

# Shaping the future of the retirement fund industry

#### 2010 BENCHMARK SYMPOSIUM BY SEB

Guiding you through the changes in the Retirement Industry. To stay ahead and manage funds effectively you need the best information and analysis available. The retirement industry in South Africa is in a state of change and thus Sanlam Employee Benefits is perfectly placed to offer guidance and education to all those in the industry during this time.

#### 2010 BENCHMARK SURVEY BY SEB

This comprehensive survey provides an essential tool for the management of retirement funds and constitutes a yardstick for all stakeholders to measure their funds against the latest benefit trends.

**[www.sanlambenchmark.co.za](http://www.sanlambenchmark.co.za)**

## FOOTNOTES

### Sample size

*Please note that the base size for the result (n=200) with the exception of 2006 (n=188)*

*Results should be used with caution when doing any cross-tabulations or reviewing responses for a particular option. Where the no. of respondents to a particular question option is <30 (indicated by ★) we regard this as statistically insufficient from which to draw any significant industry conclusions.*

### Totals

*The nature and format of certain questions allow for multiple responses, as a result, answers in a particular question may add up to >100%*

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# Forward

We are pleased to present you with the research findings of our 30<sup>th</sup> annual BENCHMARK Survey.

At Sanlam Employee Benefits we understand that the retirement fund landscape is constantly changing, through economic effects, legislation or regulation. Over time, the needs of members and pensioners also change in response to the external environment. The Sanlam Employee Benefits team has recognised that members and pensioners are key stakeholders in the retirement fund industry.

We believe that we have a social responsibility as a good corporate citizen to improve the low savings level within South Africa. It is our aim to provide information to all retirement fund industry stakeholders at no cost. Our intent is that the information be used to effectively communicate with fund trustees and members on how to devise savings strategies in order for members to reach their retirement goals.

In this report we review some of the changes which have affected pensioners over the past financial year.

After more than eight months of hard work our dedicated team has completed this extensive report which I envisage will become a trusted reference as you design the most appropriate benefit structure for your retirement fund members.

**Paul Myeza**

CHIEF EXECUTIVE OFFICER  
SANLAM EMPLOYEE BENEFITS



# Introduction

Sanlam Employee Benefits (SEB) is proud to present you with the results of our pioneer BENCHMARK Pensioner Survey.

The retirement fund landscape has evolved to such an extent that it no longer makes sense to research issues of retirement funding from the perspective of fund trustees in isolation. As part of the 2010 Sanlam BENCHMARK Survey, we have included extensive member and pensioner surveys.

The data reflected in this report is based on 250 interviews with individuals who are already on retirement. The respondents have been split to include a 75:25 ratio between pensioners who have retired from an employer sponsored scheme and individuals who have retired from a retirement annuity fund only.

The average age of participants in this survey is around 67 years. Each retiree has contributed to some form of retirement vehicle for a period of 26.6 years. All participants are currently in receipt of some form of retirement income. This allows us to examine the pensioners' experience of the retirement process.

On average, pensioners have retired at age 59, with males having had a slightly longer working life than their female counterparts. About one third of pensioners retired earlier than the recommended retirement age as a



result of either retrenchment or disablement. The most frequent impact of early retirement is that pensioners received a lower pension payment than expected, thereby being forced to use their lump sum to repay debt and cut down on expenses.

Only 40% of pensioners believe that they have saved enough for retirement and a further 54% have additional sources of income (mostly from investments) besides their pension. Half the pensioners believe that active members should start seeking financial advice on retirement provision more than 20 years before retirement.

On average pensioners believe that one should have saved 11.5 times your annual salary at retirement. 70% of pensioners have considered that their retirement savings might run out and half are concerned about longevity risk. 30% of pensioners indicated that they experience a shortfall between income and expenses, which they address by cutting back on non-essential items. 47% manage to invest some of their income, mostly in interest bearing investments, indicating the short-term nature of these “rainy day” investments – often to cover medical expenses.

At retirement from a pension fund or retirement annuity, members must utilise two thirds of their pension to purchase an annuity, while the rest may be taken in the form of a lump sum. The main applications of a member’s lump sum benefit at retirement



are making home improvements, settling mortgage bonds, reducing short term debt and investing the rest in non-retirement products. A quarter of pensioners indicated that they have depleted their lump sum, with nearly two thirds of those depleting their lump sum within two years of retirement. As for the annuity component, guaranteed escalation or inflation linked annuities were the most popular. On average members expect annual increases of 6.9%.

The message from pensioners is quite clear. The cost of living in retirement is grossly underestimated. Pre-retirement counselling does not consider the effect that medical inflation has on retirement income. For most retirees the three items which represent the largest expenditure each month are:

- Groceries, food and other household products (57%)
- Utilities and municipal expenses (27%)
- Medical aid contributions (12%)

In general people have different financial goals at retirement. For more than two thirds of pensioners in South Africa that reality is about having enough financial resources available to cover expenses for the rest of their lives.

The main objective of BENCHMARK Pensioner Survey is to provide fund trustees and members with insights into pensioners'

insights and experience. Most importantly the aim is to assist members to learn from these insights and make fundamental shifts in behaviour and attitude towards retirement provision.

Thank you for your ongoing support of the BENCHMARK Survey. We trust that you continue to find value in the research results.

A copy of the detailed research report on the BENCHMARK Member Survey can be downloaded from our website on <http://www.sanlambenchmark.co.za>

**Danie van Zyl**

HEAD: GUARANTEED INVESTMENTS  
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# Methodology and sample

The 2010 BENCHMARK Pensioner Survey was conducted among 250 pensioners. Participation in the survey was based on individuals already in retirement and currently in receipt of a monthly annuity income via an employer sponsored scheme or a retirement annuity fund. Pensioners only in receipt of a pension from the Government Social Assistance Pension have not been included in this sample.

The survey was conducted by the independent market research agency BDRC, via face-to-face interviews.

The research was conducted under the SAMRA (South African Marketing Research Association) Code of Conduct and all the information gathered is held in strict confidence. All respondents remain anonymous and only the aggregated results of the survey have been reported on.

## Sample size

The tables and graphs in this report are based on responses by 250 pensioners.

The sample size is 250 but in some instances the base size is  $n \neq 250$ , namely:

- $n < 250$  where the question was not applicable to all respondents.
- $n > 250$  where the question allowed for multiple responses.

Caution: Data should be used with care, particularly where the number of responses were  $< 30$ , as this is considered statistically insufficient to draw any significant industry conclusions.



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## SECTION A: DEMOGRAPHICS

### Q.A1 Are you retired?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Retired	
Yes	250
	100
Total of table	250
	100

### Q.A2 How did you earn an income before retirement?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Working status	
Employed full-time	212
	84.8
Employed part-time	1
	0.4
Self-employed (registered business)	37
	14.8
<b>SUMMARY</b>	
Any employed	213
	85.2
Any self employed	37
	14.8
Total of table	250
	100

### Q.A3 Which of the following retirement funds or products did you contribute to during your working years just before retirement?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Fund type	
Company sponsored fund	182
	72.8
Union fund	15
	6
Umbrella fund	6
	2.4
Retirement Annuity (RA)	68
	27.2
Total of table	271
	108.4

### Q.A4 Which of the following best describes the retirement fund you belonged to at the time of your retirement?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	201
	100
Retirement fund	
Pension fund	177
	88.1
Provident fund	17
	8.5
Hybrid fund	7
	3.5
Total of table	201
	100

### Q.A5a Are you currently receiving any form of retirement income, such as a pension or a monthly income from a retirement annuity?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	250
	100
Total of table	250
	100

### Q.A5b Which of the following types of retirement income do you currently receive?

	TOTAL
THOSE WHO RECEIVE A COMPANY PENSION OR RETIREMENT ANNUITY	250
	100
Pension from the company from which I retired	181
	72.4
Retirement annuity income from an insurance company	98
	39.2
Old Age Pension from the State	19
	7.6
Spouse's pension	2
	0.8
Total of table	300
	120

**Q.A5c** From which source do you receive MOST of your retirement income?

	TOTAL
THOSE WHO RECEIVE A COMPANY PENSION OR RETIREMENT ANNUITY AND A STATE PENSION	19
	100
Source receive most of income	
Pension from the company from which I retired	13
	68.4
Retirement annuity income from an insurance company	6
	31.6
Total of table	19
	100

**Q.A6** Why did you choose NOT to purchase a pension / retirement annuity when you retired?

A further 231 prospected respondents were targeted, but because their lumpsums at retirement were too small to purchase a pension, the interview was closed with these respondents. They have not been involved in the results which follow.

