

3 March 2025

To All Employers

Private Security Sector Provident Fund (PSSPF)

Subject: Payment of Death Benefit in Cases of Employer Non-Compliance Upon a Member's Death

Dear Employer,

This notice serves as a reminder of your obligations under the Private Security Sector Provident Fund (PSSPF) **Rules** regarding the payment of member contributions. In the unfortunate event of a member's passing, any employer who has not timeously paid the required contributions for that member will be held fully responsible for:

1. **Paying the full death benefit due to the member's beneficiaries.**
2. **Funeral Benefit**
3. **Settling all outstanding contributions owed to the Fund for the member including LPI**
4. **Legal fees related to collecting the above.**

To demonstrate the extent of the assumed liability by the non-compliant employer, please see attached Annexure example.

This includes employers who have signed an Acknowledgement of Debt (AOD) agreement with the Fund. These measures are in place to protect the rights of members and their families, ensuring that they receive the benefits they are entitled to despite any non-compliance by the employer. We urge all employers to ensure that contributions are paid promptly and in full, as per the rules of the Fund. This includes submitting the respective accurate contribution schedule.

Failure to comply with these requirements not only places undue financial and emotional strain on grieving families but also exposes the employer to significant financial liability. If you have any questions or require assistance to ensure compliance, please contact your dedicated CLO [here](#)

Sincerely,

Dumisa Hlatshwayo

Principal Executive Officer

Private Security Sector Provident Fund (PSSPF)

Annexure

Calculation Examples

Death Benefit Calculation Example

Formula:

Death Benefit = (Annual Risk Salary × 3.25) + Outstanding contributions from employer

Example:

- Assume a member's Monthly salary is R10 000
- **Annual Risk Salary becomes R120,000.**
- Outstanding contributions payable by employer on behalf of the members amount to R20 000.00

Step-by-Step Calculation:

1. **Calculate the death benefit portion**
→ $R120,000 \times 3.25 = R390,000$
2. **Add the outstanding contributions from employer**
→ $R390,000 + R20,000 = R410,000$
3. **Total Death Benefit Payable: R410,000**

This means that if the employer failed to pay contributions timeously, they would be responsible for paying **R410,000 to the member's beneficiaries.**

Funeral Benefit Calculation Example

The **Funeral Benefit** is a **fixed lump sum** provided to assist with funeral expenses.

Example:

- The Fund pays a **fixed funeral benefit of R42,000.**
- If the employer did not pay contributions and risk cover lapsed, the employer would need to **pay this amount.**

This means that if an employer was non-compliant, they would have to cover both the death benefit (R410,000) and the funeral benefit (R42,000), totalling **R452,000**.

In total the employer is liable for paying the following:

1. **Death Benefit** – The employer will be liable for the **full death benefit** that would have been payable to the member's beneficiaries, as risk cover ceases when contributions are not paid. **(R410 000.00)**
2. **Funeral Benefit** – The employer will be required to pay the **fixed funeral benefit amount of R42,000** that would have been due under the Fund's risk cover.
3. **Outstanding Contributions and Late Payment Interest (LPI)** – The employer must settle all outstanding contributions, including any penalties and interest due to late or non-payment. **(R20 000 + LPI)**
4. **Legal Costs** – The employer is responsible for all legal fees incurred by the Fund to recover outstanding amounts.