

SANLAM
BENCHMARK 2024

ACCELERATING
A BETTER WORKING
SOUTH AFRICA





The Trust Crisis



Nzwa Shoniwa



Meaning of “trust”

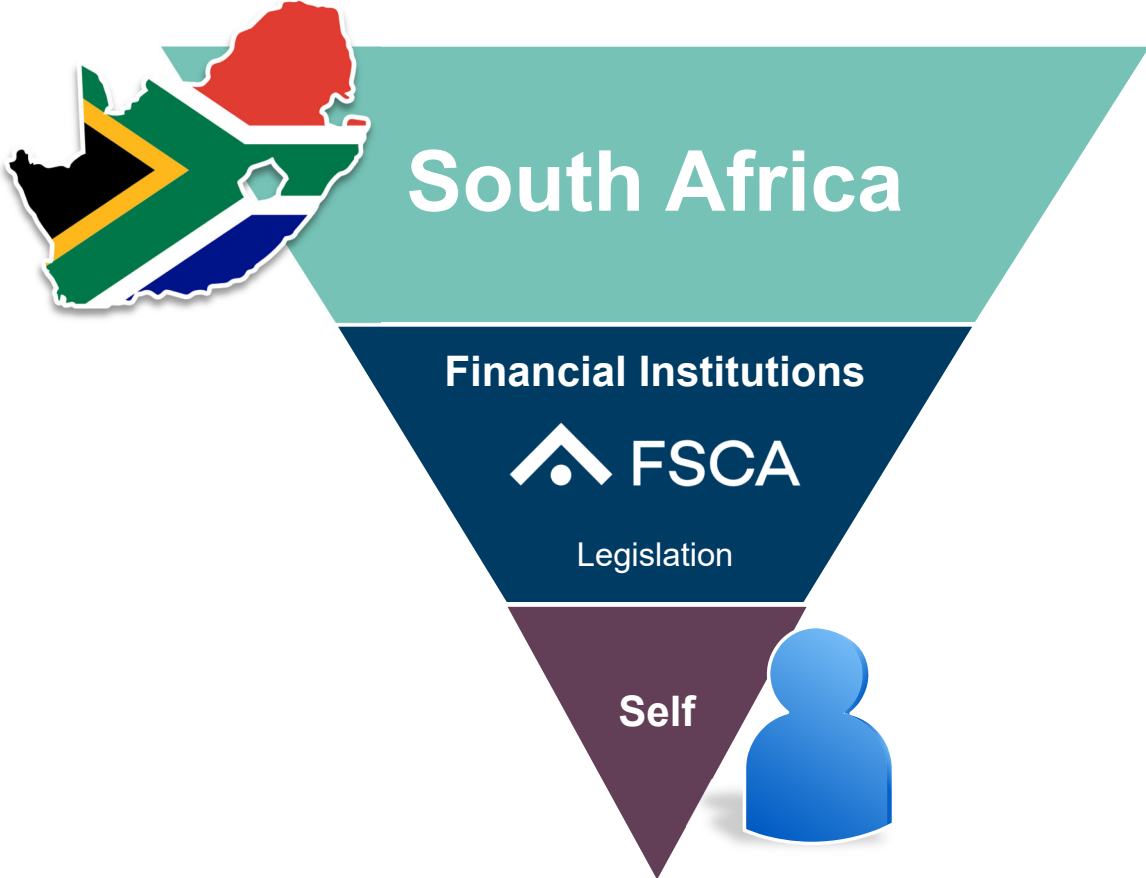
trust

/trʌst/

noun

Firm belief in the reliability, truth, or ability of someone or something.

Where do we place our trust?



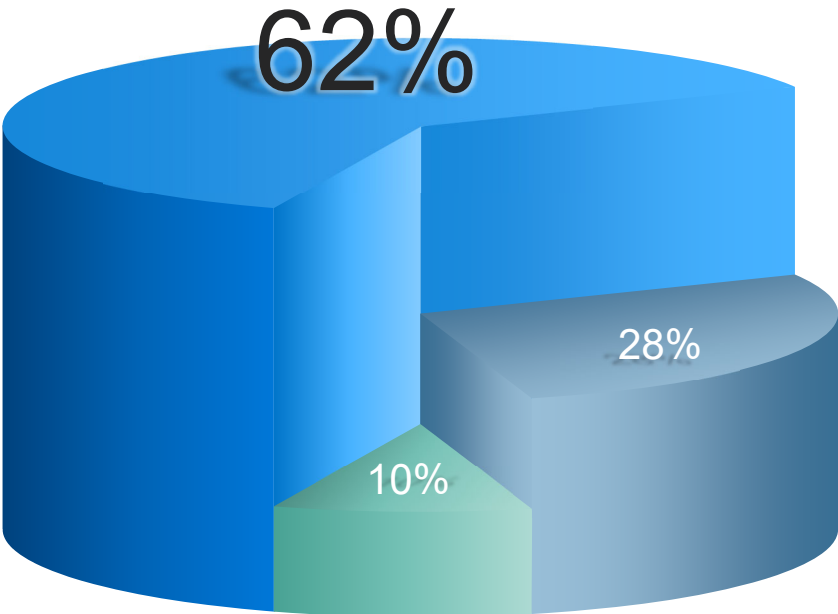
Confidence in



South Africa



Confidence in South Africa's Future



- High:**
We have challenges, but nothing material
- Medium:**
We can overcome the challenges in a few years
- Low:**
Not confident that the challenges will be resolved in my lifetime

Advice for the President



Advice for the president focuses on a few main themes and a wide range of other disparate themes.

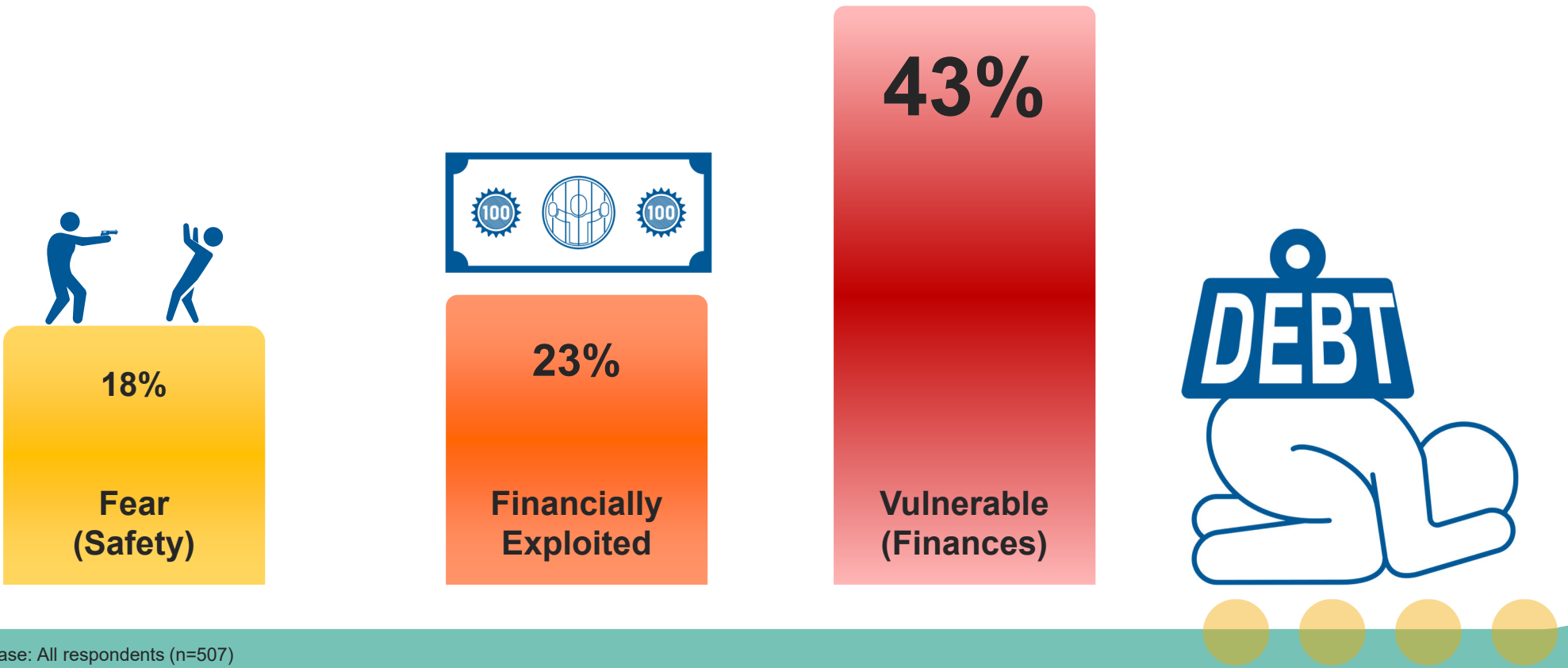
- ⦿ Unfit to govern / Should resign, retire, step down / Need for new leadership
 - *“I would tell him how unworthy he is to be president.”*
 - *“South Africans are fed up.”*
- ⦿ Honesty and transparency (including corruption)
 - *“Stop corruption!”*
- ⦿ Create jobs / deal with poverty and unemployment
 - *“Take better care of the poor and needy by making more jobs available.”*
- ⦿ Stop crime / have better law enforcement
 - *“More law enforcement to combat crime.”*
- ⦿ Provision of services – Loadshedding - Water
 - *“Water shortages need immediate attention.”*
 - *“Stop load shedding. Small businesses are losing their livelihoods.”*



Current broad feelings about life



Q: Which of the following, if any, would you say you feel in your life right now?

