

## Remuneration Appendix 2016

This appendix is designed to set out the components of the Cost of Employment (CoE) schedule and related benefits. Your CoE and related benefits are subject to the conditions and rules as set out on the HR website, see: <http://www.hr.uct.ac.za>.

### 1. Components of the CoE schedule

#### 1.1. University of Cape Town Retirement Fund (UCTRF)

All permanent and T2 contract staff are required, as a condition of service, to become members of the employer's provident fund (UCTRF). In terms of the rules of the provident fund, contributions to the fund are payable by the employer as part of a staff member's CoE (currently 22,5% of the Deemed Pensionable Amount for permanent staff and 20,912% for T2 contract staff). The Deemed Pensionable Amount (DPA) is a percentage of guaranteed CoE and is a figure used to calculate the amount allocated to the UCTRF and UCTRF benefits. Staff may elect this percentage at the beginning of each year. The following are the default DPA's linked to annual CoE:

Annual Cost of Employment	Default DPA
Up to R150 000	70%
R150 001 to R250 000	75%
R250 001 to R400 000	78%
R400 000 +	80%

Staff may negotiate an increase or decrease in their DPA which will result in a greater or lesser UCTRF contribution amount. There will be an associated increase or decrease in the Group Life Assurance cover, disability cover, income continuation benefit and the fringe benefit taxes. Please note, however, that any increase in the UCTRF contribution will not result in an increase in your guaranteed CoE, but will form part of your guaranteed CoE. Full details of the UCTRF may be found at [www.uctrf.co.za](http://www.uctrf.co.za).

The DPA amounts are optional between 50% and 100% subject to the following conditions:

- (i) Staff who increase their DPA by more than 10% annually may be required to complete a health questionnaire for the insurer who reserves the right to limit the cover based on their underwriters assessment.
- (ii) Once a member has increased their DPA they can only change it, at a future annual CoE review, to a minimum of 50% of their guaranteed CoE.
- (iii) Staff who decrease their DPA to less than the default amount must schedule an interview with their [HR Practitioner](#) who will take them through the consequences of their decision and ask them to sign an acknowledgment of these consequences.

From 1 March 2016, if your total retirement fund contributions (pension fund, provident fund and/or retirement annuity) exceeds 27.5% or R350 000 of your total tax earnings for the current year, you will be taxed on the excess.

#### 1.2. UCTRF additional voluntary contributions

The rules of the UCTRF allow the employer to make additional contributions to the Fund on the member's behalf. The additional contributions are based on DPA and are for the purpose of increasing pensionable service and/or retirement savings.

Contributions may be changed each year during the annual CoE review. You need to reflect this on your CoE schedule and attach a completed form [HR152 \(UCTRF Additional Voluntary Contributions\)](#).

It is possible to increase your UCTRF savings by an additional 1%, 2% or 3% of DPA (per annum) and/or an additional 2.67% or 5.33% of DPA per annum (which will also increase your pensionable service).

### 1.3. Optional annual service bonus and savings scheme

UCT offers an optional service bonus which forms part of your CoE and which is paid annually in November. The service bonus is calculated as the Benefit Amount (BA) divided by 13 (BA = 70% of CoE). The service bonus is payable to staff on a pro-rata basis upon termination of service i.e. resignation prior to 30 November in a year. Staff may elect to have the service bonus as an allocation from their CoE paid in November each year or on a monthly basis. A staff member may elect this option during the annual CoE review or when their CoE changes as a result of a contract change or when they receive a new CoE schedule.

Staff who wish to set aside additional savings may elect to do so via the annual increase exercise in January each year. Contributions are deducted from January to October and the saved amount is refunded to the staff member in November. If selected, the additional savings option may not be changed until the following January. If a staff member opts out of the savings scheme, they will not be permitted to join again.

### 1.4. Travel allowance

A travel allowance may be included in a negotiated package for staff in payclass 10 and above, or lecturer level and above who, by reason of the nature of their duties, are required to use their personal motor vehicles for business purposes. Any such allowance is paid to the employee to defray the cost of travelling using a motor vehicle owned or leased by the employee. The payment will take the form of a fixed monthly allowance. 80% of this allowance will be subject to PAYE. The South African Revenue Services (SARS) requires that travel allowances be based on expected business expenditure from the employer's perspective. SARS will therefore look to UCT to justify the quantum of each allowance received by employees. Please note that business travel excludes travel between home and place of work.

Should you wish UCT to allocate a travel allowance to you as part of your CoE package you must submit a motivation *each year*, approved by the Head of Department, which outlines the reasons for the expected UCT business travel expenditure as well as an estimation of your expected business mileage. *The motivation must be approved by the Head of Department. This must be sent to the Human Resources Department for the attention of Margie Tainton, Senior Manager: HR Compensation and Benefits - Room 221, Bremner Building.*

### 1.5. CoE total allocations may not exceed 40%

Total allocations may not exceed 40% of the staff member's CoE. Allocations include all contributions to the UCTRF, travel allowance, and deferred compensation. ***Please add the allocations indicated above and ensure that the total is not greater than 40% of your annual CoE. If it is greater than 40% then you will have to make appropriate changes to reduce the total allocation amount to 40% or less.***

### 1.6. Cash salary (after CoE allocations)

The cash amount may not be constant; as any change in the CoE package structure *will* result in an adjustment to the cash amount (e.g. the UCTRF contributions are changed as a result of the staff member increasing their Deemed Pensionable Amount as part of the annual COE review).

## 2. Deductions not listed on CoE schedule

### 2.1. Medical aid scheme

Employees on permanent and T2 conditions of service are required to become members of the University's medical aid scheme (currently) Discovery Health unless they are dependants on the medical aid scheme of a spouse or partner for which proof is required annually.

Medical aid is a direct deduction from your net pay and the amount of tax relief will be up to a maximum of R286 for each of the first two beneficiaries and R192 for each additional beneficiary thereafter.

### 2.2. Parking

Parking is a direct deduction from your net pay. Staff bringing a motor vehicle onto the campus are required to purchase a parking disc. Red bays are allocated to academics (senior lecturer and above) or PASS staff in payclass 10 and above. Yellow bays are allocated to academics at lecturer level and below and for PASS staff in and below payclass 9. Please refer to the application form ([TA01](#)) for information about applying for a parking disc.

## 3. CoE calculator

There is a useful [remuneration simulation calculator](#) which allows you to see the impact of changing allocations and will give you an estimate of your net pay. It will also give you a warning if your allocation exceeds 40%.