

SARA Bulletin

October 2007

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DISCOVERY OFFERS INVESTMENTS

Health insurer Discovery Holdings launched a new investment business unit called Discovery Invest. Discovery CEO Adrian Gore said the group believed it had built a comprehensive investment product range that offered investors the lowest costs in the market and a unique choice of performance guarantees.

Gore says the global trend to consumerism has had a marked and positive effect on the South African investment industry. Consumers have benefited in recent years from lower prices, greater choice and the emergence of a new breed of specialist asset managers. He believes it has, however, also led to individuals bearing a greater deal of the risk associated with their investments.

In addition, Gore says, people are living longer through advances in healthcare and therefore need to save more for retirement. These factors all contribute to a need for greater protection for investors and more efficient products.

Tuesday, 23 October

TAXMAN ALLOWS RETIREES TO BREATHE SIGN OF RELIEF

The simplified tax rules for retirees that came into effect this month are worth applauding - with the deadline for tax submissions looming. Under reforms announced in the last Budget, the first R300 000 of a lump sum withdrawn at retirement from a pension, provident, preservation or retirement annuity fund is tax free. The next cash pay-out (R300001 to R600 000) is taxed at 18% while the next or third pay-out (R600 001 to R900 000) attracts tax of 27%. All lump sum withdrawals above R900 000 are taxed at 36%.

As before, the maximum lump sum cannot exceed one-third of the total entitlement. The remainder must be used to buy an annuity. The key issue in the new retirement tax era is the optimum split between the cash lump sum and the amount committed to a living annuity to assure a comfortable income for the golden years.

Sunday, 21 October

The Times

Alan Botha, head of wealth management at BJM PCS Gauteng

DISCOVERY HIKES PAYMENTS

The country's largest medical scheme administrator, Discovery Health, announced a 9.8% increase in contributions for 2008 in September. The increase is the same across all of Discovery's plans. Jacky Mathekga, the principal officer of the scheme, reported that Discovery Health Medical Scheme has amassed substantial reserves and is on track to meet its targets, as agreed with the Council for Medical Schemes, of 23% by December 31 2007 and 25% by December 31 2008.

Wednesday, 19 September

Finance24

HEALTH MINISTER SLAMS PRIVATE MEDICAL CARE

Health experts gathered in Johannesburg to probe a pathological, and potentially terminal, syndrome of private healthcare cost escalations late last month. Opening the meeting, Health Minister Manto Tshabalala-Msimang described the structure of private healthcare in South Africa as "unsustainable, unaffordable and frankly, not

ethically justifiable", and criticised "an uncompetitive and inadequate level of diversity and competition".

The minister pointed out that while the number of people covered by medical schemes had not risen significantly in the past five years -- the only real growth had been in the Government Employees Medical Scheme -- broker fees had increased by 326% between 2000 and the 2006/07 financial year. Lacking an influx of new members, medical schemes had been able to grow only by cannibalising each other - providing an opportunity for brokers. There was no discount to medical aid members who did not use a broker. Deputy Director General Kamy Chetty said almost 14% of all household out-of-pocket expenditure was related to healthcare. Chetty said private hospitals, specialists and non-healthcare costs had seen the most significant expenditure increases.

Saturday, 29 September
Mail & Guardian
Belinda Beresford

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RULING ALTERS DIVORCE ACT, PENSION ACCRUAL

A landmark ruling by pension fund adjudicator Mamodupi Mohlala is likely to affect thousands of divorced spouses awaiting payment of the divorce benefits from various retirement funds. Mohlala has ruled that, following the promulgation on 13 September of the Pension Funds Amendment Act, benefits are deemed to "accrue" to the member on the date of the court order of divorce.

Previously, under the Divorce Act, pension benefits were paid out to the non-member spouse only when the benefits accrued, usually on retirement. The effect of this statutory provision was that the non-member spouse could receive payment of the pension interest only when the benefit accrued to the member spouse. "Thus, from this date onwards, the non-member spouse is entitled to have the divorce benefit disinvested from the fund portfolios and paid or transferred to another fund or to him or her", Mohlala said.

