



**SENTINEL**  
Retirement Fund

# DEATH OF MEMBER BROCHURE

*Your Retirement - Our Passion*

January 2018

Sentinel Retirement Fund • Reg No 12/8/1215  
Sentinel House • 1 Sunnyside Drive • Sunnyside Park • PARKTOWN 2193  
P O Box 61172 • MARSHALLTOWN 2107 • Johannesburg • South Africa  
info@sentinel.za.com • Tel (27)(11) 481-8000 • Fax (27)(11) 481-8111 • www.sentinel.za.com

Ethics Hotline 0800 20 35 89

# Introduction

Sentinel Retirement Fund expresses our sincere condolences to the relatives of the deceased, and will attempt to clarify and expedite the application and processing of benefits as far as possible.

In this booklet, possible beneficiaries, benefits, tax implications and the procedures that must be followed to apply for benefits are explained.

Please take the time to read this brochure carefully and do not hesitate to contact the Fund should you require more information, assistance or advice.

**Please note that information in this booklet is a summary of the Rules of the Fund and does not create any rights and obligations. In the event that differences or disputes may arise, the Rules will prevail. The full set of Rules is available on the Fund's web-site and at its offices.**

## Qualification Criteria

A death benefit becomes payable when a member passes away and the Fund has been notified of his/her death.

## Benefit composition

**Death benefits will be based on the following:**

- In the event that a **contributing member** passes away while in the service of an employer, the death benefit will consist of the member's Fund Credit. Additional death cover will be added to the Fund Credit if the member participated in and contributed towards the Fund's death cover product until he/she passed away.
- In the event of an **interim or non-contributing member or a contributory member who did not participate in and contributed towards the Fund's death cover product** passing away before retirement, his/her Fund Credit becomes available for benefits.

**Note:** Interim and non-contributing members left the service of a participating employer and remained in the Fund but no longer contributed towards death cover.

Benefits that may become payable consist of:

A monthly pension selected in terms of the Fund's Pension Income Choice model, will be paid to the surviving spouse(s) of the deceased member. This pension will be funded with at least 50% of the total value available for benefits.

**PLUS**

Lump sum benefits payable from the balance of the capital available, that is the remaining 50% will become payable to the deceased member's dependants, nominees or the Estate. Spouses of deceased members have the option to apply their allocated lump sum, or a portion thereof, in favour of an increased monthly pension.

**OR**

Lump sum benefits payable from the total capital available, that is, 100% will become payable to the deceased member's dependants, nominees or the Estate, if the member was not survived by a spouse(s) when he/she passed away.

In the event of a **Pension-backed Home Loan Guarantee** having been issued on behalf of a member, the outstanding balance of the loan will be settled against the total available capital, and the balance remaining will determine death benefits.

The death benefit will earn interest from the day after calculation of the claim to the date of payment. This interest will be added to every portion of the death benefit awarded to beneficiaries. A payment letter will be sent to each beneficiary, including a breakdown of the interest paid.

## Legislation protects death benefits and regulates payments

Death benefits paid by retirement funds, either as a monthly pension or as a lump sum, do not form part of the Estate of the deceased. Death benefits are therefore not subject to Estate Duty. The law of succession, or inheritance as it is commonly referred to, does not apply either. Any allocation received by a person who is married in community of property is excluded from the marital power of his/her spouse, and does not form part of their joint Estate.

Section 37C of the Pension Funds Act regulates the distribution of death benefits paid by retirement funds.

**Below are some important facts that are regulated by Section 37C:**

**The Trustees of the Fund are required to:**

- Identify and trace dependants and nominated beneficiaries of deceased members and pensioners (and have a 'reasonable period' of 12 months to do so);
- Make death benefit lump sum allocations on a fair and equitable basis; and
- Pay benefits accordingly.

