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The Building Industry Pension Scheme (Western Province) and The Building Industry Provident Fund (Western Province)

Member Information Booklet

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Introduction

Pension Scheme and Provident Fund

The Western Province Building Industry Pension Scheme and Provident Fund ('the Funds') provide retirement; disability and life insurance benefits, as well as funeral cover for employees in the building industry and their dependants.

The Funds are governed by a Board, which consists of member and employer representatives, as well as an independent trustee.

The Pension Scheme started in October 1967 and the Provident Fund in November 1997. Benefits of members who opted to convert to the Provident Fund have been made paid-up in the Pension Scheme and continue to earn investment returns until the members leave the industry.

New members automatically join the Pension Scheme.

The main features of the Funds are explained in this booklet, which is issued as a general guide to members. However, the booklet does not replace or override the rules of the Pension Scheme or Provident Fund in any way. Copies of the rules are available to members, on the Building Industry Bargaining Council website, www.bibc.co.za or can be inspected at the registered office of the Funds at 81 Voortrekker Road, Bellville, 7530.

Any enquiries regarding the Funds may be addressed to:

The Principal Officer

**The Building Industry Pension Scheme / The Building Industry Provident Fund
(Western Province)**

Principalofficer@bibc.co.za

General

1. How do the Funds work?

The Pension Scheme and Provident Fund are easy to understand.

Both Funds work like a savings account. Every month, you and your employer pay money into the Fund. Specialist investment managers invest this money to make it grow. **Positive or negative investment returns made from investing the contributions are added to your “Account”**. The size of the final benefit you will receive depends on how much you and your employer contribute to the Fund and how well the Funds' investments perform. This type of Fund is known as a 'defined contribution fund'.

On retirement, in certain instances the entire benefit from the Provident Fund can be taken as a cash lump sum, but it is then taxable in terms of a tax table issued by SARS from time to time once any tax exemptions have been taken into account. Tax on the lump sum may be deferred by selecting a monthly pension instead, which is then taxed as ordinary monthly income.

The Pension Scheme allows a maximum amount of one-third to be taken in cash on retirement, the same tax applicable to a Provident Fund apply.

2. Who may join?

Employees in the building industry with compulsory retirement fund contributions in terms of the Bargaining Council Agreements, and any other category of persons allowed by the Council to participate in the Funds.

3. When does membership start?

Membership starts when your employer pays your first fund contribution to the Bargaining Council.

4. When does membership end?

You remain a member of the Fund until you become entitled to your benefit.

5. How much are the contributions and how are they paid?

You and your employer share the cost of providing you with benefits.

Every day that you work in the industry, your employer will deduct your contribution from your wage, as stipulated in the wage agreement. You contribute 7.5% and your employer contributes 8% and pays the total amount to the Council, to be paid over to the Fund.

The total employee and employer contribution is approximately 15,5% of your wage, which includes the cost of insured benefits (life cover, disability cover and funeral benefits) and administration charges.

6. How is my annual wage calculated for purposes of the Fund?

Annual wage equals the minimum prescribed wage according to the wage agreement. This is usually determined on 1 November and remains the same until 31 October of the following year.

Contributions and benefits are based on minimum prescribed wages.

Summary of Benefits

1. Retirement Benefits

- **Normal Retirement age**

The normal retirement age is 60.

- **Early Retirement**

You may retire early on the last day of any month once you have reached the age of 55 years. Retirement between ages 50 and 55 will be allowed by the Board only for reasons of ill health due to the arduous nature of work in the industry.

- **Late Retirement**

If your employer agrees, you may remain employed after the age of 60 years and membership of the Fund may continue until the age of 65 years. You however only enjoy disability cover up to the age of 60 years.

- **Postponement of payment of retirement benefit**

If you retire from the service of the employer, you can postpone your retirement by leaving your retirement benefits in the Fund.

- **Retirement Benefits**

On retirement, an amount equal to your **share of the Fund** becomes available.

