1. This complaint concerns the determination of members' benefits in terms of the rules of the fund, including the distribution of the fund’s surplus assets, as a consequence of the discontinuance of contributions to the fund.

2. The parties have been given ample opportunity to comment on each other’s submissions and I am satisfied that the provisions of section 30F of the Act have been complied with. I am happy that nothing further would be gained from the holding of a formal hearing, and no such hearing has been requested by any of the
parties concerned. My determination, therefore, is based on the written submissions of the parties, and the investigation conducted by my senior investigator, Ian McDonald, who investigated the complaint on my behalf.

3. The complainants are all members of the fund, having been employed by Illman Plastics (Pty) Ltd, which later became Voltex Manufacturing and which was ultimately taken over by Aberdare Cables (Pty) Ltd in July 1998, although discussions to this effect had been taking place since 1997.

4. In December 1997 members had been advised that if and when Voltex was taken over, the fund would be liquidated, to ensure that the members would benefit from the entire assets of the fund. Then, during May 1998, a group of interested members contacted the Financial Services Board requesting advice as to what members should be doing in view of the pending liquidation of the fund. They were advised to study the rules and the latest actuarial valuation report of the fund, copies of which were obtained from the Financial Services Board.

5. The relevant rule governing the situation is rule 18 which reads as follows:

**TERMINATION OF SCHEME CONTRIBUTIONS**

An employer shall be entitled to discontinue payment of contributions under the scheme on giving Fedlife 2 months previous notice in writing of its intention so to do and in this event the following shall apply:-

1. **ON FULL LIQUIDATION**

   (1) A Liquidator shall be appointed by the person managing the business of the scheme.

   (2) The Liquidator shall, subject to (d) below:-

       (1) Allocate the assets in the deposit account, as determined by
Fedlife and subject to (iv) below, in an equitable manner among:-

(aa) all members in service and any paid-up members at the date of liquidation,

(bb) all members who have left service for any reason (except retirement) in the 12 months before the liquidation date.

(cc) all pensioners who retired in the 12 months before the liquidation date.

(ii) Allocate the accumulated value, as determined by Fedlife, of any contributions paid in terms of rule 7(d) and/or (e) by or on behalf of the member, to said member.

(iii) ensure that pensions, if any, already purchased from a registered life office shall not be affected in any way.

(iv) ensure that any pension payable directly from the scheme shall not be affected but shall be purchased from a registered life office.

(3) The member (including any member who has a paid-up benefit) shall either:-

(aa) transfer any benefit in (b)(i) and (ii) above to an approved pension or retirement annuity fund, or

(bb) take part, or all, of the cash value of the benefit in (b)(i) and (ii) above and deal with the remainder, if any, as set out in (aa) above.

(4) The Liquidator shall have such plan of liquidation referred to in (b) above agreed and dealt with in terms of section 28 of the Act.

2. ON PARTIAL LIQUIDATION IN RESPECT OF AN EMPLOYER

(1) Acting on the advice of the valuator, Fedlife shall:-
(1) allocate to each affected member in service and any paid-up member at the date of liquidation, his share of the assets in the deposit account.

(ii) allocate the accumulated value, as determined by Fedlife, of any contributions paid in terms of Rule 7(d) and/or (e) by or on behalf of an affected member, to said member.

(2) The member (including any member who has a paid-up benefit) shall either:-

(aa) transfer any benefit in (a)(i) and (ii) above to an approved pension or retirement annuity fund, or

(bb) take part, or all, of the cash value of the benefit in (a)(i) and (ii) above and deal with the remainder, if any as set out in (aa) above.

3. ON TRANSFER

Subject to the provision of Section 14 of the Act:-

(1) if the principal employer wishes to establish or transfer members to another scheme, or to replace Fedlife with another underwriter, Fedlife shall pay over to such other scheme or underwriter, over such period as Fedlife shall decide, the transfer values of the assets in the deposit account and the accumulated value of any contributions in terms of Rule 7(d) and (e), as determined by Fedlife.

(2) in respect of an individual employer transfer shall be subject to the conditions in (a) above and shall only be granted with the consent of the principal employer having regard to the advices of the valuator with respect to the best interests of the remaining employers and members participating in the scheme.

