

## WHY YOU SHOULD KNOW ABOUT A BENEFICIARY FUND

As a parent, your child's future is largely dependent on you and the provision that you make on their behalf. Often, the only thing that threatens this future is the unforeseen. What happens when the unforeseen results in you no longer being able to care for your child?

If you pass away, the responsibility of caring for your child passes to a Guardian. The problem is that the Guardian that you choose may not be financially competent to deal with an amount as large as a Pension Fund death benefit.

Fortunately, members of a Retirement Fund are given the option for Trustees of that fund to consider the use of a Beneficiary Fund. Created by the Government in 2009, Beneficiary Funds are designed to accept lump sum benefits from a Retirement Fund, to safeguard the well-being of a minor or orphaned child. A Beneficiary Fund allows Trustees to exercise their fiduciary duty and ensure that the benefit is appropriately utilised.

## HOW DOES A BENEFICIARY FUND WORK

Depending on a child's needs, a Beneficiary Fund utilises the benefit to make monthly payments to an appointed Guardian. These monthly payments assist with the day-to-day needs of a child, as well as other needs such as education and medical costs. The amount that is paid to a Guardian on a monthly, quarterly or annual basis depends on the:

- Size and value of the Beneficiary Fund (the larger the Fund, the more money can be paid)
- A Beneficiary's age (the younger the Beneficiary, the longer the money will have to last. This means that regular payments would need to be smaller)
- Current and future needs of a Beneficiary

Because a Beneficiary Fund is not a traditional Pension Fund, choosing a provider that specialises in Beneficiary Funds is important. There are currently over twenty Beneficiary Fund Providers registered with the FSB (Financial Services Board). When short listing providers, three areas should set one aside from the rest; people, systems and service.

No two children have the same needs. Therefore, a product needs to be specifically selected to ensure the best possible future for your child. Most products ensure that funds are available on a constant basis for the expected needs of a Beneficiary. But what most children need, is more of a Managed product that goes a step further and typically sees the involvement of Trustees on any day-to-day decisions and even pays third party providers to ensure the proper utilisation of funds.

Over the past five years, Beneficiary Funds have done well to improve the protection and management of Pension Fund Death Benefits. Their purpose and benefits form an important part of the retirement reform. After all, the contributions made by hard working South African's today, should ensure the benefits paid to the elderly tomorrow but should also ensure the livelihood of those left behind should retirement not be reached.

## FEDGROUP'S BENEFICIARY CARE

Utilising retirement fund death benefits to care for orphaned children.

At FedGroup, we are not just administrators, we are providers. Our involvement in the Funds that we look after extends past administration. We invest in the future of our Beneficiaries, forming personal relationships along the way. Our Guardians and Beneficiaries are often known by name and their successes are celebrated by us as a family.

### SIMPLICITY

Our simplicity has earned us many "first in the industry" titles, while our focus on client experience ensures unparalleled service.

Inspired to improve the Life that you live and insure, our approach is fresh and unlike any other provider in the industry.

### VALUE PROPOSITION

Our value proposition resides in the investment that we make in our Beneficiaries.

This investment is evident in our product offering, transparent fee structure, experience of our administration team and involvement of our Trustees.

## CONTACT US

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In the event of a discrepancy between the FedGroup Beneficiary Care brochure and the FedGroup Beneficiary Fund Rules or Investment Control Trust Deed, the provisions of the Beneficiary Fund Rules and Investment Control Trust Deed will prevail. The Beneficiary Fund Rules and Investment Control Trust Deed may contain terms and conditions that are not dealt with in the brochure.

