

welcome[Ⓢ]



SANLAM BENCHMARK

Viresh Maharaj

Managing Executive

Sanlam Corporate Distribution

Insurance | Financial Planning | Retirement | Investments | Wealth

SANLAM BENCHMARK 2020



Research Plan

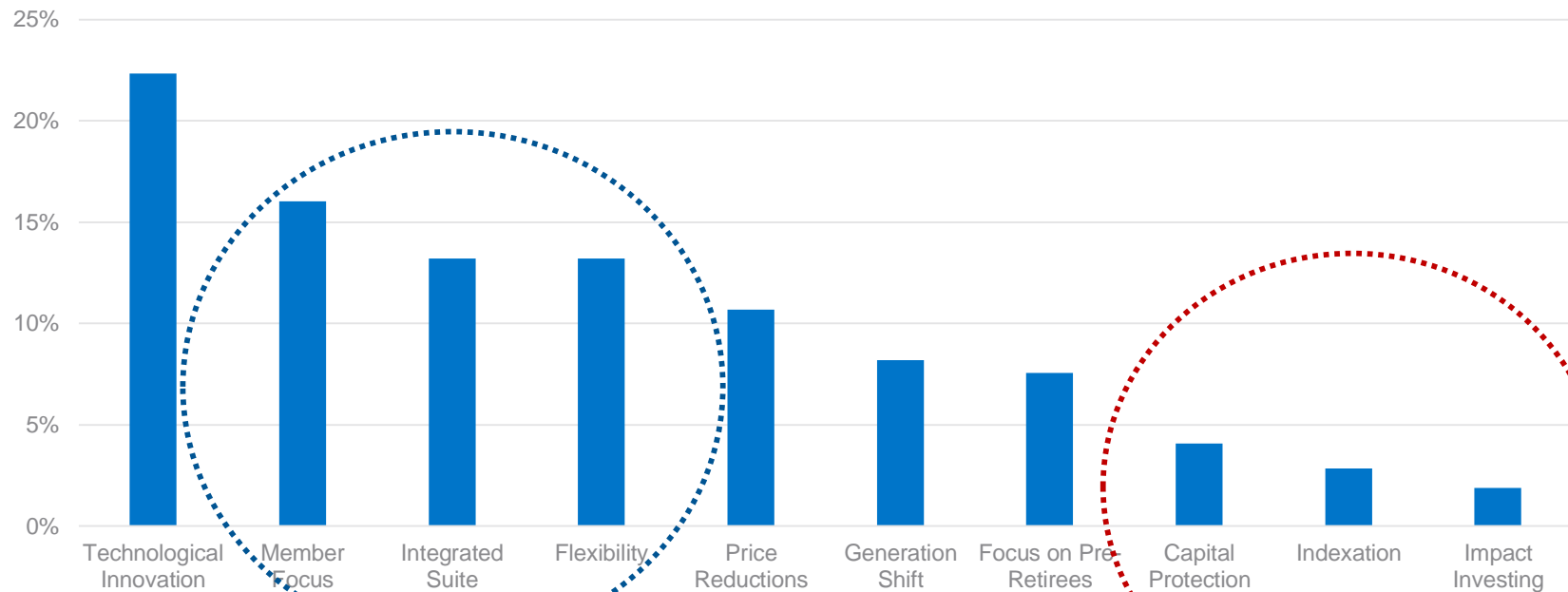
- ④ 106 Benefit Consultants } Today
 - ④ 35 Intensive Interviews (members & pensioners)
 - ④ Trustee Survey
 - ④ Sanlam RFA Data
-



