

# 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)**

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## FOOTNOTES

### Sample size

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%

# 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 affect stand-alone retirement funds 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 the your retirement fund.

**Paul Myeza**

CHIEF EXECUTIVE OFFICER  
SANLAM EMPLOYEE BENEFITS



# Introduction



This is the second year that we have undertaken a separate study on umbrella funds, and hence this is the first time we can present comparative results to the previous year, and we can start to analyse the emerging trends.

Once again, we have surveyed 100 employers that participate in umbrella funds, but one should be careful in appreciating some of the changes in the sample in drawing conclusions on trends.

A major finding is that larger employers are continuing to consider umbrella funds as a viable alternative to employer-sponsored standalone funds with the key reasons being issues related to cost savings, time savings thus allowing more time to focus on core business issues, and also the increasing complexity of fund governance.

As more large employers choose to join umbrella funds, the profile of employers that we survey naturally changes to reflect the changing industry demographics. 52 of the 100 surveyed participating employers in 2010 participated in the 2009 Survey, although only 43 of these employers participated in the 2009 Umbrella Funds Survey and a further 9 employers participated as standalone funds in 2009.

The average sub-fund size increased from 370 members and R49 million assets in 2009 to 387 members and R88 million assets in 2010.

A key issue that we had to decide on in conducting the umbrella fund survey was who would be the right person to interview per sub-fund. For standalone funds, the appointed principal officer is the natural person to interview, but unfortunately no such position exists at sub-fund level within umbrella funds. We have tried to identify the key person responsible for retirement fund issues within each of the participating employers, and have interviewed this person. In some cases, the sub-funds' appointed consultants were present at the interviews.

Any survey naturally tests the perceptions and the understanding of the interviewees, and will not usually give the same results as directly analysing the source data. This is a particular concern for us as regards umbrella funds, and there appears to be some evidence that the interviewees are not as *au fait* with all the technical issues as are the principal officers of standalone retirement funds. But surveying perceptions and understanding is nonetheless very powerful, and we believe should present very good insights into the workings of the umbrella fund industry.

The survey attempts to be representative of the entire South African umbrella fund market. Clients of the five major players in this market represented 68 of the 100 participants (down from 78 in 2009), with the balance of clients being spread between other market players.

The results of the survey are analysed further within the following topic summaries covering Contributions, Communication, Governance, Investments, Risk Benefits and Advice.



It does appear that there is some evidence emerging that the umbrella fund industry is steadily improving its overall value proposition with encouraging trends being reported in terms of both the Communication and Governance topics.

The situation as regards costs remains unsatisfactory, and our research indicates that there is clear evidence emerging that costs are generally not well understood by umbrella fund participants. We believe it is critical that the industry focuses attention on this matter in order that a truly competitive private sector umbrella fund market underpinned by consumer choice can thrive and grow.

A worry is that employer contributions towards retirement fell quite substantially from 2009 to 2010, and this naturally impacts the overall net provision towards retirement funding. This might reflect the wider worldwide economic downturn that has been experienced since 2008, but clearly there have also been some changes in the profile of surveyed sub-funds, and therefore one should be cautious about drawing conclusions too quickly. Nonetheless this is an important statistic to continue to monitor carefully in future years.

**David Gluckman**

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# Behavioural effects

## Impact of the Crisis on long term retirement security

Elias Masilela and Viresh Maharaj

### Introduction

This article looks at some effects of the economic crises on economic players, in particular the consumer.

In light of the dismal saving record in South Africa, and growing need for long term savings to finance both a social and economic backlog, this subject needs to be elevated in policy debate going forward. There is a growing fear that the savings trend has been affected - structurally.

### Impact of crisis on trust

A number of risks were identified at the outset of the crisis and more as it unfolded. Some of these have already been realised and constitute a wide range of effects, namely:

- Economic slowdown;
- A vicious cycle, originating from a financial crisis to a multi-faceted crisis; as well as
- Collapsing asset prices.

These developments resulted in governments experiencing widening deficits as tax bases collapsed and social interventions were necessitated as well as company performance swinging from profits to losses leading to closures across the globe. Ultimately, households experienced income collapses and rising dependency as unemployment grew. These developments resulted in the crisis briskly transforming itself from a financial one to a social crisis. In turn, it is this transformation that is a deep concern for the retirement industry with a particular focus on the negative impact that has been felt by households and individuals.

A number of long term developments have taken place following the crisis, where:

- The structural gap between developing and developed economies has narrowed meaning that it is no longer the case that developed economies are the benchmark for global best practice;
- Unemployment is as much a concern to developing countries as it is to developed economies;
- The same applies to fiscal imbalances. The concern of growing fiscal imbalances amongst OECD economies, in particular amongst the PIGS<sup>1</sup> group of economies in Europe, is becoming a real concern;
- The developed world is increasingly looking to the emerging world for insights into sustainable implementation of policies as well as regulation.

These experiences have led to the evolution of a very interesting new world order - thanks to the economic crisis.

However, what has not been determined, thus far, are the underlying behavioural impacts of the crisis. How deep and how long-term these will be and whether or not they will result in structural changes to the financial sector as well as the economy at large. What is clear though is that every economic player, ranging from government to regulators to service providers as well as consumers, has been affected in one way or another. It has already been established that subsets amongst the latter two groups have been affected significantly differently depending on their preparedness to deal with the crisis. The differential preparedness is defined by the level of savings ahead of the crisis, which had an important differentiating effect amongst players in this category.

<sup>1</sup> Portugal, Ireland, Greece and Spain



Those with higher savings had the fortunate ability to dip into reserves, which significantly mitigated the negative impact of the crisis. Whereas, those experiencing high levels of indebtedness, suffered most. This has been observed at the level of individuals, institutions as well as countries.

We have seen key policies being elevated, not only in South Africa, but globally due to the systemic effects of the crisis. These include, amongst others;

- The role of the economy and in particular the relationship between savings, investment and growth;
- The importance of labour markets in business cycles; as well as
- The impact of waning trust towards the financial sector.

The impact of declining trust can easily be seen as the deepest behavioural impact on financial societies. Trust is the basis for every contract and business relationship therefore if the issues of diminishing trust are not resolved then it may spell a long term structural impairment of the financial sector. However, it has been common belief that trust has not been a major concern in the South African context. This, nonetheless, does not mean the economy is immune to the negative global impact of this phenomenon.

A recent study undertaken for the FSA found that consumer confidence towards the financial sector in the UK has historically been lower than towards other sectors. In a 2005 report by the Chartered Insurance Institute (CII) in the United Kingdom, it is revealed that 43% of consumers were found not to be confident that financial products will provide for their long-term future. This compares to 90% of people being satisfied or very satisfied with the way doctors do their jobs. That means only 10% are not confident of their medical providers.

What tilts the scale against the financial sector has been found to be two critically unique factors, namely the long term nature of the future promises made in this sector, as well as the professional, transparent and honest manner with which products are sold at the outset of a contract.

They argue that resolution of this debate will be a critical part of "... shap[ing] the future of trust in insurance and financial services in the UK."

According to the CII, trust is defined as a willingness to take on a certain level of risk because of a positive belief in the intentions and behaviour of another person or institution.

Their proposed response to the problem is an acknowledgement that "there is no silver bullet, and it will take time to build trust. Any revival is likely to depend as much on the detailed day-to-day actions of participants as on any single policy or institutional measure."

In that regard, they identify five key responses that are found essential to success, namely:

- Professionalism
- Transparency
- Regulation
- Corporate responsibility
- Outcomes

The last response is the most critical out of these five because it provides the most practical and tangible means for the consumer to be able to gauge delivery. In the same CII report, an important statement is made to the effect that, "For citizens, what counts the most is the bottom line. Many say they won't begin to trust the sector until their own personal finances recover – debt, homes, and jobs. How do we encourage a savings culture and a proper understanding of risk?"

## UK's public commentary

- We have lost trust in the entire financial system, from the regulator to the bankers, for taking too many risks, failing to foresee or prevent the crisis, and continuing to dole out handsome bonuses throughout.
- We have lost trust in politicians, for their role in backing the economic model that failed, and for the cushy expense claims which were brought to light in the midst of it all.
- We have lost trust in the police, after high profile incidents of incompetence and gratuitous violence, from de Menezes to the G20 protests in the City
- And we've lost trust in the media, as we saw scandals rock not only commercial networks but also the publicly-owned BBC, from phone in scandals to prank calls.

Source: CII, 2010

The sentiments displayed by the UK consumer are not unique, or isolated within that economy. They are reflective of a much deeper problem that is observed across the globe.

If we contrast this with recent findings in the South Africa context, the picture is slightly more positive. There are a few more bright lights in the South African context, with the Ernst & Young financial confidence index recording an increase in the first quarter of 2010.

This is supported by the Merchantec CEO Confidence Index released in June 2010, which points to a continuing recovery in the economy. The index recorded its third consecutive quarterly gain from a 2009 second quarter low of 48.13. The report notes that, "The South African financial services sector did not have an impact on the economic crisis as was the case with the rest of the world." This reflective of the generally more positive sentiment in the South African financial sector, which is a direct function of a strong banking sector and sound regulation.

In the recent member and pensioner survey by Sanlam, we find that about 50% of active contributors to retirement funds feel confident that they will meet their retirement goals. As a result, the majority of the employed plan to retire at about the prescribed age, averaging 60. On the other hand,

about 80% of the retired people consider themselves financially independent. These results say a lot about their incomes in retirement, as well as how their investments are performing.