4. ON BEING MADE PAID-UP
If Fedlife agrees to the scheme being made paid-up:-

1. the Valuator shall -

(1) allocate the assets in the deposit account, as determined by Fedlife, in an equitable manner among all members in service at the date of termination,

(ii) allocate the accumulated value, as determined by Fedlife, of any contributions paid in terms of rule 7(d) and/or (e) by or on behalf of the member, to said member.

(iii) ensure that pensions, if any, already purchased from a registered life office shall not be affected in any way.

(iv) ensure that any pension payable directly from the scheme shall not be affected and shall be purchased from a registered life office.

(2) The benefits in (a)(i) and (ii) above shall be utilised by actuary/the valuator to secure paid up benefits for the members concerned.

(3) The paid-up benefit shall be payable from the member=s retirement date.

(4) In the event of the death or withdrawal from service of a member, either he or the person entitled thereto in terms of rule 5, shall receive the cash value, as calculated by Fedlife, of the paid -up benefit.

5. CHARGES AND CONDITIONS

The terms and conditions and applicable charges shall be as set out in the group pension policy.

6. On 14 June 1998, a group of concerned members, including the complainants, sent a memorandum to Mr M Berzack, representing the employers, requesting
clarification on a number of points regarding the winding up of the fund. In response to their request these members were given a copy of a letter dated 21 July 1998 from the principal officer to the fund which, among other things, commented as follows:

(a) Actual termination date should be supplied by the employer. Fedsure have not received any official documentation concerning this.

(b) Termination would be in terms of rule 18(A) (liquidation) or rule 18(C) (transfer). You refer to the phrase Aequitable manner@ in rule 18(A) (b)(i). We can confirm that this means that the available assets would be proportioned amongst all members in relation to their benefit entitlements.

You also refer to the phrase “accumulated value” in rule 18(A)(b)(ii). This refers to supplementary or voluntary contributions (if any) made by the member or employer and “accumulated” with full fund interest to date of liquidation.

(3) If the determination is a liquidation (rule 18(A)), where member’s are no longer in the service of the employer, then they have the right to elect either a cash refund or to preserve their benefits (i.e. transfer their benefits to a scheme of their choice which provides individual retirement benefits). On compulsory transfer (rule 18(C)), all members will have to transfer to the new fund. In either case no rule change is needed.

7. On 3 August 1998 twenty members of the fund, including the complainants, sent a letter to the principal officer, and to Mr Berzack, expressing serious concern with both the existing and future status of the fund. The letter amongst other things requests certain information in the following terms:

We require your urgent attention in answering the following in respect of the planned liquidation of the fund:-
1. Each of the undersigned to be informed of the total amount of money each would have received, assuming a fund liquidation date of 30 June 1998.

2. Each of the undersigned to be informed of the total, actuarially estimated amount of money each will receive, assuming a fund liquidation date of 30 June 1999.

3. What is the proposed date of liquidation of the fund?

4. As of the 1st July 1998, who constituted the fund management committee?

5. Relative to the current changes in the pension fund regulations regarding management committee members, we require two elected representatives on said committee immediately.

8. A joint letter from Mr Berzack and Mr I Millar, divisional director of human resources at Aberdare Cables, advised members that the fund would be wound up on 30 June 1999 and that each member would receive an individual letter from the fund setting out their share of the fund and their expected share of the fund surplus at 30 June 1999. He added that all staff would receive a minimum of two times their contributions to the fund. Formal meetings would be held before the end of February 1999 at which members would be advised on all the options available to them including transferring to the Altron fund (the fund operated by Aberdare Cables), leaving their benefits paid-up on the fund and transferring their benefits to any other fund approved by the employer. No response was provided at this stage to questions 4 and 5 in the complainants' letter of 3 August 1998.

9. In response to this document some of the complainants sent a further letter to Mr Berzack asking for a number of question to be answered. The questions referred to the current fund management and member representation, to the employer’s status and the rate of employer contribution, to the timing and rules governing the liquidation of the fund, and to how the fund assets would be allocated on liquidation.
10. Three of the complainants were invited to meet with the second respondent at his office on 19 January, so that he could answer this latest list of questions. No formal minutes of this meeting were kept, but the following comments were put together by the complainants from notes taken at the meeting:

Mr Zulberg then answered the written questions the members had put forward as follows:-

