



## ISASA

Independent Schools Association of Southern Africa

## Pension Scheme and Provident Fund

JUNE 2016

### A GUIDE TO ASSIST BENEFICIARIES/ DEPENDANTS

*When a loved one passes away it is very traumatic for the family. To assist you during this time of loss – the fund has provided these guidelines for dependants and beneficiaries to make claiming the benefits as easy as possible as well as making the right choices with relation to payment of death benefits.*

#### STEP 1 - COMPLETE THE FORMS

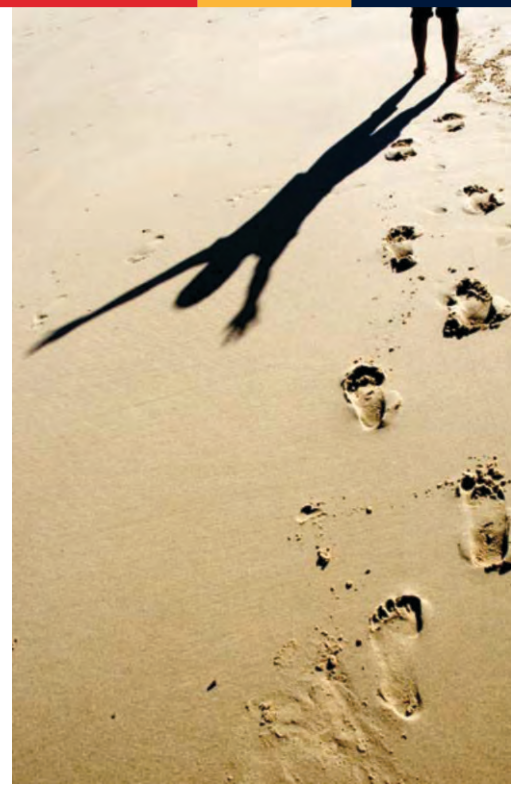
The first step is to report the death to the bursar at the school (where the member was employed) and to complete the death claim form. The bursar at the school can assist you with this step.

The claim form, together with a certified copy of the death certificate, must be submitted within 6 months of the passing of the member.

Ensure that you provide the correct supporting documents along with your claim form.

#### What supporting documents must accompany the claim forms?

- Original certified copy of death certificate;
- Original certified copy of deceased member's ID document;
- Original certified copy of marriage certificate;
- Original certified copy of dependants' and beneficiaries' ID/birth certificates/ affidavits;
- Original certified copy of divorce court order and/or maintenance court order;
- Certificate of solvency should the benefit be payable to an estate;
- Beneficiary nomination form;
- Details of dependants/beneficiary form;
- Original certified copy of Act of Settlement (if payment made to a Trust);
- Application form (if payment made to a Beneficiary Fund);
- Advance payment request;
- If the deceased had dependants who are over age 18 and still studying (either school or tertiary), proof of study must be included.
- Where there are minor children, it should be established who the guardian/caregiver will be. Full details (name, title, contact details, email address - where available - etc.) must be provided as well as a certified copy of their ID documents and proof of banking details.



*“Stepping wisely  
toward a secure  
financial future”*

## ENGLISH

[www.isasapensionfund.co.za](http://www.isasapensionfund.co.za)  
[www.isasaprovidentfund.co.za](http://www.isasaprovidentfund.co.za)

e-mail:

[isasa@oldmutual.com](mailto:isasa@oldmutual.com)

Old Mutual Call Centre:

0860 455 455

- In the above case, an affidavit needs to be provided as proof of guardianship.
- Where there are multiple spouses and therefore various family units clearly state (on the school's recommendation letter) which family members belong to which unit.

## STEP 2 - UNDERSTANDING THE BENEFITS

### Death Benefit for Active Members of ISASA Provident Fund and ISASA Pension Scheme Part II

The dependants will receive a taxable lump sum multiple\* of the member's salary based on his/her age at date of death.