This is in contrast with other dispensations. More than half (55%) of Europeans believe they will have to delay their retirement because of the current economic climate, according to Aon Consulting. French and German workers are the most pessimistic, with 74% and 73% thinking about extending their working careers respectively, followed by the Irish (65%), the Swiss (67%) and the British (60%).

Of those who believe the economic situation will force them to delay retirement, the Irish and the British have the most gloomy outlook with nearly 90% and more than 80% of workers respectively saying they think they will have to delay retirement by over two years.

Coming back to South Africa, we find that 52% of the active members believe financial advisors have their best interest at heart. However, a staggering 61% of active members are not willing to pay for advice. This may be explained by costs, rather than value of the service.

The optimism of pensioners in South Africa is not dissimilar to that of active members. South African

pensioners seem to have not suffered from the crisis, as much as their counterparts elsewhere. More than 82% consider themselves financially independent. Despite living on retirement income, over 56% still manage to save. Many, over 84%, own and stay in their own houses. However, over 70% of pensioners fear outliving their retirement assets. Longevity risk is significant across the world.

Amongst pensioners who feel their incomes are not sufficient, only 16 % work to supplement their incomes

The picture painted by the working and pensioned populations, in South Africa, is challenged by rising dependencies. This phenomenon is explained by a combination of rising unemployment and rising mortality amongst the working-age population.

The average worker has an average of 2,38 direct dependants. But we know that in the South African context, many workers are faced with indirect dependants as a result of extended families and the impact of AIDS. Even worse, the survey finds that 30% of pensioners find themselves having to look after dependents apart from their spouses. On average, pensioners have 1,97 dependants.

## Behavioural effects by grouping

This section attempts to identify a list of actions of the most likely effects left by the crisis and those which any policy response considered should endogenise. Whilst these are attributable by economic agent, there is one that seems to cut across all agents and that is short-termism.

### **Governments:**

- Accommodative fiscal and monetary policy stances, to help mitigate the vulnerability of societies. Together these have deepened budget deficits and raised the burden of structural debt;
- Stepped up social interventions aligning these to long term structural goals;

- Some governments have renegotiated promises, forcing individuals into DC arrangements as well as limiting benefits growth to inflation or walked away from these completely;
- Liberalised the labour market;
- Reform reversal and a shift towards DC rather DB arrangements;
- Wide ranging attempts to restore trust and confidence;
- Stepped up education and financial literacy;
- Started signalling the need to withdraw economic stimulants to ensure long term structural balance. However, inertia is a big risk here;
- Scramble to restore fiscal sustainability; and
- Some governments have become quite short-termist in their planning.

### **Regulators:**

- Confidence on self-regulation was dealt a further blow;
- Reformed financial regulation and instruments; and
- Applied some focused interventions such as the provision of guarantees, removal of toxic assets, recapitalising institutions and transitioning out of institutions.

### **Consumers:**

- On the back of collapsing asset prices, increased their consciousness about returns and performance on their assets;
- Collapsing incomes have caused consumers to increase their attention towards take home pay. This has had a tendency of increasing early withdrawals from funds and reducing voluntary contributions, where these existed;
- Feeling of increased vulnerability as a result of growing unemployment;
- Have grown increasingly insecure owing to growing vulnerabilities and realisation that they

have to work longer, as accumulated savings are inadequate; and

- Scaling back on debt.

#### **Service providers:**

- Tightening of benefit structures;
- Herd behaviour amongst asset managers in particular;
- Stepped up liquidity management, as well as risk/collateral management.

### Sectoral challenges

The treatment of the financial sector has also emerged as a crucial source of debate on the global arena. Industrialists have started arguing that the financial sector is being treated with kid gloves (soft-touch regulation). It is argued that many bankers should have been put behind bars for the extent of their mis-behaviour, the toxicity of their products and their sabotage of the world economy. The industrialists make the point that had this toxicity originated from the industrial sector, no support would have been provided by the state. Instead, many companies would have been shut down and the heads of these establishments arraigned in court.

However, the primary defence advanced for the manner in which the crisis was handled is that the financial sector is the engine of an economy and any imbalances recorded in this sector will quickly reverberate across all sectors of the economy defining its underlying systemic nature.

Incidentally, the biggest structural consideration for the South African economy will be the labour market as it is this sector that bears the biggest scars after the retirement savings sector. With respect to the latter, whilst we recorded the worst asset price collapse in history, the sector recorded firm recovery in 2009. The question that still remains is whether this recovery will be sustainable? The labour market will take many quarters before we can see a convincing recovery as it is a lagging economic variable. This situation is worse for economies typically characterised by a low level of flexibility in the labour market. According to the OECD, it is estimated that the average lag is 5 years in the whole of the OECD group whereas it is recorded at less than 5 years in the US. Whilst in Finland it can be as long as 18 years. The difference amongst these countries, predominantly, is a function of flexibility.

An observation that has been made in South Africa, is that for the first time, the unemployed are now increasingly peppered with high income earners as evidenced in the latest UIF data. The structure and sensitivity of the labour market is critical for designing the right policy responses.

Learning from the OECD experience, we can easily see that the most vulnerable sub-categories in the labour market are the youth, low skilled workers and those under temporary contracts. This is observed from the magnitude of employment declines for these categories, between 2008 and 2009. This behaviour is observed to be also structural, where over a period of just below 50 years, the sensitivity to business cycles is highest amongst these categories.

At the aggregate level, over the period 2008/09, whilst the OECD experienced an employment decline of 1.8%, South Africa recorded 4.2%. This difference can also be attributable to flexibility differences.

<b>Worker type</b>	<b>% Change in workforce (2008-09)</b>	<b>Business cycle sensitivity (1960-2007)</b>
Total	-1.8	
Men	-2.9	99.2
Women	-0.3	101.4
Youth	-6.8	179.8
Prime workers	-1.7	87.2
Older workers	2.9	99.3
Low skilled	-2.5	110.7
Medium skilled	-5.4	97.4
High skilled	3.5	87.0
Self employed	-2.1	97.0
Permanent	-0.5	88.0
Temporary	-7.0	207.2
<b>South Africa</b>	<b>= -4.2</b>	

Source: OECD 2010

Across Europe and the OECD group of countries, systematic responses have been recorded to deal with labour market responses. These responses have been embarked upon, with the explicit understanding that any form of economic recovery will be hindered by a poor or non-responsiveness of the labour market. It cannot be forgotten that, retirement management is underpinned by the employment dynamics of an economy.

The OECD responses are wide ranging, to include:

- Temporary wage freezes
- Short-time working arrangements
- Flexibility with respect to work hours
- Training to increase the mobility and employability of labour
- Job subsidies
- Reduction in non-wage labour costs
- Public sector job creation
- Short-time week
- Job search assistance
- Training programmes
- Work experience
- Business start-up assistance
- Support for apprentices
- Unemployment benefits
- Social assistance
- In-work benefits
- Other support for job losses

## Conclusion

Whilst South Africa's economy has emerged little scathed by the financial and economic malaise, it still remains exposed to secondary real economy effects, which will have had negative implications for job creation and thus savings ability. In order to mitigate this secondary impact as well as to capitalise on an economic turnaround, it is essential that restructuring of and flexibility of markets be realised. This is particularly so for the labour market, as it is at the heart of the economy's ability to providing a base for higher savings potential and greater entry into the long term savings space.

That our active members and pensioners feel less affected by the slowdown, is particularly comforting. The above interventions are critical to ensure that this decoupling is sustained.

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# Contributions

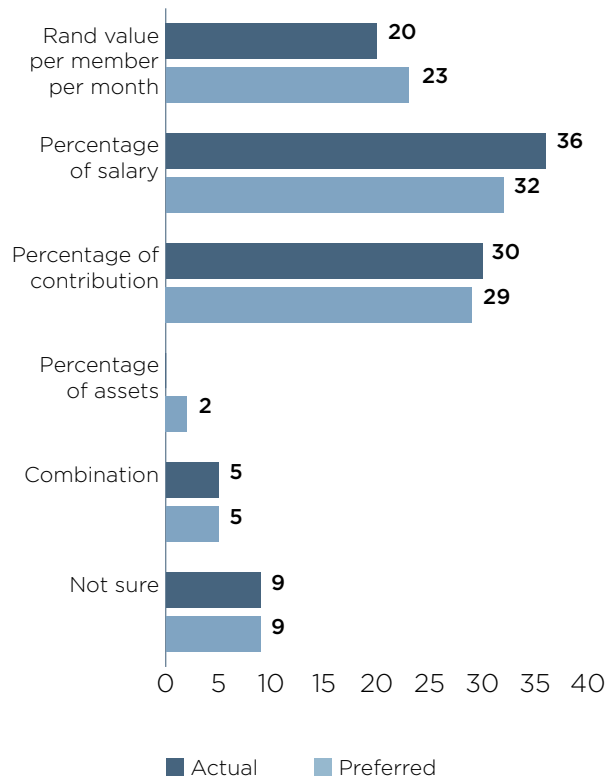
59% of sub-funds indicated that the employer’s remuneration package is based on total cost to company compared to 67% of sub-funds in 2009. A split based on fund type revealed that 62% of provident funds operate on a cost to company basis compared to 46% of pension funds. Also, 31% (2009: 39%) of the balance of sub-funds are contemplating such a structure.

The average employer contribution is 8.1%. This is down from 8.7% in 2009. The average employer contribution for pension funds was higher than the total average at 8.9% (2009: 9.1%) and the average employer contribution for provident funds was down on the average at 7.6% (2009: 8.5%). Also, 77% (2009: 75%) of sub-funds indicated that the members cannot choose the level of contribution by the employer whereas 66% (2009: 72%) of sub-funds indicated that members cannot choose their own level of contribution.

