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REPUBLIC OF SOUTH AFRICA

**GOVERNMENT EMPLOYEES PENSION FUND
(GEPF)**

GEPF Policy Document

Tracing policy

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GEPF Tracing Policy

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1. Document Versions

<u>Version</u>	<u>Revision Date</u>	<u>Prepared/Revised by</u>	<u>Business Unit</u>	<u>Status</u>
001	14 November 2011	JC Reyneke	EB Finance	1 st draft

2. Document Reference Library

<u>Document File Name</u>	<u>Context and relevance</u>
S:/Contributions2011/Tracing Policy_First Draft_14November2011(V4)	

3. Business Areas Impacted by this Policy

<u>Business Unit</u>	<u>Context and relevance</u>
EB Operations and Finance	
Finance (Unclaimed Benefits and Re-issues)	

4. Glossary of Terminology

<u>Abbreviation / Terminology</u>	<u>Description</u>
GEPF	Government Employees Pension Fund
GPAA	Government Pension Administration Agency
Board	GEPF Board of Trustees
BA-C	Benefit and Administration Committee
PFA	Pension Funds Act

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5. Policy Overview

The objective of the Tracing Policy is to provide comprehensive guidelines to the Government Pension Administration Agency (GPAA) [the administration] in respect to the tracing of rightful beneficiaries to benefits payable from the Government Employees Pension Fund (GEPF).

This document will detail the approaches to be taken by the administrator when attempting to trace the rightful beneficiaries to benefits payable from the Fund.

6. Purpose

The main purpose of the Tracing Policy is to govern the tracing of beneficiaries in as an effective and efficient manner possible, to enable the Board of Trustees to:

- Discharge its fiduciary duty in respect to the tracing attempts in respect to unclaimed benefits;
- To ensure that there is an effective process in place for the administration of unclaimed benefits and the tracing of the rightful beneficiaries entitled to such benefits; and
- Provide comprehensive guidelines to the administration detailing the approaches to be taken by the administrator in attempting to trace a beneficiary.

7. Delegation of Tracing Function

The tracing function will be conducted by the GPAA, i.e. the administrator on behalf of the Board of Trustees. The high level process of how the tracing policy will operate is detailed in Annexure A.

8. Legal/Governance Framework

The Government Employees Pension (GEP) Law is silent as to when a benefit payable is deemed to be unclaimed (i.e. the definition of an unclaimed benefit for purposes of the fund in question).

The Pension Funds Act, 24 of 1964, defines an "unclaimed benefit" to be a benefit not paid to a member, former member or beneficiary, within a maximum period of 24 months from the date on which it legally becomes due and payable.

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In terms of PF 130 issued by the Registrar of Pension Funds, which serves as a guideline promoting good retirement fund governance, Board's of Trustees is encouraged to have policies in place with regard to the management of the fund, which inter alia includes:

- An Unclaimed Benefit Policy, setting out when a benefit payable is to be deemed to be unclaimed (i.e. the definition of an unclaimed benefit for purposes of the fund in question); and
- The minimum procedures (steps) required to ensure that the beneficiary is informed of the benefit and assisted to take whatever action needed to obtain payment of the benefit should he or she qualify for payment thereof.

Board's of Trustees have a fiduciary duty to act impartially towards all members, former members and beneficiaries and to ensure that all members who exits the Fund receive the benefits that are legally due and payable to them.

In order to discharge the above responsibility the GEPF Board of Trustees adopted an Unclaimed Benefit Policy, which, together with the GEPF Tracing Policy (this policy) govern the effective and efficient administration of unclaimed benefits.

Further to the above, the Registrar of Pension Funds issued PF126, instructing all approved retirement funds to with effect of 31 December 2007, remove any provision in the rules of the Fund, or its accounting policies providing for unclaimed benefits to upon prescription thereof, be reverted back to the funds revenue.

The GEPF amended its accounting provisions on 9 December 2009 to no longer upon prescription of the right to an unclaimed benefit as per the provisions of the Prescription Act, revert such benefits back to the funds revenue. This amendment became effective on 1 April 2009.

9. Tax Treatment of Unclaimed Benefits

SARS repealed General Note (GN) 35, with effect 1 March 2009.

The effect of the repeal of GN 35 means;-

- Unclaimed benefits are to be paid to the unclaimed benefits account gross of tax (i.e. without any tax being deducted from the benefit payable).

