the valuator.

Appendix A3 is the certificate by the person representing the interests of former members.

- 2.2 The Fund has no surplus and will not be submitting a surplus apportionment scheme (the “nil return”).

Appendix B covers the filing of a nil scheme.

Appendix B1 or B2 certificate by the valuator or principal officer.

Appendix B3 is the schedule of votes of the board.

- 2.3 Top-up of former members and pensioners, to either the full or a limited extent, but without equitable distribution of any balance of actuarial surplus.

Appendix C covers the scheme.

Appendix A1, A2 and A3 must accompany the scheme

3. Appendix D sets out the notification of outstanding objections which should accompany either A, B or C.
4. Appendix E sets out the application for exclusion of an instance which would otherwise be included under section 15B(6).

The board of a fund may wish to submit such requests earlier than the submission of the actual apportionment scheme. This is acceptable to the Registrar, in which case copies of the document submitted to the Registrar and the Registrar’s response should be included with the scheme when eventually submitted to the Registrar.

5. Appendix F sets out the forms to be completed for transfer of an amount from a reserve account to the employer surplus account in terms of section 15F.
6. Appendix G sets out the forms to be completed for an application to pay cash to the employer in order to prevent job losses (in terms of section 15J).

REGISTRAR OF PENSION FUNDS

Note: Standards for the information to be included in the communication to the employer and members when an apportionment of surplus is proposed by the board of a fund can be found on the FSB website (www.fsb.co.za) as an attachment to Circular PF 114.

Appendix A:

..... Fund (12/8/.....)

Apportionment of actuarial surplus where there is more than sufficient to satisfy the minimum benefit top-up for former members and pensioners.

Scheme for the apportionment of actuarial surplus in terms of section 15B

1. At the meeting of the board of the Fund held aton
....., the board voted in favour of the following scheme for the
apportionment of actuarial surplus to be submitted to the Registrar for approval

OR

The liquidator of the Fund, has determined the following scheme for the
apportionment of actuarial surplus to be submitted to the Registrar for approval

(Delete whichever is not applicable):

- 1.1. The surplus apportionment date is:
which is the statutory valuation date after 7 December 2001 / the effective date
of liquidation / the conversion date / the date when the board has elected to
apportion actuarial surplus (delete whichever are not applicable).
- 1.2. An actuarial valuation as at the surplus apportionment date revealed the
following:

Members and former members	
Number of active members	
Number of pensioners	
Number of deferred pensioners	
Number of former members	

Defined benefit fund:				
			R'000	R'000
1.2.1	Fair value of assets			
1.2.2	Actuarial value of assets* (justify if this is different from fair value)			
1.2.3	Accrued liabilities:			
	1.2.3.1	Existing members who are still in service:		
	1.2.3.2	Pensioners:		
	1.2.3.3	Deferred pensioners		
1.2.4	Contingency reserves:			
	1.2.4.1	Purpose A (specify)*		
	1.2.4.2	Purpose B (specify)* etc.		
	...	...		
1.2.5.	Actuarial surplus (equals 1.2.2 – 1.2.3. – 1.2.4)			

OR

Defined contribution fund:				
			R'000	R'000
1.2.1	Fair value of assets			
1.2.2	Investment reserve account*			
1.2.3	Accrued liabilities:			
	1.2.3.1	Existing members who are still in service:		
	1.2.3.2	Pensioner reserve account:		
	1.2.3.3	Deferred pensioner reserve account:		
1.2.4	Contingency reserves:			
	1.2.4.1	Purpose A (specify)*		
	1.2.4.2	Purpose B (specify)*		
	...	...		
1.2.5.	Actuarial surplus (equals 1.2.1 – 1.2.2. – 1.2.3. – 1.2.4)			

* Justification for these items need to be attached in a separate report

(Delete whichever of the two tables is not applicable)

In the case of hybrid funds, which have a mix of defined benefit and defined contribution categories, select the table which is most appropriate to the usual manner in which the financial position is depicted and adapt it to accommodate the hybrid features, resulting in the case of a defined contribution fund with the inclusion of a contingency reserve account reflecting the defined benefit underpin reserve.

- 1.3. The board has investigated the financial history of the fund and determined the following utilisation of actuarial surplus which falls within the uses defined in

terms of section 15B(6) and, acting on their instructions, the actuary has determined the amount of surplus utilised at the effective date of each such instance, and accumulated such amount to the surplus apportionment date:

Description	Effective Date	Paragraph in section 15B(6) under which the instance falls	Amount of surplus utilised at the effective date accumulated to the surplus apportionment date. (note 1)	Whether the board is applying for this to be excluded from the apportionment (Yes / No) (note 2)
(instance to be described)				
(instance to be described)				
.....				
Total excluding items for which the board will be applying for exemption				

Notes:

- (1) This is the amount of surplus utilised at the original effective date accumulated to the surplus apportionment date with the nett investment return earned by the Fund over the corresponding period.
- (2) Where the board is of the opinion that this utilisation of surplus was approved by the members, or by trade unions representing the members, after a clear and comprehensive communication exercise as part of a negotiated utilisation of surplus by stakeholders, the board may apply in terms of section 15B(6) to have this use excluded. If “yes”, the board must apply to the Registrar for each instance separately, using the forms in Appendix E.

1.4. The adjusted actuarial surplus is therefore as follows:

	R'000
Actuarial surplus revealed in the valuation:	
Actuarial surplus utilised improperly by the employer for which the board will not be applying for exemption:	
Adjusted actuarial surplus to be apportioned:	

- 1.5. The adjusted actuarial surplus will be apportioned between the stakeholder classes as follows, giving the estimated Rand shares and the proportion of the total:

	Estimated Rand share of the adjusted actuarial surplus	Proportion of the adjusted actuarial surplus
The cost to top up former members and pensioners to minimum benefit levels as a prior charge against actuarial surplus is as follows:		
Pensioners		
Former members		
The shares of the residual actuarial surplus (note 1) were as follows:		
Former members (it may be necessary to split this between different tranches of former members)		
Existing members who are still in service		
Pensioners		
Deferred pensioners		
Employer		
Total = adjusted actuarial surplus to be apportioned		100%

Notes.