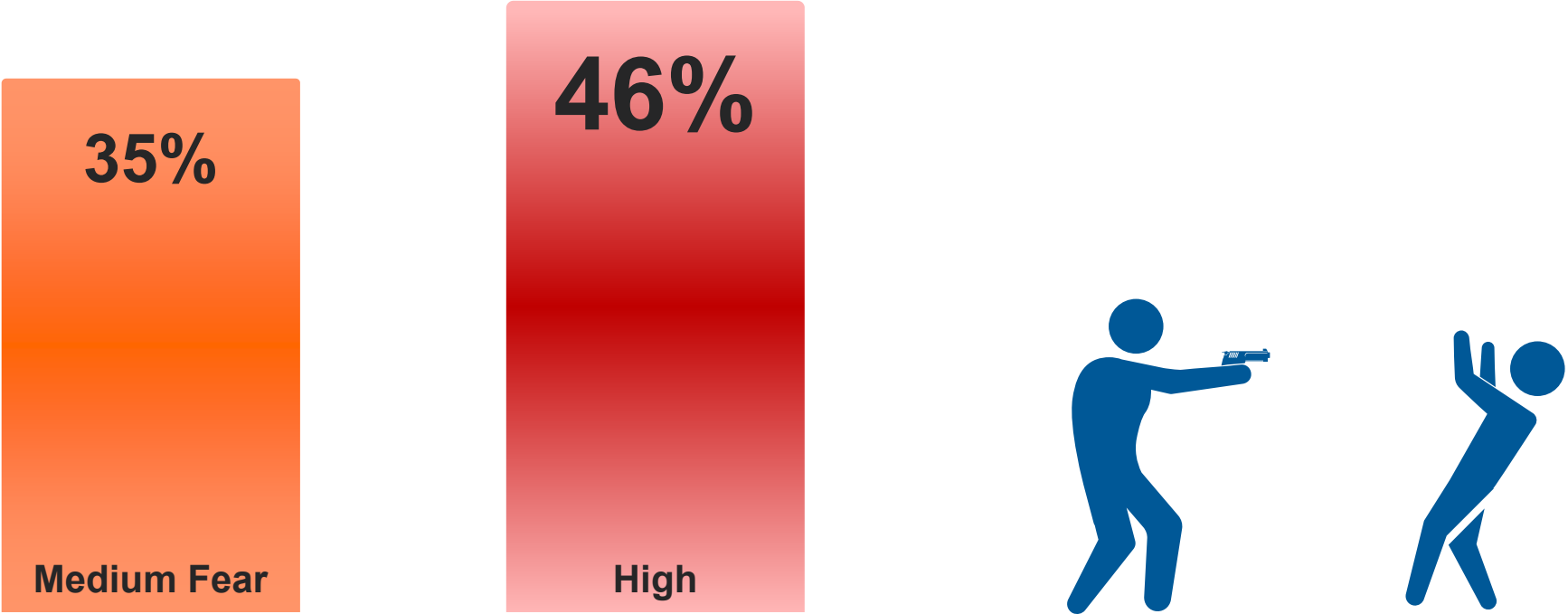


Base: All respondents (n=507)

Current broad feelings about life



Q: How would you describe your level of fear as a South African citizen with regards to what is currently happening in South Africa?



Base: All respondents (n=507)

Main concerns/worries About Retirement



Financial Concerns

Not having enough money to live comfortably



Running out of money before I die



Emotional / Psychological Concerns

Deteriorating health as I get older and not being able to get around or do things for myself





Financial Challenges

Not being able to afford necessary medical treatments or long-term care in old age



Missing the chance to travel, pursue hobbies, or enjoy other leisure activities



Having to rely on Social Security or other government grants, which may not provide enough income ...



Running out of money in retirement and being unable to maintain a comfortable lifestyle



Running out of money before I die



Base: All respondents (n=507)



Trust in

Financial Institutions



Savings/ Investments Apart from Company Retirement Fund



Do you use any other savings or investment vehicles as a means of savings towards an income in retirement?

Savings Account



Retirement Annuity



Fixed Deposit Account



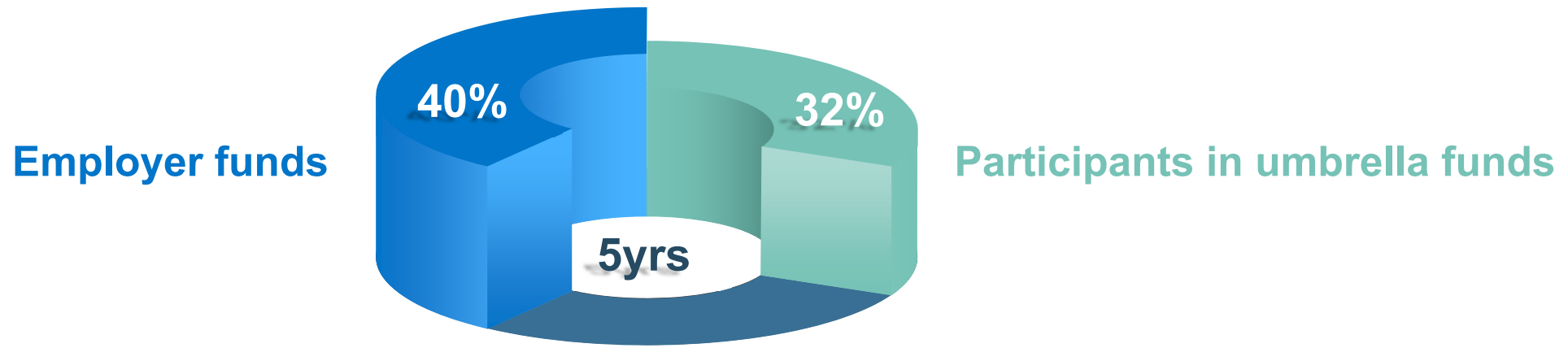
Stokvel



Rebroking Retirement Fund Business



Administration:



Risk:



Employer funds & umbrella sub-funds

Base: Employer funds (n=84); Umbrella funds (n=100)

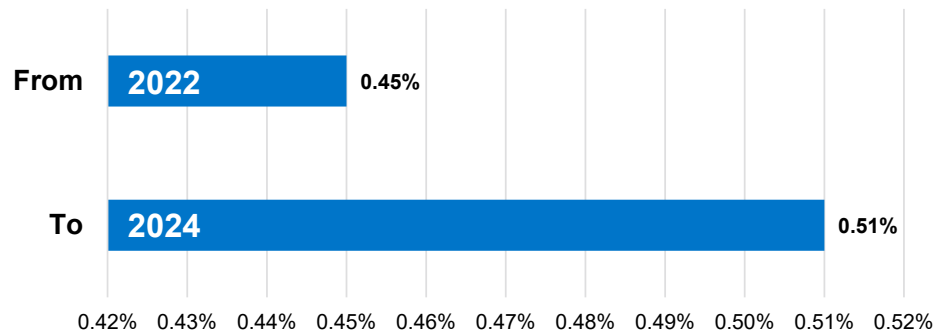




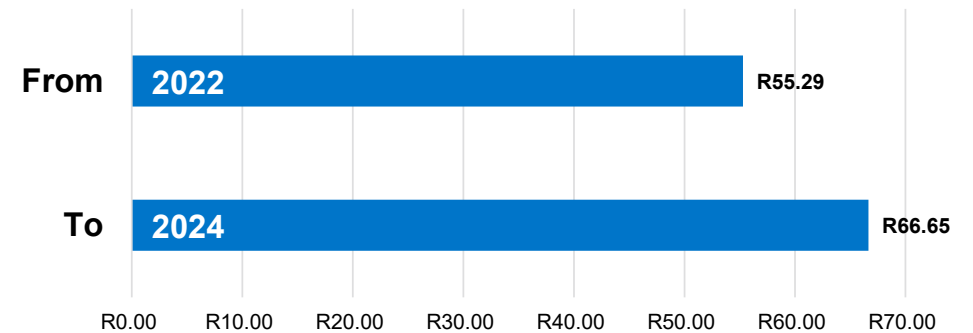
Administration Fees

Administration fees appear to be increasing for employer funds, while they have remained stable for umbrella fund participants

Standalone fund fees increase (%)



Standalone fund fees increase (R)

