



# FAIRHEADS

## Benefit Services

Authorised financial services provider

## MEMBER GUIDE



## The Fairfund Umbrella Beneficiary Fund

Helping guardians/caregivers and members to  
make the best of their beneficiary fund

Version 1.1 - March 2011

# Fairheads Benefit Services Contact Details:

## Phone

Cape Town call centre: 021 410 7800

Sharecall: 086 010 2919

Fax Cape Town: 021 410 7998

Email: [faibf@fairheads.com](mailto:faibf@fairheads.com)

## Mail

Fairfund Umbrella Beneficiary Fund

PO Box 4994 CAPE TOWN 8000

## Website

[www.fairheads.com](http://www.fairheads.com)

## Facebook business page

Fairheads Benefit Services

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# Visit

## Gauteng

Ground Floor 45 Commissioner Str.

JOHANNESBURG

Phone: 011 025 3451/2/3

or

2nd Floor, Sandown House

Cnr Norwich Close & 5th Str.

SANDTON

Phone: 011 883 9755

## Durban

23rd Floor, Office no. 2304

199 Smith Str., Embassy Building

DURBAN

Phone: 031 368 9260

## Cape Town

14th Floor, 2 Long Str.

CAPE TOWN

Phone: 021 410 7800



**FAIRHEADS**  
Benefit Services



This member guide is the property of:

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Member account reference number:

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Contact Details:

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This section gives a graphic overview of how the fund works.

**How payments are made** p. 4

This section looks in more detail at how payments are made from the beneficiary fund and how you should go about requesting payment.

**Making sure your payments don't stop** p. 6

Suddenly not receiving your payments can be extremely inconvenient. This section looks at the importance of completing and returning your annual certificate of existence (COE) form to ensure that payments are not stopped.

**Trustees - looking after your money** p. 8

As with everything in life, someone is responsible to see to it that the work gets done, so that the beneficiary fund can pay members their benefits. Who looks after your beneficiary fund? This section looks at the role of the board of trustees.

**How your money in the beneficiary fund is invested** p. 9

One of the trustees' responsibilities is to invest the money held in the beneficiary fund on the members' behalf in the best possible way. This section looks at how the beneficiary fund invests members' money.

If you are a guardian/caregiver, please also share this information with the member, as they should know what to expect if something happens to you.



## **Keeping track of your member account**

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Another of the trustees' responsibilities is to communicate with you regularly about your member account and other matters. This section looks at how this communication can help you keep record of your member account.

## **When your membership of the beneficiary fund ends**

**p. 12**

Your member account has been set up mainly to help pay towards your education and general costs of upbringing. But at some stage you can start making your own decisions about how you would like to use this money. Read this section to see what happens when your membership of the beneficiary fund comes to an end.

## **What to do if you are not happy with our service**

**p. 14**

Even though we would wish for it to be different, there are simply some times when things go wrong. Maybe a query or payment is held up and you become upset with the service you are getting. This section shows you how to make a complaint that will get you results.

## **In closing...**

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*Please note: This is not a legal document. The information in this booklet is only a summary of the rules of the beneficiary fund. The rules of the fund will apply in all cases.*

# Overview

## Why was the money put into this beneficiary fund?



When a member of a retirement fund dies, the trustees of that fund must by law distribute the benefit amongst the dependants of the deceased member in the best possible way. The trustees can decide that instead of paying that money directly to the dependants, it will be paid into a beneficiary fund.

This fund is such a beneficiary fund. Its purpose is to administer the money that was awarded to these dependants (who are then members of this fund).

If the member is a minor child (under the age of 18) or has a legal disability (for example: mental illness; insolvency; person placed under curatorship; prodigality), a guardian/caregiver can receive payments from the beneficiary fund on behalf of this child, to assist with his or her upbringing.

## What are my responsibilities?

### If you are the guardian/caregiver

- How you use the money that belongs to the member in your care can make all the difference to that member's future. Consider how you can best use this money to give the member a good education and upbringing.
- Read the communication from the beneficiary fund to make sure that you understand how the beneficiary fund works and what you need to do.
- Share this information with the member, if appropriate.



### If you are the member

- The money in this beneficiary fund is to give you a proper education and to help you prepare for your future. Make the best of this opportunity.
- Make sure that you understand what you need to do to ensure continued payment of this benefit. For example, apply for your Identity document when you turn 16 and open a bank account at age 18. (See page 12-13 for more information.)