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- The benefit will only be taxed upon payment thereof to the beneficiary based on the tax directive issued by SARS.

10. Tracing Approach

Tracing approach consist of first level tracing, to be conducted by the administrator and second level tracing to be conducted by a tracing company to be appointed by the GPAA.

10.1. First Level Tracing

First Level tracing will be conducted by the administrator within the first 90 days of a benefit becoming payable and/or a benefit having been deemed to be unclaimed.

Tracing would commence once attempts to source the necessary information from the participating employer to facilitate payment has failed.

The tracing will be conducted via the approved external database(s) of an registered Credit Bureau.

10.2. Second Level Tracing

This tracing will be conducted by a tracing company appointed by the GPAA.

10.3. Minimum Information Requirements

For effective tracing certain minimum information is required in respect of the member or beneficiary, to enable the administrator to trace such member.

The minimum information required is:

- Surname;
- Full Names;
- Initials;
- Identity number (or Passport number);
- Date of Birth;
- Participating employer name;
- Employee number.

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If the above minimum information is incorrect or incomplete it will be difficult for the administrator to trace/verify the claimant. The administrator will make every attempt to obtain the minimum information or seek the assistance of the tracing company to obtain the minimum information.

11. Tracing Cost

The cost in respect to First Level Tracing will be carried by the administrator as part of its administrative cost.

The fee structure will be annually agreed to and approved by the Fund's appointed Board of Trustees.

The cost in respect to second Level Tracing will be based on the contracted fee agreed to between the tracing company and the GPAA.

12. Types of Tracing

The procedure the administration would implement in tracing various types of unclaimed benefits is detailed in Annexure A.

13. Approved External Data Base(s) for Tracing Purposes

The GPAA shall approve and appoint the preferred registered Credit Bureau(s) to provide the external data base(s) with whom the administrator shall interact with to trace beneficiaries. The Board will be informed of the Preferred Registered Credit Bureau (s)

14. Outsourced Tracing Company Selection

The GPAA shall appoint the preferred tracing company the administrator shall interact with to trace beneficiaries. The Board will be informed of the Preferred Tracing company.

15. Reporting to the Board of Trustees

The administrator will report back to the Board of Trustees as to the success, non success of tracing members of the Fund.

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Reporting will be included in the Trustees Report and Service Level Agreement (SLA) reporting in a format agreed with the Benefit and Administration Committee (BA-C).

16. Limitations and Conditions

The Tracing Policy is applicable to the tracing of all beneficiaries entitled to the payment of a benefit from the GEPF, with the following exception:


Members for which the required minimum information is not available will not fall under the Tracing Policy and no action to trace such members will be taken until such time as the minimum information is received or updated.

