

Group Life Benefits: Nomination of Beneficiaries

The days following the passing of a loved one are difficult, and the distribution of any money can cause disputes amongst family members. We acknowledge that death is not a subject we readily speak about, but it is crucial that we take time to "put our affairs in order".

How can we do this? Nomination of Beneficiaries and Dependents:

As death benefits from the retirement fund do not form part of your estate at your death it consequently cannot be distributed in terms of a Will. The only way you can give an indication of how the funds should be distributed when you die, is by nominating beneficiaries. However, the eventual distribution is subject to the discretion of the Board.

In terms of the provisions of section 37C of the Pension Funds Act ('the Act'), the trustees are mandated to do the following regarding the payment of any benefit payable by a fund upon the death of a member:

- Ø To conduct a proper investigation to determine ALL the dependents as defined in the Act. (see below)
- Ø Make benefit allocations on a fair and equitable basis.
- Ø Determine an appropriate mode of payment on the death benefit.

The Act defines a dependant as any person:

- in respect of whom you were legally liable for maintenance;
- whom you were not legally liable to maintain, if such a person: was, in the opinion of the Board, upon your death in fact dependent on you for maintenance;
- is your spouse, including a party to a customary union according to Black law and custom or a party to a union recognised as a marriage under the tenets of any Asiatic religion, and including same-sex partners and life partners; Is your child, including a posthumous child, an adopted child and an illegitimate child; in respect of whom you would have become legally liable for maintenance, had you not died.

Take the following into consideration when nominating a beneficiary:

- (a) If you die without nominating a beneficiary:
 - The Board will pay death benefits to the dependants on a basis that they regard as equitable. In most cases a member's spouse and those children who are regarded as dependants of the member, are favoured;
 - If the Board does not become aware of (cannot trace) any dependants within twelve months of your death, the benefits are paid to your estate.
- (b) If you nominate a beneficiary who is a dependant, the Board will attach great value to your nomination because you are the person who best knows the needs of your dependants. Remember that personal circumstances of dependants may change after you have made a nomination and that the Board, in the interests of your dependants, may decide differently from what your nomination indicates.
- (c) If you nominate a beneficiary who is not a dependant:
 - Such a person will receive part of the death benefits in the proportion that the Board regards as equitable, taking into account any dependants;
 - if you leave no dependants, the Board will pay the death benefits or such portion thereof that you indicated, to the beneficiary/beneficiaries twelve months after your death, only to the extent to which the benefits exceed the outstanding debt of your estate, if the estate is insolvent.

Claiming Benefits

When you or your dependants/beneficiaries submit a claim for a benefit from the Fund, you must complete all the correct forms and send it to the Fund. It is very important that you complete these forms correctly when you claim a benefit from the Fund, otherwise unnecessary delays may occur.