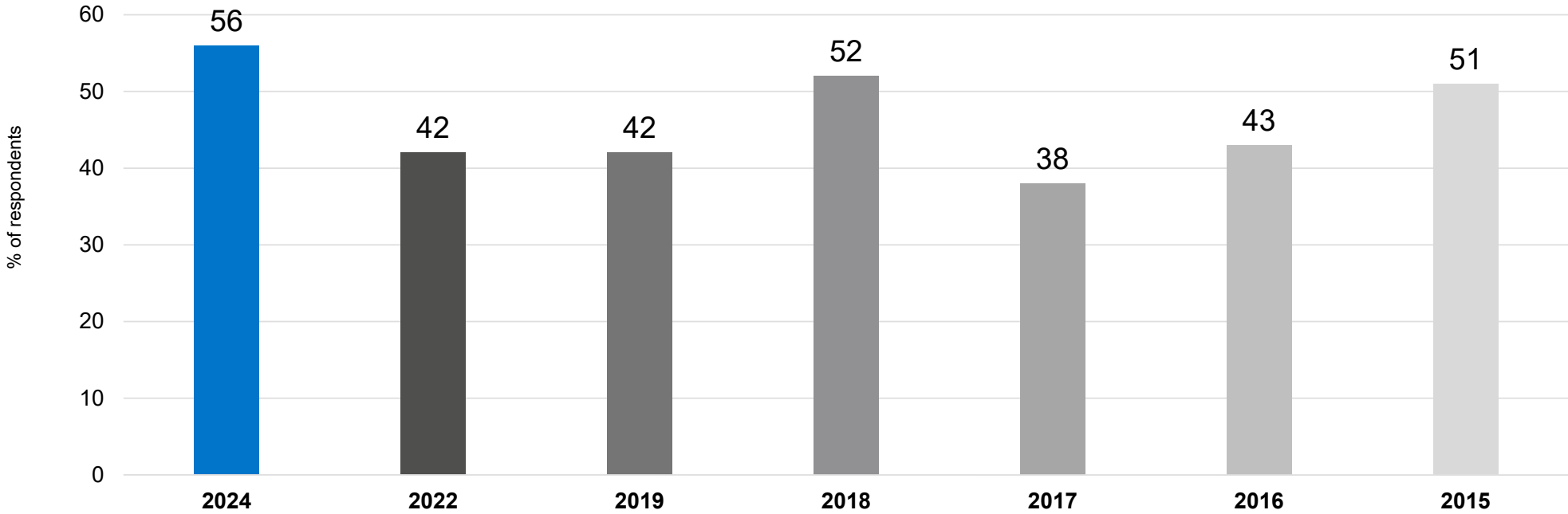


Umbrella sub-funds

- ⦿ Fees have been relatively consistent since 2018 at 0.7%
- ⦿ Average cost per member per month is consistent with 2022, at R30.38



Ever Considered Converting to an Umbrella Fund?



Trust in Default Investment Strategy

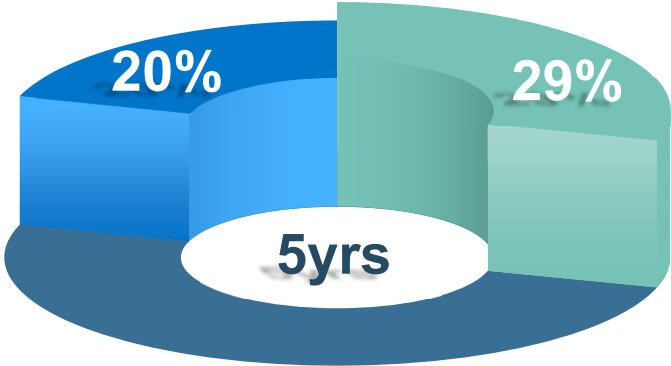


Rebroking Retirement Fund Business



Investments

Employer funds



Participants in umbrella funds

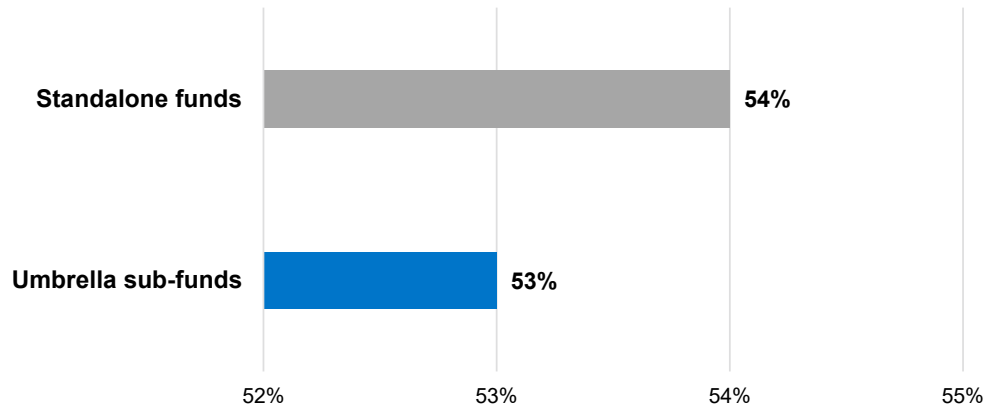
Base: Employer funds (n=84); Umbrella funds (n=100)



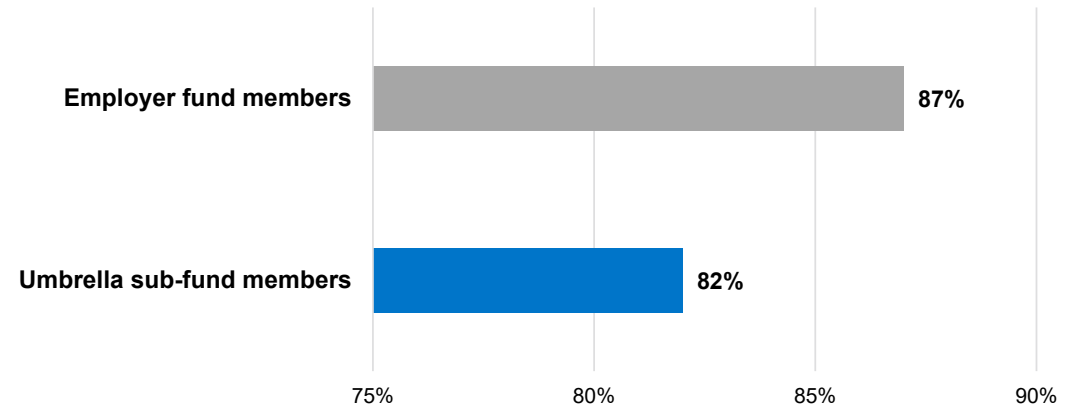
Investment Strategy



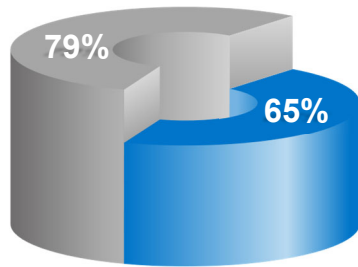
Default investment portfolio with member choice



Invested in the Trustee choice/Default



A **life-stage strategy** is used for the **Trustee choice/default** for **3 in 4** funds and sub-funds



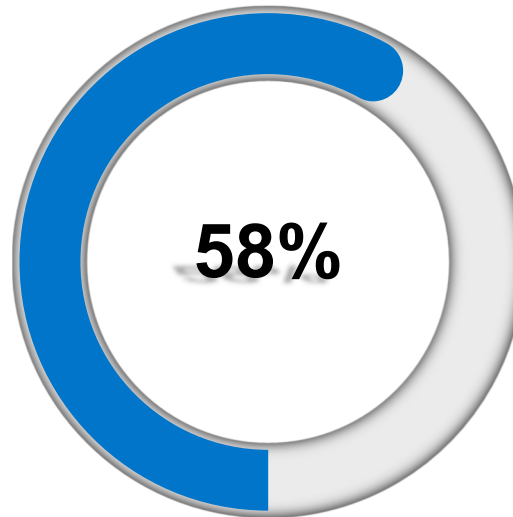
Explicitly aligned to their Trustee-endorsed annuity strategy

- Employer fund participants
- Umbrella fund participants

Reasons for preferring Default Option



Why do you, or would you prefer to invest in the default investment portfolio?

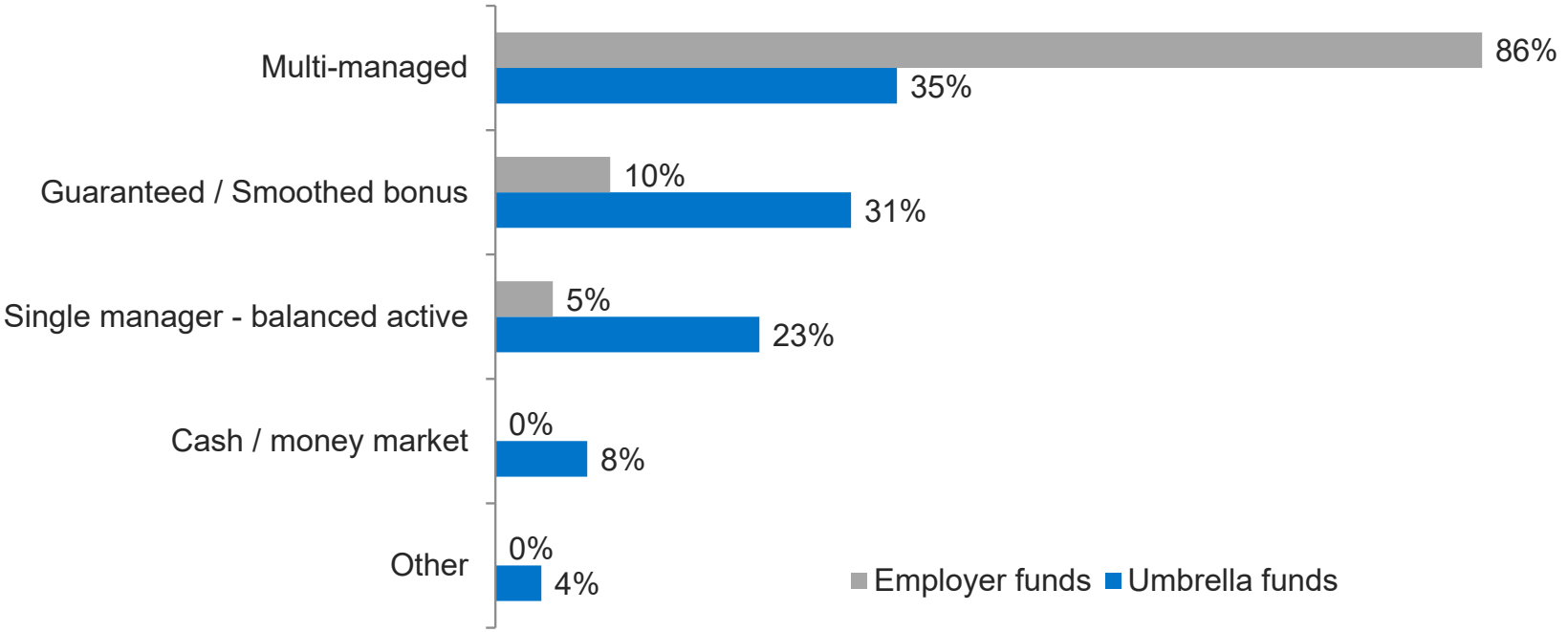


I trust the Trustees to make sound investment choices

Base: Prefer to invest in the default investment portfolio (n=118)