## How will this booklet help me?

This booklet has been written specifically to help you understand how the beneficiary fund works and how to make the best use of the money available to you. By understanding how best to use these benefits, a guardian/caregiver and member can work together towards the member's education and future financial security.





## How the beneficiary fund works

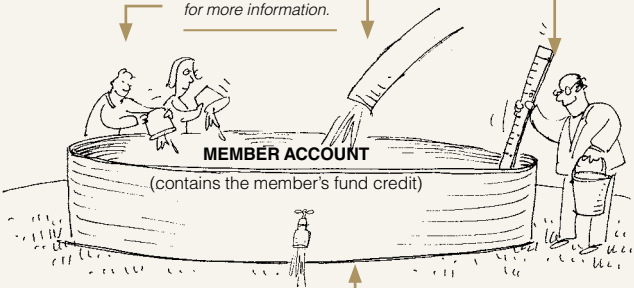
A member account is opened when a death benefit payment is transferred into this beneficiary fund. The aim is to make this money in the member's account last until the member turns 18 and preferably finishes Grade 12.

### INFLOWS

A **death benefit payment** is transferred into your member account.

The money in your member account is invested and any **investment returns** are added to your account. *See page 9 for more information.*

Your member account is carefully **monitored** and **managed** so that it can last as long as necessary. That is why not all claims that you ask for are paid.



### OUTFLOWS

**Fees** are charged to administer the money in the member account, and for each transaction. *See the 'Fees' insert for more information.*

Various **payments** can be made from the member's account.

**Regular payments** can be made from the member's account every month, to pay towards general, day-to-day costs. *See page 4 for more information.*

**Special financial** assistance payments can be made on request, to pay towards specific costs such as school fees, uniform, books, stationery, transport, etc. *See page 4 for more information.*

# How payments are made

The beneficiary fund can make regular and special financial assistance payments to members or their guardians/caregivers.



## Regular payments

### What must the regular payments be used for?

Regular payments are intended to help pay towards day-to-day living expenses incurred as part of looking after the member. These could include accommodation, food, etc.

### How much will you receive, and when?

The amount that you will be paid depends on:

- the **size** of the benefit (the larger the death benefit payment, the more can be paid)
- the **age** of the member (the younger the member, the longer the money will have to last and the more it will be spread out in smaller payments)
- how **regularly** the payments are made to you (payment can be made monthly, quarterly, every 6 months or once a year)

The trustees may adjust this amount from time to time.

*Refer to the member certificate for the exact amount payable.*



## Special financial assistance payments

### When will special financial assistance payments be made?

Special financial assistance payments are made when the guardian/caregiver or major member asks (requests), but the fund will decide if the payment can be made. These requests can be once-off or repeated.

A request can also be made directly by a third party such as a school or university, in which case the beneficiary fund will check with the major member and/or guardian/caregiver before the payment is made.

Special financial assistance payment requests can be made for purposes of the member's "education, maintenance, advancement and well-being". These include, for example,

- school/tertiary fees, books, stationery and uniform
- transport
- extra lessons, sport activities
- medical expenses
- generally anything that the fund thinks will be good for the member.

**WARNING:** Keep in mind that large special financial assistance payments may result in a decrease in your regular payments.





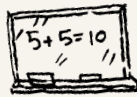
## How should I request a special financial assistance payment?

If you want to request financial assistance outside of the regular payments, remember that –

- you will need to submit documents/invoices to support your request to the beneficiary fund;
- you must clearly show your address and contact number (if applicable);
- your unique reference number shown on the member statement must be written on the request; and
- you must SIGN the request.

### Educational costs

If you want to request money specifically for educational purposes, you will need to submit:



- An invoice/statement/letter from the school, college or university on its letterhead or containing its stamp, showing the institution's registration number and all the following:
  - Member's name
  - Grade/course for which member is enrolled
  - Detailed breakdown of fees payable
- The member's results for the previous year
- The following information about the school, college or university:
  - banking account details
  - telephone and fax numbers
  - email address
  - name of a contact person at the tertiary institution
- Detailed quotations for school uniforms, stationery and textbooks, clearly indicating each item and its price and for which member it is required.
- In the case of tertiary studies, the length of the course that the member wants to study.



Make sure that we have your valid banking details and an original certified copy of your identity document on our records.

**VERY IMPORTANT:** These requests must be submitted at least *1 month* before the expected payment date, to ensure that payment is made by the due date.

# Making sure your payments don't stop

The beneficiary fund has to make sure that payments are made to the right people. It does so by getting guardians/caregivers to confirm that they are still looking after the members, by having them fill in and return a *certificate of existence* form each year.