The average employee contribution as a percentage of salary is 5.5%. This is slightly up from 5.4% in 2009. A split based on the fund type showed that members belonging to pension funds contributed on average 6.7% (2009: 6.4%) compared to those members belonging to provident funds which contributed 4.9% (2009: 4.9%) on average. 57% (2009: 51%) of sub-funds allow members to make voluntary contributions. The average additional voluntary contribution rate as a percentage of salary is 2.2% slightly higher than the 2.1% in 2009.

65% of respondents indicated that there is no requirement for the employer contribution, net of all costs and disbursements, to be greater than a certain percentage. This is down from 71% in 2009.

## Cost of administration



48% of sub-funds stated that their umbrella fund itemises separately for the cost of administration compared to 47% in 2009. 29% (2009: 38%) of funds stated that the administration fee includes all other expenses. Also, 14% (2009: 9%) of funds stated that they pay for additional expenses not specified in the administration agreement.

62% (2009: 53%) of sub-funds stated that the trustees appropriately manage other expenses, such as FSB levies, auditing fees and trustees’ reimbursements, via formal budgeting and approvals processes. These expenses are recovered from a contingency reserve for 12% (2009: 15%) of sub-funds, deducted from member accounts for 44% (2009: 38%) of sub-funds and included in administration costs for 21% (2009: 13%) of sub-funds. The contingency reserve account is expressed as a rand value per member per month for the majority of umbrella funds.

The average cost of administration as a percentage of salary was about 0.7%. As was the case last year this figure is much lower than the comparable cost for standalone funds, and is lower than we had anticipated even taking into account the economies of scale inherent to umbrella funds. The result possibly points to clients not properly appreciating all their costs, or sponsoring companies subsidizing administration costs taking account of other income streams. It is also possible that some of the assumptions we were compelled to make in analyzing the surveyed data were not appropriate e.g. discarding or reworking some data that failed basic reasonability tests. Another reason could be that the average cost could be skewed by very big funds with very low charges. More than likely the result is a consequence of a combination of all the abovementioned issues. It will be interesting to continue to monitor this result in future Benchmark Surveys.

	<b>2010</b>	<b>2009</b>
Employee contributions	5.5%	5.4%
Employer contributions	8.1%	8.7%
Death benefit premiums	(1.8%)	(1.7%)
Disability benefit premiums	(1.5%)	(1.8%)
Operating costs	(0.7%)	(0.7%)
Total provision for retirement	9.6%	9.9%



## Governance

67% of respondents are aware of the composition of the board of trustees, including their qualifications and experience. This is up from 53% in 2009. The majority of respondents indicated that the trustees were fairly well or very well equipped to perform their fiduciary duties.

For 32% (2009: 39%) of umbrella funds at least 50% of the board of trustees are elected by the members. 52% of respondents indicated that at least some if not all of the member elected trustees are completely independent of the umbrella fund sponsor. This is consistent with the 2009 results. 53% of respondents feel that the election process is fair and democratic (up from 42% in 2009). 71% of umbrella funds allow member representation at participating employer level.

A forum, such as an annual general meeting, where member representatives can question the trustees on their performance and plans is in place for 66% of umbrella funds (2009: 60%)

A formally approved governance plan is adopted by 86% (2009: 74%) of umbrella funds.

## Advice

### Investment consultant

77% (2009: 75%) of respondents indicated that the trustees are advised by an investment consultant and 67% (2009: 62%) know who the investment consultants are.

### Consultant/Broker

60% (2009: 74%) of respondents indicated that their consultant/broker was independent of the sponsor and 85% (2009:84%) indicated that the service provided by their consultant/broker was contracted in writing.

36% (2009: 39%) of consultants/brokers are remunerated by statutory commission and 23% (2009: 27%) negotiate a fee with the employer. 53% (2009: 46%) of respondents felt that the level of remuneration was commensurate with the consulting services provided.

### Financial advice

56% (2009: 57%) of sub-funds have a formalised strategy for rendering financial advice.

# Investments – member-directed investment choice

53% (2009: 52%) of umbrella funds surveyed offer member-directed investment choice. Where member directed investment choice is available 8% of sub-funds do not make the facility available to any of their members. The average number of investment options offered to members is 9.

## Default strategy

90% indicated that an appropriate default strategy was available for members that either do not wish, or are not sufficiently financially sophisticated to make investment choices. The default strategy is chosen by the trustees for 57% (2009: 44%) of sub-funds and by the employer for 35% (2009: 35%). The average proportion relying on the default strategy is 67% (2009: 65%).

Life stage mandates are the most popular choice with 55% of sub-funds offering it as the default strategy.

84% (2009: 79%) of sub-funds pay the same administration fee regardless of whether member investment choice is exercised.

Most umbrella funds that permit members to choose their own investment options, allow members to switch daily (37%), annually (35%) and weekly (22%).

Almost 92% (2009: 83%) of funds are either satisfied or very satisfied with their investment choices, with 67% (2009: 74%) stating that a good variety of choices as the reason for the positive response.

45% of umbrella funds include a Shari'ah compliant investment option to members compared to 39% in 2009.

14% (2009: 8%) of respondents indicated that they have a policy to invest a portion of assets in socially responsible investments.

## In-house investment portfolios

37% (2009: 36%) of funds are automatically invested in in-house investment portfolios that are associated with the sponsor.

## Stable returns and guarantees

From the employer's perspective, 95% (2009: 94%) consider it to be important for a portfolio to provide stable investment returns and 71% (2009: 73%) of funds also consider guarantees provided by products to be important.

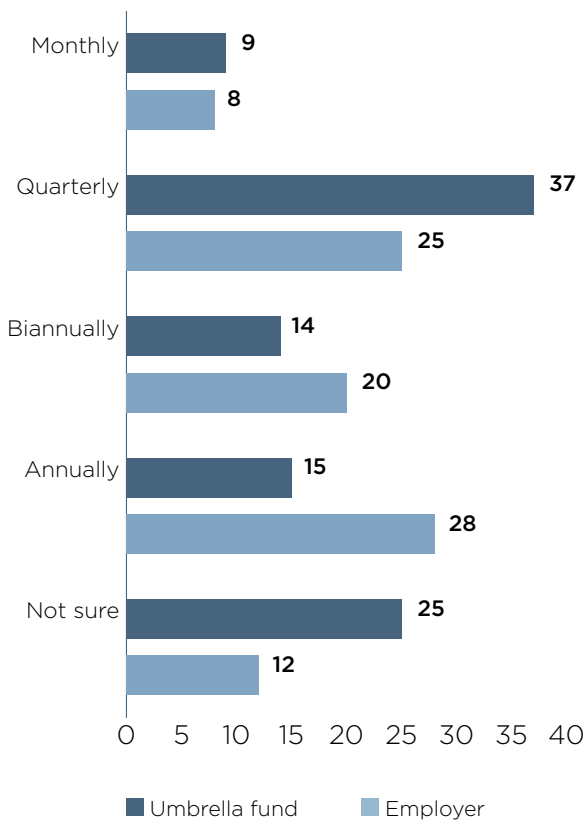
## Feedback on Investments

Investment feedback to members are provided annually by 42% (2009: 41%) of umbrella funds, half-yearly by 14% (2009: 14%) and quarterly by 29% (2009: 21%). The majority of umbrella funds provide the feedback via a written notice.

The main topics covered in the investment feedback are:

- Returns (81%)
- Returns vs. benchmarks (58%)
- Market/economic overview (48%)
- Risk analysis (31%)

### Performance measurement



### Life stage investing

In a life stage vehicle members are switched to less volatile portfolios in the period prior to normal retirement age, the phase out period.

The most popular phase out period is 5 years and the most common frequency with which the asset allocations of members are changed within the phase out period is annually.

The majority of life stage models only have one end stage and the most common type of annuities that the end stage allows for is guaranteed annuities (level or increasing) 43%, and living annuities 43%.

The most popular asset allocation in the end stage is 100% cash (29%), conservative equity (29%) and smooth bonus (24%).

79% of respondents indicated that members received advice when they enter the phase out period of the life stage model.

# Risk Benefits

52% (2009: 49%) of sub-funds showed no change in their risk charges while 30% (2009: 32%) indicated an increase and 14% (2009: 15%) experienced a decrease over the last year.

76% (2009: 74%) of umbrella funds have processes in place to ensure the ongoing sound actuarial management of its risk pool. 84% (2009: 81%) of respondents indicated that they were satisfied that the risk benefits product range was comprehensive and appropriate to satisfy members' requirements.

40% (2009: 46%) of umbrella funds have their insured benefits automatically underwritten by an in house insurance company that is associated with the sponsor. 51% of umbrella funds rebroke their risk business on a regular basis compared with 40% in 2009.

## Death Benefits

Nearly all funds provide lump sum death benefits. The average death benefit is 3.5 times salary (2009: 3.5 times).

For 40% (2009: 41%) of sub-funds the lump sum payable on death includes the member's equitable share.

The proportion of sub-funds offering flexible death benefits stand at 18% compared to 17% in 2009.

Of those funds offering flexible death benefits the average core level of death cover was 2.9 times salary. The average amount of additional cover that can be chosen by members is 4 times salary, while the most popular default level of flexible death cover was 3 times salary.

The majority of umbrella fund trustees delegate the investigative work in respect of the Section 37C process to the employer (42%), followed by the administrator (33%) and an independent committee or consultant (20%).

To ensure that beneficiaries are traced 53% of employers rely on staff resources within the company, 51% rely on HR documents and 24% use a tracing agent.

## Disability Benefits

42% (2009: 46%) of the respondents indicated that they provide a lump sum disability benefit with an average cover of 2.7 (2009: 2.5) times salary.