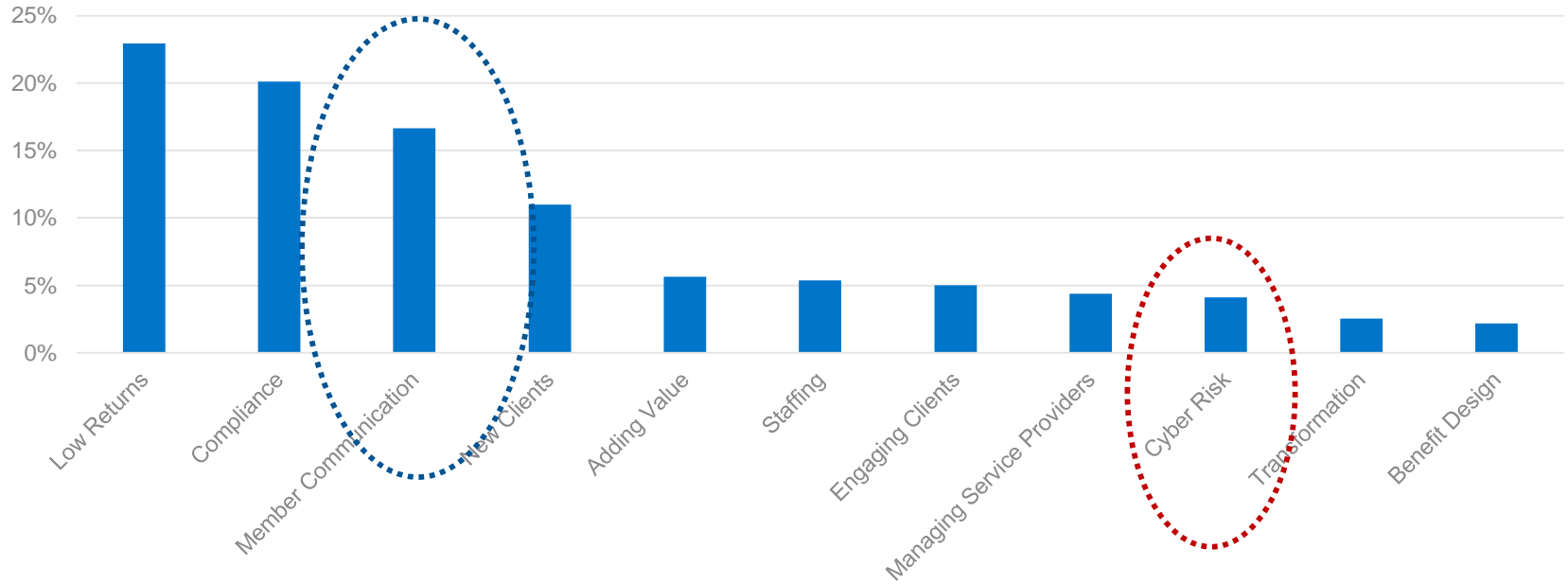
ALL ABOUT MEMBERS



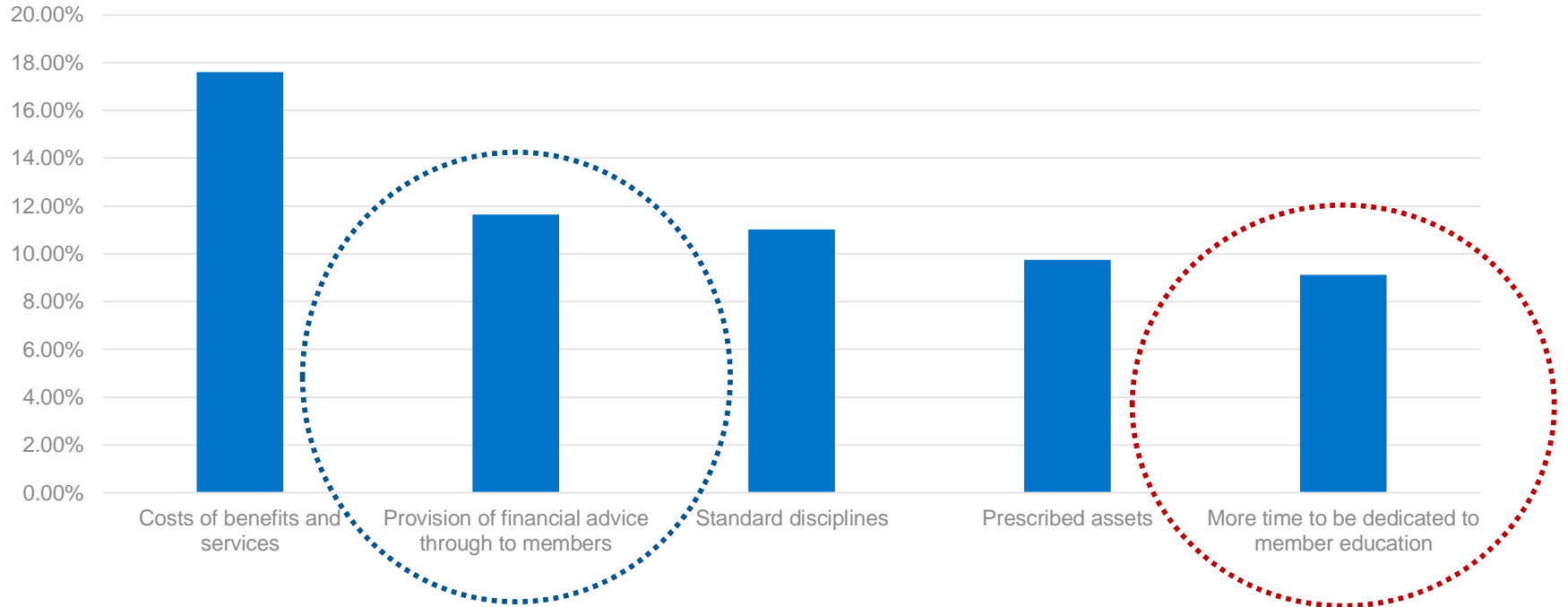
TOP TRENDS



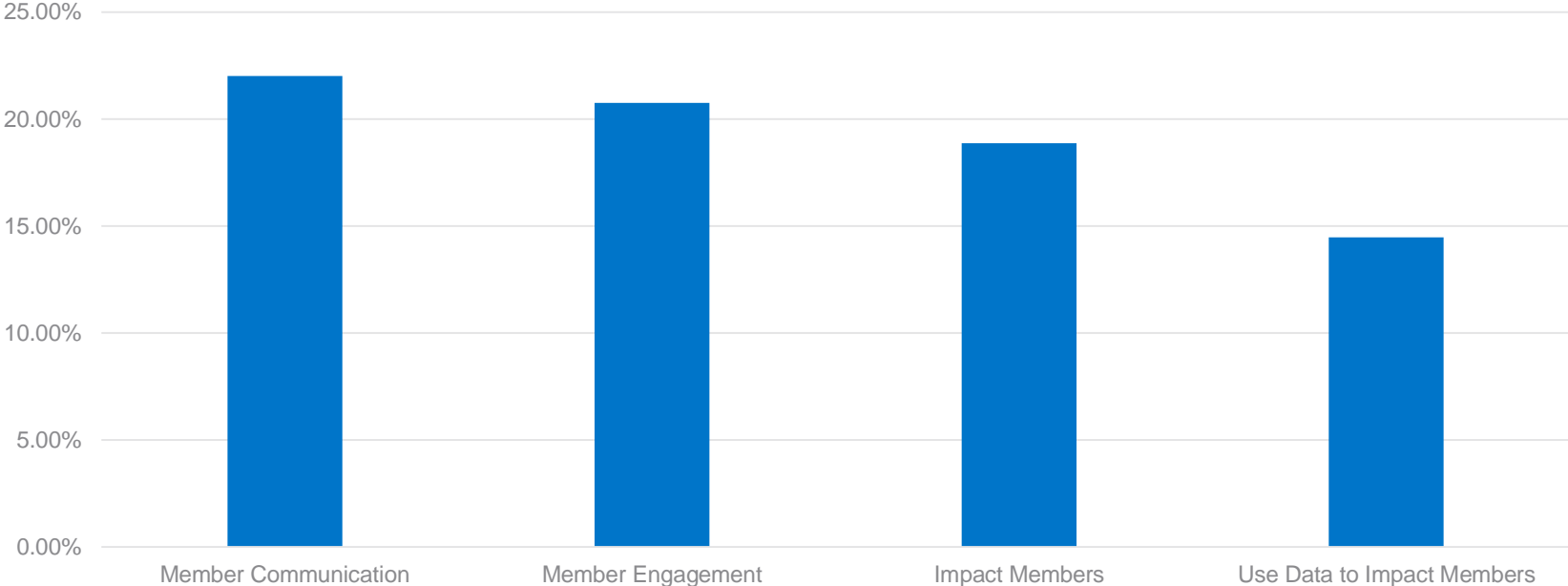
TOP 3 BUSINESS CHALLENGES



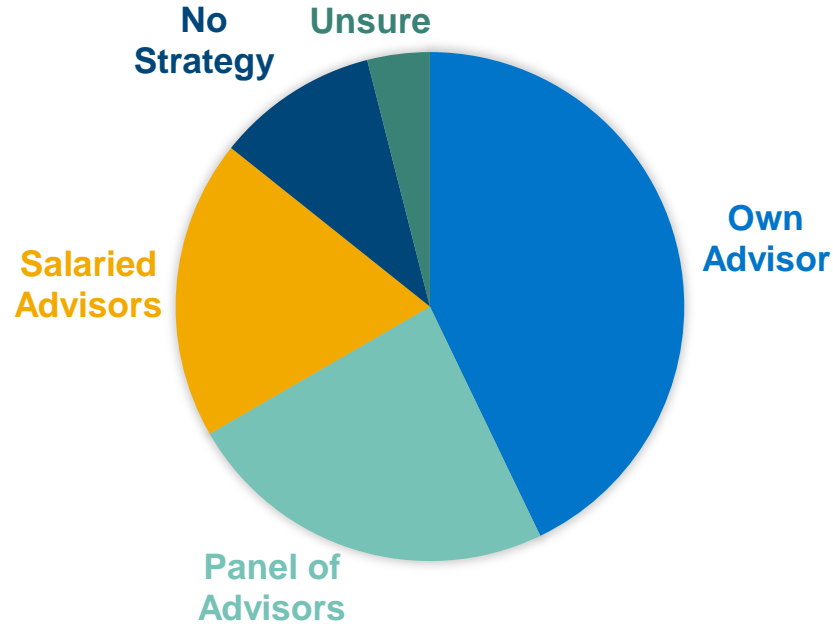
TOP 3 ADVICE THEMES



CHANGING NATURE OF ADVICE

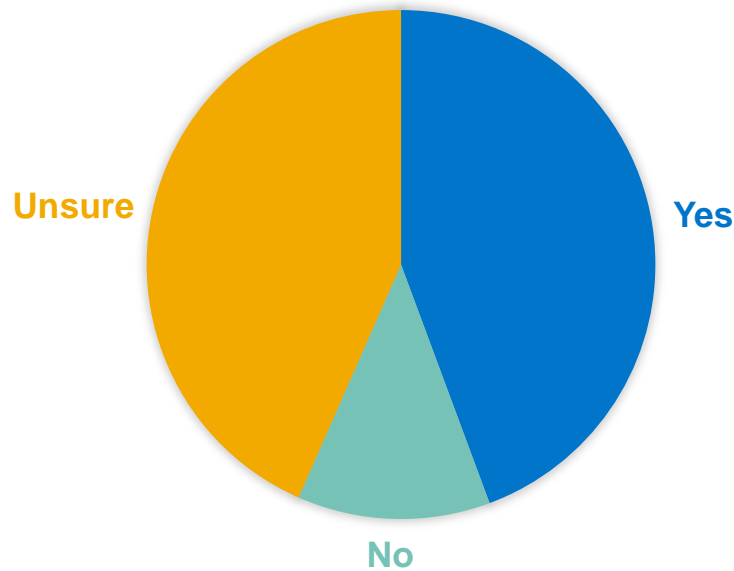


ADVICE STRATEGY



- ① Bulk of members do not have access to 'Own Advisor'
- ① Experienced significant benefits of employer vetted advice structures
- ① High Quality Financial Advice adds tremendous value
- ① NB link in Member-centric strategy

