

Mineworkers Provident Fund

special bonus project

The Mineworkers Provident Fund is the largest defined contribution provident fund in South Africa (outside of the public sector) in terms of the number of members under administration. It was one of the first industry funds to be negotiated in South Africa - prior to legislation regulating that boards of trustees should have member representation. The Fund has 10 trustees - NUM appoints five and the Chamber of Mines appoints five.

Until its establishment in 1989, the majority of miners - mostly 'unskilled' or semiskilled - lacked any substantial retirement fund cover. Today, the Mineworkers Provident Fund has assets in excess of R3,7-billion! The average benefit accumulated in the fund has grown from approximately R7 000 a few years ago to over R20 000 today.

Special bonus

As a policy-holder of Old Mutual, the Fund was recently awarded an amount of 29 187 000 Old Mutual shares. The Fund's trustees decided to sell these shares on the listing date (12 July 1999). The trustees also decided to allocate the value of the 'free shares' to all Fund members who were in service (that is employed) on 31 December 1997. (Old Mutual allocated shares based on the Fund's assets on that date.) The trustees'

by Ann Weisz

decisions mean the Fund's members (who qualify) will receive a special bonus from the profit that the Fund made from the free shares. The Fund received R323 362 749 from selling the shares!

The trustees carefully considered:

- how to equitably distribute the proceeds of the sale;
- which members qualified for the special bonus.

The trustees consulted the Fund's actuary, attorneys and consultants before making a decision on these issues.

Qualifying members

The trustees decided that the following categories of people can share the special bonus:

Current members

All members who were in force (that is had money in the Fund) and paid-up on the 31 December 1997 could share in the proceeds of the special bonus. This includes people who have left the Fund since 31 December 1997 and 30 June 1999.

Members who are still in-service members will not be paid their special bonus amount in cash - instead the Fund



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will add the value of the special bonus amount to each in-service members' benefit in the Fund. The reason for this is that it is illegal for the Fund to pay members cash unless the members terminate their service with their employer and the Fund benefits become payable in terms of the rules of the Fund. The actual amount allocated per active member will be shown on the benefit statement for all in-force members.

People who are currently members of the Fund, but who only joined the Fund after 31 December 1997, will also qualify for a minimum allocation.

Resignations, retrenchments and dismissals

The Fund will pay all members who had left the service of their employer before 31 December 1997 but had not yet been paid their benefits from the Fund. For example, people who fell within the six month waiting period for payment, according to the Fund's rules.

Deaths

The Fund will pay the beneficiaries of those who had died before 31 December 1997 but had not yet been paid by the Fund (the death had to have been reported before 31 December 1997). The Fund will also pay for special bonuses in respect of deaths occurring between 31 December 1997 and 30 June 1999.



Pic Southern Life

Southern Life's dedicated administration team.

Untraced/unpaid members

The Fund will pay the special bonus to all former members who had benefits left or unclaimed in the Fund on 31 December 1997.

If you were or are a member of the Mineworkers Provident Fund you may qualify for a special bonus. Read this article to see whether you qualify and who to contact with any questions or claims.

Special bonus administration team

Payment of the special bonus amount presents an immense administrative challenge to the administrators of the Fund - Southern Negotiated Retirement Fund Services (a division in the First Rand Group) for a number of reasons:

- a lengthy time period has elapsed since December 1997 - this makes it very difficult to trace and pay members who left the Fund but still qualify for the special bonus;
- about 120 000 members left the Fund

as a result of the mass retrenchments taking place in the mining industry - this is a very large number of people to trace and pay and requires resources and good administration;

- 50% of exited members/beneficiaries live in Lesotho, Mozambique and Botswana. The Fund's administrators do not have records of the exited members' home addresses - the Fund only has details of the member's identity, the member's specific employer, how long he/she had worked for, and other aspects relating to employment. In many instances, the employer does not have accurate up-to-date records of the members' home addresses. This makes it very difficult to trace exited members.

The Fund has therefore formed a dedicated administration project team to focus exclusively on these challenges. Southern has established a dedicated team of 12 individuals whose mission statement is: "To effectively, efficiently and correctly pay over 120 000 members or beneficiaries with the special bonus amount within a six month period commencing January 2000." The administration team consists of:

- 1 experienced manager
- 1 finance specialist
- 10 administrators.

The back office team consists of:

- marketing
- systems support

Contact

People who have questions should contact the administration team (Tel: (0861) 221-122).

The Fund will start making payments from January 2000. The senior administration manager to the Mineworkers Provident Fund is Ms Yedwa Simelane (Tel: (011) 491-6447).

The dedicated administration team is located at Ground Floor, Southern Life Centre, 45 Commissioner Street, Johannesburg.

- finance
- senior management.

The professional administration team will be using the latest technology and the best tracing skills to complete the project successfully. Southern is committing large resources to the project, including flying people to neighbouring countries to trace exited members. It will also get assistance from NUM, the Chamber of Mines and TEBA.

Claims and payment

The Fund intends tracing or locating all the qualifying members. The qualifying members must then complete a questionnaire that will help the administrators check whether the person is in fact a qualifying member for the special bonus amount. The Fund will not pay any person whose identification is in doubt and cannot be checked.

Qualifying members must be able to provide detailed information relating to their period in service as members of the Mineworkers Provident Fund. Any person claiming the special bonus from the Fund must produce at least one of the following documents to the Fund's administrators:

- mine card (Makulu shop);
- benefit statement/member certificate;
- TEBA savings book;
- payslip from mine.

Qualifying members/beneficiaries (as defined above) can choose whether they want to be paid:

- by cheque;
- by cash (as long as the person is no longer a member of the Fund);
- through TEBA;
- by having money transferred into a bank account.

Ann Weisz is the divisional head of Southern Negotiated Retirement Fund Services.