17% of umbrella funds reduce the lump sum payable on disability as the member approaches their normal retirement age with the reduction spread over an average period of 6 years compared with 24% over an average period of 4 years in 2009.

The most common waiting period remains 3 month for both permanent and temporary disability.

Of those offering disability income benefits the vast majority is expressed as 75% of salary. For 39% of sub-funds the increases are related to CPI, 15% have fixed increases according to the rules while 13% have no increases.

Where increases are linked to CPI the most popular option is 100% of CPI.

## Other Benefits

6% of sub-funds offer the critical illness benefit. This is down from 10% in 2009.

67% of sub-funds offer funeral cover compared to 60% in 2009.

The most common level of funeral cover is R10 000 and this is consistent with the 2009 results.

The most popular new generation products offered by sub-funds are education benefits and medical premium waivers.

## HIV/AIDS Management Programmes

64% (2009: 57%) indicated that the employer had an HIV/AIDS management programme in place. This entails providing information to raise awareness (94%), testing (67%), counselling (75%) and medication (28%).

# Communication

## Tools used to communicate

The majority of member communication is delivered via printed material, followed by technology and face to face.

## Topics communicated

The benefit structure (93%) and investment performance (79%) are still the most popular topics communicated.

40% of umbrella funds communicate legislative changes to their members. Ad hoc updates as and when legislative changes arise, is the most popular (45%), followed by quarterly updates (33%). The most popular method of distribution is paper based member newsletters followed by electronic member newsletters and emails.

The majority of members' retirement fund related queries are handled by their Human Resources department (52%) and the administrator (49%).

94% (2009: 84%) of sub-funds find member information and data accurate, reliable and up-to-date.

## Internet/intranet facilities

61% (2009: 68%) of funds make use of an internet/intranet facility with the majority of members gaining access directly by using a personal password.

## Member understanding

Senior staff have a better understanding of the financial advice given with 69% understanding the vast majority of it. Of other staff members 33% understand less than half of it, 29% about half and 22% understand hardly any of it.

## Financial education

42% (2009: 51%) of sub-funds might/would consider paying for more financial education to members, while 12% (2009: 18%) would definitely not consider it.

# Methodology and sample

The 2010 Benchmark™ Survey was conducted among 100 participating employers in umbrella funds. Interviews were conducted between January and April 2010. Respondents were selected at random to represent small (< 100 members), medium (100-500 members), large (501-5 000 members) and very large (5 001+ members) employers in South Africa.

The survey was conducted by the independent market research agency BDRC, via face-to-face interviews one hour in length. Once again, the survey recorded a 100% response rate with a total of 100 participating employers responding. This is indicative of the positive attitude and willingness of the industry representatives to participate in shaping the future of South Africa's retirement environment.

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 have been reported on.

## Notes on summary tables

### Sample size

The tables and graphs in this report are based on responses by 100 participating employers in umbrella funds. The data represented are for years 2009 and 2010. To keep the results current, any questions from previous year's study not included in the 2010 survey, have not been tabulated. However, the historical data is available on the BENCHMARK research web application on the following link at <http://www.sanlambenchmark.co.za>.

The sample size is 100 but in some instances the base size is  $n \neq 100$ , namely:

- $n < 100$  where the question was not applicable to all participating employers
- $n > 100$  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.

### Numbering

We have tracked responses to certain questions, which allow us to determine trends for a specific period. As a result, in an attempt to retain original questions, question numbering may not be sequential.

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## SECTION A

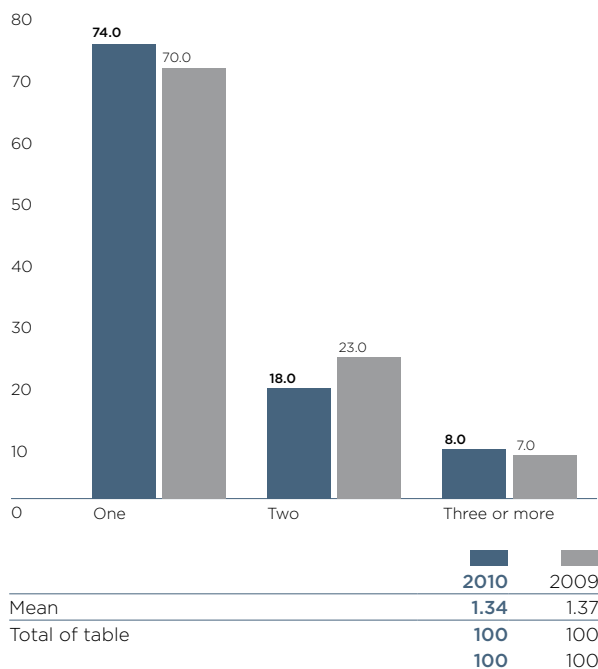
## General

**Q1.1** How would you classify the principal employer, using one of the following business categories?

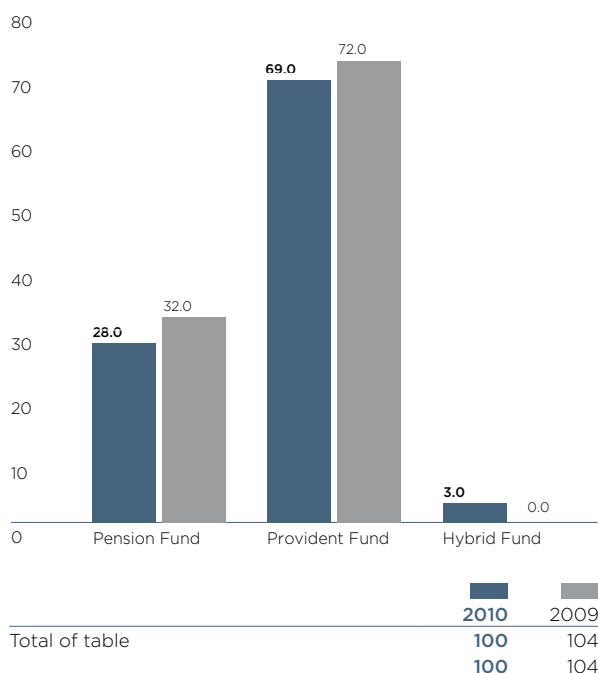
	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
<b>Principal Employer</b>		
Financial Services	8	5
	8	5
Manufacturing	25	25
	25	25
Agriculture, forestry or fishing	3	3
	3	3
Professional or business services	9	12
	9	12
Building or construction	7	5
	7	5
Wholesale and retail	17	18
	17	18
Mining		1
		1
Government, semi-government /parastatal	1	1
	1	1
Chemical or pharmaceutical	3	3
	3	3
Engineering	2	3
	2	3
Education	2	2
	2	2
Healthcare	1	2
	1	2

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
<b>Principal Employer</b>		
Hospitality	3	5
	3	5
IT or telecoms	5	3
	5	3
Printing and publishing	4	1
	4	1
Transport	4	6
	4	6
Leadership training & development		1
		1
Sport and Recreation	2	1
	2	1
Glass Fitment		1
		1
NGO	2	
	2	
Entertainment	1	
	1	
Property	1	
	1	
Other		2
		2
Total of table	100	100
	100	100

**Q1.2a** How many retirement funds does your organisation offer to employees?



**Q1.2b** Which of the following descriptions applies to the sub-fund participating in the survey?



**Q1.3a** How many of your employees belong to the fund (i.e. are active members of the fund)?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
21 to 40 (30)	9	12
41 to 100 (70)	26	20
101 to 300 (200)	25	32
301 to 500 (400)	11	12
501 to 1 000 (750)	18	12
1 001 or more (1250)	11	12
Mean	387.4	369.6
Total of table	100	100

**Q1.3b** What is the total value of your members' assets in the fund? (R million)

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Less than R 3 mill (R1.5mil)	6	10
R3.1 to R 12 mill (R7.5mil)	25	33
R 12,1 mil to R 30 mill (R21mil)	19	16
R 30,1 mil to R 60 mill (R45mil)	14	13
R 60,1 mil to R 120 mill (R90mil)	9	4
R 120,1 mil to R 300 mill (R210mil)	9	5
R 300,1 mil to R 500 mill (R400mil)	2	4
R 500,1 mil to R 1 bn (R750mil)	4	0
Not sure	12	15
Mean	87.79	49.34
Total of table	100	100

