ANNEXURE F

EXAMPLES: Financial Incentive Illustrations

Salary Level	Notch	Pensionable years	Total incentive payable	Pensionable salary %
R617 622, Level 10 Basic salary (calculated on a two week's salary)	12	10	R237 546.92	100%
		20	R475 093.85	
R1 125 825, level 12 salary notch (calculated on a two week's salary)	12	10	R303 106.73	70%
		20	R606 213.46	
R1 365 411, Level 13 (calculated on a two week's salary)	12	10	R367 610.65	70%
		20	R735 221.30	

Salary Level	Notch	Pensionable years	Total incentive payable	Pensionable salary %
R617 622, Level 10 Basic salary (calculated on one week's salary)	12	10	R118 773.46	100%
R1 125 825, level 12 (calculated on one week's salary)	12	10	R151 553.37	70%
R1 365 411, Level 13 (calculated on one week's salary)	12	10	R183 805.32	70%

2 weeks' pay	**1 weeks' pay**
If we take notch 12 of salary level 10 at R617 622, and 10 years of pensionable service, the calculation will yield the following results: $\frac{\text{R617 622 x 10 years}}{\text{26 (weeks)}}$ = R237 546.92 (once-off before taxation)	If we take notch 12 of salary level 10 at R617 622, and 10 years of pensionable service, the calculation will yield the following results: $\frac{\text{R617 622 x 10 years}}{\text{52 (weeks)}}$ = R118 773.46 (once off before taxation)

<u>Employee A</u>

55 years of age – 15 years pensionable service

Pensionable salary - R617 622 (level 10)

Two weeks salary - (R617 622x 15)/26= **R356 320.38**

Financial Incentive for the first principle of 20 years = R**356 320.38**

NB. The person has 15 years of pensionable service.

<u>Employee B</u>

55 years of age – 30 years pensionable service

Pensionable salary - R617 622 (level 10)

Financial Incentive for the first principle of 20 years - (R617 622 x 20)/26 =

R475 093.85

Financial incentive for the remaining 10 years (based on principle of 1 week's pay) - (R617 622 x 10)/52 = **R118 773.46**

The total incentive payable = R475 093.85+ R118 773.46 = **R593 867.31**

<u>Employee C</u>

60-63 years of age: 20 years pensionable service

Pensionable salary - R617 622 (level 10)

Financial Incentive for the principle of first 10 years - (R617 622 x10)/26 = **R237 546.92**

Financial Incentive for the principle of the reminder of 10 years:

(R617 622 x10)/52 **= R118 773.48**

The total financial incentive **R237 546. 92 + 118 773.48 = R356 320.40**

NB:

- All calculated amounts are before taxation.
- Normal retirement incentive for employees aged 60 to 63 years calculated at two (2) weeks' financial incentive for the first ten (10) years of pensionable service; and one (1) week's financial incentive for each completed year of pensionable service thereafter.
- For the MMS and SMS members who are on a cost to company packages, the financial incentive will be calculated based on the **pensionable salary.** Example: 60%, 70% or 75% of your total package that represents pensionable salary portion.