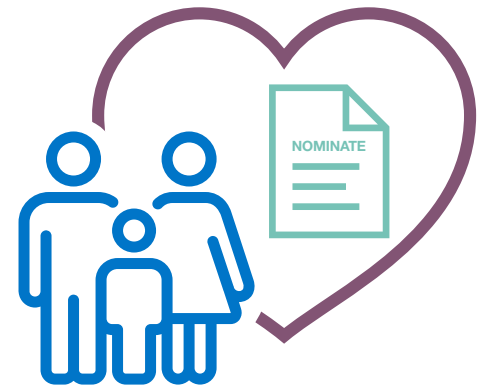


The importance of **completing a Beneficiary Nomination form**

As an employee or fund member insured in terms of a group risk policy, when you die, the **payment of the death benefit is made to your nominated beneficiaries** in one of following ways:



According to the fund rules (in the case of approved / fund benefits)



According to a valid **Beneficiary Nomination form** (in the case of unapproved benefits).

The Insurance Act 18 of 2017 (the Act) stipulates the definition of a “beneficiary”. The Act requires unapproved group policy benefits (e.g. group life and funeral benefits provided under a separate group insurance scheme) to be paid only to a “beneficiary”.



Why is **the definition** of ‘beneficiary’ important?



Due to the change to the definition of “beneficiary”, group risk benefits may only be paid to a **member** of the association or Fund, an **employee**, or a **person nominated** by the member/employee. Therefore, former provisions for these benefits to be paid according to any other parties’ wishes (e.g. the employer or a committee exercising their discretion in determining the beneficiaries for group risk insurance benefits in the case of your death) no longer apply.

This means **unapproved benefit** payments will only be paid according to a valid **Beneficiary Nomination form** that you have completed. If you did not complete a **Beneficiary Nomination form** before your death, the group risk benefits (i.e. claim amounts) will be paid to your estate late, causing a delayed pay-out to any eligible dependents identified during the settlement of your estate.



How to **make sure your loved ones get paid out** when you die?



It is possible that you have group life cover under a fund policy and/or a separate employer-owned group risk policy:



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group risk benefit, provided through a fund policy:

If you belong to a Fund, the Trustees of the Fund are required – by the Pension Funds Act – to find and identify all your dependents and nominated beneficiaries on your death.

The person/s you nominated on your fund's beneficiary nomination form and other factors will be considered by the trustees before deciding how to pay your death benefits.



UNAPPROVED

group risk benefits, provided under a separate employer policy:

If you belong to a separate employer-owned group risk policy, the benefits are provided independently from a retirement fund.

This means the death and funeral benefits (i.e. claim amounts) payable in terms of unapproved policies are paid tax-free to your beneficiaries by the insurer.



Historically the group risk policy could also have made provision for the distribution of your death benefit based on the discretion of another party, e.g. the employer.

However, the risks inherent in exercising such discretion could lead to beneficiary outcomes that are potentially discriminatory and this practice is therefore no longer allowed.



Complete a valid Beneficiary Nomination form (instruction) that contains your latest beneficiary information for the distribution of your death or funeral benefit.

This will ensure that the benefits of your group risk policy are paid to your chosen beneficiary.



PLEASE NOTE:

Your fund's beneficiary nomination form cannot be accepted as an instruction to distribute your unapproved group life or funeral policy benefits.



How do you **nominate your beneficiaries?**



A valid **Beneficiary Nomination form**, indicating to whom your unapproved death or funeral benefit must be paid, is needed. If more than one person is nominated, you must indicate the allocated percentage of the benefit amount to each nominated beneficiary.



You may nominate (in writing) any natural person/s to receive your death and funeral benefits. Your nominated beneficiary/ies can therefore include dependants or any other persons (even if they do not necessarily depend on you financially).



When you die, your employer will submit these details together with the claim form to the insurer.



Your latest Beneficiary Nomination form must therefore be stored securely (on record) by your employer and submitted to the insurer together with the documents for a claim for unapproved group policy benefits (e.g. group life or funeral benefits).



The Beneficiary Nomination form can be obtained from your employer HR representative.

How often should you **update your beneficiary nomination form?**

It is important to review the form annually and update it whenever anything changes in your life. For example,



if you get divorced, you may no longer wish to list your ex-spouse as a beneficiary

OR



if you get married, or following the birth or adoption of a child, you may wish to list your spouse or child's name as your beneficiary

OR



if your beneficiaries' contact information changed. (It is also important for your insurer to be able to contact your beneficiaries after you die, so that they can benefit from your policy.)



Remember, a new form must be completed to replace the previous form, if you want to change any of the details on it.