



UNIVERSITY of the  
WESTERN CAPE

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HR POLICY DOCUMENT  
ANNUAL BONUS POLICY

Reference Number	Executive Management Committee, C Annex 2008/2/2
Implementation Date	2009 January
Revision / Amendment Number	01
Revision / Amendment Date	2008 June

## 1. Introduction

The annual bonus is a pensionable amount that is equal to one month’s salary and is seen as part of the staff member’s remuneration package. There are three categories:

### 1.1 Current employees have the option:

- to receive the bonus in monthly pro-rata payments or;
- to keep the status quo and have the bonus paid in their birth month;
- If you elected to have your bonus paid in monthly payments and thereafter changed again to annual payments, the bonus will only be paid in December.

### 1.2 New permanent employees (as from 1 January 2009) will not have the birthday month option. They can only choose between the following:

- to receive the bonus in monthly pro-rata payments
- to receive an annual bonus payment in December

### 1.3 Contract employees:

- UWC funded contract staff qualifies for the bonus benefit after two years of continuous employment.
- Contract staff paid from restricted funding must get donor approval before HR will implement a bonus payment.
- Contract staff qualifies for a bonus payment after a continuous period of employment of 24 months. The bonus will then only be paid if a further **12 month** contract has been offered and will only be paid in December of that year. If at the end of the third (one year) contract you have not completed 36 months of continuous employment the bonus payment will be pro-rated.
- The payment of a bonus is subject to the provisions stipulated in the contract.

## 2. Core purpose, outcome, impact and value of the Policy

The purpose of the annual bonus is to supplement the remuneration package in order to make the position more attractive to potential employees. By using the annual bonus the University enhances the remuneration package to be on par with market-related salaries.

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### 3. Corporate Governance and Rules of the Policy

The rules of the policy are as follows:

- All qualifying employees are entitled to an annual bonus, 100% of monthly pensionable salary, or pro-rata portion thereof based on period of employment;
- The bonus is subject to a retirement fund deduction in the case of UWC Pension fund or UWC Provident fund;
- The bonus benefit is automatically applicable to all permanent staff.
  
- Employees who opt to have their bonus paid monthly will receive instalments based on monthly pensionable salary for the current financial year only. No payment will be made in respects of the previous financial year.
- If the permanent employee have not served a full year's service at the time that the bonus is paid a pro-rata bonus will be payable;
- The contract agreement of contract staff will indicate if an employee qualifies for a bonus payment and the conditions of payment.
- Staff members, who resign<sup>1</sup>, retire or who have served a full contract (if bonus is applicable) will receive pro-rata bonus upon termination of service.

### 4. Relevant Legal Statute

1. Refer to UWC Conditions of Service Manual Section D4.
2. Amendment to Bonus Payments  
"6.2.7. Item 9: Executive Management Committee, C Annex 2008/2/2

### 5. Definition of Terms within the Policy

**Bonus** – 100% of one month' basic salary payable once a year  
**Pro-rata** – the payment is based on the monthly amount of the current annual pensionable salary

### 6. Policy Procedures (process documentation)

The process will be as follows:

- The employee is notified of all the bonus options and makes his/her choice.
- Once the offer of employment is signed by all relevant parties, the Service Centre Coordinator will check the data captured and advice on corrections where relevant;
- The HR Service Centre will forward all relevant documentation to the Pay Office;

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- The appointment type that is allocated to the employee on the ITS system will link the staff member to the relevant benefits and bonus package;
- If the post is funded by restricted funds, HR will receive an approved payment instruction from the Finance Department to process;
- The HR Payroll Office will capture the staff member information on the ITS system.
- The Pay Office will activate the bonus payment option on the ITS payroll system.

## 7. Revision Cycle and Maintenance

- **Date of last review**

1. UWC Conditions of Service Manual of 1984, Section D4.
2. Amendment to Bonus Payments  
"6.2.7. Item 9: Executive Management Committee, C Annex 2008/2/2

- **Title and details of the reviewer**

UWC Senate and Council  
Executive Management Committee

- **Changes made**

Further changes approved at the Executive Management Committee in 2008.

- **Proof of approval**

1. UWC Conditions of Service Manual of 1984, Section D4.
2. Amendment to Bonus Payments  
"6.2.7. Item 9: Executive Management Committee, C Annex 2008/2/2
3. Also current practise.

- **Copy of previous versions of the Policy for record and audit purposes and where it is stored.**

Refer UWC Conditions of Service Manual of 1984, Section D4.

## 8. Feedback Loops

### Control & Audit

- Monthly bonus report per department
- Annual bonus report per department

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<sup>i</sup> Approved by Council 19 June 2008, for implementation 1 January 2009