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DETERMINATION IN TERMS OF SECTION 30M OF THE PENSION FUNDS ACT 24 1956 (“the Act”) – HENRY STEYN v CENTRAL RETIREMENT ANNUITY FUND (“the fund”) & SANLAM LIFE INSURANCE LIMITED (“the insurer”)

Introduction

1. This matter concerns the payment of a benefit from a retirement annuity fund on cessation of contributions before your chosen retirement date. The complaint was received by this office on 13 October 2005. On 17 October 2005 letters were dispatched to the fund and the insurer giving them until 7 November 2005 to file their respective responses to the complaint. The fund’s response was received on that date. A response was not received from the insurer. On 10 November 2005 a copy of the fund’s response was sent to you for a reply by 24 November 2005. A reply was not received from you.
2. In December 2005 an announcement was made of a Statement of Intent between the Minister of Finance, on the one hand, and the Life Offices Association and five large life assurers on the other, in terms of which the life assurers would commit themselves to certain minimum standards in respect of retirement annuity funds and endowment policies. Although the statement is not binding on this office, we nevertheless referred all retirement annuity fund complaints (including this one) back to the management boards and life assurers administering these funds with a view to facilitating an amicable resolution of the complaint between the parties without the intervention of this office. This matter was referred for settlement to the insurer on 23 January 2006. The parties were given 30 days to settle the matter failing which this office would determine the complaint in the ordinary course. On 16 February 2006 you informed this tribunal that the matter was not settled. It is with that brief background that I now determine this complaint in

V Ngalwana (Adjudicator), N Jeram (Deputy Adjudicator), C Nkuhlu (Snr Assistant Adjudicator), L Shrosbree (Snr Assistant Adjudicator), Z Camroodien (Snr Assistant Adjudicator), F Mtayi (Snr Assistant Adjudicator), K MacKenzie (Snr Assistant Adjudicator), R Maharaj (Snr Assistant Adjudicator), N van Coller (Assistant Adjudicator), L Mbalo (Assistant Adjudicator), J Mabuza (Assistant Adjudicator), V Abrahams (Assistant Adjudicator), S Gcelu (Assistant Adjudicator), T Thabethe (Assistant Adjudicator), M Ramabulana (Assistant Adjudicator)

Office Manager: L Manuel

the ordinary course.

3. After considering the written submissions before me, I consider it unnecessary to hold a hearing in this matter.

The Factual Background

4. On 1 July 1980, at the age of 22, you became a member of the fund. The fund is administered by the insurer which is also the investor of its funds. Your monthly recurring contribution of R30.00 was invested in a Sanlam policy with policy number 3756408x5 ("policy A"). Your chosen date of retirement is 1 July 2023 when you will be 67 years old.
5. On 1 November 1981, at the age of 24, you commenced making additional monthly recurring contributions of R20.50 which were invested in a second Sanlam policy with policy number 3992944x3 ("policy B"). Your chosen date of retirement in respect of policy B is 1 November 2022 when you will be 66 years old.
6. On 1 September 1984, at the age of 27, you commenced making further additional monthly recurring contributions of R70.00 which were invested in a third Sanlam policy with policy number 7711504x4 ("policy C"). Your chosen date of retirement in respect of policy C is 1 September 2022.
7. On 1 September 1990, at the age of 33, you commenced making further additional monthly recurring contributions of R49.50.00 which were invested in a fourth Sanlam policy with policy number 11476685x0 ("policy D"). Your chosen date of retirement in respect of policy D is 1 September 2022.
8. You ceased contributions to policy D and to policies A, B & C in January 1999 and February 1999 respectively. Your respective policies were accordingly made paid-up by the insurer.
9. Sometime before lodging your complaint with this Tribunal you requested the insurer to "pay out the value of the funds". The insurer refused to do so and advised you that a benefit will only be paid to you when you turn 55.

The complaint

10. You are dissatisfied with the insurer's decision not to "pay out the value of your funds". You state that you require these funds in order to pay some of your debts and to allow you to live normally without having past debts "constantly being a hampering factor" in your life.

The response

