

Bursary and Study Loan Policy - Internal

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1. Overview

Sanlam takes the responsibility of developing its employees seriously. The company also realises that an investment in its employees is a business necessity and consequently it offers a policy regarding further study that includes interest-free loans and bursaries for further study.

2. Purpose

The purpose of this study aid policy is to:

- Provide a clear understanding of how bursary and study loans are applied for and managed in Sanlam.
- Ensure that a consistent approach is adopted in the process of employees' requesting a bursary or a study loan.

3. Version control

This policy document is valid from 1 January 2006 and recalls all previous arrangements.

4. Scope

This policy is intended to be of general application for employees applying for study aid in the form of an interest-free study loan or a bursary.

5. Interest free study loan

5.1. Eligibility

All permanent Sanlam employees qualify.

5.2. Field of study

Interest-free student loans can be granted to employees who are studying in a field that is NOT applicable to the employee's current position or career, but is to the benefit of the company.

5.3. Conditions

- The loan must be used for studies that are aimed at achieving a formal qualification (e.g. a diploma, degree or further education and training certificate or higher certificates) through registered / accredited providers of learning.
 - E.g. for diploma or degree: Accreditation by Council on Higher Education (CHE)
 - E.g. for further education and training: Accreditation by any Seta /Umalusi for public and private education.
- The chosen field of study must be to the benefit of Sanlam's businesses.
- The budget available in the business would determine the loan approval and the number of loan approvals.
- The loan covers the full registration, tuition and examination fees plus the cost of text books and must be repaid in no more than twelve instalments.
- The loan may not be used to cover costs in respect of the following:

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- special student levies
- administration fees
- remarking of examination papers
- membership fees
- exemption fees
- equipment, e.g. calculators, measuring equipment and stationery.
- Students are allowed a maximum period of six years for completion of a course.
- Line managers approve the study loan.
- The full capital amount of the loan will be repayable, even though the year's study is completed successfully. The only assistance provided by Sanlam is an interest-free loan.
- No study bonuses are payable.
- A study loan agreement form must be completed (available at HR Support Services)
- Students leaving Sanlam's services will be liable for the outstanding costs of the study loan. The line manager and cost centre involved will be responsible to ensure that these costs are recouped from the employee at resignation/termination.

5.4. How to apply

Employees can apply for a loan by completing an application form for a student loan.

The application must be accompanied by a quotation from the relevant institution, stating the tuition costs per subject and other applicable costs for which application is made on the form.

5.5. Have you already paid?

Employees who have already paid for their own further studies can also apply for a loan.

The employee will be paid the money only on receipt of proof that the amount for which he/she applies, has already been paid to the institution.

5.6. A second loan

Employees who do not pass their first examination, may reapply for a loan. A maximum of two loans per subject will be allowed. The second loan will be granted only if the first loan has been repaid in full.

Loans must be redeemed over a period of twelve months.

5.7. Tax

The allocation of an interest-free loan for study purposes is an exempt fringe benefit and employees will therefore not have to pay tax on it.

6. Bursaries for study

6.1. Eligibility

All permanent Sanlam employees qualify.

6.2. Field of study

Bursaries for further study can be granted to employees who are studying in a discipline that is applicable to the employee's present position or career and is also to the benefit of the company.

6.3. Conditions

- The bursary is for studies that are for the purpose of obtaining a formal qualification (e.g. a diploma, degree or further education and training certificate or higher certificates) through accredited providers of learning.
 - E.g. for diploma or degree: Accreditation by Council on Higher Education (CHE).
 - E.g. for further education and training: Accreditation by any Seta /Umalusi for public and private education.
- The chosen field of study must be to the benefit of Sanlam's businesses and must also be applicable to the employee's position or career.
- The budget available in the business would determine the bursary approval and the number of bursary approvals.
- A bursary contract between the employee and Sanlam must be signed (contract template available on the Intranet).
- The bursary covers the full registration, tuition and examination fees and the cost of text books.
- The bursary does not include costs in respect of the following:
 - special student levies
 - administration fees
 - remarking of examination papers
 - membership fees
 - exemption fees
 - equipment, e.g. calculators, measuring equipment and stationery.
- Line managers must approve the student bursary.
- If a student did not pass, the bursary must be repaid to Sanlam. If a student did not pass (failed) any subject for which he/she is registered, the bursary received for that particular subject becomes immediately repayable at the end of that academic year.
- A bursary will not be approved for a subject previously failed. An interest-free loan, repayable over three months, is granted in such instances to repay the bursary debt. This procedure will also be applicable where students fail to provide HR Support Services with the necessary proof.

- Because this loan is not regarded as a loan granted for study purposes, the interest-free loan will be a fringe benefit for the employee. The monthly taxable value of the fringe benefit will be calculated with reference to the SARS prescribed rate of interest, and the outstanding balance.
- Students are allowed a maximum period of six years to complete a course. Should students not be able to complete a course successfully within six years, study assistance in the form of an interest-free loan will be offered.

6.4. Conditions after qualification has been achieved

- Students must provide proof within 3 months that they passed the subject/achieved the relevant qualification by submitting the original, certified results from the institution to HR Support Services before the pay run cut-off date. Failure to submit such proof will result in acceptance that the student was not successful (failed) and the money will be recouped for those subjects that were not passed.
- As soon as the formal qualification has been achieved, the employee starts to work off the period for which he/she studied. Any employee who leaves the company's service **voluntarily** before the full period has been worked off, will be responsible for repaying to Sanlam when he/she leaves the company's service, the pro-rata bursary that had not yet been worked off.
- Line Managers should monitor whether the studies are completed within the prescribed period.

6.5. Retrenchment/Disability/Dismissal

In these cases there will be no obligation on the employee to repay the bursary to the company.

6.6. How to Apply

Employees can apply annually for a bursary by completing a bursary application form (available on the Intranet). The application must be accompanied by a quotation from the relevant institution, stating the tuition costs per subject and other applicable costs for which application is made on the form.

The passing of an examination does not automatically guarantee that a student bursary will be received for the next year's study. The bursary renewal is subject to the approval of the employee's line manager.

A bursary for further study is paid out against the employee's current cost centre that is on record.

6.7. Tax

The awarding of a bursary for further study is an exempt fringe benefit and employees will therefore not have to pay tax on it.

7. Taking over debt for further studies

Sanlam takes over new appointees' existing debt for further study only selectively. This arrangement is reached mainly with employees who are appointed to key positions. During negotiations with an applicant, the taking over of debt for further study can be offered if:

- the applicant has obtained an appropriate degree or diploma;
- the debt is realistic (unrealistically high debt will probably not be taken over in full);
- proof of the qualification is submitted.

Sanlam pays the debt when service commences, and the employee repays the interest-free debt to Sanlam over a period that varies from twelve to sixty months. The repayment terms must be specified in the employee's contract.

Although the loan is interest-free, it will be a taxable fringe benefit for the employee. The monthly taxable value will be determined with reference to the SARS prescribed rate of interest and the outstanding balance of the loan. Your Human Resources Consultant must be consulted before the appointment is finalised.

Employees who complete uncompleted requirements for qualification within twelve months of commencing service, can therefore also apply to have their debt taken over when the qualification is achieved. This must be negotiated and, if possible, finalised during the negotiations for commencing service. It will be to the advantage of the company and the employee to have this arrangement in place at the beginning of service.