

DE BEERS PENSION FUND

PRACTICE NOTE - UNCLAIMED BENEFITS

1. Background

Rule B2.8.0 of the Fund makes provision that any benefit, except for death benefits (see section 2.2 below for more details) and surplus apportionment entitlements to former members after 1 March 2013 (see section 2.6 below for more details), which is not paid by the Fund to a member (including a pensioner and non-member spouse), former member or beneficiary within 24 months of the date on which it became legally due and payable in terms of the Fund Rules or applicable legislation, be regarded as an unclaimed benefit and retained in the Fund's Unclaimed Benefits Reserve Account described in section 4 below.

A separate record, as prescribed by the Act¹, is maintained for unclaimed benefits effective from the date the unclaimed benefit concerned was classified as an unclaimed benefit in terms of the Fund Rules or applicable legislation, as contemplated in section 2 below. From 1 January 2009, as prescribed by the Act, no unclaimed benefit will be written back to the Fund (refer to section 2.5 below for more details).

If a potential beneficiary of an unclaimed benefit approaches the Fund at any stage, the Board of Trustees shall consider such claim and, if the circumstances warrant it, shall pay the beneficiary the benefit due increased or decreased in accordance with the investment returns earned thereon less any costs incurred by the Fund in relation to the administration of such unclaimed benefit, including any costs incurred in attempting to trace the beneficiary, from the Fund's Unclaimed Benefits Reserve Account.

2. Basis for determination

2.1 Withdrawal and retirement benefits

A withdrawal or retirement benefit is regarded as unclaimed if:

- It is not paid by the Fund to the former member within 24 months from the date on which it became legally due and payable in terms of the Fund Rules; and / or
- The Fund has explored all reasonable avenues of tracing the former member and it is considered by management uneconomical or ineffective to pursue tracing efforts further.

2.2 Death benefits

A death benefit is regarded as unclaimed if:

- It is not paid by the Fund to the beneficiaries within 24 months of the latest of the date on which it became legally due and payable in terms of the Fund Rules or the date when the Fund became aware of the death of the member; and / or
- The Fund has explored all reasonable avenues of tracing the beneficiaries and it is considered uneconomical or ineffective to pursue tracing efforts further.

2.3 Monthly pensions and annuities, including Death Benefit Annuities (DBAs)

Monthly pensions and annuities, including DBAs, are regarded as unclaimed if:

- The eligible benefits due to a pensioner, beneficiary or estate remains unpaid for 24 months after the date it became legally due and payable in terms of the Fund Rules, as a result of the lack of legitimate or valid banking details, despite the Fund's reasonable endeavours to obtain same; and / or
- The Fund has explored all reasonable avenues of tracing the executor, beneficiaries or pensioner and it is considered uneconomical or ineffective to pursue further.

¹ - The Pension Funds Act of South Africa

DE BEERS PENSION FUND
PRACTICE NOTE - UNCLAIMED BENEFITS

2.4 Unidentified bank deposits

Unidentified bank deposits, including returned and redirected electronic payments, are regarded as unclaimed if the Fund has explored all reasonable avenues to trace the source of the deposit and it is considered uneconomical or ineffective to pursue further.

2.5 Unclaimed benefits written back to the Fund prior to 1 January 2009

If a potential beneficiary of an unclaimed benefit that was written back to the Fund prior to 1 January 2009 approaches the Fund at any stage, the Board of Trustees shall consider such claim and if the circumstances warrant it, shall pay the beneficiary from the Fund's Legal Liability Contingency Reserve Account the benefit due increased by the late payment interest rate defined in Ruling 32, from the date the benefit became legally due and payable in terms of the Fund Rules or applicable legislation.

2.6 Surplus apportionment entitlements (Section 15C of the Act)

A surplus apportionment entitlement prior to 1 March 2013 is regarded as unclaimed if:

- It is not paid by the Fund to the former member or beneficiary within 24 months from the date on which it became legally due and payable in terms of the approved surplus apportionment scheme; and / or
- The Fund has explored all reasonable avenues of tracing the former member or beneficiary and it is considered uneconomical or ineffective to pursue tracing efforts further.

