

Payroll Giving

Manager's Briefing



This campaign is an initiative by the **South African Payroll Association (SAPA)** in support of the **South African Children's Charity Trust (SACCT)**

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“ Payroll Giving has done for Social Responsibility what no project was ever able to do.

It is a simple, yet extremely effective way to make a contribution to society.

In addition, SAPA can set up a scheme very easily and it doesn't have to cost the Company a cent. ”

Steve Howes
Chairman
South African Payroll Association (SAPA)

“ Payroll Giving has the ability to revolutionise the way that charities operate in South Africa, and eliminate begging

A joint effort from Companies will enable us to touch lives in every sphere of our country: to treat sick children, to alleviate poverty, to provide assistance for those in need, and to make dreams come true. ”

Julian Cutland
Chairman
South African Children's Charity Trust

Summary

The aim of this Manager's Briefing is to give you an understanding of Payroll Giving, how it works, how it benefits your employees and the charities and how to get started.

LET US HELP YOU TO COMPLY WITH SOCIAL RESPONSIBILITY REQUIREMENTS

What is Payroll Giving?

Payroll Giving is an easy and effective way for employees to give money to charity. An agreed amount is deducted from an employee's salary or cellular phone account and sent directly to the South African Children's Charity Trust (SACCT). It is simple for employers to set up and run and an excellent way to show support for the employees' charitable giving.



“If you are not poor enough to take charity, you are rich enough to give it.”

Anonymous

About the South African Children's Charity Trust (SACCT) - South Africa's Favourite Children's Charities

The SACCT is proud to be the largest operational children's charity in South Africa. The SACCT consists of five reputable children's charities, each dedicated to solve significant challenges that South Africa faces. The five charities have decided to join forces to harness their energies and resources to tackle these challenges together, and to solve the problems that they all face.

All funds raised for the SACCT are paid directly into the SACCT trust account. Proceeds are distributed equally among all five charities.



CHOC Childhood Cancer Foundation

CHOC's mission is to contribute to the well-being of children with cancer or other life-threatening blood disorders, and their families.

CHOC creates loving environments for children undergoing chemotherapy, upgrades vital medical equipment and funds research staff to help care for and assist children with cancer.

CHOC is a country wide voluntary organisation, the biggest of its kind in South Africa, that brings together children who suffer from all varieties of cancer or life-threatening blood disorders.



The South African Red Cross Society

The South African Red Cross Society is actively involved in the fight against HIV/Aids.

Approximately 12 million South Africans are destitute. The core mission of The South African Red Cross Society is to identify, prevent and alleviate human suffering, including suffering of children and to foster human dignity in all communities.

The mission is based on the Geneva Conventions, the right of humanitarian initiative and the seven fundamental principles of the Red Cross & Red Crescent Movement.



Cotlands

In South Africa, there are approximately 250,000 street children, and it is estimated that there will be more than 3 million AIDS orphans by 2010.

Cotlands, South Africa's biggest independent, non-profit organisations, equips communities to care for these abandoned and abused children.

The Hospice section, a first of its kind in South Africa, provides a warm, loving environment for children who are terminally ill, as well as those infected and affected by HIV/Aids.



Reach for a Dream Foundation

According to Reach for a Dream Foundation's mission statement, they believe in the power of dreams. They encourage children to use their dreams to fight life-threatening illnesses, and they seek as far as possible to make dreams come true.

The Reach For A Dream Foundation is an organisation that has brought hope and healing to countless young South Africans. It encourages these children and their families to use their dreams to fight life-threatening illnesses, to know that tomorrow is worth fighting for and that fun and smiles can still be part of their lives today.



The Ithemba (Hope) Trust

The Ithemba (Hope) Trust is committed to the funding of projects that aid intellectually disabled children to experience the joy and satisfaction of achieving their full potential at structured facilities within their own communities.

Many of these families are also faced with the HIV/Aids pandemic.

International Statistics on Payroll Giving

Last year in the UK, more than R1,057 million* was raised for charity through Payroll Giving, although a mere 1% of companies participated in Payroll Giving.

Of the top 25 of FTSE 100 payroll giving employers:

- 72% pay the administration fees for Payroll Giving on behalf of their employees
- 40% match all staff donations with a company donation, doubling the amount given to charity
- 36% do both.

Around two thirds of the UK population donate to charity on a monthly basis through various projects and campaigns.

*Exchange rate at time of publishing



“Perhaps it is good to have a beautiful mind, but an even greater gift is to discover a beautiful heart.”

A Beautiful Mind (2002)

The South African context

Payroll giving has never been implemented effectively in South Africa.