**Q.A7a** Apart from your pension/retirement annuity, do you have any other forms of income in retirement, such as savings, investments, inheritance capital, investment property etc.?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	134
	53.6
No	116
	46.4
Total of table	250
	100

**Q.A7b** What sources of income do you have in retirement apart from your pension/retirement annuity?

	TOTAL
THOSE WHO HAVE OTHER FORM OF INCOME IN RETIREMENT	134
	100
Savings	61
	45.5
Investments	83
	61.9
Inheritance capital	6
	4.5
Property investments	29
	21.6
Other	10
	7.5
Don't Know	1
	0.7
Total of table	190
	141.8

**Q.A8** GENDER

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Male	178
	71.2
Female	72
	28.8
Total of table	250
	100

**Q.A9** ETHNICITY

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Black	79
	31.6
Coloured	20
	8
Indian	21
	8.4
White	130
	52
Total of table	250
	100

**Q.A10** Which of the following best describes your age category?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
51-55 (33)	10
	4
56-60 (38)	21
	8.4
61-65 (43)	58
	23.2
66-70 (48)	109
	43.6
71-75 (53)	31
	12.4
76-80 (58)	16
	6.4
81-85 (62)	5
	2
Mean	66.94
Total of table	250
	100

**Q.A11** Which of the following best describes your monthly retirement income before taxes?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
R1 000-R2 999	43
	17.2
R3 000-R5 999	80
	32
R6 000- R9 999	58
	23.2
R10 000-R19 999	30
	12
R20 000-R29 999	5
	2
R30 000-R39 999	6
	2.4
R40 000 +	4
	1.6
Refused	24
	9.6
Mean	8201.33
Total of table	250
	100

**Q.A12** What is your marital status?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Single	10
	4
Unmarried but cohabiting / living together	3
	1.2
Married	158
	63.2
Widowed	52
	20.8
Divorced	27
	10.8
Total of table	250
	100

**Q.A13a** Which of the following best describes the nature of your marital contract?

	TOTAL
MARRIED RESPONDENTS	158
	100
In community of property	131
	82.9
Out of community of property	16
	10.1
Religious rights/customary marriage	9
	5.7
Other	1
	0.6
Refused	1
	0.6
Total of table	158
	100

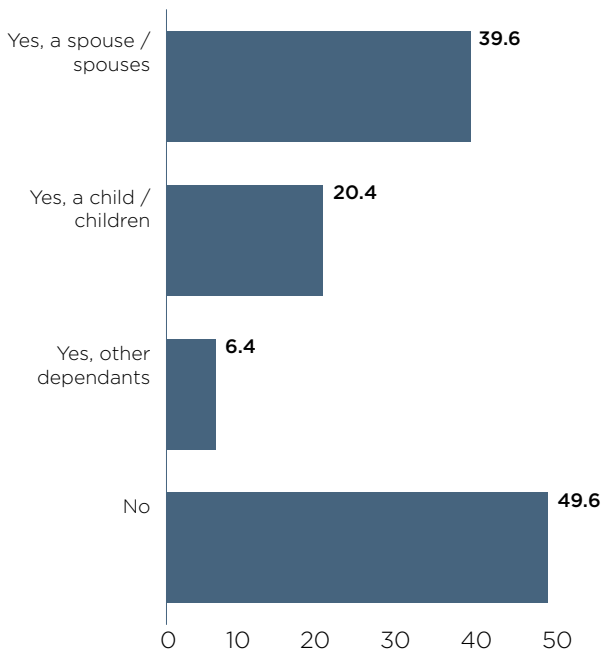
**Q.A13b** And can you tell me if you are married...

	TOTAL
MARRIED OUT OF COMMUNITY OF PROPERTY	16
	100
Out of community of property with accrual	4
	25
Out of community of property without accrual	7
	43.8
Don't Know	5
	31.3
Total of table	16
	100

**Q.A14** In total, how many spouses have you had, including your current spouse(s) and any former spouses?

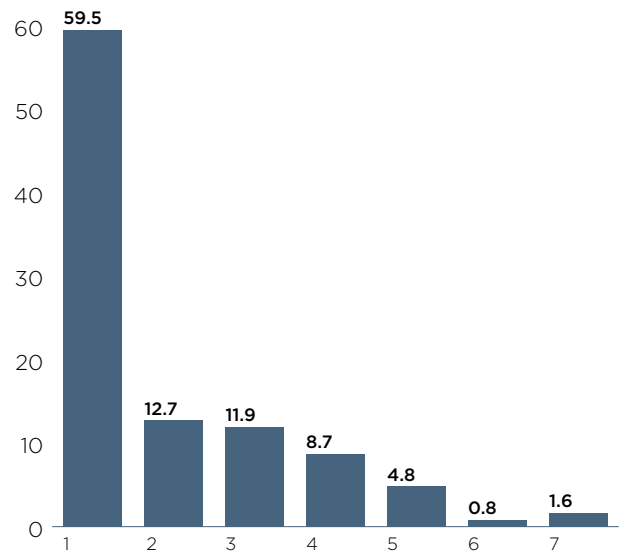
	TOTAL
MARRIED/WIDOWED/DIVORCED/SEPARATED RESPONDENTS	237
	100
1	213
	89.9
2	24
	10.1
Mean	1.1
Total of table	237
	100

**Q.A15a** Do you still have other persons, e.g. a spouse or children, that are financially dependant on you?



Total of table	290
	116

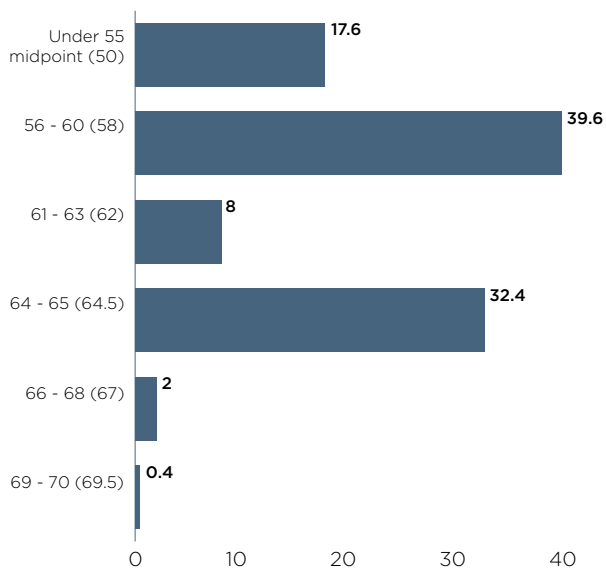
**Q.A15b** How many dependants do you have, including your spouse(s) (if applicable), child(ren) and any others who are financially dependant on you?



Mean	1.97
Total of table	126
	100

## SECTION B: RETIREMENT

**Q.B1** At what age did you retire from formal employment/running your own business?



Mean	59.24
Total of table	250
	100

**Q.B2a** Did you retire at the recommended retirement age, or did you opt for early / late retirement?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Retired at the recommended age	147
	58.8
Retired earlier than the recommended age	97
	38.8
Retired later than the recommended age	5
	2
Not sure	1
	0.4
Total of table	250
	100

**Q.B2b** Why did you opt for early/late retirement?

	TOTAL
THOSE WHO OPT FOR EARLY RETIREMENT	97
	100
I could afford to retire and did not want to work anymore	35
	36.1
Forced to retire early or be retrenched	28
	28.9
Forced to retire early due to disablement	30
	30.9
Other	5
	5.2
Total of table	98
	101

**Q.B2b** Why did you opt for early/late retirement?

	TOTAL
THOSE WHO OPT FOR LATE RETIREMENT	5
	100
I could not afford to retire at the recommended age	2
	40
I continued to work because my skills were needed / no replacement	1
	20
I felt too young to stop working	2
	40
Total of table	5
	100

**Q.B2c** How did your early retirement affect your financial planning, and your current situation?

	TOTAL
THOSE FORCED INTO EARLY RETIREMENT	58
	100
No impact	18
	31
Pension payout was much less	11
	19
Had to use money to pay my debts so had no savings	8
	13.8
Inflation and economy has affected my financial planning	2
	3.4
Huge financial implications	7
	12.1
Had to sell my house	2
	3.4
Had to give up my medical aid	3
	5.2
Started my own business	3
	5.2
Had to cut down on expenses	4
	6.9
Had to carry on working to supplement my income	2
	3.4
Others	4
	6.9
Don't know	2
	3.4
Total of table	66
	113.8