However, the National Treasury is considering a further amendment to the Pension Funds Act to clarify some confusion about an earlier amendment that was meant to allow divorcees to immediately access their portion of their former spouses' retirement fund savings - rather than waiting until their ex-partner has retired or resigned.

Monday, 8 October
Business Day
Regis Nyamakanga

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NEW PENSION FUND WILL GIVE WOMEN MUCH BIGGER CLOUT

Gloria Serobe, one of the founders of the financial services group, Wiphold, and chairperson of the Presidential Working Group on Women (PWGW), launched the Women's Retirement Fund (WRF) which will have a strong bias towards women's economic interests. She plans to build WRF into the second-largest pension fund in the country after the Government Employees' Pension Fund. Its R700 billion worth of assets is managed by the Public Investment Corporation (PIC).

Serobe says that WRF will promote shareholder activism that will result in:

Women getting into leadership positions to ♣ influence the implementation of policies that benefit them;

Women ♣ influencing funds to design products that address their needs;

Women ♣ pushing policies that protect them from HIV/Aids and sexual harassment; and

♣ Networking opportunities for women to share business ideas.

The fund is the brainchild of the working group which works closely with the office of President Thabo Mbeki. The group consists of women from business, labour organisations, non-governmental organisations and the South African Domestic Workers' Union. The WRF will create access and provide a safety net for women who are trapped in poverty because they do not have enough savings to rely on during retirement.

Saturday, 6 October

City Press

Bongolethu Futuse

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DELOITTE: EXECUTIVE REMUNERATION SURVEY

Overall executive salary increases for the period 1 August 2006 to 31 July 2007 were recorded as 7.6% for basic salary and 7.4% for guaranteed package. This is according to research entitled 'The SA Guide to Executive Remuneration and Reward' conducted annually by Human Capital at Deloitte among a wide range of companies in many different sectors. Globally, CEO turnover is at an all-time high, having exceeded 300% over the past five years, with no let up in sight. The well publicised spate of CEO resignations from large South African corporates over the last 18 months mirrors this global trend and is indeed a cause for great concern.

The average executive (all levels of executives including CEOs) turnover for the period reviewed was 10.5% which has decreased from 13.5% reported in 2006. Of the executives who emigrated, it was found that 33% left for better employment opportunities abroad and 25% because of crime/violence. A significant finding is

that 12% of organisations stated that retrenchments or early retirement are considered as options within their organisation in order to create vacancies for affirmative action (AA) executives. However, more than half (57%) of respondents have experienced difficulties in recruiting suitably qualified and skilled AA executives.

It was found that while 70% of respondents have an executive development strategy, only 10% have different training/development initiatives for AA executives. These include diversity training; professional coaching; easier access to training, and understudy programmes, attendance at selected Exco meetings and selected study programmes. The research revealed that an average of 1.3% of organisations' payrolls is allocated to the training and development of their executives. With skills shortages continuing to bedevil many of our economic sectors and food price increases beginning to bite, pay at all levels is coming under increasing pressure.

For the full press release, click [here](#).

Tuesday, 9 October 2007
Deloitte

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ANNUAL SARA CONFERENCE

We are very excited to announce the annual SARA Conference, which will be held at the Sandton Sun Hotel in Sandton, Johannesburg, on 8 and 9 November 2007. The theme of this year's conference is 'The Spotlight on High Performance'. In addition to the local speakers, we have contracted with three international speakers, namely Patricia Zingheim and Jay Schuster from Schuster-Zingheim and Associates (USA) and Andy Buergi from The Living Water Institute (Switzerland). We are confident that the international speakers, as well as the other high quality local speakers are going to contribute to a most successful conference.

Judging on the high number of conference registrations received in the past number of days, we are expecting the best turn-out ever. Due to this conference being our 10th anniversary celebration, we are really working hard in ensuring that this is going to be a great event.