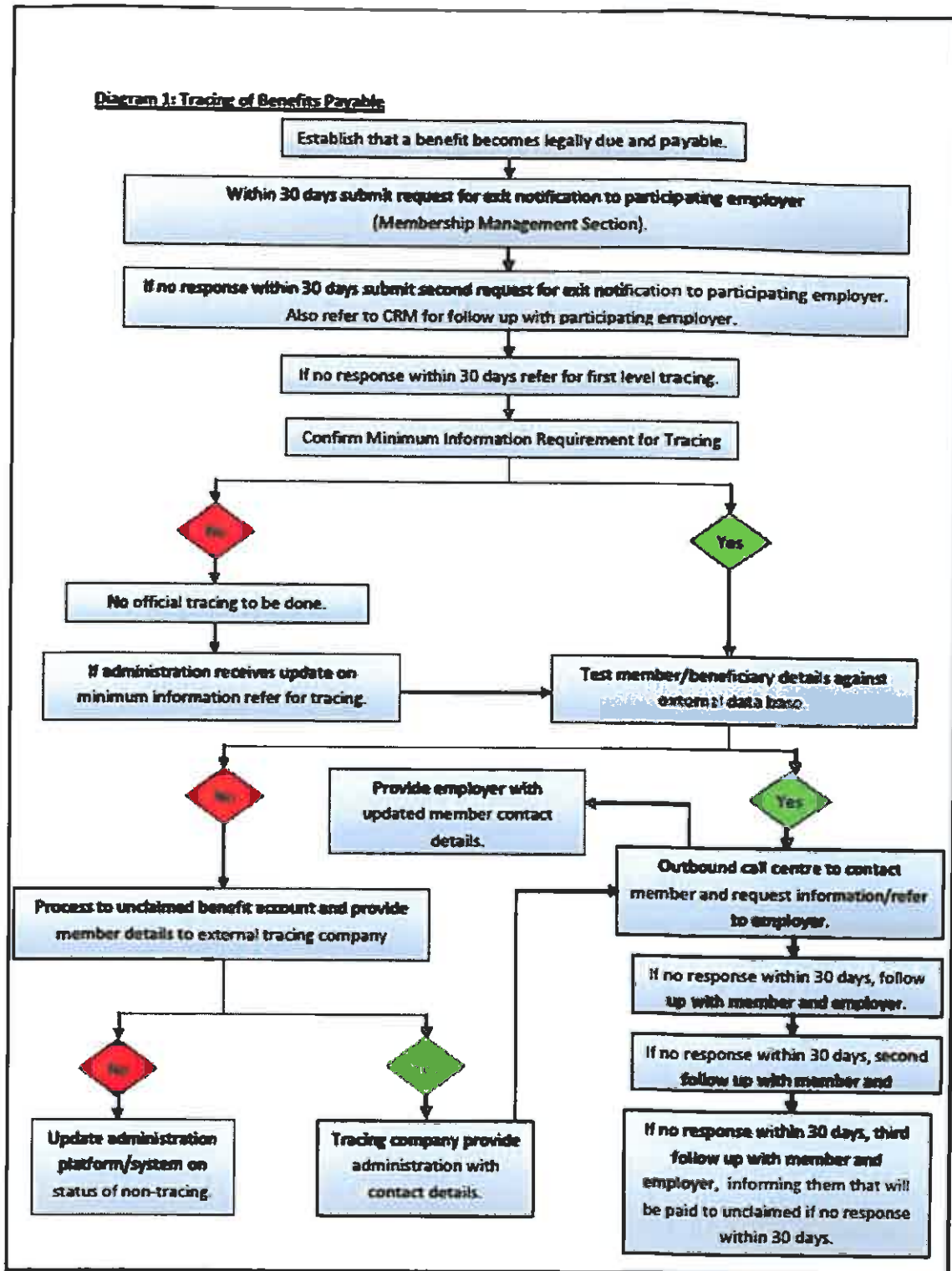
17. Approval

It is recommended that the Benefits and Administration Committee recommends to the Board of Trustees the approval of the GEPF Tracing Policy.


GENERAL AL DE WIT
CHAIRPERSON: BENEFIT AND ADMINISTRATION COMMITTEE
GOVERNMENT EMPLOYEES PENSION FUND
DATE: 15/02/12

APPROVED / NOT APPROVED / AMENDED


MR KA MOLOTO
CHAIRPERSON: BOARD OF TRUSTEES
GOVERNMENT EMPLOYEES PENSION FUND
DATE: 15/02/2012



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1. Types of Tracing

Tracing will consist of:

- Tracing of a beneficiary to enable payment of a benefit that has become legally due and payable (i.e. benefits payable), failing which such benefit will be deemed to be unclaimed and paid to the unclaimed benefit account/fund; and
- Tracing of rightful beneficiary entitled to an unclaimed benefit.

2. Tracing of Benefits Payable

2.1 Tracing of Suspended Contribution Cases (S-cases)

In terms of the provisions of the GEP Law and rules thereto a benefit becomes payable upon termination of service on account of various reasons, which in turn terminates/suspend contribution payments.

The GEP Law and rules thereto are to be read together with the relevant service conditions of the employee/member in question, which result in the suspension of contribution payments (or a break in a contributory period) not necessary resulting in a benefit being legally due and payable.

