

Funeral expenses ‘not deductible’

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Funeral costs cannot be deducted from death benefits paid by a retirement fund, especially when an employer has granted a loan to the family of the deceased member to cover the costs.

This is the view of Pension Funds Adjudicator Muvhango Lukhaimane, who has ruled that a death benefit does not form part of a deceased estate.

She says funeral expenses, which are obligations of the deceased estate, cannot be paid from retirement fund death benefits and “should be recovered from the deceased estate”.

Her determination follows a complaint by an employer, Two Ten Chemicals, that the Chemical Industries National Provident Fund had not repaid the company for loans of R5 000 each granted to families of three members who had died in 2011 and 2012.

The company had expected that it could recover the loans from any death benefits that became payable by the provident fund.