



UNIVERSITY OF WESTERN CAPE (UWC)

INCENTIVISED EARLY RETIREMENT POLICY

DATE OF LAST APPROVAL: C2006/1



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HR POLICY DOCUMENT
INCENTIVISED EARLY RETIREMENT POLICY

Policy Owner: HUMAN RESOURCES CONSULTANT
AMY AMANSURE
LIONEL DANIELS
HUMAN RESOURCES DEPARTMENT

Process Owner: HUMAN RESOURCES CONSULTANT
AMY AMANSURE
LIONEL DANIELS
HUMAN RESOURCES DEPARTMENT

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1. Introduction

Applications for incentivised early retirement in response to an offer by UWC are considered in the light of workplace needs. No one has the right to retire early.

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

The core purpose of this policy is to provide a framework for the employer to manage this benefit. The policy applies only to permanent employees who qualify for early retirement in terms of the respective retirement fund rules and who have been offered incentives to retire early.

3. Corporate Governance and Rules for incentivised early retirement:

The following rules apply to this policy:

- Early retirement is voluntary and no employee may be compelled to go on early retirement.'
- Voluntary early retirement incentives may be offered to permanent employees only.
- Incentivised early retirement recommendations must be approved by Council for senior management and by Executive Management Committee for all other employees.
- The formula for the incentive will be approved by Council or the Senior Management Committee and may be revised from time to time
- Offers of voluntary early retirement incentives are entirely at the discretion of the University.

- The University has the right to withdraw any offers made.
- Recommendations need to be submitted 3 months in advance to the relevant committee (Council or Executive Committee).

4. Retirement Fund Policy Rules for Normal Early Retirement

In terms of the Pension Fund Rules, an employee forfeits 0.25% of pension benefits for each month such an employee retires before the age of 60.

Employees belonging to the Provident Fund will forfeit the additional value of possible years.

5. Incentives for Consideration in the case of employer selected candidates:

The following incentives may be considered:

- Continued contribution to Group life Insurance (to age 65);
- Continued subsidisation of Medical aid until normal retirement age is reached (65);
- Payment of Accumulative leave or part thereof;
- Continued subsidisation and study rebates (up to age 65);
- Severance pay according to a customised formula; which takes context and circumstances into account.
- Differing formulae for staff in the following two categories may be applied:
 - 55 to not yet 60 years of age: An additional consideration may be applied to compensate towards the retirement fund penalties in this age group;
 - 60 to 65 years of age: This group do not have pension fund penalties.

6. Relevant Legal Framework

This policy is subject to the rules of the respective retirement funds and

the university rules and regulations of the University.

7. Definition of Terms within the Policy

"Incentivised early retirement"	Voluntary retirement, earlier than the normal retirement age in terms of the fund rules. Candidates are approached by Senior Management. Early retirement with additional benefits offered to selected employees
"Incentives"	Incentives are additional benefits offered to employees.
"incentivised early retirement severance formula"	A formula will be devised for application; and may be reviewed for specific circumstances.
"Normal retirement age"	the normal retirement age is 65
"Retirement funds"	The UWC Pension Fund and UWC Provident Fund
"Senior managers"	Rector, Vice-Rector, Registrar, Executive Directors and relevant Dean(s).

8. Policy Procedures (process documentation)

Offers to employees (Incentivised early retirement)

The executive in consultation with Human Resources will identify potential candidates. This may be done in consultation with the relevant line managers.

An Executive member will prepare a recommendation to the Executive Management Committee.

In the case of a senior management member, the recommendation will be forwarded to Council.

After approval, the Executive member, or a person to whom this task is delegated to, will make the offer to the employee.

During such discussions an employee will have the right to be assisted by a recognised trade union representative or a fellow employee.



9. Identification and Measurement of Risk, Audit Requirements, other Controls and Cost where applicable

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10. Revision Cycle and Maintenance

- The policy owner within the Human Resources department will take on the ownership of the policy which will include the annual revision of the policy.

11. Feedback Loops

- **Control & Audit**

UWC's internal auditors will conduct ongoing audits on incentivised early retirement packages and feedback will be presented to Council.

- **Information**

Reports on incentivised early retirement will be presented to Council when required.

12. Future Training in respect of the Policy

Training and communications regarding the policy will be the responsibility of the Human Resources department (HR consultants and policy owner).

13. Technology Requirements

The policy is supported and processed on the Integrated Tertiary Software (ITS) HR information system.

14. Contacts

Ms. Amy Amansure

HR Manager: Academic Sector

Tel: 959 2104

Fax: 959 1451

E-mail: aamansure@uwc.ac.za

Mr. Lionel Daniels

HR Manager: Admin & Support

Tel: 959 3698

Fax: 959 1351

E-mail: daniels@uwc.ac.za

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Incentivised Early Retirement Policy

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15. Bibliography

UWC Pension fund Rules

UWC Provident Fund Rules

Collective Agreement between NEHAWU and UWC, 31 May 2005.

Cape Technikon Early retirement Policy

UCT Incentivised Retirement Survey, July 2004

16. Annexure / Appendices

Summary to employees

Application form for normal early retirement

Draft letter of offer to employee

Draft agreement between employer and employee

Draft confirmation by employer and fund.