

## BENEFITS OF THE CPUT RETIREMENT FUND

This guide deals with the benefits provided by the CPUT Retirement Fund. It also covers the separate insured disability income arrangement and spouse's insurance benefits, as these benefits are provided as part of the contributions allocated by the Employer for benefits.

The specific areas covered are:

- The design of the Fund
- The contributions payable
- What benefit you will receive on retirement
- Your resignation, retrenchment and dismissal benefits
- What benefit your dependants will receive (from the Retirement Fund) should you die in service
- What benefit you receive in the event of disability
- The Spouse's insurance benefit payable

### Disclaimers

- This guide is a summary of the Rules of the Fund and the insurance policies. In the event of a conflict between this guide and the Rules or policies, the Rules or policies will apply.
- The content of this guide does not constitute advice, neither by the Trustees, nor by its consultants.
- This guide will be updated from time to time; please check the website to ensure that you have the latest version.

**Note: In the case of the insured benefits as summarised in this guide, this is a summary of the main considerations only and therefore the member should refer to the full policy for the benefits.**

## THE DESIGN OF THE FUND

The CPUT Retirement Fund is a *Defined Contribution* arrangement.

This means that each month the Fund receives a contribution which is then allocated for your retirement savings. These contributions grow with the net investment return (which may be positive or negative) earned on the portfolio where you elect to invest your money. There is a separate guide titled your **Investment choices** dealing with your investment choices in the Fund.

So, the amount that you will have available for your retirement will depend on two factors, namely:

- The contributions that have been set aside for you as retirement savings; and
- Most importantly, the net investment returns the Fund earns on this money.

Other than your retirement benefits, the Fund also provides benefits on your resignation, retrenchment and death. Separate insurance policies provide disability income benefits and spouse's death benefits for members of the Fund.

The Fund is also approved for tax purposes as a *Provident Fund*, which means that you can elect to receive your retirement and death benefits as any combination of a lump sum and/or pension subject to limits in the income tax act. We would note that the cash lump sum on retirement for any money contributed after 1 March 2021 would be limited to one third of your post-March 2021 balance. There are certain exceptions to this (i.e. fund members who were members of the Fund and aged over 55 at 1 March 2021 or if your post March-2021 balance is less than R247 500), but please see retirement guide for further details.

The contributions paid to the Fund are split into three components, namely:

- Your Fund Credit - it is into this account that contributions allocated for your retirement savings are channeled.
- A Risk Reserve Account that finances the death benefits provided by the Fund and the separate disability income arrangement.
- A Contingency Reserve Account that finances the costs of the Fund.

**Your Member Share Account (referred to as Member's Share) is equal to the sum of:**

- All employer contributions made towards your retirement; plus
- Any amounts transferred from the AIPF (Associated Institutions Pension Fund) if you were a member before 1 December 1994; plus
- Any amounts transferred into the Fund from a previous Retirement Fund; plus
- Any amount credited as a result of any surplus apportionments, plus
- Investment returns earned on all these amounts.

# THE CONTRIBUTIONS PAYABLE TO THE RETIREMENT FUND

## What contributions are paid?

- CPUT pays a contribution rate of 18.75% of your fund salary to your Fund Credit towards your retirement savings (of this amount 7.5% is a “deemed employee contribution”);

### Plus

- An additional contribution rate towards insured risk benefits (this includes both the disability income benefit premiums as well as the spouse’s benefits premium) plus administration expenses of up to a maximum of 4.50% of your fund salary (less the cost of the separate spouses’ insurance and funeral benefits arranged by the CPUT).