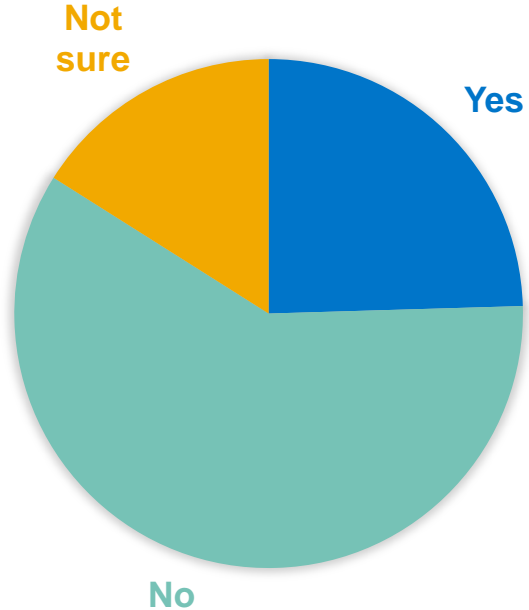
BUYING DOWN OF MEDICAL AID



- ① Financial pressures
- ① Increasing costs of medical aid
- ① Sandwich Generation
- ① Impacts Retirement Funding

- ① Split Risk
- ① Importance of Gap Cover

LOYALTY PROGRAMS



- 24% have experienced the introduction of loyalty programs
 - Connect with Members
 - Enable member communication
 - Monitor this space
-

DOES FINANCIAL LITERACY TRAINING ADD MEANINGFUL VALUE



“I found it really useful because it was simple and easy to understand and because there was no advertising of a specific product. Finally these concepts have been explained in a way that makes sense! The presenter was engaging and knowledgeable. All in all, a very good session.”

“I think it was very informative ... the speaker was good and was able to break it down into bite-sized chunks for those of us less clued up on finances. I look forward to the next few sessions.”

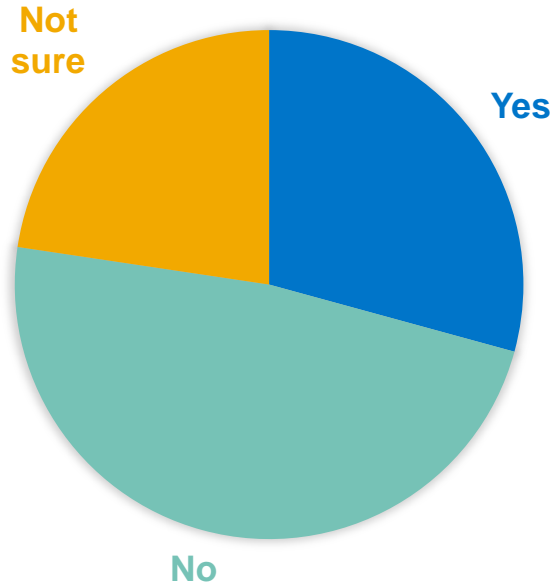
- ⤵ Overwhelming support
 - ⤵ Execution
 - ⤵ Generic Information
 - ⤵ Empowering
 - ⤵ Opt In for Advice
 - ⤵ Feedback Loop
-



SHIFT HAPPENS



HAVE DEFAULT REGS LED TO FUNDS CONSIDERING MIGRATING TO UMBRELLAS



- ⌋ Onerous requirements
- ⌋ Responsibility post-employment
- ⌋ Annuity Choices

- ⌋ Monitoring / Enforcement ...
- ⌋ Next Wave?

UMBRELLA MARKET SHARE



UMBRELLA FUNDS			
RANK	SPONSOR	ASSETS	# MEMBERS
1	Old Mutual	R 116,443,682,622	466,995
2	Alexander Forbes	R 83,718,199,614	399,230
3	Momentum Metropolitan	R 55,635,954,856	416,848
4	Sanlam*	▲ R 45,000,000,000	255,190
5	Liberty	▼ R 36,676,712,134	365,722
6	Willis Towers Watson	R 6,442,261,246	12,645
7	NMG	R 6,347,283,261	45,787
8	GTC	R 6,014,197,066	38,709
9	Sygnia	R 5,210,417,862	31,611
10	10X	R 3,973,903,406	30,051
19	Discovery	R312,000,000	6,610

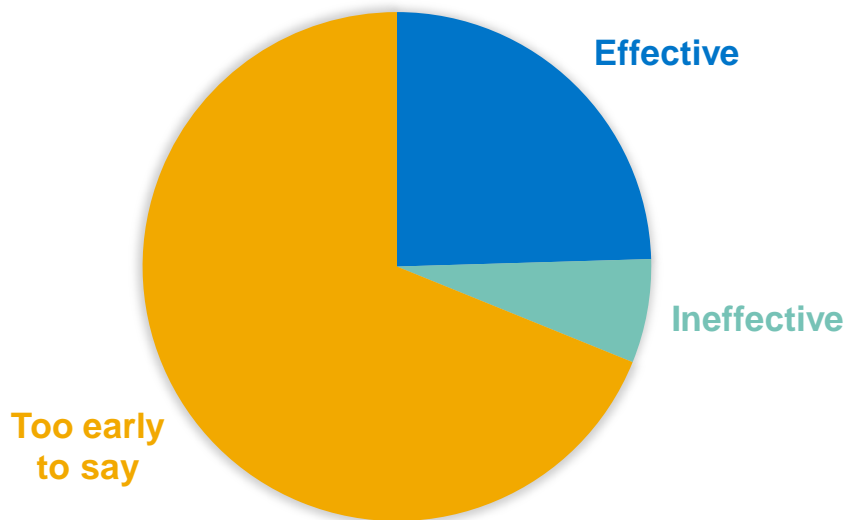
UMBRELLA MARKET SHIFT



UMBRELLA FUNDS					2009	
RANK	SPONSOR		ASSETS	# MEMBERS	Assets (R'Bn)	#Members
1	Old Mutual		R 116,443,682,622	466,995	9	250,000
2	Alexander Forbes		R 83,718,199,614	399,230	15	130,000
3	Momentum Metropolitan		R 55,635,954,856	416,848	8	200,000
4	Sanlam*	▲	R 45,000,000,000	255,190	3	50,000
5	Liberty	▼	R 36,676,712,134	365,722	13	210,000