If the beneficiary fund does not receive this form back in time, it stops all payments to that person until a properly completed certificate of existence form is received.



This section explains how to fill in the certificate of existence form and make sure that your payments are not stopped.

## What must I do with the certificate of existence (COE) form?

1. Take your form, together with your original identity document (ID) and a photocopy of your ID, to a recognised Commissioner of Oaths or official (such as a school principal, the police, village chief, a postmaster, bank official, minister of religion, magistrate, doctor, chartered accountant, lawyer/attorney or certain staff at our walk-in offices).
2. Sign the form in the presence of the official and have the official print his/her name, sign and stamp the form, and also certify your copy of your ID if they have the necessary authority. In the case of a minor child in your care receiving a benefit, the name and ID number must be the child's details, but the signature must be that of the guardian/caregiver.
3. Return the form to the beneficiary fund by the required date, using the reply-paid envelope provided, or by fax or e-mail. Remember that you **MUST** return the form to the beneficiary fund.
  - If you prefer to track its delivery, and are willing to pay for the additional postage expense, you may also send the form by registered mail to Fairheads' postal address (PO Box 4994, Cape Town, 8000), or by courier to Fairheads' street address (2 Long Street, Cape Town). Remember to mark it for attention: Fairheads Benefit Services.
4. You will receive a SMS to confirm that Fairheads has received your valid certificate of existence.

## What if...

As much as one would hope that the situation does not arise, it may happen that either the guardian/caregiver or member may pass away before the member turns 18. This section looks at what will happen in such a case.



### **What if the guardian/caregiver dies?**

Generally, the family will discuss who will become the new guardian/caregiver. The death certificate of the deceased guardian/caregiver must be sent to the beneficiary fund. The change of guardian/caregiver to the new guardian/caregiver will only take place once the beneficiary fund has received additional forms for the change of guardian/caregiver.

To start payments to the new guardian/caregiver, the beneficiary fund will need specific documents. Please call the call centre for more information or visit one of our walk-in offices or website in this situation.



### **What if the guardian/caregiver becomes unable to care for the member?**

It is quite common for an ageing or disabled guardian/caregiver to hand over the responsibility of caring for a member to a younger person, such as their daughter. In this case, the beneficiary fund will also need certain forms. Please call the call centre for more information in this situation.

### **What if someone other than the guardian/caregiver looks after the member?**

Sometimes a member ends up in the care of someone who is not the guardian/caregiver. In such a case, there may be disagreement about who the actual guardian/caregiver is. Once again, the beneficiary fund will need certain documents. Please call the call centre for more information in this situation.

### **What if I do not want to receive any payments from the beneficiary fund at this point?**

Sometimes a guardian/caregiver decides not to use any of the money in the member's account, leaving it there until the member needs it to study at university, or wants to invest it when he/she turns 18 or older.



If you do not want to receive any regular monthly payments at this stage, please contact the beneficiary fund to arrange for payments to be stopped until you instruct us otherwise.

### **What if we want to make a change to the member's name or date of birth?**

The information that the beneficiary fund has for the member must be the same as the official document issued by Home Affairs for that member. If you want to make any changes to the name or date of birth of the member that are different to what the current Home Affairs document and what the beneficiary fund has, you need to submit a letter from Home Affairs to the beneficiary fund, confirming the changes that have been made.

### **What if the member dies before age 18?**

In this case the benefit will be paid into the member's estate. The beneficiary fund will need the following **original certified copies**:

- the member's death certificate,
- the letter of authority/executorship issued by the Master of the High Court,
- the appointed representative/executor's identity document,
- valid banking details held in the name of the estate of the late member,
- the original letter of instruction sent by the beneficiary fund, filled in and signed by the appointed representative/executor in the presence of a Commissioner of Oaths (police officer, lawyer, attorney, bank manager, magistrate or staff at our walk-in offices). The Commissioner of Oaths must also sign the letter.

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## Trustees - looking after your money

### **Who manages the beneficiary fund?**

The beneficiary fund is a separate legal entity that does not belong to any company. The beneficiary fund is controlled and managed by a board of trustees which must always consist of at least four trustees, one of whom must be an independent trustee.





The day-to-day administration of the beneficiary fund is handled by Fairheads Benefit Services (Pty) Ltd.

