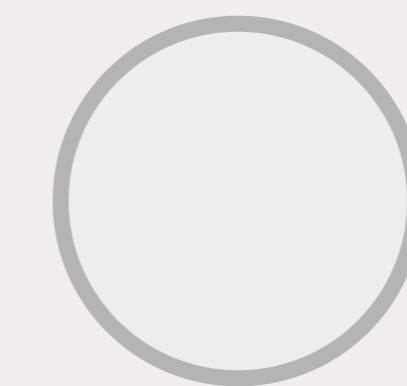


1 in 2
standalone funds

1 in 3
umbrella funds



destination
in mind

stated target income

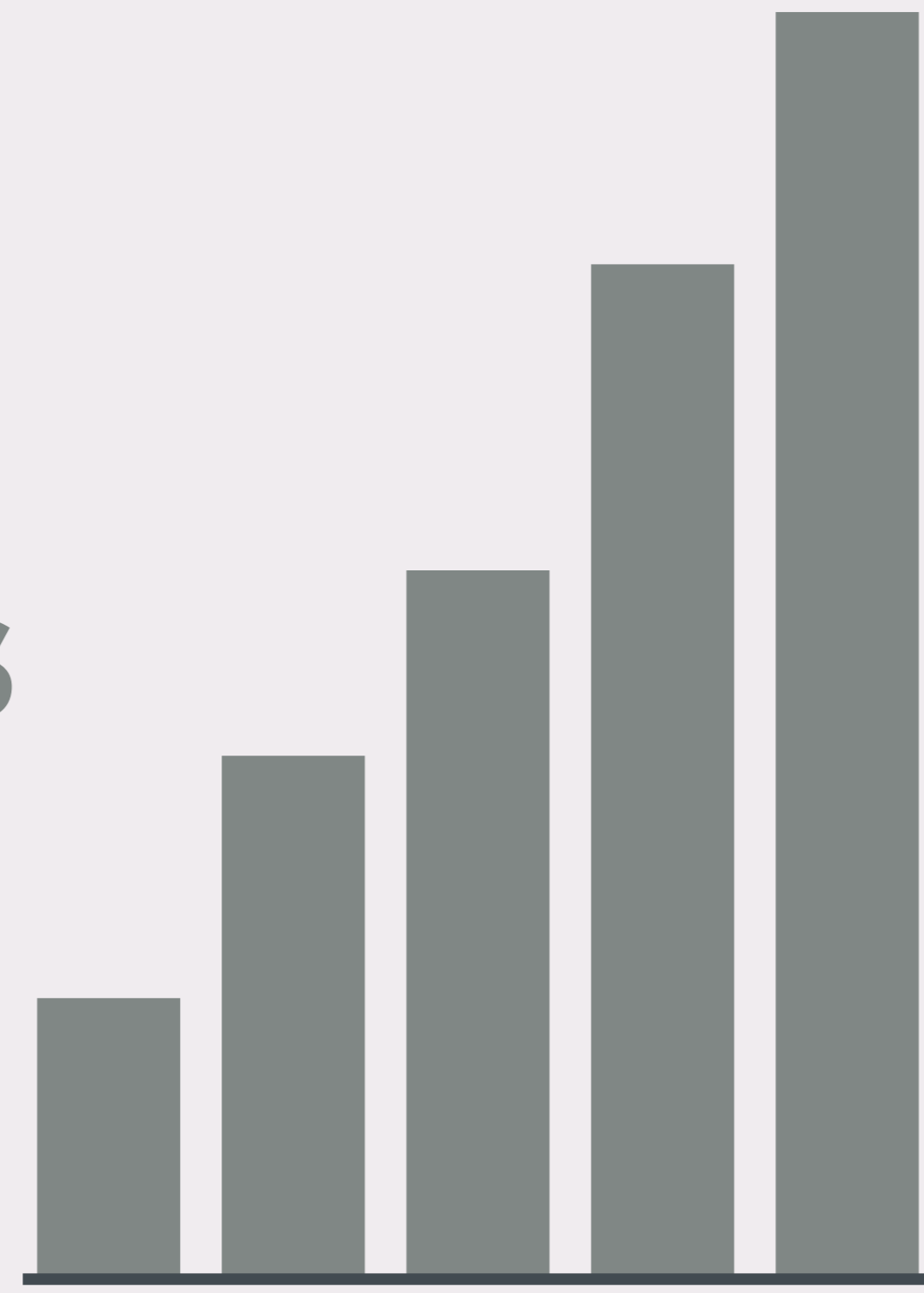
contributions
investments
life staging
risk
annuitisation

← **NOT aligned**

2 in 5
standalone funds

2 in 5
umbrella funds

investment in defaults



BELIEVE
will achieve
target income

75%
standalone funds

37%
umbrella funds

targeted income

85%
standalone funds

62%
umbrella funds



75% RR
= 75% of 80%

60% of CTC

will bring wording in from left screen "CONTRIBUTIONS"

10.36%
standalone funds

9.54%
umbrella funds

employer

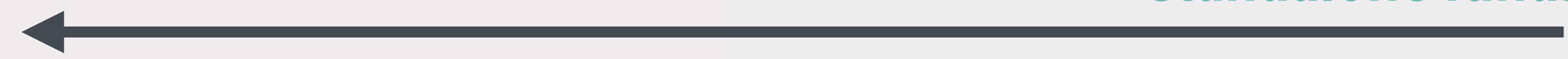


will bring wording in from left screen "CONTRIBUTIONS"

7.27%
standalone funds

7.07%
umbrella funds

employee



will bring wording in from left screen "CONTRIBUTIONS"

17.63%
standalone funds

16.61%
umbrella funds

75%

NOT allowing for
flexibility in contributions

SUFFICIENT?
or set up for failure?



will bring wording in from left screen "CONTRIBUTIONS"

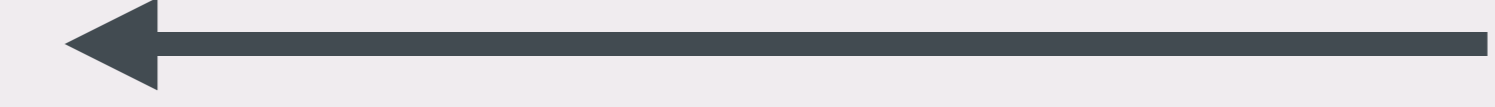
17.63%
standalone funds

90%

16.61%
umbrella funds

75%

AVC



take average contributions to maximum



fund value increase
over 20-years
(assuming 10% p.a.)