Structure of the Trustee Choice / Default



Umbrella funds use a wider variety of investment structures.

Base: Those whose Trustee Choice/Default is a single investment portfolio: *Employer funds (n=21); *Umbrella funds (n=26)



Trust in

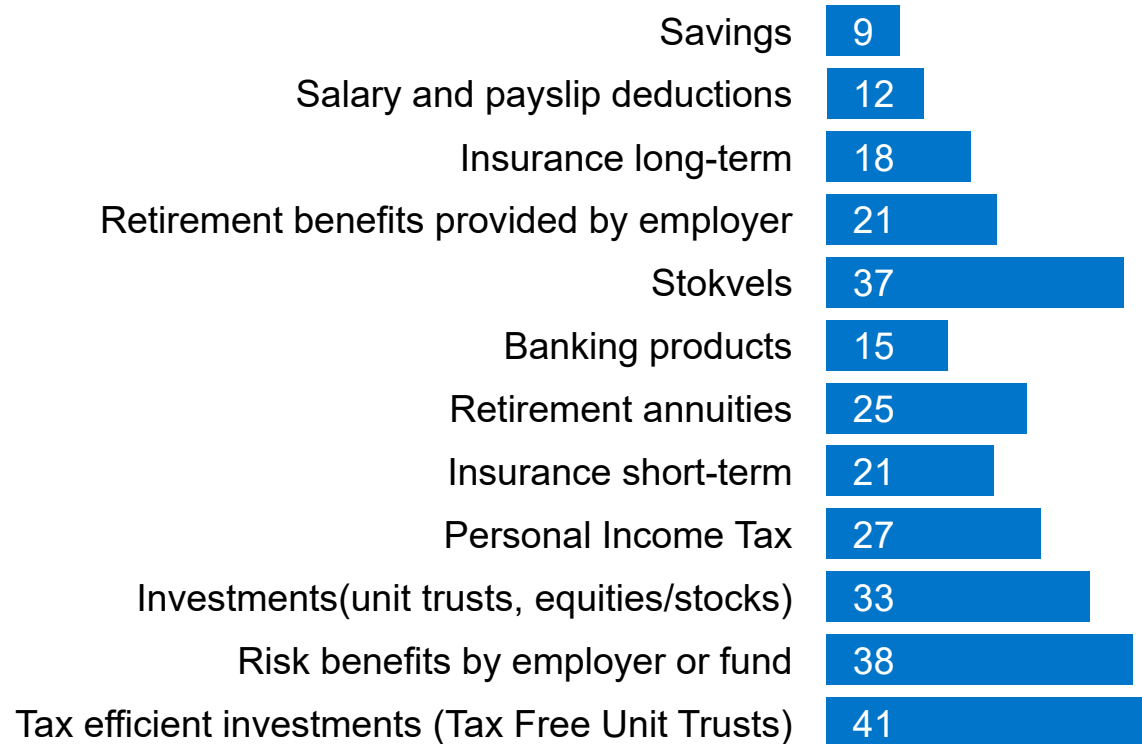
Self



Confidence in knowledge about products



How confident are you about your knowledge and understanding for each of the following topics?



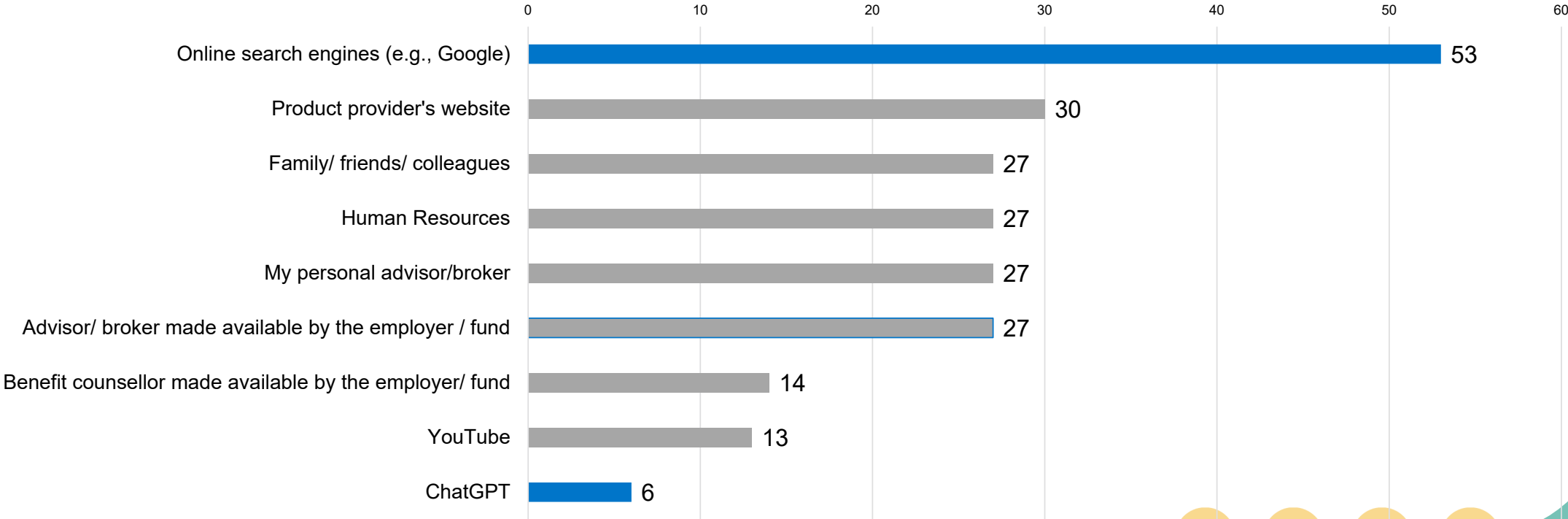
0%
Confidence



Sources of financial information



Where do you generally go to for any information on financial products that you may be interested in?



Base: All respondents (n=507)

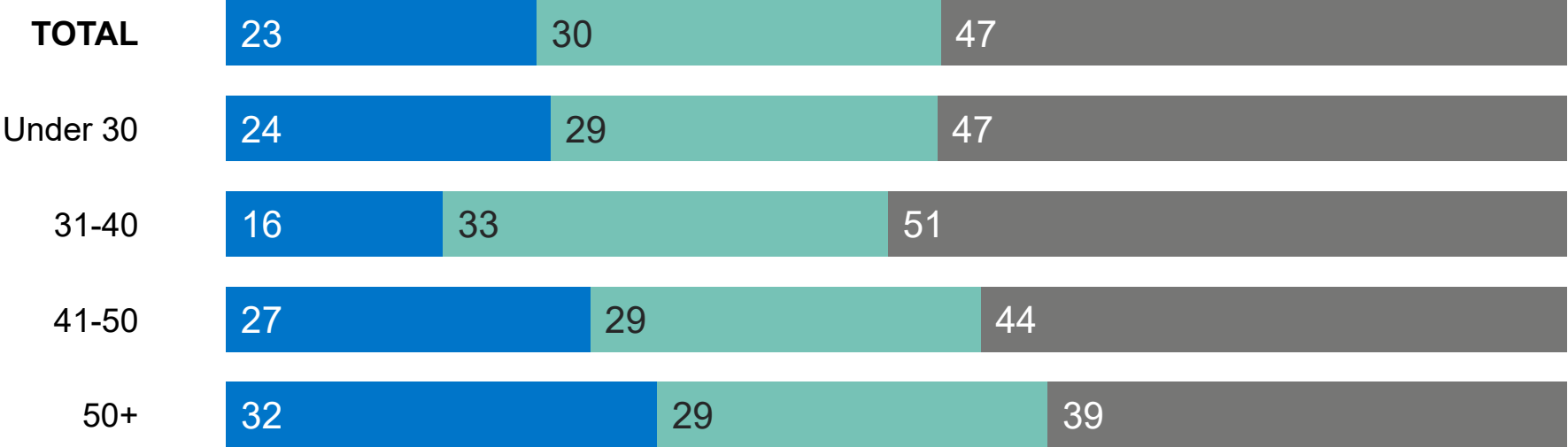


Confidence in knowledge about products



Do you currently make use of a personal financial advisor / broker to help you make decisions regarding your retirement savings and investments?