Should you wish to obtain further information, contact Gillian le Cordeur, at the SARA Secretariat, at gillian@vdw.co.za or tel: (011) 789-1384.

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SARA 10TH ANNIVERSARY CELEBRATIONS - COMMEMORATION MAGAZINE

To commemorate SARA's 10 year anniversary, a special commemoration magazine will be handed out to each guest attending the 10th anniversary celebration breakfast on Thursday, 8 November. The magazine will also be mailed to all SARA members who were unable to attend the breakfast.

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SARA CONFERENCE - SPOTLIGHT ON PERFORMANCE AND REWARD

The spotlight on performance and reward will fall on 8 and 9 November 2007 at the Intercontinental Sandton Sun. Join us for two conference days packed with learnings from three international speakers, the results of a specially commissioned survey on retention strategies in South Africa, performance management best practice; and case studies from leading industry experts. Be one of the first 100 people to book for the conference and receive a copy of our key note speakers, Patricia Zingheim and Jay Schuster's new book: High Performance Pay - Fast Forward to Business Success.

This event is guaranteed to be the highlight of your year, so hurry and book now! For further details regarding bookings, please visit www.sara.co.za. The brochure is also available on the website.

Nicolene de Beer

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GRP PROGRAMME 2007

The details for Cape Town are as follows:

Date:	Function:	Venue:	Availability:
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:
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: November 26-28	Function: GR 7
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RECENT GRP GRADUATES

Congratulations to the following individuals who are now Global Remuneration Professionals. They have recently qualified and received their GRP certification:

Mazen Sulaiman Al-Harbi

Expatriate Management Group News

EMG EVENTS

The event on the 14th November will be a big MUST for members to attend. We are fortunate to have an international speaker Andreas Beurgi address us. Beurgi is the Managing Partner of the Swiss peak performance consulting firm LWI Ltd., and he has more than 20 years of international hands-on business experience. He spent a large portion of his career initially as the MD of an international expatriate management consulting company and then as a partner at one of the "big four" consulting firms, specialising on developing and implementing international people mobility programs for multinational clients.

Most of Beurgi's career has been spent in coaching and advising expatriates, intercultural teams and executives responsible for global business expansion to optimise their planning, processes and performance. In this context, Beurgi has also accepted a role as international faculty member with World at Work, specialising on the areas of international compensation, benefits and assignment management.

Book the date, and be sure not to miss this one!

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EMPLOYMENT OPPORTUNITIES

We trust that you have been receiving your regular SARA Jobs bulletin, and that you are benefiting from this service. Please remember to send us your opportunities, which are also posted on the SARA website at [Professional](#)

Development.

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INDUSTRY EVENTS

The Reward Management Update 2007

28 and 29 November 2007 - London

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

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WEBSITE POSTINGS

New Jobs added to Employment Section:

<http://www.sara.co.za/professionaldevelopment/employment/>

New CV added to Employment Wanted Section

<http://www.sara.co.za/professionaldevelopment/employmentwanted/>

Library, September 2007 newsletter added

<http://www.sara.co.za/library/ebulletin/>

GRP, Latest Graduates Added

<http://www.sara.co.za/professionaldevelopment/grpprogramme/recentgrpgraduates>

Honorary Members List added to site

<http://www.sara.co.za/saraandmembership/honmem>

SARA Conference 2007, latest accomodation details added

<http://www.sara.co.za/events/saraconf2007>

Corporate Member List updated

<http://www.sara.co.za/saraandmembership/membership/membershipbase>

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EDITOR'S NOTE

Dear Readers,

Welcome to the October edition of the *SARA Bulletin*!

As this bulletin carries the objective of keeping its readers up-to-date with the latest industry developments, I welcome and encourage you to send me your thoughts, editorial contributions and comments. I would also like to thank you for the information and support already kindly received.

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

Nadia Van Niekerk

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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

Manage your membership online at
<http://www.sara.co.za>