



SENTINEL
retirement fund

DEATH OF MEMBER *Brochure - February 2023*



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 website and at its offices.

QUALIFICATION CRITERIA

A death benefit becomes payable when a member passed 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 a **paid-up 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.

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 dependents, 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.

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

PERSON	DEFINITION	EVIDENCE REQUIRED
Spouse(s)	<p>A spouse is the person who qualified as a spouse at the date of death of the deceased and includes the person:</p> <p>(a) legal spouse; or (b) partner of a union according to customary law; or (c) partner of a union recognised as a marriage under any religion; or (d) life partner in a relationship which the TRUSTEES regard as having been permanent, provided that in making such determination the TRUSTEES must have regard to whether or not there was, at the relevant date or dates, cohabitation as well as other factors which they, in their sole discretion, regard as being relevant;</p> <p>Benefits will be distributed fairly among multiple spouses.</p>	<ul style="list-style-type: none">• Documentary evidence must be submitted as proof of the marriage, union or cohabitation.• 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.
Biological minor children	<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">• Birth certificates must be provided.

PERSON	DEFINITION	EVIDENCE REQUIRED
Biological major children	<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"> • Identity documents or passports must be provided. • Detailed motivation and proof of financial dependency on the deceased must be supplied, as well as a completed income and expenditure form. • Completed waiver form (if applicable).
Adopted children	These are legally adopted minor and major children who have the same legal standing as biological children (please refer to above).	<ul style="list-style-type: none"> • Adoption papers must be provided, along with all the abovementioned evidence required for biological children.
Foster or stepchildren	Foster or stepchildren must prove factual dependency (see below) on the member at date of death.	<ul style="list-style-type: none"> • Three affidavits must be submitted to support the extent and duration of the dependency on the deceased.
Illegitimate children	Children born from a relationship where the deceased and the biological mother were not married.	<ul style="list-style-type: none"> • Full birth certificate stating both parents' names. • Three affidavits of which one is from the mother, confirming paternity of the deceased, and at least one from the deceased's family.
Posthumous children	If the member passes away and leaves an unborn child, this child qualifies as a dependant upon his/her birth.	<ul style="list-style-type: none"> • Once the child has been born, a birth certificate must be submitted.
Legal dependant	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.	<ul style="list-style-type: none"> • All relevant legal documentation relating to the divorce or maintenance must be submitted, that is, marriage certificate, divorce order and/or maintenance order.
Factual dependant	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.	<ul style="list-style-type: none"> • Where physical evidence is not available, three affidavits stating the extent and the period of dependency must be submitted. • At least one of the affidavits should be from the deceased's family.



CONTACT DETAILS

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