- Yes, I rely on my advisor or broker to assist me
- Yes, I consult with my advisor or broker but usually make the decision myself
- No, I rely on my knowledge to make all my financial decisions



Base: All respondents (n=507)

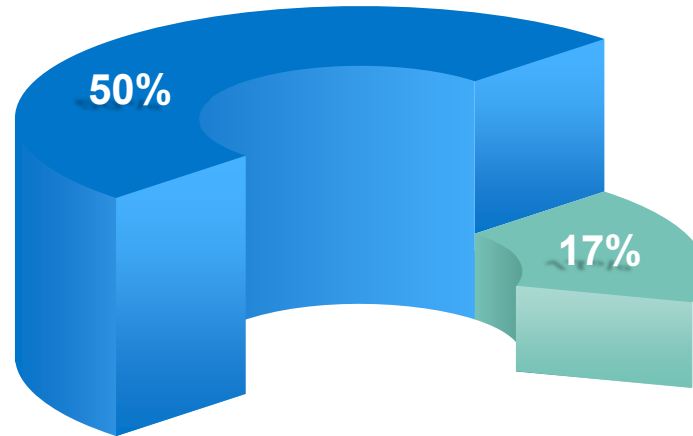


Key people used for Retirement Advice and Guidance - *Pensioners*



Do you currently make use of a personal financial advisor / broker to help you make decisions regarding your retirement savings and investments?

Personal financial advisor / broker



Financial advisor appointed by my retirement fund

Professional advice was sought, on average, 21 months before retirement.



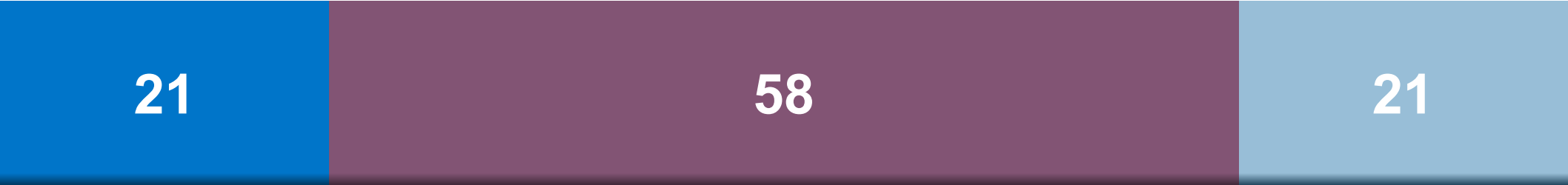
Retirement Readiness



On track with savings and retirement



Do you believe you're on track with your savings to have enough capital to last you for the rest of your life in retirement?



■ Yes ■ No ■ Not sure

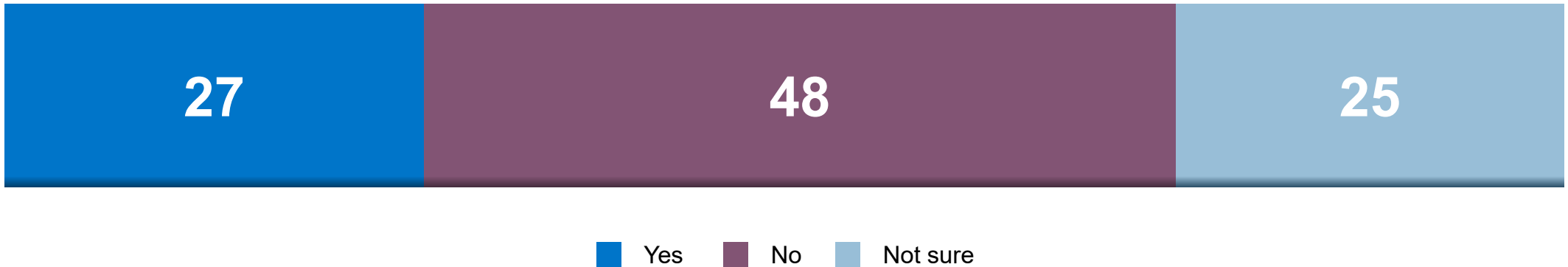
Base: All respondents (n=507)



Ability to maintain same standard of living when retired



Would you say that you will be able to maintain the standard of living in retirement that you enjoy now?



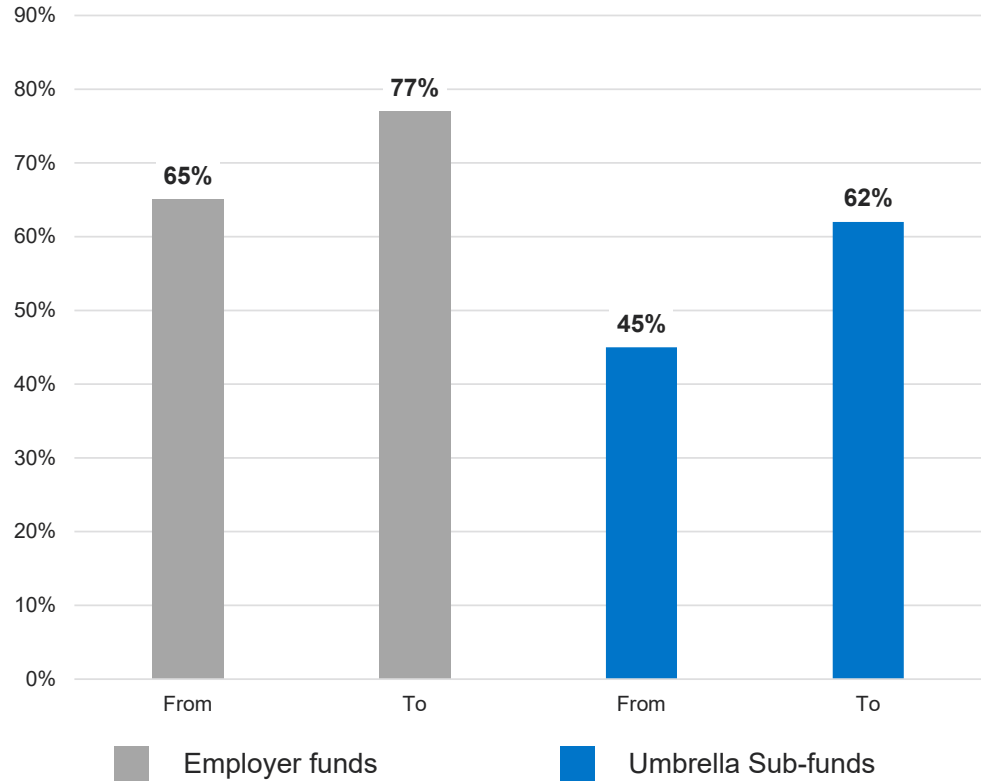
Base: All respondents (n=507)



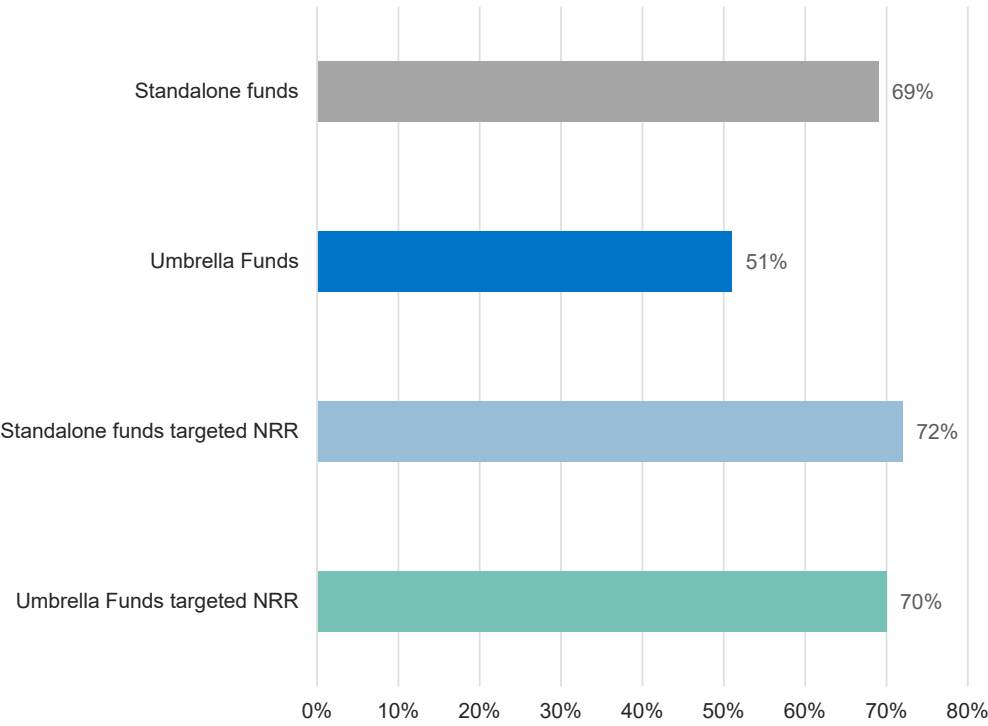
Member preparation for good retirement outcomes



