

Media Release
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Make yourself traceable by retirement funds that may owe you money

Retirement fund actuaries are urging South Africans to make themselves traceable by retirement funds trying to unite former members and beneficiaries with billions in unclaimed retirement fund benefits. By the end of last year, unclaimed benefits worth R47.3 billion were sitting in retirement funds, according to the Financial Sector Conduct Authority (FSCA).

Jeanine Astrup, a consulting actuary and member of the Actuarial Society of South Africa (ASSA) Retirement Matters Committee, points out that most retirement funds and their administrators are already working with tracing agents in an effort to whittle down the unclaimed assets. This comes at a significant cost for retirement funds, she adds.

“The more specialised and intense the search for beneficiaries of unclaimed retirement benefits, the higher the cost implications. Cases where ID numbers, dates of birth, or surnames differ, require further investigation by potentially the employer, fund, and administrator. This has time and cost implications.”

Astrup believes that retirement fund trustees and administrators could probably do more to unite former members and beneficiaries with their unclaimed benefits but points out that individuals also have an obligation to ensure that they are traceable.

“While it may seem incomprehensible that retirement fund members could simply ‘forget’ about their benefits, the size of the unclaimed benefits pot shows that this is not uncommon,” she adds.

According to Astrup, there are several steps that former retirement fund members and their beneficiaries can take to make it easier for retirement funds to unite unclaimed benefits with their rightful owners.

1. Members of defined benefit funds pre-2004

Astrup explains that a portion of unclaimed retirement fund benefits was generated by defined benefit funds that at some point declared a surplus in terms of Surplus Apportionment legislation to members who left these funds after 1980, but where trustees were unable to trace former employees entitled to a share of the surplus.

“Many unclaimed surplus benefits date back to the years preceding the digital age. Old payroll systems, some of which were not even electronic, did not capture ID numbers, seldom had first and second names, and rarely recorded gender. Even where information was captured, there was no such thing as system verifications, and information was often captured incorrectly or not at all.”

Astrup says former members of defined benefit funds should contact their previous employers if all of the following apply:

- You withdrew from a defined benefit fund before 2005 (the last surplus apportionment date was 30 November 2004);
- You have not been paid an additional surplus benefit; and
- You have not already confirmed that your former fund did not undertake a surplus allocation.

If you are a beneficiary of a former member of a defined benefit fund who has died, and you believe that the above apply, you should take up the cause, says Astrup.

2. Learn to differentiate between legitimate approaches and scams

“With all the scams out there, it is no surprise that members are sceptical when out of the blue they receive a phone call or email advising them that the employer they left five, 10 or even 20 years ago would like to pay them money,” says Astrup.

She adds, however, that simply dismissing legitimate approaches by tracing agents makes it very difficult for retirement funds to unite people with their benefits. She therefore urges consumers to do their homework before simply dismissing an approach from a tracing agent. *(For tips on how to verify that a tracing agent is legitimate, please see Editor’s Notes.)*

Astrup explains that tracing agents have to request personal information such as ID and bank account details in order to facilitate the payment of your benefits. “If you are worried that the request may be a scam, ask for the administrator’s email address so that you can send your documents to the administrator directly. Again, make sure that the email address looks legitimate and is not a free web-based service like Gmail or Hotmail.”

She stresses that a tracing agent will never need your bank account login details or any pins from your bank.

3. Understand why you may have become untraceable

Astrup explains that “desktop” tracing is often successful for former retirement fund members who are still employed and living in the country.

“However, these ‘first-level’ traces become less useful for former members who have left the country, no longer work and rely on their children for financial support, or who have since remarried and changed their surname once or possibly twice. Even more complicated is tracing former members who passed away after having left South Africa.”

Astrup says people often believe that if they were owed money by a retirement fund that they would have been contacted and informed of their windfall. “This is not a given and if there is any doubt there is no harm in making contact with your former employer or with the principal officer of the retirement fund in question.”

The FSCA has created an [unclaimed benefit search engine](#) for individuals who did not receive a benefit payout when they left employment.