(1) These are the shares of adjusted actuarial surplus after allocation of the amount to top up the pensioners and former members to minimum levels.

- 1.6. The amounts apportioned to the existing members (including the pensioners and deferred pensioners) and former members will be credited to the member surplus account:

Yes / No (delete whichever is not applicable).

If the amount in respect of any class of member or former member is not to be credited to the member surplus account, but is to be used in some way in as set out in section 15D, state the class and how the amount is to be applied:

Class of member or former member	Manner in which the actuarial surplus will be applied for their benefit

1.7. The members of the Board voted as follows:

- 1.7.1. In favour:
- 1.7.2. Against:
- 1.7.3. Abstained / absent:

The attached schedule A1 has been signed by all the members of the Board in favour of, or against, the apportionment.

2. Former members were included as follows:

2.1. The person appointed by the board to represent the interests of former members:

Full name (in capitals):

Address:

.....

.....

Telephone no.: (during office hours)

..... (cellphone – if applicable)

email address: (if applicable)

Occupation:

2.2. The steps taken to identify and contact former members and obtain sufficient information to enable the calculations of any top up benefit were as follows:

.....

.....

.....

A copy of any advertisements placed by the board should be enclosed. Where radio advertisements were used, a typescript should be included. Where advertisements were placed in a number of different languages, copies of each such advertisement should be included.

2.3. Former members were taken into account as follows:

	Number	% of the total
Former members for whom the calculations could be performed and who could be traced to make payment:		
Former members for whom the calculations could be performed but who cannot be traced:		
Former members, who have been traced but in respect of whom insufficient information could be obtained to enable the calculations to be performed (note 3):		
Former members, who have neither been traced, nor in respect of whom the board has obtained sufficient information to enable the calculations to be performed (note 3):		
Total		

Notes:

- (1) The board is required to provide its best estimate of the total number of former members who left the fund between 1 January 1980 and the surplus apportionment date.
- (2) The board may have been able to obtain sufficient data from the administrators of the fund or the employer to enable the calculations to be performed, but cannot trace the former members. The top up benefits due to these former members should be reflected in the accounts of the fund as outstanding benefits.
- (3) Where the fund has not been able to trace the members at all, and the fund has insufficient information to enable the calculations to be performed, or the fund has traced the members but has not been successful in obtaining sufficient information to enable the benefit to be calculated, the board may set aside a contingency reserve or may offer these members an amount in settlement of any claim they might have.

2.4. The report by the person who represented the interests of former members on the steps taken to identify former members and obtain sufficient information to enable the calculations of any top up benefit, and on the equity of the apportionment to them, is enclosed with this application.

3. Is the apportionment directly or indirectly based on any written agreement between the employer, the fund, the members and / or any third party?

Yes / No (delete whichever is not applicable)

Note: If the answer is yes, certified copies of the relevant agreement should be included.

4. The employers, former members and the existing members have been informed of the scheme in a manner consistent with the criteria set out in Appendix F, and have been given at least 12 (twelve) weeks in which to object to the scheme. A copy of the information pack given to members, including any written statements and a copy of any presentation made to them is included with this scheme documentation. The objections have been considered by the board of management of the fund. The complaints are summarised in Appendix D which also contains the response by the board.
5. The apportionment described above is, in the opinion of the board, reasonable and equitable in respect of all classes of stakeholders.
6. The following claims¹ against the fund were not taken into account when determining the distribution of actuarial surplus:
.....
.....
(noting that such claims should exclude any claims which have been recognised as liabilities by the board and the valuator)

7. Declaration

I in my capacity as chairperson of the board,
liquidator or duly-authorised member of the board, of the
.....Fund (12/8/.....) (the Fund)
declare that the information given above and in the annexures hereto is, to the best of
my knowledge, correct and complete.

Signature:

Name in print:

Chairperson of the board of the Fund / duly authorised member of the board /
Liquidator
(delete whichever is not applicable)

Date:

¹ These do not refer to outstanding benefits or creditors, both of which should be taken into account as liabilities if transferred; these refer to pending litigation or complaints in which members or former members are demanding adjustment to amounts previously paid or to accrued liabilities which are being transferred.

Appendix A1:

.....FUND (12/8/.....)

**Scheme for the apportionment of actuarial surplus in terms of section 15B.
Schedule of votes by members of the board of the Fund in favour or against the
proposed scheme for the apportionment of actuarial surplus, noting any
abstentions.**

1. Votes In Favour of the Scheme summarised in Appendix A:

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not
applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not
applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not
applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not
applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not
applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

2. **Votes Against the Scheme summarised in Appendix A:**

There were no votes against the proposal.

OR (deleting whichever is not required)

The following members voted against the proposal:

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....

Signature

.....

Name in capitals

Member-elected trustee or Employer-appointed trustee (delete which is not applicable)

If elected by constituency in terms of the rules, representing
(the constituency)

.....FUND (12/8/.....)

3. Abstentions or absentees from voting in respect of the Scheme summarised in Appendix A:

There were no abstentions and no absentees.

OR (deleting whichever is not required)

The following members abstained or were not present when the voting took place:

.....	
Signature	Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)	
If elected by constituency in terms of the rules, representing	
(the constituency)	

.....	
Signature	Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)	
If elected by constituency in terms of the rules, representing	
..... (the constituency)	

.....	
Signature	Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)	
If elected by constituency in terms of the rules, representing	
..... (the constituency)	

.....	
Signature	Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)	
If elected by constituency in terms of the rules, representing	
..... (the constituency)	

Notes:

- (1) Where member-elected trustees are not elected by a particular constituency, put "n/a" against the constituency question.
- (2) Where the fund has been exempted from some of the conditions of section 7A of the Act, the nature and conditions of that exemption should be stated below:

.....
.....
.....
.....

Appendix A2:

.....FUND (12/8/.....)

CERTIFICATE BY THE VALUATOR in terms of Section 15B(9)(b) in respect of the apportionment of actuarial surplus in the Fund as described in Appendix A.

I declare that I am the valuator to the fund and:-

1. In order to enable me to issue the certificate requested by the board of the fund in accordance with section 15B(9)(b), I have performed the following procedures:

.....
.....

and have been provided with the following information:

.....
.....