Stated target pension



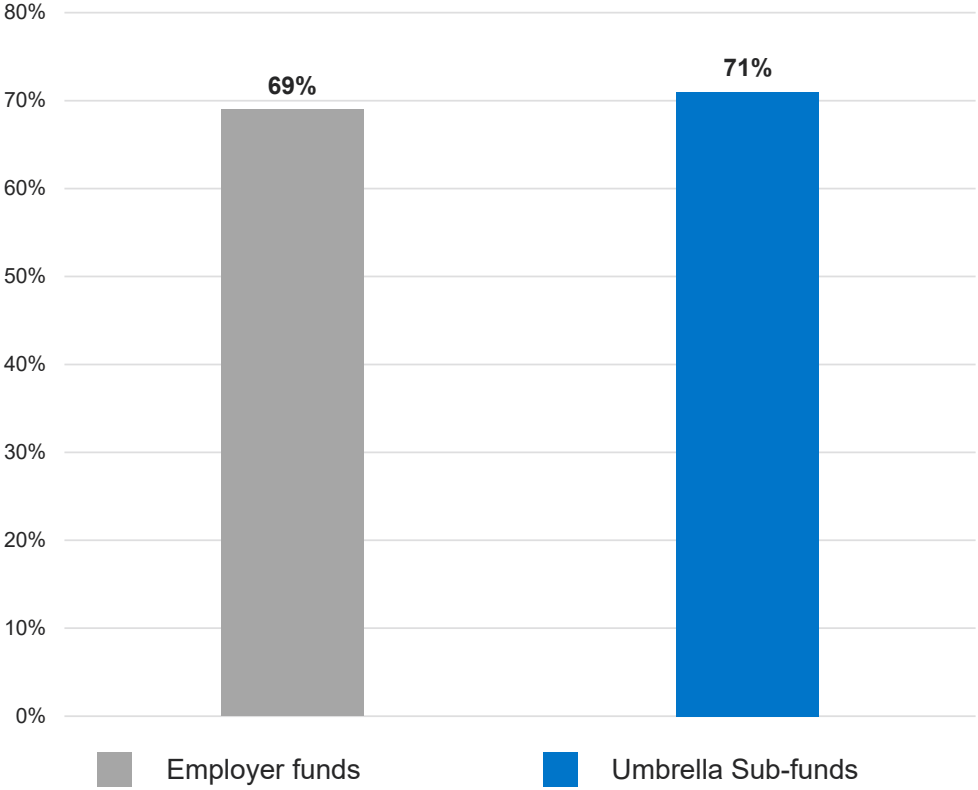
Net Replacement Ratio (NRR)



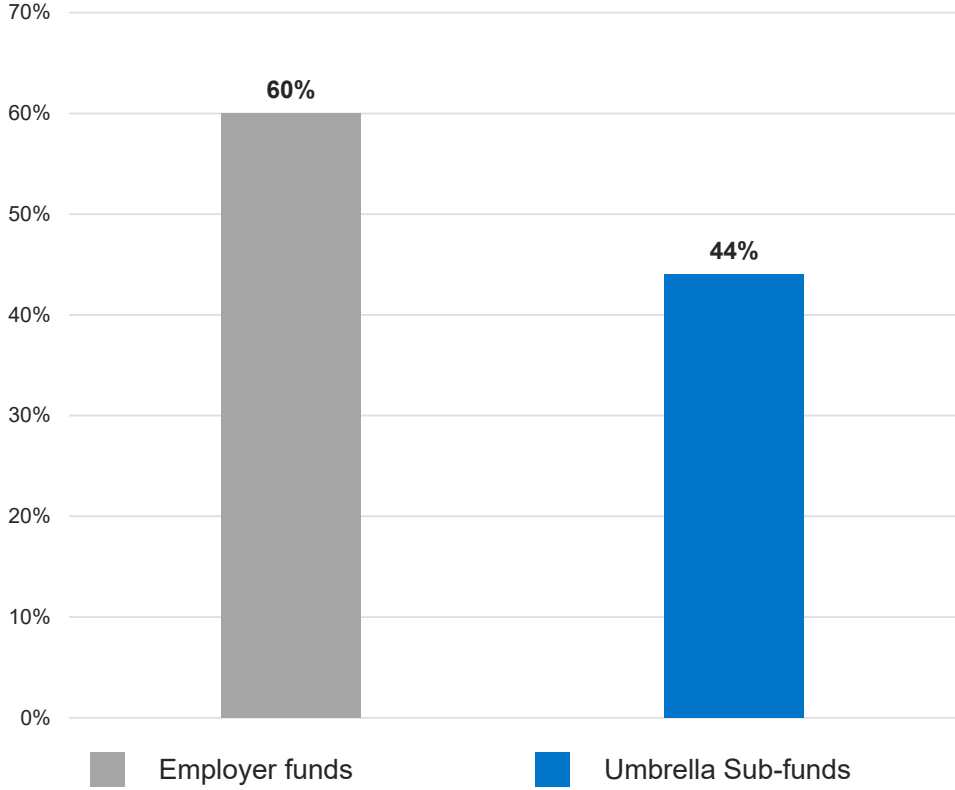
Member preparation for good retirement outcomes



