

**But it's not just the employee who benefits**

**EMPLOYEE  
BENEFITS**



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## Employee benefits: An underutilised strategic tool for SMEs

A popular quote by self-made billionaire, Sir Richard Branson says: "If you look after your staff, they'll look after your customers. It's that simple." This employee-centric approach has been central to the success of Branson's global Virgin business empire.

While there are a myriad ways to help boost employee happiness and make staff feel valued, one of the more common approaches used in the corporate world is that of employee benefits.

Historically, however, employee benefit schemes have been perceived to be too costly and complicated for SME owners to implement.

### Increasing viability

Fortunately, advances in internet-based technology, continued industry innovation and regulatory reform, along with the rise of outsourcing have all made employee benefit schemes a viable option for SMEs, offering them a strategic

tool to increase employee satisfaction and happiness, and, ultimately, improve their bottom line.

Often, smaller companies perceive themselves to be too small or feel that it is the staff's responsibility to take care of their medical aid, life insurance, and retirement planning.

What many SME owners fail to understand though is that these schemes protect their most valuable business assets, their staff. They are the ones who ultimately help to generate income, and without happy and healthy staff the business cannot succeed.

### Boosting employee retention

An additional consideration is the level of job hopping in the workforce, which is particularly prevalent among millennials. The average time range currently spent at a company is two to three years – another reason to boost employee retention. Umbrella arrangements give employees the flexibility to port their group cover to an individual policy and preservation fund through continuation options. This means that employees are also able to preserve their benefits throughout their economically-active lives.

### Enterprise-level benefits for the SME

Now, with the advent of umbrella funds and group schemes, suitable group risk products that cater to everything from critical illness and death cover, to disability income protection and retirement savings, are available to SMEs.

In addition, the use of computer-based automation and self-help internet-based systems help insurers streamline processes and reduce costs even further by removing more of the human resource-intensive admin requirements. All that is needed to quote and set up a group scheme is basic employee and payroll data,

such as age, gender, location, and salary, with most umbrella schemes catering to staff compliments of 5-500 staff.

### Solid cover

With these simple core benefits in place, employees are protected with the financial means to help them overcome disease or injury. It also gives them peace of mind as their families will be taken care of should something happen to them, or because they know they will be able to enjoy life in retirement.

But it's not just the employee who benefits. The ease of this process now also adequately addresses the fears, doubts and concerns of SME owners from a cost and complexity perspective.

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## PFA upholds refusal of transfer of funds

The Pension Funds Adjudicator (PFA) has dismissed a complaint from a member whose request to transfer from one provident fund to another had been refused.

P Mokgopha who had been employed by Sun International (SA) Ltd from December 1998 was a member of SACCAWU National Provident Fund (first respondent).

He told Pension Funds Adjudicator, Muvhango Lukhaimane that he wished to transfer to the Sun International Provident Fund.

He said the first respondent had been under administration 'for a very long time' and his funds were not growing. He did not realise that when he joined the first respondent, he could not change the fund whilst still in employment.

He was told that the rules of the first respondent did not allow him to join the Sun International Provident Fund.

The Old Mutual Life Assurance Company (SA) (Pty) Ltd (second respondent) responded to the complaint in its capacity as the first respondent's administrator. It submitted that the first respondent was not under administration, but was placed provisionally under curatorship on 10 September 2002 by the High Court of South Africa.

It stated that since the first respondent had been placed under curatorship, its assets had tripled in value. The first respondent was in excellent financial standing and was submitting audited annual financial statements to the Financial Services Board.

The second respondent

attached a breakdown of the complainant's contribution history and the bonuses allocated to his record to show growth of his accumulated credit since the date he joined the first respondent.

The second respondent submitted that the member could only resign from the first respondent if he left the employer. It also submitted that it would ensure that the first respondent was in good financial standing and that there was no reason for concern.

In her determination, Lukhaimane said the rules of a fund were paramount and always prevailed over any other document.

"The complainant can only transfer his funds to another fund once he ceases to be an eligible employee and exits the

first respondent in terms of the first respondent's rules.

"The rules of the first respondent do not allow for the complainant's funds to be transferred to the Sun International Provident Fund. The complainant is obliged to remain a member of the first respondent until his retirement, retrenchment, termination of service or death in terms of the first respondent's rules.

"By allowing the complainant to transfer his funds to the Sun International Provident Fund, the first respondent will be acting contrary to its rules."

In dismissing the complaint, Lukhaimane said that since the curator had submitted that the fund was now in a healthy state, it was important for the registrar to review whether or not the placement of the first respondent under curatorship was still necessary.

