



Trustee Remuneration Details 2018/2019

**Recommendation of the Board of Trustees
to the Annual General Meeting 2018**

**Proposed Trustee Remuneration for 2018/19
Recommendation of the Board of
Trustees**

The remuneration of the trustees is determined and recommended by an independent Remuneration Committee. The members of the Remuneration Committee who determined the trustee remuneration for 2018/19 are Mr Desmond Arnold (Chairman), Mr Pierre Marais and Mr John Gardner. The CVs of these committee members are available on the website, www.profmed.co.za.

The Remuneration Committee recommendations for the remuneration of the trustees took cognisance of both the guidelines issued by the Council for Medical Schemes and the King IV recommended practices on remuneration.

For 2018/19, the Remuneration Committee recommended and the Board agreed to propose to the Annual General Meeting a 6.5% increase for all meeting fees, as follows:

Trustee Fees

<i>Time for duration of and preparation for Board and committee meetings</i>	<i>Per hour rate = R 3 000</i>		<i>Rate per meeting</i>
Board Meetings	5hrs (prep) + 5hrs (meeting) = 10hrs x R 3 000 per hour	=	R 30 000
Committee Meetings	3hrs (prep) + 3hrs (meeting) = 6hrs x R 3 000 per hour	=	R 18 000
Base/Retainer Fee	R 1 200 per month x 12 months = R 14 400 per annum		
Ad hoc Meetings	R 3 000 per hour + 1 hour preparation		

Audit and Risk Committee

<i>Time for duration of and preparation for meetings</i>	<i>Per hour rate = R 3 000</i>		<i>Rate per meeting</i>
Audit and Risk Committee	4hrs (prep) + 3hrs (meeting) = 7hrs x R 3 000 per hour	=	R 21 000

The amounts reflected are exclusive of VAT*.

Committee Chairmen

Committee chairmen be remunerated an additional 50% of the committee meeting fee.

Chairman of the Board of Trustees

The retainer paid to the Chairman be increased to R 760 000 per annum.

***Value Added Tax (VAT)**

SARS issued two Binding General Rulings, numbers 40 and 41, during 2017 to the effect that non-executive directors are not employees but are conducting an enterprise and are liable to charge and account for VAT on their fees if they are registered or obliged to register as VAT vendors. The rulings became effective 1 June 2017. The same principle is applicable to trustees of medical schemes and Profmed consequently is obliged to pay VAT on the fees of trustees who are VAT vendors. Medical schemes may not register for VAT and the Scheme consequently cannot claim VAT refunds from SARS.

Board of Trustees

4 April 2018