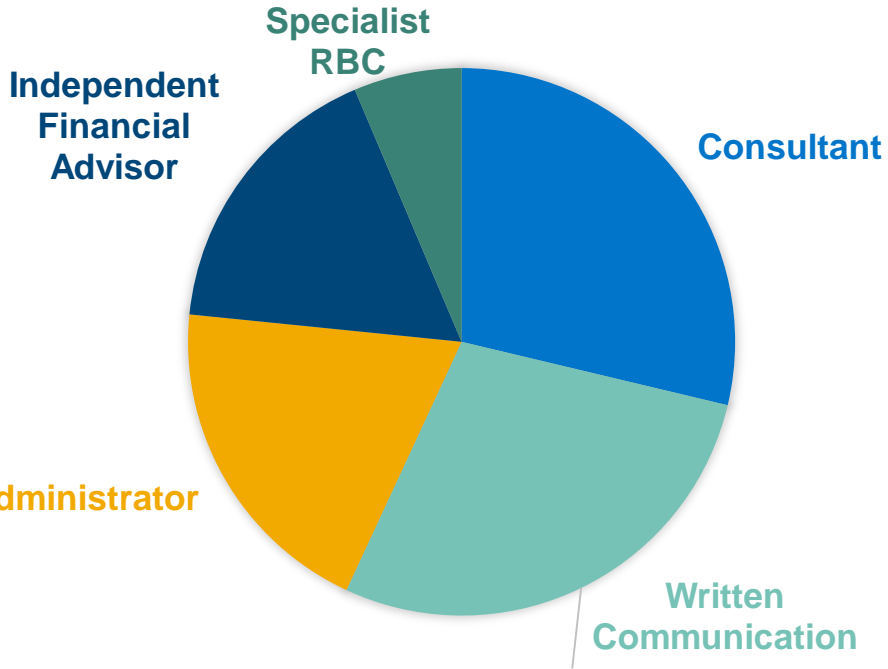
- > R370,000,000,000 AUM
- > 2,160,000 members
- > 1,000,000 members moved into UF's over 10 years

ARE DEFAULT REGS EFFECTIVE



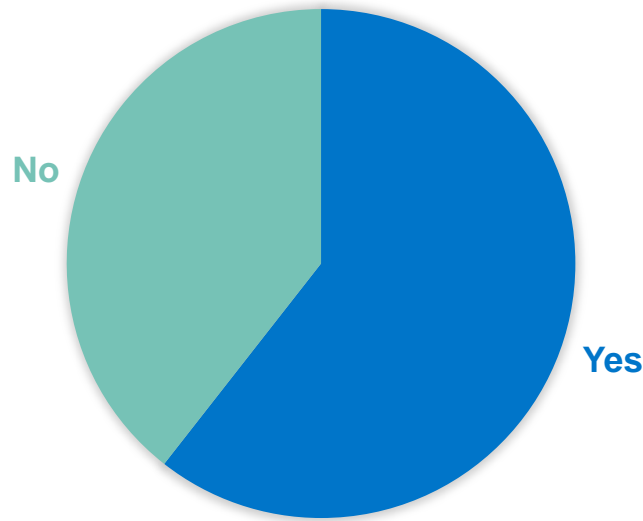
- Already 24% confident
- Skeptics remain
- Monitor closely
- Measurement?
- Outcomes Important
- Focus on Annuities

RB COUNSELLING



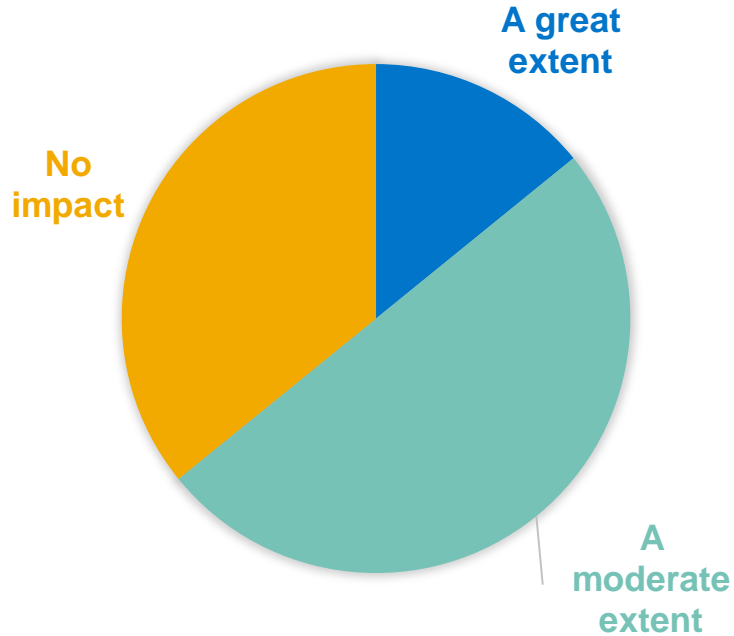
- ⊙ Written Communication alone
Ineffective ... will fail
- ⊙ Member sessions ...
Selection bias
- ⊙ Wealth spectrum
- ⊙ Conflict of Interest

HAS RISK PRICING STABILIZED



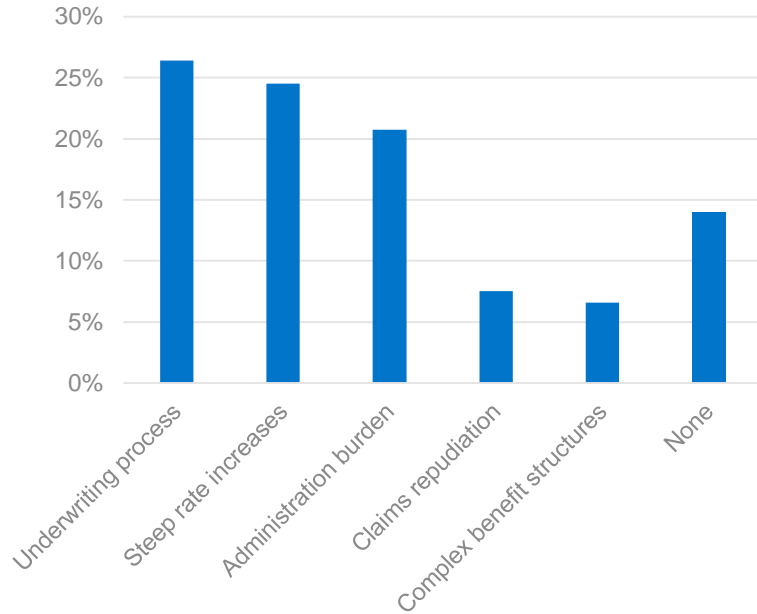
- ⌋ Large rate increases
 - ⌋ Changes in claims management
 - ⌋ Linked to economic cycle
 - ⌋ Not out of the woods yet
 - ⌋ PPR's
-

IMPACT OF PPR'S



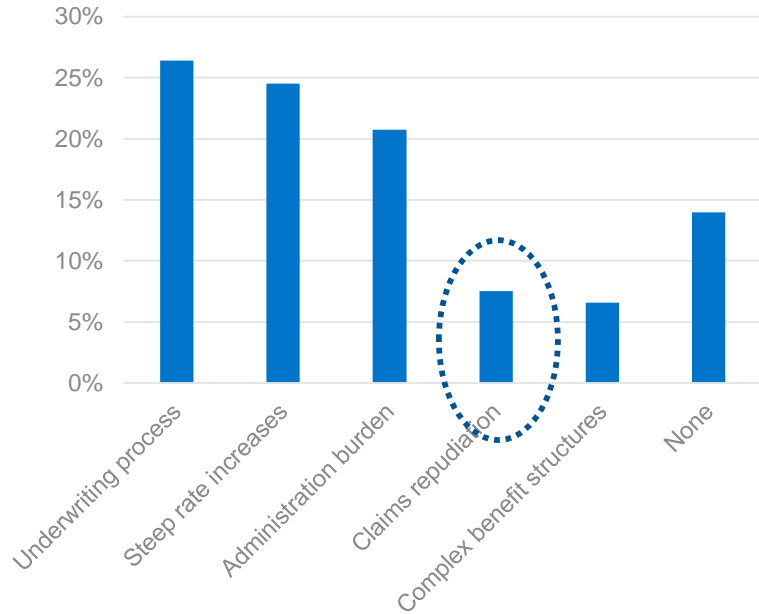
- ① Awareness
- ① Application
 - ① ROA's
 - ① Communication to members
 - ① Comparisons
- ① Underestimating Impact

