

Raha Finance - Employment benefits

Problem: The client may consider **approved** Group Life Cover (GLC) to form part of the liquidity in the estate to settle liabilities. The Trustees of the Retirement Fund will identify all possible dependants of the deceased, which is time-consuming and only pay out once the process is finalised. This might leave dependants with a cash flow shortage to provide for basic living needs whilst this process is being finalised. The Trustees of the Fund have an overriding discretion to award benefits differently to a beneficiary nomination. Details about Employer Retirement Funds are not readily available, and many misconceptions might exist in the client's mind.

Houseview

Obtain a printout of the fund benefits. Check for client's understanding about the discretion of the fund trustees to override a beneficiary nomination and provide for any possible delays in payment of benefits.

Ensure that **unapproved** GLC has the correct beneficiary nominations in place.

Action

Conduct an analysis indicating: -

- (A) Maximum lump sum GLC available and how it will be paid.
- (B) Tax implications on approved GLC.
- (C) Provision made for income for dependants during the winding up of the estate.
- (D) Death Income Benefit for spouse/dependants during the period of finalisation of the process.