

Secure yourself,
Secure your future



Why Keeping Your Pension Beneficiary Records Updated Matters

When Angela's father, a longtime mine worker, passed away, she assumed that she and her siblings would receive the pension benefits he had earned over decades of hard labour underground. After all, she had seen the payslips that showed regular pension deductions and even the benefit statements he used to receive.

But when the family approached the pension fund to lodge a death claim and survivor benefits, they were stunned. The nominated beneficiary on record was Angela's late father's first wife, whom he had divorced more than 30 years earlier. She had no children with Angela's father and had since remarried, but because he had never updated his nomination form, she remained the sole listed beneficiary.

The Board of Fund (Trustees) was legally bound to follow the records, and the case became messy, dragging the family into disputes, affidavits, and court processes. At a time when they most needed financial support, Angela and her siblings found themselves trapped in years of uncertainty, all because their father had never updated his beneficiary records.

This story is fictional, created to illustrate a common problem faced by pension fund members. The lessons it conveys, however, are real.

The Hidden Risk in Pension Records

Many pension scheme members underestimate the importance of regularly updating their beneficiary details. Yet, failing to do so can leave families struggling at the worst possible time.

Pension benefits are not automatically paid to "next of kin." They are paid to the people listed on the member's records or, where records are incomplete or outdated, to those determined by the trustees after lengthy investigations. This often results in:

- **Delays in Payouts:** Families may wait days or months while the Board of Fund verifies claims.
- **Disputes and Legal Battles:** Multiple claimants can emerge, leading to costly court cases.
- **Unfair Outcomes:** Benefits may end up with someone the member no longer intended to provide for.

Why Beneficiary Records Matter

Pension benefits are a lifeline. For widows, widowers, and children, these benefits often mean the difference between stability and poverty after the breadwinner is gone.

Accurate and updated beneficiary nominations ensure quick payouts, fairness, and peace of mind.

When to Update Beneficiaries

Life does not stand still, and neither should your pension records. You should update your beneficiary nomination forms whenever you go through a major life event, such as:

- **Marriage or Divorce:** To include or remove a spouse.
- **Birth or Adoption of Children:** To ensure dependents are covered.
- **Death of a Beneficiary:** To avoid listing someone who is no longer alive.

- **Change in Family Circumstances:** For example, when children become independent or a relative becomes financially dependent on you.

Board of Fund's Role in Protecting Members

The Board of Fund has a fiduciary duty to act in the best interest of members and their beneficiaries. This includes keeping accurate and up-to-date records, reminding members regularly to update their nominations, and ensuring fair distribution of benefits if records are unclear.

However, the Board of Fund can only work with the information they have. If members do not update their records, the Board of Fund is forced into lengthy processes of tracing dependents, verifying affidavits, and sometimes even going to court. This delays payouts and increases costs.

Real-Life Consequences

Stories like Angela's are common. Families who lose loved ones often discover that the nomination forms were last updated decades earlier. In some cases, the listed beneficiary may be an estranged spouse, a deceased relative, or even a colleague who was once a "next of kin" but long forgotten.

The result is confusion, resentment, and prolonged suffering for the people who were meant to be protected.

To protect your family and avoid unnecessary disputes:

- **Update Regularly:** Review your records at least once every two years or whenever major life events occur.
- **Submit Official Forms:** Always use the pension fund's official beneficiary nomination forms.
- **Provide Full Details:** Include accurate names, national IDs, and contact details.
- **Communicate with the Board of Fund:** Confirm that your changes have been recorded.
- **Inform Your Family:** Let them know you have a pension and who is nominated, so there are no surprises later.

Angela's father's story, though common, is a painful reminder of what can go wrong when beneficiary records are not updated or omitted. Pension benefits are meant to cushion families, not divide them.

The lesson is simple: do not wait until it is too late. Update your beneficiary records today, to keep them current. Your family's future depends on it.

Because in the end, the money you worked for so hard to save should go exactly where you intend it to go, providing dignity, security, and peace of mind to the people you love.

About IPEC

The Insurance and Pensions Commission (IPEC) is a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21] to regulate the insurance and pensions industry for the protection of policyholders and pension scheme members.

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