1. He (Mr Zulberg) was and always had been Principal Officer of the fund.
2. No steps had been taken to provide member representation on the management of the fund as this would be an unnecessary cost to the fund.
3. The fund had been exempted from the need to have member representation on its management committee.
4. Fedlife had not been notified of the change of major share holding of the company. Mr Zulberg gave each member a copy of a change of fund rules which ”resolved that Illman Plastics (Pty) Limited join the scheme as a participating employer” this he said made it unnecessary to notify Fedlife of any change in the major shareholder of the company. (See Appendix H)
5. Employer contributions were being paid by Aberdare.
6. Employer contributions were being paid at a rate of 3%.
7. The decision to terminate the fund was made because it was felt that was in the best interests of all fund members and would prevent Aberdare from benefiting from any assets built up by members or Illman’s contributions.
8. Fedlife had not yet been notified of the intention to liquidate the fund.
9. It is still unclear if the termination would be in accordance with rule 18A of the fund or some other unspecified rule.
10. The assets of the fund would be distributed in accordance with the actuarial reserve of the members.
11. The fund management committee considered it fair that all members should receive an amount of at least two times their contributions to the fund.
12. The payment of twice contributions to some members who are not entitled to this would be funded from the fund surplus.
13. 40% of the fund surplus would be required to fund the twice contribution payments.
14. The fund management committee claim they have the right to distribute the assets of the fund.
of the fund as they and only they see fit.

15. Only two options are available for members to choose for their entitlement after liquidation either leave it with Fedlife or move it to the Altron Pension Fund.

16. No contribution holidays had been taken by the company.

When asked at the end of this meeting if he would give the answers, given to the members during the meeting, in writing Mr Zulberg said he did not intend giving any answers in writing.

11. On 20 January 1999 the first complainant delivered a letter to the second respondent informing him, as Principal Officer of the fund, that the complainant believed it would be unfair to use such a large portion of the fund surplus to finance two times contributions to some members.

12. At the open meeting of the members on 8 and 9 March 1999 a wide range of topics concerning the fund and the Altron Pension Fund were addressed and member’s questions were answered. The following statements relative to the complaint were noted by the complainants.

12.1 An acting management committee had been formed during 1998 to control the liquidation of the fund.

12.2 The entire surplus in the fund would stay with the members, the company would not benefit.

12.3 Increases in salary given to members at the beginning of February 1999 would be ignored when members’ actuarial reserves were calculated.

12.4 Members whose withdrawal benefit did not exceed twice their contributions to the fund would receive their withdrawal benefit plus an additional one times their contributions. The additional funds to meet these extra payments
would be funded from the surplus.

12.5 When asked from the floor if the proposed method of allocating the fund assets was fair to all members, Mr Zulberg said that he thought it was the “morally” correct way, and that the older, more senior and longest serving members of staff should forego some benefit to assist in providing a better payout to younger members.

12.6 It was pointed out from the floor that by ignoring the February salary increases as stated in 12.3 above, the actuarial reserves of the older, longer serving members would again be affected, but not the benefits of those receiving two times contributions. Mr Zulberg responded that it was the right of the fund management committee to allocate the fund assets as they thought fit.

12.7 When asked why it was decided to discount the salary increases, Mr Zulberg said this was done to ensure no one member could be given an excessively high increase to benefit unfairly from the assets of the fund. It was then pointed out from the floor that the increase had already been given and it was possible to confirm no member had in fact received an increase significantly higher than any other member. Again Mr Zulberg stated that the decision had been made by the fund management committee.

13. A memorandum was sent by the complainants to Mr Peter Mason, the human relations director of Aberdare Cables on 11 March 1999 requesting that all their pension fund contributions be deducted and paid in respect of their current salaries, as failure to do so would be a breach of the complainants’ contracts of employment and of the pension fund rules.

14. In a further letter from the third respondent dated 15 March 1999, each of the
complainants was advised his actuarial reserve value and proportional share of the surplus. The actuarial reserve value was the same as advised previously, ignoring the salary increase since the previous February, and to this was added the members’ proportional share of 25% of the actuarial surplus. This assumes that 75% of the surplus was being utilised to provide the two times contributions minimum benefit.

The complaint

15. The complainants complaint forwarded to the first and second respondents on 21 April 1999 is that they are being treated unfairly in the matter of the liquidation of the first respondent to their detriment, in that:

15.1 There was no consultation with the members of the fund prior to the decision to liquidate the fund being taken.

15.2 There was no consultation with members of the fund prior to the decision being taken on how the assets of the fund should be allocated to the members.

15.3 A number of questions asked by complainants remain unanswered. No written replies have been received from the principal officer, the only written answers have been from Fedsure.