Default contribution rate

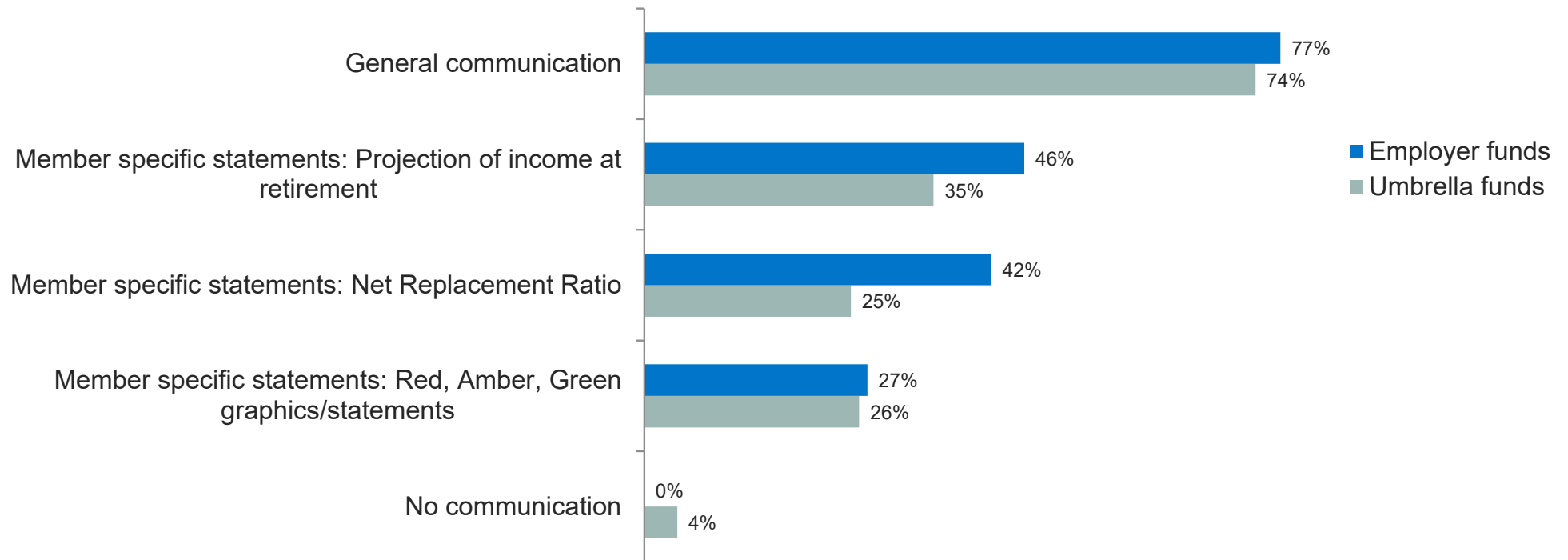


Default investment





Communicating retirement readiness to members



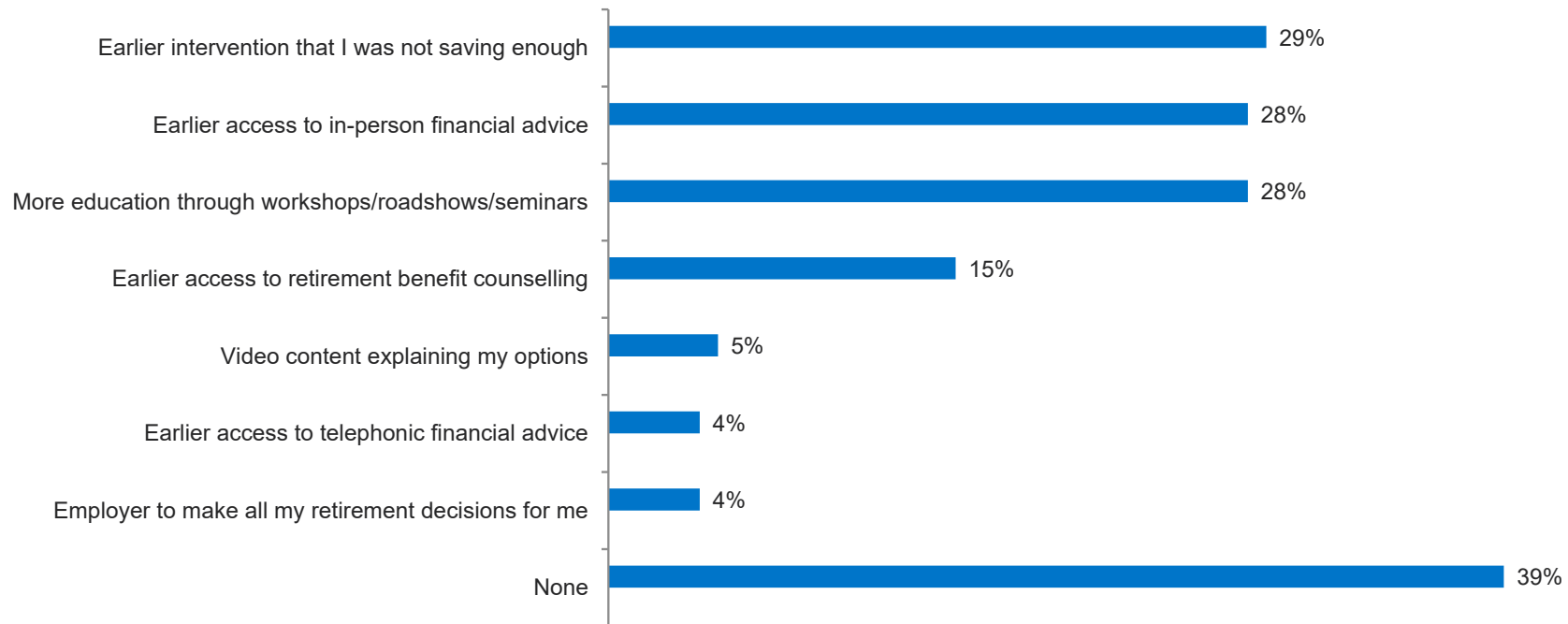
45% of employer funds and 53% of umbrella fund participants monitor and send targeted communication to members with low replacement ratios

Base: Employer funds (n=84); Umbrella funds (n=100)

Additional support retirees would have liked to prepare for retirement



From employers / Retirement funds



61% would have liked additional support on issues related to finances

Base: All pensioners (n=125)

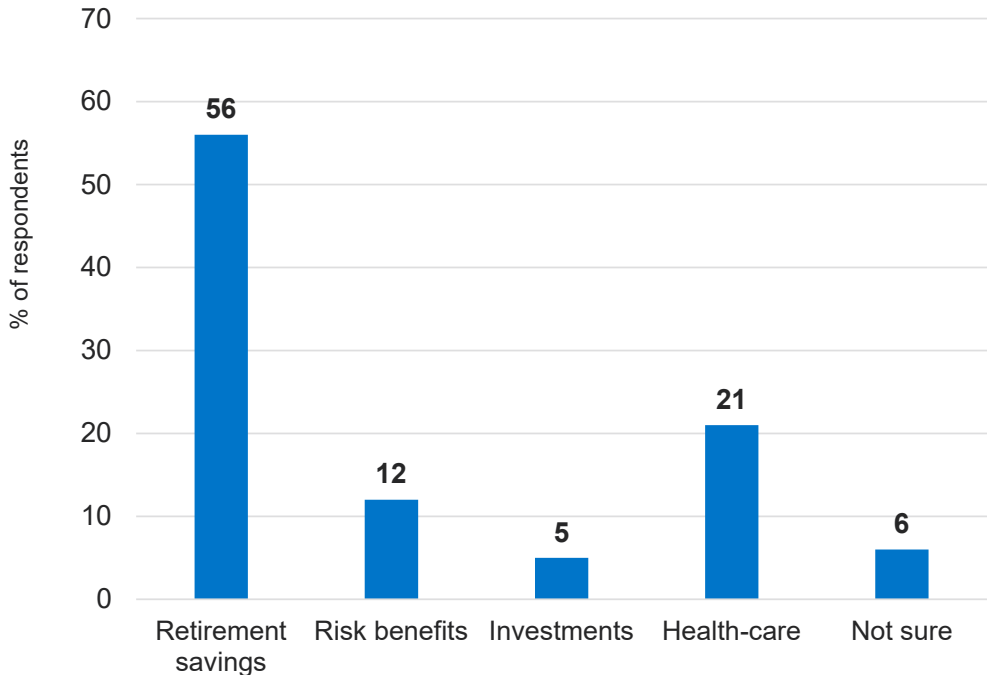
Concerns



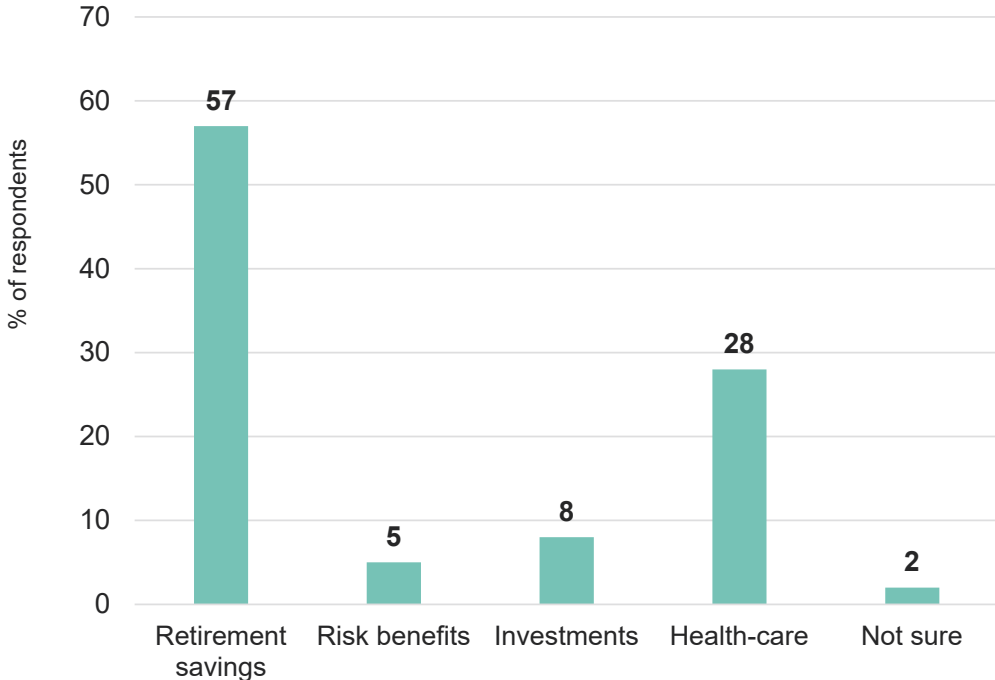
Members' Greatest Concerns



Employer Funds



Umbrella Funds



Respondents believe that their members are mostly concerned about retirement savings, followed by healthcare.

Base: Employer funds n=84

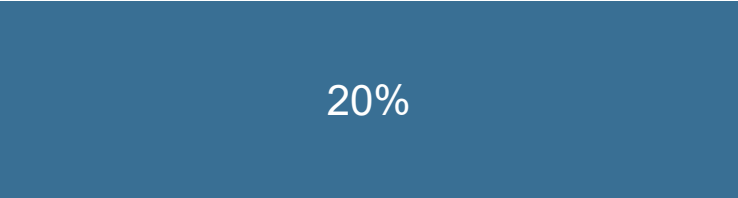
Base: Umbrella funds: n=100

Current Financial situation



How would you describe your current financial situation?

Struggling with debt and my monthly income doesn't cover my expenses



Just making ends meet, but there is no money left over at the end of the month



Financial dependents Outside of household



Do you support anyone financially outside of your household on a regular monthly basis i.e. not just the occasional loan when family members / friends run out of cash?

- Yes
- No



Base: All respondents (n=507)

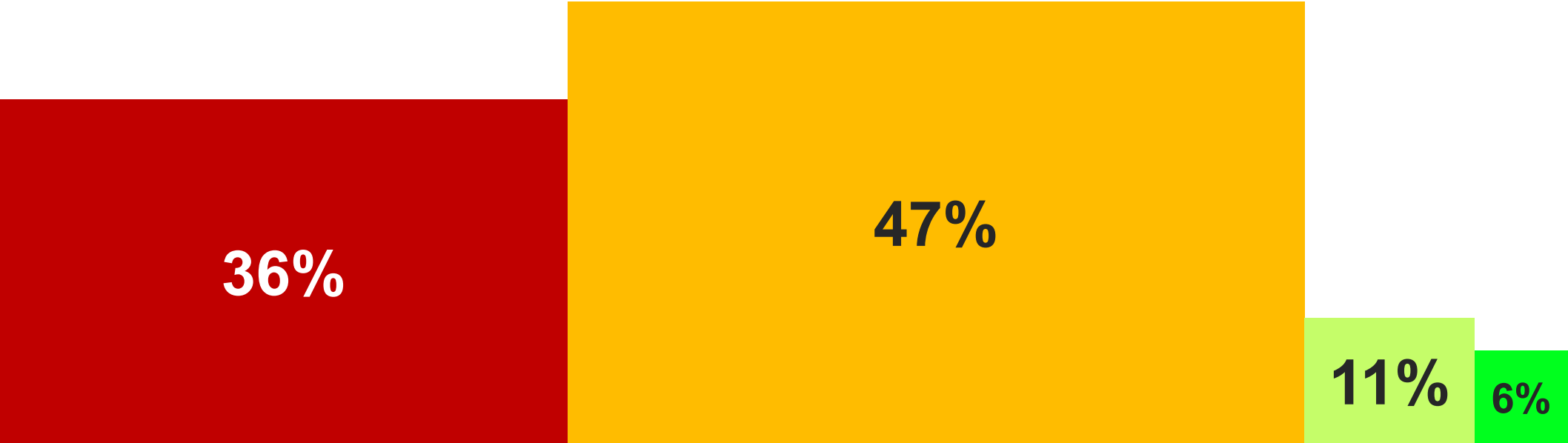


Current financial stress



How much financial stress are you feeling right now?