2. I will bear no responsibility for any matter of any nature relating to this certificate in respect of information which has not been made available to me or of which I could not reasonably have had knowledge in issuing this certificate.

3. Subject to the foregoing, and except for the qualifications set out in paragraph 4 below, I certify that:

3.1. the process of apportionment complied with the Act;

3.2. where it has been necessary for the board of the fund to apply its discretion in relation to the proposed apportionment of the actuarial surplus, the exercise of that discretion was, in my opinion, not unreasonable taking into account the demands of equity within the bounds of practicality and the circumstances of the fund.

4. This certificate is subject to the following qualifications (if space is insufficient, a separate report on the valuator's letterhead may be used):

.....
.....(if none, state nil).

5. The following additional particulars or special reports are provided by me in response to a request from the Registrar of Pension Funds for purposes of section 15B(9) of the Act:

.....
.....

6. I declare that the above is true and correct.

Signature:

Name in print:

Date:

Appendix A3:

.....FUND (12/8/.....)

REPORT BY THE PERSON REPRESENTING THE INTERESTS OF FORMER MEMBERS of the Fund in terms of Section 15B(3)(b) in respect of the apportionment of actuarial surplus in the Fund as described in Appendix A.

In my capacity as the person appointed by the board of the Fund to represent the interests of former members in terms of Section 15B(3)(b), I declare that

- 1. I am satisfied that
 - 1.1. the steps taken by the board to include former members in terms of subsection 15B(4), as described in Appendix A, were reasonable and
 - 1.2. where the board applied its discretion with regard to the inclusion of former members and the apportionment of actuarial surplus to such former members, the exercise of such discretion was reasonable taking into account the demands of equity within the bounds of practicality and the circumstances of this particular fund.

OR

- 1. I am not satisfied that
 - 1.1. the steps taken by the board to include former members, as described in Appendix A, were reasonable for the following reasons:
.....
.....
.....
 - 1.3. where the board applied its discretion with regard to the inclusion of former members and the apportionment of actuarial surplus to such former members, the exercise of such discretion was reasonable taking into account the demands of equity within the bounds of practicality and the circumstances of this particular fund, for the following reasons:
.....
.....
.....
- (Delete whichever is not applicable.)

- 2. I have personal knowledge of all facts stated in this declaration

3. I declare that the above is true and correct.

4. I enclose a copy of my report to the board.

Signature:

Name in print:.....

Date:

Appendix B:

.....FUND (12/8/.....)

Notification to the Registrar that the Fund will not be submitting a scheme in terms of section 15B(1).

(to be signed by the Chairperson of the board, duly authorised member of the board, the Principal Officer or liquidator of the Fund)

I in my capacity as to the Fund declare that:

1. The Fund is a defined contribution fund which operates no reserve accounts (distributing any actuarial surplus which arises at least annually amongst the surviving members) or which operates in such a way that no actuarial surplus may arise.

OR

The Fund is a defined contribution fund which has no reserve accounts other than an employer surplus account and / or an investment reserve account which cannot hold a debit balance in terms of the rules and method of operation of the fund (distributing any actuarial surplus which arises outside of the investment reserve account at least annually amongst the surviving members), and in which any member will receive a proportionate share of the investment reserve account on ceasing to be a member of the fund.

OR

The Fund is a defined benefit fund which has no actuarial surplus. After investigation of its financial history with assistance of the valuator,

- (a) there are no past utilisations of actuarial surplus as defined in section 15B(6), or
- (b) there are such past utilisations but even after adding back such utilisations the fund remains in deficit, or
- (c) there are such utilisations but the fund will be applying for exemption in terms of section 15B(6), and

I enclose applications in terms of Appendix E.

I enclose a certificate from the valuator.

(Delete whichever is not applicable.)

2. The employer and members have been informed. A copy of the communication to them is attached. A copy of this communication will be supplied to former members upon request.
3. The board has instructed me to inform the Registrar that no surplus apportionment scheme is therefore required in terms of section 15B(1). Please record this.
4. To my knowledge, the information contained in my reports on the financial history of the fund and on the apportionment scheme is correct.

5. I in my capacity as chairperson of the board, duly-authorised member of the board, principal officer or liquidator of theFund (12/8/.....) (the Fund) declare that the information given above and in the annexures hereto are, to the best of my knowledge, correct and complete.

Signature:

Name in print:

Chairperson of the board of the Fund / Principal Officer / duly authorised member of the board / Liquidator
(delete whichever is not applicable)

Date:

Appendix B1:

.....FUND (12/8/.....)

Appendix B1. Certificate by the valuator that the Fund, which is subject to actuarial valuation, does not have actuarial surplus which is to be apportioned in terms of section 15B.

I,, in my capacity as valuator to the Fund, declare that: -

1. I have valued the Fund and derived the following result as at
(the effective date).

Members and former members	
Number of active members	
Number of pensioners	
Number of deferred pensioners	
Number of former members	

Defined benefit fund:			
		R'000	R'000
1.2.1	Fair value of assets		
1.2.2	Actuarial value of assets* (justify if this is different from the fair value)		
1.2.3	Accrued liabilities:		
	1.2.3.1 Existing members who are still in service:		
	1.2.3.2 Pensioners:		
	1.2.3.3 Deferred pensioners		
1.2.4	Contingency reserves:		
	1.2.4.1 Purpose A (specify)*		
	1.2.4.2 Purpose B (specify)*		
	...		
1.2.5.	Actuarial surplus / deficit (equals 1.2.2 – 1.2.3. – 1.2.4)		

OR

Defined contribution fund:			R'000	R'000
1.2.1	Fair value of assets			
1.2.2	Investment reserve account*			
1.2.3	Accrued liabilities:			
	1.2.3.1	Existing members who are still in service:		
	1.2.3.2	Pensioner reserve account:		
	1.2.3.3	Deferred pensioner reserve account:		
1.2.4	Contingency reserves:			
	1.2.4.1	Purpose A (specify)*		
	1.2.4.2	Purpose B (specify)*		
	...	...		
1.2.5.	Actuarial surplus (equals 1.2.1 – 1.2.2. – 1.2.3. – 1.2.4)			

* Justification for these items need to be attached in a separate report

(Delete whichever of the two tables is not applicable.)