Your share of the Fund is equal to:

- Your Member's Portion (all of your contributions to the Fund, plus any amounts that you may have transferred from a previous fund, plus interest earned from investing these amounts).

PLUS

- The net portion of your employer's contributions after deduction of the cost of insurance benefits and administration charges, plus any amounts transferred from a previous fund, plus interest earned from investing these amounts.

With effect from 1 March 2021 your **Provident Fund Member Share** is split into a vested and non-vested account. The below explains how these accounts are accumulated in *the Fund* and how they will be paid at retirement.

Vested Account

- a) The *Member Share* on 1 March 2021 (if any); and
- b) Transfer from other funds after 1 March 2021 where you might have a value in a vested account will be added here; and
- c) Investment return on the above.

Non-vested Account

The sum of the following:

- a) All member and Employer contributions saved for retirement after 1 March 2021; and
- b) Any non-vested account transfer from another fund after 1 March 2021; and
- c) Investment return on the above.

Special note applicable to members who were members of *the Fund* on 1 March 2021 and older than 55 at that point:

You will only have a vested account. All member and Employer contributions saved for retirement after 1 March 2021 will also be allocated to your vested account.

On retirement from the **Provident Fund, you have the following options with regard to your share of the Fund:**

- You may take the full vested account plus a maximum of one third of your non -vested account of your benefit in cash and invest it as you wish. If the value of your non-vested account is however less than R247 500, you will also be entitled to receive that portion of your retirement benefit in cash

OR

- You may buy a pension from a registered insurance company, using all or a portion of your vested and non- vested accounts of your share of the Fund. The registered insurance company will then pay you a pension. A default option is available.

On retirement from the **Pension Scheme, you have the following option with regard to your share of the Fund:**

- You may take the whole amount in cash if the amount is less than R247 500 (as from 1 March 2016).

OR

- If the amount is more than R247 500 you may take a maximum of one-third in cash.

AND

- The remaining two-thirds will be used to buy a pension from a registered insurance company. The registered insurance company will then pay you a pension. A default option is available.

If you take cash from any of the funds, it is taxable in terms of the tax table issued by SARS from time to time. Tax on the lump sum may be deferred by selecting a monthly pension benefit instead.

- **Purchase of pensions**

- The pension referred to above must be purchased from a registered insurer, with the member as the owner of the policy.
- The pension must be payable at least until the death of the member. It may be a single-life pension, a joint and survivorship pension guaranteed for at least 5 years, or a flexible living annuity if the Fund value exceeds R500 000,00.

2. Death Benefits

For a member to qualify for Death and Disability Benefits:

- A contract of employment [as contemplated by the Labour Relations Act no 66 of 1995 section 200A] must exist between the employer and the member;
- This contract of employment or employer/employee relationship must be in place for at least 40 working days prior to the event giving rise to the claim for death or disability benefits;
- Contributions to the Scheme with respect to the member must be up to date for at least 40 (forty) working days in the 60 (sixty) working days prior to the event-giving rise to the claim for the insured death benefit, provided that, should no contributions be payable for a legitimate reason (such as layoff or illness for a period during the 40 (forty) working days, the 40 (forty) working days shall be extended by the duration of that period. Furthermore, if any portion of the Industry closure holiday period falls within the 60 (sixty) working days referred to above, the industry closure holidays are deemed to be working days that must be included in making up the period of 60 (sixty) working days.

- **Death Benefits : Amount and form of payment**

If a member dies before claiming a benefit from the Fund, a life insurance benefit equal to 4 (four) times of the member's annual wage is payable. (Members will be covered up to age 65 years).

- **Benefits payable in respect of members who do not qualify for a life insurance benefit**

An amount equal to the member's share of the Fund is payable.

- **Form of payment of life insurance benefit to eligible members:**

- If the member is survived by a spouse/partner, the spouse/partner will have the option of either purchasing a pension with the total of the equitable share of the Funds and the life insurance benefit, OR commuting the total benefit into cash;
- If the member is not survived by a spouse/partner, the equitable share of the Funds and the full life insurance benefit will be payable to his/her dependants or nominees.