■ A lot of stress ■ Some stress ■ Hardly any stress ■ No stress at all



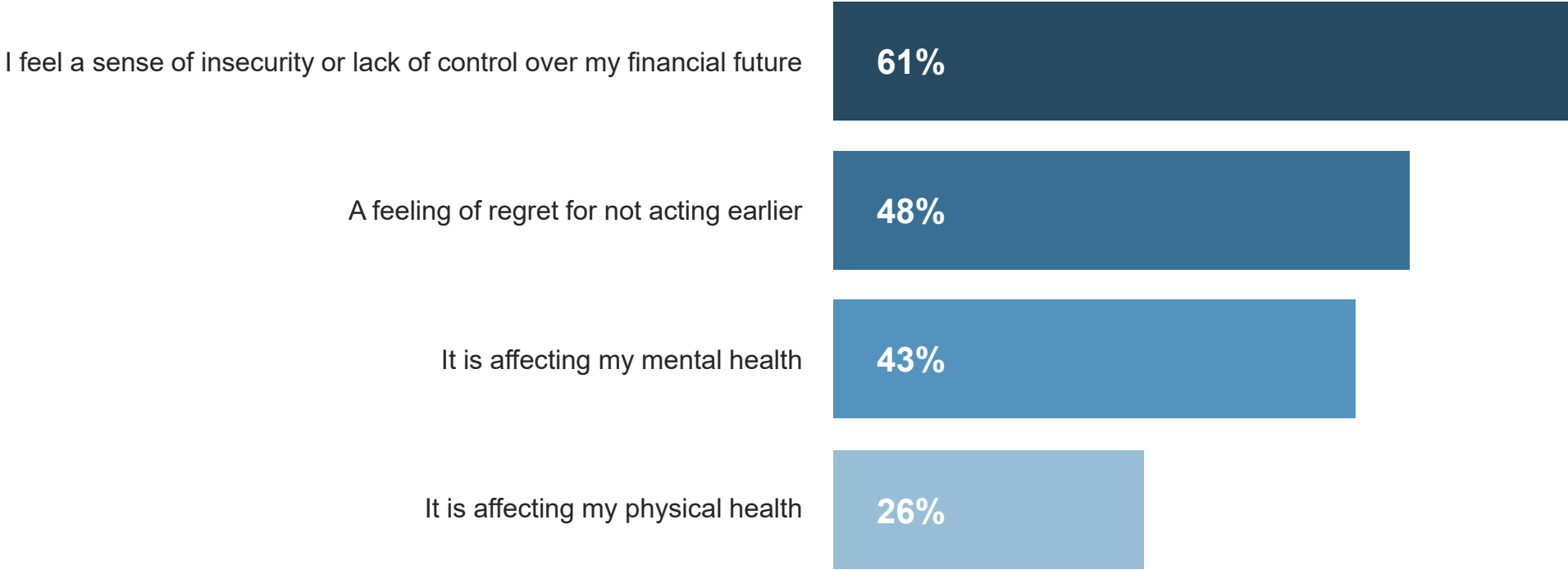
Base: All respondents (n=507)



Impact of financial stress



Debt can lead to financial stress, how is this stress affecting you?



Base: Currently feeling financial stress (n=423)

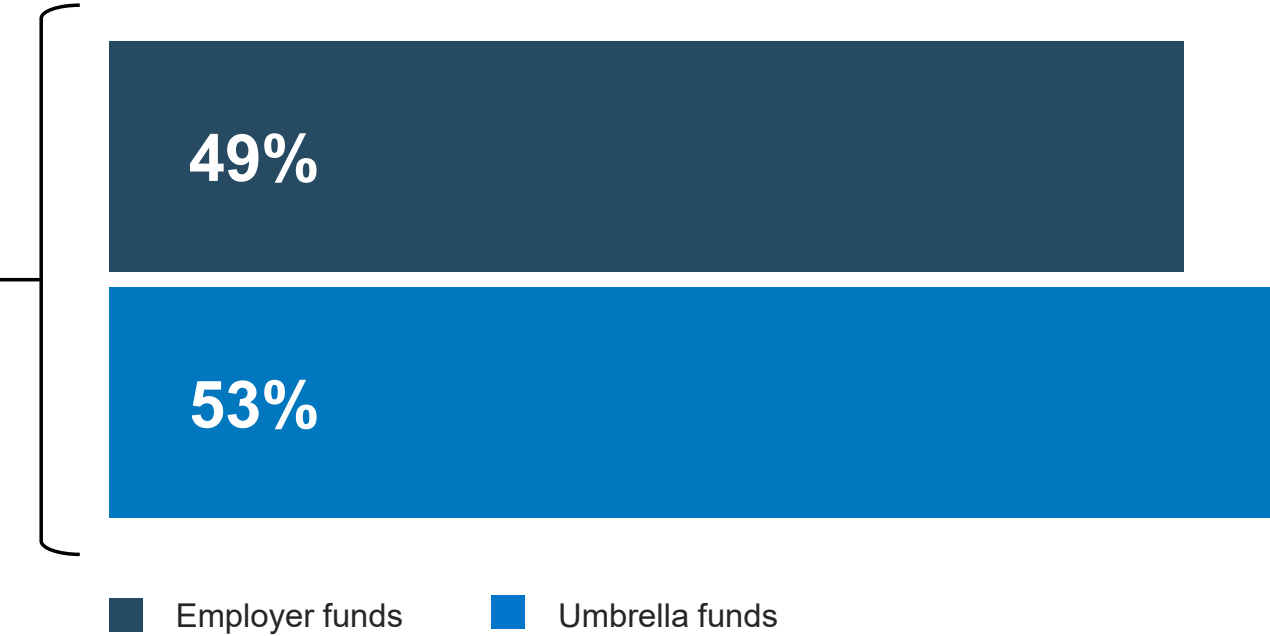


Healthcare Integration Strategies Used



Around 4 in 10 funds and sub-funds report an increase in absenteeism due to stress, anxiety and mental health issues amongst staff over the past two years.

Believe a holistic integrated health and financial wellness programme delivers higher productivity and staff happiness

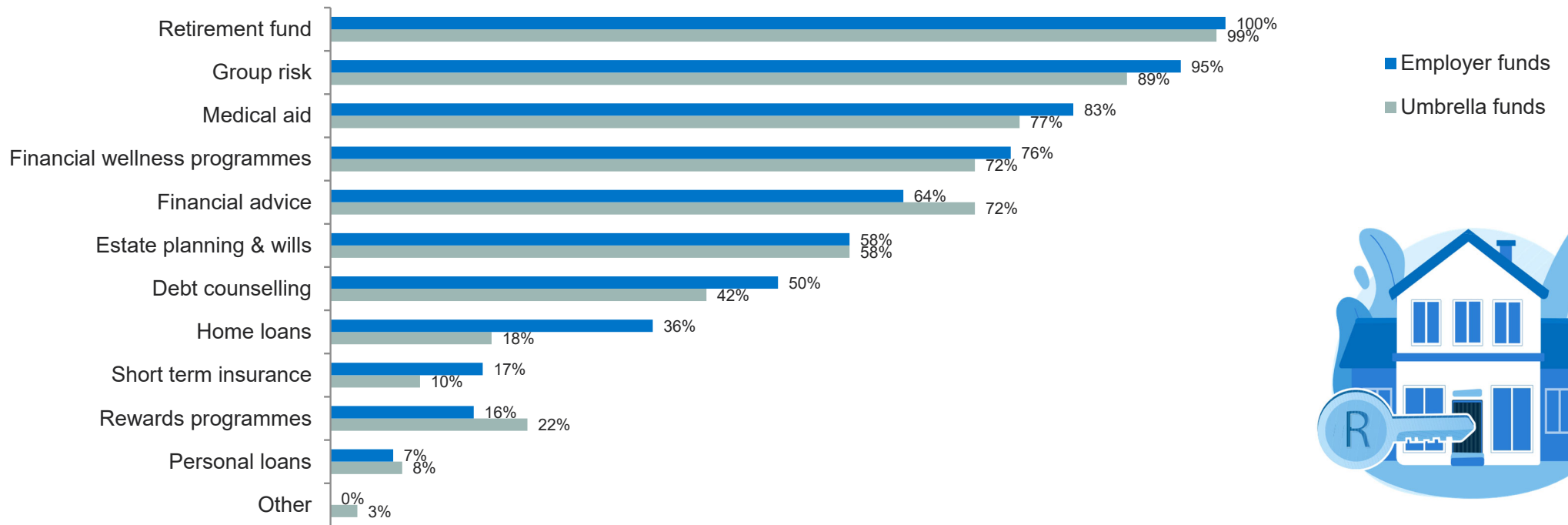


Base: Employer funds (n=84); Umbrella funds (n=100)





Ideal Suite of Benefits



⦿ Relatively higher level of interest in financial advice and rewards programmes amongst umbrella fund participants.