56%
standalone funds

66%
umbrella funds

**quality
of life**



average across sample

PEAR

average with member
selected proportion

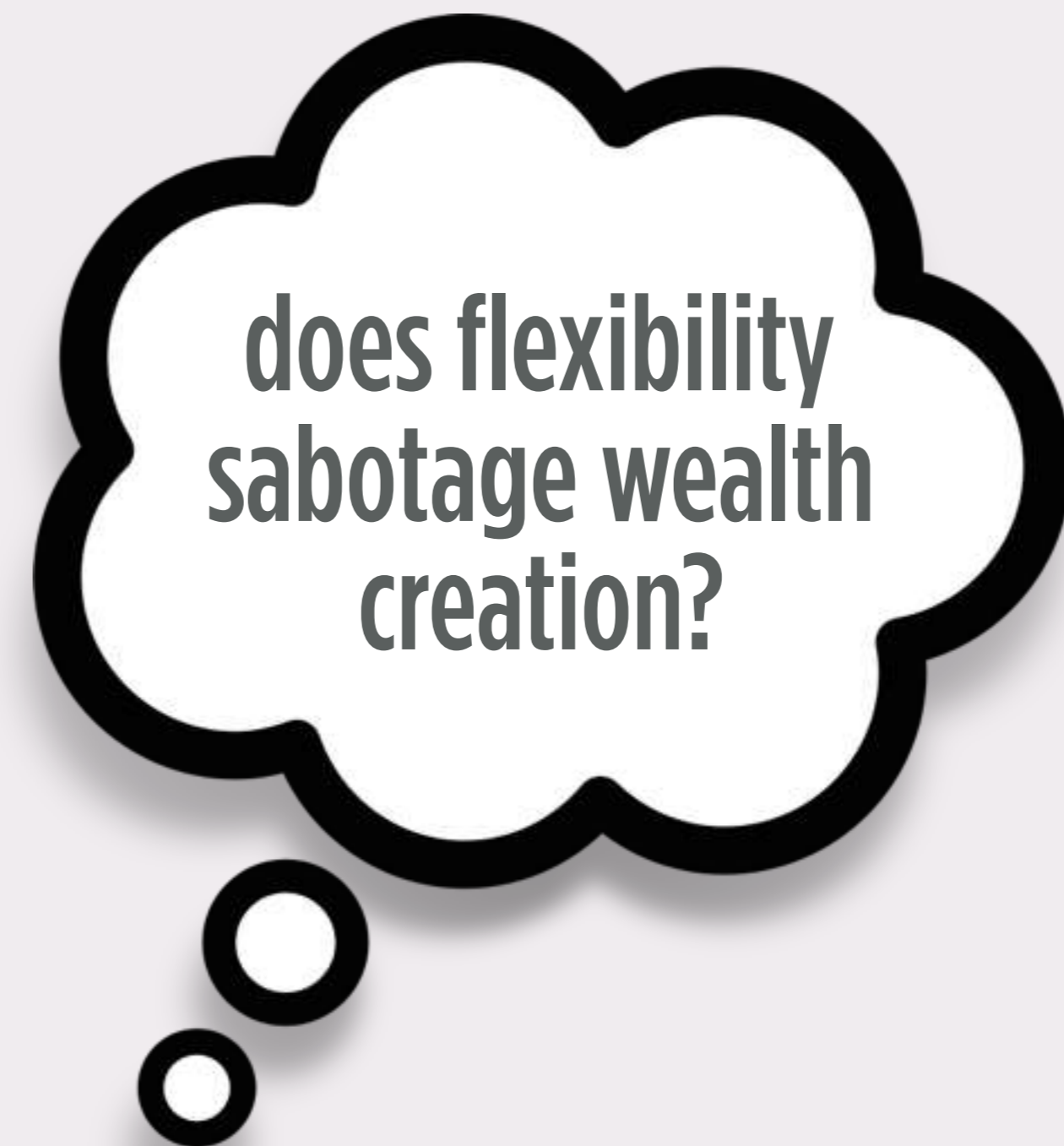


80%



63%
standalone funds

52%
umbrella funds



members reducing PEAR
to increase take home pay

PEAR

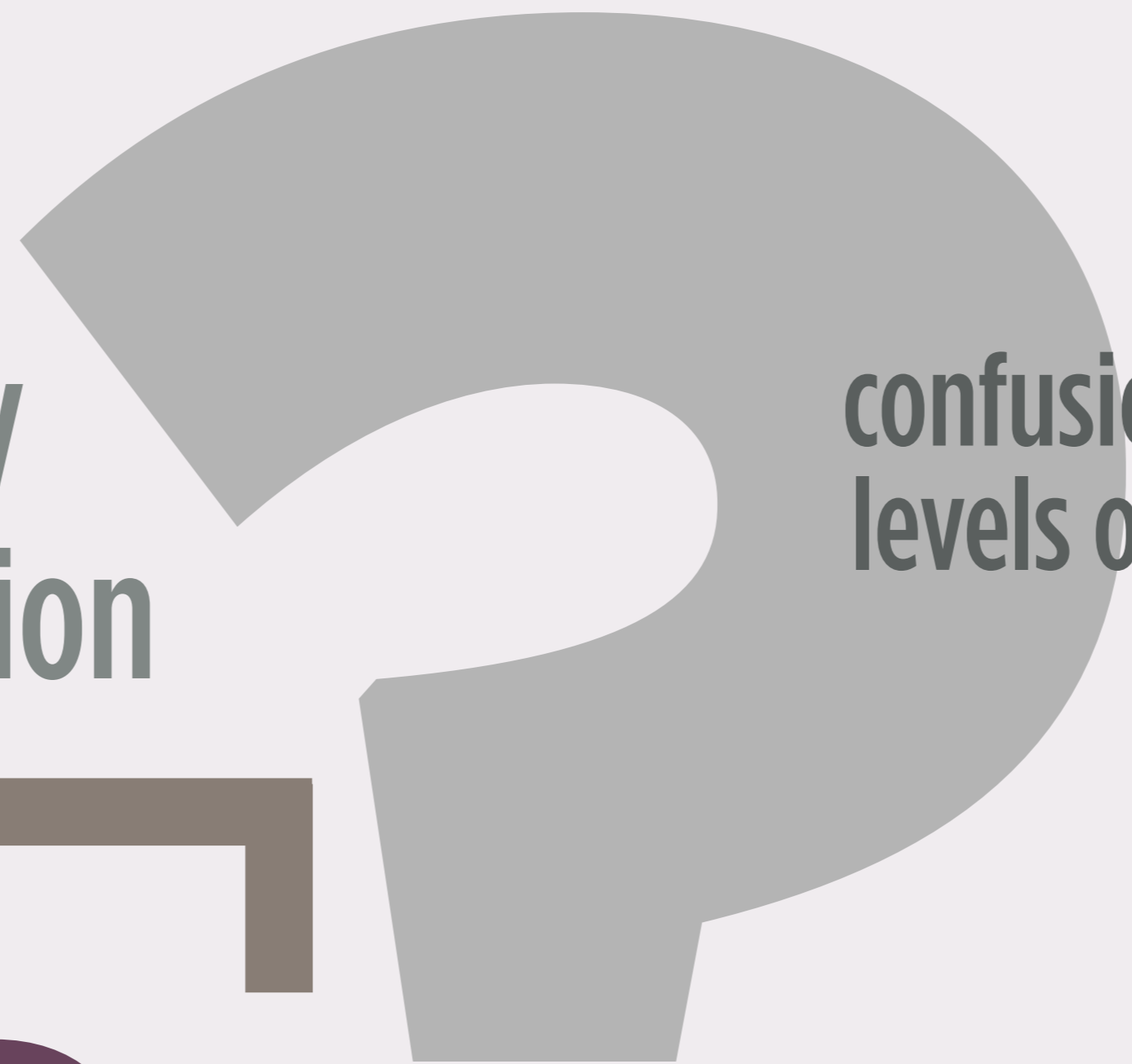
average with member
selected proportion



risk benefits typically
scaled down in proportion

63%
standalone funds

52%
umbrella funds



confusion over
levels of cover



PEAR

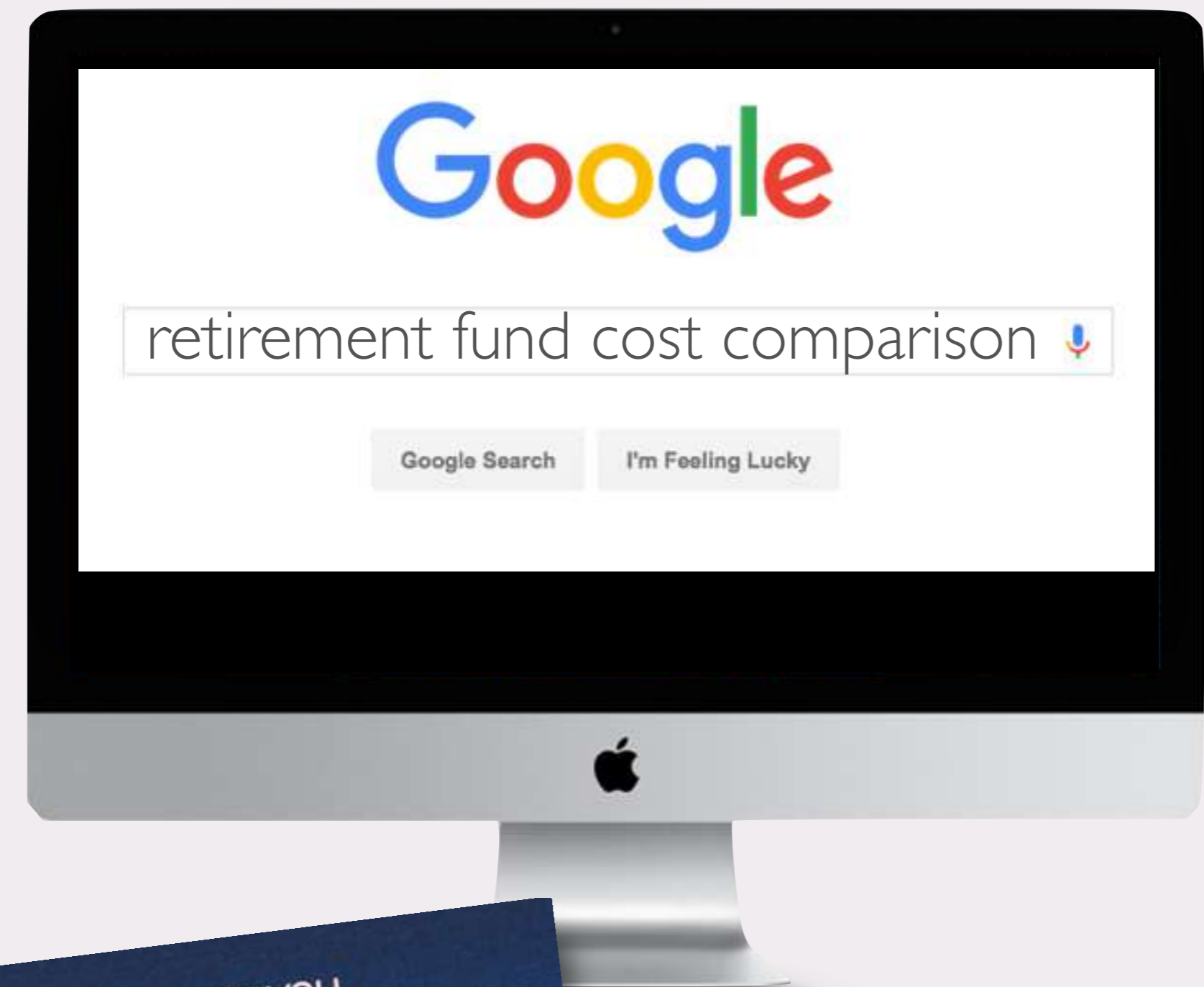
OUTDATED?

← **T-DAY**

47%
standalone funds

40%
umbrella funds

review how
benefits are
structured



48%
standalone funds

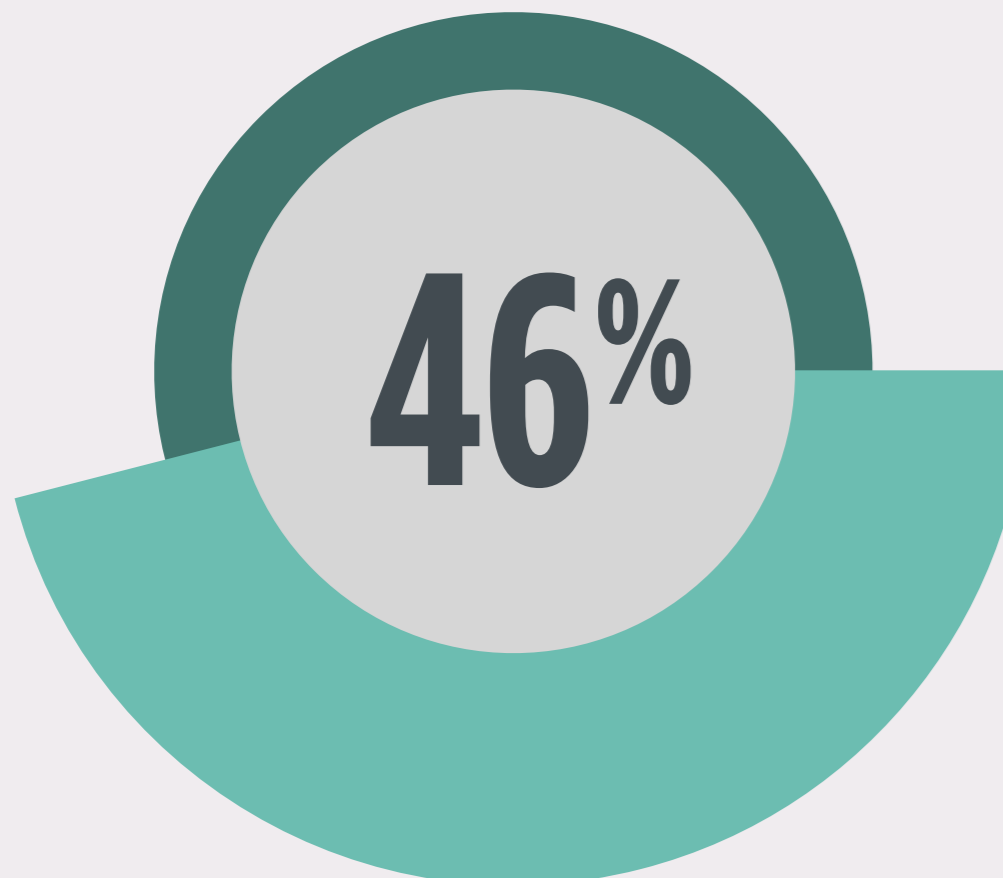
57%
umbrella funds

25% said
very difficult

“difficult to factually,
objectively and
transparently
compare costings”

