

SARA Bulletin

May 2007

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Taxation Proposals: Retirement Lump Sum Payments

National Treasury conducted a presentation before Parliament on 13 March 2007, in which the following taxation proposals for retirement lump sum payouts were discussed. These are merely proposals and may still be subject to change.

- **Cash lump sum:** In terms of current law, cash lump sum benefits payable on retirement by pension and retirement annuity funds must be equal to the greater of one-third of the total value of the money accruing to the member, or equal to an amount bearing a per annum annuity of less than R1800.

National Treasury is proposing that the annuity threshold of R1800 per annum be replaced with a monetary annuity threshold of R50 000. Thus, if two-thirds of the total benefit is less than R50 000, the total amount may then be taken in cash.

- **Tax-free portion:** The current complex formulas used to calculate a member's average rate of tax will be replaced by a simpler, quantum-based flat rate. Currently, the total amount that can be taken tax-free as a lump sum is determined by a member's length of service and average salaries level. In terms of the new proposals, length of service and salary will no longer be relevant. The

proposed lump sum formula will apply on a cumulative basis over the lifetime of a taxpayer and will be applicable to all lump sum benefits. The only formula that will remain would be the formula relating to the tax exemption on pensions accumulated by civil servants prior to 1998 (i.e. Formula C).

The maximum tax-free amount of a retirement lump-sum withdrawal will increase from about R120 000 to R300 000. The new proposed formula has a three-tier structure of zero, 18% and 36% and it is thus proposed that lump-sum withdrawals will be taxed as follows:

- R0 to R300 000 will be tax-free
- R300 001 to R600 000 will be taxed at 18%
- R600 001 & above will be taxed at 36%.

The possible implementation date for these proposals has been set as 1 October 2007.

**Pieter
Manager:
Absa Consultants & Actuaries**

**Cronje
Technical**

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How You Can Recognize Employee Achievement

To get the most from your employees, you've got to reward outstanding performance.

Nobody works for nothing; people work because there's something in it for them. Financial remuneration, prestige, recognition, pride, a sense of doing the right thing — the preferred rewards for a job well done vary from person to person. But the need to get *something* for one's hard work is universal.

Great leaders know this. They realize they can't simply expect their employees to do their best work, day after day, year after year, without meaningful acknowledgement. They understand that to get the most from their people, they've got to recognize their accomplishments in ways that have an impact, reinforce hard work and encourage continued creativity and innovation.

Here are a few effective ways to reward employee excellence:

- **Show them the money.** That is, pay your high achievers what they're worth. What value does an employee bring to the company? How do his or her efforts impact the performance of his or her team or department? What's the impact on the bottom line? Think about output, not input. Compensation based upon results achieved, rather than tasks performed, is both a powerful motivator and effective reinforcement.

- **Offer sincere thanks.** A well-deserved pat on the back, a written letter of commendation or some private (or public) words of appreciation and recognition can be extremely effective.
- **Provide meaningful perks.** Offer some extra flexibility to work from home. Give your high achievers the afternoon off from time to time. Send them on a golf outing or to a show. Take them out to lunch. The possibilities here are nearly endless.
- **Help them keep up the momentum.** A motivated employee will relish the opportunity to work on a challenging new project. Success breeds success. Give your outstanding employees a say in where their talents will be used next. Encourage them to keep on growing.
- **Develop them.** Mentoring, coaching and advanced training need not be viewed merely as a means of dealing with poor or deteriorating performance. Invest your developmental time and dollars in your top performers. That's the way to raise the bar, accelerate the growth of your strongest performers and drive your organization to greater heights of success.

If you're not sure what approach to take with a given employee, remember this: You can always ask! What better way to engage him or her in the process, demonstrate your respect and provide a meaningful reward for outstanding performance?

By Liz Bywater
President: Bywater Consulting Group
Phillyburbs.com

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All Work And No Play Makes John And Jane Stressed-Out Employees

About three in 10 employed Canadians between the ages 16 and 64 identify themselves in a study by Statistics Canada as workaholics.

