



## **PPS announces approval of restructuring plans**

*Members vote in favour of restructuring as a consequence of the new Companies Act, 2008*

Professional Provident Society Limited (PPS), the specialist South African financial services provider to graduate professionals, has announced that its members approved the special resolutions required to authorise the restructuring of its holding company from a company limited by guarantee to a trust at a general meeting of members held in Parktown, Johannesburg last night (30 March 2011).

PPS intends to commence with the implementation of the restructuring immediately and will keep its members informed of progress in this regard. The decision was taken as a consequence of the new Companies Act, 2008, which is currently scheduled to replace the existing Companies Act, 1973, on 1 April 2011.

The new Act does not provide for companies limited by guarantee, which is the type of company originally chosen by PPS as its holding company to facilitate membership. In order to protect the interests of its members and to preserve its unique ethos of mutuality under the new Act, PPS will in terms of the authority granted by members be restructured as a trust, which is the legal vehicle most suited to this purpose. The trust deed substantially replicates the provisions of the current articles of PPS Limited.

PPS still embraces an ethos of mutuality, which means that it exists solely for the benefit of its members. Thus, policyholders share in the profits of PPS through its unique *Surplus Rebate Account*. In the last 5 years, PPS has generated in excess of R7.5 billion in profits for its policyholders.

According to Mike Jackson, CEO of PPS, the restructuring was undertaken purely as a consequence of the changed company legislation. "Members, for all practical purposes, find themselves in substantially the same position in the new structure, including existing policy benefits. Members' profit allocations to their policyholder *Surplus Rebate Accounts* will remain unaffected.

Operationally, the activities of PPS Insurance, PPS Investments, PPS Beneficiaries Trust, Professional Medical Scheme Administrators and other PPS subsidiary companies, will continue to function as per the current mutual model."

The announcement comes during a year in which PPS, founded by a group of dentists in 1941, celebrates its 70<sup>th</sup> anniversary. PPS has, over the years, grown to become the largest multidisciplinary group of graduate professionals in the world, with membership exceeding 200,000 professional members.