



LIBERTY

LIFE INVESTMENTS HEALTH CORPORATE PROPERTIES ADVICE



A COMPREHENSIVE GUIDE TO THE PROCESSING AND REQUIREMENTS FOR THE SUBMISSION OF WITHDRAWAL AND RETIREMENT CLAIMS

Liberty Corporate is committed to providing a professional and efficient retirement funds administration service that meets your needs.

1. Fully completed claims forms enable superior service provision!

We are often unable to finalise a benefit payment when the claims forms have not been fully completed and when the supporting documentation is missing. The table below summarises our claims requirements so we can work together to initiate an efficient and positive service experience.

2. How can you help?

Please check that the following important information is included with the claims submission before it is sent to us:

- **The authorised signature must be the most current and match as close as possible to the specimen signature form.** We are obliged to validate the authorised signatory to ensure that the claim submission is valid.
- **Please take note of the compulsory fields on the form.** The compulsory fields are highlighted (asterisk) on our claims notification forms.
 - The fund or participation number and the membership number;
 - The reason for leaving – e.g. retrenchment, withdrawal, retirement, dismissal;
 - The date of withdrawal or retirement;
 - The member's identity number and a copy of the identity document;
 - The member's annual taxable income;
 - **The member's income tax reference number;**
 - The member's residential address;
 - The member's cellular telephone number – if the member would like us to send him updates.
 - A copy of the preservation (withdrawal) or annuity form (retirement).
 - Proof of bank details for cash payment.

- The member must sign and date the form. This is a legal requirement to determine the accrual date.
- Please remember that the final month's contribution for the member needs to be paid and allocated to the member's record before we can begin work on the claim. This ensures that the member receives his full benefit entitlement.
- Please send the completed claims documents to lcb.customerservices@liberty.co.za. Please include the following information in the subject line: Withdrawal/ Retirement Claim, the fund name and number as well as the member's full names, surname and membership number.
- Any changes that are made to the form must be signed by the fund's authorised signatory.

3. Section 37A of the Pension Funds Act – Pension benefits not reducible, transferable or executable

- Section 37A of the Pension Funds Act provides general protection regarding members' pension benefits. Pension benefits may not be reduced, transferred, ceded, pledged, hypothecated, attached or executed except as allowed for by the Pension Funds Act, the Income Tax Act and the Maintenance Act.
- A member or beneficiary may not use their fund benefits as security for other debts.
- The main purpose of a retirement fund is to provide a form of benefit to its members when they retire or to their dependants when they die. therefore the "golden rule" is that no third party is able to access a member's retirement benefit, except in extremely specific circumstances

4. Amounts that may be deducted from member's benefits – Section 37 (D)

Section 37D specifies the deductions permitted by the Pension Funds Act. A registered fund **may** deduct the following amounts from the benefits payable to a member from an approved pension or provident fund:

- **Tax/ arrear tax;**
- Any amount in respect of a **housing loan or housing loan guarantee** made by the fund or employer;
- Payment to a non-member spouse in terms of a **divorce order**;
- Damages caused to an employer by an employee as a result of **fraud, theft, dishonesty or misconduct**. The member must have admitted to the liability in writing, or the employer must have obtained a judgement against the member, in terms of which the member is liable for compensation to the employer.

The following guidelines must be applied:

- An amount must be due by the member to his/her employer;
- The amount must be due at the date on which the member ceases to be a member of the fund;
- The amount must be in respect of compensation payable for damage caused to the employer, or legal costs recoverable from the member;
- The damage caused to the employer must be by reason of theft, dishonesty, fraud or misconduct by the member;

- The member must have completed a written admission of liability to the employer in respect of the delictual damage caused to the employer;

OR

- Judgment obtained against the member in a court in respect of compensation
- With the member's and fund's consent, medical aid subscriptions and insurance premiums
- Payments in terms of a **valid maintenance order**:

The maintenance order must state the following:

- The member's full name and surname;
- The full name of the fund e.g. ABC Provident Fund;
- The capital amount of the maintenance order and whether the amount is a pre – or post tax amount.