GROUP RISK FRUSTRATIONS



- ④ Scope for Innovation
- ④ Accident Booster
- ④ Risk Management
- ④ Technology

GROUP RISK FRUSTRATIONS



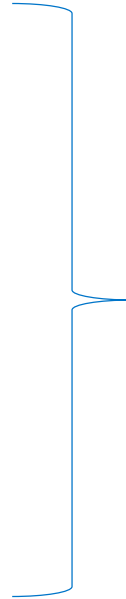
	Complaints	% Ruled In favour of complainants
Sanlam Life	276	16%
Old Mutual	855	25%
MMI	328	34%
Liberty	606	35%
Hollard	868	44%

2018 LTI Ombudsman Annual Report

TOP FACTORS – GROUP RISK



- ⊙ Price
- ⊙ Service Levels
- ⊙ Claims
- ...
- ⊙ Brand
- ⊙ Size
- ⊙ Empowerment Status

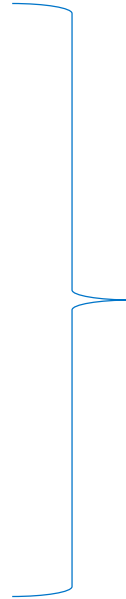


- ⊙ Delivery gets you to the table
- ⊙ Price determines the winner
- ⊙ Learnings from history
- ⊙ Member focus ...
- ⊙ Post PPR's?

TOP FACTORS - UMBRELLA



- ④ Price
- ④ Administration
- ④ Investment Range
- ...
- ④ Financial Strength of Sponsor
- ④ Cybersecurity
- ④ Empowerment Status



- ④ Impact of RSC
- ④ Unseen Costs
 - ④ Time
 - ④ Effort
 - ④ Risk
- ④ Member Engagement
- ④ Significant Differences
- ④ Self-fulfilling prophecy?

TOP FACTORS - INVESTMENTS

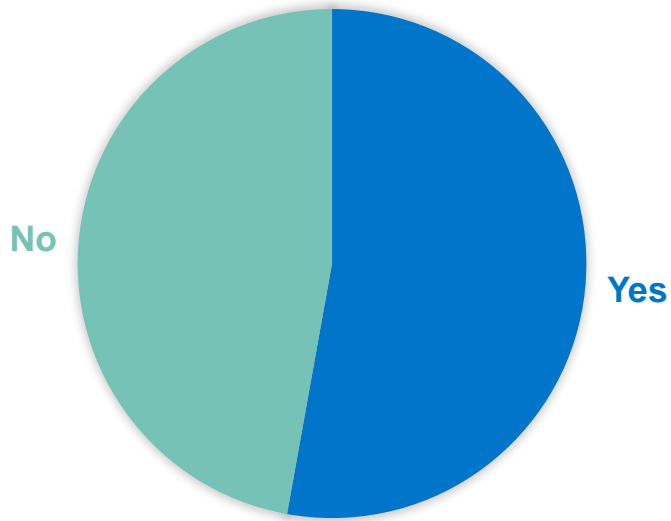


- ④ Price
- ④ Track Record
- ④ Style
- ...
- ④ Service Levels
- ④ Brand
- ④ Empowerment Status



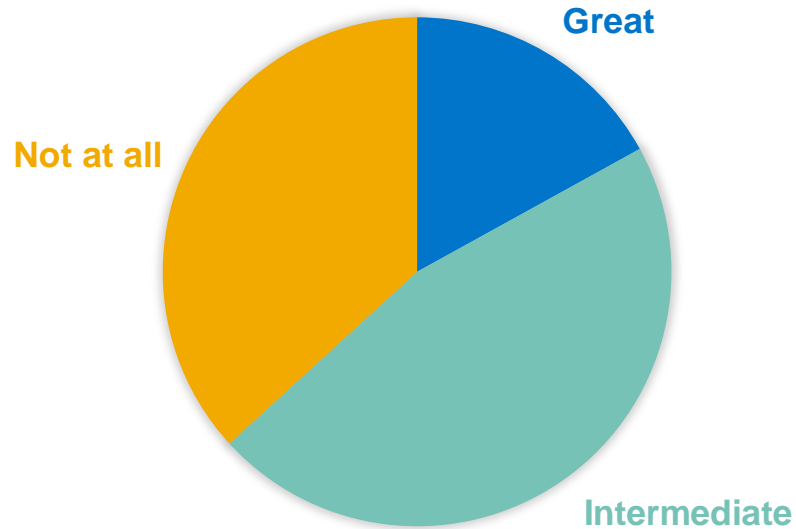
- ④ Focus on Fees
- ④ Increased Transparency
- ④ Low Return Environment
- ④ Noise
- ④ Confidence

USE FSC SCORECARD



- ① Hygiene Factor?
 - ① Unpack details
-

INFLUENCE CHOICE



- ① Ticket to the game?
 - ① Lip service?
 - ① Impact on SA
-

Sanlam's economic impact (2019)

R151bn

of wealth distributed in 2018:

R11bn to clients
R4.7bn to government
R7.3bn to shareholders
R11.1bn to employees and
the balance to suppliers.



BB-BEE Level 1



R3,4bn

invested in BEE transactions
by Sanlam.



\$850m

invested in renewable
energy initiatives with
FMO (Dutch Development
Bank).



Over

R183,5bn

market cap as of
28 November 2019.



R840bn

of assets under management
by the Sanlam Investment Group.



100 years

and counting on our journey
towards empowerment.

38 years

of retirement research
via Sanlam Benchmark
Symposium.



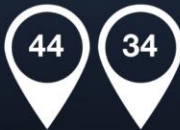
Presence in 44 countries,
34 of which are on the
African continent.

Globally

44

34

In Africa



Sanlam Employee Benefits named
Employee Benefits Product Supplier of the Year*



*Financial Intermediaries Association
of Southern Africa (FIA) Awards.

99%



of death claims paid out,
maintaining a 5-year record.



ARE LIFESTAGE INVESTMENT STRATEGIES STILL APPROPRIATE?