19% said
very difficult

admin fees - expressed as % of salary

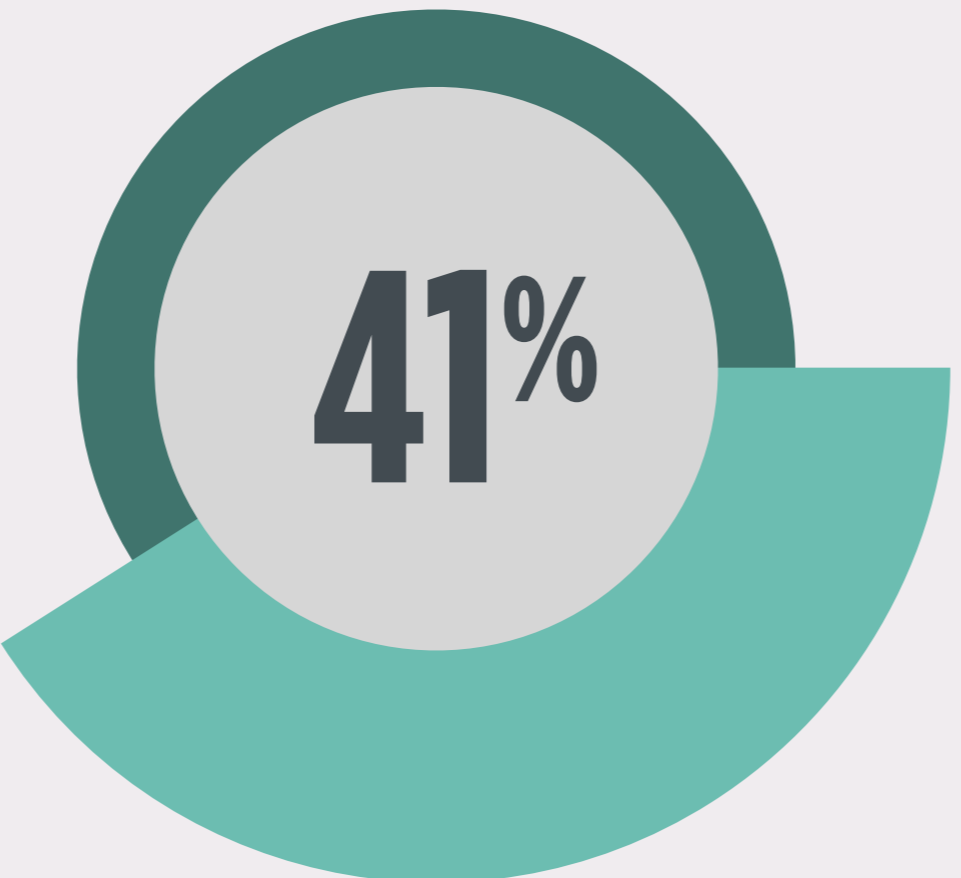


standalone funds



umbrella funds

admin fees - fixed cost per month



standalone funds



umbrella funds

admin fees - average deduction

... expressed as % of PEAR

40% HIGHER!

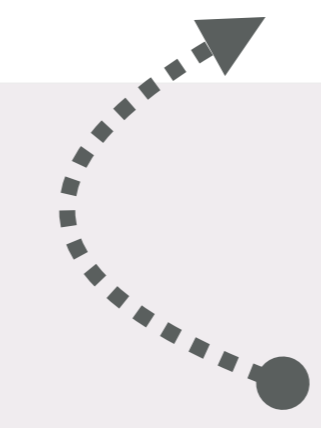
inverse relationship - fund size vs average admin cost

FUND SIZE	STANDALONE	UMBRELLA
>10 000	0.48%	
< 500	1.85%	0.94%

98% HIGHER!

1.19%
standalone funds

0.85%
umbrella funds



admin fees - average deduction

... expressed as a **Rand** amount

R54.00

standalone funds

R40.00

umbrella funds

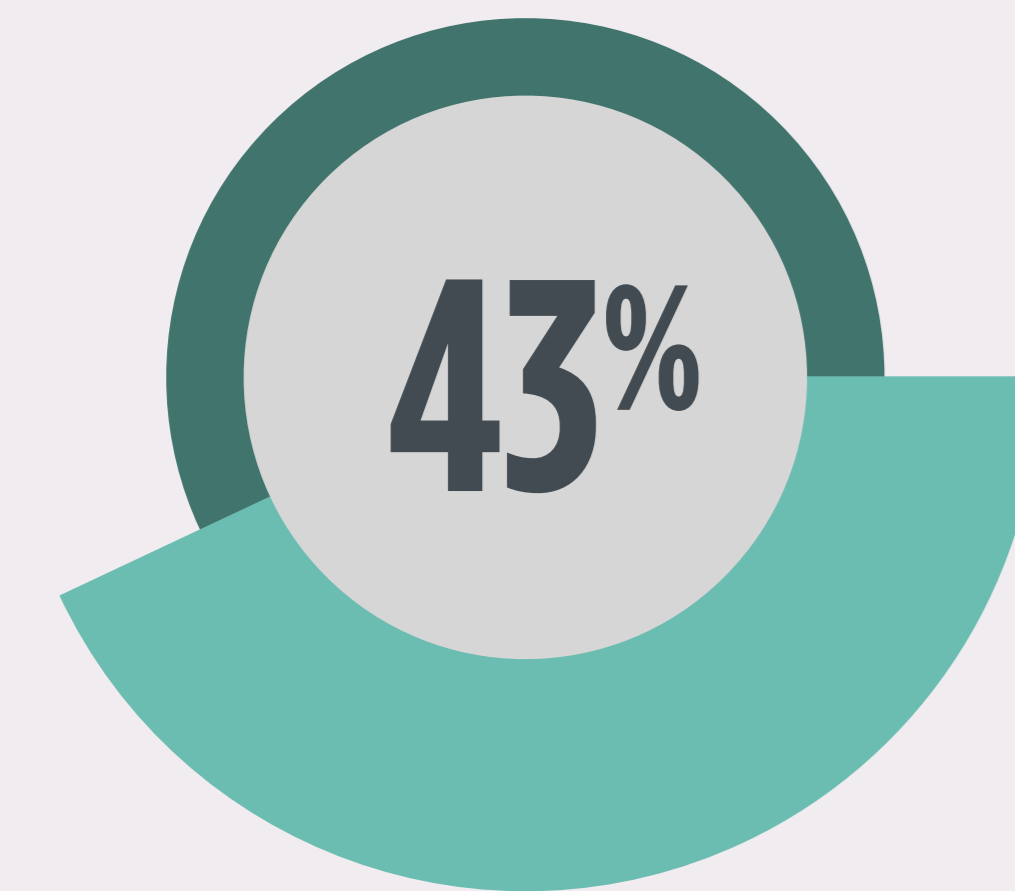
35% HIGHER!

inverse relationship - fund size vs average admin cost

FUND SIZE	STANDALONE	UMBRELLA
>10 000	R33.00 pmpm	
< 500	R113.00 pmpm	R49.00 pmpm

130% HIGHER!

considering moving to Umbrella Fund



standalone
funds



key criteria

- lower costs
- better efficiencies



1

'service and better
communication
for members'