The CPUTRF contribution structure is as follows:

Retirement savings	- employer	11.250%
	- “deemed” employee	7.500%
Plus, Insured risk benefits and administration		<u>4.500%*</u>
<b>Total</b>		<b>23.250%</b>

\* In the event that this contribution rate is insufficient to cover the insured benefits, the insured benefits will be reduced accordingly. However, should the contribution rate be more than what is required to cover the insured benefits, **the excess will be allocated to your Member Share.**

**Below is the current breakdown (August 2023) of the risk benefit premiums as well as the expenses payable :**

Group life benefits	1.770%
Disability benefits	1.209%
Separate spouse’s insurance cost	<u>0.897%</u>
<b>Total risk cost</b>	<b>3.876%</b>
Expenses	<u>0.350%</u>
Total costs of risk benefits and expenses	<b>4.226%</b>
Excess allocated towards retirement savings	<b><u>0.274 %</u></b>
<b>Total</b>	<b><u>4.500%</u></b>

This means that the total contribution rate going towards retirement savings for members is **19,024%**.

**Pensionable Earnings is your basic annual salary, including the annual bonus (or value thereof) and any other regular amounts which is regarded as pensionable by the Board at CPUT’s request.**

## **RETIREMENT BENEFITS**

### **At what age can I retire?**

In terms of the Fund Rules your normal retirement age is 65.

The earliest age at which you can retire is ten years before your normal retirement date subject to 3 month's written notice.

You may remain in service after your normal retirement age and retire at the later date as agreed upon between yourself and the employer (but no later than age 70).

### **What is my retirement benefit?**

Your retirement benefit will be the full amount that has built up in your Member's Share Account.

### **What is my retirement benefit on early retirement due to ill-health or permanent disability?**

If the Board, after calling for and considering medical evidence acceptable to it, is satisfied that you are unable to continue in service due to ill-health or permanent disability, you may retire early at any time prior to your normal retirement date. You will receive the full amount in your Member's Share Account.

Please note: This is only payable if you are not receiving a disability income benefit from the separate Income security scheme benefit (see Disability Income Insurance later in this section).

### **How can I receive my retirement benefit?**

The CPUT is a Provident Fund and because of this (prior to 1 March 2021) you can choose how much of your Member's Share must be paid to you as pension and/or a lump sum.

From 1 March 2021, members of provident funds will only be able to draw up to a maximum of one-third of their total retirement benefit as a lump sum. The remainder of the retirement benefit must be taken in the form of a pension payable for life. Therefore, provident funds such as the CPUT Retirement Fund will work the same as approved pension funds (which have always had the one-third restriction on lump sum retirement benefits).

It is important to note that, accrued rights of existing provident fund members are protected. For current members of provident funds:

- Accumulated benefits at 1 March 2021, together with investment returns up to date of retirement may be taken fully as cash lump sum on retirement.
- Members who were members of the Fund and aged 55 or older on 1 March 2021, may take their full retirement benefit as a cash lump sum irrespective of retirement date. This includes benefits accumulated after 1 March 2021.

The only exception to this is if your post March 2021 balance is lower than the limit set by Treasury (currently R247 500) in which case you have the option to commute your entire pension. We would note that the Trustees believe it is best to use the money to secure a pension to ensure you have some income for the remainder of your life. As such, if you want your entire benefit as a lump sum, you must provide the Trustees with evidence that you have taken financial advice.

Once you have received your retirement benefit, you leave the Fund. This means that you and your dependants have no further claim for benefits against the Fund. There is one exception to the above - you can elect to be paid a "living annuity" from the Fund.

At retirement you thus face two important choices, namely:

- How much of your benefit you should take in cash; and

- What type of pension you should receive in retirement.

These issues are dealt with in a separate guide, titled “Options available to you when you retire”.

## **DEFERRED RETIREMENT**

### **What is Deferred Retirement?**

This is when you retire from employment but elect to defer the payment and taxation of your retirement benefit until a later date.

Deferred Retirement is available on retirement from employment, i.e. a member can retire before normal retirement age (NRA) and elect to be paid out his/her benefit at a later date or could retire at or after NRA and elect the benefit at a later date.

There is currently no maximum election age at which the benefit must be paid out, but National Treasury is expected to prescribe a maximum age in due course.

A partial Deferred Retirement is not permitted, i.e. the payment of the member’s full benefit (any cash portion and any annuity to be purchased) must be deferred until a later date if electing this option.

