



Natal Joint Municipal Pension
KwaZulu-Natal Joint Municipal
Provident Funds

"Your Fund, Your Savings, Your Future"



HUMAN RESOURCE WORKSHOP

2ND SERIES

(MODEL ANSWERS)

CASE STUDY 1:

There is a new employee who has just been hired by your municipality and needs to be taken through the NJMPF induction process.

1. What forms will the new employee have to complete to become a member of the Natal Joint Municipal Pension Fund?

a) Fund Election Form (includes Beneficiary Nomination)

b) Medical Certificate

2. What official documentation will the member have to provide the Fund with?

a) Certified copy of ID

b) Tax reference number

3. Is a municipal employee allowed to join another pension fund in KZN?

YES

NO

4. What is the minimum admission age to the Fund? ***17 years***

5. What is the maximum admission age to the Fund? ***57 years***

6. When does membership commence?

Membership should commence immediately upon working.

7. When should a member undergo a Medical Examination?

Within **3 months**.

8. What happens if a member has not submitted a medical certificate?

- Benefit is restricted
- A full benefit will not be awarded to the dependants

CASE STUDY.2:

A member is not happy with the Fund they are in and they decide to change Funds. They decide to seek advice from Human Resource.

1. How long must a member remain in a Fund before they can elect to transfer? ***5 years***
2. How long is the transfer period once a member has sent a request to change Funds? ***12 months***
3. What is the purpose of the transfer period?

To allow the municipality time to budget for the member.

4. What happens to the member's benefit if they decide to transfer from the Superannuation to the Provident?

The benefit will be subject to tax.

5. What happens to the member's benefit if they decide to transfer from the Provident to the Superannuation?

The amount equal to the member's interest in the Fund at the date of transfer of membership shall be transferred to the new fund. The benefit will be used to purchase years of service in the Superannuation Fund only.

6. How often are benefit statements mailed to members?

Annually (one a year)

CASE STUDY .3:

A Mr Dlamini is resigning from the municipality or has been dismissed or retrenched. He wants to cash in his benefit but is not sure if that is the right decision.

1. How would you advise Mr Dlamini if he wants to cash his resignation benefit?

It is wise to advise the member that his benefit will be subject to tax. If a member has not reached retirement age it is better for them to save their resignation benefit.

2. What could cause a delay in the payment of his resignation claim benefit?

If the tax number is outstanding or the claim forms are incomplete the benefit payment can be delayed.

3. What documents are required from Mr Dlamini for a resignation/dismissal/retrenchment claim to be complete?

a) Current bank statement

b) Tax reference number

c) Certified copy of ID

d) Form D

4. Besides cashing in the benefit, what are the other options?

a) Deferral

b) Transfer benefit to retirement annuity/preservation fund/ investment policy

c) Transfer service if you are not leaving municipal service

5. Which option is not applicable to a dismissed member? *Deferral*

6. Is the benefit reduced or penalised if they are retrenched?

YES

NO

CASE STUDY.4:

Mrs Mkhize, a member of the Fund, is physically ill and is unable to perform her duties. She approaches you in the Human resource department and asks for assistance to get medically boarded. She applies for medical boarding and goes for consultation with the two doctors' as required.

1. Is she entitled to Medical Boarding? **Yes**

2. If a she is medically boarded will her benefit be reduced?

YES

NO

3. How long will Mrs Mkhize have to wait for the medical boarding process to be finalised?

3- 4 months

4. Who bears the costs of the doctors' appointments if the application is approved?

The Fund.

5. Who bears the cost of the doctors' appointments if the application is declined?

***Depends on who sent through the medical boarding application
e.g. the municipality or the member***

6. What happens if the first two doctors' reports conflict on whether Mrs Mkhize should get boarded or not?

The member is sent to a third specialist to examined, and it is this doctor's opinion that will conclude if the member will be boarded or not.

CASE STUDY.5:

Mr Le Roux is 55 years and wants to go on early retirement. He wants to know what the procedure is for retirement and what documentation he needs to provide.

1. What is the Normal retirement age?

65 years.

2. How many years of service must the member have to go on early retirement?

10 years of service

3. Will Mr Le Roux's benefit get penalised or reduced if he takes early retirement?

No. His benefit will be calculated according to the Superannuation Fund factors of age, years of service and salary.