3. Funeral Scheme Benefits

In order to qualify for the under mentioned benefits, a member is required to have:

- 5 daily contributions (1 weekly contribution) in the week preceding the claim.

OR

Contributions to the Scheme with respect to the member must be up to date for at least 40 (forty) working days in the 60 (sixty) working days prior to the event giving rise to the claim for the insured death benefit, provided that, should no contributions be payable for a legitimate reason (such as layoff or illness for a period during the 40 (forty) working days, the 40 (forty) working days shall be extended by the duration of that period.

The following amounts are payable as a lump sum	
Member	R25 000
Spouse	R25 000
Qualifying Child aged 14 and over	R25 000
Qualifying Child aged 6 and over but younger than 14	R20 000
Qualifying Child younger than age 6 or Still-Born Child <i>(Still-born child means a child that has had at least 26 weeks of intra-uterine existence but showed no sign of life after complete birth)</i>	R20 000

Cover for children aged 21 is extended to 25 for full-time students. Disabled children above age 25 are also covered.

This funeral benefit ceases if you leave the industry before retirement.

If you retire early from the fund from age 55 or retire on normal retirement age 60 or retire due to ill-health, you and your dependants will enjoy the funeral scheme benefits until you reach the age of 70, without further premium payments.

Please note that you must be a contributing member up to your early or normal retirement age for the funeral benefit to continue until age 70.

- **Payment of the Funeral Benefit**

In the event of the death of a spouse or a child the funeral benefit will be paid to the main member (the member of the Fund). In the event of the death of the main member the funeral benefit is paid to the person nominated by the main member to receive the funeral benefit. It is therefore crucial that members should nominate the person to receive the funeral benefit by completing a funeral benefit nomination form.

- **Burial Repatriation Benefit**

The Funeral Scheme also provides for a burial repatriation benefit

This benefit allows for the transport of the deceased by road or air:

- From anywhere in South Africa to Lesotho, Swaziland, Zimbabwe, Botswana, Namibia or Mozambique (South of the 22° latitude);
- To a funeral home close to the place of burial in South Africa.

One relative may also accompany the body to the funeral home and, if needed, overnight accommodation will be provided at no additional cost if death occurred within South Africa.

- **How to access this benefit**

Please note that you must first contact the Council's Helpdesk to establish whether you qualify for funeral benefits.

After confirmation with the Council Helpdesk, member's next of kin can access this benefit either themselves or via the member's employer, by calling Sanlam's 24-hour specialised call centre on 0860 004 080.

Callers must provide the following information:

- Name and identity number of member;
- Name and identity number of deceased;
- Copy of the funeral benefit nomination form if the deceased was the main member;
- Name and code of the Scheme. (The code is 18674 for the Pension Scheme and 18675 for the Provident Fund);
- Place where death occurred.

4. Disability Benefits

If a member becomes totally and permanently disabled before age 60 and submits satisfactory medical evidence to the Council, a disability benefit will be granted.

During the first twelve months, in order to qualify for a disability benefit you only have to be totally disabled to do your suitable occupation at your own employer. After twelve months, you need to be totally and permanently disabled for your own or any other suitable occupation at any employer.

The scheme also allows for partial disablement and a claim will be considered if you are partially disabled with a reduction in income of more than 25%.

- **Amount**

The insured disability benefit for disabled members is an amount equal to 70% of a member's monthly wage.

A waiting period of four months starting at the commencement of disability is applicable for payment of benefits. This benefit remains payable until the member recovers, dies or reaches normal retirement age, whichever occurs first.

While the member is disabled, he/she remains a member of the Fund. The member's contributions and those of the employer continue and are based on the member's wage at the time of becoming disabled.

The member also remains covered for death benefits before retirement and these benefits are also based on his/her wage at the time of becoming disabled. When the income benefit ends at retirement age, the usual retirement benefits become payable.