DARRYL MOODLEY
HEAD: TAILORED INVESTMENTS
SANLAM CORPORATE INVESTMENTS



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aerofiles.com



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aerofiles.com

TYPICAL RETIREMENT APPROACHES



**Balanced
Fund**

**Smooth
Bonus**

**Lifestage
Model**

**Goals
Based**



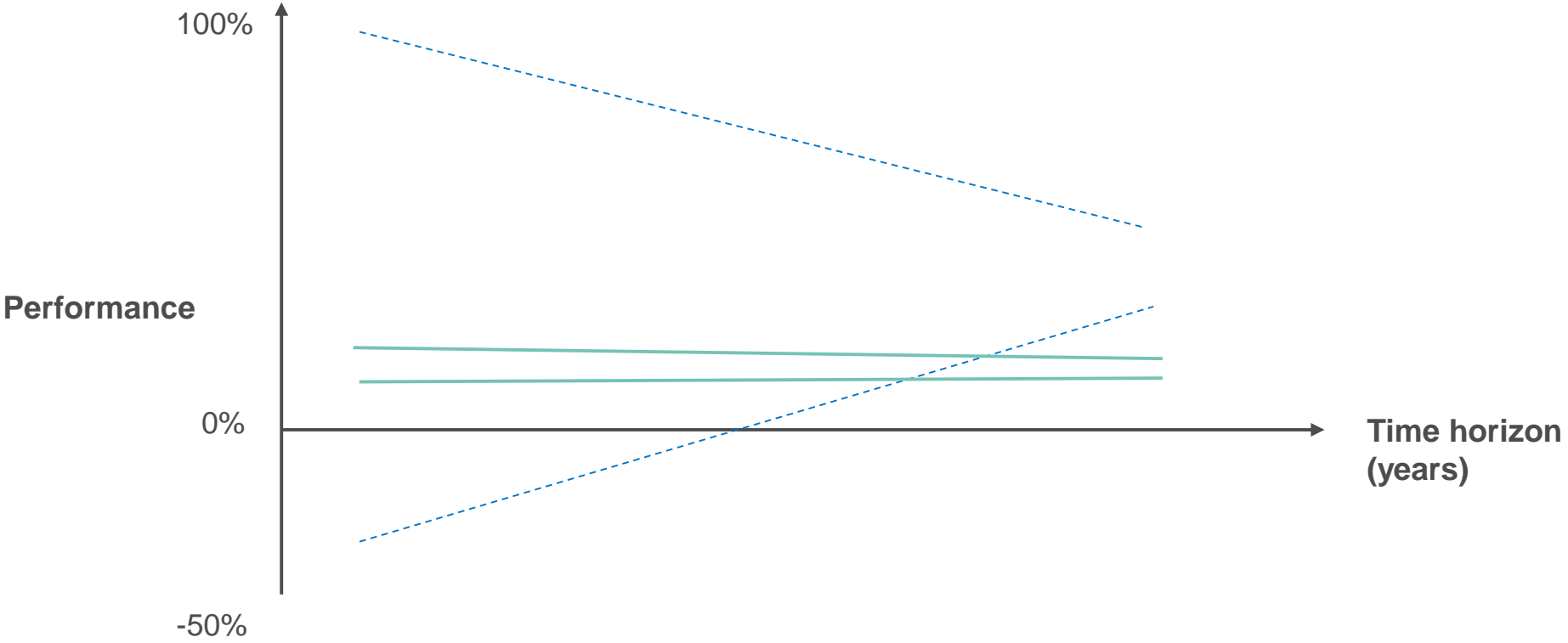
WHAT IS LIFESTAGING?



TYPICAL LIFESTAGE MODEL



FUNNEL OF DOUBT



ASSET ALLOCATION THE TOOL



High risk portfolio

- High Equity & Property
- Low bonds and cash

Medium risk portfolio

- Moderate equity & property
- Moderate bonds and cash

Low risk portfolio

- Low equity & property
- High bonds & cash
- Smoothing?

LIFESTAGE STRATEGIES



1. Maximises investment returns
2. Offers a one-stop approach which is appropriate for most members
3. Low maintenance, as most investors aren't engaged in their investments e.g. transitioning
4. Removes a lot of the difficult and confusing decisions from the investor



1. One-size fits all approach, meaning an impersonal asset allocation approach
2. May become too conservative too quickly for certain investors



GOAL-BASED (OR OUTCOMES BASED INVESTING)



GOAL-BASED INVESTING



- ④ Focuses on attaining personal and lifestyle goals
 - ④ In this case it would be retiring comfortably
 - ④ Eg. Current salary is R50,000 pm, aim to retire with an income of R40,000pm

- ④ Performance is measured by the success of investments in meeting an individual goal
 - ④ Currently, on track to retire with R20,000 pm, hence below “benchmark”

PROCESS - GOALS-BASED



Retirement

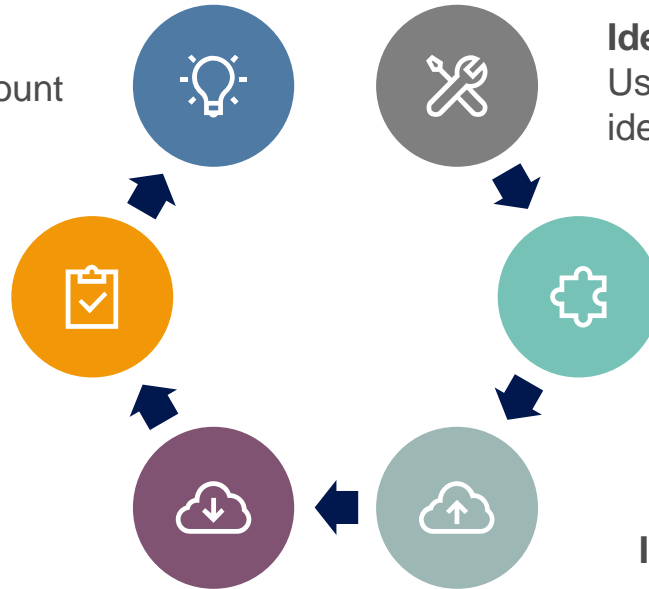
At retirement, receive the amount achieved from the approach.

Rebalance portfolio when goal changes

Strategy changes when the goals changes

Probability

Aim to achieve the goal



Identify your goal

Use of a questionnaire to identify specific goals

Asset Allocation

Build a view of long-term returns for asset allocation and portfolio construction

Investment Strategy

Use the portfolios available to build a strategy to meet your goal

GOAL BASED STRATEGIES

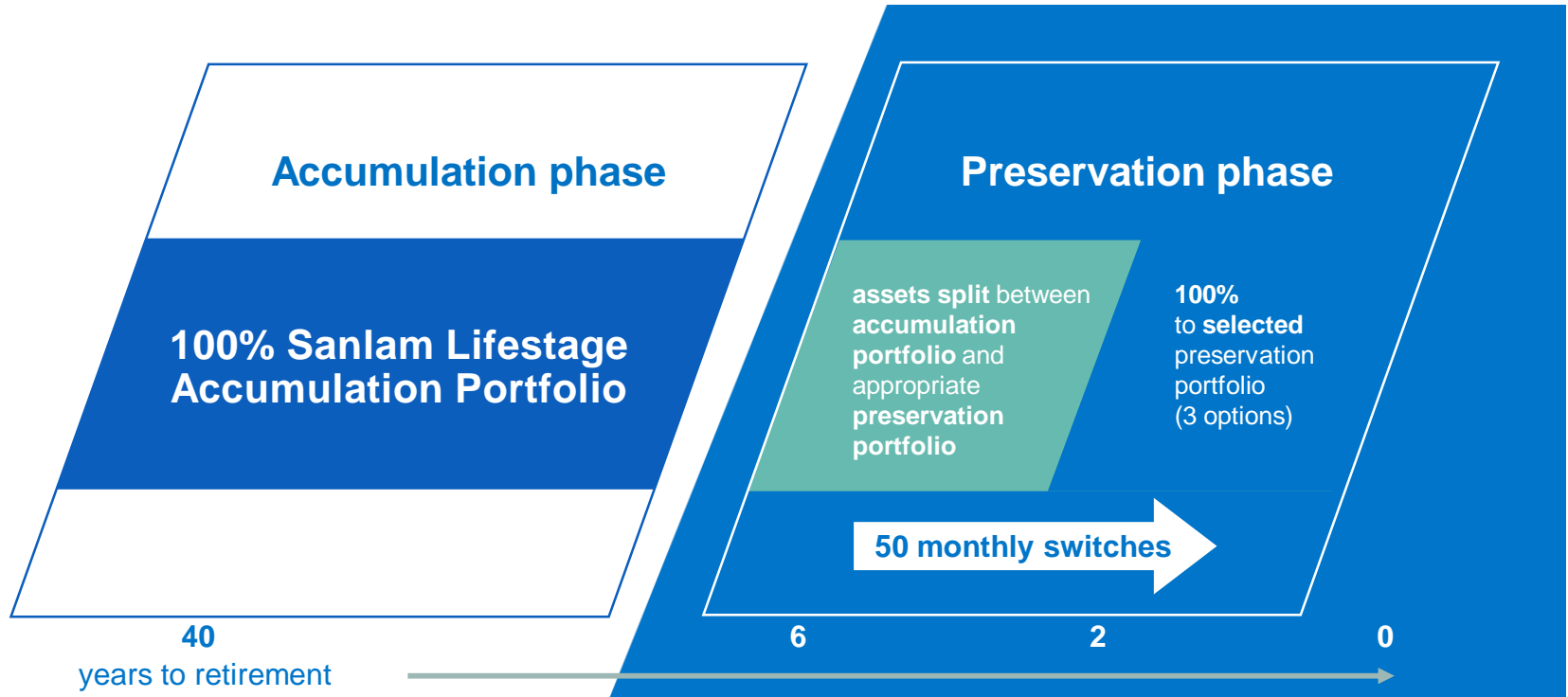


1. Focuses on targeted income goals
2. Personalized strategy takes into account individual circumstances
3. May be easier to communicate
4. Easier to check whether you are on the right track



1. Most retirement fund members lack the financial literacy required to set an informed outcome target
2. A high % of members are currently unengaged, frequent updating of information might not be possible
3. Contributes to belief perseverance – investors sticking with the wrong goal for much longer

SANLAM LIFESTAGE STRATEGY



PRESERVATION PORTFOLIOS



Is this not goal-based to some extent?