## **RESIGNATION, RETRENCHMENT AND DISMISSAL BENEFITS**

People can change jobs throughout their working life, so it is important that you understand what benefit you will receive from the Fund if you should leave before you retire.

### **What benefit do I receive on resignation, retrenchment or dismissal?**

On resignation, retrenchment or dismissal you will receive your Fund Credit. The tax treatment of this benefit is dealt with on page 8 below”.

### **What options do I have with my resignation, retrenchment or dismissal benefit?**

When you leave the Fund, you automatically become a “Preserved Member” of the Fund – your Fund Credit will remain in the Fund, earning the same net investment returns as you have previously received.

However, you can make the following choices, either immediately or at a later stage (all these options are discussed in detail later on in the document):

- You can leave the Fund Credit in the Fund (and remain a Preserved Member) – This is the default if no option is selected; OR
- You can transfer the Fund Credit to another retirement fund (an approved Preservation Fund, Retirement Annuity Fund, or your new employer’s retirement fund), immediately or at a later stage; OR
- You can take the Fund Credit in cash as a lump sum (though this will be subject to tax, and will reduce your ability to enjoy a financially comfortable retirement) – This may have dire financial consequences and we recommend that the member seeks financial advice ahead of selecting this option.

We would like to note that these options are unaffected by the 1 March 2021 changes (i.e. members would still be able to access their full benefit of withdrawal from service).

You can choose a combination of part cash and part transfer to another fund.

While you are a Preserved Member of the Fund, a monthly charge will be deducted from your Fund Credit to help cover the costs of operating the Fund.

The issues to consider in deciding what to do with your resignation benefit are quite complex. The next section deals with these options in more detail.

## RESIGNATION OPTIONS IN DETAIL

### 1. BECOMING A PAID-UP MEMBER

- This option is the default option on withdrawal. This means that you if you do not elect an alternative option, you automatically become a paid-up member of the CPUT Retirement Fund when you resign, are dismissed or get retrenched.
- By becoming a paid-up member, your savings (Fund Credit) remains in the Fund until you decide to take your benefit.
- You may withdraw the whole of your Fund Credit at any stage after becoming a paid-up member.
- As a paid-up member, you will not be allowed to make any contributions to the Fund, but your investments will continue to grow with investment return. Your investments will continue to benefit from compound interest.
- The investment option selected prior to becoming paid up will remain in force.
- You may receive a retirement benefit at any time from age 55 onwards, if you elect to take a retirement benefit from the CPUT Retirement Fund. In this case, you will be entitled to any of the retirement options available from the fund (explained in a separate booklet titled "Retirement Benefit Options").
- Your account will be debited with reasonable administration and other Fund expenses as determined by the Trustees. These expenses will not be more than the average expenses of active members of the Fund.
- On electing to become a paid-up member, you will receive a paid-up certificate from the CPUT Retirement Fund which will contain all relevant details of your paid-up status.

NOTE: This is the default, however it is still recommended that you complete a form to; confirm your investment choice, update beneficiaries, and update your contact details.

### 2. TRANSFERRING YOUR RETIREMENT SAVINGS

#### 2.1. Transferring to a new Employer's Fund

- You have the option to transfer your retirement savings (Fund Credit) to your new employer's fund.

#### 2.2. Transferring to an approved retirement annuity fund

- You may transfer your retirement savings tax-free to a retirement annuity.
- You may have an existing retirement annuity or may have to elect one. Either way, there are many retirement annuity offerings from different insurers, all with different costs to consider. You will have to discuss this with your financial advisor.
- Importantly, if you elect this option, you may only take your benefit at age 55 onwards and will be restricted to a maximum of one third as a lump sum and the balance must be received as an annuity.
- When electing this option, ascertain the costs of the annuity, both upfront and on-going if applicable.

#### 2.3. Transferring to an approved preservation fund

- You are able to transfer your benefit, in full or part, to a preservation fund.
- In this case no tax is payable until you receive a benefit from the Preservation Fund.
- There are both preservation pension funds as well as preservation provident funds.