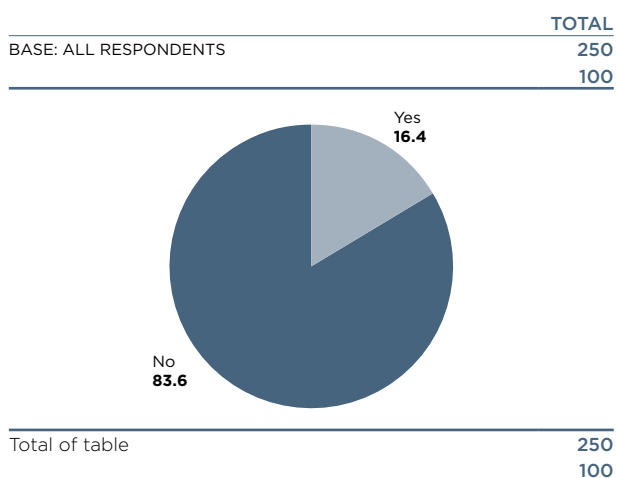
**Q.B3a** For how many years, in total, did you make contributions to a retirement fund and/or RA?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Less than 5 years	3
	1.2
6-10 years	7
	2.8
11-15 years	15
	6
16-20 years	33
	13.2
21-25 years	34
	13.6
26-30 years	62
	24.8
More than 30 years	91
	36.4
Not sure	5
	2
Mean	26.62
Total of table	250
	100

**Q.B3b** And how long ago did you retire?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Less than 5 years	107
	42.8
6-10 years	90
	36
11-15 years	31
	12.4
16-20 years	10
	4
21-25 years	8
	3.2
26-30 years	2
	0.8
More than 30 years	2
	0.8
Mean	7.7
Total of table	250
	100

**Q.B4a** During your working life, did you ever withdraw from a retirement fund through resignation or retrenchment from a previous employer?



**Q.B4b** What did you do with your retirement benefit at the time?

	TOTAL
THOSE WHO WITHDRAWN FROM RETIREMENT FUND THROUGH RESIGNATION OR RETRENCHMENT	41
	100
I withdrew the full benefit in cash	18
	43.9
Preserved part of the benefit and took the rest in cash	11
	26.8
Moved the entire benefit to another employer's fund	1
	2.4
Moved the entire benefit to a preservation fund	3
	7.3
Purchased an annuity with the benefit	9
	22
Purchased unit trusts with the benefit	2
	4.9
Total of table	44
	107.3

**Q.B4c** What did you spend the cash on?

	TOTAL
THOSE WHO TOOK CASH	29
	100
Settled or reduced mortgage bond	6
	20.7
Made home improvements	8
	27.6
Education	5
	17.2
Travel	2
	6.9
Reduced short term debt (e.g. car, credit cards, loans etc.)	8
	27.6
Started own business	3
	10.3
Invested in other 'non-retirement' savings or investment products	5
	17.2
Living expenses	5
	17.2
Other	3
	10.3
<b>SUMMARY</b>	
Any reduced debt	12
	41.4
Any invested	13
	44.8
Total of table	45
	155.2



## SECTION C: RETIREMENT ADVICE

**Q.C1** In your opinion, how many years before retirement do you think people should receive financial advice or start financial planning for their retirement?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
More than 20 years before retirement	127
	50.8
15-20 years before retirement	28
	11.2
10-14 years before retirement	15
	6
5-9 years before retirement	24
	9.6
Less than 5 years before retirement	31
	12.4
Only when they go on retirement	21
	8.4
Don't know	4
	1.6
Mean	15.6
Total of table	250
	100

**Q.C2** Did you receive financial advice about your retirement options prior to your retirement?

	TOTAL
BASE: ALL RESPONDENTS	250
	100

Response	Percentage
Yes	58.8
No	39.2
Can't remember	2

Total of table	250
	100

**Q.C3a** How many years before retirement did you first receive financial advice regarding retirement?

	TOTAL
THOSE WHO RECEIVED FINANCIAL ADVICE PRIOR TO RETIREMENT	147
	100
More than 20 years before retirement	35
	23.8
15-20 years before retirement	14
	9.5
10-14 years before retirement	11
	7.5
5-9 years before retirement	18
	12.2
Less than 5 years before retirement	34
	23.1
Only at the time I went on retirement	31
	21.1
Don't know / can't remember	4
	2.7
Mean	9.81
Total of table	147
	100

**Q.C3b** And, thereafter, how often did you receive financial advice about retirement?

	TOTAL
THOSE WHO RECEIVED FINANCIAL ADVICE BEFORE THEY WENT ON RETIREMENT	116
	100
Every year	46
	39.7
Every 2 years	20
	17.2
Every 3-4 years	5
	4.3
Every 5 years	9
	7.8
Less often	24
	20.7
Other	1
	0.9
Didn't receive financial advice again	7
	6
Don't know / Can't remember	4
	3.4
Mean	2.85
Total of table	116
	100

**Q.C4a** Who provided the financial advice?

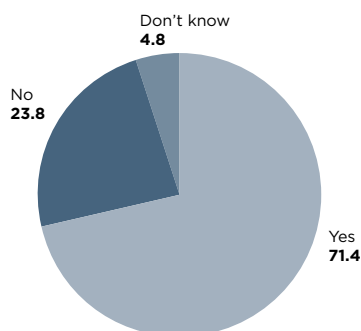
	TOTAL
THOSE WHO RECEIVED FINANCIAL ADVICE PRIOR TO RETIREMENT	147
	100
Employer / Human Resources officer	62
	42.2
Own personal financial advisor	44
	29.9
Advisor at a bank	11
	7.5
Advisor from a life office / insurance company	36
	24.5
Don't Know	1
	0.7
Total of table	154
	104.8

**Q.C4b** Did you already have a pre-existing relationship with the advisor at the bank/ insurance company, or did he make unsolicited contact with you?

	TOTAL
THOSE WHO RECEIVED FINANCIAL ADVICE FROM AN ADVISOR AT THE BANK/INSURANCE COMPANY	44
	100
Already had a pre-existing relationship	32
	72.7
He made unsolicited contact	11
	25
I contacted him	1
	2.3
Total of table	44
	100

**Q.C5a** Tell me, did you have a complete financial needs assessment done prior to retirement?

	TOTAL
THOSE WHO RECEIVED FINANCIAL ADVICE PRIOR TO RETIREMENT	147
	100



Total of table	147
	100

**Q.C5b** And, did you find it beneficial to have a complete financial needs assessment done?

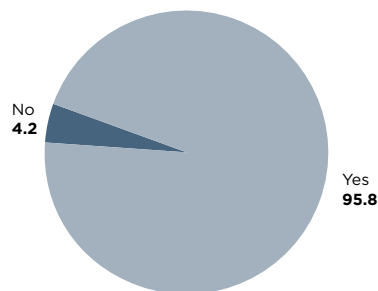
	TOTAL
THOSE WHO HAD A COMPLETE FINANCIAL NEEDS ASSESSMENT DONE PRIOR TO RETIREMENT	105
	100
Yes	105
	100
Total of table	105
	100

**Q.C6a** Were the financial implications of retiring at different ages (e.g. 50 vs. 60 vs. 70) explained to you?

	TOTAL
THOSE WHO RECEIVED FINANCIAL ADVICE PRIOR TO RETIREMENT	147
	100
Yes	119
	81
No	18
	12.2
Don't know/can't remember	10
	6.8
Total of table	147
	100

**Q.C6b** Did you understand what this meant for your retirement?

	TOTAL
THOSE WHO HAD THE FINANCIAL IMPLICATIONS AT DIFFERENT AGES EXPLAINED	119
	100



Total of table	119
	100

**Q.C7** Tell me, did you follow the advice and recommendations made by your financial advisor when you retired?

	<b>TOTAL</b>
THOSE WHO RECEIVED FINANCIAL ADVICE PRIOR TO RETIREMENT	147
	<b>100</b>
Yes, all of them	37
	<b>25.2</b>
Yes, most of them	60
	<b>40.8</b>
Yes, some of them	38
	<b>25.9</b>
No	10
	<b>6.8</b>
Don't know / Can't remember	2
	<b>1.4</b>
<b>SUMMARY</b>	
Any yes	135
	<b>91.8</b>
Total of table	147
	<b>100</b>

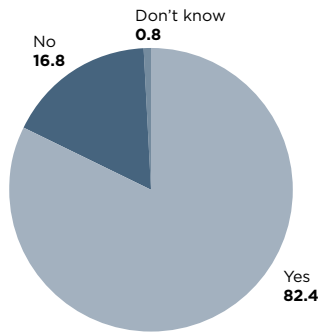
**Q.C8** Now that you are retired, do you still seek advice from an accredited financial advisor to assist you in financial planning?