For surplus apportioned on or after 1 March 2013, the Board of Trustees has established a Distribution Reserve Account to house amounts to which former members of the Fund may become entitled upon meeting certain criteria. The criteria are set out in the Fund Rules and a surplus entitlement will only vest in the former member once the criteria have been met. Any amounts remaining in the Fund's Distribution Reserve Account 36 months after the surplus apportionment date defined in the relevant surplus apportionment scheme, which is not held in respect of a former member who has been identified and traced by the Fund, will revert to the Fund. In terms of the Fund Rules, amounts so released shall either be released as surplus or transferred to one of the Fund's other contingency reserve accounts, at the discretion of the Board of Trustees on advice from the Fund Actuary. In applying this discretion, the Board of Trustees **RESOLVED** that any amounts released from the Fund's Distribution Reserve Account shall be transferred to the Fund's Legal Liability Contingency Reserve Account.

If a potential beneficiary of a benefit that was previously held in the Fund's Distribution Reserve Account and which has subsequently been released and transferred to the Fund's Legal Liability Contingency Reserve Account approaches the Fund at any stage, the Board of Trustees shall consider such claim and, if the circumstances warrant it, shall pay the beneficiary the benefit (increased or decreased with investment returns earned in the Fund's Distribution Reserve Account) from the Fund's Legal Liability Contingency Reserve Account, increased by the late payment interest rate defined in Ruling 32, from the date the amount was transferred to the Fund's Legal Liability Contingency Reserve Account.

2.7 Divorce settlements

A divorce settlement is regarded as unclaimed if:

- It is not paid by the Fund to the non-member spouse within 24 months of the date on which it became legally due and payable in terms of the Fund Rules and applicable legislation; and / or
- The Fund has explored all reasonable avenues of tracing the non-member spouse and it is considered uneconomical or ineffective to pursue tracing efforts further.

DE BEERS PENSION FUND
PRACTICE NOTE - UNCLAIMED BENEFITS

3. Other provisions

3.1 Section 28 of the Act - Termination or dissolution (*Rule B3.3.1 and B3.3.2*)

Should the Fund be terminated or dissolved under Section 28 of the Act, all moneys which have remained unclaimed shall be paid to a fund established with the support of the Registrar for the purpose of holding unclaimed benefits, unless the Act requires otherwise, and there shall thereafter be no further claims against the Fund, the Principal Employer² or other participating employers.

The liquidator shall indicate in the final liquidation account amounts so paid to the fund established with the support of the Registrar for the purpose of holding unclaimed benefits and shall also furnish to the Registrar a certificate to the effect that all reasonable steps had been taken to trace the persons concerned. The Fund's external auditors shall certify the correctness of the account.

3.2 Section 29 of the Act – Winding-up (*Rule B3.3.3*)

Should the Fund be wound up under Section 29 of the Act the provisions of Rules B3.3.1 and B3.3.2 shall apply, unless the Act or an order of the court issued in terms of the Act, requires otherwise.

3.3 Transfers into the Fund (*Rule C6.1.2*)

The Fund may accept the transfer of assets for the benefit of persons who were former members of a Fund to which the Principal Employer or any other participating employer had contributed. This may include unclaimed benefits which existed in respect of such former members or beneficiaries who had been identified, but who could not be traced and / or who had not substantiated eligibility to such benefits at the date of such transfer.

The assets as aforesaid shall be held in the Unclaimed Benefits Reserve Account within the Fund for the benefit of the affected former members or beneficiaries pending submission of proof of entitlement and approval of such benefit claims.

4. Unclaimed Benefits Reserve Account

In terms of Rule 7.6.1 of the Fund, the Unclaimed Benefits Reserve Account will be made up as follows:

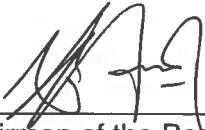
- The following amounts shall be credited to the Unclaimed Benefits Reserve Account:
 - a) any amount received for the benefit of persons as envisaged in section 3.3 above;
 - b) all monies retained in the Unclaimed Benefits Reserve Account in terms of Rule B2.8.0 detailed in sections 1 and 2 above; and
 - c) any positive investment return on the amounts in (a) and (b) above.
- The Unclaimed Benefits Reserve Account shall be debited with the following:
 - a) any expenses and costs relative to the maintenance of this reserve account as agreed by the Trustees;
 - b) any tax payable;
 - c) any negative investment returns; and
 - d) payment of approved benefit claims.

² - De Beers Group Services (Pty) Ltd

DE BEERS PENSION FUND
PRACTICE NOTE - UNCLAIMED BENEFITS

5. Authorisation

Approved by the Board of Trustees.



Chairman of the Board

Date: 19/4/2017

DE BEERS PENSION FUND
PRACTICE NOTE - UNCLAIMED BENEFITS

REVISION HISTORY

Revision no	Date reviewed	Date approved	Minute no
001	March 2017	30 March 2017	

