

# THE COMPONENTS OF YOUR REMUNERATION

For most of us, remuneration and salary are pretty much the same thing. In both cases, that is what we receive at the end of the month. However, do you know that salary and remuneration are two different things and that in fact your remuneration consists of various elements? This newsletter explains the components of your remuneration at AUP.

## **THE CONCEPT OF REMUNERATION**

Remuneration is the reward, in cash and/or in kind, for work performed or services rendered. In exchange for this remuneration, the employer expects the employee to create added value through the use of his skills, his personal performance or his participation in a collective performance.

## **THE CONCEPT OF SALARY**

A salary is a sum of money paid to an employee in return for work performed. The amount of salary paid depends on the employment contract, the labor agreement or company agreement and salary increases. The salary consists of all the sums paid in cash and benefits in kind received by the employee

## **THE COMPONENTS OF YOUR REMUNERATION**

The total remuneration includes base salary, salary supplements and additional pay.

The salary may include a fixed part (base salary), depending on the position, a variable part related to performance, in relation to the individual or collective objectives set by the employer.

### **The base salary**

This is the essential element of remuneration. It serves as a reference for the calculation of other benefits. It is set in advance in its nature and method of calculation (contract of employment). It can be increased by the payment of overtime.

### **Wage supplements**

They may be of internal or external origin and give rise to a monetary payment or not. This payment may be immediate or deferred. Internal wage supplements can take many forms:

**Bonus:** This is a sum of money paid to the employee to reward his work, his loyalty, to motivate him or to compensate him for certain working conditions. The bonus is taxable and subject to social security charges.

**Indemnity:** it is a sum of money paid by the employer to reimburse the employee for expenses incurred in the course of his work (e.g. travel allowance). It is then neither taxable nor subject to contributions. The vacation indemnity paid at the end of a contract of employment is, however, subject to charges.

Social Security indemnities (sick pay) are considered to be replacement income to offset the loss of earnings during a period of partial or total inactivity due to sick leave. At AUP, the salary is maintained for 90 days. The daily social security allowances are paid as of the 91<sup>st</sup> day (to see our newsletter “Your income during your sick leave”, click [here](#)) Replacement indemnities are subject to CSG and CRDS contributions.

**Benefits or payment in kind:** are granted individually or collectively and are an integral part of the salary; they are subject to taxes and social charges.

All components of remuneration subject to social security contributions are included in the calculation of the pension.

They may have several origins:

- Legal (paid vacation days, absences for family events (to see our newsletter “Different kinds of leave” click [here](#)), compensation for sickness for a certain time and under certain conditions)
- Conventional (in cash) (additional holidays called *congés mobiles conventionnels* at AUP for example)
- Conventional (in kind) (car and accommodation, provision of a telephone and/or a computer usable outside normal working hours).

### **Salary supplements at AUP**

They consist of the following elements:

- Tickets restaurant by which the employee has an untaxed wage supplement enabling him to finance his meals through a participation by his employer.

- The supplementary health insurance (Mutuelle), which is now mandatory within companies. At AUP, 60% of the costs are borne by the company.

For employees, the advantages of contracts negotiated by the company are multiple. Firstly, they benefit from insurance that is cheaper than a contract subscribed individually to the extent that the company pays part of the contributions. Secondly, they are virtually certain to be insured despite their medical history, for two reasons. Firstly, the selection of members is less rigorous in group insurance because the existence of a group pools risks.

Secondly, the law of 31 December 1989 governing these contracts establishes a principle of non-discrimination, which prohibits the insurer from refusing its guarantee to an employee in the group. Either it accepts all the personnel concerned, or it rejects it as a whole. In addition, the employee's share of the insurance premium is deductible to some extent from his taxable income.

Death and disability insurance, for which the premiums are entirely paid by AUP, maintains salary in case of illness or invalidity, and foresees a capital payment to the party named by the employee in the case of his death.

- Finally, although distributed by the *Comité d'Entreprise*, *chèques cadeaux*, *chèques vacances*, *chèques culture* or discount cinema tickets are financially appreciable benefits for employees. They are financed through the *Comité d'Entreprise* budget which is allocated entirely by AUP.

Do you still have questions? Do not hesitate to contact Human Resources