Every individual's small contribution assists in raising substantial amounts for charity on a consistent basis. Payroll Giving is a campaign focusing on the quantity of participants in total, rather than the explicit rand value per donor.

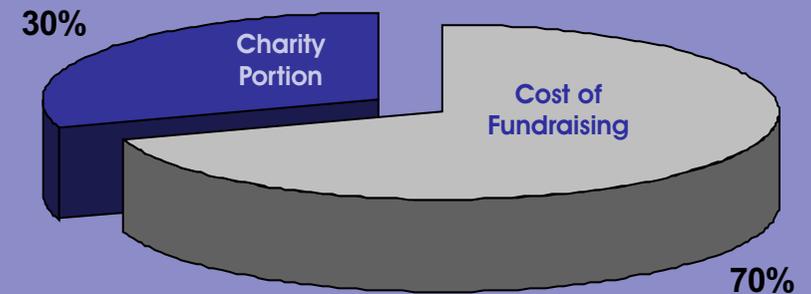
The JSE's Social Responsibility Investment Index (SRI Index) consists of 94 criteria that companies must meet. **Payroll Giving can assist in meeting many of these criteria.** Of the 74 South African companies who applied to be listed on the SRI Index, only 51 made the grade.

Government is increasingly urging companies to become involved in projects relating to social upliftment of the community. Payroll Giving can provide such an opportunity with the minimum input and optimal results.

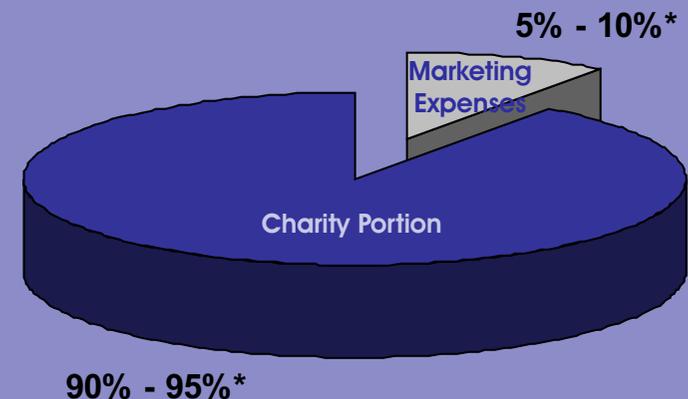
Comparison:

**Actual % of funds distributed to charities:
Lottery - South Africa
Payroll Giving**

Lottery - South Africa*



Payroll Giving



* Company may decide to waive the 5% that they can claim for administrative costs

Legend: % marketing expenses % distributed to charities

For the cost of a loaf of bread, you can provide lunch for 3 hungry children.

For the price of a couple's "evening out", you can give a child support grant for an entire month.

For the price of a simple weekend holiday, you could educate a child for a year.

Few of us realize how **Little** it takes from us to make a **big** difference.

Benefits to the charities

- Payroll Giving offers a unique way for charities to raise funds.
- Payroll Giving is a regular, reliable source of income for charities. The charities are therefore able to budget and make long-term commitments to help those most in need.
- Through Payroll Giving, the charities will receive a minimum of 90% of the value of each donation directly. The additional 10% will be used for marketing, administration, payment for celebrity prizes and advertising costs.

Benefits of Payroll Giving to the employee

- Employee stands a chance to meet a celebrity. Celebrities who have supported the SACCT in the past include, Charlize Theron, Sir Richard Branson, Yvonne Chaka Chaka, Ernie Els etc, and now **Mark Shuttleworth!**
- Employee can specify amount to be donated.
- Variety of methods to donate is available, depending on individual's preference.
- Easy and convenient way to give straight from your pay.
- Minimum of 90% of employee's donation goes directly to the SACCT.
- Reputable, established charities benefiting from the charitable contributions provide peace of mind, as effective structures are in place to use funds effectively.
- Donations can be changed or terminated at any time.
- Thank you letter sent from charities.
- Sense of satisfaction when realising the difference that every donation makes.
- Donations are tax deductible.