- Like retirement annuity funds, there are a range of preservation funds offered by different insurers, again also with different cost structures. Speak to your financial advisor on the different options available to you.
- Currently, you are allowed a once-off withdrawal from the preservation fund at any time after transfer. This withdrawal can also be in part or full. If you take a benefit from the Preservation Fund before retirement, it will be taxed as a resignation benefit. If you make a partial withdrawal, the remaining balance will only be available on retirement, at age 55 onwards.
- Any benefit you receive as a retirement benefit from age 55 onward will be taxed as part of your retirement benefit.
- You will likely however pay a commission on transfer and an on-going administration fee and you are urged to consider these fees before deciding on this option.

### 3. CASH LUMP SUM

- You are able to elect to receive your full benefit as a cash lump sum.
- If you elect this option, you will pay tax on the benefit taken as cash.
- Should you elect to receive your Fund Credit as a cash lump sum, you are encouraged to seek financial advice on the manner in which to invest part or all of this lump sum. Non-preservation of savings during working years often contributes to why South Africans do not retire financially independent. In fact, legislation that required funds to introduce a paid-up option forms part of national treasury's aim of improving the retirement outcomes for members of funds.
- If you decide on this option, be aware of all the risks that you potentially face. These include, but are not limited to, inflation risk, longevity (you outlive your savings), poor health or unexpected medical expenses, poor investment decisions, reduced income on retirement.

### 4. PART TRANSFER AND PART CASH

- You may elect to receive part of your benefit in cash and transferring the balance as described in transfer options explained in 2 above.

#### TAX TREATMENT OF ANY CASH RESIGNATION BENEFIT

##### The tax treatment of any cash resignation benefit is as follows:

The tax-free amount in respect of withdrawal benefits is such portion of your original AIPF value that was subject to a zero tax rate (if applicable) plus R27 500.

**Very important** to also note that the tax-exempt amount of R27 500 reduces the once-off tax exempt amount of R550 000 at retirement. Also note that the tax rates at withdrawal are higher in certain brackets than those applicable at retirement.

Lump sum resignation benefit	Tax liability
R0 to R 27 500	0%
From R27 501 to R726 000	18% of amount above R 27 500
From R726 001 to R1 089 000	R 125 730 plus 27% of amount above R 726 000
R1 089 001 and above	R223 740 plus 36% of amount above R1 089 000
<b>The tax-threshold of R27 500 is cumulative and applies to the aggregate amount of a member's resignation benefits over the member's lifetime.</b>	
<b>The R 27 500 tax-free amount plus the resignation lump sum(s) taken will reduce the R550 000 tax-free amount at retirement.</b>	



## IMPORTANT CONSIDERATIONS

- The **paid-up** option is a low cost way to preserve your savings. You benefit from the fund's investment strategy, at a low cost and there is no commission paid on becoming a paid-up member in the CPUT Retirement Fund. Furthermore, the costs that apply are reasonable and may not exceed the costs that apply to active members of the CPUT Retirement Fund.
- You may at any time elect to receive your benefit and you are not "locked in" the option.
- **Transferring** your benefit allows you also to preserve your retirement savings, but you need to make sure you understand the rules and the legislation that governs the transferee fund. Furthermore, you must consider the costs that apply to the transferee fund.
- Electing a **cash lump sum** may assist with short term needs, however, is not a way to generate wealth leading up to retirement and is the least favoured option.

## DEATH-IN-SERVICE BENEFITS

Death is generally not something we like to think about, but it is important that you plan for it, especially if you have family who depend on you.

### The benefit your dependants will receive

If you die in service on or before you reach age 65, your dependants will receive a cash benefit equal to:

- Your Fund Credit; plus
- A cash lump sum equal to a multiple of your annual Pensionable Earnings determined as follows:

$$\frac{100 - \text{your age at date of death}}{10}$$

Therefore, if a member dies at age 45, the multiple of salary will be determined as follows:

$$\frac{100 - 45}{10} = 5.50$$

The lump sum will therefore be equal to your annual Pensionable Earnings multiplied by 5.50.