80%

same sample

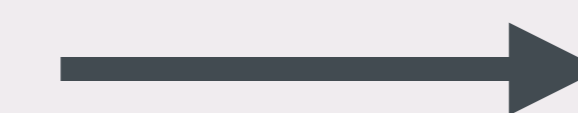
'very important that
members actually
understand their
benefits'

decision not to move to Umbrella Fund



key criteria

- loss of control over decision making



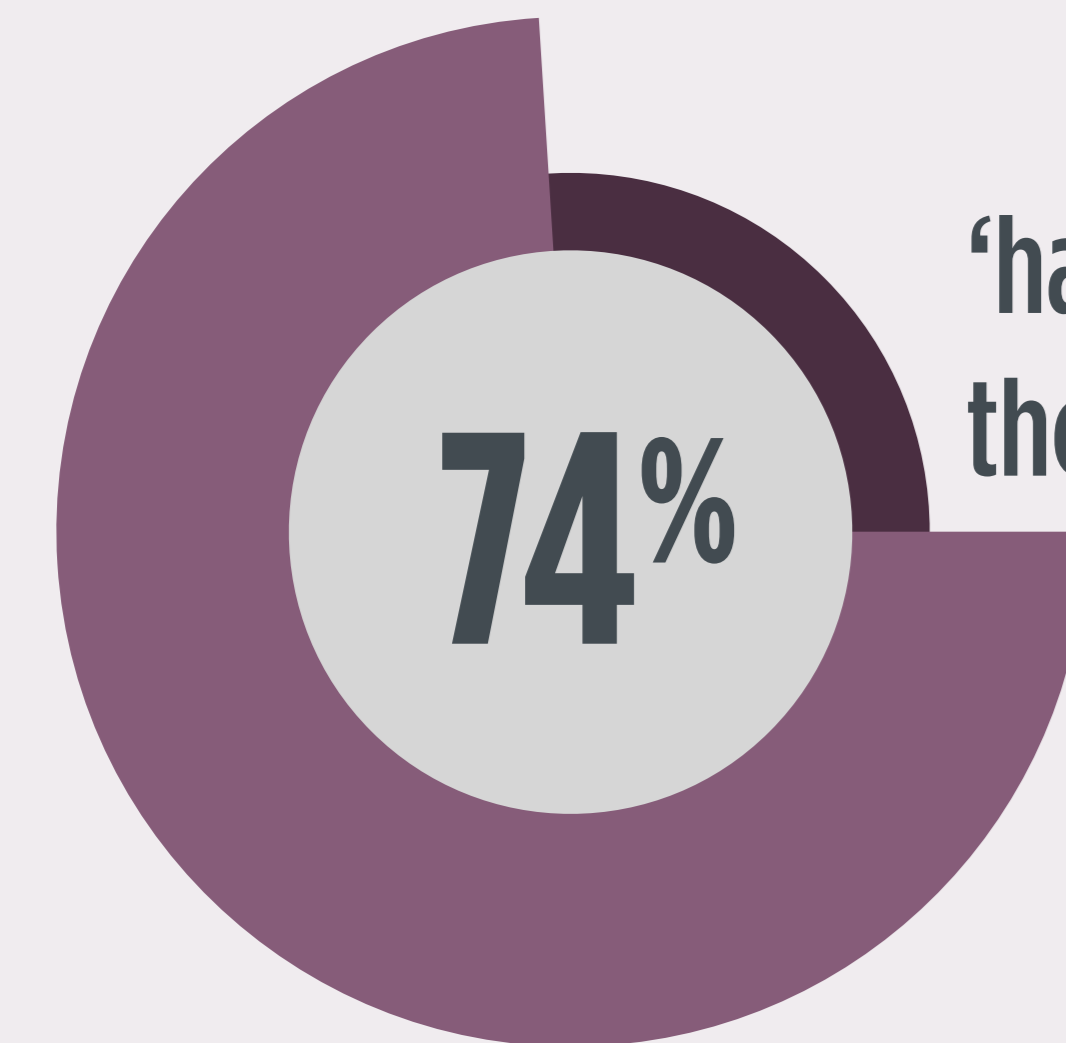
better drivers?



umbrella fund PEs

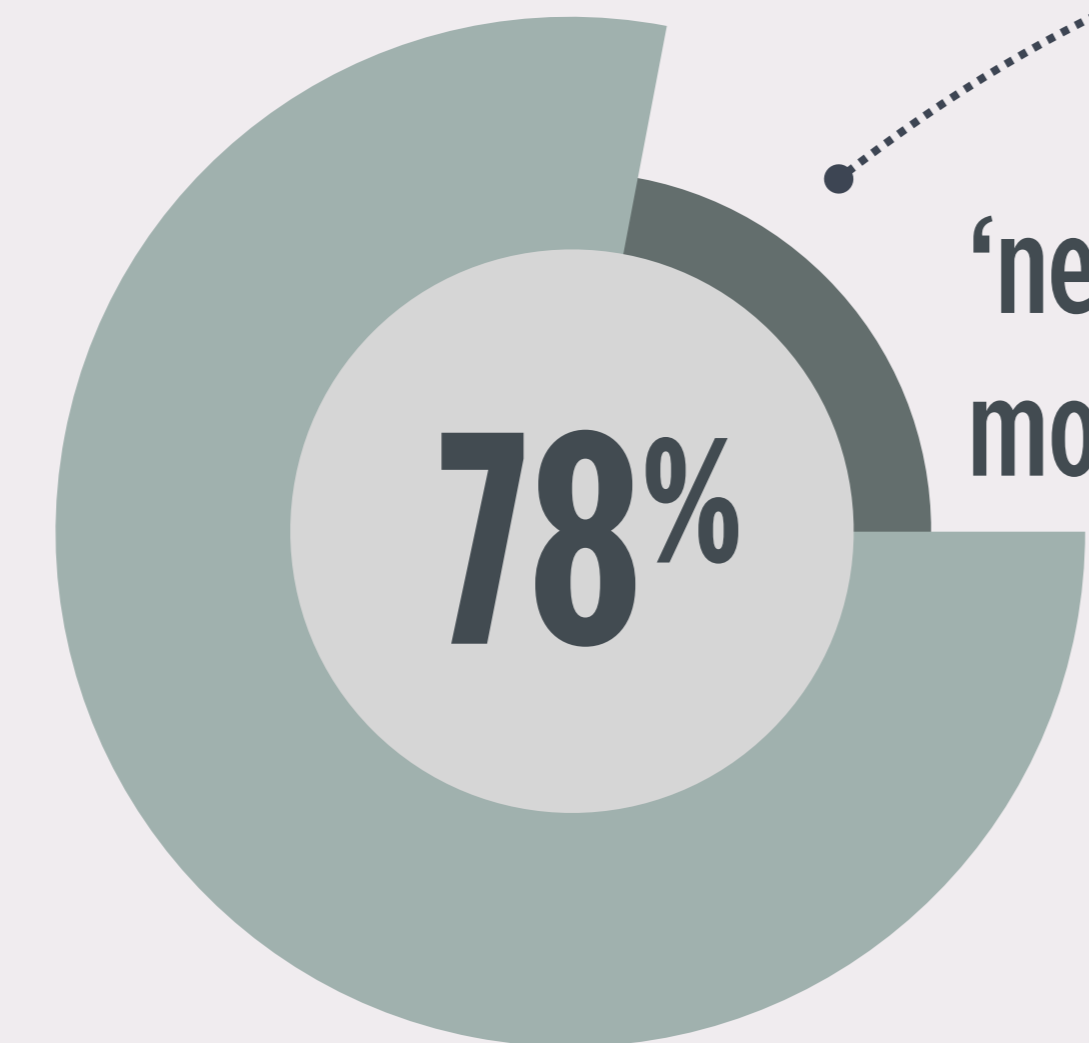
'neither a IPO, PPO or Independent Trustees are represented on the BoT of their UF'

moving from Umbrella Fund to Umbrella Fund



'have never moved from the first UF they entered'

umbrella fund PEs



'never considered even moving to another umbrella'

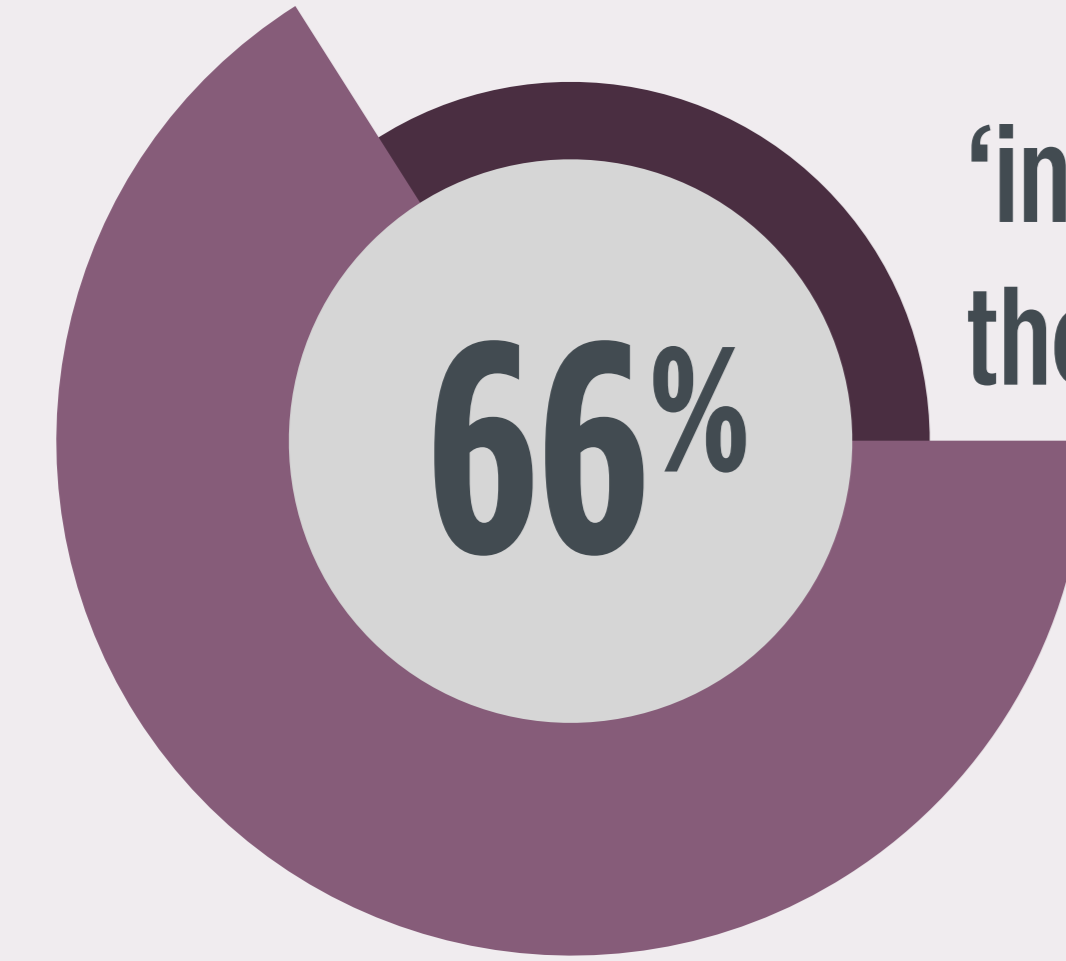
umbrella fund PEs

22%

PEs who considered moving listed key criteria as:

