

SALGA HUMAN RESOURCES POLICY DECISIONS
POST-RETIREMENT MEDICAL AID SUBSIDIES

EXCO on 8 July 2004 adopted the following SALGA Human Resources Policy Decision in respect of Post-Retirement Medical Aid Subsidies:

“2. An Employee who retires from employment with an employer and who, immediately prior to his or her retirement, enjoyed the benefit of the subsidy of his or her medical aid contributions by his or her employer, will continue to receive a subsidy calculated as follows:

2.1 If the employee is 55 years or older on 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 60% to a maximum amount of the norm, of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.

If the employee is 50 years or older on the 1 July 2003, his or her subsidy from the employer as at the date of retirement will be 50% to a maximum amount of the norm, of the cost of his or her medical scheme contributions as at the day immediately prior to the date of his or her retirement.

3. All current employees in the employ with a local authority or with a municipal entity as contemplated in the Municipal Structures Act, who are not covered by the provisions of resolution 2 above, will not be entitled to the subsidy of his or her medical scheme after retirement with effect from 1 July 2003.”

In order to give all employees notice of the above, EXCO determined the new implementation date to be 1 January 2005 in all cases where 1 July 2003 is indicated.

EXCO further resolved that employees who are medically boarded before normal retirement age will receive the medical aid subsidy until normal retirement age.

In the case of early retirement by an employee qualifying for the above, a medical aid subsidy will be approved in terms of the SALGA policy subject to 25 years continuous service with Council.

You are advised to take note of the above and make the necessary provision for medical aid contributions after retirement specifically if you are younger than 50 years.