

PLA CONFERENCE 2006

Attachment of Benefits and Section 37a

CASE STUDY

1. XYZ (Pty) Limited grants its employees micro and study loans. XYZ (Pty) Limited is a participating employer in the XYZ Provident Fund.
2. Employers of XYZ (Pty) Limited are members of the XYZ Provident Fund.
3. There are a number of XYZ (Pty) Limited employees who, are dismissed, resign or retire with money still outstanding on their loans.
4. In some instances these employees sign an acknowledgement of debt in respect of the outstanding loan amounts.
5. Where XYZ (Pty) Limited grants an employee a micro or study loan the XYZ Provident Fund stands as guarantor for the loan. In the event of an employee leaving the employment of XYZ (Pty) Limited with money still owing in terms of the loan, XYZ (Pty) Limited may effectively recover the outstanding loan amounts from the proceeds of the employee's pension benefits when they become due and payable to him.

ISSUES

1. Can the XYZ Provident Fund deduct outstanding micro or study loan amounts from the member's pension benefits and pay such amount to XYZ (Pty) Limited?