- cost savings
- better investment returns
- poor service

looking for Umbrella funds where costs are comparable



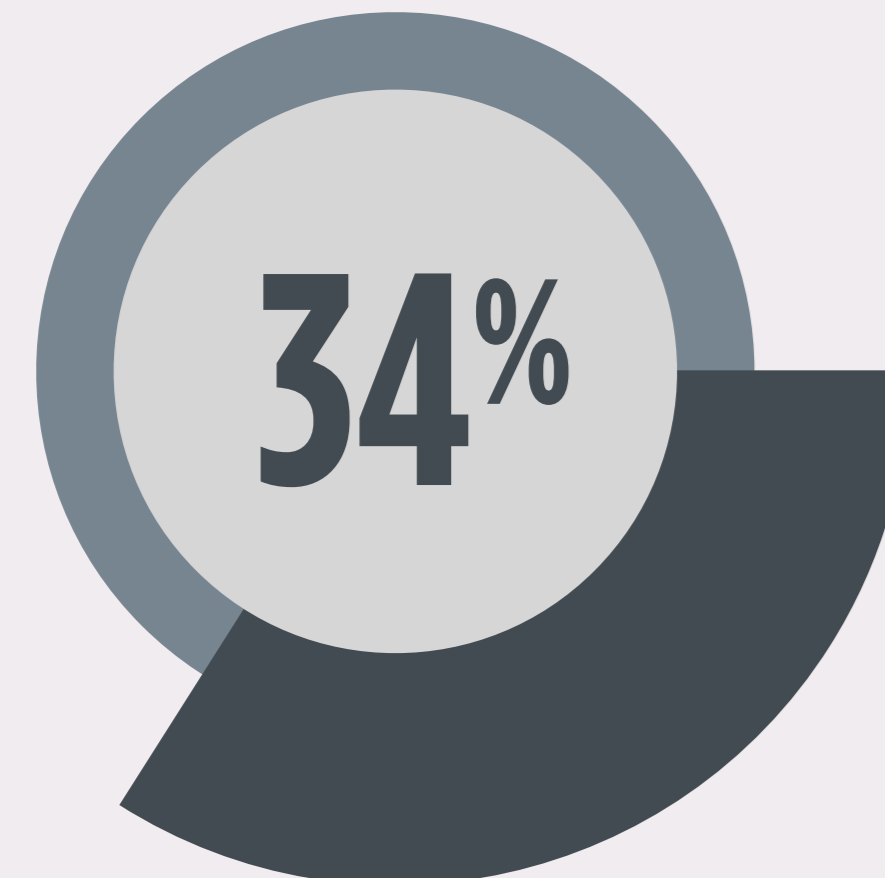
'insurance was only offered via the UF Sponsor or a related entity'

umbrella fund PEs



group insurance at competitive rates?

