

Schedule 1_ Benefits Formular Calculation Example

Income Support Benefits _ Example

1. Temporary Income Support Benefit formula

Tim crosses the street and is run down by a motor vehicle. Tim sustain injuries that render him incapacitated for a period of two years. Tim is a civil servant earning R200 000 per annum, net of tax. Tim qualifies for a temporary income support benefit calculated from day 61 after the date of accident, as follows:

$$\text{Temporary Income support benefit} = ((X/365)*Y)*75\%$$

| Input/variable | Description | Value |
|----------------|--|-----------|
| X | Pre- accident Income of the deceased, net of tax | R 200 000 |
| Y | Number of days the injured is entitled to compensation | 365 days |

Assuming the values in the table above:

$$\text{Temporary Income support benefit} = ((X/365)*Y)*75\%$$

Tim
R 150 000

Tim will get a benefit per month, starting from month three of **R 12 500**

2. Long-term Income Support Benefit formula

If Tim recovers partially after rehabilitation, and start earning a salary of R100 000 per annum net of tax, his long term income support benefit will be calculated as follows:

$$\text{Long-term Income support benefit} = ((X)*75\% \text{ minus } Z$$

| Input/variable | Description | Value |
|----------------|---|-----------|
| X | Pre- accident Income of the deceased, net of tax | R 200 000 |
| Z | Post-accident income of injured, net of tax, after rehabilitation | R 100 000 |

Assuming the values in the table above:

$$\text{Long-term Income support benefit} = ((R200 000)*75\% \text{ minus } R100 000$$

Long term benefit per year **R 50 000**
 Long term benefit per month **R 4 167**

3 (I). Family Support Benefits example (Spouse with no income)

Tim crosses the street and is run down by a motor vehicle. Tim dies on the spot, and is survived by a spouse and three dependent children. Tim was a civil servant earning R200 000 per annum, net of tax. The dependents qualify for family support benefits which are calculated as follows:

| Input/variable | Description | Value |
|----------------|---|-----------|
| A | Pre-accident income, net of tax of the deceased breadwinner. | R 200 000 |
| B | Number of children and other dependants, excluding surviving spouse | 3 |
| C | Pre-accident income of spouse | 0 |

a **Benefits for spouse when there are no other dependants.**

Surviving Spouse Income support benefit formula = $(A * (2/(4))) - (C * (2/(4)))$

Surviving Spouse not earning income benefit = $(R200\ 000 * (2/(4))) - (0 * (2/(4)))$

R 100 000

b **Benefits for spouse when there are children or other dependants.**

Surviving Spouse Income support benefit formula = $(A * (2/(4+B))) - (C * (2/(4+B)))$

Surviving Spouse Income support benefit = $(R200\ 000 * (2/(4+3))) - (0 * (2/(4+3)))$

R 57 143

Comment: The benefit is higher for a spouse if she is the only dependent of the deceased because the breadwinner's income would have been shared between the deceased and spouse only.

In (b) the benefit is lower for the spouse where there is children or other dependants because it means the deceased breadwinner's income was shared among the spouse and the other dependents.

c **Benefits for a child or any other dependant when there is one surviving spouse**

Child or any other dependant family support benefit formula = $(A * (1/(4+B)))$

Child or any other dependant family support benefit = $(R200\ 000 * (1/(4+3)))$

R 28 571

d **Benefits for a child or any other dependant when there is no surviving spouse.**

Child or any other dependant family support benefit formula = $(A * (1/(2+B)))$

Child or any other dependant family support benefit = $(R200\ 000 * (1/(2+3)))$

R 40 000

In (d) the benefit is higher for each child or other dependant than in c because there is no surviving spouse, thus the deceased breadwinner's income is now shared among fewer people.

In summary, the higher the number of beneficiaries sharing the deceased breadwinner's income the smaller the portion each dependent receives.

e (i) **Benefits for each dependent when there is more than one surviving spouse**

Child, spouse or any other dependant family support benefit formula = $(A * (1/(2+B)))$

Child, spouse or any other dependant family support benefit = $(R200\ 000 * (1/(2+3)))$

R 40 000

e (ii) Surviving Spouse not earning income = $(A * (1/(2+B))) - (C * (1/(2+B)))$

Benefit for surviving spouse not earning income = $(R200\ 000 * (1/(2+3))) - (0 * (1/(2+3)))$

R 40 000

3 (II). Family Support Benefits example(Surviving spouse with income)

Tim crosses the street and is run down by a motor vehicle. Tim dies on the spot, and is survived by a spouse and three dependent children. Tim was a civil servant earning R200 000 per annum, net of tax. The surviving spouse earns an income of R100 000 net of tax. The dependents qualify for family support benefits which are calculated as follows:

| Input/variable | Description | Value |
|----------------|---|-----------|
| A | Pre-accident income, net of tax of the deceased breadwinner. | R 200 000 |
| B | Number of children and other dependants, excluding surviving spouse | 3 |
| C | Pre-accident income of spouse | R 100 000 |

a **Benefits for spouse when there are no other dependants.**

Surviving Spouse Income support benefit formula = $(A * (2/(4))) - (C * (2/(4)))$

Surviving Spouse earning income benefit = $(R200\ 000 * (2/(4))) - (R100\ 000 * (2/(4)))$

R 50 000

b **Benefits for spouse when there are children or other dependants.**

Surviving Spouse Income support benefit formula = $(A * (2/(4+B))) - (C * (2/(4+B)))$

Surviving Spouse Income support benefit = $(R200\ 000 * (2/(4+3))) - (R100\ 000 * (2/(4+3)))$

R 28 571

Comment: The benefit is higher for a spouse if she is the only dependent of the deceased because the breadwinner's income would have been shared between the deceased and spouse only.

In (b) the benefit is lower for the spouse where there is children or other dependants because it means the deceased breadwinner's income was shared among the spouse and the other dependents.

c **Benefits for a child or any other dependant when there is one surviving spouse**

Child or any other dependant family support benefit formula = $(A * (1/(4+B)))$

Child or any other dependant family support benefit = $(R200\ 000 * (1/(4+3)))$

R 28 571

d **Benefits for a child or any other dependant when there is no surviving spouse.**

Child or any other dependant family support benefit formula = $(A * (1/(2+B)))$

Child or any other dependant family support benefit = $(R200\ 000 * (1/(2+3)))$

R 40 000

In (d) the benefit is higher for each child or other dependant than in c because there is no surviving spouse, thus the deceased breadwinner's income is now shared among fewer people.

In summary, the higher the number of beneficiaries sharing the deceased breadwinner's income the smaller the portion each dependent receives.

e(i) **Benefits for each dependent when there is more than one surviving spouse**

Child, spouse or any other dependant family support benefit formula = $(A * (1/(2+B)))$

Child, spouse or any other dependant family support benefit = $(R200\ 000 * (1/(2+3)))$

R 40 000

e(ii) Family support benefit for the spouse earning an income

Benefit formula for surviving spouse earning income = $(A * (1/(2+B))) - (C * (1/(2+B)))$

Benefit for surviving spouse earning income = $(R200\ 000 * (1/(2+3))) - (R100\ 000 * (1/(2+3)))$

R 20 000