1

Capital Protection
Preservation Portfolio



Guaranteed or WP
annuity

2

Inflation Annuity
Target Portfolio



Inflation-linked
guaranteed annuity

3

Living Annuity
Target Portfolio



Investment-Linked
Living Annuity



LET'S COMPARE – EXTREME EXAMPLE



EXAMPLE



Joe

- ④ 50 years old, saves 27.5% of salary
- ④ Target Replacement Ratio of 75%
- ④ Lifestage – Will be invested aggressively
- ④ GBI – Will be invested more conservatively as need low return to achieve Target Replacement Ratio



Jane

- ④ 50 years old, saves 1% of salary
- ④ Target Replacement Ratio of 75%
- ④ Lifestage - Will be invested aggressively
- ④ GBI – Will be invested aggressively as need very high return to get close to Replacement ratio

EXAMPLE



Joe

- ⌋ On track for 80% Replacement Ratio
- ⌋ Has surplus assets
- ⌋ Should Joe be more aggressive, as he has “spare” assets to make up for poor returns?



Jane

- ⌋ Requires perfect market timing, but high probability of adverse market timing impact (especially in Preservation phase)
- ⌋ Adverse market impact would likely leave her worse off than had she de-risked (like in a lifestage model)

OTHER COMPLEXITIES



- ④ Communication can be mis-interpreted
 - ④ 74% actual RR vs 75% target RR means a Funding level of 99%
- ④ “Guard-rails” which limit the active allocation position
 - ④ For young members, the individualisation has the effect of simply reducing risk
- ④ Actual vs perceived value of matching just a portion (e.g 15%) of the income?
- ④ Complexity vs costs

FIT FOR PURPOSE

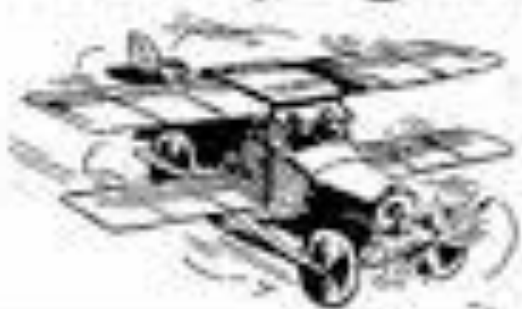


- ⦿ Competing life-goals which are non-retirement in nature
- ⦿ Most members don't save enough (nor preserve), hence “doomed to failure”
- ⦿ Those who have the capacity to take on more risk should be able to take it on
- ⦿ What about other assets that form part of an individual's plan? E.g preservation funds, paid up mortgage, PRMA, TFSA's, endowments)
- ⦿ Looking forward
 - ⦿ Integration with financial advice, big data and AI
 - ⦿ More integrated retirement savings ecosystem



Invention, Mechanics and the Hor

The Flying Automobile to Be *the* Car of the Future



...the flying automobile...
...the flying automobile...
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...the flying automobile...
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An Improved

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The flying automobile...

The flying automobile...



**Simplicity
is the ultimate
sophistication.**

Leonardo da Vinci

Enriching our communities through the Sanlam Foundation

R540m

invested in communities over the past 10 years.



NEARLY

450 000

children benefit from our literacy projects every year.



MORE THAN

50 000

South Africans empowered by our Wage Wise programme.



NAMIBIA

N\$1m

to Haimbili Haufiku Senior Secondary School.



R22m

invested in enterprise and supplier development in 2018, and close to 300 sustainable jobs created so far.



R50m

invested in water security through our 12-year partnership with the WWF.



R1,5m

pledged in CSI projects in Uganda over the next 3 years.



CLOSE TO

R95m

invested into 100 schools as part of the Blue Ladder Schools programme.



R23m

spent towards the Black Industrialist Programme, Youth Employment Services and the Ikusasa Student Financial Aid Programme via the CEO Initiative.



INCLUDED IN THE

FTSE/JSE

Responsible Investment Index/
Included in the FTSE4GOOD
Index Series.





DISABILITY CLAIMS ASSESSMENT

Rosebud Tsobane

Technical Claims Manager

Sanlam Group Risk

DISABILITY TEAM CAPABILITIES AND PHILOSOPHY



- ④ Who are we?
 - ④ Introduction to team
 - ④ Skills & experience

- ④ What do we do?
 - ④ Our operational intent
 - ④ Our strategic intent

- ④ Our claims philosophy
 - ④ Simple: To pay valid claims

DISABILITY CLAIMS PROCESSES



- ④ Training and worksite visits
 - ④ Occupational Health Nurse and CMO role
 - ④ Training to HR, management, staff
 - ④ Wellness

- ④ Early notification
 - ④ Can facilitate interventions (e.g. rehabilitation)
 - ④ Prevents late submissions and possible repudiation
 - ④ Can start claims process early; investigations can commence
 - ④ Payment at expiry of waiting period most of the time

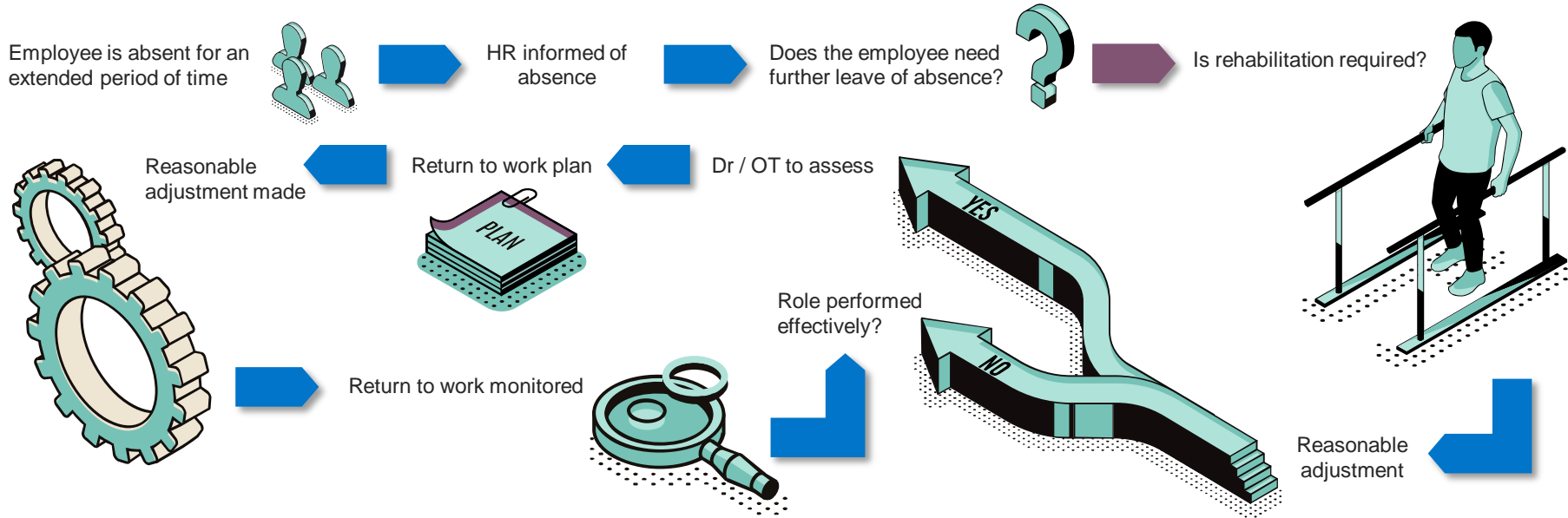
DISABILITY CLAIMS PROCESSES....CONTINUED