### The disposal of the death benefit – how it is paid to your dependents

The Trustees will have complete discretion as to how the benefit payable by the CPUT Retirement Fund will be allocated to your dependents and nominees. This Trustee power is derived from Section 37C of the Pension Funds Act, which requires the Trustees to allocate any Retirement Fund benefit to those persons that were most financially dependent on you (usually your spouse and children).

The Trustees will look at your Nomination of Beneficiaries form to see whom you want to receive some or all of your money. They will look at this, but the law clearly states that it is up to them to decide who gets the money and how it will be shared out.

The Trustees undertake significant investigations to find all your dependents and ensure that the money is shared out between them fairly. If the Trustees can't trace any of your dependents, the benefit is then paid to the people that you nominated as nominees on your Nomination of Beneficiaries Form.

However, in the event of there being no spouse or financially dependent children, your benefits will be paid to your financially independent children, or your nominated beneficiaries. A nomination in your will is not sufficient to indicate how you wish your Member Share to be allocated in the event of your death.

It is therefore most important that you complete a beneficiary nomination form to ensure that anyone whom you wish to benefit will have the opportunity of doing so. Forms are available from the Human



Resources Department. You can update your form as often as you need to, whenever there is a change in your personal circumstances, e.g. marriage, divorce, birth of a child, etc.

## Important points to note on your death benefits

- Should the cost of the insured portion of the death benefit increase and is more than the Employer contribution towards this benefit, the Insured Death Benefit may be reduced.
- The insurer of the death benefit may request that you be examined by a medical practitioner before being eligible for death cover. The costs of this medical examination will usually be covered by the insurer.
- The Trustees will inform you in writing if medical information is required.
- Insurance exclusions may be imposed.

## Insurance restrictions

The benefits are subject to the detailed conditions set out in the Fund's group life insurance policy. The main restrictions are:

- Death as a result of active participation in war, acts of foreign enemies, warlike operations, rebellion, revolution, civil commotion, terrorism, riot, or lawful or unlawful strikes during which lives are endangered, property damaged or attempt(s) made to damage property will not be covered.
- Death as a result of active participation in unlawful act or conducts during which lives are endangered, public or private property damaged or attempt(s) made to damage such property.
- Death as a direct or indirect result radioactive contamination or nuclear, biological or chemical weapons or attacks on facilities and storage departments which lead to release of aforementioned agents.

**The tax treatment of the death-in-service benefit is covered in the guide ["Taxation of Benefits"](#).**

## **DISABILITY INCOME INSURANCE BENEFITS**

The Income Tax Act precludes the CPUT Retirement Fund from providing a disability income benefit. The benefits payable on your disablement are therefore provided for by a separate insurance policy that fall outside the ambit of the Fund. The Trustees of the CPUT Retirement Fund, however, govern this separate arrangement – known as an Income Security Scheme, as it provides benefits for members of the Fund.

### **What is the definition of disablement?**

You will only be regarded as disabled after the first 3-month waiting period if, in the opinion of the insurer, you are unable to perform your “own occupation” due to illness, accident or injury, and you suffer a loss of income as a result.

### **What disability income benefit do I receive?**

In the event you become disabled, CPUT pays your salary for up to three months while you are unable to work (**assuming that you have a sufficient sick leave entitlement to cover this period**). It is important for you to notify CPUT as soon as you are aware that there could be a claim.

At the end of the 3-month period, your salary payments from CPUT cease, and the insured monthly income benefit of 75% of your fund salary is payable, subject to a maximum benefit of R220 000 per month (the limit is reviewed by the insurer annually).

The income benefit is paid for the first 12 months of disability, provided the member is totally unable to perform their own occupation, or any available occupation with CPUT, for which they are suited by virtue of experience, knowledge, education, training or ability.

The benefit will continue after the initial 12 months if the member remains unable to engage in any other occupation for which they could reasonably expect to become suited by virtue of experience, knowledge, education, training or ability, and completes a rehabilitation programme.

Payments then continue until the employee recovers, retires, leaves the country, does not submit medical evidence on time, dies, successfully completes the rehabilitation programme (or fails to complete the designated rehabilitation programme).

