

Retirement Reform Scenarios

Cost to company (CTC)
 Employer Retirement Fund Contribution (= Deemed Employee Contribution w.e.f.. 1 March 2016)
 Employee Retirement Fund Contribution
 Employee average Income Tax rate

Input Fields	
<i>Rpm</i>	75 000
	20.00%
	7.50%
	32.50%



Outcomes Based On Modeller
 Input CTC <= 106 060 Rpm

Scenario Outcomes Example

Retirement Fund Contributions (Gross Remuneration Implication)	<i>Rpm</i>	<i>Rpm</i>		<i>Rpm</i>
		BEFORE 1 March 2016	FROM 1 March 2016	
		Pension Fund	Provident Fund	Pension / Provident Fund
Cost to company		R 75 000	R 75 000	R 75 000
Employer Contribution/Deemed Employee Contribution	20.00%	R -15 000	R -15 000	R -15 000
Cash Salary		R 60 000	R 60 000	R 60 000
Employer Contribution (Fringe Benefit)				R 15 000
Gross Remuneration		R 60 000	R 60 000	R 75 000
Taxable income calculation				
Employee Contribution Deduction	7.50%	R -5 625	R -	No Limit/Cap Apply
Total Actual Employee PLUS Deemed Employee Contributions but limited to lesser of : R350 000 per year (R29 167 per month) or 27.5% of the greater of remuneration or taxable income	27.50%			R -20 625
Taxable income		R 54 375	R 60 000	R 54 375
Income Tax Deduction (Illustration based on the individual's average tax rate)	32.50%	R 17 672	R 19 500	R 17 672
Retirement Fund Contributions (Take Home Pay Implication)				
Cash Salary		R 60 000	R 60 000	R 60 000
Employee Contribution Deduction	7.50%	R -5 625	R -5 625	R -5 625
Income Tax Deduction		R -17 672	R -19 500	R -17 672
Net Take Home Pay		R 36 703	R 34 875	R 36 703
Total Retirement Fund Contributions				
Actual Contribution Total inclusive of the below (Based on actual input percentages):	27.50%	R 20 625	R 20 625	R 20 625
Non-Taxable Contribution Total		R 20 625	R 15 000	R 20 625
Contribution Total Not Allowed as a Tax Deduction (Deduction Roll Over to Future Date(s))		R -	R 5 625	R -

Important Notes:

- (1) This scenario Modeller does not take the effect of Retirement Annuity Contributions into account and only apply to Defined Contribution Funds
- (2) The Modeller assumes a Cost to Company remuneration approach with Retirement Fund membership as the only Employee Benefit

DISCLAIMER: The Calculations/Break Down and Outcomes of this Modeller is purely for illustration purposes. The Modeller does not intend to be Financial and/or Income Tax advice. Although the utmost care had been taken that the Modeller is free from error, EOH can not be held responsible for any unintentional errors that might occur.