In the case of hybrid funds, which have a mix of defined benefit and defined contribution categories, select the table which is most appropriate to the usual manner in which the financial position is depicted and adapt it to accommodate the hybrid features, which in the case of a defined contribution fund is likely to include a contingency reserve funding the defined benefit underpin.

NB. In either case, the actuarial surplus shown should be zero.

2. The board has investigated the financial history of the fund and, after being instructed by the board as to which instances fall within the uses defined in terms of section 15B(6), I quantified the amount of surplus utilised in such instances as follows):

Description	Effective Date	Paragraph in section 15B(6) under which the instance falls	Amount of surplus utilised at the effective date accumulated to the surplus apportionment date. (note 1)	Whether the board is applying for this to be excluded from the apportionment (Yes / No) (note 2)
(instance to be described)				
(instance to be described)				
.....				
Total excluding items for which the board will be applying for exemption			0	

Notes:

- (1) This is the amount of surplus utilised at the original effective date accumulated to the surplus apportionment date with the nett investment return earned by the Fund over the corresponding period.
 - (2) Where the board feels that this utilisation of surplus was approved by the members, or by representative bodies, after a clear and comprehensive communication exercise as part of a negotiated utilisation of surplus by stakeholders, the board may apply in terms of section 15B(6) to have this use excluded. If “yes”, the board must apply to the Registrar for each instance separately, using the form in Appendix E.
3. The sum of the actuarial surplus and the surplus utilised for the benefit of the employer, excluding instances where the board believes that exemption is warranted and for which it has applied in terms of Appendix E, is zero.
4. I declare that the above is true and correct.

.....
Signed

.....
Full names in capital letters

.....
Date

Appendix B2:

.....FUND (12/8/.....)

Certificate by the Principal Officer that the Fund, which is exempt from actuarial valuation, does not have actuarial surplus which is to be apportioned in terms of section 15B.

I,, in my capacity as Principal Officer of the Fund, declare that: -

The financial position of the Fund as at (the effective date) is as follows:

Members and former members	
Number of active members	
Number of pensioners	
Number of deferred pensioners	
Number of former members	

		R'000	R'000
1.1.1	Fair value of assets		
1.1.2	Investment reserve account *		
1.1.3	Accrued liabilities:		
	1.1.3.1 Existing members who are still in service:		
	1.1.3.2 Pensioner reserve account:		
	1.1.3.3 Deferred pensioner reserve account:		
1.1.4	Contingency reserves:		
	1.1.4.1 Purpose A (specify)*		
	1.1.4.2 Purpose B (specify)*		
	...		
1.1.5.	Actuarial surplus (equals 1.1.1 – 1.1.2. – 1.1.3. – 1.1.4)		

* Justification for these items need to be attached in a separate report

The board has investigated the financial history of the fund and determined that there are no instances which fall within the uses of actuarial surplus defined in section 15B(6)

OR

The board has determined the following utilisation of actuarial surplus which falls within the uses defined in terms of section 15B(6):

Description	Effective Date	Paragraph in section 15B(6) under which the instance falls	Amount of surplus utilised at the effective date accumulated to the surplus apportionment date. (note 1)	Whether the board is applying for this to be excluded from the apportionment (Yes / No) (note 2)
(instance to be described)				
(instance to be described)				
.....				
Total excluding items for which the board will be applying for exemption			0	

Notes:

- (1) This is the amount of surplus utilised at the original effective date accumulated to the surplus apportionment date with the nett investment return earned by the Fund over the corresponding period.
- (2) Where the board feels that this utilisation of surplus was approved by the members, or by representative bodies, after a clear and comprehensive communication exercise as part of a negotiated utilisation of surplus by stakeholders, the board may apply in terms of section 15B(6) to have this use excluded. If “yes”, the board must apply to the Registrar for each instance separately, using the form in Appendix E.

The sum of the actuarial surplus and the surplus utilised for the benefit of the employer, excluding instances where the board believes that exemption is warranted and for which it has applied in terms of Appendix E, is zero.

I declare that the above is true and correct.

.....
Signed

.....
Full names in capital letters

.....
Date

Appendix B3:

.....FUND (12/8/.....)

Schedule of votes by members of the board of the Fund in favour or against the proposed scheme, noting any abstentions.

1. Votes In Favour

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

2. Votes Against

There were no votes against the proposal.

OR (deleting whichever is not required)

The following members voted against the proposal:

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

.....
Signature Name in capitals

Member-elected trustee or Employer-appointed trustee (delete which is not applicable)
If elected by constituency in terms of the rules, representing
(the constituency)

3. Abstentions or absentees

There were no abstentions and no absentees.

OR (deleting whichever is not required)

The following members abstained or were not present when the voting took place:

.....	
Signature	Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)	
If elected by constituency in terms of the rules, representing	
(the constituency)	

.....	
Signature	Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)	
If elected by constituency in terms of the rules, representing	
(the constituency)	

.....	
Signature	Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)	
If elected by constituency in terms of the rules, representing	
(the constituency)	

.....	
Signature	Name in capitals
Member-elected trustee or Employer-appointed trustee (delete which is not applicable)	
If elected by constituency in terms of the rules, representing	
(the constituency)	

- Notes:
- (3) Where member-elected trustees are not elected by a particular constituency, put “n/a” against the constituency question.
 - (4) Where the fund has been exempted from some of the conditions of section 7A of the Act, the nature and conditions of that exemption should be stated below:
.....
.....
.....
.....

Appendix C:

.....FUND (12/8/.....)

Scheme for the apportionment of actuarial surplus in the Fund in terms of section 15B where the amount required to top former members and pensioners up to the minimum level equals or exceeds the amount of actuarial surplus available for apportionment.