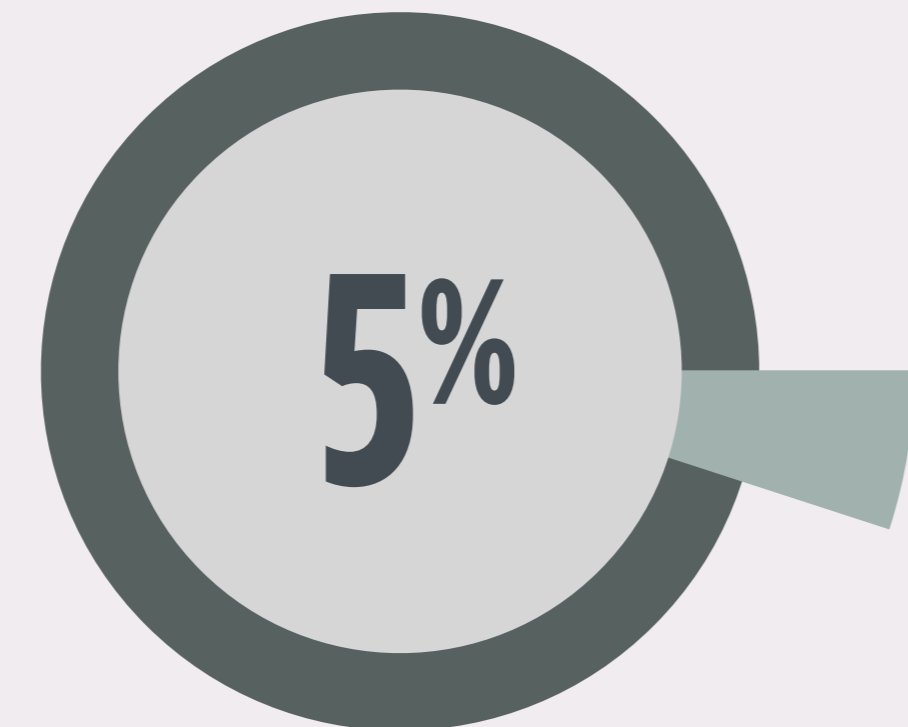
different forms of communication



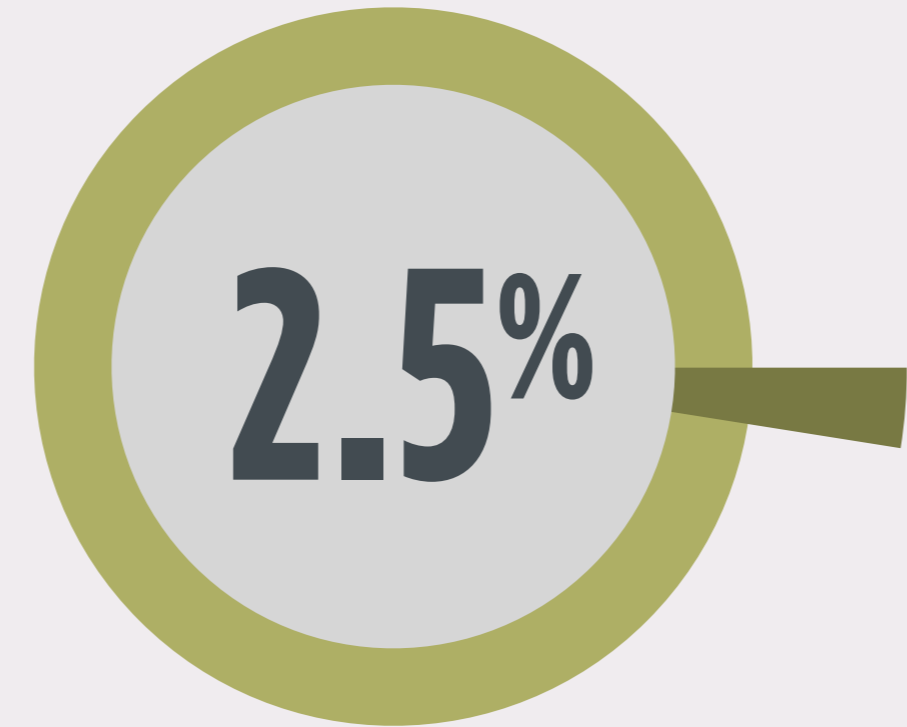
road shows



member Q&A



web based



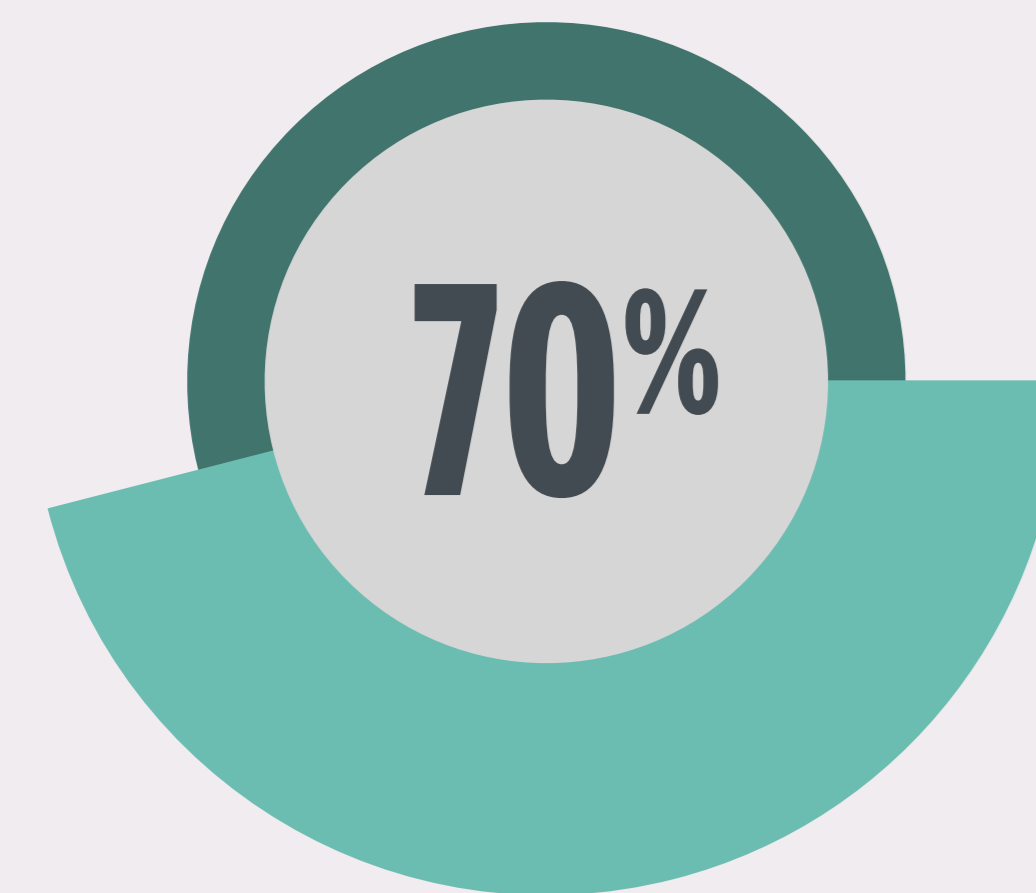
wellness days



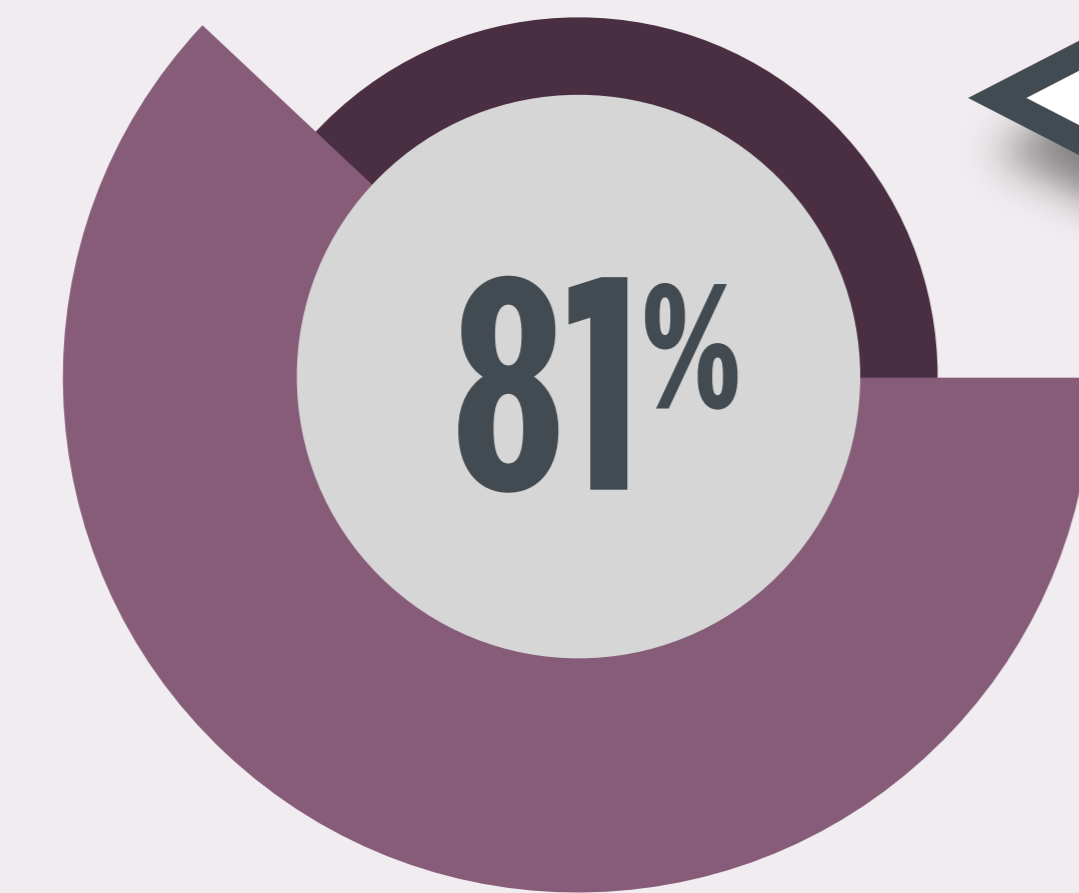
feed back loop



Apps and Gamification



standalone funds



umbrella funds

administrator / sponsor

- focus areas*
- fund values
 - investment options
 - options available at withdrawal
 - retirement calculators
 - general industry related articles

*only one respondent risk benefits or claims procedures

standalone umbrella

88%	70%
73%	72%
83%	78%
60%	52%
56%	32%

**DAY
ONE**



ADVICE GAP

75%

of pensioners reported
first received advice
within 10 years of
retirement



retirement

members recognise the need for 'navigation' assistance

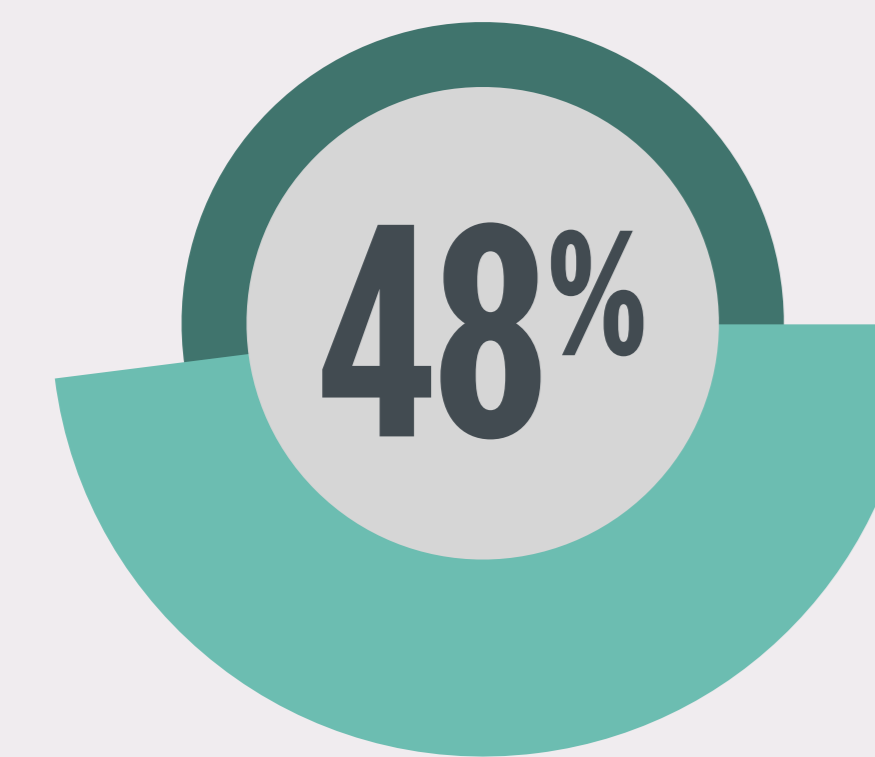
'formalised strategy in place to render advice to active members'



'consider merely offering factual information as their formalised strategy'



'have formalised strategy that actually involves providing financial advice'



standalone funds



umbrella funds



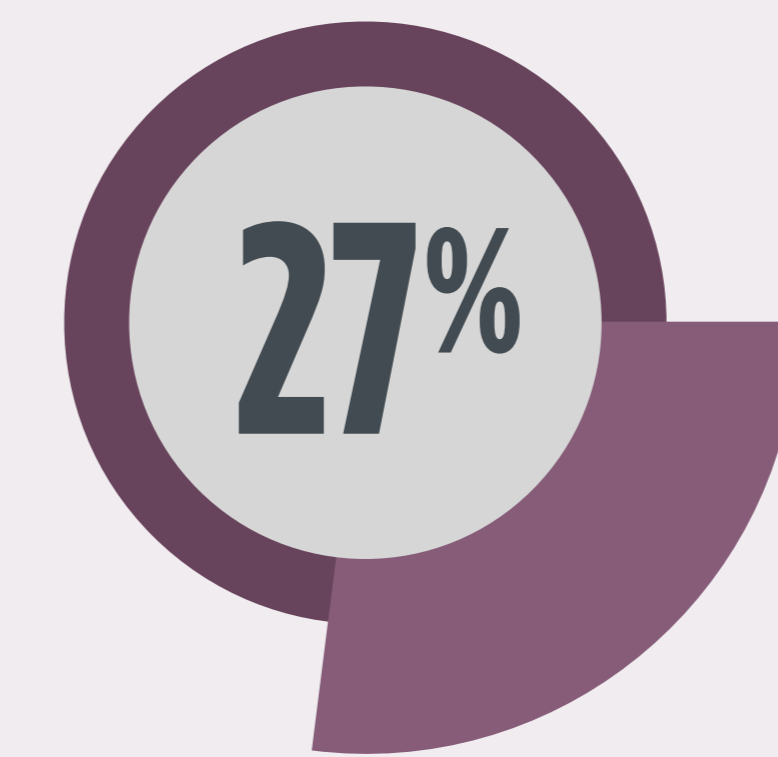
standalone funds



umbrella funds



standalone funds



umbrella funds

value of advice vs cost of advice

holistic
member
services

RBC

technology

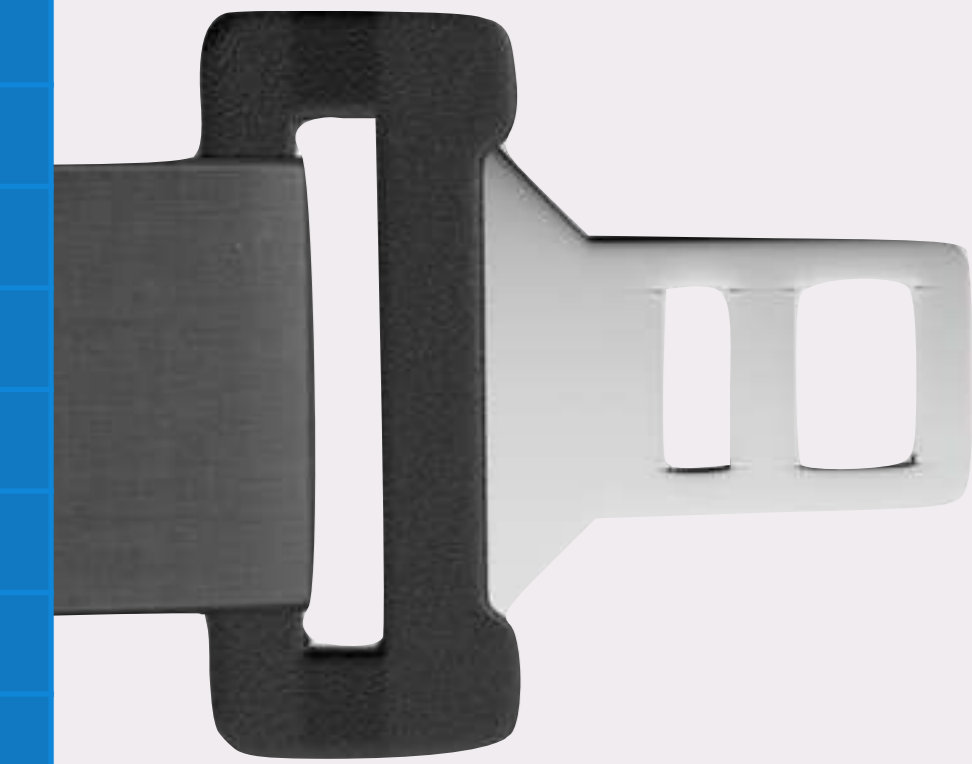
robo-advice

43%
standalone funds

‘would consider
robo-advice’