	<b>TOTAL</b>
BASE: ALL RESPONDENTS	250
	<b>100</b>
Yes	79
	<b>31.6</b>
No	171
	<b>68.4</b>
Total of table	250
	<b>100</b>

## SECTION D: RETIREMENT LIFESTYLE

**Q.D1a** Do you consider yourself to be financially independent?

	TOTAL
BASE: ALL RESPONDENTS	250
	100



Total of table	250
	100

**Q.D1b** Have you, at any stage of your retirement, been financially independent?

	TOTAL
THOSE NOT CONSIDERED FINANCIALLY INDEPENDENT	44
	100
Yes	21
	47.7
No	22
	50
Don't Know	1
	2.3
Total of table	44
	100

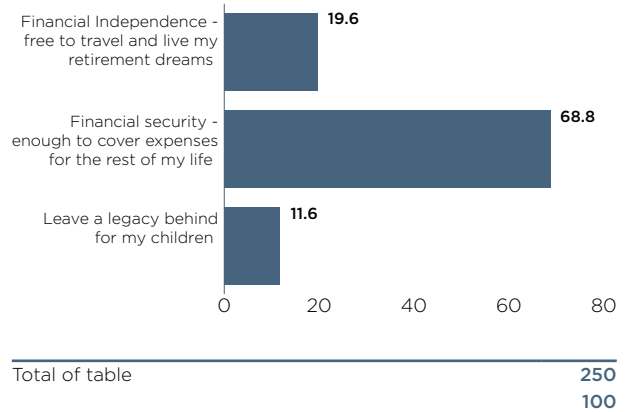
**Q.D2** Which of the following statements best describes your primary residence?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
I own my home and it is fully paid	211
	84.4
I own my home but I still have a mortgage / bond	14
	5.6
I live in a rented property	8
	3.2
I live with relatives	14
	5.6
I live in a retirement community / retirement home	3
	1.2
Total of table	250
	100

**Q.D3** Which of the following forms of debt/ credit, if any, are you still paying for?

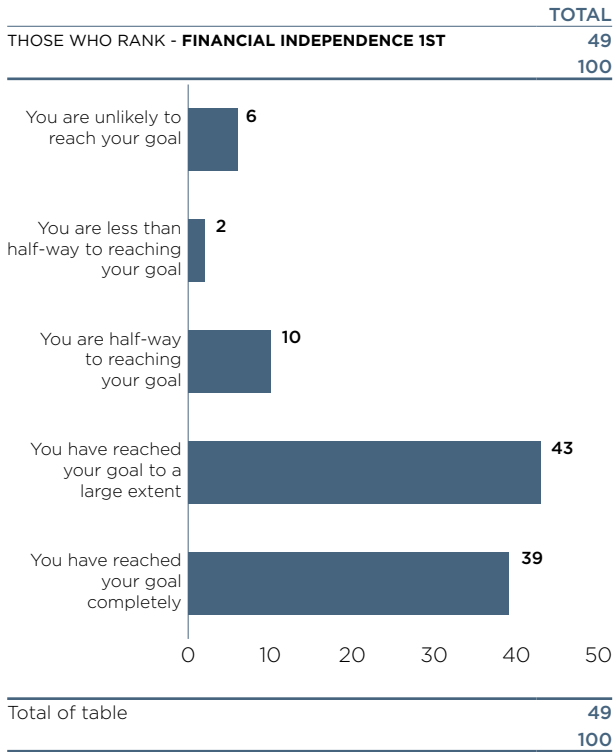
	TOTAL
BASE: ALL RESPONDENTS	250
	100
Mortgage / bond	14
	5.6
Credit cards	19
	7.6
Store accounts (e.g. Edgars, Truworths)	43
	17.2
Personal loans	5
	2
Vehicle / other movable asset finance	14
	5.6
None	177
	70.8
Total of table	272
	108.8

**Q.D4** People have different financial goals for retirement and some of them are listed here.

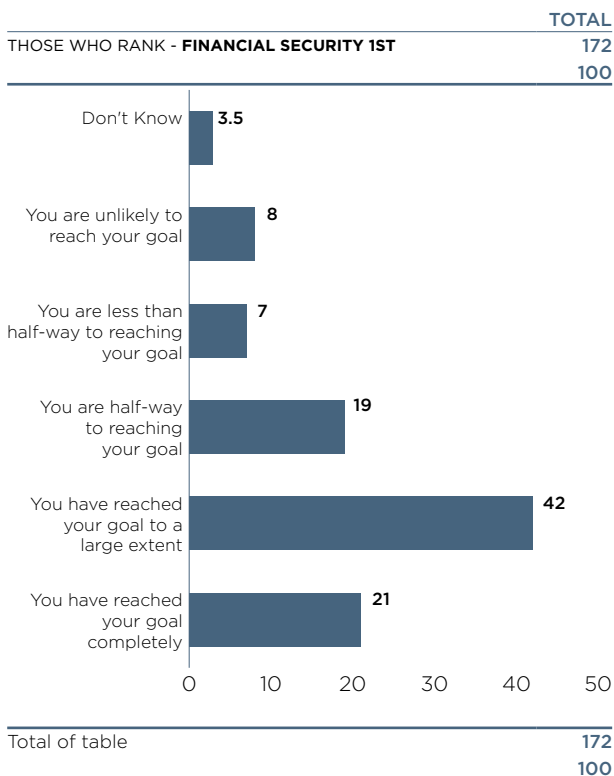


Total of table	250
	100

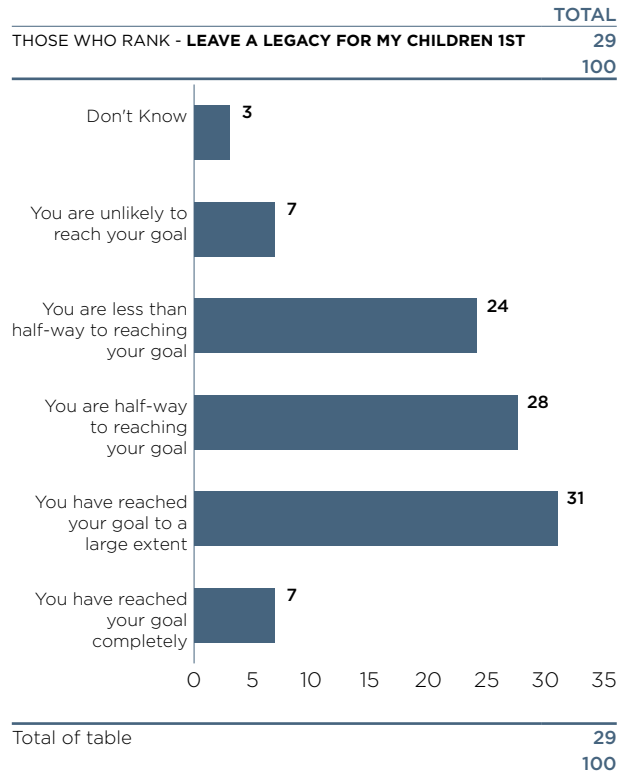
**Q.D5a** Thinking about your primary retirement goal, to what extent would you say you have succeeded in reaching this goal?



**Q.D5b** Thinking about your primary retirement goal, to what extent would you say you have succeeded in reaching this goal?



**Q.D5c** Thinking about your primary retirement goal, to what extent would you say you have succeeded in reaching this goal?