The beneficiary fund also has a principal officer, an auditor, and investment managers who are all appointed by the trustees. The trustees have the right to amend the rules of the fund. All amendments must be approved and registered by the Registrar of Pension Funds before they are of any effect.

### **What must the trustees do?**

The trustees are responsible for the overall management of the fund. The trustees have to, amongst others, -

- manage the beneficiary fund in an efficient and transparent way;
- choose the best investment managers and investments;
- make decisions on payments from the beneficiary fund;
- communicate regularly with members;
- respond to disputes and prevent conflicts of interest; and
- know and understand the rules and any laws that affect the beneficiary fund.

## **How your money in the beneficiary fund is invested**

### **Why is the money in the beneficiary fund invested?**

It is important that the money for each member in the beneficiary fund is invested so that it can meet the needs of the members. Because of the way that the beneficiary fund must make regular payments to members, the investments are generally conservative. This means that instead of aiming for maximum investment returns but at higher risk, the focus is on -

- having money available for payments when needed; and
- protecting the capital (original amount transferred into the beneficiary fund).

## Who manages the investments?

The trustees appoint investment managers (on the advice of independent asset consultants) that specialise in investments that are best suited to the members of the beneficiary fund. The investment managers' performance is monitored and reported on a quarterly basis to the trustees.

There is an investment policy statement which includes rules for investment of members' money. This is reviewed regularly by the trustees and an independent asset consultant to ensure that the needs of the members are still being met.

## How is the money invested?

Three investments are used in an appropriate combination depending on the age of the member, size of the member account and how long the money will be invested for. These are:

### Money market fund

Some money is held in a money market fund for immediate access to money.

### Income fund

Where money is not needed immediately, it is invested in the income fund to earn more interest than it would get on call deposits.

### Balanced fund

Where the member account is bigger and the member is young, money is invested in the balanced fund to earn future growth.



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# Keeping track of your member account

## How can we keep a record of the member account?

Members and/or guardians/caregivers will receive annual member benefit statements within 6 months of the end of the beneficiary fund's financial year (end of February each year) as well as an annual certificate of existence form.

### This will show you:

- how much money was used during the year,
- how much there is at the end of the financial year, and
- where the money is invested.

## What must I do with my member benefit statement?

Keep all the member benefit statements in a safe place. If you as guardian/caregiver receive the member benefit statement,



consider discussing it with the member. Should you die or be unable to make your own arrangements due to injury or ill health, the member – if old enough - will at least know what to do.

*Please remember to use the reference number on the member benefit statement for all queries and communication with the beneficiary fund.*

### **What other communication can I expect?**

The beneficiary fund makes annual visits to the main areas in which there are members, to give the guardians/caregivers some more information on how the beneficiary fund works and how to make the best of this service. These visits are called 'roadshows' and are advertised in local community newspapers. Guardians/caregivers in the area are also informed of these roadshows via sms.

In addition, members and guardians/caregivers are entitled to inspect a full copy of the beneficiary fund rules and financial statements at any reasonable time and without charge at the registered office of the fund (see back cover) and to make copies of these documents at his or her own cost. Copies of these documents can also be requested upon payment of a fee determined by the trustees.

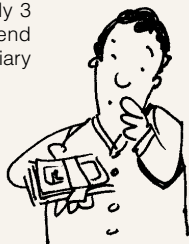


# When your membership ends

## Until when will the member qualify for payments?

The member will receive a letter approximately 3 months before the membership comes to an end and has the option to leave money in the beneficiary fund or have it paid out.

A member's beneficiary fund membership will generally come to an end when he/she reaches the age of majority (age 18)\*. At this point, all the money that is left in the member account is paid to the member.



### EXCEPT ...

**1. If a member wants to stay longer**

Even if a member turns 18, he/she may choose to keep the benefit in the beneficiary fund. In this case membership will generally continue until a final payment is made.

**2. If the remaining money is too little**

If the member's account falls below a certain amount (set by the board of trustees), it is no longer in the member's best interests to have a member account and pay the administration fees. In this case, the remaining amount will be paid out to the guardian/caregiver even if the member is younger than 18.

**3. If the member dies before age 18**

In this case the benefit will be paid into the member's estate.

*\* A member with a legal disability will remain a member for the rest of his or her life, unless the legal disability no longer exists or until the money runs out.*

## What must I, the member, do to receive what is left in my member account?

To be able to receive the money that is left in your member account, you need to do the following:

### At age 16 – apply for an identity document (ID)

1. Have two ID-sized photos taken (most photo shops can do this at a small cost)
2. Take the photos and a certified copy of your birth certificate to your local Home Affairs office.
3. At the Home Affairs office, complete an ID application form (Form BI 9).
4. After about 2 months, go back to the Home Affairs office to pick up the ID. (They may also have a way of contacting you to let you know when the ID is ready to collect.)