37%
umbrella funds

in the unlikely event of ...



average lump sum
approved death benefit

3.4 x AS

standalone funds

3.09 x AS

umbrella funds

average lump sum
death benefit
(unapproved schemes)

3.04 x AS

standalone funds

3.33 x AS

umbrella funds

average total cover

6.44 x AS

standalone funds

6.42 x AS

umbrella funds

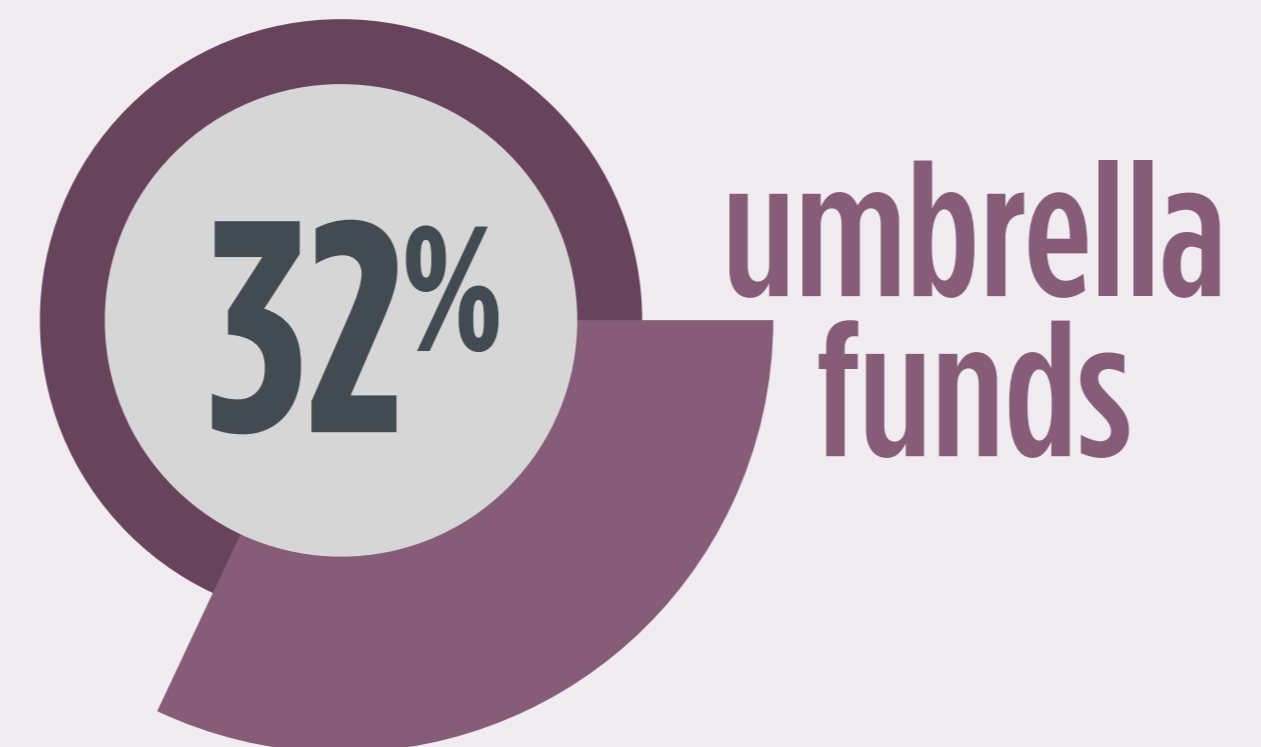
NOT
ENOUGH

average cost of Group Life Assurance

1.59%
standalone funds

1.42%
umbrella funds

no significant link to size of the fund



offer flexible
risk benefits

criteria for placement of risk benefits

1. price

2. confidence that valid claims would be paid

3. service levels



34% of funds

‘reasonable that contributions only invested more than **5 days** after they had been received by the fund’

contributions not invested for at least **60 days per year**

contributions out of the market for **25% of the year** on a rolling basis

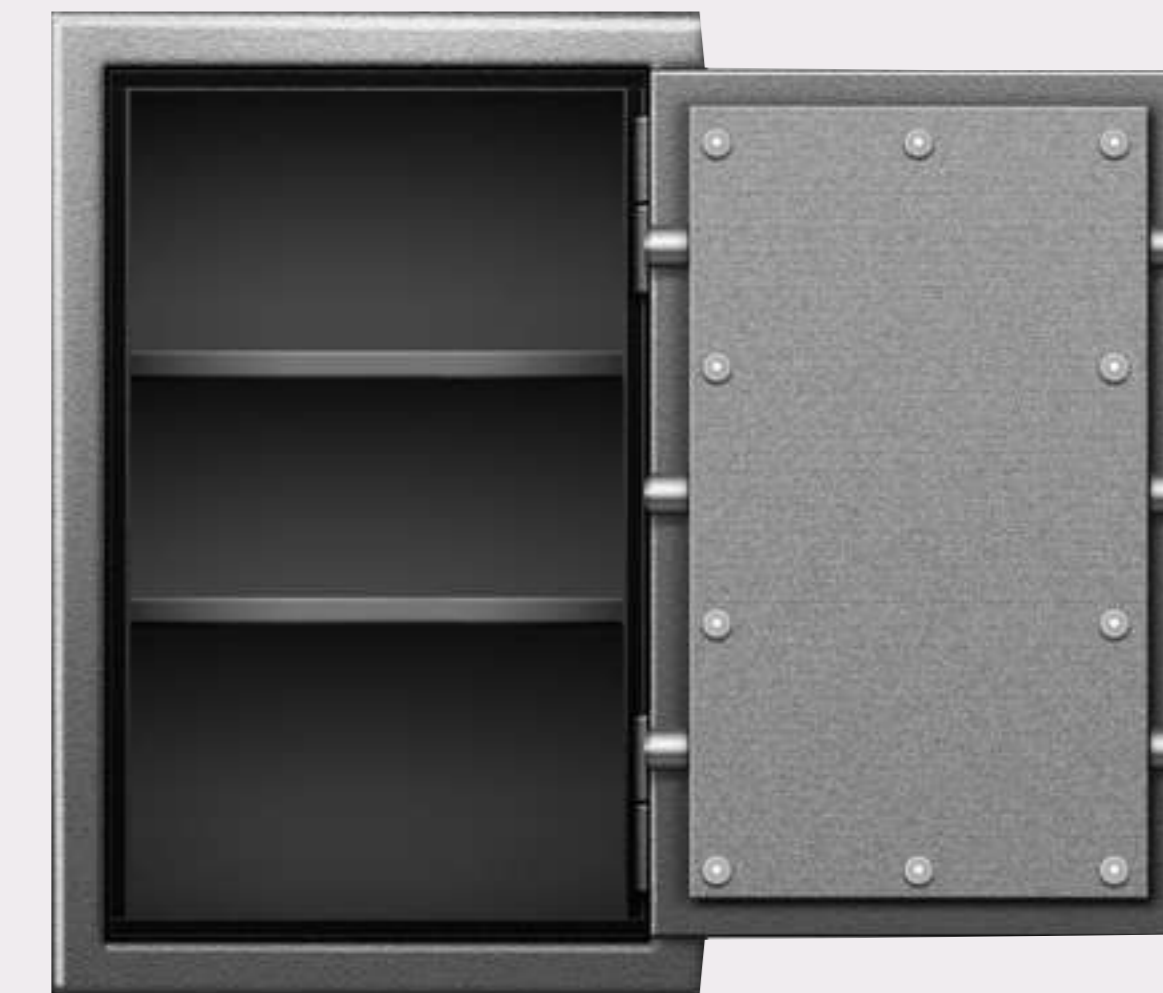
80%

standalone funds

‘loading and investing contributions was very important’

• hidden cost of saving a few cents on fees?

