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WHY PENSION FUNDS DELAY PAYING MEMBERS AND BENEFICIARIES ON TIME

This is a question that each member of a pension fund should ask him/herself. A pension fund, like any other retirement plan, is a safety net or “nest egg” that was established with the objective to provide benefits like a lump sum amount and monthly annuities to its members when they retire, or to dependents of such members upon the death of such members. If a member of a pension fund passes away before he/she reaches retirement age, the Pension Fund Act, Act 24 of 1956 (the Act) states that a fund should trace the dependents of a deceased member and pay such benefits to the dependents in an equitable manner.

The obligation that has been placed on a fund to trace dependents of a deceased member can be a cumbersome task if a member of a fund did not ensure that his/her personal file contains all relevant, complete and up to date information while he/she was alive and still working. It is therefore imperative that members of a fund ensure that their personal files are up to date at any given time so that once a benefit becomes due, the fund can distribute pension benefits to the members or dependents in a timely manner and prevent a break in the monthly disposable income.

There are however several challenges when it comes to the timely payment of benefits by a fund to members and their beneficiaries. Most of these challenges that delay payment of benefits can be attributed to incomplete, inaccurate and/or lack of information that is required to process benefits payments. The Government Institutions Pension Fund (GIPF) is equally affected by such situations. Some of the challenges that GIPF faces with payment of death benefits are attributed to the lack of or outdated beneficiary nomination forms and issues related to full birth certificates with the latter being the most significant one.

Pension funds have come up with beneficiary nomination forms which is a tool that a member can use to list his/her dependents with all relevant information with the purpose to ease the process of tracing. Some members, however, either do not complete beneficiary nomination forms, or where they have done so, the information is not up to date and one would find that children that are born after a member has completed a nomination form, are not added or the one who have passed on are not removed or vice versa.

A full birth certificate on the other hand, is a legal document that links a child to a biological mother or father. At GIPF, most of the death benefit claims of members that are submitted to the fund have full birth certificates (FBC) but with information that is

either insufficient or inaccurate. This is the information that is supposed to serve as proof that a specific child is a biological child of the deceased member. This becomes a challenge if the FBC does not reflect who the parent of a child is. This scenario is most prevalent with the male members of the fund. Parents are therefore urged to make sure their children and other dependents have full and complete birth certificates.

The Fund is calling upon members to visit their employers' HR Departments and ensure that they have up-to-date and complete documents on their personal files. These documents should include accurately captured full birth certificates of biological children. If you are married, submit a certified copy of the marriage certificate. Also, members are encouraged to complete a beneficiary nomination form and submit such to the HR Department. This will ensure that the fund can easily and timely trace dependents and pay benefits on time when they become due.

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