We'll have to take their word for it because there is no clinical definition of workaholism. The term was coined in 1971 by Wayne Edward Oates, then a professor of the psychology of religion at Southern Baptist Theological Seminary in Louisville, Ky., in his book *Confessions of a Workaholic*. His neologism was quickly adopted by the Oxford English Dictionary, which also legitimized shopaholic, spendaholic, chocoholic and foodaholic, and a new disorder was born.

There is some consensus that workaholism is a compulsive condition with deleterious physical and psychological effects on the work- addicted as well as on family, friends and employers.

In the StatsCan study, the highest preponderance of workaholics was found among managers and trades workers rather than, as one might have expected, professionals or people in technical and clerical occupations. StatsCan postulated that professionals accept longer working hours as part of their role while those in the trades, where labour shortages are acute, are responding to an over-abundance of work.

StatsCan used data from the 2005 General Social Survey on time use to reach its conclusions about the numbers of workaholics and found the percentage hasn't changed since 1992. Given advances in technology that have accelerated the evolution of a 24/7 work culture, the constancy of workaholism is surprising.

In its commentary, StatsCan says workaholics derive no more satisfaction from work than non-workaholics. But why put a negative spin on it? What the research shows is that workaholics are just as satisfied in their work as non-workaholics. What's more, the statistical difference between the two groups in their level of satisfaction with life overall is negligible. Out of a maximum score of 10, non-workaholics rate their satisfaction at 7.8, workaholics 7.5. Their average level of enjoyment of work is virtually the same at 3.8 and 3.9 respectively out of a maximum of 5.0. While 81 per cent of non-workaholics are satisfied with their work-life balance, only two-thirds of workaholics share that view, though.

Indeed, a survey conducted earlier this year by SOM Surveys, Opinion Polls and Marketing on behalf of Desjardins Financial Security revealed that only 27 per cent of Canadians think a work-life balance is possible and just 17 per cent strongly believe that society supports workers having that balance. Two-thirds perceive a gap between workplace and personal values. Asked what values are most important to Canadians, 54 per cent said family; only 10 per cent said work.

Only 29 per cent feel their employers care about their work-life balance. But rather than deal with the problem head-on, Canadians tend instead to cope with the consequences of frustration; namely stress. When stressed, only two per cent say they reduce their working hours and only 14 per cent talk to their supervisors about their work-life balance problems.

Psychiatrist Irvin Wolkoff warns that if Canadians feel they cannot balance work and personal priorities, they will become resentful, disengaged and stressed employees, and the numbers struggling with mental health issues will increase.

Many people, workaholic or not, need help to make their time and energy contribute to their overall well-being and it's in employers' interest to ensure they can get it.

Technology and the knowledge economy may have blurred the lines between work and leisure, but maintaining interests outside of work remains the key to continuing career motivation, good health, positive relationships and a balanced life.

Vancouver Sun

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SARA Conference 2007

In commemoration of SARA's 10 year anniversary, the stage has been set to turn "**The Spotlight on High Performance**" at the Sandton Sun Intercontinental Conference Centre from **8 – 9 November 2007**.

Well known international speakers such as **Patricia Zingheim, Jay Schuster** and **Andy Buergi** have been secured to explore the topic of high performance pay.

In addition, 100 copies of the Zingheim and Schuster book, High Performance Pay: Fast Forward to Business Success, have been ordered for the first 100 people to register for the conference.

This year's conference is going to be one to remember to so make sure that you don't miss out.

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General Accepted Reward Practices Development Programme (GARP)

Most of the project teams are at a stage where they are starting to draft remuneration standards/ GARP. There is uncertainty about what constitutes remuneration standards/GARP. Over time the definition will crystallise, but we expect that lots of debate will take place before the final definition will be clear.

In conversations with the different stream leaders the following guidelines are our current truth:

- Remuneration standards/ GARP are not best practices
- GARP are guidelines or principles that could be used to assess remuneration practices. This means that different practices can be assessed using the same guidelines or practices. One can use the analogy of the legal principles a judge uses to evaluate a set of facts. For instance, you could use different methods to do salary surveys. If GARP was about best practices, one would say method ABC is the best or the only acceptable practice. However, if the standards are principles to evaluate the practice, the standards would read something like: The sample must be representative of the industry. It may even be so specific to state that 50% of the jobs (job titles) must be surveyed and say 20% of all the positions (incumbents of the jobs) included in the survey. A second standard could be that 80% of the jobs in the survey should be matched during a verification meeting between the survey administrator and the participant(s).
- It seems that a practical method to determine areas where standards should be developed is to develop a business process and then identifies the different areas where standards/GARP should be defined.
- GARP are universal. It also makes sense to analyse GARP in terms of all the stakeholders. GARP for employers, employees, the community, shareholders

etc. are exactly the same. Employees and shareholders must feel equally comfortable with the GARP.