pensioner survey



70%

did not preserve
when changing jobs

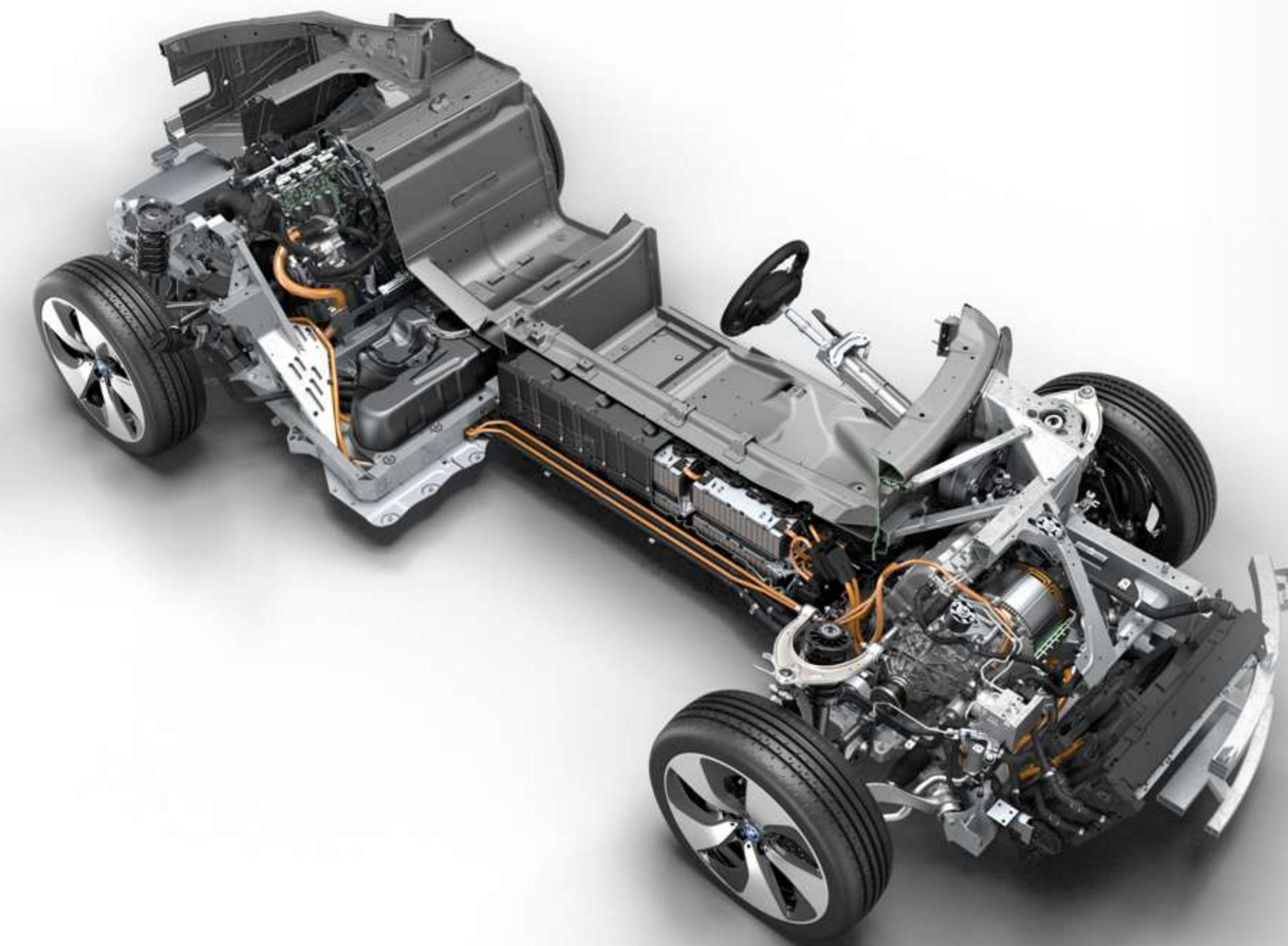
used cash for:-

- settling short term debt
- paying for living expenses between jobs
- doing home improvements

3 out of **5** - did not understand tax impact of not preserving or impact on retirement funding

fund preservation strategies

ACTION	STANDALONE	UMBRELLA
provide information	77%	68%
forms to channel decisions towards preservation	24%	24%
advisor counsels member at withdrawal	23%	47%
have default preservation strategy	15%	24%
do nothing at all	9%	6%



right performance from the right sources at the right time

- **active** and **passive** strategies no longer viewed as mutually exclusive in a portfolio

INVESTMENT	STANDALONE	UMBRELLA
exclusively in Passive	7%	5.4%
exclusively in Active	54%	17%
hybrid of both	17%	47%



looking ahead

- **Brand, Size** and **Methodology** all ranked higher than fees when actually selecting a Passive Manager

INVESTMENT	STANDALONE	UMBRELLA
exclusively in Passive	4%	5%
exclusively in Active	28%	7%
hybrid of both	62%	75%

weighting toward active



trustee default portfolios

- The shape and form of the Default regulation is critical as **84%** of **Standalone** and **80%** of **Umbrella** assets are invested in the default

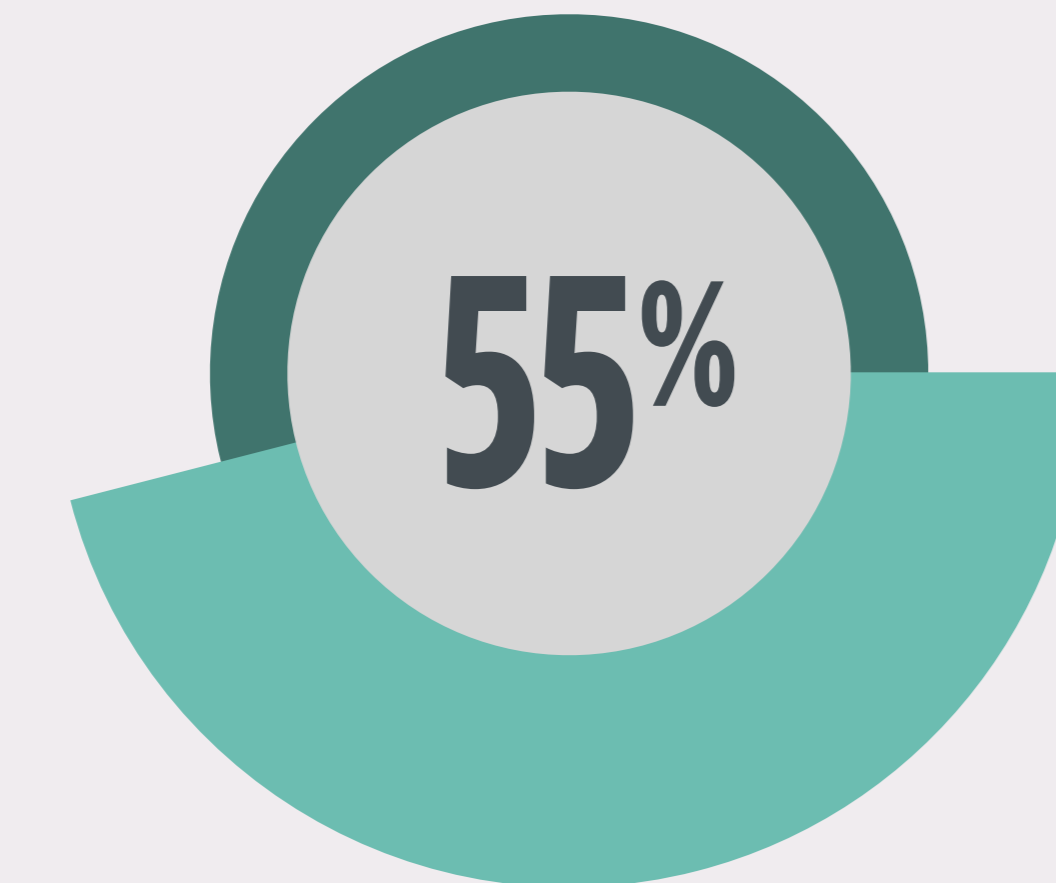
PORTFOLIO	STANDALONE	UMBRELLA
Lifestage	60%	52%
Balanced Funds	25%	17%
Smoothed Bonus	9%	26%

anticipating changes in Default regulations, **70% of Standalone funds** and **56% of Umbrella funds** would use a balanced fund as a substitute if smoothed bonus products are banned

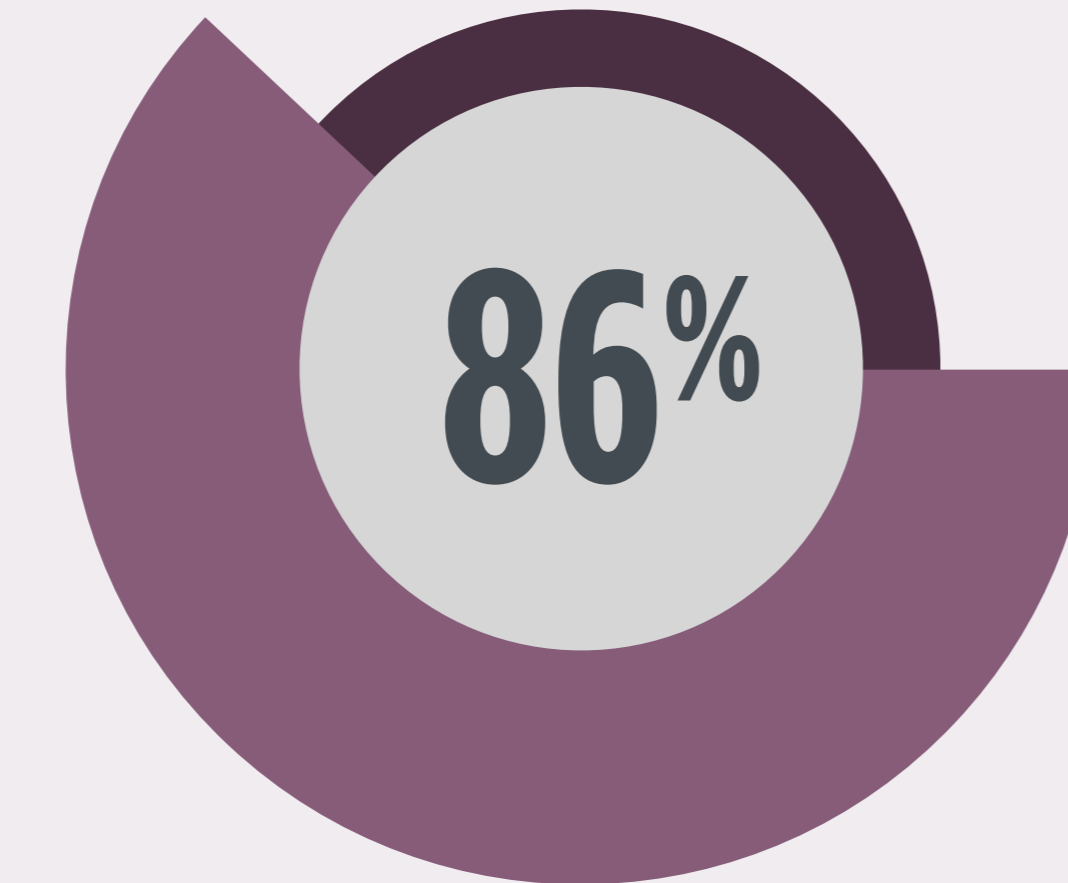
selection of asset managers



do not consider
the FSC scorecard



**standalone
funds**



**umbrella
funds**

60%

do not consider
BEE criteria
- those who do, only
weight transformation
at average of 12%

42%
standalone funds

48%
umbrella funds

not able to express an opinion re the
transformation of 12 large asset managers