Astrup encourages members of the public to use this search engine and to use different variations of their personal details that may have been on record at the time. “Your details may have been captured using your first name and middle name, or possibly your first name and an initial. If you were using a different surname at the time, remember to enter your details as they could have been on record when you were a member of a specific fund. If your employer used to have your date of birth recorded incorrectly, try using the date of birth that they would have had on record.”

She also points out that many of the big retirement fund administrators have their own unclaimed benefits search mechanism on their website, which members of the public should use.

4. Tracing beneficiaries

Astrup says that as time passes, the chances increase of the rightful owners of unclaimed benefits being deceased, turning a former member trace into a beneficiary trace.

“Once you have found the beneficiaries, in or outside of South Africa, trustees have the challenge of understanding if the deceased had an Estate, the value of the Estate, if the Estate is still open, and how to get hold of the Executor.”

5. Mastering the paperwork

Astrup says once fund members or their beneficiaries have been traced, a new round of complexities presents itself in the form of stringent document requirements.

“The financial regulations surrounding benefit payments made by fund administrators make the paperwork required to make a benefit payment to someone who barely exists in the administration system hard work.”

Some of the challenges include:

- **Proving your surname**

Before the current marriage certificate template was implemented, the previous template asked for a woman’s maiden surname and married surname, but not the surname at the time of marriage, which may have been the surname from the first marriage.

Astrup says this creates problems for women who have been married more than once, but the marriage certificate has a maiden surname and a second marriage surname.

“The only way to solve this for the woman involved is a trip to Home Affairs to ask for a marriage certificate that shows their surname at the time of marriage and the surname after marriage. Waiting for this certificate can take weeks or even months.”

- **Financial immigration**

“Financial immigration out of South Africa means that the former member no longer has a South African bank account,” says Astrup. Therefore, before a payment can be made, the retirement fund administrator must confirm that the former member correctly financially immigrated.

“This becomes complicated if the member has not kept a copy of his/her South African ID and SARS financial immigration number,” she explains.

○ **Foreign fund members**

Former members who were working in South Africa but who were never South African citizens often return to their country of origin, according to Astrup.

“The former members do not have a South African bank account and cannot meet FICA requirements to open one. Payment to these members becomes a challenge for the administrator and for the former member who must produce the paperwork requested.”

Make sure that you or your beneficiaries do not become untraceable one day

According to Astrup, people sometimes do not realise that they are a member of their employer’s pension or provident fund and when they resign, they simply walk away from their benefits.

“People either do not check their payslips, which are meant to reflect retirement fund contributions, or they simply don’t hold their employer accountable if payslips are not issued. This means that the fund member as well as family members are unaware that there are retirement savings that become payable on termination of employment, death or disability.”

She says if you are not sure whether you belong to a retirement fund, do the following:

- Check with your employer whether you belong to a retirement fund. If you do, read the fund rules, understand who pays the contributions and ask whether there are other benefits such as life and disability cover.
- Always complete the beneficiary nomination form, which will guide the retirement fund trustees on what should happen to your retirement savings if you die while you are a member of the fund.
- Leave copies of these documents with a trusted member of the family and/or your financial adviser.

Ends

Editor’s Notes:

Tips on how to verify that the tracing agent is legitimate:

- The tracing agent will know something about you. If you receive a text message saying that you have unclaimed benefits owing but the SMS does not include your name, it is likely to be a scam.
- If you receive a phone call from someone, ask for a number that you can call them back on. All legitimate callers will have no problem providing you with a contact number for a return call.
- Ask the tracing agent what company they are doing the tracing for and what the company may have been called before. If you did not work for that company, then you would not have a benefit due.
- Ask the tracing agent for a letter from the company they are tracing for.

- Do an internet search to check that the tracing agent is a legitimate company. Make sure that, if you receive an email, the email address includes the tracing agent's name. Call the pension fund and ask if they are doing a tracing exercise. Contact details for every pension fund's Principal Officer is available on the FSCA website.

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