- **Pre-existing Medical Conditions**

The policy conditions stipulate that if a member becomes disabled within twelve months of his/her entry date or 1 December 2005, whichever is the later, due to a condition for which he/she received medical treatment during the six months immediately prior to these dates, a lower benefit or no benefit may be payable.

5. Withdrawal

A member who leaves the industry before retirement may select any of the following options:

- **Cash refund**

The member must give the Board written notice of his/her intention to leave the industry. A waiting period of six months applies. Upon expiry of the waiting period the member will become entitled to a cash refund equal to his/her share of the Fund. (The member must then lodge a claim at any of the BIBC offices).

- **Optional paid-up benefit**

A member may request the Board in writing to leave his/her share of the Fund in order to receive his/her paid-up benefit secured in terms of the rules of the Fund at his/her retirement date.

- **Transfer to another fund**

A member may choose to transfer the withdrawal benefit to another fund that has been established for retirement benefits and has been approved by the Board for this purpose.

6. Divorce Act

Please note that in terms of the Divorce Act of 1989, spouses may be awarded a portion of the member's pension/provident benefit by a divorce court. Both parties to the divorce must agree to the redistribution of assets for the purpose of the divorce settlement agreement. The amount of pension interest allocated to the non-member spouse by a Section 7(8) divorce order allocation must form part of the settlement agreement and the Fund must be notified of such an allocation. (The original documents must be submitted to this office.)

7. Investment strategy

The Building Industry Funds are defined contribution funds, which mean that the individual member carries the risk of good or poor investment returns. The investment returns earned on a member's accumulated fund value and the contributions paid into the Fund, have a significant effect on the value of a member's retirement benefit.

For this reason, the Board employs a life stage investment strategy that aims to provide growth for members far from retirement, but also to protect capital for the member close to retirement. The Board has also appointed various investment managers in order to spread the risk.

The Board is responsible for monitoring these managers and making sure they perform in accordance with their benchmarks and peers.

8. Nomination of Beneficiaries

- **Why should beneficiaries be nominated?**

Death benefits from the retirement funds do not form part of your estate at your death and consequently cannot be distributed in terms of a will. The only way in which you can give an indication of how the funds should be distributed when you die, is by nominating beneficiaries. However, the eventual distribution is subject to the discretion of the Board.

In terms of the provisions of Section 37C of the Pension Funds Act ('the Act'), any benefit payable by a fund upon the death of a member will not form part of the assets in the member's estate but will be dealt with in the following manner:

- a. If the fund within twelve months of the death of the member becomes aware of or traces a dependant(s) of the member, the benefit will be paid to one or all such dependants, as may be deemed equitable by the Board;
- b. If the fund does not become aware of or cannot trace any dependant of the member within twelve months of the death of the member, and the member has designated in writing to the fund a nominee who is not a dependant of the member, the benefit or such portion of the benefit as is specified by the member in writing to the fund, will be paid to such nominee only to the extent to which the benefits exceed the outstanding debt against the estate, if the estate of the member is insolvent;