**The Act prescribes the manner in which death benefits are allocated:**

- If the Fund becomes aware of or traces **dependants** of the deceased within a 'reasonable period', the benefit must be paid to one or all such dependants, as is deemed equitable by the Trustees. The solvency level of the deceased Estate does not affect payments to dependants;
- If the deceased had one or more **dependants** and chose a **nominee** or multiple nominees in writing **who is/are not dependant(s)** to receive a portion of the benefit, the Fund will pay the benefit or portion thereof to such dependant(s) and/or nominees as is deemed equitable by the Trustees;
- If the Fund does not become aware of or cannot trace any dependants of the deceased within a 'reasonable period' following his/her death, and a **nominee who is not a dependant** has been nominated in writing by the deceased, the benefit or such part that has been specified by the deceased, shall be paid to the nominee. Such a nominee will only be entitled to payment if the Estate is solvent. In the event of the Estate being insolvent, the benefit will be applied to bring the Estate to solvency before payment can be made to nominees; and
- The Trustees are ultimately responsible and have sole discretion to decide which beneficiaries will receive the benefit, and what portion will be allocated to each of them. The late member's latest valid nomination form will be used as an indication of his/her wishes, but the Fund will not be bound by this.

**Other factors** considered by Trustees include:

- The age of the applicant;
- The applicant's relationship to the deceased;
- The extent of dependency on the deceased;
- The financial affairs of the dependant(s) or nominee(s); and
- The future earning potential and prospect of the dependant(s) or nominee(s).

## Persons / parties that may apply to share in death benefit

The Pension Funds Act prescribes the sequence in which death benefit lump sums are awarded as such:

- Dependants;
- Dependants and/or nominees; and
- The Estate.

The **Pension Funds Act's definitions** of a '*dependant*' and '*nominee*' gives some clarity on which persons are likely to share in a lump sum death benefit, provided that the relationship with the deceased is proven and certain criteria are satisfied. The onus is placed on applicants to prove that they are eligible to receive a portion of the benefit.

Below are parties that may be possible beneficiaries and are required to provide the indicated evidence in support of their application to share in benefits:

### **Dependants**

<b>Person</b>	<b>Definition</b>	<b>Evidence Required</b>
<b>Spouse(s)</b>	<p>A spouse is the person who qualified as a spouse at the date of death of the deceased and includes the person:</p> <ul style="list-style-type: none"><li>• To whom the member was legally married;</li><li>• To whom the member was married in customary union;</li><li>• With whom the member was living in a union recognised as a marriage under any religion; or</li><li>• With whom the member was, in the discretion of the Trustees, in a relationship intended to be permanent and involving cohabitation (living together as husband and wife), as long as the member wholly or partially supported such a partner financially.</li></ul> <p>Benefits will be distributed fairly among multiple spouses.</p>	<ul style="list-style-type: none"><li>• Documentary evidence must be submitted as proof of the marriage, union or cohabitation.</li><li>• Three affidavits must be submitted confirming the existence of a relationship intended to be permanent and involving cohabitation and that the member wholly or partially supported such partner financially.</li></ul>
<b>Biological minor children</b>	<p>These are the member's biological children who are younger than 18.</p> <p>The Trustees may insist that the benefits payable to minor children are held in trust until the child is emancipated.</p>	<ul style="list-style-type: none"><li>• Birth certificates must be provided.</li></ul>

