



BENCHMARK | SURVEY

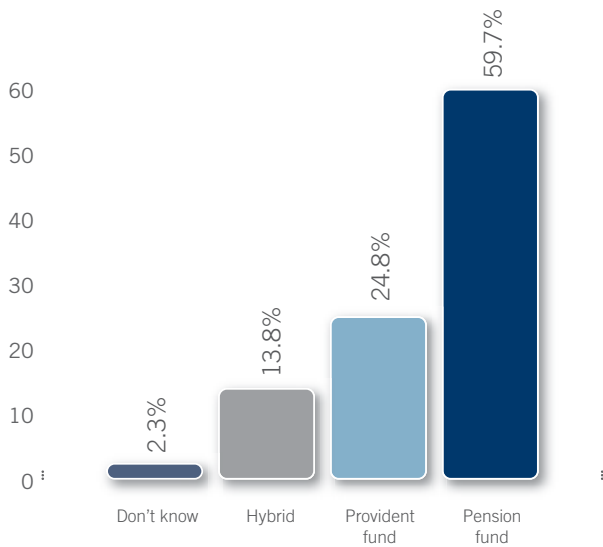
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# BENCHMARK Survey: 2009 Member Study

The results of the BENCHMARK Survey - member study are based on 600 telephone interviews conducted during April and May this year.

## Demographics

Respondents were selected at random with one third of the sample from major metropole areas across three provinces, Gauteng, KZN and Western Cape.



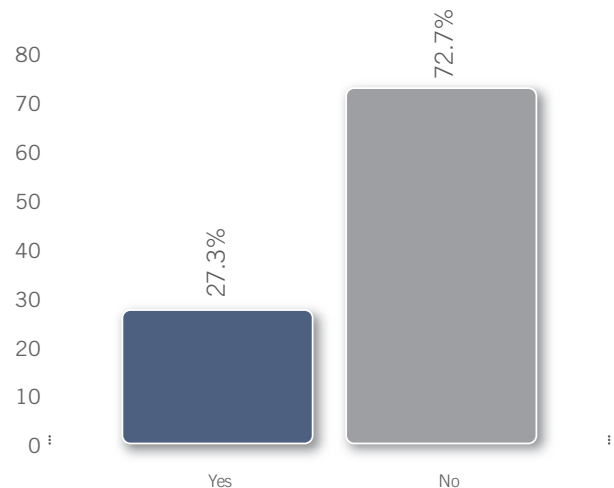
Members from pension funds comprised the majority of the sample (59.7%). About one quarter (24.8%) of the sample are provident fund members and 13.8% are members of funds with hybrid structures (funds with pension and provident options). Surprisingly only 2.3% were not certain of the fund structure of which they are members.

The sample included a 40/60 split between female and male respondents with 72% in the 25–49 age category with an equal spread of personal monthly income in the range of R1600 – R20000.

## Member apathy remains

Although members feel better informed about their funds, most remain relatively apathetic when it comes to getting involved in who is managing their money, with 29.8% indicating that they don't know the life company funds in which their funds are invested. Despite having communicated with members as frequently as weekly, trustees remain an unknown to most members with only 54% of members under the impression that they have communicated sufficiently during the current economic crisis. More importantly, member apathy is quite evident with about three quarters (72.7%) unable to name a single trustee and a similar number (76.2%) having not participated in the elections of a trustee for their fund.

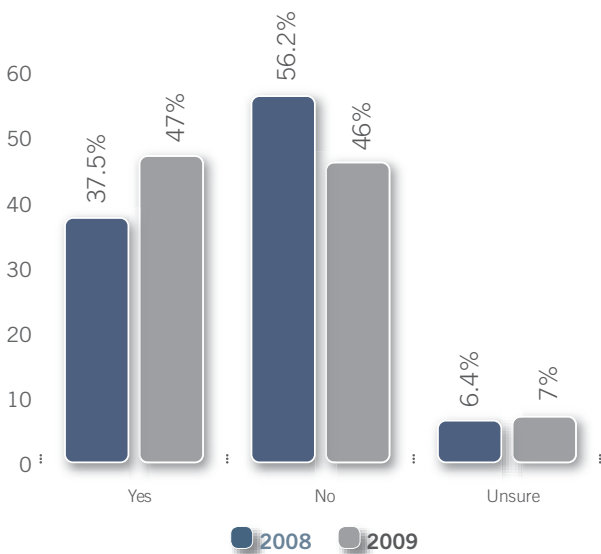
### Do you know the name of at least one trustee?