It seems that most of the work streams will spend time to draft GARP statements based on the above method. Then they will start to share the standards with their colleagues in the other work streams. This will help to reach consensus between the work groups on terminology or confusing GARP. Once this phase is through, wider consultation will take place within the SARA community. If we are satisfied that the SARA community agrees with the standards, the lobby process will be extended to individual employers with the SARA members facilitating the conversation.

Feedback from the employer groups, as well as other stakeholder groups, will be discussed with professions, such as the accounting profession, to illicit their support for the GARP standards. Eventually, we will have a product, developed through consultation and consensus that we could present to governance bodies to include in their business practices.

Imagine - the board of directors of your company insisting that all remuneration practices in the business be certified by the auditors as GARP compliant. Imagine the ease with which debates about grey practices will be bedded down. Imagine the level of trust that will be developed in remuneration practices. Imagine the ease of communication about the methods being used.

Thank you to all who are participating in this project.

Lukas de Swart

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2007 Internship Programme

The interns, **Themba Zwane**, **Sbang Ncube** and **Andrew Letsoalo**, were exposed to the Edcon way of Remuneration and Benefits Management from 16 – 26 April.

Their training started off with an insight into the complexity of the retail business and how remuneration is managed within such a large group. Thereafter, a lot of time was spent understanding how employee benefits are managed, in particular retirement fund administration, medical aid and vehicle administration.

The Interns were also guided through the Edcon recognition programmes and spent a fair amount of time in the Management Information Department being exposed to remuneration data analysis, the timing of which was ideal as they had just completed GR2. This allowed them the opportunity to apply some of their newly acquired knowledge just in time.

Thank you Edcon for hosting the SARA interns.

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SARA Bursary Programme

This programme is an initiative designed to further promote the Reward profession by offering a bursary of R25 000 towards Masters or Doctoral research. In order to qualify, students will need to provide the Association with the key focus areas, objectives and anticipated research methodology of the research. The details of qualification criteria, as well as application forms can be found on the SARA website at: [SARA Bursary](#) and must be completed and forwarded to [Gillian le Cordeur](mailto:Gillian@vdw.co.za) at Gillian@vdw.co.za. Applications for 2008 close in June 2007.

For assistance in the application process, please contact [Mark Bussin at 21st Century Pay Solutions](#) (Tel:011 447 0306)

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GRP Programme 2007

The details for Cape Town are as follows:

Date:	Function:	Venue:	Availability:
August 20-22	GR 5 – Cape Town	Palm House	Space Available
August 23-25	GR 6 – Cape Town	Palm House	Space Available
November 19-21	GR 7 – Cape Town	Palm House	Space Available
November 22-24	GR 2 – Cape Town	Palm House	Space Available

The details for Johannesburg are as follows:

Date:	Function:	Venue:	Availability:
August 13-15	GR 5 - Johannesburg	House of Pharaohs	Fully Booked
August 16-18	GR 6 - Johannesburg	House of Pharaohs	Fully Booked
November 12-14	GR 7 - Johannesburg	House of Pharaohs	Fully Booked
November 15-17	GR 2 - Johannesburg	House of Pharaohs	Fully Booked

The details for Angola are as follows:

Dates:	Function:
May 16-18	GR 5
June 20-22	GR 6
August 1-3	GR 2
September 12-14	GR 9
November 26-28	GR 7

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Cape Town Branch News

[SARA Case Studies Workshop and Cocktail Function Feedback](#)

The Cape Town branch of SARA held a succesful remuneration function at the Old Mutual Business School, Cape Town, on 3 May 2007.

The turn out for this event was very good, with 36 bookings and approximately 30 people attending.