Person	Definition	Evidence Required
<b>Biological major children</b>	<p>These are the member's biological children who are older than 18.</p> <p>They can apply for a portion of the death benefit or waive their right to a benefit.</p>	<ul style="list-style-type: none"> <li>• Birth certificates must be provided.</li> <li>• Detailed motivation and proof of financial dependency on the deceased must be supplied, as well as a completed income and expenditure form.</li> <li>• Completed waiver form (if applicable).</li> </ul>
<b>Adopted children</b>	<p>These are legally adopted minor and major children who have the same legal standing as biological children (please refer to above).</p>	<ul style="list-style-type: none"> <li>• Adoption papers must be provided, along with all the abovementioned evidence required for biological children.</li> </ul>
<b>Foster or stepchildren</b>	<p>Foster or stepchildren must prove factual dependency (see below) on the member at date of death.</p>	<ul style="list-style-type: none"> <li>• Three affidavits must be submitted to support the extent and duration of the dependency on the deceased.</li> </ul>
<b>Illegitimate children</b>	<p>Children born from a relationship where the deceased and the biological mother were not married.</p>	<ul style="list-style-type: none"> <li>• Full birth certificate stating both parents' names.</li> <li>• Three affidavits of which one is from the mother, confirming paternity of the deceased, and at least one from the deceased's family.</li> </ul>
<b>Posthumous children</b>	<p>If the member passes away and leaves an unborn child, this child qualifies as a dependant upon his/her birth.</p>	<ul style="list-style-type: none"> <li>• Once the child has been born, a birth certificate must be submitted.</li> </ul>
<b>Legal dependant</b>	<p>This is any person whom the late member was required to maintain. Besides spouses and minor children, this includes a former spouse, whom the late member was obliged to maintain, even if he/she was not complying with this obligation.</p>	<ul style="list-style-type: none"> <li>• All relevant legal documentation relating to the divorce or maintenance must be submitted, that is, marriage certificate, divorce order and/or maintenance order.</li> </ul>
<b>Factual dependant</b>	<p>This is a person whom the deceased voluntarily supported financially and who was dependent on such maintenance. Maintenance for these purposes implies a regular and substantial financial support without which the claimant could not maintain a certain lifestyle.</p>	<ul style="list-style-type: none"> <li>• Where physical evidence is not available, three affidavits stating the extent and the period of dependency must be submitted.</li> <li>• At least one of the affidavits should be from the deceased's family.</li> </ul>

Person	Definition	Evidence Required
<b>Factual dependant</b>	This could include a life partner, a parent, family members or others.  The Trustees have the discretion to decide if a claimant qualifies.	

**Other possible beneficiaries**

Person	Definition	Evidence Required
<b>Nominees</b>	Any non-dependent person may qualify as a nominee, provided that the deceased nominated him/her in a nomination form that is in the possession of the Fund at date of death. If the member leaves only nominees and no dependants, the benefit is only payable after 12 months.	<ul style="list-style-type: none"> <li>• Proof of existence of the person/party nominated by the deceased in a valid nomination form.</li> </ul>
<b>Estate</b>	<p>If the deceased was not survived by any dependants or nominees, the death benefit proceeds will be paid to the Estate after 12 months.</p> <p>If the Estate is insolvent and only nominees survive the member (no dependants), the Executor of the Estate must apply for a portion of the death benefit to bring the Estate to solvency.</p>	<ul style="list-style-type: none"> <li>• Application by the appointed Executor of the Estate.</li> </ul>

**Tax**

Tax will be calculated on the total lump sum value and recovered in the name of the deceased member before any lump sum benefit allocation is paid.

The following tax table is applied on an accumulative basis:

DEATH BENEFIT LUMP SUMS	
Taxable Income	Rates of Tax
R0 – R500 000	0%
R500 001 – R700 000	18% of taxable income above R500 000
R700 001 – R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 +	R130 500 + 36% of taxable income above R1 050 000

Monthly pensions that become payable to spouses will be taxable in the hands of the pension recipient.

## Application Procedures

Before the Fund can process the death benefit, applicants who want to be recognised as dependants or nominees must first apply by completing the appropriate application form.

Please help us to help you by providing clear and accurate information.

## Where to go for help

### Sentinel's Contact Details

Sentinel Retirement Fund • Reg No 12/8/1215  
Sentinel House • 1 Sunnyside Drive • Sunnyside Park • PARKTOWN 2193  
P O Box 61172 • MARSHALLTOWN 2107 • Johannesburg • South Africa  
Tel (27)(11) 481-8000 • Fax (27)(11) 481-8111  
info@sentinel.za.com • www.sentinel.za.com

### Client Service Centres:

**Carletonville**  
S Buys Office Park  
Shop no. 10  
Corner Kaolin &  
Radium streets  
Tel (018)786-1118/9  
Fax (018)786-1114

**Klerksdorp**  
54 Buffeldoring Street  
Wilkoppies  
Tel (018)468-7309  
Fax (011)481-8111

**Welkom**  
Shop 24  
The Strip  
314 Stateway  
Tel (057)352-2905/6  
Fax (057)352-2952

**Witbank**  
WCMAS Building  
Corner OR Tambo  
and Susanna streets  
Emalahleni (Witbank)  
Tel (013)656-4214  
Fax (013)656-1693