When a benefit is determined to become legally due and payable, the following steps are to be taken to facilitate payment thereof and make the member/beneficiary in question aware of a benefit being payable and the steps to be followed to claim such benefit:

- Membership Management Section to submit request to the participating employer to submit exit notification and any supporting documents thereto required to facilitate payment of the benefit in question, or alternatively provide reason and supporting documentation as to why the benefit is not payable;
- If no response is received within 30 days of the first request submitted to the participating employer a follow up request will be submitted and the matter be referred to the Customer Relationship Management (CRM) Section and the relevant Regional Office and the assigned Client Liaison Officer for follow up with the participating employer;
- Should no response be received within 30 days of the second request and/or follow up with the participating employer in question, first level

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member/beneficiary tracing is to commence, subject to minimum information required for tracing being available, consisting of:

- Tracing will be conducted via the approved external database(s) of an registered Credit Bureau approved by the Board of Trustees for this purpose;
- In the case of a positive response being received from the approved external data base(s) of the registered Credit Bureau(s) the outbound call centre is to contact the member/beneficiary to confirm his or her contact details in the prescribed format;
- If no positive response is received the case is to be paid to the unclaimed benefit account and the case referred to the tracing company appointed by the Board of Trustees for second level tracing;
- Once confirmed, formal correspondence is to be forwarded to the member/beneficiary to instruct him or her to contact his or her former participating employer and the steps to be followed to claim the benefit owing;
- In addition the participating employer will be informed that the member/beneficiary was successfully contacted and provided with his or her latest contact details;
- Should no response be received within a further 30 days, a follow up request will be sent to both the member/beneficiary and participating employer;
- Should no response be received within a further 30 days, a second follow up request will be sent to both the member/beneficiary and participating employer;
- Should no response be received within a further 30 days, a third and final follow up request will be sent to both the member/beneficiary and participating employer informing them that should no response be forthcoming the benefit in question may be deemed to be unclaimed and processed to the unclaimed benefit account;
- The responsibility for tracing will upon payment to the unclaimed benefit account/fund vest in the Unclaimed Benefit Section.

The steps/actions as outlined will apply to all benefits payable in respect to in service (active/contributing) members, where an exit notification is required from the participating employer in question to facilitate payment of the benefit payable.

The same process will also apply to the payment of funeral benefits in respect to in service (active/contributing) members.

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2.2 Error Rated Exit Notifications (Z102's)

In the case where an error rated exit notification (Z102) was received from the participating employer in question, the same steps as outlined in Diagram 1 above are to be taken to facilitate payment thereof and make the member/beneficiary in question aware of a benefit being payable and the steps to be followed to claim such benefit.

2.3 Tax Directive Decline Cases

In the event of the administration having processed an exit notification but not being able to obtain a tax directive from the South African Revenue Services (SARS) to enable payment the following steps to facilitate payment will be taken:

- Upon decline of the tax directive request sent to SARS the member will be alerted by means of the tax directive request being declined by sms (if the administration is in possession of his cellular phone number) as well as per written notification, instructing him or her to contact SARS to rectify their tax affairs;
- After receipt of a notification from the member/beneficiary that his or tax affairs has been sorted out with SARS the administration will submit a new request for a tax directive. If successful payment will be effected and the exit case finalized and closed. If not the member will again be alerted of the second failed attempt to obtain a tax directive and requested to again contact SARS;
- In the event of no response being forthcoming from the member/beneficiary with 30 days of being alerted to the declined tax directive, first level member/beneficiary tracing is to commence, subject to minimum information required for tracing being available, consisting of:
 - Tracing will be conducted via the approved external database(s) of an registered Credit Bureau approved by the GPAA for this purpose;
 - In the case of a positive response being received from the approved external data base(s) of the registered Credit Bureau(s) the outbound call centre is to contact the member/beneficiary to confirm his or her contact details in the prescribed format;
 - If no positive response is received the case may be paid to the unclaimed benefit account and the case referred to the tracing company appointed by the GPAA for second level tracing;
- Once confirmed, formal correspondence is to be forwarded to the member/beneficiary to instruct him or her to contact SARS in order to sort out his or her tax affairs;

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- Reminders and follow ups are to be made to the member every 30 days until a satisfactory response has been obtained to obtain a tax directive to facilitate payment of the benefit in question;
- Should no satisfactory response be received within a period of 6 months the case is to be paid to the unclaimed benefit account and the case referred to the tracing company appointed by the GPAA for second level tracing

2.4 Unclaimed upon Exit

In the event of the administration being instructed to pay a benefit into the unclaimed benefit account by the former employer of the member due to the participating employer in question not being able to trace the member/beneficiary to facilitate payment the administrator will affect the following steps to trace the beneficiary in question in order to facilitate payment to the rightful beneficiary, prior to payment being effected into the unclaimed benefit account:

