

PENSIONS REFORM

Time to help 'voiceless' Fund Claimants – Liberty

Pension reformers must not forget 'voiceless' retirement fund dependants who may have a claim on billions in pension industry assets without knowing it.

The call comes from Liberty Corporate, a member of Liberty Holdings and a significant provider of private sector input during the reform debate.

"We applaud the authorities for making reform comprehensive and inclusive," says Baron Furstenburg, Head of Pension Reform Strategy at Liberty Corporate. "But one 'interested party' remains voiceless – former retirement fund members and dependants who often don't know they have a claim.

"To ensure efficient reform without loose ends, it is important to assist these 'missing members' and dependants – perhaps through the creation of a national unclaimed benefits fund, a possible solution that has been neglected of late."

Billions lie unclaimed in retirement industry coffers. Former fund members and their dependants are often unaware of their rights and fail to come forward, while funds can't trace them.

"The money was intended to ward off old age in poverty," says Furstenburg.

"An unclaimed benefits fund would need to respect this intention, either by belatedly paying rightful claimants or by being earmarked for social grants in old age."

National Treasury recommended the concept already in 2004, but it's still on the legislative drawing board.

Treasury suggested that after a prolonged period without a claim (maybe 20 years), fund money could be released to the state; perhaps to bolster the social old age grant. However, the liability would not lapse and any rightful claim would be honoured by the fund.

Unclaimed benefits still mount as funds face continuing difficulties in tracing individuals and public awareness remains low, especially in rural areas.

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Some have argued that unclaimed monies should revert to remaining members of the original fund.

"This argument is open to challenge on the grounds of unfairness and was rejected by Treasury," says Furstenburg. "Consider the hypothetical case of a miner who worked 30 years and died, leaving dependants in dire need.

"Their rights cannot be dismissed just because they fail to come forward in good time and are difficult to trace. An avenue must be kept open for them."

A central fund could run a national database that is contactable by any person, including relatives and dependants. The fund could pay benefits on presentation of proof of identity and documentation verifying a claim's validity.

People may not only be unaware of their rights, but of a fund's name.

A central fund addresses the problem. As long as systems are efficiently run, people simply need to know of its existence, rather than that their father was a member of XYZ fund at a specific date.

"At the same time, the release of money for old age grant funding is defensible," says Furstenburg. "People without retirement savings rely on the state for support in old age. In some cases, these are the very same people who are ignorant of their unclaimed benefits."