15.4 The complainants requirement for member representation on the management of the fund was refused.

15.5 The complainants have not been informed under what rules the fund is being liquidated.
15.6 The decision to give members, whose withdrawal benefit is less than two times their contributions to the fund, their withdrawal benefit plus an additional amount of one times their contributions gives some members excessively high benefits and results in reduced benefits to other members including the complainants. In particular, the decision to give the additional one times their contribution to a large number of short service members gives these members a return considerably higher than is available from the South African investment industry.

15.7 The decision to ignore the salary increases given to members, in February 1999, when calculating their actuarial reserve reduces these values for the complainants but does not affect the benefit to be paid to those members who are to receive their withdrawal benefit plus an additional one times their contributions.

15.8 The methods to be used to allocate the assets of the fund to the members will have an enduring adverse effect on the welfare of the complainants.

16. Not having received a satisfactory response to their complaint, the complainants lodged the complaint with my office in a letter dated 31 May 1999 in which they requested the following relief:

The complainants require that this complaint be resolved by the following actions by the fund management committee:-

1. The fund should be terminated on 30th June 1999 in accordance with procedures laid down in the Pension Fund Act.

2. The assets of the fund should be allocated among the members in a fair and equitable manner.

3. The complainants actuarial reserves should be calculated using their current
4. The surplus in the fund should be allocated among the members in an equitable manner and in direct proportion to the benefits of each member.

17. The letter also states that the original complaint sent to the first and second respondents on 22 April 1999 was on behalf of, and signed by, 15 members of the fund. It then goes on to describe conversations held at meetings between various of the complainants and the second respondent between 10 and 17 May 1999. During these discussions the impression was given to the complainants that:

17.1 The election and appointment of a board of management for the fund would be a very costly exercise involving sending the appointed trustees for trustee training, and that all costs of the necessary rule amendments, election and training would be borne by the fund, with a resultant reduction in the available surplus for distribution. This would also result in considerable delays in terminating the fund.

17.2 There could be an excessive cost to the fund if it were liquidated in terms of section 28 of the Act, whereas if it was terminated in the way proposed, being made paid up, this would be done by Fedsure at no cost to the fund, and the services of a liquidator would not be required.

17.3 Although Mr Zulberg was willing to recalculate the members’ reserves using their increased salaries, this would make little or no difference to the total amount of benefit the complainants would receive, but it would then be necessary for them to pay back the amount of contributions under deducted from them over the period.

18. As a result of these meetings and discussions eleven of the original complainants withdrew from the complaint, leaving the four complainants mentioned herein.
19. In her response on behalf of all the respondents, Ms E Nieuwoudt of Fedsure Group Benefits confirms that meetings were held with complaining members in an attempt to resolve the issues in dispute, and to explain the reasons for the decisions taken by the fund. She explains that there has been confusion among the complainants as to the distinction drawn between termination of the fund, transfer of the assets in terms of a section 14 procedure, and making the fund paid-up, and the legal implications of the various processes.

20. She comments that at no stage was it stated that Fedsure would be charging a liquidation fee between 16% and 20% of the assets. The complainants were however advised, she says, that liquidation of the assets underlying the fund often resulted in a reduction in the value of these assets due to the immediate recoupment of unrecovered expenses incurred in the investment thereof, as well as a reduction by the difference between market value of such assets and book value.

21. Regarding the proposed distribution of surplus, she states that all members are to receive their actuarial reserve in the fund, but subject to a minimum of 2 times their contributions to the fund, plus an increase of 25% on their actuarial reserve. The balance of the surplus is to be distributed proportionately to the members’ benefits in the fund, which is the basis regarded as “fair” by the complainants.

22. It is clear that this formula differs from the understanding of the complainants as indicated in 11.4 and 13 above and confirms that there is indeed confusion as to how the surplus is in fact being distributed.

23. She goes on to say:

Due to the fact that the principal officer felt that the complainants were trying to force a distribution of surplus which was inequitable and that they were a small percentage of the total membership, he
proposed that a board of management, as required in terms of the Pension Funds Act, be introduced to ensure that the decisions taken with regard to asset allocation was taken with full recognition of the common law fiduciary obligations as set out in the Act, and that these decisions considered the rights of all the members of the fund and not just a small minority.