**Q.D6** Do you believe that you have saved enough capital to last for the rest of your life?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	99
	39.6
No	117
	46.8
Don't Know	34
	13.6
Total of table	250
	100

**Q.D7** In your opinion, how much do you need to retire?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Less than 5 times your final annual salary	13
	5.2
About 5 times your final annual salary	48
	19.2
About 10 times your final annual salary	68
	27.2
About 15 times your final annual salary	29
	11.6
More than 15 times your final annual salary	65
	26
Don't know	27
	10.8
Mean	11.5
Total of table	250
	100

**Q.D8** What do you understand is meant by longevity risk?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Correct definition	113
	45.2
Incorrect definition	19
	7.6
Don't know	118
	47.2
Total of table	250
	100

**Q.D9** Have you ever considered that you might live longer than expected after retirement and run the risk of exhausting your retirement savings?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	176
	70.4
No	74
	29.6
Total of table	250
	100

**Q.D10** Is this a concern for you?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	133
	53.2
No	112
	44.8
Don't Know	5
	2
Total of table	250
	100

**Q.D11a** Is there a shortfall between your current monthly retirement income and your monthly living expenses?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	75
	30
No	173
	69.2
Don't Know	2
	0.8
Total of table	250
	100

**Q.D11b** How do you deal with this shortfall?

	TOTAL
THOSE WHO HAVE A SHORTFALL	75
	100
Cut back on non-essential expenses	48
	64
Have to dig into my other savings / investments	7
	9.3
Ask friends or relatives for financial assistance	12
	16
Cancelled my private medical aid and rely on the State for healthcare	4
	5.3
Work to supplement my income	23
	30.7
I live frugally and go hungry at times	2
	2.7
Total of table	96
	128

**Q.D12a** Do you still work to supplement your current retirement income?

	TOTAL
THOSE WHO DID SOMETHING ELSE EXCEPT WORK TO SUPPLEMENT INCOME	227
	100
Yes	37
	16.3
No	190
	83.7
Total of table	227
	100

**Q.D12b** What work do you do to supplement your retirement income?

	TOTAL
THOSE WHO WORK TO SUPPLEMENT INCOME	60
	100
Contract / consultation work for my previous employer	7
	11.7
Light / part-time work for a new employer	14
	23.3
Light / part-time work for a friend / family member	9
	15
I started my own small business to supplement my income	30
	50
Other	2
	3.3
Total of table	62
	103.3

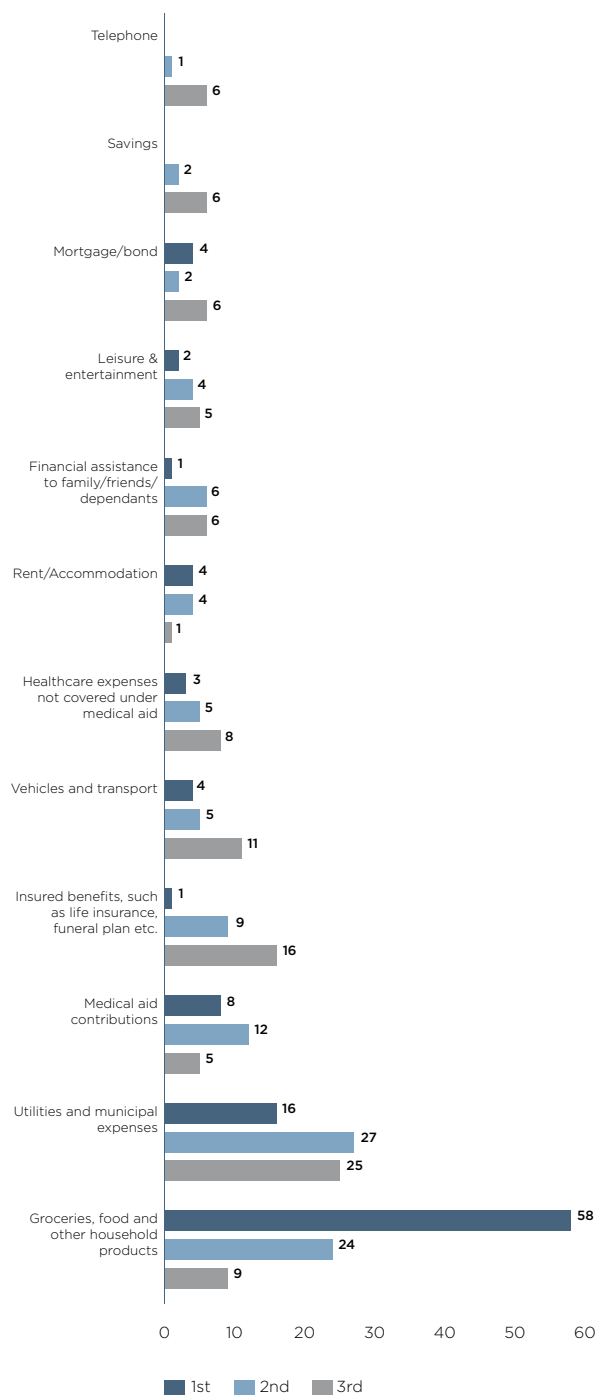
**Q.D13a** Considering your current monthly retirement income, do you still manage to save any money each month?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes, I save every month	69
	27.6
Yes, but only from time to time, not monthly	72
	28.8
No	109
	43.6
Total of table	250
	100

**Q.D13b** How do you invest your savings?

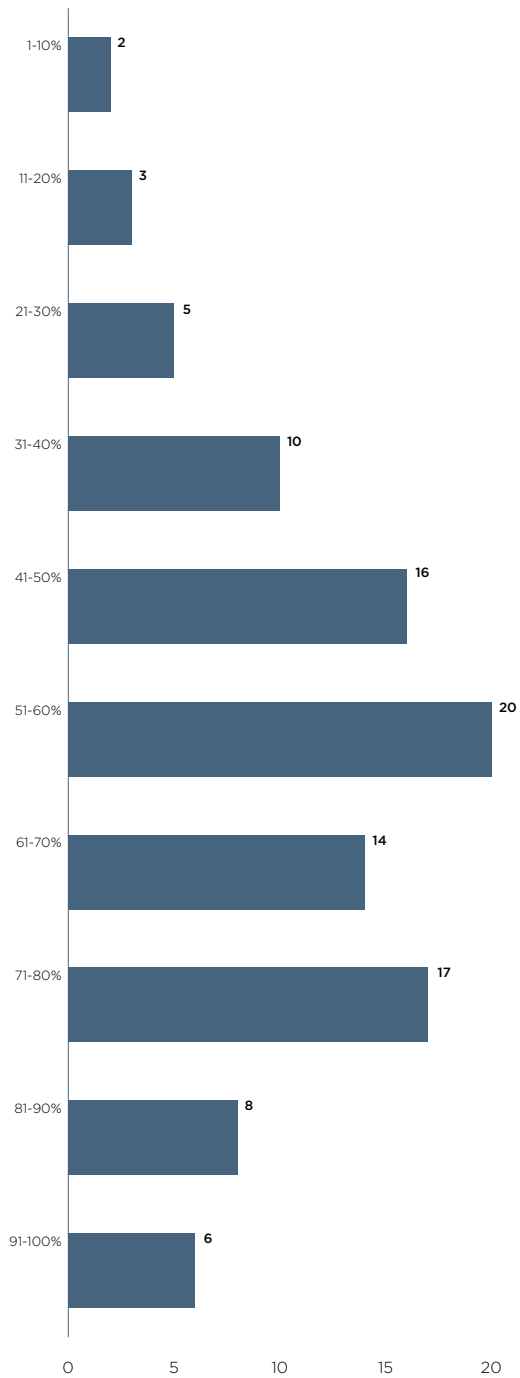
	TOTAL
THOSE WHO MANAGE TO SAVE ANY MONEY	141
	100
Savings account	86
	61
Fixed deposit account	36
	25.5
Insurance linked investments	18
	12.8
Shares or unit trusts	22
	15.6
Money market account	31
	22
Other	3
	2.1
Total of table	196
	139

**Q.D14** Tell me which 3 items represent your largest items of expenditure each month? Please list them in order of size, the largest expense first.



Total of table	250
	100

**Q.D15** Can you tell me what proportion of your monthly retirement income is spent on these 3 items (collectively)?



Mean	61.6
Total of table	250
	100



## SECTION E: LUMP SUM BENEFITS & ANNUITIES

**Q.E1** At retirement you would have received a lump sum. This would have been either one third of the total value of your pension fund or the full value of your provident fund. What have you done with the lump sum value you received?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Settled or reduced mortgage bond	82
	32.8
Made home improvements	92
	36.8
Gave a lump sum to dependants / family	21
	8.4
Travel	18
	7.2
Started own business	18
	7.2
Invested in other 'non-retirement' savings or investment products	81
	32.4
Spent it on living expenses	59
	23.6
Did not take 1/3 lump sum, used full amount to buy an annuity	18
	7.2
Reduced short term debt (e.g. car, credit cards, loans etc.)	76
	30.4
Bought property	5
	2
New car	2
	0.8
Other	3
	1.2
Don't know	2
	0.8
<b>SUMMARY</b>	
Any reduced debt	126
	50.4
Any invested	172
	68.8
Total of table	477
	190.8

**Q.E2a** Have you depleted your lump sum yet?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	66
	26.4
No	184
	73.6
Total of table	250
	100

