



Sanlam Office Staff
Death Benefits
April 2023

Insurance

Financial Planning

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introduction

When an employee dies certain benefits are payable. These benefits cease at actual retirement or in the case of deferred/postpone retirements on normal retirement date.



suf: sanlam group

The benefit payable will consist of an insured In-fund death benefit as well as the member's accumulated fund value in the Sanlam Umbrella Provident Fund (SUF): Sanlam Group.

The beneficiaries have the option to convert the death benefit payable into a lump sum. In the case of minor beneficiaries, the benefits will as far as possible be managed in a beneficiary fund for the child until completion of studies or when he/she reaches age 21 years, whichever happens last.

group life

Employees have the option of maximum three (3) times annual TGP cover on their own life. A minimum cover level of one (1) times TGP is compulsory.

Please note:

- ③ As from 1 August 2018 the cover of all members as on 31 July 2018 was converted to a multiple of TGP. As a result of this conversion some members enjoy cover of more than three (3) times TGP.

Options to decrease/increase cover.

Every year on 1 May members are granted the option to either decrease or increase their cover, subject to:

- ③ a minimum cover level of one (1) times;
- ③ a maximum cover level of three (3) times; and
- ③ for any increase, proof of good health will be required.

proof-free limit

If combined cover under SUF and group life is higher than proof-free limit; and proof of good health is not provided, then the cover under the Provident Fund will be reduced to a lower level, in line with the proof-free limit.

conversion option

At termination of employment a member can convert the death cover, subject to a certain maximum determined according to years of completed service, to individual life assurance with Sanlam, without proof of good health.

Normal individual life assurance rates will be applicable, and the policy will be subject to the conditions as at the employer group policy.

general exclusions

- ③ No benefit is payable if death is the indirect or direct consequence of active participation in hostilities or warlike operations; or

the death is directly or indirectly caused or traceable to suicide or attempted suicide which occurs within two years of the date of the increase of the member's benefit. (Only applicable to elected cover increases after appointment. Not applicable to cover increases at appointment.)

commencement of Sanlam's liability

The death benefits are not provided if the member is incapable of performing his/her normal duties on the date of permanent appointment, as a result of a bodily injury or sickness. In such case the benefit/cover becomes effective when the member is capable of resuming his/her duties.

division of benefits

The death benefits payable from the Retirement fund, Family and Group Life Insurance do not form part of the estate. The lump sum benefit payable by the Retirement Fund is allocated according to the discretion of the Trustees in terms of Sect 37C of the Pension Fund Act between the dependants and nominees.

Although the trustees will not be bound by a nomination form, they will take cognisance of the member's wish when determining how the lump sum must be divided among the nominees/dependants. If no dependants or nominated beneficiaries are left behind, the death benefit will be paid into the estate. The lump sum benefit payable by the Family and Group Life Insurance are payable to the beneficiaries on the beneficiary nomination form. In the absence of a beneficiary nomination form, the death benefit will be paid into the estate.

limitation of benefit on transfer

If a member transfers from another insurance scheme/ arrangement onto the insurance arrangement offered by the SUF: Sanlam Group (i.e. the member was uninterruptedly insured and transferred as a result of an employer transaction) and is incapable of performing his/her duties on date of transfer as a result of a bodily injury or sickness, and subsequently dies before the member is capable of resuming his/her duties, then the lesser of the current combined death benefit under the SUF: Sanlam Group and group life or the previous combined death benefit applicable to the member is payable.

payment into estate

When an employee dies while in Sanlam's service, the following is paid into the estate:

- Salary and allowances, minus deductions and/or monies owing to the company as on the last day of the month. If a person dies on, e.g. the 2nd of a month, the full month's salary.
- Full payment for leave accumulated up to the last day of the month.
- If the employee is still a member of the Guaranteed Bonus Scheme, he/she qualifies for a pro rata guaranteed bonus if he/she has not already received it in December of that year.

Unemployment insurance card as well as the Department of Labour form is sent to the estate together with the salary statements for the past six months.

tax-free portion of benefit

The tax-free portion of the benefit will be calculated according to the applicable formula of the tax legislation of South African Revenue Service.



tax

- For amounts payable by the retirement fund, a tax directive is requested by the fund administrator.
- The death benefits payable by the Family and Group Life Insurance are according to current legislation exempt from tax.

submission of a claim

HC Support Service must be informed of the death of the employee within six months of the death.

The following documents to be provided:

- Certified copy of death certificate,
- Notice of Death/Still Birth (DHA-1663A),
- Copy of the Identity Document of the deceased.

HC Support Service will submit the necessary claim to the fund.



Disclaimer

This summary does not form part of the official Rules and Policies. In the event of any contradiction between the contents of this summary and the official Rules and/or Policies, the provisions of the Rules and Policies shall prevail. These Rules and Policies are available on request from Alfreda April, Tel: 021 947 8404.

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