

DISABILITY INCOME INSURANCE BENEFITS

The Income Tax Act precludes the CPUT Retirement Fund from providing a disability income benefit.

The benefits payable on your disablement are therefore provided for by a separate insurance policy that fall outside the ambit of the Fund. The Trustees of the CPUT Retirement Fund, however, govern this separate arrangement – known as an Income Security Scheme, as it provides benefits for members of the Fund.

What is the definition of disablement?

You will only be regarded as disabled after the first 3-month waiting period if, in the opinion of the insurer, you are unable to perform your “own occupation” due to illness, accident or injury, and you suffer a loss of income as a result.

What disability income benefit do I receive?

In the event you become disabled, CPUT pays your salary for up to three months while you are unable to work (**assuming that you have a sufficient sick leave entitlement to cover this period**).

At the end of the 3-month period, your salary payments from CPUT cease, and the insured monthly income benefit of 75% of your salary is payable, subject to a maximum benefit of R115 000 per month (the limit is reviewed by the insurer annually).

The income benefit is paid for the first 12 months of disability, provided the member is totally unable to perform their own occupation, or any available occupation with CPUT, for which they are suited by virtue of experience, knowledge, education, training or ability.

The benefit will continue after the initial 12 months if the member remains unable to engage in any other occupation for which they could reasonably expect to become suited by virtue of experience, knowledge, education, training or ability, and completes a rehabilitation programme.

Payments then continue until the employee recovers, retires, leaves the country, does not submit medical evidence on time, dies, successfully completes the rehabilitation programme (or fails to complete the designated rehabilitation programme).

Whilst you are in receipt of this benefit you remain an employee of CPUT. This means that you will remain a member of the CPUTRF, and are eligible for all its benefits subject to the conditions of the group life and permanent disability insurance policies. While you are disabled, the insurer pays 10% of salary to the CPUTRF subject to a maximum benefit of R24 000 per month (the limit is reviewed by the insurer annually) towards your retirement savings and the cost of your death and permanent disability cover.

What happens if I am declared fit for work?

In this case you must return to work and you have all the rights afforded to employees under the Labour Relations Act. In the event that CPUT, after following due process, does not have a suitable job for you, you will be retrenched.

Does my disability income benefit increase each year like my salary would?

Your disability income benefit will increase by 5%, or by the rate of inflation if less, on the anniversary when it came into effect. For example, if your benefit became payable on 1 November 2009, it would increase by 5% on 1 November 2010. If the rate of inflation is less than 5%, the income benefit will increase at the inflation rate.

Who pays the premiums for the group life insurance and my retirement contributions when I am disabled?

The premiums are paid by CPUT from the contribution of 10% paid by the insurer during your disability.

Are there any exclusions?

The benefits are subject to the detailed conditions set out in the group temporary disability income insurance policy. The main restrictions are:

- Disability as a result of war and/or nuclear, chemical and biological terrorism will not be covered.
- Disability as a result of committing a crime, attempting suicide or deliberate exposure to exceptional danger will not be covered.
- If you join CPUT as a *new employee* you need to be actively at work on the first day of your appointment to qualify for this cover. If you are absent on the date on which your membership starts, you will only be covered when you have performed normal duties with CPUT for two consecutive months.
- If you became disabled from a *known* cause that arose 6 months before you joined CPUT, you will not be covered for the disability benefit until 12 months after you joined CPUT. This is known as the “pre-existing condition” clause.

Do I need to provide evidence of good health?

If your potential monthly income benefit exceeds R72 000 per month (excluding the 10% contribution referred to above), you will need to supply evidence of good health.

If you are unable to provide evidence of good health your disability cover may be limited to R72 000 per month.

Do any restrictions apply to the policy?

The benefits are subject to the detailed conditions set out in the Fund’s Group Disability Insurance Policy, which is available for inspection from the Human Resources Department. The main restrictions are:

- Disability as a result of war and/or nuclear, chemical and biological terrorism will not be covered.
- Disability as a result of committing a crime, attempting suicide or deliberate exposure to exceptional danger will not be covered.
- If you join CPUT as a *new employee* you need to be actively at work on the first day of your appointment to qualify for this cover. If you are absent on the date on which your membership

starts, you will only be covered when you have performed normal duties with CPUT for two consecutive months.

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