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Edition: March / May 2017

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EXPERT OPINION

UNCLAIMED BENEFITS: A SUCCESS STORY

The Financial Services Board has reported that unclaimed benefits, owed to some 3,5m beneficiaries in retirement funds, had probably swelled to R20bn (excluding public-sector funds) by August 2015. It emphasised that pension funds find ways to trace and pay these beneficiaries, both local and foreign, and take all reasonable steps to trace and pay members and beneficiaries who remain untraced.

Natal Joint Municipal Pension Fund (NJMPF), the multiple award-winning pension fund, heeded the FSB's call. It set up a project team to tackle the challenge. As at end-March 2014, unclaimed benefits in the NJMPF stood at slightly over R80m belonging to 1525 members and beneficiaries.

Taking its cue from fund chief executive and principal officer Sam Camilleri to radically reduce unclaimed benefits, a member-services team led by chief operating officer Cheryl Ward got to work. There were regular meetings with staff members from the fund's different services, inspired to make contact with past members and beneficiaries.

"Statistics drove everything," says Ward. "Team members would wait with bated breath every time the stats were released to see whether their efforts were making a dent. Sometimes there were cheers, sometimes groans." Files were distributed equally to the various team divisions for follow up, and a competitive environment soon emerged.

Persistence became the mantra. Team members would phone people to the point of becoming a nuisance, just to get leads enabling them to contact beneficiaries.

NJMPF membership spreads across 64 municipalities throughout KwaZulu-Natal. Thus, there is no single point of contact at a single organisation to make enquiries relating to past members or dependants (many of whom live in rural areas). NJMPF has had to deal with the pay offices at more than 60 municipalities, each being resourced differently. Good relationship management with officials continues to be a critical success factor.

The teams' initial task was to establish the amount of unclaimed benefits and the numbers of members involved, together with creating an age analysis of these claims. The more recent claims were prioritised as 'quick wins' as these have a better chance of being resolved, rather than those which are older than six years (58% of the total).

The first undertaking was to determine and define which payments qualified as unclaimed benefits. The project team arrived at a straightforward definition of 'unclaimed', viz. those members that NJMPF has been unable to trace or contact. A separation between 'unpaid' and 'unclaimed' was made.

'Unpaid' referred to cases where the NJMPF was awaiting documentation. These are members/beneficiaries who have been contacted and where there are open and clear lines of communication. 'Unclaimed' was where the NJMPF could not trace the members and beneficiaries after requesting assistance from the municipalities, and had engaged the services of two tracing agents.

Some challenges encountered in the Death Benefits Section were: time delays in obtaining the parentage affidavits from the maternal, paternal and independent parties; outstanding documents by the beneficiaries not being forthcoming (like bank account details, letters of executorship, and tax numbers), and difficulty in obtaining the cause of death and the death certificates.

As the teams chipped away at the number of files, they were able to stratify the files into various actions requiring follow up, e.g. documents outstanding; pending court actions; diarised follow-up with tracing agents. This 'stratification' greatly facilitated resource allocation. For example, a fairly junior staff member could then be assigned to follow up progress on traces as opposed to liaising with executors of deceased estates.

These efforts paid off handsomely. As at end-July 2016, there were 704 outstanding claims for slightly over R42m. Of these, the 'unpaid' portion comprised 526 files amounting to close on R38m and the 'unclaimed' portion comprised 178 files amounting to close on R4,4m (a mere 0,02% of members' assets). Camilleri is determined that the item disappears from the fund's balance sheet.

The exercise has resulted in heightened awareness by staff members to have up-to-date contact information of members, beneficiaries and next-of-kin. This message is constantly drilled through the

NJMPF's revamped website, newsletters, roadshows, workshops, AGMs, switchboard and payroll officers.

Testimonials received from traced members and beneficiaries are most gratifying. They include messages of appreciation from people enabled to buy a taxi and pay for a funeral. It was particularly rewarding to locate a deaf-and-dumb member, living in a retirement home, for payment of a small windfall.

Key lessons: Keep the team motivated; ensure tasks are clearly defined and measurable; stick to the project plan and celebrate milestones; inform management at regular intervals of progress, risks and challenges.



NJMPF

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