⦿ **Early Intervention**

- ⦿ Linked to employer's incapacity management process
- ⦿ Intent – return to work, prevent claim, case management (ergonomic assessments, reintegration, identify alternative placements)
- ⦿ Documents to be completed: sick leave report, rehabilitation questionnaire
- ⦿ Assess rehabilitation potential, including cost-benefit analysis
- ⦿ Dovetail interventions with existing wellness programmes or medical aid offerings
- ⦿ Continuous communication with employer
- ⦿ Rehabilitation agreement
- ⦿ Can facilitate timeous submission of claims based on available medical information

COMPANY INCAPACITY MANAGEMENT



DISABILITY CLAIMS PROCESSES...CONT'D



⤵ **Rehabilitation and Reskilling**

- ⤵ Not all claimants qualify; depends on nature of condition
- ⤵ Intent always: return to work (not to improve quality of life)
- ⤵ Rehabilitation agreement to be signed
- ⤵ Not all employers are suitable for this; alternative job opportunities, open to realignment.
- ⤵ Non-compliance can lead to cessation of benefit

⤵ **Disputes and Complaints**

- ⤵ Appeal and complaints process
- ⤵ Dispute process – Arbitrator; Ombudsman
- ⤵ Dedicated resource appointed

DATE OF DISABILITY



- ④ Claimant: Ms AB
- ④ Date joined: 1 December
- ④ Diagnosis: Colon Carcinoma (diagnosed 26 October 2018)
- ④ Surgery: 29 October 2018
- ④ Absence from 29 Oct – 30 Nov 2018
- ④ Shorter periods of absence Dec 2018 – February 2019 (14 days)
- ④ Started chemotherapy
- ④ Suffered severe side-effects of treatment; good prognosis for return to work after completion of treatment
- ④ Date last actively at work: 22 February 2019; returned to work 24 June 2019
- ④ Applied for temporary disability benefits

LESSONS



- ④ Close working relationship
- ④ Importance of submitting all relevant information, e.g. leave records, productivity reports
- ④ Medical information that clearly demonstrates her symptoms and side-effects

BENEFITS OF DISABILITY MANAGEMENT



For Employer	For Employee
Reduces workers compensation and insurance costs	Provides sense of security and stability
Promotes goodwill and enhances corporate image	Reinforces management commitment to EE welfare
Allows active participation of management in EEs recovery	Reinforces positive self-image to injured worker
Reduces cost associated with temporary or replacement workers	Provides positive reinforcement to injured worker to recover quickly
Reduced potential of litigation	Identification / confirmation of medical condition
Maintains an experienced workforce	Discourages the disability mind-set
Minimises productivity slow-down	Encourages normal working relationships with other Ees
Improves employee-management relations	Reinforces the 'going-to-work' daily habit
Promote employee morale and security	Assists employee to remain in own occupation

BENEFITS OF DISABILITY MANAGEMENT



For Employer	For Employee
Decreases opportunities for repeaters or malingerers	Allows member access to appropriate treatment
Decreases potential for re-injury	Facilitates temporary or permanent job reassignment or job restructuring
Improves relations with unions (will be seen as looking after Ees)	Increases employee morale and motivation to return to and remain at work
Guides line manager to distinguish between real cases and possible abuse of sick leave	Decreased number of lost work days
Improves work ethic	Facilitates identification of reasonable accommodations/alternative occupations
Employer will be seen as employer of choice	

CHALLENGES WITHIN DISABILITY PROCESS



④ Incapacity vs Disability

- ④ Legal process vs contractual process
- ④ Incapacity – LRA and Code of Good Practice
- ④ Disability – policy contract
- ④ Outcome may be different

④ Interpretation of Definitions

- ④ Job vs Occupation
- ④ Own vs regular
- ④ Taking into account...education, skills, experience
- ④ Open labour market consideration

JOB VS OCCUPATION



Mrs YZ

Occupation: HR Practitioner

Monthly disability income benefit: totally continuously disabled for regular occupation

Date last actively at work: 31 July 2018

Change of definition date: 31 July 2019

Psychiatric claim: work related trauma; stress at work

Gynaecological procedure: March 2019

Employer declared the claimant permanently impaired for own occupation

Sanlam paid only till end Feb 2019

LESSONS



- ④ Job does not equal occupation
- ④ Definition change date
- ④ Condition at play
- ④ Elective procedures during the disability period

CHALLENGES WITHIN DISABILITY PROCESS ...CONTINUED



④ **Claim Submission**

- ④ Generally 6months (for reviews – to reduce to 3months – industry standard)
- ④ Late submissions; then pressure for decisions

④ **Completion of Forms**

- ④ Incomplete forms
- ④ Questions omitted (why?)
- ④ Unsigned forms
- ④ Legislative requirements iro completion of forms

④ **Medical Reports/Information**

- ④ Doctors' availability, appointments

CHALLENGES WITHIN DISABILITY PROCESS...CONTINUED



⌕ **Communication**

- ⌕ Sometimes need direct communication with employer
- ⌕ What would prevent broker from giving us access to employer?

⌕ **Delays**

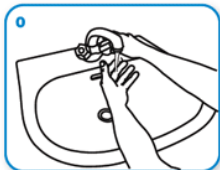
- ⌕ Mostly related to submission relative to last date actively at work
- ⌕ Incomplete forms
- ⌕ No or little medical information
- ⌕ Availability of medical resources, appointments



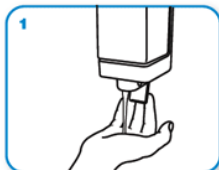
MAKE LIFE WORTH LIVING

Give a disabled child the best
start in life to achieve their
dreams and goals...





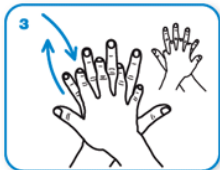
Wet hands with water



apply enough soap to cover all hand surfaces.



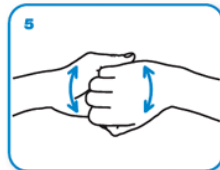
Rub hands palm to palm



right palm over left dorsum with interlaced fingers and vice versa



palm to palm with fingers interlaced



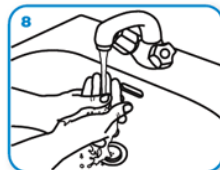
backs of fingers to opposing palms with fingers interlocked



rotational rubbing of left thumb clasped in right palm and vice versa



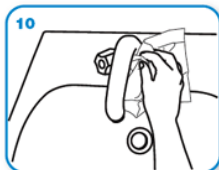
rotational rubbing, backwards and forwards with clasped fingers of right hand in left palm and vice versa.



Rinse hands with water



dry thoroughly with a single use towel



use towel to turn off faucet



...and your hands are safe.

HANDWASH BREAK

15 minutes