The Pension Funds Act and regulatory practice does not require consultation with the members prior to a decision being taken to terminate a fund. The rules expressly stipulate that the decision to cease contributions is that of the principal employer. It is required that the board of management of a fund take all reasonable steps to ensure that the interests of all members are protected, especially in the event of an amalgamation, transfer, splitting of the fund, termination or reduction of contributions or withdrawal of the participating employer, but we do not believe that this requires prior consultation with the members.

With regard to the decision with regard to the allocation of assets, it is our view that the rules of the fund dictate the benefit to which each member is entitled. This benefit has been allocated to each of the members.

However, although it is clear that in such a situation such as the one applicable in this instance, that the members’ reasonable benefit expectation do include an additional benefit from the surplus in the fund, it is our contention that the decision with regard to the distribution belongs to the trustees of the fund, failing which the fund management at that time. The fund management/trustees are bound by their fiduciary duties as codified in the Pension Funds Act in taking this decision.

The decision to ensure that all members received a minimum benefit of 2x his contributions to the fund was taken in consultation with the valuator of the fund, taking into account that the vast majority of the members are younger members with smaller actuarial reserves in the fund, and whose continued retirement provision is halted or suspended by this decision, and the fact that the complainants are not disadvantaged by the decision due to the fact that they are receiving a substantial portion of the surplus due to the size of their accrued benefit in the fund.

We deny the charge that no written response to the letter of complaint was given. By the complainants own admission, they were given a letter, unfortunately under a heading of “draft notification”, which dealt with all the relevant issues raised by them in their letter of complaint. By their own admission, further meetings were held between the complainants and the principal officer, thus indicative of an attempt to resolve the issues.
With regard to the request for representation on the interim management committee of the fund, it should be noted that this was requested after the decision had been taken regarding the termination of contributions and the distribution of assets. It was felt that if representation of any one interest group was allowed, it was likely that the management committee would be in breach of their fiduciary duty to the members of the fund, and it was felt that this would negate the original reasons for not introducing a legally compliant board of management for the six month period prior to winding-up. It was felt that in the event of such representation being required, it would be prudent to comply with the legislated requirement with regard to a board of management, thus allowing all members to nominate and elect their representatives on the board of management.

As set out above, it is our contention that the complainants are not prejudiced by the surplus allocation as proposed. The proposed allocation gives full recognition to the reasonable benefit expectations of the complainants and provides for a substantial additional allocation to themselves. It does however, not allocate the full surplus in the fund on a pro rata basis which is what the complainants require and which would result in most of the surplus being allocated to a dozen members on a fund with approximately 350 members. We contend that such a distribution, although apparently neutral and fair, results in a grossly unfair distribution which cannot be justified in accordance with the fiduciary responsibility towards all the members.

The decision not to increase the fund salaries in February 1999, was taken after the decision to terminate contributions to the fund with effect from 1 July 1999 as a result of the take-over of the company. At the time, all members were aware of the impending winding-up of the fund and it was decided not to increase the contribution burden on the members by increasing their fund salaries. It is the opinion of the valuator that the increase in salaries as at that date would not substantially affect that the actuarial reserves of these members.

Finally, we confirm our previously stated position that the complainants reasonable benefit expectations have been met and the welfare of the complainants are not relevant to the dispute.

24. In response to the relief sought by the complainants she argues that the termination of contributions to the fund is a factual employer decision, and that this decision was reasonably taken with regard to the change in ownership of the principal employer, and that the rules of the fund govern the process to be followed in such an event. She continues:
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We maintain that the assets were allocated in a fair and equitable manner and that the requested method of allocation results in serious inequity which could hold the management board liable for breach of their fiduciary duties.

We further believe that as the bona fide decision regarding distribution was taken taking into account issues of fairness and equity, reasonable benefit expectation of the members and the fiduciary responsibilities of the management committee, which allocation was then communicated to all the members by way of personalised benefit statements, this created a benefit expectation for all of the members other than the complainants. We therefore believe that unless the decision was taken mala fide, and in contravention of legislation, the rules of the fund and the fiduciary responsibilities of the management committee, the decision should stand and the distribution done on the basis proposed.

25. In a further submission dated 25 October 1999 the complainants confirm that there was indeed confusion, largely due to the fund management using the terms liquidation, termination, closure and winding up at various times. They are now told that the fund is being made paid-up. Referring to the comments in the sixth paragraph of 23 above, they add that the “draft notification” was sent to only one member of the fund, who was asked for his comments. The letter was clearly marked as a draft and was neither signed nor dated. It was not, therefore, considered by the complainants to be a proper response to their complaint.

