

Sanlam Benchmark 2021: The devastating impact of COVID-19 on retirement

Research to be released on 22 June will show how the COVID-19 pandemic has impacted the employee benefits industry and retirement prospects of South Africans. For 40 years, the Sanlam Benchmark findings have helped the retirement industry navigate the complexities of the sector and guide members through the challenges they experience in planning for retirement.

Amidst the economic devastation and uncertainties presented by the Covid-19 pandemic, the 2021 Sanlam Benchmark report will shed light on how the industry fared during this period that was characterised by retrenchments, company liquidations and salary cuts – all of which have a significant impact on members' long-term savings.

The Benchmark Survey has been at the forefront of identifying and analysing trends for over four decades. Kanyisa Mkhize, who was appointed Chief Executive Officer (CEO) of Sanlam Corporate in 2020, says this year's findings are some of the most important ever. "We are seeing the devastating impact the pandemic has had on our industry and on employees and pensioners. We will need to work together with our peers and stakeholders to find urgent solutions to minimise these negative outcomes.

"With unemployment at an all-time high – and since funds and the broader retirement industry are dependent on the economy creating and maintaining jobs – we are in a very pressured position indeed. We've also seen death and funeral claims at levels that we could never have imagined, adding great pressure to funds."

She says, with the storm still raging, uncertainty remains around COVID 19 and the impact on risk pricing. "There are several views on future pricing, but our commitment is that we will ensure that our pricing is both fair and sustainable, so that we can keep to our promise of providing protection to families when they need it.

"In a crisis, it is very easy to focus on surviving the short term (sometimes making decisions that are – in the long run – very costly). As an industry we need to keep our clients focused on the long term – and help our members and employers stay the course."

Some additional themes that emerged from the research include:

- Employers are more sensitive to the importance of providing holistic solutions, following the impact of the pandemic on employee mental and physical health.
- Cyber risk is a reality.

- Modest interest from funds in infrastructure investments after proposed Regulation 28 amendments.
- Low awareness as to whether funds are invested in impact and ESG type investment portfolios.
- Impact of default regulations.

Mkhize says the Sanlam Benchmark Survey has driven thought leadership and collaboration in the industry for many decades. “It has provided guidance for regulators, trustees, employers, product providers and advisers. Many of the big and small innovations (including legislative changes) have been as a result of research insights.

“Over the years, the research has expanded to bring the voice of the pensioner, member, intermediary, employer and trustee into boardrooms and product factories, so it gives a view of the state of retirement from all perspectives.

“Ultimately, we believe that this is how we will enable people to live with confidence. We’re investing in member engagement to make sure that our members have a good grasp of their financial circumstances and the benefits they have available. This will empower them to make the right decisions that will help protect their families and improve their retirement outcomes,” says Mkhize.

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