**Q.E2b** How long did it take to deplete your lump sum?

	TOTAL
THOSE THAT DEPLETED THEIR LUMP SUM	66
	100
Less than 6 months	12
	18.2
6 - 12 months	15
	22.7
1 - 2 years	14
	21.2
3 - 5 years	10
	15.2
6 - 10 years	7
	10.6
Don't Know	8
	12.1
Mean	2.18
Total of table	66
	100

**Q.E3** What annuity did you choose when you went on retirement?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Level annuity	32
	12.8
Guaranteed escalation annuity (e.g. 3-5% escalation)	66
	26.4
Inflation linked annuity	63
	25.2
With-profit annuity	16
	6.4
Investment Linked Living Annuity (ILLA)	13
	5.2
Other	2
	0.8
Don't Know	58
	23.2
Total of table	250
	100

**Q.E4** What was the lump sum value of your annuity investment?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Less than R100,000	35
	14
Between R100,000 and R250,000	36
	14.4
Between R250,001 and R500,000	61
	24.4
Between R500,001 and R750,000	32
	12.8
Between R750,001 and R1,000,000	18
	7.2
Between R1,000,001 and R5,000,000	22
	8.8
Greater than R5,000,000	3
	1.2
Don't Know	43
	17.2
Mean	749.64
Total of table	250
	100

**Q.E5** Are you satisfied with the annuity that you chose when you retired?

	TOTAL
BASE: ALL RESPONDENTS	250
	100

Satisfaction	Percentage
Yes	78
No	18.8
Don't know	3.2

Total of table	250
	100

**Q.E6** Do you believe that you received sufficient information or advice about the various annuity products available to you before you purchased an annuity product?

	TOTAL
BASE: ALL RESPONDENTS	250
	100

Belief	Percentage
Yes	66
No	28.8
Don't know	5.2

Total of table	250
	100

**Q.E7** What percentage increase do you expect to receive annually on your pension / annuity payouts?

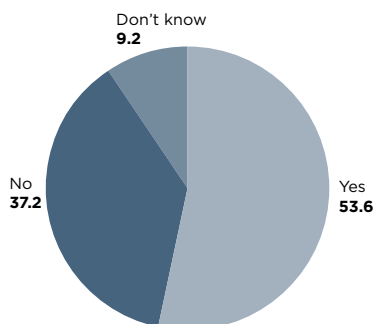
	TOTAL
BASE: ALL RESPONDENTS	250
	100
None	21
	8.4
00.01 - 02.50	10
	4
02.51 - 05.00	39
	15.6
05.01 - 07.50	33
	13.2
07.51 - 10.00	58
	23.2
10.01 - 15.00	9
	3.6
15.01 - 20.00	5
	2
20.01 +	1
	0.4
Don't know	74
	29.6
Mean	6.93
Total of table	250
	100

**Q.E8** On which date do you usually receive your pension / annuity increase?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Date usually receive pension/annuity increase	
1 January - 31 January	8
	3.2
1 February - 29 February	7
	2.8
1 March - 31 March	5
	2
1 April - 30 April	37
	14.8
1 May - 31 May	54
	21.6
1 June - 30 June	14
	5.6
1 July - 31 July	5
	2
1 August - 31 August	3
	1.2
1 September - 30 September	1
	0.4
1 October - 30 October	6
	2.4
1 December - 31 December	7
	2.8
None	21
	8.4
Don't know	82
	32.8
Total of table	250
	100

**Q.E9a** Does your pension / chosen annuity product provide a spouse's pension in the event of your death?

	TOTAL
BASE: ALL RESPONDENTS	250
	100



Total of table	250
	100

**Q.E9b** What proportion of your pension / annuity income would your spouse receive?

	TOTAL
PENSION/CHOSEN ANNUITY PROVIDE A PENSION FOR SPOUSE IN EVENT OF DEATH	134
	100
Propotion of pension/annuity spouse would receive	
00.01 - 24.99	30
	22.4
25	5
	3.7
25.01 - 49.99	9
	6.7
50	24
	17.9
50.01 - 74.99	8
	6
75	7
	5.2
75.01 - 99.99	10
	7.5
Don't know	41
	30.6
Mean	41.13
Total of table	134
	100

## SECTION F: COMMUNICATION

**Q.F1** How often does your retirement annuity / pension provider communicate with you?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Monthly	21
	8.4
Quarterly	49
	19.6
Biannually	48
	19.2
Annually	97
	38.8
Other	1
	0.4
Don't know	9
	3.6
I do not receive communications from my pension / annuity provider	25
	10
Total of table	250
	100

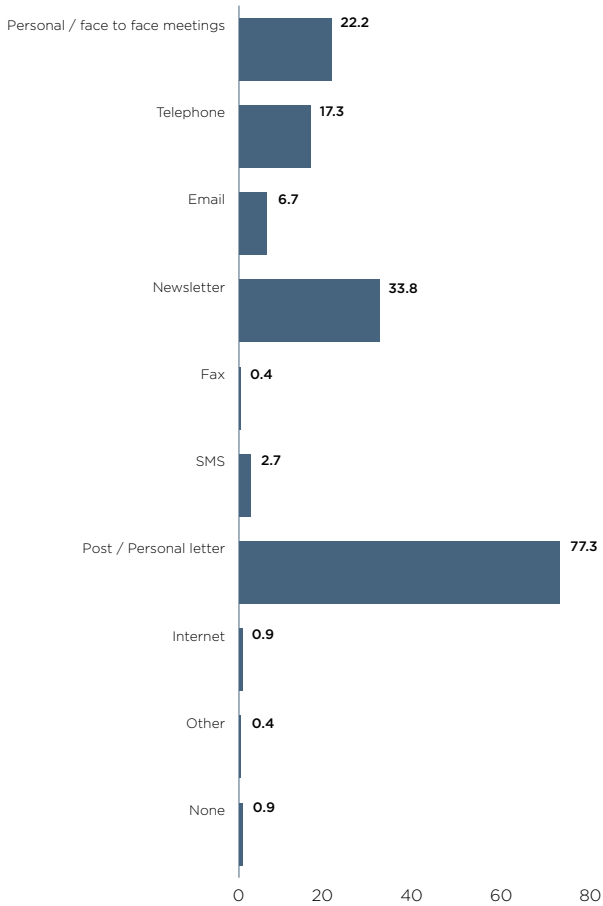
**Q.F2a** What type of information is communicated to you?

	TOTAL
THOSE WHO RECEIVE COMMUNICATION FROM PENSION/ ANNUITY PROVIDER	225
	100
Annuity valuation reports	85
	37.8
Pension increases	96
	42.7
Investment reports	78
	34.7
Annual report from Trustees	95
	42.2
Explanation of definitions	34
	15.1
Special interest /Ad hoc information	22
	9.8
Other	4
	1.8
Don't know	5
	2.2
Total of table	419
	186.2

**Q.F2b** What additional information would you like to receive?

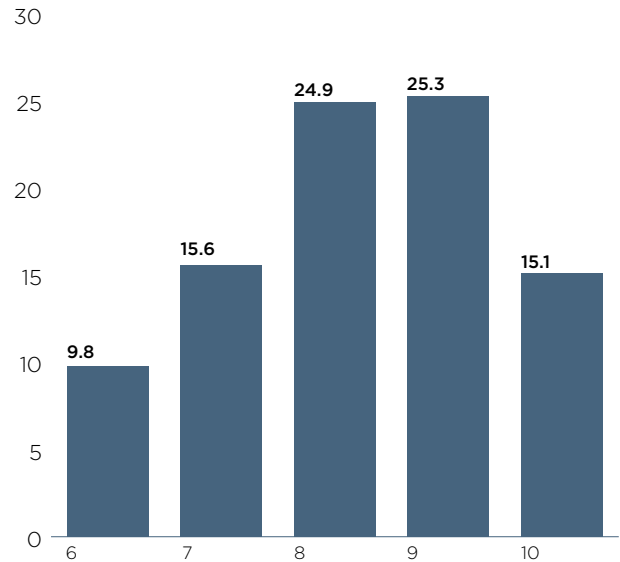
	TOTAL
THOSE WHO RECEIVE COMMUNICATION FROM PENSION/ ANNUITY PROVIDER	225
	100
Annuity valuation reports	43
	19.1
Pension increases	78
	34.7
Investment reports	50
	22.2
Annual report from Trustees	30
	13.3
Explanation of definitions	47
	20.9
Special interest /Ad hoc information	46
	20.4
Other	2
	0.9
Don't know	47
	20.9
None	7
	3.1
Total of table	350
	155.6

**Q.F3a** Which of the following methods of communication does your annuity / pension provider use to communicate with you?