1. At the meeting of the board of the Fund held aton
....., the board or the liquidator accepted the following scheme for the apportionment of actuarial surplus.
2. The surplus apportionment date is:
which is the statutory valuation date after 7 December 2001 / the effective date of liquidation / the conversion date / the date when the board has elected to apportion actuarial surplus (delete whichever are not applicable).
3. An actuarial valuation as at the surplus apportionment date revealed the following:

Members and former members	
Number of active members	
Number of pensioners	
Number of deferred pensioners	
Number of former members	

Defined benefit fund:			R'000	R'000
1.2.1	Fair value of assets			
1.2.2	Actuarial value of assets* (Justify if this is different from the fair value)			
1.2.3	Accrued liabilities:			
	1.2.3.1	Existing members who are still in service:		
	1.2.3.2	Pensioners:		
	1.2.3.3	Deferred pensioners		
1.2.4	Contingency reserves:			
	1.2.4.1	Purpose A (specify)*		
	1.2.4.2	Purpose B (specify)*		
	...	...		
1.2.5.	Actuarial surplus (equals 1.2.2 – 1.2.3. – 1.2.4)			

OR

Defined contribution fund:			
		R'000	R'000
1.2.1	Fair value of assets		
1.2.2	Investment reserve account*		
1.2.3	Accrued liabilities:		
	1.2.3.1	Existing members who are still in service:	
	1.2.3.2	Pensioner reserve account:	
	1.2.3.3	Deferred pensioner reserve account:	
1.2.4	Contingency reserves:		
	1.2.4.1	Purpose A (specify)*	
	1.2.4.2	Purpose B (specify)*	
	...	...	
1.2.5.	Actuarial surplus (equals 1.2.1 – 1.2.2. – 1.2.3. – 1.2.4)		

* Justification for these items need to be attached in a separate report

(Delete whichever of the two tables is not applicable.)

In the case of hybrid funds, which have a mix of defined benefit and defined contribution categories, select the table which is most appropriate to the usual manner in which the financial position is depicted and adapt it to accommodate the hybrid features, resulting in the case of a defined contribution fund with the inclusion of a contingency reserve account reflecting the defined benefit underpin reserve.

4. The board has investigated the financial history of the fund and determined the following utilisation of actuarial surplus which falls within the uses defined in terms of section 15B(6) and, acting on their instructions, the actuary has determined the amount of surplus utilised at the effective date of each such instance, and accumulated such amount to the surplus apportionment date:

Description	Effective Date	Paragraph in section 15B(6) under which the instance falls	Amount of surplus utilised at the effective date accumulated to the surplus apportionment date. (note 1)	Whether the board is applying for this to be excluded from the apportionment (Yes / No) (note 2)
(instance to be described)				
(instance to be described)				
.....				
Total excluding items for which the board will be applying for exemption				

Notes:

- (1) This is the amount of surplus utilised at the original effective date accumulated to the surplus apportionment date with the nett investment return earned by the Fund over the corresponding period.
- (2) Where the board is of the opinion that this utilisation of surplus was approved by the members, or by representative bodies on behalf of the members, after a clear and comprehensive communication exercise as part of a negotiated utilisation of surplus by stakeholders, the board may apply in terms of section 15B(6) to have this use excluded. If “yes”, the board must apply to the Registrar for each instance separately, using the form in Appendix E.

5. The adjusted actuarial surplus is therefore as follows:

		R'000
	Actuarial surplus revealed in the valuation:	
	Actuarial surplus utilised improperly by the employer for which the board will not be applying for exemption:	
	Adjusted actuarial surplus to be apportioned:	

6. The cost to top up former members and pensioners to minimum benefit levels as a prior charge against actuarial surplus is:

	R'000
Pensioners	
Former Members	
Total top up cost	

As this equals or exceeds the adjusted actuarial surplus which is available to be apportioned, and the Act gives pensioners and former members priority in enjoying this top up, there will be no apportionment to the employer or existing members.

As the full top-up cannot be afforded, the top-up to the pensioners and former members has been reduced by a factor of to give a result equal to the adjusted actuarial surplus available. (Delete if not required).

7. The top up will be applied as follows:

Class of member or former member	Manner in which the actuarial surplus will be applied for their benefit

8. Former members were included as follows:

- 8.1 The person appointed by the board to represent the interests of former members:

Full name (in capitals):

Address:

Telephone no.: (during office hours)
 (cellphone – if applicable)

email address: (if applicable)

Occupation:

- 8.2. The steps taken to identify and contact former members and obtain sufficient information to enable the calculations of any top up benefit were as follows:

.....

(Copies of advertisements should be enclosed.)

8.3. Former members were taken into account as follows:

	Number	% of the total
Former members for whom the calculations could be performed and who could be traced to make payment:		
Former members for whom the calculations could be performed but who cannot be traced:		
Former members, who have been traced but in respect of whom insufficient information could be obtained to enable the calculations to be performed (note 3):		
Former members, who have neither been traced, nor in respect of whom the board has obtained sufficient information to enable the calculations to be performed (note 3):		
Total		

Notes:

- (i) The board is required to provide its best estimate of the total number of former members who left the fund between 1 January 1980 and the surplus apportionment date.
- (ii) The board may have been able to obtain sufficient data from the administrators of the fund or the employer to enable the calculations to be performed, but cannot trace the former members. The top up benefits due to these former members should be reflected in the accounts of the fund as outstanding benefits.
- (iii) Where the fund has not been able to trace the members at all, and the fund has insufficient information to enable the calculations to be performed, or the fund has traced the members but has not been successful in obtaining sufficient information to enable the benefit to be calculated, the board may set aside a contingency reserve or may offer these members an amount in settlement of any claim they might have.

8.4. The report by the person who represented the interests of former members on the steps taken to identify former members and obtain sufficient information to enable the calculations of any top up benefit, and on the equity of the apportionment to them, is enclosed with this application.

9. The following claims² against the fund were not taken into account when determining the distribution of actuarial surplus:

.....
.....
.....

(noting that such claims should exclude any claims which have been recognised as liabilities by the board and the valuator)

10. The employers, former members and the existing members have been informed of the scheme in a manner consistent with the criteria set out in Appendix F, and have been given at least 12 (twelve) weeks in which to object to the scheme. A copy of the information pack given to members, including any written statements and a copy of any presentation made to them is included with this scheme documentation. The objections have been considered by the board of management of the fund. The complaints are summarised in Appendix D which also contains the response by the board.