- c. If a member has a dependant(s) and the member has also designated in writing to the fund a nominee(s) to receive the benefit or such portion of the benefit as is specified by the member in writing to the fund, the fund will within twelve months of the death of the member pay the benefit or portion thereof to such dependant or nominee as may be deemed equitable by the Board;
 - d. If the fund does not become aware of or cannot trace any dependant of the member within twelve months of the death of the member and if the member has not designated a nominee, the benefit will be paid into the estate of the member or, if no inventory in respect of the member has been received by the Master of the Supreme Court in terms of the Estate Act, 1956, paid into the Guardian's Fund.
- **In summary, the Act defines a dependent as any person:**
 - in respect of whom you were legally liable for maintenance;
 - whom you were not legally liable to maintain, if such a person: was, in the opinion of the Board, upon your death in fact dependent on you for maintenance;
 - is your spouse, including a party to a customary union according to Black law and custom or a party to a union recognised as a marriage under the tenets of any Asiatic religion, and including same-sex partners and life partners;
 - Is your child, including a posthumous child, an adopted child and an illegitimate child; in respect of whom you would have become legally liable for maintenance, had you not died.
 - **Take the following into consideration when nominating a beneficiary:**
 - a. **If you die without nominating a beneficiary:**
 - i. The Board will pay death benefits to the dependants on a basis that they regard as equitable. In most cases a member's spouse and those children who are regarded as dependants of the member, are favoured;
 - ii. If the Board does not become aware of (cannot trace) any dependants within twelve months of your death, the benefits are paid to your estate.
 - b. If you nominate a beneficiary who is a dependant, the Board will attach great value to your nomination because you are the person who best knows the needs of your dependants. Remember that personal circumstances of dependants may change after you have made a nomination and that the Board, in the interests of your dependants, may decide differently from what your nomination indicates.
 - c. **If you nominate a beneficiary who is not a dependant:**
 - i. Such a person will receive part of the death benefits in the proportion that the Board regards as equitable, taking into account any dependants;
 - ii. If you leave no dependants, the Board will pay the death benefits or such portion thereof that you indicated, to the beneficiary/beneficiaries twelve months after your death, only to the extent to which the benefits exceed the outstanding debt of your estate, if the estate is insolvent.

9. Claiming Benefits

When you or your dependants/beneficiaries submit a claim for a benefit from the Fund, you must complete all the correct forms and send it to the Fund. It is very important that you complete these forms correctly when you claim a benefit from the Fund, otherwise unnecessary delays may occur.

You can get any of the forms you need from any of the BIBC offices.

If you are claiming for a Retirement, Death or Withdrawal Benefit, you must email the forms and documents to:

pension@bipc.co.za

Or deliver your documents to:

81 Voortrekker Road Bellville 7530	or	Garlink Building Shop 3A 29 Lady Grey Street Paarl 7646	or	Oak Centre 7 Oak Street Somerset West 7130	or	Tanto Business Park 2 Argon Street Sandbaai Hermanus 7200
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If your surname has changed since you joined the Fund, you need to send in a copy of your marriage certificate and/or divorce order or a certificate of name change in order to claim your benefit. This helps the Fund to trace any benefits that you may have accumulated under your maiden name.

10. When you claim a Benefit

Whatever benefit you are claiming, you must always mail or deliver the following documents, together with the documents listed under each section:

- A copy of your green, bar-coded identity document/new bar-coded identity card;
- A certificate of service;
- A copy of your marriage certificate/customary union certificate or divorce order;
- A bank mandate form (signed and stamped by your bank and listing your account number and branch code) plus first page of your bank statement;
- SARS tax number.

11. What if you have Fund specific questions or complaints to lodge?

There are many ways to have any queries or complaints dealt with and cleared up, as per the details given below.

Members, who wish to lodge a complaint in respect of their fund membership and fund benefits or would like to query anything, may do so by emailing **the Fund's Principal Officer**, Mr Danie Hattingh principalofficer@bibc.co.za

Mr Hattingh, as Principal Officer of the Fund, will investigate your complaint, discuss the matter with the Trustees and provide you with a response within 30 days.

If there is a suspicion of misconduct by the administrator or employees of the administrator, members can use Sanlam's whistle blowing contact information below:

The Sanlam Fraud and Ethics Hotline

- t. 0800777543
- e. sanlam@tip-offs.com

If there is suspicion of misconduct by fund or complaint against the fund or administrator or if members are dissatisfied with the complaint feedback provided by the administrator, members can first contact the Pension Funds Adjudicator, who will refer more serious cases to the Regulator.

Riverwalk Office Park

41 Matroosberg Road

Ashlea Gardens

Pretoria

- t. +27 12 346 1738 / 748 4000
- f. 086 693 7472
- e. enquiries@pfa.org.za

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