- First level member/beneficiary tracing is to commence, subject to minimum information required for tracing being available, consisting of:
 - Tracing will be conducted via the approved external database(s) of an registered Credit Bureau approved by the GPAA for this purpose;
 - In the case of a positive response being received from the approved external data base(s) of the registered Credit Bureau(s) the outbound call centre is to contact the member/beneficiary to confirm his or her contact details in the prescribed format;
 - If no positive response is received the case is to be paid to the unclaimed benefit account and the case referred to the tracing company appointed by the GPAA for second level tracing;
 - Once confirmed, formal correspondence is to be forwarded to the member/beneficiary to instruct him or her to contact his or her former participating employer and the steps to be followed to claim the benefit owing;
 - In addition the participating employer will be informed that the member/beneficiary was successfully contacted and provided with his or her latest contact details;
- Should no response be received within a further 30 days, a follow up request will be sent to both the member/beneficiary and participating employer;
- Should no response be received within a further 30 days, a second follow up request will be sent to both the member/beneficiary and participating employer;
- Should no response be received within a further 30 days, a third and final follow up request will be sent to both the member/beneficiary and participating

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employer informing them that should no response be forthcoming the benefit in question may be deemed to be unclaimed and processed to the unclaimed benefit account;

- The responsibility for further tracing will upon payment to the unclaimed benefit account/fund vest in the Unclaimed Benefit Section.
- In the event of first level tracing being unsuccessful the case is to be referred for second level tracing by the appointing tracing company.
- If unsuccessful that administration platform is to be updated accordingly and the process to be repeated every six months

2.5 Suspended Annuities

No suspended annuity benefits will be paid to the Unclaimed Benefit Account, however the administration will follow up on these outstanding annuities using the principles of the Tracing policy.

3. Tracing of Beneficiaries of Unclaimed Benefits

The tracing of beneficiaries in respect to which a benefit was paid into the unclaimed benefit account/fund will consist of:

- First level member/beneficiary tracing, subject to minimum information required for tracing being available, consisting of:
 - Tracing will be conducted via the approved external database(s) of an registered Credit Bureau approved by the GPAA for this purpose;
 - In the case of a positive response being received from the approved external data base(s) of the registered Credit Bureau(s) the outbound call centre is to contact the member/beneficiary to confirm his or her contact details in the prescribed format;
 - Once confirmed, formal correspondence is to be forwarded to the member/beneficiary inclusive of the necessary forms and instructions to enable him or her to claim the benefit in question.
- In the event of first level tracing being unsuccessful the case is to be referred for second level tracing by the appointing tracing company.
- If unsuccessful that administration platform is to be updated accordingly and the process to be repeated every six months.
 - If successful, the outbound call centre is to contact the member/beneficiary to confirm his or her contact details in the prescribed format;

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- Once confirmed, formal correspondence is to be forwarded to the member/beneficiary inclusive of the necessary forms and instructions to enable him or her to claim the benefit in question.

The following exceptions will apply in respect to which the steps outlined below are to precede the process outlined above:

3.1 Magnetic Tape Service (MTS) Returns – Bank Returns

In the event an benefit amount being paid into the unclaimed benefit account/fund as a result of a payment effected being returned by the bank the following additional steps are to be taken:

- Establish the reason provided on the MTS report received from BankServ for the payment being returned.
- If returned due to an incorrect bank pay point, branch code, invalid account number contact the beneficiary and formally request him or her to complete a new bank form to enable payment and re-issue of the benefit;
- If returned due to bank account in question being frozen or dormant contact the beneficiary and formally request him or her firstly liaise with the bank in question to activate the account and to complete a new bank form to enable payment and re-issue of the benefit;
- If returned due to the member/beneficiary being deceased;
 - Establish the date of death through the Department of Home Affairs (DoHA) interface;
 - Load a the death date on the administration platform or if not available load warning on the administration platform indicating that the member has passed away;
 - Establish whether the member/beneficiary has a legal spouse and/or children using the DoHA interface;
 - Then proceed with first level tracing of the potential beneficiary or beneficiaries by means of the first level tracing process and subsequent processes outlined above.
 - In the event of no beneficiary being found, contact the bank to try and obtain the details of the late estate and the executor thereof.