The speakers were excellent and very interesting. There were a lot of lessons to be learnt from **Herman Niewoudt from Shell**, about how to achieve simplicity and consistency in rolling out a common remuneration platform across the African continent, as well as the challenges in doing so.

Llewellyn de Jager of Cebano gave an insightful presentation about the successes and the ongoing challenges in the Old Mutual Role Design and Total Package Implementation. This presentation sparked some lively debate about the role design issues.

Disappointingly, only a few people stayed for the cocktails, so there was not as much networking afterwards as we had hoped. But those of us who stayed enjoyed the food, the conversation, and meeting up with old colleagues again.

We are planning a Worldatwork feedback session in late June, as a number of Cape Town people attended the conference. We will also be holding a workshop with some of the 2007 Paycon speakers in September.

Dianne Auld

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Expatriate Management Group News

The Expatriate Management Group would like to welcome and congratulate its new Chairlady, Yvonne Webb. The Group would further like to extend its heartfelt thanks to Barbara Parry for her leadership and commitment over the last two years. The EMG was her “brainchild” and Barbara is the founding member of this branch of the association. We greatly value her continued support.

Since its inception, the Expatriate Management Group has grown into its own. As such, we will be expanding this section of the newsletter; providing expat specific news and articles of interest, events as well as EMG news. We would urge members to participate in this growth by providing feedack to events, sending articles to the editor, and of course, letting us know what your needs are and your specific areas of interest. We would also appreciate any links or articles that you feel would benefit other members that could be placed on the EMG section of the SARA website.

The EMG will also be sending out a survey to members, in which you are urged to participate.

Keep your eye on EMG as it is broadening its horizons!

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EMG – Challenges In Africa

Conducting any business in a known environment, within a culture that is understood is always a challenge, but venturing out into the unknown is a challenge that comes with far greater risk factors.

There are many areas of concern, resulting in a great measure of research being required to establish many critical facts before starting any operation in Africa.

The cultural diversity in Africa must be considered as a major factor, as no company can succeed without ensuring that the culture in any specific country is understood and respected.

It is estimated that there are over 800 languages spoken in Africa. In South Africa alone we have 11 official languages : English, Afrikaans, Tsonga, Xhosa, Ndebele, Southern Sotho, Zulu, Tswana, Venda, Northern Sotho and Venda.

As South African organizations expanding into the rest of Africa, we have many challenges in understanding and working with the diverse languages and cultures we need to work with in the foreign countries.

For the full article, please visit the SARA website at: [EMG Library](#)

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Employment Opportunities

Remuneration Analyst

Remuneration Consulting firm is looking for a Remuneration Analyst to join a team responsible for developing and implementing total reward strategies.

Responsibilities:

Research, Analyse and Present data for the effective design and implementation of a range of reward solutions that include: Pay Benchmarking, Organisational Remuneration Strategies, Executive Remuneration Strategies, Performance and Incentive Strategies, and Pay Model Development.

Experience and Qualifications:

B Degree or relevant diploma

2 years experience in excel modeling

Exposure to remuneration and benefits profession (preferable)

Strong business orientation and analytical ability

Closing date: 4 June 2007

Please contact Laurence Grubb at Mabili on 083 260 7969 or at Laurence@mabili.co.za

Compensation & Benefit Specialist

Company: Auto manufacturer Pretoria

Responsibilities:

Interpret market remuneration & benefit trends
Conduct surveys
Provide input to Surveys
Conduct job grading
Project manage as required

Person:

Working knowledge of compensation & benefits
Working knowledge of job grading particularly JE Manager
Analytical abilities

Qualification:

Degree in Human Resources or Business Management
Minimum of 3 years relevant experience in Compensation & Benefits environment
Strong PC literacy

Position:

Contract period of 10 months – with attractive benefits
Reports to Compensation & Benefits Manager

Closing date: 6th June 2007

Please send CV's to: iris.pretorius@bmw.co.za

Remuneration consultant - Corporate HR

Reporting to: Snr Manager: Remuneration and Administration

Work experience/ Academic qualifications: 3 years experience in a compensation and benefits role BCom or similar qualification with focus on statistics