11. Declaration

I in my capacity as chairperson of the board,
liquidator or duly-authorised member of the board, of the
.....Fund (12/8/.....) (the Fund)
declare that the information given above and in the annexures hereto is, to the best of
my knowledge, correct and complete.

Signature:

Name in print:

Chairperson of the board of the Fund / duly authorised member of the board / Liquidator
(delete whichever is not applicable)

Date:

² These do not refer to outstanding benefits or creditors, both of which should be taken into account as liabilities if transferred; these refer to pending litigation or complaints in which members or former members are demanding adjustment to amounts previously paid or to accrued liabilities which are being transferred.

Appendix D:

.....FUND (12/8/.....)

SECTION 15B(9)(g): SUMMARY OF OBJECTIONS TO THE SCHEME FOR THE APPORTIONMENT OF ACTUARIAL SURPLUS IN THE FUND

1. The board / liquidator received the following complaints which have been satisfactorily resolved:

Name, address and telephone number of the complainant	Summary of the complaint	Action taken

Evidence should be attached to support the resolution of the objection.

2. The board / liquidator received the following complaints which have not been resolved:

Name, address and telephone number of the complainant	Summary of the complaint	Reason why in the opinion of the board the complaint does not have merit, or why the Complaint has not been resolved

Note:

Supporting information in respect of each complaint should be attached to this schedule.

Signature:

Name in print:.....

(Chairperson – Board of the Fund or duly authorised member of the Board of the Fund)

Date:

Appendix E:

.....FUND (12/8/.....)

Application for surplus utilised improperly, as defined in section 15B(6), to be excluded from consideration in the apportionment scheme for the Fund

(A separate application should be supplied in respect of each particular use of actuarial surplus as defined in section 15B(6) which the board / liquidator wishes to exclude.)

1. Effective date of the particular utilisation of actuarial surplus:
2. Description of the particular utilisation of actuarial surplus:
.....
.....
.....
.....
3. Paragraph under section 15B(6) under which the instance falls:
4. Describe why the board / liquidator believes that the particular use of surplus was approved by members, or by representative bodies on behalf of members, as part of a negotiated utilisation of surplus:
(Enclose a copy of any agreement signed between stakeholders.)
.....
.....
.....
.....
5. Was the result of any vote by members audited or confirmed by an independent party?
Yes / No (delete whichever is not applicable).
If "Yes", who was the independent party:
.....
.....
.....

(Please give a name, address and telephone number.)

Please provide a certificate from the independent party confirming the number of members eligible to make an election, and those who supported the proposal, distinguishing between pensioners and members still in active service.

6. Please describe the communication to members and / or representative bodies

Board Members: Dr Cyrus Rustonjee (Chairperson) Mr Abel Sithole (Deputy Chairperson) Mr Brian Hawksworth Ms Jabu Mogadime
Ms Nosipho Molope Prof P J Sutherland Ms Louisa Mojela Ms Hilary Wilton
Executive Officer: Mr J van Rooyen



acting on behalf of members prior to the particular utilisation of surplus.

Attach the communication material provided to members (copies of written material and any audio-visual presentation).

7. Declaration

I in my capacity as chairperson of the board, liquidator or duly-authorised member of the board, of theFund (12/8/.....) (the Fund) declare that the information given above and in the annexures hereto is, to the best of my knowledge, correct and complete.

Signature:

Name in print:

Chairperson of the board of the Fund / duly authorised member of the board / Liquidator
(delete whichever is not applicable)

Date:

Appendix F:

.....FUND (12/8/.....)

Application for transfer of actuarial surplus from a reserve account to the employer surplus account in terms of section 15F.

1. Effective date of the transfer:
2. Amount of actuarial surplus to be transferred:
3. Describe why the board believes that this amount of actuarial surplus within the reserve account was properly apportioned for the benefit of the employer. The motivation should include detail as to the process followed in the negotiation together the results of any election by the members:
(Enclose a copy of any agreement signed between stakeholders and the material provided to members on the basis of which they approved the apportionment.)

3.1. Process followed in the negotiation:

.....
.....
.....

3.2 Description of the stakeholders included in the negotiation:

.....
.....
.....

3.3 Apportionment of actuarial surplus, as negotiated, between the classes of stakeholder:

	Rand amount of surplus allocated	Percentage of the total surplus
Employer		
Active members		
Former members (split by class where there is more than one)		
Pensioners		
Total		

(The total actuarial surplus should correspond to that revealed in the corresponding actuarial valuation, a copy of which should be enclosed. In addition proof is required to show that members were aware of the Rand amount being allocated to the employer.)

Reasons for the particular apportionment:

.....
.....
.....

3.4. Results of the election:

	Active members	Pensioners	Former members
In favour			
Against			
Abstentions			
Total			

4. Was the result of the vote audited or confirmed by an independent party?
Yes / No (delete whichever is not applicable).

If "Yes", who was the independent party:

.....
.....
.....

(Please give a name, address and telephone number.)

If the vote was audited or confirmed by the independent party, please attach a certificate from the independent party confirming the voting result recorded above.

5. Please describe the communication to members and / or representative bodies acting on behalf of members prior to the particular utilisation of surplus.

.....
.....
.....

Attach the communication material provided to members (copies of written material and any audio-visual presentation).

6. I in my capacity as chairperson of the board, liquidator or duly-authorised member of the board, of theFund (12/8/.....) (the Fund) declare that the information given above and in the annexures hereto is, to the best of my knowledge, correct and complete.

Signature:

Name in print:

Chairperson of the board of the Fund / duly authorised member of the board /
Liquidator
(delete whichever is not applicable)

Date:

Appendix G:

.....FUND (12/8/.....)

Application for transfer of the credit balance in an employer surplus account to the employer in terms of section 15J.

