



ICTS Tracing Services Glossary of Terms

Committed to ensuring the rightful owners of benefits from retirement funds, insurance policies, share schemes etc receive the money owed to them.



Active Member

A member of a retirement fund that is currently contributing (or on whose behalf the employer is contributing) to the fund and who is accruing benefits under that fund, other than pensioners or deferred pensioners.

Administrator

A third party service provider appointed by a fund in terms of an administration agreement to assume all the administrative functions of the fund. Administrators are not permitted to control the assets of the fund other than operating the fund's bank account and keeping safe custody of documents. An administrator must be licensed in terms of section 13B of the Pension Funds Act.

Annuity

A sum of money paid to a person at regular intervals (for example, monthly) for a specified length of time, in return for a premium paid either in instalments or in a single payment. There are different types of annuities, for example, joint life annuities, level annuities, escalating annuities and living annuities.

Beneficiary

A person to whom the allocated benefits paid by a fund, policy, or trust, belong or is allocated as a beneficiary.

Benefit

An amount paid from a retirement fund, according to its rules.

Claim

When a fund suffers a loss, it claims the cost of that loss from its insurance policy, e.g. a death or disability insurance policy.

Defined benefit (DB) fund

A retirement fund that an employer and employee contribute to, but where the employer has to meet a promise to pay a benefit at a predetermined level at retirement. The benefit is usually based on the salary close to retirement, number of years of membership and a defined accrual or pension rate. The benefit payable is defined by a formula defined in the rules of the fund. Also called a final salary fund.

Dividend

A portion of a company's profit paid to ordinary and preferred shareholders. For example, a share selling for R20 a share with an annual dividend of R1 a share yields the investor a 5% dividend.

Dependant

In relation to a member of a fund, means:

- (a) a person in respect of whom the member is legally liable for maintenance;
- (b) a person in respect of whom the member is not legally liable for maintenance, if such person:
 - (i) was, in the opinion of the board, upon the death of the member in fact dependent on the member for maintenance;
 - (ii) is the spouse of the member, including a party to a customary union or to a union recognised as a marriage under the tenets of any Asiatic religion;
 - (iii) is a child of the member, including a posthumous child, an adopted child and a child born out of wedlock.
- (c) a person in respect of whom the member would have become legally liable for maintenance, had the member not died.

Employee

In terms of the Basic Conditions of Employment Act, 1997, an employee means:

- any person, excluding an independent contractor, that works for another person or for the state;
- any other person that in any manner assists in carrying on or conducting the business of an employer.





Employee contribution

An employee's own deposit, usually by way of a deduction from their salary, to a retirement fund. The fund refers to employees who contribute to the fund as members.

Employer

In relation to a retirement fund, is an employer participating in the fund.

Employer contribution

The amount the employer deposits into the retirement for the member.

Executor

The person named in a will who is responsible for managing and wrapping up the deceased's estate.

Fund

Is a retirement fund organisation and a legal entity in its own right.

Fund credit

Represents the total amount of assets held by a defined contribution fund in a member's name, calculated in terms of the rules of the fund.

Fund surplus

The excess of the actuarial value of assets over the actuarial value of liabilities based on the valuation method used.

Life policy

Means a contract in terms of which a person, in return for a premium, undertakes to:

- (a) provide policy benefits upon, and exclusively as a result of a life event, or
- (b) pay an annuity for a period and includes a reinsurance policy in respect of such a contract.

Lump Sum

A once off payment of money.

Maturity date

The date on which a bond repays its principal value to the holder.

Member

Members of a fund can be divided into three groups - active members, deferred members and pensioners. It doesn't include former members or persons whose membership has been terminated in accordance with the rules of the fund.

Member's portion


This is the sum of members' contributions to their retirement benefits.

Nominated beneficiary (nominee)

A person other than a dependant that the member wishes to benefit from the death benefit payment.

Non-contributory fund

This is a fund where only the employer contributes to the fund and where members make no contributions in terms of the fund's rules.



Paid-up status

No longer contributing money to an investment or fund.

Participating employer

An employer that establishes and continues to make contributions to a fund for its employees.

Pensioner

A person who receives a pension from the fund or who has purchased a pension from a registered insurer.

Pension fund

A fund as defined in the Pension Funds Act which provides pension and/or benefits for members on retirement and, after a member's death, to his/her dependants or nominees. At least two thirds of the benefits due at date of retirement must be taken as a pension as per the Income Tax Act.

Policyholder

The person entitled to the benefits of a long term insurance policy.

Preservation fund

A fund used by an individual to preserve or “park” their accumulated retirement fund savings to remain invested and avoid being taxed when they move jobs. A preservation fund may be either a pension or provident fund.

Provident fund

A fund approved by the South African Revenue Service and registered under the Pension Funds Act. The total benefit at retirement may be taken as a cash lump sum.

Retirement annuity

An annuity (regular payment of money) that commences on retirement.

Retirement annuity fund

Any fund, other than a pension or provident fund, approved by the South African Revenue Service and registered under the Pension Funds Act. Ideal for members of pension and provident funds who wish to supplement their retirement savings in their individual capacity with maximum tax efficiency.

Service provider

Is a company appointed by a retirement fund to perform specific services, for example tracing, administration, investments, consulting or auditing.

Shareholder

A person or entity that owns shares or equity in a company.

Statement

An account statement received periodically showing details such as transactions, values etc.

Tracing agent

A company specialising in finding people. In a retirement fund context, a tracing exercise may be necessary to find unclaimed members or former members who are due monies from the fund, or beneficiaries who may be considered for a portion of a late member's death benefit.

Unclaimed benefit

Unclaimed benefits refer to any monies due to a person that remain unpaid or unclaimed when a person resigns, is dismissed or retrenched. Unpaid retirement fund monies are defined in terms of the Pensions Funds Act as unclaimed benefits two years after a member leaves a fund due to resignation or retrenchment.

