



CONSUMERS URGED TO PROTECT THEIR FAMILIES AGAINST FROZEN BANK ACCOUNTS

Most South Africans are unaware that in the event of death, bank accounts belonging to the deceased are often frozen until the financial affairs of the estate are settled. For the surviving family, who are already dealing with a traumatic loss, this can prove to be especially difficult.

According to Chris de Klerk, Corporate Actuary at PPS, the specialist financial services provider to graduate professionals, if the bank account of the main breadwinner is frozen this can place the surviving family under severe financial strain if they are unable to access money during this period. “Most South Africans believe that having some form of life cover should be sufficient to meet the financial needs of their family should the worst happen. However, if their financial affairs are not up-to-date, all of this careful planning can be undone.”

“The fact is that certain estates may take some time to wind up, particularly if there are complications. If this is the case then it is essential that the family has access to enough money in this intervening period, particularly if there are also funeral costs to consider on top of day-to-day expenses such as bond payments and household bills.”

“In extreme cases it can sometimes take months or even years to resolve any disputes, particularly with regards to life cover. If there are outstanding obligations such as home loans or vehicle finance then these will often take priority before any payout to the family.”

He says that consumers can guard against this by ensuring that their policy has benefits such as an immediate needs benefit. This pays out up to R50 000 within two working days, on presentation of a death certificate, to beneficiaries following the death of the policyholder. This amount is then simply subtracted from the total amount of life cover that is eventually paid out.

De Klerk says that while the policyholder may have taken out sufficient life cover, if there are any question marks around the case, or if the death is complicated in any way, there could be severe delays. “Unlike PPS, some insurers will not pay out on a disability or life insurance claim if the policyholder was injured or killed whilst partaking in extreme activities.”

He says that it is essential for consumers to read and understand any terms or conditions that may be specified in their policy. “A person can spend decades building and refining their financial plans and in the spur of the moment this can all come undone if they do not take into account any exclusions stipulated in their

policy, such as hazardous pursuits or travel to countries that are not covered by their insurance.”

“There are many factors to consider when planning for the financial welfare of a family and estate planning is just one of these. However, it is essential that if someone takes the time to speak to their adviser to ensure their family is properly provided for, that they are not left struggling to receive the benefit of his foresight,” concludes de Klerk.