Whilst you are in receipt of this benefit you remain an employee of CPUT. This means that you will remain a member of the CPUTRF and are eligible for all its benefits subject to the conditions of the group life and permanent disability insurance policies. While you are disabled, the insurer pays 10% of salary to the CPUTRF subject to a maximum benefit of R57 000 per month (the limit is reviewed by the insurer annually) towards your retirement savings and the cost of your death and permanent disability cover.

### **What happens if I am declared fit for work?**

In this case you must return to work and you have all the rights afforded to employees under the Labour Relations Act. In the event that CPUT, after following due process, does not have a suitable job for you, you will be retrenched.

### **Does my disability income benefit increase each year like my salary would?**

Your disability income benefit will increase by 5%, or by the rate of inflation if less, on the anniversary when it came into effect. For example, if your benefit became payable on 1 November 2020, it would increase by 5% on 1 November 2021. If the rate of inflation is less than 5%, the income benefit will increase at the (lower) inflation rate.

## Who pays the premiums for the group life insurance and my retirement contributions when I am disabled?

There is a 7.5% contribution which will come out of the 75% and paid to CPUTRF directly from the Insurer on the member's behalf. In addition to this, there is 10% contribution paid by the Insurer on CPUT's behalf. The premiums and expenses are met from the contribution of 10% paid by the insurer during your disability. We note that your total contribution to the Fund (employer and employee combined) decreases to 17.5% (from 23.25%) on disability.

## Are there any exclusions?

The benefits are subject to the detailed conditions set out in the group temporary disability income insurance policy. The main restrictions are:

- Disability as a result of war and/or nuclear, chemical and biological terrorism will not be covered.
- Disability as a result of committing a crime, attempting suicide or deliberate exposure to exceptional danger will not be covered.
- If you join CPUT as a *new employee*, you need to be actively at work on the first day of your appointment to qualify for this cover. If you are absent on the date on which your membership starts, you will only be covered when you have performed normal duties with CPUT for two consecutive months.
- If you became disabled from a *known* cause that arose 6 months before you joined CPUT, you will not be covered for the disability benefit until 12 months after you joined CPUT. This is known as the "pre-existing condition" clause.

## Do I need to provide evidence of good health?

If your potential monthly income benefit exceeds R136 500 per month (including the 10% contribution referred to above), you will need to supply evidence of good health.

If you are unable to provide evidence of good health your disability cover may be limited to R120 442 per month plus the employer waiver of R16 558.

## Do any restrictions apply to the policy?

The benefits are subject to the detailed conditions set out in the Fund's Group Disability Insurance Policy, which is available for inspection from the Human Resources Department. The main restrictions are:

- Disability as a result of active participation in war, acts of foreign enemies, warlike operations, rebellion, revolution, civil commotion, terrorism, riot, or lawful or unlawful strikes during which lives are endangered, property damaged or attempt(s) made to damage property will not be covered.
- Disability as a result of active participation in unlawful act or conducts during which lives are endangered, public or private property damaged or attempt(s) made to damage such property.
- Disability as a direct or indirect result radioactive contamination or nuclear, biological or chemical weapons.
- If you join CPUT as a *new employee*, you need to be actively at work on the first day of your appointment to qualify for this cover. If you are absent on the date on which your membership starts, you will only be covered when you have performed normal duties with CPUT for two consecutive months.
- If you became disabled from a *known* cause that arose 6 months before you joined CPUT, you will not be covered for the disability benefit until 12 months after you joined CPUT. This is known as the "pre-existing condition" clause.

## **SPOUSE'S INSURANCE BENEFITS**

This benefit is there to insure the life of your spouse, if you are married or have a life partner.

### **What benefit is paid?**

In event of the death of your spouse, a benefit of 2 times your annual fund salary is paid to you. It is important to note that this benefit ceases when you cease to be an employee of the Cape Peninsula University of Technology i.e. when you retire or resign.

This benefit will cease on the last day of the month in which the Spouse reached the age of 70 years.