26. In a subsequent telephonic communication with my investigator, Mr McDonald, the first complainant confirmed that he and his co-complainants do not fully understand what is meant by the fund being made “paid-up”. He also stressed that the complainants had no desire to see the fund involved in additional expense to the extent that the available surplus would be reduced, resulting in lower benefits to the members. Their complaints grew out of a concern that decisions relating to the winding-up of the fund were being taken by the managers and administrators of the fund unilaterally and without reference to the membership. It was their sincere opinion that the proposed distribution of surplus was inequitable and would operate to their detriment. The more questions they asked in trying to resolve the issue, the
more it became clear that the respondents were not prepared to move from their original stance and that the only solution acceptable to them was that the complainants should withdraw the complaint. Even at a meeting with the third respondent as late as 13 October 1999 the same stance was adopted.

27. Study of the submissions by the parties to this complaint reveals a number of very serious issues that give cause for considerable concern. There is, indeed, a great deal of confusion. Not only in the minds of the complainants, it seems, but also among the respondents, whose successive statements so often contradict each other. I must also endorse the concern of the complainants that the principal officer appears to be unwilling to commit anything to writing, and some of the more serious allegations and requests of the complainants and other members seem to be continuously ignored, or at best fobbed off.

28. The failure of the fund to collect increased contributions in respect of salary increases in February 1999, or to amend the rules accordingly, also has serious consequences.

29. However, before any of these issues can be properly addressed it is necessary for the fund’s management and administration to be brought into line with the requirements of the Act.

30. At present there is no properly constituted board with the authority to take the decisions necessary to wind up the fund in consequence of the cessation of contributions by the employer.

31. According to the information before this office, which has been confirmed by the office of the Registrar, no rules have been registered concerning the constitution of a board in terms of section 7A(2) of the Act by the required date for compliance set out in section 7E(2), nor, despite apparently contrary statements by the principal
officer, has any application for exemption in terms of section 7B(1)(a) been applied for, or granted. There has been no election by the members in terms of section 7A(1), which gives members the right to elect at least 50% of the members of the board, in spite of the fact that such an election was requested by at least 20 of the members as early as 3 August 1998.

32. As a result, since 15 December 1998 the fund has been operating illegally and decisions and action taken in the exercise of discretions and options afforded by the rules are invalid. Such decisions, including those concerned with the winding-up of the fund and the distribution of any surplus assets, can only be taken by the properly constituted board, on whose instructions the administrators must determine the benefits available to the members as a result of the cessation of contributions.

33. Consequently, the appropriate relief in this instance is to set in motion a process bringing the governance of the fund into line with the Act in order to enable the fund to make lawful and reasonable decisions in terms of rule 18 relating to the continued existence of the fund and the payment or transfer of the members benefits. This determination will be brought to the notice of the Registrar of Pension Funds for his attention and further involvement. In the event of the complaint not being adequately resolved by the process envisaged in this determination, the parties shall have an opportunity to supplement their complaint and response in furtherance of the claim for final relief.

34. The order of this tribunal is as follows:

34.1 The fund, through its registered principal officer, shall with immediate effect appoint a board in terms of section 7A(1) of the Act to act as an interim board pending the constitution of an elected board in terms of that section.
34.2 The interim board shall take immediate steps to request nominations from the membership for the election of members to the board, or alternatively to confirm that they do not wish to exercise their rights to elect at least 50% of the board members. Such nominations and responses to be collected and collated within 14 days of this order.

34.3 In the event that any nominations are received, the interim board shall organise a properly constituted ballot of the membership to enable a representative board to be put in place within 30 days of this order.

34.4 Thereafter the board shall prepare amendments to the rules in compliance with section 7A(2), setting out the constitution, election procedures and operating procedures of the board, as necessary, in compliance with the Act.

34.5 No action will be taken in terms of rule 18, and in particular in the determination of the members' benefits and the distribution of surplus assets as a result of the cessation of contributions, until such time as the representative board, properly constituted in terms of 34.3 above, has presented its proposals to the members individually in writing, and has allowed suitable opportunity for discussion of these proposals, within a period of 30 days of the board’s appointment.

Dated at CAPE TOWN this 11th day of NOVEMBER 1999.

___________________________
John Murphy
Pension Funds Adjudicator