BENEFITS TO YOUR COMPANY

- Provides a sound basis for **Corporate Social Responsibility**
- Significant effect on company's "**Triple Bottom Line**"
- Assists company to comply with requirements to be listed on the Johannesburg Securities Exchange's "**Social Responsibility Investment Index**" (SRI Index).
- Assists companies to satisfy a number of requirements in the **King II Report**.
- The **Department of Trade & Industry** recognises companies that demonstrate their commitment to the principles of Corporate Governance by means of an annual **Corporate Governance Award**.
- **South African Payroll Association (SAPA)** presents an annual **Pay it Forward-Award** for companies participating on a constructive basis in Payroll Giving.
- Enhances the overall **charitable giving** of your business with **low-level effort** and low or no cost to you.
- Improves **public image** and **reputation** of your business, and shows that you are committed to work in partnership with the community. Your company will therefore be seen as **supportive of staff and local causes**.
- Your company will make a **collective effort** to support the less fortunate.
- **Boosts staff morale, commitment and motivation.**
- This assists in the **retention** and **recruitment** of proficient employees.
- Supports **employee volunteering**.
- **Simple to set up.** The campaign has a **once-off administration factor**. The SACCT and its partners manage any other administration.
- **Costs incurred** in the implementation of Payroll Giving are **tax deductible**.



In a recent survey conducted in the UK on the business benefits of Payroll Giving, the results showed:

- 61% felt that it improved their company image
- 58% believed that it enhanced the company community involvement programs, &
- 34% felt that it boosted staff morale

Setting up a Payroll Giving scheme

1. SACCT sends information and all marketing material to SAPA.
2. SAPA endorses the project and sends information through to either the Payroll Bureau or directly to the Human Resource department.
3. Project is endorsed by the HR Manager, CEO or Board of Directors.
4. A "Charity Champion" is selected to run the project, together with other company responsibilities.
5. Marketing Material of Payroll Giving is distributed to the employees.
6. The individual employee selects the amount that he / she would like to donate, as well as the method of donation.
7. The company automatically deducts the selected amount from the employee's salary in the same way as costs such as pension funds, social club contributions, medical aid etc. are deducted.
8. If the employee chooses to donate by means of his / her cellular account, the deduction is made by the cellular network.
9. The company / payroll bureau issues a cheque or makes an electronic transfer directly to the SACCT account of the accumulated amount donated by employees. Additionally, a schedule with the relevant supporting information is passed on to the SACCT.
10. The names of employees donating is placed on a database, from where a draw is made for an individual to meet a celebrity.
11. The employee will receive a "thank you" for his / her contribution directly from the SACCT.

Once approval for the deduction is given from the employee and the administration is done, no further effort is required from him / her, or from the company.

The employee may alter the amount that he / she would like to donate, or may also cancel his / her donation. Upon cancellation, a one-month notice period should be given for administrative purposes. This applies for both methods of

More than one way to give

Payroll Giving is convenient and flexible.
An individual can select one of two ways to donate, depending on his / her giving patterns & preferences.

Option 1* Straight donation from salary

An employee chooses to donate on a monthly basis any amount that he / she feels comfortable with, with a minimum of R5 per month (effectively R1 per charity). This is automatically deducted from his / her salary.

* Administration fee of between 5% and 10% applicable, deducted from donation

Option 2** Straight deduction from cellular account

An employee chooses to donate on a monthly basis a minimum of R5 (R1 per charity) and a maximum of R25 (R5 per charity), which is automatically deducted from his / her cell phone account. This can be done with both contract and pre-paid subscribers.

** Administration fee of between 5% & 10%, plus cellular network fee of between 14 - 24% deducted from donation

How much should employees give?

The aim of Payroll Giving is to accumulate individual donations representing smaller amounts from a large number of employees that will collectively amount to millions for the charities. The two ways in which employees can contribute are through deduction from salary and the deduction from cellular account. These methods are comprehensively discussed on previous page - "Two ways to give."

For what period of time can an employee contribute?

Once authorised, the employer will continue to process the deductions automatically until otherwise advised by the employee or until employment ceases. An employee can change the size of his / her contribution or cancel the donation at any time, simply by notifying the employer. Upon cancellation, a one-month notice period should be allowed for administrative purposes.

What records will the employer need to keep?

The employer will need to keep the following records, as provided by SAPA:

- Copy of the contract between the SACCT and the company
- Copy of the form completed by an employee authorising the employer to make deductions, as selected
- Record of the deductions made from each employee's pay receipts, done by the human resource department or payroll bureau.

Who pays the administration fee of 5% - 10%?

5% is deductible from the donation for marketing, administration, advertising and prizes. The other 5% is for the Company or Payroll Bureau to cover their administrative expenses for this campaign. The company may however decide to forfeit the 5%. **This administration fee is not deducted on top of the selected amount to be donated.**

FREQUENTLY ASKED QUESTIONS

What can the company do to ensure optimal participation in the Payroll Giving campaign?