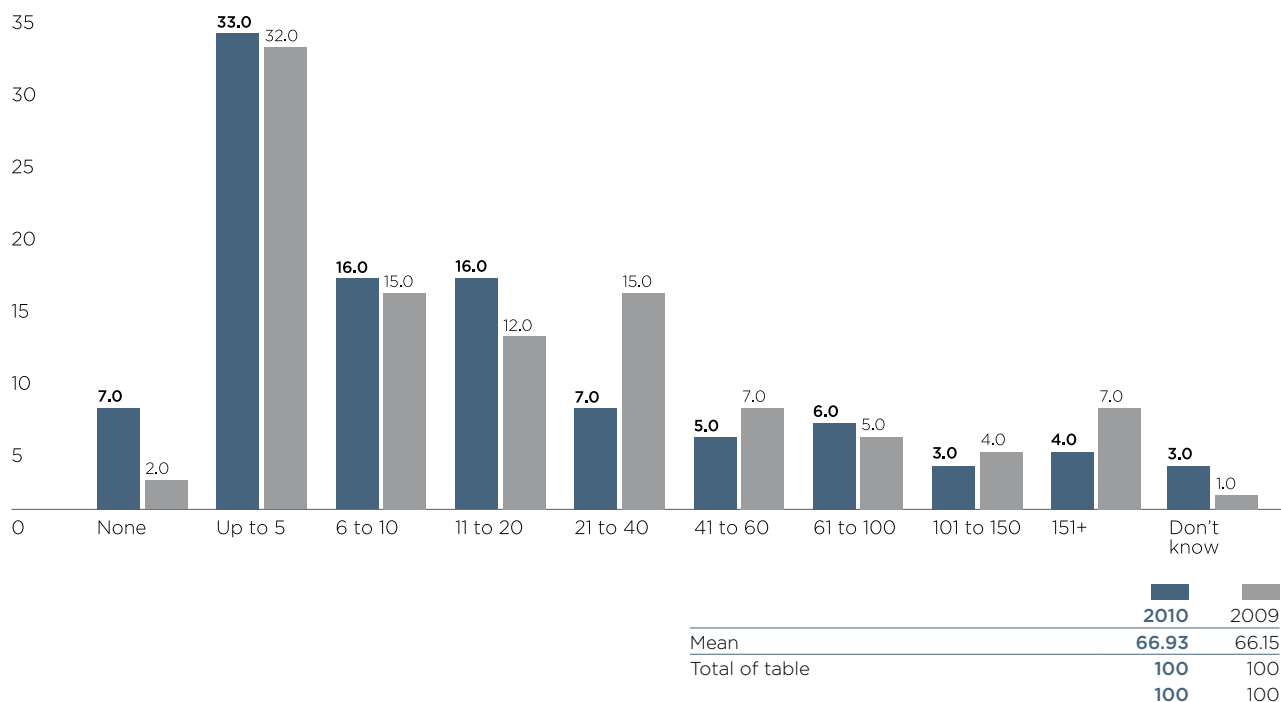
**Q1.4a** How many of your members have exited the fund in the last 12 months?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
None	1	1
Up to 5	25	23
6 to 10	18	19
11 to 20	17	12
21 to 40	11	12
41 to 60	4	11
61 to 100	8	6
101 to 150	7	6
151 +	7	9
Don't know	2	1
Mean	92.86	80.67
Total of table	100	100

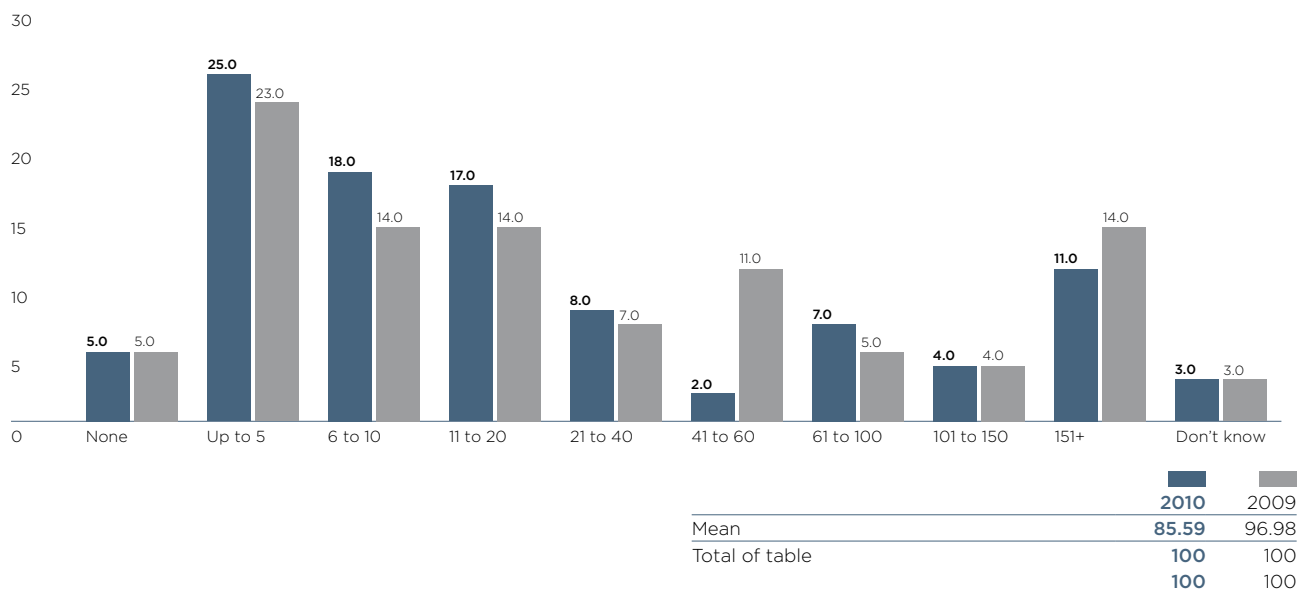
**Q1.4b** Of your members who exited the fund, how many were as a result of **retrenchments**?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
None	57	70
Up to 5	21	19
6 to 10	3	4
11 to 20	2	3
21 to 40	9	2
41 to 60	1	1
61 to 100	2	1
101 to 150	1	1
151 +	2	2
Don't know	2	2
Mean	12.1	3.37
Total of table	100	100

**Q1.4c** Of your members who exited the fund, how many were as a result of **resignation**?



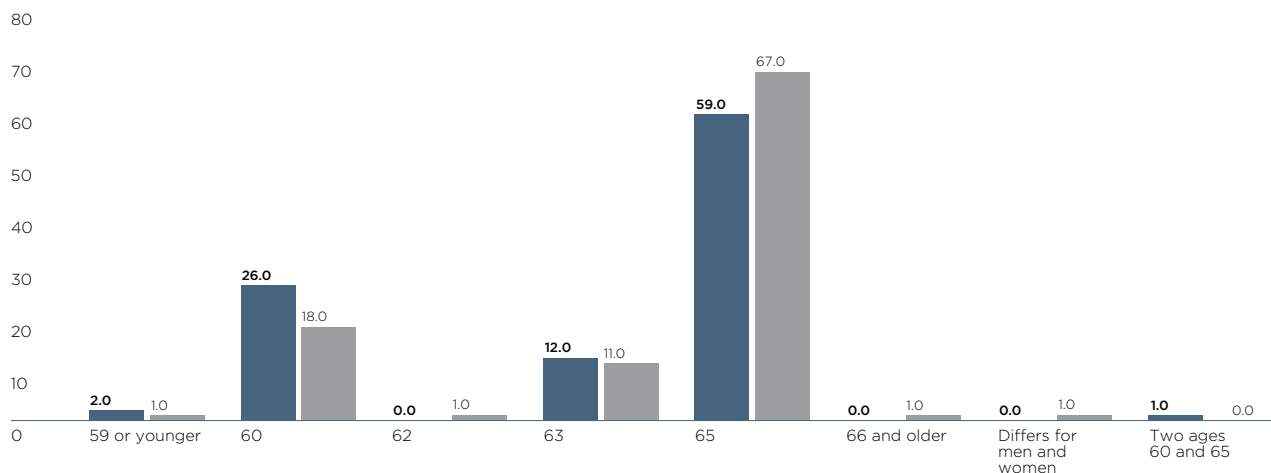
**Q1.5** And how many of your staff joined the fund as new members in the last 12 months?



**SECTION B**

# Benefit Design

**Q2.1** What is the normal retirement age for new entrants?



	2010	2009
Mean	63.34	63.79
Total of table	100	100
	100	100

**Q2.2a** What proportion of employees work beyond normal retirement?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
None	61	51
	61	51
1 - 4	29	34
	29	34
5 - 9	4	4
	4	4
10 - 19	3	
	3	
31 - 40		2
		2
50 - 99	3	
	3	
61 +	0	1
	0	1
Mean	2.78	5.55
Total of table	100	100
	100	100

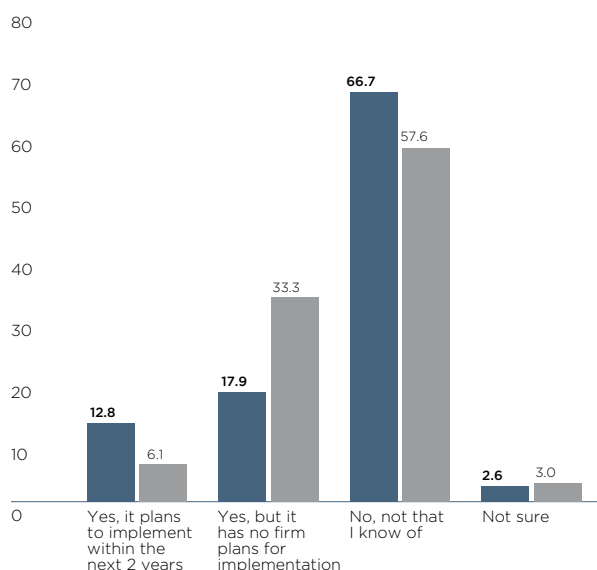
**Q2.2b** Of these individuals what proportion still contribute to the retirement fund?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
None	78	76
	78	76
1 to 2%	4	6
	4	6
3 to 10%	2	6
	2	6
30 to 50%	1	2
	1	2
51 to 75%		1
		1
100%	15	15
	15	15
Mean	15.69	19
Total of table	100	100
	100	100

**Q2.3** Is the employer’s remuneration package structured on a total cost to company basis?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	59	67
No	38	30
Both - yes for senior, no for blue collar		3
Not sure	2	3
Both	1	
Total of table	100	100

