



FAIRHEADS

THE FAIRFUND UMBRELLA BENEFICIARY FUND

SUMMARY OF THE RULES OF THE FAIRFUND UMBRELLA BENEFICIARY FUND

1. The fund was established by FBS, which acts as the Sponsor. In terms of s37C of the Pension Funds Act when a member of a retirement fund dies, the trustees of that fund must distribute the benefit among the dependants and nominees. The trustees can decide that instead of paying that money directly to the dependant or nominee it will be paid to a beneficiary fund. This fund is such a beneficiary fund and its purpose is to receive and administer monies that were awarded to dependants and nominees. These dependants and nominees are then “members” of this fund.

Members and Beneficiaries

2. Anyone for whom money is held and administered is a member of the fund. If the member is a minor child or is subject to a legal disability then his or her guardian, caregiver or the person appointed in law to administer his or her affairs is entitled to receive payments from the fund on his or her behalf. These persons are known as “beneficiaries”.

Benefit Administration and Payment

3. Members each have their own “member account” in which any amounts received for them (“the capital”) and any investment return earned for the member (“income”) is held. Amounts are invested in terms of the board’s investment policy. The member account is used to make payments to and for the member, and to pay the member’s pro rata share of the reasonable expenses involved in running the fund.
4. The total amount held for the member at any time is the member’s “fund credit”. The board may make both “regular payments” and “ad hoc payments” from this amount. Regular payments can be made to the member or beneficiary on a monthly, quarterly, bi-annual or annual basis. The board has the discretion to determine the amount of these regular payments and to change the amount from time to time.



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5. Ad hoc payments are made in the discretion of the board if requested by the member or beneficiary. These requests can be once-off or repeated. A request can also be made directly by a third party institution such as a school or university, in which case the fund will verify the legitimacy of the request and notify the member and / or beneficiary of such payment. Ad hoc payment requests can be made for purposes of the member's "education, maintenance, advancement and well-being". These include, for example, accommodation, food, clothing, books, medical expenses, education or additional tuition fees, certain travel costs, the cost of extra-curricular activities and generally any expenses which the board in their discretion determine may advance the education, knowledge and physical and mental well-being of the member.
6. Payments are made by means of electronic fund transfer or by cheque. If the member, beneficiary or third party is paid by cheque, it is important to note that the cheque will be posted to the member, beneficiary or third party by ordinary mail and that he or she carries the risk of the cheque being lost in the post or stolen.

Fund Communication

7. Members and/or beneficiaries will receive annual benefit statements within 6 months of the end of the fund's financial year, as well as an annual certificate of existence. The fund may stop payments to any member or beneficiary who fails to return a certificate of existence within the stipulated time and will resume payment only if is satisfied as to that person's existence.
8. Members and beneficiaries are entitled to inspect a full copy of the fund rules, financial statements, and the latest valuation report (if such is required by the regulator) at any reasonable time and without charge at the registered office of the fund (see below) and to make copies of these at his or her own cost. Copies of these documents can also be requested upon payment of a fee determined by the board.

Termination of Fund Membership

9. Fund membership terminates in the following circumstances:



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- 9.1. when the member reaches the age of majority, unless he or she is labouring under a legal disability in which case the termination date is extended until the date on which the legal disability ceases to exist;
 - 9.2. in the case of a major who consents to his or her benefit being held by the fund, the date selected by him or her, or the date on which the fund is liquidated and the benefit is paid to him or her – whichever is the earlier;
 - 9.3. the date of liquidation if the fund is liquidated and the fund credit is transferred to another approved beneficiary fund;
 - 9.4. if the member's fund credit falls below the amount determined by the board making it uneconomical and not in the member's best interests to retain and continue running the member account;
 - 9.5. if the member's fund credit is depleted; or
 - 9.6. if the member dies – in which case the benefit is paid to the executor of the member's estate or as directed by the Master of the High Court or to the guardian's fund – whichever is appropriate in that case.
10. Any amount that remains unclaimed and unpaid 24 months after the date on which membership terminates becomes an "unclaimed benefit". It will be retained by the fund until the fund is liquidated, or until it is transferred to another fund established to house these unclaimed benefits or to the guardian's fund as required by law. As long as these unclaimed benefits are still held by the fund, members and beneficiaries / representatives assigned in terms of any applicable law may claim the benefit upon satisfactory proof of the claim. However, should the unclaimed benefits - have been transferred to another fund, the major member and beneficiaries / representative assigned in terms of any applicable law has no claim against the fund and must claim the benefit from the fund to which it has been transferred.

Fund Management



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11. The fund is controlled and managed by a board of trustees which must always consist of at least four trustees, one of whom must be an independent trustee. The day to day administration of the fund is conducted by FBS. The fund also has a principal officer, an auditor, and investment managers who are all appointed by the board. The board has the right to amend the rules of the fund. All amendments must be approved and registered by the Registrar of Pension Funds before they are of any effect.

12. Any complaint regarding the administration of the fund, or the interpretation and application of the rules can be lodged with the Fairfund Umbrella Beneficiary Fund. If the complaint is not satisfactorily attended to within 30 days or a longer period agreed with the fund, the complaint may be lodged with the pension funds adjudicator. Instead of utilising this process the board and the complainant can also agree to enter into private mediation or private arbitration.

NOTE: This is only a summary of the registered rules of the fund. A full set of the rules is available as indicated above and you are encouraged to obtain a copy and familiarise yourself with it. In the event of any conflict between this summary and the rules of the fund, the rules prevail.