SUMMARY	
Any printed material	209
	92.9
Any Technology	22
	9.8
Total of table	366
	162.7

**Q.F3b** How satisfied are you with the communication you receive from your annuity / pension provider? Please use a scale from 1 to 10 where 1 is 'very dissatisfied' and 10 is 'very satisfied'.

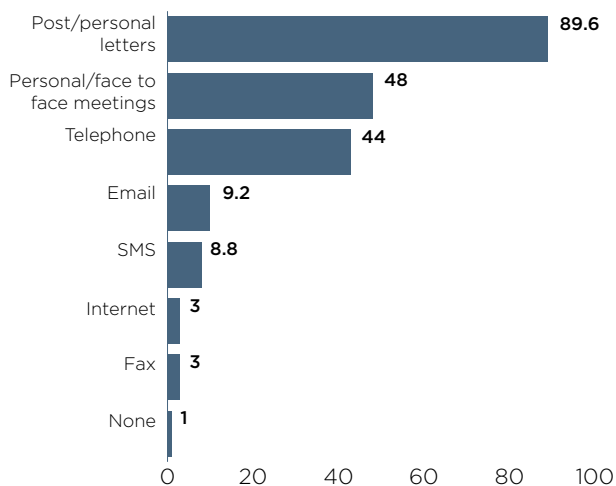


Mean	7.81
Total of table	225
	100

**Q.F4a** How do you want to receive information on matters relating to your annuity / pension?

	TOTAL
BASE: ALL RESPONDENTS	250
	<b>100</b>
Personal / face to face meetings	119
	<b>47.6</b>
Telephone	108
	<b>43.2</b>
Email	24
	<b>9.6</b>
Fax	7
	<b>2.8</b>
SMS	21
	<b>8.4</b>
Post / Personal letter	223
	<b>89.2</b>
Internet	8
	<b>3.2</b>
None	3
	<b>1.2</b>
<b>SUMMARY</b>	
Any printed material	224
	<b>89.6</b>
Any Technology	51
	<b>20.4</b>
Total of table	513
	<b>205.2</b>

**Q.F4b** Preference of communication methods.



Total of table	250
	<b>100</b>

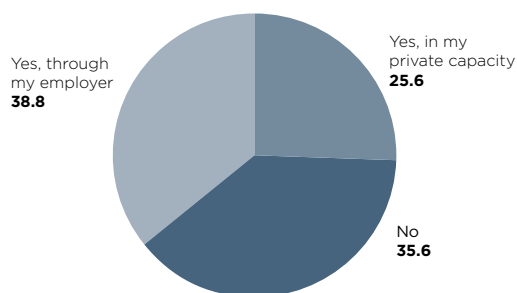
**Q.F5** Who would you contact with any queries related to your retirement annuity / pension?

	TOTAL
BASE: ALL RESPONDENTS	250
	<b>100</b>
Personal Financial Advisor	95
	<b>38</b>
Intermediary appointed by the retirement fund	11
	<b>4.4</b>
Trustees of the fund	32
	<b>12.8</b>
Human Resources officer at your previous employer	43
	<b>17.2</b>
Fund Administrator	34
	<b>13.6</b>
Pensions Department at the company's Employee Benefits Division	68
	<b>27.2</b>
Other	1
	<b>0.4</b>
Nobody / Won't seek advice	10
	<b>4</b>
Don't know	6
	<b>2.4</b>
Total of table	300
	<b>120</b>

## SECTION G: MEDICAL AID EXPENSES

**Q.G1** Prior to retirement, did you contribute to a medical aid scheme, either in your private capacity or through your employer?

	TOTAL
BASE: ALL RESPONDENTS	250
	100



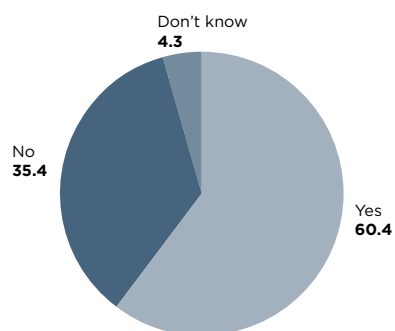
SUMMARY	
Any yes	161
	64.4
Total of table	250
	100

**Q.G2** Do you currently contribute to a medical aid scheme?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	120
	48
No	130
	52
Total of table	250
	100

**Q.G3** Did you consider your medical aid contribution and the fact that this would increase by 10%-15% per annum on average when you were planning for your retirement?

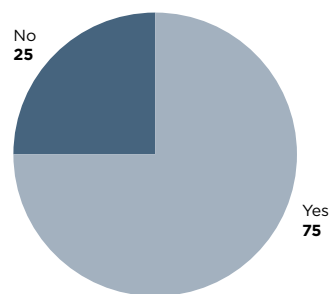
	TOTAL
THOSE WHO HAVE EVER CONTRIBUTED TO A MEDICAL SCHEME	164
	100



Total of table	164
	100

**Q.G4** Does your previous employer continue to contribute to your medical aid scheme now that you are retired?

	TOTAL
THOSE WHO HAVE EVER CONTRIBUTED TO A MEDICAL SCHEME	60
	100



Total of table	60
	100

**Q.G5a** To what extent does your monthly retirement income cover your medical and healthcare expenses?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
All expenses are covered by pension income	97
	38.8
Only medical aid contributions are covered, not additional expenses	42
	16.8
Only ad-hoc expenses are covered, not the cost of your medical aid contributions	5
	2
Your retirement income is not enough to cover any medical expenses	90
	36
Don't Know	16
	6.4
Total of table	250
	100

**Q.G5b** How do you deal with the shortfall?

	TOTAL
THOSE WITH ALL EXPENSES NOT COVERED BY PENSION INCOME	137
	100
Go without medical treatments you cannot afford	25
	18.2
Withdraw money from a contingency savings vehicle / investment	23
	16.8
Ask friends or relatives for financial assistance	7
	5.1
Use free State medical facilities	84
	61.3
Other	6
	4.4
Don't know	2
	1.5
Total of table	147
	107.3



## SECTION H: WILLS & ESTATE PLANNING

**Q.H1** Have you drawn up a final Will and Testament?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	160
	64
No	89
	35.6
Don't Know	1
	0.4
Total of table	250
	100

**Q.H2** Would you say that your Will is currently up to date?

	TOTAL
THOSE WHO HAVE A WILL AND TESTAMENT DRAWN UP	160
	100
Yes	147
	91.9
No	13
	8.1
Total of table	160
	100

**Q.H3** When did you last update your Will?

	TOTAL
THOSE WHO HAVE A WILL AND TESTAMENT DRAWN UP	160
	100
Before retirement	50
	31.3
After retirement	106
	66.3
Never been updated	4
	2.5
Total of table	160
	100

**Q.H4** Have you left copies of your Will for safekeeping with any of the following people?

	TOTAL
THOSE WHO HAVE A WILL AND TESTAMENT DRAWN UP	160
	100
A trusted family member	42
	26.3
The executor of the estate	20
	12.5
An attorney / legal advisor	27
	16.9
A banking institution	61
	38.1
A financial advisor	25
	15.6
An insurance company	8
	5
Other	1
	0.6
None	3
	1.9
Total of table	187
	116.9

**Q.H5** Besides you, who are the signatories of your final Will and Testament?

	TOTAL
THOSE WHO HAVE A WILL AND TESTAMENT DRAWN UP	160
	100
My current spouse	60
	37.5
A former spouse	3
	1.9
A trusted family member	30
	18.8
The executor of the estate	15
	9.4
An attorney / legal advisor	17
	10.6
A bank representative	39
	24.4
A financial advisor	19
	11.9
An insurance company representative	2
	1.3
My colleagues	1
	0.6
Other	2
	1.3
Don't Know	2
	1.3
Total of table	190
	118.8