1. Effective date of the envisaged payment:
2. Amount of actuarial surplus to be paid to the employer:
3. Remaining credit balance in the employer surplus account:
4. Describe the consultation conducted in terms of section 189 of the Labour Relations Act, 1995.
.....
.....
.....
5. Was an independent auditor used to confirm the need to retrench members?
Yes / No (Delete whichever is not applicable).
If the answer is yes, provide the name, address and telephone number of the independent auditor, and attach the certificate from the independent auditor.
Name:
Address:
.....
.....
.....
Telephone number:
6. Members were informed as follows:
.....
.....
.....
(Include a copy of any material provided to members.)
7. Members currently in employment were given the following period in which to consider the proposal:

8. Members currently in employment voted as follows:

	Members currently in employment
In favour	
Against	
Abstentions	
Total	

9. Was the result of the vote audited or confirmed by an independent party?
Yes / No (delete whichever is not applicable).

If "Yes", who was the independent party:

Name:

Address:

.....

Telephone number:

If the vote was audited or confirmed by the independent party, please attach a certificate from the independent party confirming the voting result recorded above.

10. I in my capacity as chairperson of the board / duly authorised member of the board (delete whichever is inapplicable) of the Fund declare that the above is true and correct.

.....
Signed

.....
Name

.....
Date

Appendix G1:

.....FUND (12/8/.....)

Certificate by the independent auditor in respect of an application to transfer the credit balance in an employer surplus account to the employer in terms of section 15J.

1. I am satisfied that
 - 1.1 the employer will need to terminate the services, on operational grounds, of at least 10 per cent of the members of the fund who were in employment as at the last financial year end if the employer does not receive R..... in cash from the employer surplus account in the fund.
 - 1.2 the members currently in employment have been properly consulted in terms of section 189 of the Labour Relations Act, 1995, on the need for such termination and on the possibility of avoiding such termination if the above payment is made.
2. I, in my capacity as independent auditor employed by the board of the Fund, declare that the above is true and correct.

.....
Signed

.....
Name

.....
Date

Appendix G2:

.....FUND (12/8/.....)

Certificate by the independent auditor in respect of the results of the vote by members currently in employment on an application to transfer the credit balance in an employer surplus account to the employer in terms of section 15J.

2. I am satisfied that, prior to voting, members were informed of the proposal to pay R..... to the employer from the credit balance in the employer surplus account, in the manner set out in the schedule to which this certificate is attached.
3. I have checked the tabulation of the vote by the members currently in employment, and am satisfied that they voted as follows:

	Members currently in employment
In favour	
Against	
Abstentions	
Total	

3. I, in my capacity as independent auditor employed by the board of the Fund, declare that the above is true and correct.

.....
Signed

.....
Name

.....
Date

Standards for the information to be included in the communication to the employer and members when an apportionment of surplus is proposed by the board of the fund.

1. Introduction

Section 15B(9)(d) requires the employer, existing and former members to be informed of the scheme for the apportionment of surplus in a manner which is clear and understandable and which gives details of the allocation of the actuarial surplus for the benefit of the various stakeholders, including the Rand amounts of any actuarial surplus which it is intended to credit to the member surplus account and to the employer surplus account, respectively, and the Rand costs of any benefit improvements for members and former members. Subsection (l) permits the Registrar to prescribe standards for the information to be included in this communication.

2. Standards for the information to be included in the communication.

2.1. The communication shall set out the financial position of the fund prior to the apportionment, stating

- 2.1.1. The date of the valuation
- 2.1.2. The fair value of the assets
- 2.1.3. The actuarial value of the assets, if the fund is a defined benefit fund.
- 2.1.4. The actuarial value of the liabilities, split between the major classes of beneficiary, namely “active members” (that is, those members who either contribute to the fund or in respect of whom the employer contributes to the fund), “pensioners” and “deferred pensioners”.
- 2.1.5. Any contingency reserve account balances and, if the fund is a defined contribution fund, the amount of any investment reserve account.
- 2.1.6. The actuarial surplus which is to be apportioned.
- 2.1.7. The method and assumptions used to determine the actuarial values of the assets and the liabilities.
- 2.1.8. A summary of the data, the benefits and the contribution rates used in determining the assets and the liabilities of the fund.
- 2.1.9. A summary of each instance in which surplus was utilised improperly as defined in section 15B(6) together with the current value of such surplus. The summary should then identify where the board will be applying to the Registrar for permission to exclude this use from the amount that will be added to the surplus to be apportioned giving the reason why the board feels that such amount should be excluded. The amounts that will be added to the surplus to be apportioned should be stated.

- 2.2. The communication shall identify the former members, by group and date of exit from the fund where appropriate, whom the board has excluded in the apportionment.
- 2.3. The communication shall set out the major factors which the board has taken into account in determining the apportionment.
- 2.4. The communication shall set out the result of the apportionment by class of beneficiary, identifying each class separately where the manner in which the apportionment will be applied or the relative amount of the apportionment will differ between classes, and differentiating between apportionments of actuarial surplus to members and to the employer:

Class of Beneficiary	Manner in which the apportionment will be applied	Amount of actuarial surplus utilised in this manner for this class of beneficiary	
		Out of amount apportioned to members and former members	Out of amount apportioned to employer

Note:

- (1) The employer, active members, pensioners and deferred pensioners must be included as classes of beneficiary unless there are no beneficiaries in that class (for example, a provident fund in which there are no pensioners). Where former members are included, and the allocation to different tranches of former member according to date of exit differs, each tranche must be identified separately.
- (2) Where the board excludes any class of potential beneficiary, this class should be included in the table with “nil” amounts of surplus allocated to them.

- 2.5. The communication shall set out the financial position of the fund after the apportionment.
 - 2.5.1. The fair value of the assets
 - 2.5.2. The actuarial value of the assets, if the fund is a defined benefit fund.
 - 2.5.3. The actuarial value of the liabilities, split between the major classes of beneficiary, namely “active members” (that is, those members who either contribute to the fund or in respect of whom the employer contributes to the fund), “pensioners” and “deferred pensioners”, after any benefit improvements envisaged in the scheme.
 - 2.5.4. Any contingency reserve account balances, and, if the fund is a defined contribution fund, the amount of any investment reserve account.
 - 2.5.5. The actuarial surplus split between:
 - 2.5.5.1. the member surplus account.
 - 2.5.5.2. the employer surplus account.
- 2.6. A summary of any statement by the valuator, and, where an independent actuary has been used, the independent actuary shall be included. If either the valuator or the independent actuary has qualified his or her opinion with regard to the scheme, such qualification must be included in this summary.
- 2.7. A summary of any statement by the former member representative should be included. If the statement is qualified, then the qualification must be included.
- 2.8. The appendix shows an example of the minimum information which should be included in a particular case.