**Q2.4** Is the employer contemplating the total cost to company approach?



	2010	2009
SUMMARY		
Any yes	12	13
Total of table	39	33
	100	100

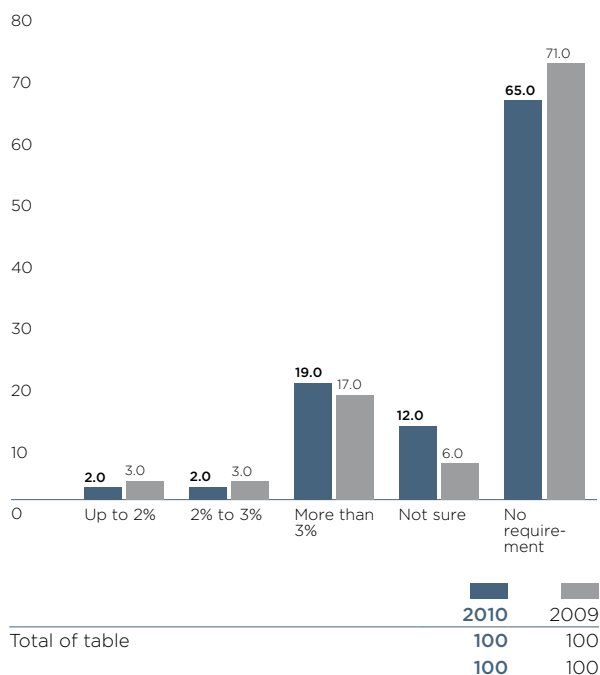
**Q2.5** What percentage of the total remuneration is pensionable remuneration?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Less than 70% (70)	8	8
70,1% to 80% (75)	25	27
80,1% to 90% (85)	13	14
90,1% to 100% (95)	48	45
Varies/differs for senior staff and blue collar	1	1
Not sure	5	5
Mean	86.17	85.64
Total of table	100	100

**Q2.6** What is the total annual contribution category of the fund (i.e. member’s plus employer’s contributions).

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Less than R1 million	22	22
R1 million to R5 million	43	43
More than R5 million	32	30
Not sure	3	5
Total of table	100	100

**Q2.7** If there is a requirement that the employer contribution, net of all costs and disbursements, may not be less than a certain percentage, what is the percentage of payroll?



**Q2.8** Which of the following does the employer pay?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
Fixed contribution only (i.e. total cost to company - no additional costs)	36	43
Fixed contribution plus the cost of administration	3	1
Fixed contribution plus the cost of risk benefits	6	5
Fixed contribution plus the cost of administration and the cost of risk benefits	53	49
Other	1	1
None	1	2
<b>Total of table</b>	<b>100</b>	<b>100</b>

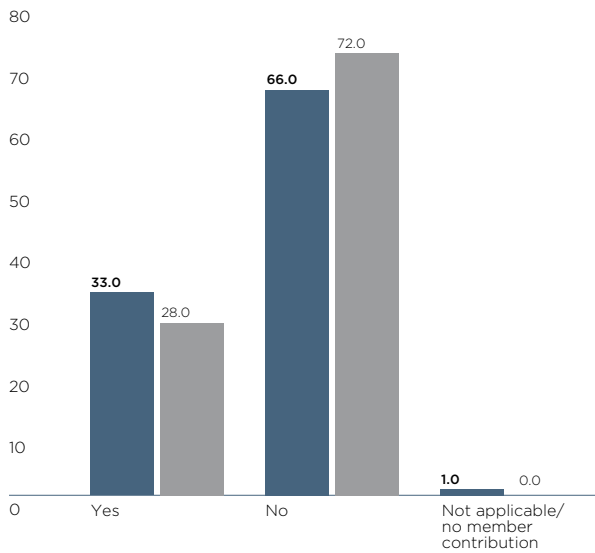
**Q2.9** What on average are the employer's total contributions (excluding any contributions made to a separate scheme), expressed as a percentage of total average annual salary?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
0% (0)	7	2
0,1% to 5% (2.5)	10	7
5,1% to 7,5% (6.25)	27	28
7,6% to 10% (8.75)	22	28
10,1% to 11% (10.5)	9	7
11,1% to 12,5% (11.75)	10	7
12,6% to 15% (13.75)	5	8
15,1% or more (15.5)	8	8
Not sure	1	4
Varies	1	1
<b>Mean</b>	<b>8.07</b>	<b>8.71</b>
<b>Total of table</b>	<b>100</b>	<b>100</b>

**Q2.10** Can members choose the level of contribution by the employer in terms of a remuneration package restructure arrangement (i.e. salary sacrifice, even though it may only be within certain parameters)?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
Yes	23	25
No	77	75
<b>Total of table</b>	<b>100</b>	<b>100</b>

**Q2.11** Can members choose their own contribution levels (even though it may only be within certain parameters and at certain intervals)?

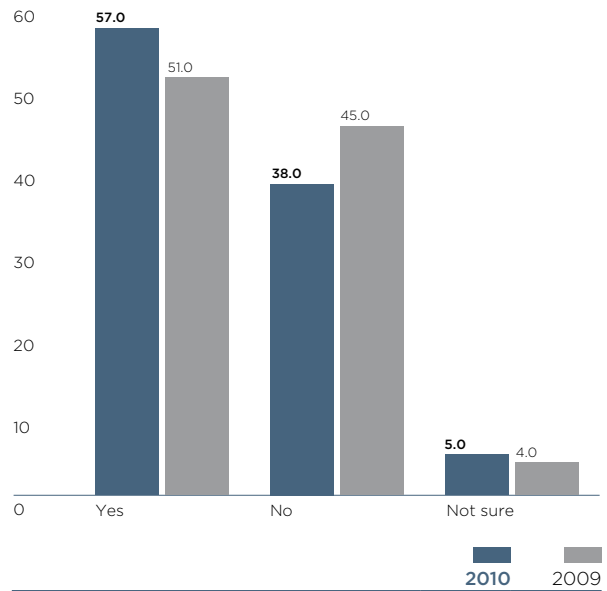


	2010	2009
Total of table	100	100
	100	100

**Q2.12** What contribution (as a percentage of salary and excluding any additional voluntary contributions) is made by members on average?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
0% (0)	10	10
0,1% to 5% (2.5)	18	18
5,1% to 6% (5.5)	15	14
6,1% to 7,4% (6.75)	18	14
7,5% (7.5)	30	24
7,6% to 8% (7.75)	1	5
8,1% or more (8.5)	7	8
Other	7	8
	1	1
Varies		2
		2
Not sure	1	3
	1	3
None		1
		1
Mean	5.47	5.41
Total of table	100	100
	100	100

**Q2.13a** Does the fund allow for members to make additional voluntary contributions via the fund?



	2010	2009
Total of table	100	100
	100	100

**Q2.13b** What additional voluntary contribution (as a percentage of salary) is made by members on average?

	2010 TOTAL	2009 TOTAL
RESPONDENT WHO SAY FUND ALLOWS MEMBERS TO MAKE ADDITIONAL VOLUNTARY CONTRIBUTIONS	57	51
	100	100
0% (0)	16	15
	28.1	29.4
0,1% to 5% (2.5)	25	23
	43.9	45.1
5,1% to 6% (5.5)	3	1
	5.3	2
7,5% (7.5)	1	2
	1.8	3.9
8,1% or more (8.5)	2	1
	3.5	2
Not sure	10	7
	17.5	13.7
Varies		1
		2
Other		1
		2
Mean	2.2	2.06
Total of table	57	51
	100	100



**Q2.14** In your opinion, are the trustees managing the fund to optimize size and stability of retirement benefits or to optimize stability of withdrawal benefits?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Optimize retirement benefits	79	54
	79	54
Optimize withdrawal benefits	26	7
	26	7
Provide optimal risk benefits	25	
	25	
Both		27
		27
Not sure	12	12
	12	12
Total of table	142	100
	142	100

**Q2.15** Do you consider that strategies to optimize retirement benefits and strategies to optimize withdrawal benefits are complementary or conflicting?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Complementary	75	71
	75	71
Conflicting	24	24
	24	24
Don't know	1	5
	1	5
Total of table	100	100
	100	100

#### Q2.16 Why do you say that? - Complementary

	2010 TOTAL	2009 TOTAL
STRATEGIES TO OPTIMIZE RETIREMENT/ WITHDRAWAL BENEFITS ARE <b>COMPLEMENTARY</b>	75	71
	100	100
Optimal investment returns/ growth means optimal retirement and withdrawal benefits/ the two go hand in hand/well designed policy can cater for both/both want best returns		36
		50.7
Not discriminatory/provide benefits to all/ young and older/accommodates members lifestage/trustees are responsible to all/ look after all members interests duty to look after both		16
		22.5
Try and keep members instead of transferring when changing employers/ people leave too early and lose benefits		4
		5.6
Investment is in a conservative investment portfolio/not put members at risk/have a smooth bonus		3
		4.2
Stable pool and it's growing/Big fund has larger pool of assets		4
		5.6
Good people looking after fund/trustees look at performance of asset managers trustees duty to look after both/good people looking after the fund/looking after all benefits		1
		1.4
Both important but we prioritise long-term benefits/this is a retirement fund/ we want long term investment		9
		12.7

	2010 TOTAL	2009 TOTAL
STRATEGIES TO OPTIMIZE RETIREMENT/ WITHDRAWAL BENEFITS ARE <b>COMPLEMENTARY</b>	75	71
	100	100
In our fund what you pay is what you get regardless/in essence a savings account earning investment returns/It's a D C fund		2
		2.8
Long term strategies look after short term needs/if you optimise the retirement fund then all the others will be optimised they all work together	26	
	34.7	
Trustees responsibility to look after all members	15	
	20	
Emphasis on retirement	13	
	17.3	
Need to balance retirement and risk cover/ risk is important but not to the detriment of withdrawal and retirement	13	
	17.3	
Young company - most resign before retirement/few reach retirement	5	
	6.7	
Don't know	3	1
	4	1.4
Others	4	4
	5.3	5.6
Total of table	79	80
	105.3	112.7