### **At age 18 – open a bank account**

1. Ask friends and visit a few banks to decide which bank you would like to choose. Look at the different banks' costs. Also ask what the minimum deposit amount is that you need to open your bank account.
2. Get the documents ready that you will need for the bank. These are:
  - your ID (the bank will make a copy)
  - the letter of instruction from the beneficiary fund (to show the bank that you will be receiving money )
  - proof of your residential address (where you stay). This can be something like a TV licence, or a rental agreement, or a municipal account. If you are still living with a guardian/caregiver, you may not have all these documents. In this case, take along a letter from your guardian/caregiver that explains his/her relationship with you; that you live with him/her and mentioning both your ID numbers. Also take proof of his/her residential address (any recent, official document that shows the address where you stay with your guardian/caregiver).
3. Visit the bank you have chosen and ask to speak to someone who can help you open your bank account.

To have the money paid into the member's bank account, please send the beneficiary fund the following documents:

- the original letter of instruction sent by the beneficiary fund, filled in and signed by the member in the presence of a Commissioner of Oaths (police officer, lawyer, attorney, bank manager, magistrate or staff at our walk-in offices). The Commissioner of Oaths must also sign the letter.
- an original certified copy of the member's identity document
- the member's bank details (the account **MUST** be in the member's name)

# What to do if you are not happy with our service

If you have a complaint against the beneficiary fund, send it in writing to:

## **The Complaints Officer**

Fax: 021 410 7998

Email: faibf@fairheads.com

The Fairfund Umbrella Beneficiary Fund  
PO Box 4392, Cape Town, 8000

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If the matter is not resolved to your satisfaction within 3 weeks of the Complaints Officer receiving your complaint, you may address the issue to:

## **The Trustees of the Fairfund Umbrella Beneficiary Fund**

c/o Mrs D Stoffels

Fax: 021 410 7995

Fairheads Benefit Services (Pty) Ltd  
PO Box 4392, Cape Town, 8000

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If your complaint is still not resolved within 30 days after the trustees have received it, you may address the issue to the Pension Funds Adjudicator. This is a body set up in terms of the Pension Funds Act to investigate and make decisions about complaints in the retirement and beneficiary fund industry.

## **The Pension Funds Adjudicator**

Tel: 087 942 2700

Fax: 087 942 2644

Email: enquiries-jhb@pfa.org.za

PO Box 651826, Benmore, 2010

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You can also contact:

## **The Office of Consumer Protection of the Department of Trade and Industry**

Contact centre: 0861 843 384

Telephone: 012 394 2076

Fax: 012 394 2358

Email: contactus@thedti.gov.za

Private Bag X84, Pretoria, 0001





## In closing...

Having read this Member Guide, you should now have a better understanding of the important points about your member account, which are:

- What the beneficiary fund offers you
- What your responsibilities are
- Who looks after your money
- What information you receive from the beneficiary fund
- What to do if you're unhappy with the beneficiary fund

The official rules of the beneficiary fund and financial statements are available at the offices of Fairheads Benefit Services (Pty) Ltd, 2 Long Street, Cape Town, 8001.

If you have any further questions, you are welcome to contact Fairheads Benefit Services (see back cover for contact details).









# Fairheads Benefit Services Contact Details:

## Phone

Cape Town call centre: 021 410 7800

Sharecall: 086 010 2919

Fax Cape Town: 021 410 7998

Email: [faibf@fairheads.com](mailto:faibf@fairheads.com)

## Mail

Fairfund Umbrella Beneficiary Fund

PO Box 4994 CAPE TOWN 8000

## Website

[www.fairheads.com](http://www.fairheads.com)

## Facebook business page

Fairheads Benefit Services

## Visit

### Gauteng

Ground Floor 45 Commissioner Str.  
JOHANNESBURG

Phone: 011 025 3451/2/3

or

2nd Floor, Sandown House  
Cnr Norwich Close & 5th Str.  
SANDTON

Phone: 011 883 9755

### Durban

23rd Floor, Office no. 2304  
199 Smith Str., Embassy Building  
DURBAN

Phone: 031 368 9260

### Cape Town

14th Floor, 2 Long Str.  
CAPE TOWN

Phone: 021 410 7800



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