The member is liable for the tax on the valid maintenance order.

5. Order of deductions

Generally, the order of preference for claims against a retirement fund is:

- tax on lump sums as per the Second Schedule;
- housing loans / housing guarantees;
- maintenance orders;
- divorce orders;
- arrear taxes (IT 88);
- damages claimed by an employer against an employee in terms of Section 37(D); and
- Section 65 of the Magistrates' Courts Act

6. Can employers refuse to sign claim notification forms?

The employer representative is required to sign all withdrawal and retirement notification forms to validate that the members have left the employment of the company and to confirm the context under which the employee left e.g. retrenchment, resignation, retirement.

An employer representative may decide not to sign the withdrawal document for various reasons:

1. Indifference;
2. Due to personal differences with the former member. The grounds for refusal have no legal basis;
3. There is a valid legal dispute between the employee and employer.

Unfortunately, point one and two above are not valid reasons refusing to sign claim notification forms. The Board of Management of the Fund will instruct the administrator to proceed with the payment assuming all other requirements have been met. If the employer will not even forward a withdrawal form, one submitted and signed by the employee will be acceptable.

7. Legislative guidelines

The Pension Fund Act requires an employer to apply for and open a legal case against an employee within a reasonable period of time after the event has taken place. We understand that it takes time to open a court case and more often than not the member is immediately dismissed. More often than not, the member may choose to sign an acknowledgement of wrong doing and the withdrawal benefit may be paid after the deduction has taken place.

The Board of Management of the Fund require the employer to open a police docket immediately on the dismissal of the member and in the normal course of events, a court case must commence within three months after the date of withdrawal. If no court case has been opened within this timeframe the member must be paid. However, each case may be considered on its merits.

This is section 300 in terms of the Criminal Procedures Act. Such an order will direct the fund to pay the employer the amount of damages that the court decides can be paid from the fund. Only if the Court makes this award in favour of the employer, may that employer successfully claim against the errant employee's retirement fund benefit.

8. Claims requirements

The following table details the requirements for various types of claims.

CLAIM TYPE DOCUMENTATION REQUIREMENT	WITHDRAWAL	RETIREMENTS	RETRENCHMENTS	DIVORCE ORDERS	LIQUIDATIONS	SURPLUS	UNCLAIMED BENEFITS
Claim notification form	Preservation of benefit/ withdrawal notification	Retirement notification	Preservation of benefit/ withdrawal notification	Withdrawal notification for divorce orders	Withdrawal notification for liquidated funds	Surplus claim application	Original withdrawal notification for divorce orders
Copy of proof of age of the member. Identity document or passport (for non South African citizens).	X		X	X	X	X	Original certified copy
Bank details Original cancelled cheque or original bank account statement stamped by the bank. If the bank account has been opened for less than three months, then we require a letter endorsed by the bank confirming the bank details. Where the name of the account holder differs due to marriage, then a certified copy of a marriage certificate must be provided.	X	X	X	X	X	X	Original certified copy of the bank statement

CLAIM TYPE DOCUMENTATION REQUIREMENT	WITHDRAWAL	RETIREMENTS	RETRENCHMENTS	DIVORCE ORDERS	LIQUIDATIONS	SURPLUS	UNCLAIMED BENEFITS
Copy of transferring policy/ fund application form with the policy/fund number if applicable and insurers bank information	X	X	X	X	X	X	X
Foreign exchange control form This is required for members residing overseas. A bank draft will be completed.	X	X	X	X	X	X	X
A copy of the supporting documentation for any applicable prior liens against the fund in respect of the member: <ul style="list-style-type: none"> • Copy of the divorce degree and settlement arrangement. • Copy of the final maintenance order. 	X	X	X				
Copy proof of previous employment or fund membership Payslip, member benefit statement, letter of employment							X