*\*To obtain the relevant multiples of salary tables, please refer to the Fund's Summary of Benefits Posters available on the Fund's website at:*

[www.isasapensionfund.co.za](http://www.isasapensionfund.co.za); or  
[www.isasaprovidentfund.co.za](http://www.isasaprovidentfund.co.za)

### Death Benefit for Active Members of ISASA Pension Scheme (Part 1)

#### Death Benefit whilst in service

The dependants will receive a cash lump sum and a monthly pension.

#### Spouse's Pension

The spouse will receive 50% of the pension the deceased would have received at normal retirement age based on annual pensionable salary at date of death.

#### Children's pension

Each child will receive a pension equal to 1/3 of the spouse's pension (up to a maximum of 3 children).

#### Taxation of lump sum benefits

All lump sum payments are subject to taxation, as follows:

Lump sum cash benefi	Tax liability
R0 to R500 000	Tax free
R500 001 to R700 000	18% of taxable income above R500 000
R700 001 to R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 and above	R130 500 + 36% of taxable income above R1 050 000

## STEP 3 - DECIDING ON THE PAYMENT OPTION

What options are available for payment of the death benefit?

- Cash – this option will be subject to tax before the benefit it is paid.
- Annuity (buy a pension) - this option is not subject to tax, provided a compulsory annuity is purchased, not a voluntary annuity. Although no upfront tax is payable the monthly annuity will be subject to tax (depending on the value of the annuity).
- Combination of Cash and Annuity.
- Beneficiary Fund for Minors. \*\*
- If you don't have your own financial advisor you can call the Old Mutual Call Centre on 0860 388 873 where you can speak to one.

### \*\* Beneficiary Fund for Minors

When a member of the Fund dies, the trustees must by law distribute the benefit amongst the dependants of the deceased member in the best possible way. In the case of minor children, the trustees can decide to pay that portion directly into a beneficiary fund. The purpose of a beneficiary fund is to administer the money that was awarded to these minor children, until they reach age 18.

If the member is a minor child (under the age of 18) or has a legal disability (for example: mental illness; insolvency; person placed under curatorship; prodigality), a guardian/caregiver can receive payments from the beneficiary fund on behalf of this child, to assist with his or her upbringing.

### How the Beneficiary Fund works

A member account is opened when a death benefit payment is transferred into this beneficiary fund. The aim is to make this money in the member's account last until the member turns 18 and preferably finishes Grade12.

### How payments are made

The beneficiary fund can make regular and special financial assistance payments to guardians/caregivers of these minor children.

# Learning Planning Living

## STEP 4 - PAYMENT OF BENEFITS

How long will it take for the death benefits to be distributed to dependants/beneficiaries?

- On average it takes approximately 6 to 12 months depending on the complexity of the case.
- It should therefore be noted that if there is an urgent financial need, a request for a cash advancement should be included in the initial documentation submitted by the school. Full details (reason for the advancement, amount, who it is payable to, banking details, contact details) are to be provided.

## IMPORTANT INFORMATION

Although the Trustees will try and follow the member's wishes in terms of the beneficiary form as far as possible, the final decision of who will receive the death benefit rests with the Trustees. The nomination of beneficiary form serves as a guideline in assisting the Trustees to identify dependants and does not serve the purposes of a will.

The Trustees are required in terms of the Pension Funds Act (Sec 37 C), to ensure that all dependants are provided for.

The death benefit payable by the Fund to a deceased's beneficiaries does not form part of the deceased estate and is therefore not payable to the executor or representative of the deceased estate.

## Pension Funds Act (Section 37C) states:

*"Thus the trustees must establish who the persons are who were dependent on the member. These dependants are his children and the spouse who was married to the member.*

*The trustees would have to investigate the matter and do all in their power to trace any dependants. Once they had traced these dependants the next stage of the enquiry would be to examine the needs of those dependants."*

## STEP 5 - ASK IF YOU FEEL UNSURE

### WHO TO CONTACT

Should you have any queries, please contact:

The Old Mutual Call Centre on 0860 455 455 or e-mail at [ISASA@oldmutual.com](mailto:ISASA@oldmutual.com).