**Q2.16** Why do you say that? - Conflicting

	2010 TOTAL	2009 TOTAL
STRATEGIES TO OPTIMIZE RETIREMENT/ WITHDRAWAL BENEFITS ARE <b>CONFLICTING</b>	<b>24</b>	24
	<b>100</b>	100
Not prudent to focus on short term/emphasis must be on retirement/look to retirement and not early withdrawal/we are not a savings account		9
		37.5
2 Different investment strategies/short term versus long term accrual risks/especially when markets are in a down turn		5
		20.8
Lots of people want risk instead of long term results/need to leave more money in for retirement		4
		16.7
Look at total value of members assets in fund/fund not run vigilantly		5
		20.8
Must focus on retirement/the more benefits you give the smaller your retirement benefit	<b>14</b>	
	<b>58.3</b>	
Retirement benefit is long term and withdrawal is short term	<b>7</b>	
	<b>29.2</b>	
Not totally beneficial to employees on withdrawal/some withdraw from fund and do not leave in for long term	<b>3</b>	
	<b>12.5</b>	
Other		1
		4.2
Don't know		1
		4.2
Total of table	<b>24 *</b>	<b>25 *</b>
	<b>100</b>	104.2

**Q2.17** In your opinion, are members more concerned about retirement savings benefits or death/funeral benefits?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	<b>100</b>	100
	<b>100</b>	100
Retirement savings	<b>58</b>	62
	<b>58</b>	62
Risk benefits	<b>10</b>	
	<b>10</b>	
Death/funeral benefits		13
		13
Both equally	<b>29</b>	22
	<b>29</b>	22
Depends on whether white or blue collar		1
		1
Neither - lack of savings culture		1
		1
Depends on age	<b>1</b>	
	<b>1</b>	
Not sure	<b>2</b>	1
	<b>2</b>	1
Total of table	<b>100</b>	100
	<b>100</b>	100

## SECTION C

# Governance and member representation

**Q3.1** Are you aware of the composition of the board of trustees responsible for the overall management of the umbrella, including their qualifications and experience?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	67	53
No	28	42
Not sure	5	5
Total of table	100	100

**Q3.2** How equipped do you feel the trustees are to perform their fiduciary duties?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Very well equipped	62	56
Fairly well equipped	21	24
Not as well equipped as they should be	2	2
Not sure	15	18
<b>SUMMARY</b>		
Very/fairly well equipped	83	80
Total of table	100	100

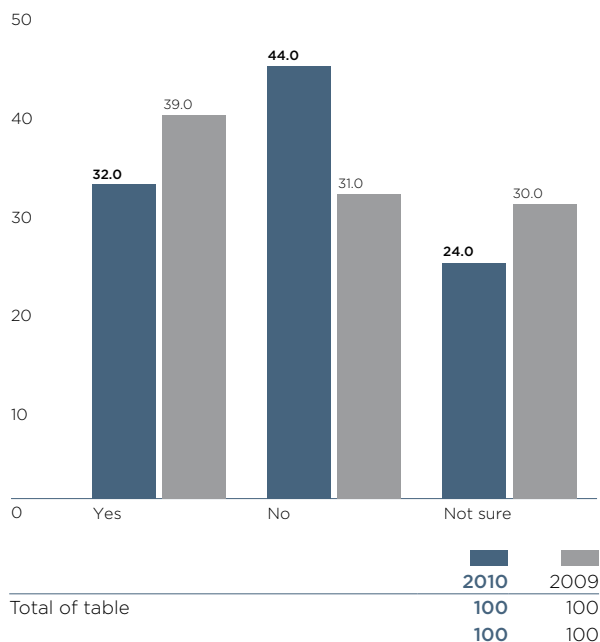
**Q3.3** Does the umbrella fund have a formally approved written governance plan so as to ensure ongoing governance and compliance?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	86	74
No	3	2
Not sure	11	24
Total of table	100	100

**Q3.4** Does the umbrella fund allow for member representation at participating employer level?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	71	66
No	24	22
Not sure	5	12
Total of table	100	100

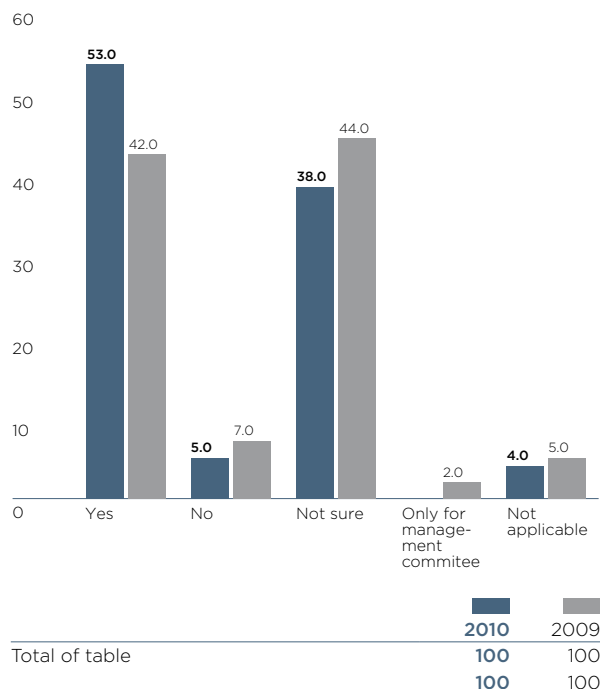
**Q3.5** Is at least 50% of the board of trustees elected by members?



**Q3.6** Are the member-elected trustees completely independent of the Umbrella Fund sponsor?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
Yes - all of them	37	37
Yes - some of them	15	15
No	8	11
Not sure	36	33
Not applicable	4	4
<b>SUMMARY</b>		
Any yes	52	52
<b>Total of table</b>	<b>100</b>	<b>100</b>

**Q3.7** Do you feel the election process is fair and democratic?



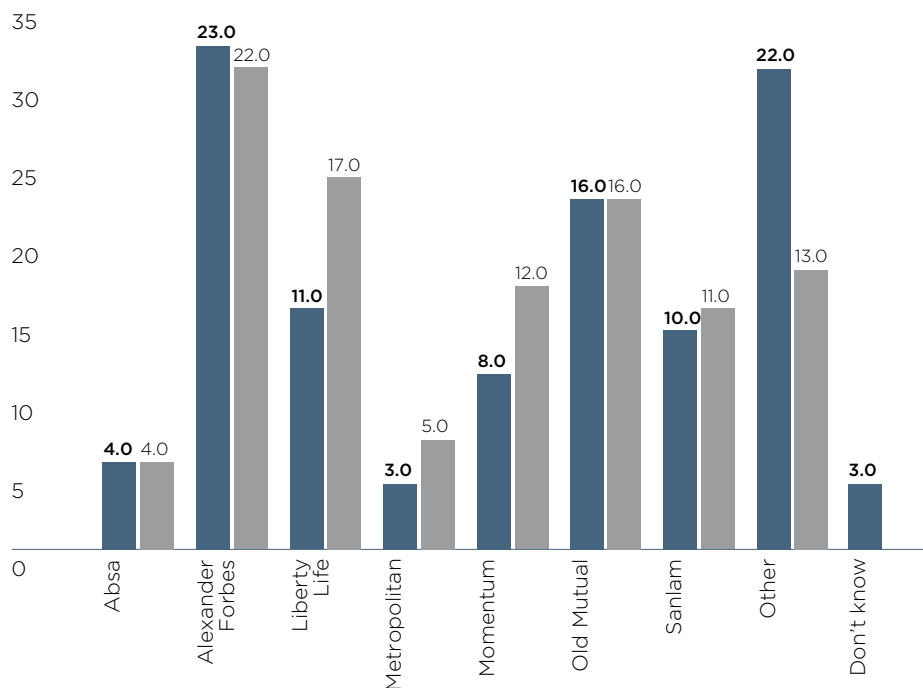
**Q3.8** Is there a forum in place such as an annual general meeting, where member representatives can question the trustees on their performance and plans?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
Yes	66	60
No	24	30
Not sure	10	9
Only for management committee	0	1
<b>Total of table</b>	<b>100</b>	<b>100</b>

**SECTION D**

# Umbrella Fund sponsor

**Q4.1** Which organisation sponsors the umbrella fund?



	2010	2009
Total of table	100	100
	100	100

**Q4.2** Are you comfortable with the **financial strength** of the organisation sponsoring the umbrella fund?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Yes	99	93
	99	93
No		1
		1
Not sure	1	6
	1	6
Total of table	100	100
	100	100

**Q4.3** Are you comfortable with the **ethics** of the organisation sponsoring the umbrella fund?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Yes	92	90
	92	90
No	2	1
	2	1
Not sure	6	9
	6	9
Total of table	100	100
	100	100

## SECTION E

## Communication

## Q5.1 What communication is delivered to members as part of the standard offering?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Communication used with member		
A rule booklet	76	68
	76	68
Annual benefit statements	97	96
	97	96
Membership certificate	49	53
	49	53
Annual trustee report	45	41
	45	41
Members newsletter: paper based	50	41
	50	41
Members newsletter: electronic	37	30
	37	30
Articles in company newsletter(s)	16	7
	16	7
Other printed documents, e.g. letters	23	24
	23	24
New members inductions	33	27
	33	27
Annual or more regular workshop and discussion groups	24	30
	24	30
Other face to face communication	27	16
	27	16
Information on Intranet/Internet	61	68
	61	68
Member roadshows/HR Workshops	34	17
	34	17