Example

(NB. The details given in this example are used to highlight how the return might be completed, and are not intended to sanction descriptions of the types used in the tables.)

1. The financial position prior to the apportionment.

	R'm
The fair value of assets:	274
The actuarial value of assets	235
Contingency reserve (AIDS and expenses)	(20)
The value of the liabilities:	
Active members	(80)
Pensioners	(80)
Deferred pensioners	-
Actuarial surplus	55

2. Major factors taken into account in the apportionment.

The board took advice from the fund's actuary, Mr., and, independently, sought the advice of Ms ..., a lawyer experienced in pensions matters, and Ms....., an actuary experienced in pension funds matters, neither of whom have had any prior dealings with the fund, the employer or the members.

The board could find no evidence of any use of actuarial surplus that will fall within the uses defined as improper in section 15B(6) of the Act. This was confirmed by the consultants. The amount of actuarial surplus to be apportioned is therefore R55 million.

The consultants investigated the position of former members who had left the fund since 1 January 1980. The administrators of the fund held sufficient records to enable the fund to review the benefits paid, and the financial history of the fund across the last 10 years. Advertisements resulted in a small number of former members coming forward who had left earlier than the last 10 years. Where former members were transferred from this fund to another fund, the former members had been paid at least the minimum individual reserve as defined in the Act. The only top up that will be required will be a top up to former members who resigned.

The consultants also investigated the increases granted to pensioners which have matched or exceeded the change in the consumer price index. No retrospective adjustment is necessary to correct current pensions to the minimum level.

Acting on the advice of these consultants, the board has decided to split the actuarial surplus equally between the employer and the members, after setting aside R2 million for any claims from former members whom it was not possible to trace and R4 million to top up former members who resigned and who have been traced. Former members who are included in the allocation and existing members are treated similarly. The primary reasons for this apportionment are as follows:

2.1. The analysis of the surplus demonstrated that the bulk of the surplus existed in

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Ms Nosipho Molope Prof P J Sutherland Ms Louisa Mojela Ms Hilary Wilton
Executive Officer: Mr J van Rooyen



the fund at the time that most former members transferred out of the fund as at 1 July 1997 to the company sponsored defined contribution fund. The board felt therefore that these members should participate on the same basis as existing members.

- 2.2. The accrued actuarial liability that was transferred as at 1 July 1997 was greater than the minimum individual reserve as defined in the Pension Funds Act. No retrospective adjustment is required to these transfer values. There have been no retrenchments.
 - 2.3. The top up to former members, who received less than the minimum individual reserve as defined in the Act and in respect of whom the fund has sufficient information to enable the benefit paid and the minimum individual reserve to be compared, will cost the fund R4 million.
 - 2.4. The analysis has shown that the surplus has accumulated because investment returns have exceeded expected amounts from mid 1984 onwards. The board is of the opinion that it would be equitable to apportion the resulting amount broadly in proportion to the contributions invested for retirement accumulation. Over the past 20 years, after adjusting for changes in the employer contribution rate, the employer has paid slightly more than 50% of the contributions invested for retirement benefits.
3. Inclusion / exclusion of former members.

The employer assisted the fund in tracing some of the former members. The fund then advertised locally and nationally, and was assisted by the ABC union which was active in the workplace in the 1980's. The board estimates that it has been able to trace and get information for approximately 70% of the former members.

The board has set aside a contingency reserve to deal with former members who have not been traced but who may supply information in future. The magnitude of this reserve is consistent with the amount determined for members for whom there is sufficient information.

4. Apportionment of actuarial surplus

The fund had R55 million of actuarial surplus to apportion.

R2 million will be set aside as a contingency reserve for the small group of former members whom we have been unable to trace. R4 million will top up former members to the minimum benefit level prescribed in the Act. The actuarial value of the assets being used for the top up was R5 million, leaving R50 million to be distributed.

Pensioners, active members and former members who have been traced will be given a 12,5% increase in their pensions (if a pensioner), pensionable service (if an active member) and benefits previously transferred (if a former member) as their share of the surplus, giving rise to an amount of R25 million in actuarial surplus. Of the balance of R25 million allocated to the employer, R12 million will be used to pay additional pensions to existing pensioners and active members as a result of which they agree to relieve the employer of any obligation to subsidise pensioners' medical costs and R13 million will go to the employer surplus account.

Class of Beneficiary	Manner in which the apportionment will be applied	Amount of actuarial surplus utilised in this manner for this class of beneficiary	
		Out of amount apportioned to members and former members	Out of amount apportioned to members and former members
Former members who have not been traced	Contingency reserve	R3 million	
Top up of former members who have been traced to minimum levels	Direct payment in cash	R4 million	
Former members who have been traced	12,5% increase to benefits previously transferred after top up	R4 million	
Active members	12,5% increase to pensionable service	R10 million	
Pensioners	12,5% increase to pensions	R10 million	
Active members and pensioners who belong to the medical aid	Supplementary pensions equal in value to the current or anticipated employer subsidy after retirement		R12 million
Employer			R12 million
Total apportionment between members and the employer		R31 million (50% after deducting the top up and contingency reserve)	R24 million (50%)

The certificates by the valuator and the independent actuary are attached.

5. The financial position of the fund after the apportionment is as follows:

The fair value of assets:

266

The actuarial value of assets

228

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Ms Nosipho Molope Prof P J Sutherland Ms Louisa Mojela Ms Hilary Wilton
Executive Officer: Mr J van Rooyen



Contingency reserve	
(AIDS and expenses)	(20)
Former members who cannot be traced	(3)
The value of the liabilities:	
Active members	(98)
Pensioners	(94)
Deferred pensioners	-
Employer surplus account	<u>(13)</u>
Actuarial surplus	0

6. The following statement has been made by the valuator to the fund:

“ ”

7. The following statement has been made by the former member representative:

“ ”

8. The following statement has been made by the independent actuary to the fund:

“ ”