Core task requirements / Responsibilities:

- Research best practice around compensation, benefits and rewards through external networks
- Pro-actively analyse and provide remuneration information to the business
- Analyse data from the HR system in order to provide the business with management information

- Building and maintaining strong relationships with the business partners and line management
- Understanding of the business and the roles and responsibilities within the business in a changing market
- Ownership of salary surveys and job matching
- Implementing remuneration philosophy per business unit
- Handling of increase process
- Assist Business HRM's with calculation of net salaries for job offers
- Assist with implementation of new HR system
- Provide Assistance with job grading process and compliance to grade structures
- Assist with Share trust requests
- Provide supporting role in International Assignments Administration

Core competency: Understanding of remuneration in a corporate environment

Requirements/skills/Personal attributes:

- Knowledge of employee tax legislation
- Solid understanding of current legislation and Media24 policies, and procedures
- Excellent interpersonal skills with an ability to relate to individuals at all levels
- Strong time management skills and ability to perform under pressure and prioritise accordingly
- Presentation skills
- Analytical skills/attention to detail
- Assertive / challenge the status quo / influence process
- Excellent business writing and communication skills
- Numerate
- Statistical analysis abilities
- Advanced excel skill
- Microsoft office/outlook

Closing Date: 8 June 2007

Contact: jtruter@media24.com or call 021 406 2469

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WorldatWork Feedback Session – Johannesburg

Recently, several SARA members attended the WorldatWork Conference in Orlando, Florida.

As part of SARA's commitment to information sharing, the association has organised a valuable feedback session for members who were not able to attend this excellent conference.

The event, an afternoon cocktail, will take place at Nedbank, Sandton on the 26th June 2007.

For more information, please contact Gillian at gillian@vdw.co.za

More details will be sent to members in the next week.

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Industry Events

WorldatWork 2nd Annual European Total Rewards Conference

3-5 Oct, 2007 – Brussels, Belgium

For more information please visit: [WorldatWork](#)

WorldatWork Asia-Pacific Total Rewards Conference

31 Oct - 2 Nov, 2007 – Singapore

For more information please visit: [WorldatWork](#)

The Reward Management Update 2007

28 & 29 November 2007 – London

For more information please visit: E-reward.co.uk

The ASDFSA Annual Conference 2007 on Scarce and Critical Skills, with special guest, Bruce Fordyce, will be held at Gallagher Estate, Midrand on 6 June 2007. For more information, contact Ryan Dube at 011 880 4808 or ryan@frontfoot.co.za

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Website Postings

- A variety of Event Documents have been added to the website at: [Library](#)
- New Jobs have been posted to: [Employment](#)
- New Corporate Members have been added to the website at: [Membership](#)
- Information on new SARA Events have been added to: [Events](#)
- EMG Event Documentation has been added to: [EMG Library](#)
- New CV's have been added to: [Employment Wanted](#)
- Information on the 2007 Reward Awards has been posted to: [Awards](#)

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Update Your Membership Details Online

To access the SARA membership database and edit your personal details online, go to: [My Membership](#)

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New Members

SARA would like to extend a warm welcome to the following new members. We look forward to your participation and trust that you will enjoy the many benefits of the Association.

New Corporate Members

- Mrs. Tanya Whitmore – CRS Technologies
- Mr Zweli Nyandeni – Ssbela Consulting
- Ms Nothando Mkhize – Phillips South Africa Pty (Ltd)

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Editor's Note

Dear Readers

I welcome input from readers of the SARA Bulletin and encourage you to forward any information or announcements that you would like to see published in the bulletin to iris@vdw.co.za during the course of the month. If you have something you would like to share or have an article, success story or activity you would like published, please do not hesitate to contact me. SARA reserves the right to edit content for clarity and/or brevity.

Please note that the views expressed in this newsletter are not necessarily those of the South African Reward Association.

All comments and constructive criticism is welcome and I urge you to give me feedback so I can provide you with the information you want to read about.

Regards

Iris Herz

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SARA Secretariat
Van der Walt & Company
Association Management Services
Tel: (011) 789-1384
Fax: (011) 789-1385
Email: sara@vdw.co.za
Website: www.sara.co.za