## NSSS – more awareness, but less positive

In terms of the government's proposed National Social Security System (NSSS), almost half of the respondents (47%) are aware of it (an increase of almost 10% 2008).

### Heard about the National Retirement Reform?



A considerable number of respondents feel positive about the NSSS, with 26.2% having a favourable view versus 35.5% in 2008. While negativity toward NSSS has decreased from 25.1% to 21% this year, there appears to be a large increase in ambivalence, apathy or confusion about NSSS with the majority of respondents (52.8%) not sure how to view the proposed legislation, versus 34.3% in 2008.

## Attitude towards saving

Whilst an overwhelming majority (96.8%) consider it very important to save for the future, only a respectable 58% consults with a financial advisor.

Less than half (45%) have indicated that they understand what a preservation fund is with a staggering 78% indicating that they would preserve their retirement benefits on voluntary resignation from their employer.

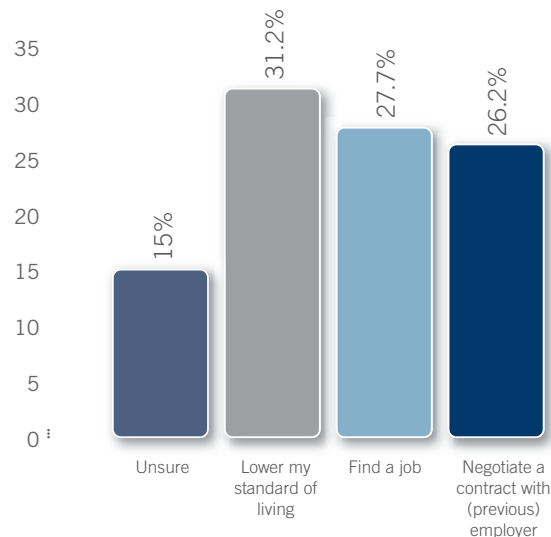
Members' attitude towards savings is further evident with 48.2% citing that they would prefer to be compelled to contribute to their employer sponsored retirement fund.

## Ready for retirement?

In the context of the current economic climate, less than half of the respondents (40%) are confident either way, but most disconcertingly, just under 20% are unsure. At least 16.8% of the respondents have indicated that they had to postpone their retirement date.

In terms of what they plan to do if they do not have enough money at retirement, while almost a third (31.2%) plan to lower their standard of living, more than half plan to re-employ themselves either by negotiating a contract with a previous employer (26.2%) or finding a job (27.7%). Interestingly, 15% remain uncertain.

### What would you do if you had less money at retirement than you would like to have?



In terms of whether they would have enough time to recover from the economic crisis before they retire, 48.5% think they would, 23.2% not and a troubling 28.3% are unsure. As far as South African financial institutions are concerned, more than half (57.5%) of respondents are confident they will weather the financial crisis, but perhaps a point of concern is that 25.7% percent are unsure.

## Financial confidence and prudence

More than 70% of the respondents indicate that they do not understand how a lifestage model works and almost 20% are not even sure if their fund offers a lifestage or not. Interestingly though, more than two thirds (67.7%) feel they have sufficient skills to make investment choices (versus 58.1% in 2008).

## The need to communicate, educate and empower members

The importance of communicating with members regarding their retirement benefits remains a critical function for trustees. Half of the respondents (52.5%) have indicated that they receive quarterly feedback from their funds and the balance receives either monthly (23.5%) or annual (22.5%) communication. Written communication takes the form of personal letters (40.1%), newsletters (32.1%) and email (25.1%). It is interesting to note that despite the increase in the number of fund specific intranet/ internet websites, only 1.5% use this as a primary means for communicating with members. An overwhelming 72% report that they have received a benefit statement in the last 12 months and most of them still have it in their possession either in electronic or paper form.

It is comforting to note that more than half of the respondents (54%) believe that their funds have communicated sufficiently with them during the global financial crisis.

To full set of results please click on the following link