### **What is the definition of “spouse” for the purpose of this benefit?**

The definition of spouse includes:

- Legal Spouse to whom you are legally married, or
- Customary Spouse who is your partner in a customary union or traditional marriage, or
- Life Partner with whom you are in a committed relationship and are co-habiting on a permanent basis.

For a Life Partner, your partner will need to submit proof of good health to qualify for the insurance policy. Typically, cover would only start once the insurer has received proof to their satisfaction.

It is critical that you inform CPUT of the existence of your spouse. If you do not, then it is assumed that you are single, and your spouse will not be covered. If you are not legally married, you will need to complete an affidavit that can be held on your personal file by CPUT.

If you have more than one spouse, only one spouse is covered and as such, you will be required to nominate the spouse which is covered. If you fail to nominate a spouse, only your first spouse would be covered.

### **What happens if I am single?**

If you do not have a spouse, you will instead be covered for an additional lump sum death benefit of 2 times annual fund salary in the event of your own death. This will be paid in addition to the death benefits from the CPUTRF but will be paid in line with your beneficiary form (i.e. not determined by the Trustees).

### **Is any evidence of good health required to qualify for this benefit?**

Currently if your potential spouse's insurance benefit is R2.8 million or greater, your spouse is required to provide evidence of health for any cover in excess of R2.8 million. Please note that Life Partners, will need to provide evidence of health even if cover is below limit above.

For members who do not have a spouse and who are therefore covered instead for the additional lump sum death benefit, you are only required to provide evidence of health in respect of cover in excess of R8 million.

### **Do any restrictions apply to this policy?**

The benefits are subject to the detailed conditions set out in the spouse's insurance policy. The main restrictions are expected to be in line with the death exclusions above.

## **FAMILY FUNERAL BENEFITS**

The Pension Funds Act prevents the Fund from providing funeral insurance benefits for the families of Fund members, because a retirement fund is not allowed to pay a benefit in respect of someone (a family member) who is not actually a member of the fund – you are a Fund member, but your spouse(s) and children are not. These family funeral benefits are therefore provided for by a separate insurance policy, outside the Fund. The costs of this insurance however form part of the contributions that the University pays towards your insured benefits.

The material below represents only a **summary** of the main terms of the insurance policy, which are very complex. In the event of a dispute arising, reference will have to be made to the policy contract, which will take precedence.

### **Who is eligible for this cover?**

#### **Member:**

All current contributory members of the CPUT Retirement Fund who are in full-time service. Also included are the contracting staff on 2 year or longer contracts.

Please note that, if you meet the eligibility requirements yourself, your children and spouse(s) also qualify for this funeral cover – it is “family cover”. The qualification rules for children and spouse(s) are highlighted below.

#### **Spouse:**

A person married to the Principal Member by law, Tribal Custom or under the tenets of any Asian religion, and shall include a common law spouse, a union where two persons are living together as if married for at least 6 months. First spouse is covered, however one additional qualifying spouse can be included in the package, but must be nominated before cover can commence. The maximum entry age for the spouses is 75 years.

#### **Eligible Child:**

An unmarried child of the Principal Member under the age of 21, including a stepchild, a posthumous child, a child born outside a marriage, a legally adopted child, or a stillborn child (after the 26<sup>th</sup> week of pregnancy). A maximum of two stillbirths per family will be payable during the life of the Policy.

Unmarried children who are full-time students at a recognized institution are covered up to age 26 or until the Principal Member ceases to qualify.

Children who are mentally or physically incapacitated, are covered until death or until the Principal Member ceases to qualify.

### **Is there a waiting period?**

The following waiting period criteria apply:

- There is no waiting period for existing members.
- In respect of new entrants and any benefit improvements (e.g. should the cover increase from R15000 to R17 500) then a waiting period of six (6) months for cover, in the case of death due to natural causes, will apply.
- There is immediate cover for accidental death.
- Claims due to accidental death will be paid immediately.
- Suicide will not be covered during the first two years of membership.