OR

The Provident Fund factors of member contribution, employer contribution, share of profit and interest on investment.

4. What is the process if Mr Le Roux is going on retirement?

- ***Member to send written notification of retirement and a request for benefit calculation***
- ***Consult a financial advisor***
- ***Complete a claim form***
- ***Member must be exited by the municipality on the monthly return***

5. What forms and documentation are requested by the Fund?

- ***Certified copy of ID***
- ***Tax reference number***
- ***Current bank statement***
- ***Form D***

6. Why is it important for Mr Le Roux to seek advice from a qualified financial advisor?

So that he understands the full financial impact of their decision.

CASE STUDY.6:

A member of the Fund passes away and the family comes to visit the municipal offices wanting to know how to process a death claim.

1. Who has the right to claim the deceased's benefit?

Eligible dependants.

2. What forms must be completed?

Death Claim Forms

3. Please list the documents that need to be attached to the forms?

- ***Claim Form***
- ***Death Certificate***
- ***Certified ID copy of the deceased***
- ***Marriage certificate***
- ***Dependants full birth certificate***
- ***Affidavit***
- ***Form D***
- ***SARS registration***

4. According to the regulations, when must the benefit be paid by?

Within 12 months.

5. What causes delays in the payment of benefits?

Outstanding documentation.

You find out that the deceased had two spouses. The first wife was married under customary law and the second wife was married under Civil Law. In the Superannuation Fund the eligible spouse qualifies for a monthly life pension.

1. According to the Fund regulations which spouse will qualify for the monthly pension and why?

The customary spouse because that was the first marriage.

2. Should the spouse re-marry will the pension be forfeited? **No**

3. What is a Common Law spouse?

If the deceased was not married but lived with someone for six months and more like husband and wife.

4. What documentation would a Common Law spouse have to produce to claim for the benefit?

Affidavit from the family.

If a member passes away and he had a Civil and a Common Law spouse.

5. Which spouse would qualify for a monthly life pension and why?

The civil spouse would qualify as she is a legal dependant.

The deceased also had a child out of wedlock. The child carries his father's surname.

6. Will the child qualify for a benefit and why?

Yes. The child is a biological child and therefore a legal dependant.

7. Can the mother of the child receive a benefit and how?

Yes. They will be given a benefit similar to a guardian so that there is enough to take care of the child.

8. What documentation could make the claiming process easier for the child if it doesn't carry the deceased's surname?

Full birth certificate.

9. At what age is a child considered a major? **18 years**

10. In what kind of situation is a Trust considered?

In circumstances where the surviving parent or guardian is unable or unfit to manage the affairs of the dependants or where dependants themselves are minors or unable to do so.

CASE STUDY.7:

1. If a member gets divorced their pension benefit will get taxed.

TRUE

FALSE

2. The Natal Joint Municipal Pension Fund will pay even if they are not mentioned on the settlement agreement of a divorce.

TRUE

FALSE

3. The NJMPF can pay the loan directly to the member.

TRUE

FALSE

4. The member does the loan process with the Fund?

TRUE

FALSE

5. Name the three purposes for taking out a loan.

1) To renovate/repair existing dwelling

2) To buy land

3) To buy a house

6. What happens if a member resigns or passes away without completing the loan payment to the bank?

The Fund will pay the outstanding balance to the bank before paying the death or resignation benefit.

7. How much can a member loan?

Up to 50% of his/her pension benefit.

CASE STUDY 8:

Mr Jobs wants to know more about Life stage modelling after he had a chat with his friend who is a Fund where this is practiced. He come to you with some questions about what he heard.

1. What does NRR stand for?

Net Replacement Ratio

2. What is the desired percentage for the NRR?

60%-75%

3. How many life stages are there?

3 life stages.

4. Please list the three stages and a feature of each?

1) Accumulation stage

2) Pre- retirement stage

3) Post- retirement stage

5. How long does each stage last?

1) First stage- 25 years

2) Second stage- 5-10 years

3) Third stage- 20- 30 years

6. Which fund members would life stage modelling affect?

Provident Fund/Defined Contribution Fund

7. List the kind of skills the member would have to acquire?

- ***Advice***
- ***Training***
- ***Constant review of markets***
- ***Financial advisor***