- It is important to promote it effectively to your employees.
- Obtain visible support from Top Management to back the campaign.
- Set achievable internal targets that the company would like to achieve, based on the amount of employees that you expect to sign up in a particular period, over short and long term.
- Identify an internal "Charity Champion" - ideally someone in the Human Resource Department. Give this responsibility to an enthusiastic, employee who can act as your company's in-house "Charity Champion" in motivating employees, providing information and ensuring that the internal administration needs of the campaign are met.
- In order to build enthusiasm and maximise impact, have an official launch of the campaign.
- Introduce the campaign by telling employees that you are part of a National Payroll Giving scheme in support of the SACCT, what the benefits are and how to go about becoming involved.
- Involve all departments
- Communicate continuously with employees and give feedback to keep them up to date with the campaign.
- Measure results regularly to achieve the objectives of participation.
- Thank staff for participation, celebrate, promote and publish success internally.

Can the company pay the administration fee?

Yes, many employers prefer to do this, as they can then guarantee the employees that 100% of their contribution goes directly towards the charities. This also adds to the morale of the employees, as they know that the company does their part for the project.

Can the company match the donations made by the employees?

Yes. This is an excellent way to demonstrate commitment to the community and relations with your employees.

There are several ways in which a company can match the employees' contributions:

1. Administration costs:
A payment of the scheme's administration costs on the employee's behalf.
2. Partial Match:
This is when the employer decides to give e.g. 10 cents for every rand donated by an employee.
3. 100% match:
A 100% match would equal each employee's gift, rand for rand. A 200% etc. match can also be considered.

Will the employees receive unwanted mail from charities asking for money?

No. The SACCT would like to write to their donors to thank them and provide them with information on how their donations are being used. The information provided by the employee can only be used for the purpose for which it was provided. In this case, it will be used for administration purposes of the deduction, to send a thank-you note and to draw the monthly winners of "A Date with... (A celebrity)".

How will marketing usually be done?

Popular approaches include:

- Communication through the "Charity Champion" who can act as a network of promoters and organisers throughout the organisation.
- E-mail messages from the CEO or HR department from "Charity Champion".
- Intranet
- Internet websites with links to e-mail in order for employees to get a "slice of life" of the charities and the details of Payroll Giving.
- Notices on pay slips
- On the contracts on new employees, a small block can be selected if they would like to make a contribution in this regard
- Bulletin board promotions and features in internal publications, such as newsletters
- Other creative marketing material for the launch may include tray-liners for the canteen, screen-savers, flyers, access-card holders etc.
- Inform employees of the "Date with..." prize, where they can win a date with a celebrity of choice from a selected list of participating celebrities

All marketing material will be provided by SAPA. Should the company wish to include additional material, this costs involved will be that of the company

When will the charities receive the donations?

Generally, it works like this:

- Month 1 - Employer deducts donation from salaries
- Month 2 - After a 5% deduction is made by the company for administrative purposes, a cheque is issued or electronic transfer is made for the accumulated value of all the donations.
- This amount is paid directly into the trust account of the SACCT.
- In total, this process should take no longer than 6 weeks.

Can anyone who works at your company join the scheme?

Yes, any employee or pensioner can join, as long as their salary or pension fund is administered by either a payroll bureau or an in-house payroll department. Any individual can also decide to contribute by means of selecting the "Cellular account deduction" option.

Can the employee ask for a refund on his / her donations?

No. Once the employer has deducted the donation from the employee's pay, it must be paid to charity. Should the employee wish to cancel his / her contribution, he / she can do so by informing the employer / Human Resource Department / "Charity Champion". Upon cancellation, a one-month notice period should be given for administrative purposes.

What happens if employee changes his / her job?

If an employee changes his / her job within the same organisation, the payroll giving instructions will transfer with the employee. But if he / she moves to a new job with a new company, he / she will need to sign up for Payroll Giving at his / her new employer.

What is the SAPA Pay it Forward Awards?

This is a scheme that recognises organisations' commitment towards Payroll Giving. These quality marks are graded, depending on the level of participation of a company in Payroll Giving.

What do I do next?

The company simply has to register to be involved in the national Payroll Giving campaign of SAPA and the SACCT.

The campaign must then be marketed within the organisation. Employees should receive adequate information on the campaign, as provided by the SAPA.

Once an employee has made a decision on the method and amount of the donation, he / she should give the completed form to the "Charity Champion", who will ensure that it is processed. This process will take no longer than 4 weeks before the first contribution will be deducted.

Payroll Giving is a once-off administration campaign, therefore after registration, no effort is required from the employee or the company.

Where can I find out more?

Further information on Payroll Giving in South Africa is available on <http://www.sapayroll.co.za> or contact Miriam at +27 (0) 11 675 0650.