### **Is there an application form that is required to be completed?**

It is very important that when joining, an application form is completed in full. All the required details of the Principal Member and his/her dependants must be recorded and all the information supplied as the form requests.

When a claim is submitted, the deceased's details are checked against the application to verify that the deceased was indeed nominated for cover. Where details are missing, it can cause unnecessary delays and if the deceased has not been nominated, the claim will be repudiated.

### **What benefit is payable on the death of a Fund member, spouse or child?**

The following benefits are payable:

Fund Member:	R15 000
Eligible Spouse:	R15 000
Children aged 14 years and over:	R15 000
Children aged 6 years and over but under 14:	R11 250
Children aged 1 year and over but under the age 6:	R7 500
Children under age of 1 year OR Stillborn Children:	R7 500

### **What happens in the event of a death?**

Formal written notification must be given to the insurer, with the necessary documentation, within six months of the date of death. **If this is not done, the claim will not be payable.**

If you have a death in your family that you think would qualify for the funeral insurance cover, you should contact the Human Resources department (details below), who will help you to submit the claim to the insurance company. Similarly, if you yourself should die, your family should follow the same procedure.

### **When does the cover cease?**

You and your family will cease to be eligible for cover on the earliest of the following:

- The "termination date" (the last day of the month in which you turn 65);
- When you leave office (but cover will continue while you are in receipt of the disability income benefit);
- If you are absent from Southern Africa for a period of twelve consecutive months (unless the insurer agrees to extend this period).

## **WHAT YOU AND/OR YOUR DEPENDANTS NEED TO DO IF A FUNERAL CLAIM ARISES**

In the event of a death, a Claim Notification form must be completed. If you are unsure, notify Human Capital of the death and they will forward you with all the necessary forms to complete. The following documentation is required:

For a **MEMBER'S** death

- Completed death claim form (Sanlam Claim Notification Form)
- Original computer produced certified copy of Death Certificate or, if not available, original certified abridged Death Certificate with Home Affairs stamp and number in black
- Certified copy of Identity Document of member
- Proof of relationship of claimant (e.g. marriage certificate and ID document of claimant)
- Bank details of the claimant

For a **SPOUSE'S** death

- Completed death claim form (Sanlam Claim Notification Form)
- Certified copy of death certificate of spouse
- Certified copies of the identity document of the Member and Spouse
- Certified copy of marriage certificate
- Bank details of member

For a **DEPENDANT CHILD**

- Completed death claim form (Sanlam Claim Notification Form)
- Certified copy of death certificate

- Original certified copy of the Medical Certificate in respect of stillbirth only, signed by a medical practitioner or District Surgeon.
- Certified copies of the identity document of the Member
- Certified copy of birth certificate or identity document of the deceased child
- In the case of a death of a child over age 21, but younger than 25 years: Confirmation from the educational institution that the child was a full-time student as at date of death
- In the case of a mentally and/or physically disabled child: A medical certificate confirming that the child was mentally or physically disabled or a confirmation by way of proof of a Disability Grant
- Bank details of member

*Affidavits are accepted.*

## **DEADLINE FOR SUBMISSION OF A CLAIM**

All documentation must be submitted as soon as possible after the death. If the Fund is not notified within 6 months, the claim will be invalid.

## **TIME PERIOD FOR A CLAIM TO BE PAID**

Claims must be submitted to Sanlam who will endeavour on receipt of all the necessary documents to settle the claim within 48 hours, provided all the claim procedure criteria have been met.

Claims should be sent to: Department: Human Resources Fax number: 0865447771 Email: <a href="mailto:vanzyle@cput.ac.za">vanzyle@cput.ac.za</a>
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**PLEASE DO NOT FORGET TO COMPLETE YOUR FUNERAL BENEFIT NOMINATION FORM. THIS FORM IS NOT THE SAME AS THE DEATH BENEFIT NOMINATION FORM. YOU CAN GET THESE FORMS AT YOUR HUMAN RESOURCES DEPARTMENT OR IT CAN BE FOUND ON THE FUND'S WEB-SITE.**