

# Claim forms and disinvestment of benefits

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## Introduction

The Operations & Administration division (O&A) issue practice notes to:

- Increase awareness and provide insight into the best practices and procedures adopted by Alexforbes for the effective administration of your fund
- Clarify our administration role.
- Align expectation between Alexforbes, trustees, employers and members of the retirement funds.

**Please note that in an event of a conflict, the fund's rules, applicable legislation or the signed service level agreement will take precedence over the processes set out in this practice note.**

In this issue, we highlight the best practices adopted in respect of dealing with claims and we focus on the following:

- Different methods of submitting claims to Alexforbes.
- Procedural requirements that need to be complied with by the employer and the member.
- Disinvestment of benefits

## How do claims need to be formally lodged with Alexforbes?

All exits - withdrawals (resignations, dismissals and retrenchments), retirements and death claims need to be notified to Alexforbes using a claim form.

Alexforbes accepts paper based and electronic claim forms if they are submitted in the prescribed format. If it is in a paper-based format, the original claim form needs to be submitted bearing the signature of the authorized signatory and a company stamp or a copy can be emailed from the authorised signatory's email box. The claim form consists of two main sections, i.e. one to be signed by the member and the other section must be signed by the employer.

As a general rule, the claim form must thus be signed by both the member and the employer. Where the member is unable to sign, the employer must still complete and sign its section of the claim form, and such form will be accepted as a notification of the member's exit from the Fund. If it is in an electronic format, it will only be accepted via AF Online.

## Alexforbes best practice on claims

Alexforbes' best practice is to receive electronic claim forms via AF Online Employer Views or manually from the employer, alternatively bulk claim uploads from employers.

The formatted electronic data that is received complies with the minimum quality standards and enables our systems to upload claims information and initiate the claims process in an automated and seamless manner. Once the user has completed the required fields and submitted the claim form, our systems automatically upload the claim. Therefore, the risk of losing or misplacing claims and the consequential risk of missing disinvestment deadlines are eliminated. In addition to the confirmation email with a PDF attachment being sent back to the employer user, the member will receive an automated SMS and/or email notification confirming receipt of the claim and providing our contact details for future follow up. Our systems will automatically notify further milestones to the member via SMS on each claim until final payment. These milestones are also available to our Call Centre for query resolution.

## Dependence on the employer

### The employer must submit the claim (AF Online or manual)

As a general rule, all claim forms must either be sent electronically by the employer via AF Online or manually. In case of manual claims, the form must bear the employer signature and company stamp. Claim forms received directly from members will not be accepted. For this purpose, AF keeps a registry of authorised employer signatures and an electronic repository of authorized AF Online Employer View users.

### Options available to members on leaving their retirement fund

Fund rules sets out options available to members on exiting the fund. Members are encouraged to consult with financial advisers before completing the claim form and exercise any of the available options. The claim process is complicated due to the fact that the employer has the responsibility to communicate certain information to the member and is dependent on the member for certain information on the claim form, in particular the member needs to decide what to do with his/her benefit and provide the fund with current contact details. In terms of legislation, all funds should have a retirement benefit counselling process in place and the employer needs to follow the process as defined by the Trustees of the Fund.

### Member's payment instructions:

The employer has the responsibility to obtain the member's instructions with regards to the payment of the member's benefits on all withdrawal and retirement claims. Should AF receive claim forms without the necessary payment instructions and/or transfer/payment details, the member may become a default paid-up member – refer to Practice Note 12: Default Regulations-Paid-up Member.

Our best practice on all withdrawal and retirement claims is that the member be consulted prior to their departure from the employer and at the time of completing the claim. The employer should then keep record of the member's instructions with regards to payment and/or transfer of his/her benefits. This can be achieved as follows:

- **The (manual) paper claims process allows for the member's signature on the form, however the member is not always available to sign the claim form and may use other media such as telephone, fax or email to provide the employer with the necessary instructions with regards to payment and/or transfer of his/her benefits. If the member is available to sign the form, our best practice is to obtain the member's signature prior to submission to AF. If the member is not available to sign the form, our best practice is for the employer to obtain the member's instructions with regards to payment and/or transfer in a format that can be substantiated if later disputed by the member, for example e-mail or fax. In this instance we accept claim forms signed by the employer on behalf of the member, however the employer needs to provide a copy of the claim form to the member as soon as possible after submission of the claim.**
- **The electronic claims process does not provide for the member's signature on the form but does not eliminate the employer's responsibility to consult with the member at the time of completing the claim form and the requirement to keep record of the member's instructions with regards to payment and/or transfer of his/her benefits. Similar to the (manual) paper claims process, the employer has to obtain the member's instructions with regards to payment and/or transfer in a format that can be substantiated if later disputed by the member. In addition, we have added a member signature section on the electronic (PDF) copy of the form emailed back to the employer and our best practice is for the member to sign the form in the designated space and for the employer to file the original (signed by the member) for safe keeping. Should a dispute arise with regards to the member's specific instructions, such form will be requested from the employer for evidentiary**

purposes. We also encourage employers to add member's cell phone numbers on claim forms which, following successful capturing of such number on our systems, will trigger an automatic SMS to the member advising him/her that AF received the form and providing contact details for future enquiries.

- If the member has exited the fund and is not available to provide payment and/or transfer instructions to the employer or to sign the form, our best practice with regards to (manual) paper and electronic claims is for the employer to submit the form to AF without any payment and/or transfer instructions -
- The two main causes of delays in processing claims are:
  - Incomplete and/or inaccurate claim notification forms; and
  - Issues relating to the member's personal tax affairs.

## When will the member's fund credit be disinvested from the market?

Unless Alexforbes receives an explicit written instruction to the contrary, such as the booking over of assets, receipt of the claim notification indicating the member's payment election will serve as an instruction to the administrator to disinvest the member's fund credit from the underlying portfolios into the fund's bank account. The member's benefit will then be increased by the fund's bank account's interest rate, from date of disinvestment to the date of payment. Alexforbes's administration system allows for daily disinvestments from underlying portfolios into the fund's bank account, however, clients may elect to have less frequent disinvestment cycles.

The latter of the following dates initiate the disinvestment process:

The member's date of exit from the fund, assuming that the member's last month's contribution was fully reconciled prior to the month end and a fully completed claim form is received by Alexforbes prior to the month end of exit.

- The final reconciliation date of the member's latest month's contribution, assuming that the member's fully completed claim form was received by Alexforbes prior to the month end of exit if the member's final contribution could not be reconciled prior to month end.
- Date of receipt of the member's fully completed claim form, assuming that the fully completed claim form was received after the date of exit and after reconciliation of the member's final contribution.

After disinvestment has taken place and all the required information is included on the claim form, the administrators will either:

- Apply for a tax directive (assuming the member elects cash, and assuming that the administrator has all the information required to apply for a tax directive);
- Issue a recognition of transfer information request to the receiving fund (assuming the member elects to transfer his/her benefit to another approved retirement fund, preservation fund or retirement annuity fund). Once the information is returned and the necessary tax clearance has been received, the transfer will take place; or
- Implement a combination of the above where the member has elected to receive a portion in cash and transfer the balance.



The above is Alexforbes standard best practices and there may be funds that may operate differently as instructed to and agreed to by the Fund's Trustees.



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