**Q.H6** Have you appointed an executor to your estate in the event of your death?

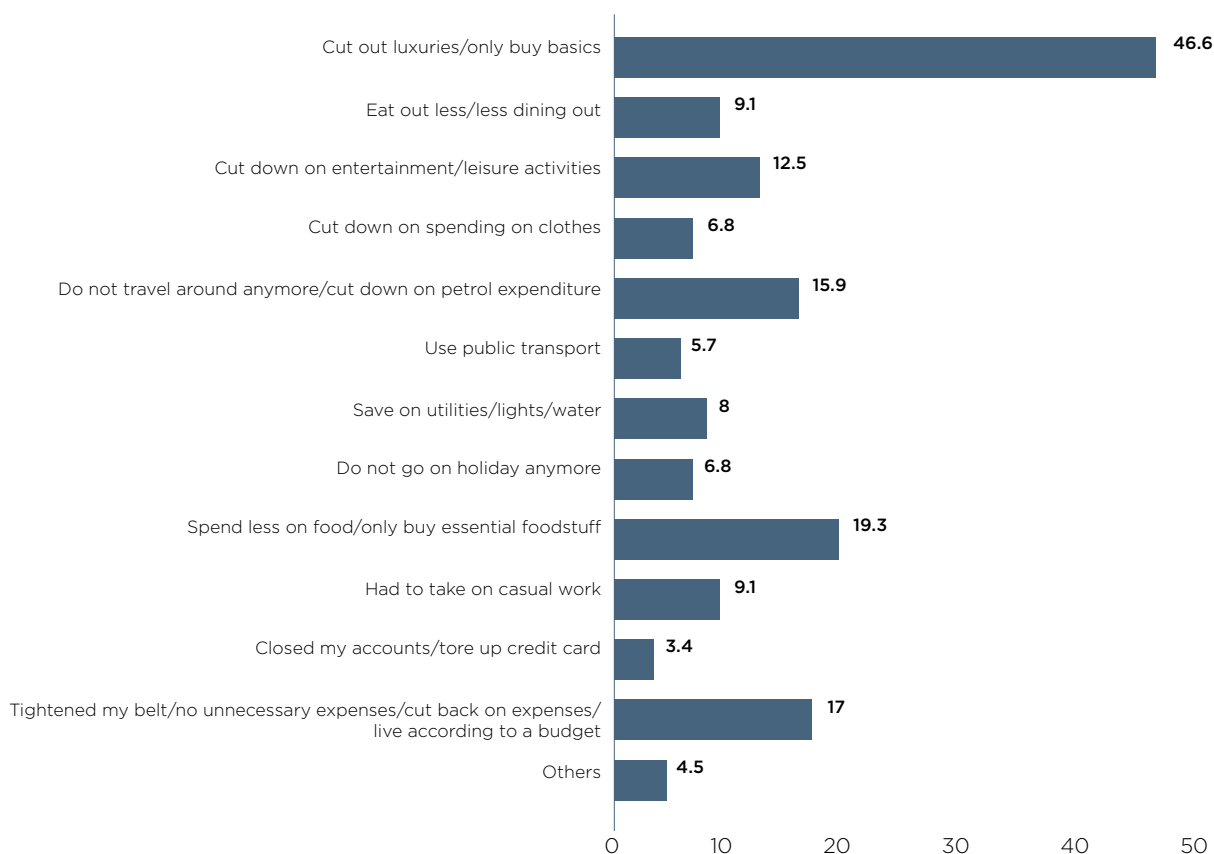
	<b>TOTAL</b>
THOSE WHO DID NOT APPOINT AN EXECUTOR TO THEIR ESTATE IN THE EVENT OF DEATH	<b>226</b>
	<b>100</b>
Yes	111
	<b>49.1</b>
No	113
	<b>50</b>
Don't Know	2
	<b>0.9</b>
Total of table	<b>226</b>
	<b>100</b>

## SECTION I: IMPACT OF ECONOMIC RECESSION

**Q.11** We have experienced an economic recession over the past 18-24 months. Have you had to make any lifestyle changes as a result of this?

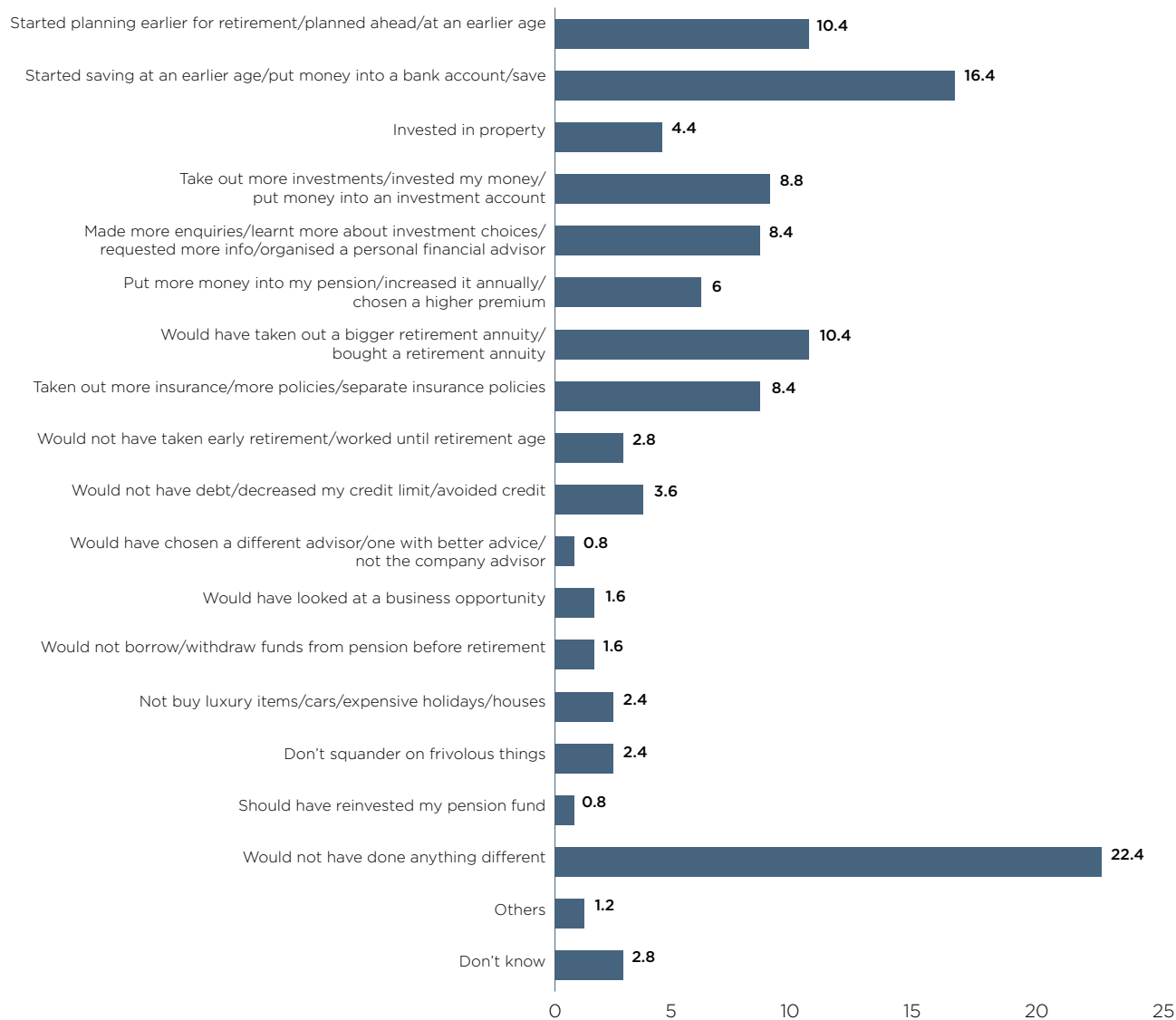
	TOTAL
BASE: ALL RESPONDENTS	250
	100
Yes	88
	35.2
No	158
	63.2
Don't Know	4
	1.6
Total of table	250
	100

**Q.12** What lifestyle changes have you had to make as a result of the recession?



Total of table	145
	164.8

**Q.13** In hindsight, what SINGLE thing would you do differently if you could change the way in which you planned for your retirement or the choices you made at the point of retirement?



Total of table	289
	115.6

**Q.14** Finally, what SINGLE piece of financial planning advice would you give to young adults starting their careers i.e. people aged about 25 years?

	TOTAL
BASE: ALL RESPONDENTS	250
	100
Start planning earlier for retirement/plan ahead/at an early age	71 28.4
Save from an earlier age	93 37.2
Invest in property	5 2
Invest from an early age	50 20
Make more enquiries/learn about investments/retirement/learn more about investment choices/request more info	21 8.4
Put more money into my pension/increase it annually/choose a higher premium	6 2.4
Take out a bigger retirement annuity/buy a retirement annuity	24 9.6
Take out more insurance/more policies/separate insurance policies	20 8
Do not have debt/credit	11 4.4
Would have chosen a different advisor/one with better advice/not the company advisor	4 1.6
Don't squander money/waste on luxuries	6 2.4
Don't withdraw from your pension	7 2.8
Don't borrow against your pension	3 1.2
Others	2 0.8
Don't know	2 0.8
None	2 0.8
Total of table	327 130.8

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