

**MUTUALLY AGREED TO SEVERANCE PACKAGE TO BE IMPLEMENTED
IN THE EDUCATION SECTOR**

A severance package consisting of the following will apply:

(a) Pension benefits

The following pension benefits are payable:

- (1) Members of Government pension funds who have attained the age of 55 years and who have completed at least 10 years' pensionable service: A gratuity and an annuity determined in terms of the formula that applies at the member's pension age. The benefits will not be scaled down, nor will any additional period of pensionable service be added.

All members who have not yet attained the age of 50 years, as well as those who have attained age 50 but have less than 10 years' pensionable service: A gratuity equal to the greater of:

- The cash resignation benefit in terms of the rules of the Government Employees Pension Fund; or
- The cash resignation benefit payable in terms of the formula set out below:

$GRATUITY = (R1 \times N1) + (R2 \times N2) \times Z \times D \times INTFAC \times SEVFAC$, where

R1 = member's actual rate of contribution (as % of salary) as at 30/04/1996

N1 = member's actual (unadjusted) period of pensionable service as at 30/04/1996

R2 = the rate of 7,5%

N2 = member's period of pensionable service rendered subsequent to 1/05/1996

Z = average annual pensionable salary of member during his/her last 36 months of pensionable service.

Should the member have less than 36 months' pensionable service, it will be the average annual pensionable salary during his/her period of pensionable service.

D = factor equal to or less than 1, as set out in rule 14.3.1 of the Rules of the Government Employees Pension Fund (see below)

INTFAC = 100%, plus 2,5% for each full year of the member's pensionable service

SEVFAC = 100%, plus 10% for each full year of pensionable service up to 20 years, 15% for each full year of pensionable service between 20 and 30 years and 20% for each full year of pensionable service in excess of 30 years.

(Rule 14.3.1 of the GEPF)

D = determined by subtracting a number calculated in accordance with the undermentioned table from 10 000 and dividing the result by 10 000:

TABLE

Completed months of pensionable service	Calculation of number
0 to 36	0
37 to 120	0 plus 26 for each completed month of pensionable service in excess of 36 months;
121 to 240	2184 plus 17 for each completed month of such service in excess of 120 months;
241 to 360	4224 plus 11 for each completed month of such service in excess of 240 months;
361 to 480	5544 plus 7 for each completed month of such service in excess of 360 months;
481 and over	6384 plus 5 for each completed month of such service in excess of 480 months;

Members who are between the ages of 50 and 55 years and who have completed at least 10 years' pensionable service: A choice of either of the following benefits:

- A gratuity and an annuity calculated as in par (1) above: Provided that these benefits are reduced by 0,3% for each month between the member's age and the age of 55 years; or
- A gratuity calculated as in par (11) above

(Note) Reference to "pensionable service" above is also regarded as reference to a "pensionable period".

(b) Severance pay

Severance pay is paid equal to one week's remuneration for each completed year of continuous service within the broader Public Service.

(c) Other service benefits

(1) Vacation leave credits

A leave gratuity is paid in terms of the provisions and measures in the Regulations made in terms of the Educators' Employment Act, 1994 (the Regulations).

(2) Home owner allowance

An amount is paid equal to a maximum of six times the monthly allowance payable in terms of the Regulations for which the person concerned qualified on his or her last day of duty.

(3) Official quarters

Occupation of official quarters may be continued for a period not exceeding one month. A person's evacuation of official quarters after expiry of one month must nevertheless be postponed for a maximum period of three months if it is deemed necessary to avoid serious hardship.

(4) Medical assistance

Benefits are paid in accordance with the measures in the Regulations, which make provisions for medical assistance to educators on retirement or the termination of their services. A proposed revised set of measures in this regard is at Annexure C. In cases where officials do not immediately qualify for medical assistance in terms of these measures, a cash amount

equal to a maximum of six times the maximum monthly employer contribution payable in terms of these measures to the medical scheme of which the person concerned was a member on the last day of duty, shall be paid.

(5) Pro rata service bonus

A pro rata service bonus is payable.

(6) Service obligations

Exemption from all service obligations shall be granted. For this purpose obligations include, but are not limited to, all contractual debt/outstanding contractual debt arising from study/training agreements and agreements with regard to military training. Exemption according to this subparagraph does not include other debt a person may have, e.g. in terms of the Motor Finance Scheme for Senior Officers or subsidised motor transport.

(7) Resettlement benefits

Resettlement benefits in terms of the Regulations are payable with the exception that only officials older than 55 years of age qualify. This age restriction does not apply to persons who have to evacuate official quarters at their headquarters in order to occupy other private accommodation at such headquarters.

(8) Period of notice

The minimum period of notice is one month unless a service contract specifically provides for a longer period. Instead of keeping a person in service for the full period of notice, his or her services may be terminated with his or her consent at the beginning of or during the notice period. In such instances a further package which covers the unexpired period of notice up to the date of discharge, shall be calculated additional to the normal package and be paid out in the form of a once-off, all inclusive amount to compensate for the undermentioned service benefits:

- (i) Pensionable salary
- (ii) Fixed remunerative allowances
- (iii) Pro rata service bonus
- (iv) State's contribution to the applicable pension fund

- (v) Cash value of the vacation leave accrual which is forfeited

(9) Motor finance scheme for senior officers

An amount shall be paid equal to a maximum of six times the monthly basic allowance payable in terms of the MFS for which the person concerned qualified on his/her last day of duty.

(10) Subsidised motor transport

A person who, on the last day of his or her duty, participates in the subsidised motor transport scheme, will have the choice to retain the subsidised vehicle granted to him or her. Should he or she choose to retain the vehicle, her or she:

- Is obliged to repay any outstanding debt in full; and
- Shall be paid an amount equal to a maximum of six times the monthly repayment on the loan on the vehicle.