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Communication used with member		
Email	37	34
	37	34
Cell phone	9	8
	9	8
Monthly statements	0	1
	0	1
Investment documents	0	1
	0	1
Quarterly statements	3	
	3	
Role play / theatre	1	
	1	
None		1
		1
SUMMARY		
Any printed material	100	97
	100	97
Any face to face	59	46
	59	46
Any technology	69	72
	69	72
Total of table	622	563
	622	563

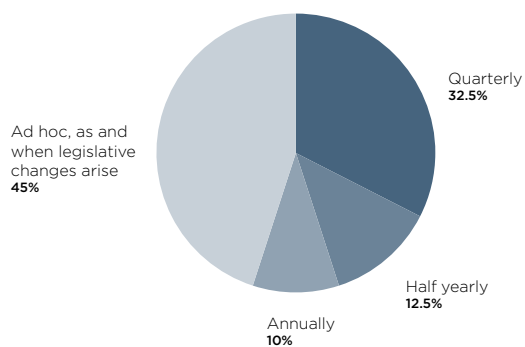
**Q5.2** Which of the following topics are communicated to members?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
The benefit structure	93	79
Trustee decisions	38	37
How the fund works	62	69
Valuation results	40	42
Investment performance	79	83
Frequently asked questions	38	38
The annual benefit statement: Interpretation and implications	65	67

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Member investment choice	41	41
Legal updates/Legislative changes	40	26
Knowledge quizzes/educational games	1	
Not sure		1
None		2
Total of table	497	485

**Q5.2a** How often does your umbrella fund communicate legislative changes to members?

	2010 TOTAL
LEGISLATIVE CHANGES/LEGAL UPDATES COMMUNICATED TO MEMBERS	40
Frequency	100



Total of table	40
	100

Caution: Low base.

**Q5.2b** What method(s) of communication does your umbrella fund use to communicate legislative changes to members?

	2010 TOTAL
LEGISLATIVE CHANGES/LEGAL UPDATES COMMUNICATED TO MEMBERS	40
Methods	100

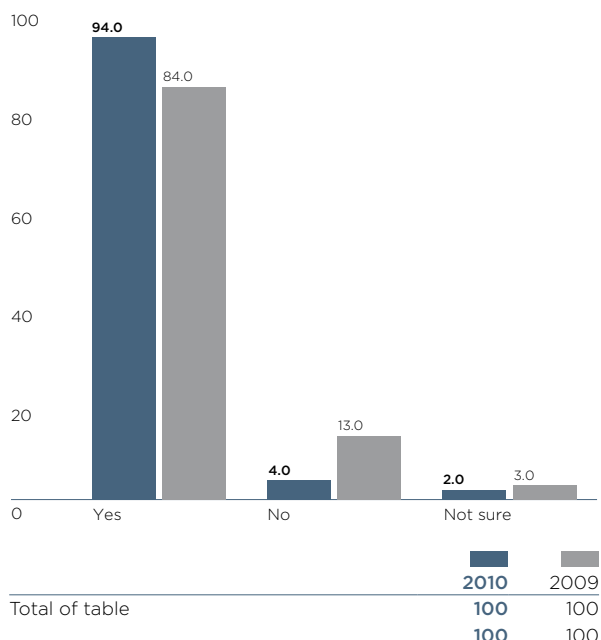
Trustee report	10
Member newsletter: paper based	25
Member newsletter: electronic	21
Articles in company newsletter(s)	15
Other printed documents, e.g. letters	1
Intranet/Internet	2.5
Member roadshows / HR Workshops	11
Email	27.5
Cell phone	9
	22.5
	9
	22.5
	15
	37.5
	1
	2.5

SUMMARY	
Any printed material	29
Any technology	72.5
	22
	55
Total of table	92
	230

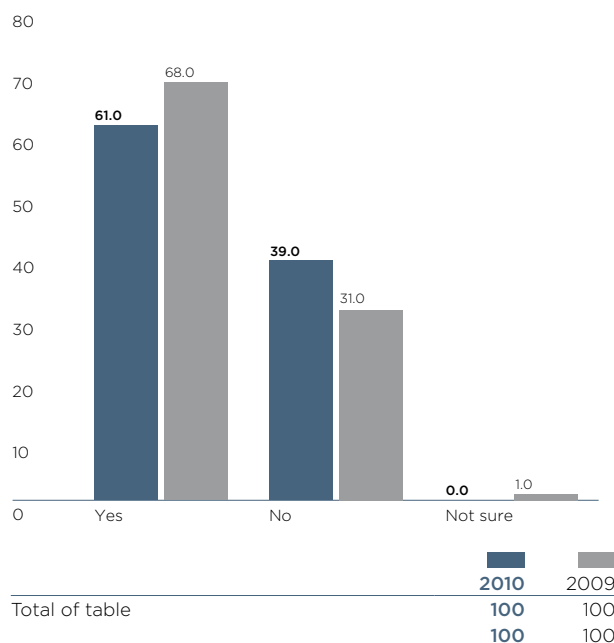
**Q5.3** Who answers members' retirement fund related queries?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Trustees	14	14
	14	14
Administrator	49	40
	49	40
Retirement fund consultant/broker	33	45
	33	45
Human resources department	52	58
	52	58
Management committee at employer level	18	18
	18	18
Other-independent financial advisor/ chairperson		10
		10
Finance department/financial manager	3	
	3	
<b>SUMMARY</b>		
Any internal	64	67
	64	67
Any external	78	83
	78	83
Total of table	169	185
	169	185

**Q5.4** Is member information and data usually accurate, reliable and up-to-date?



**Q5.5** Please confirm whether the fund utilises an Intranet or Internet facility in order to give members access to information?



**Q5.6** How do members gain access to the internet/intranet?

	2010 TOTAL	2009 TOTAL
RESP WHOSE FUND USES INTERNET/INTRANET	61	68
	100	100
Via HR or similar office only	13	14
	21.3	20.6
Directly, using a personal password only	28	33
	45.9	48.5
Either via HR or directly, using own password	18	21
	29.5	30.9
Not sure	2	
	3.3	
Total of table	61	68
	100	100

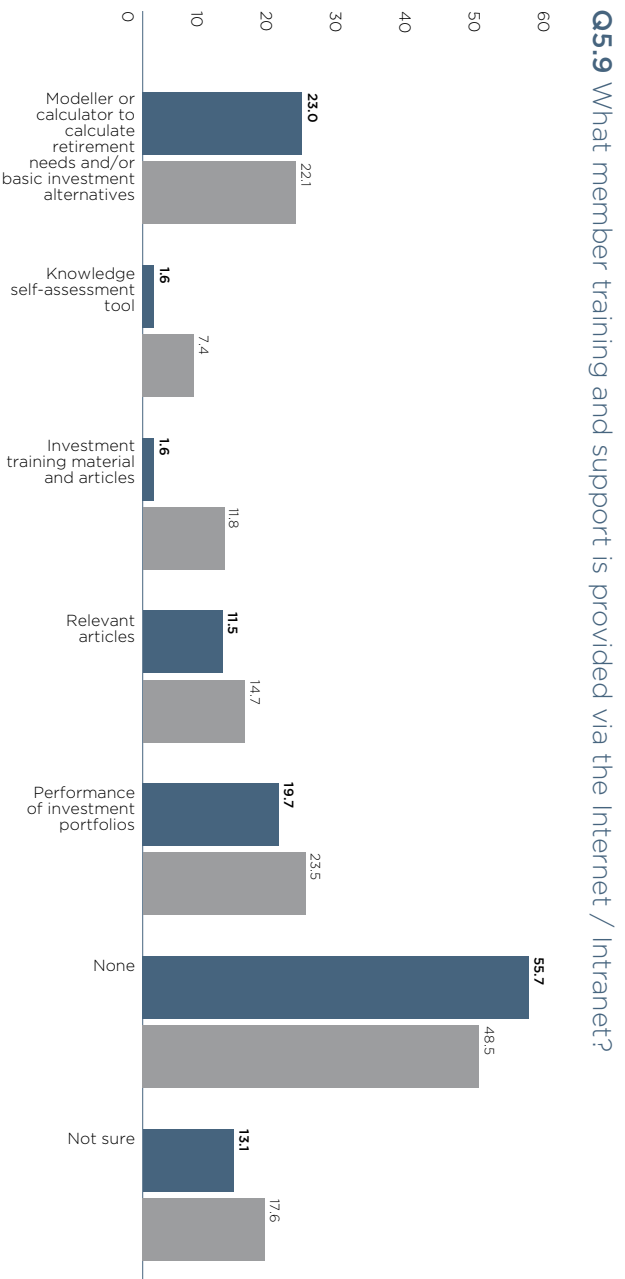


**Q5.7** What general information is available via the Internet / Intranet?

	2010 TOTAL	2009 TOTAL
RESP WHOSE FUND USES INTERNET/INTRANET	61	68
	100	100
The fund rules		46
		67.6
Member booklet	28	34
	45.9	50
Insurance policies (i.e. group risk and disability)	13	20
	21.3	29.4
Administration agreement	7	8
	11.5	11.8
Investment / Asset management agreements	14	9
	23	13.2
The resumes and contact details of trustees	17	16
	27.9	23.5
The resumes and contact details of other appointed officers	9	12
	14.8	17.6
The annual rule change notification	15	17
	24.6	25
Investment portfolio information	31	40
	50.8	58.8
Investment returns	34	43
	55.7	63.2
Members newsletter	21	27
	34.4	39.7
The general rules	48	
	78.7	
The special rules	29	
	47.5	
Not sure	3	2
	4.9	2.9
None	1	2
	1.6	2.9
Total of table	270	276
	442.6	405.9

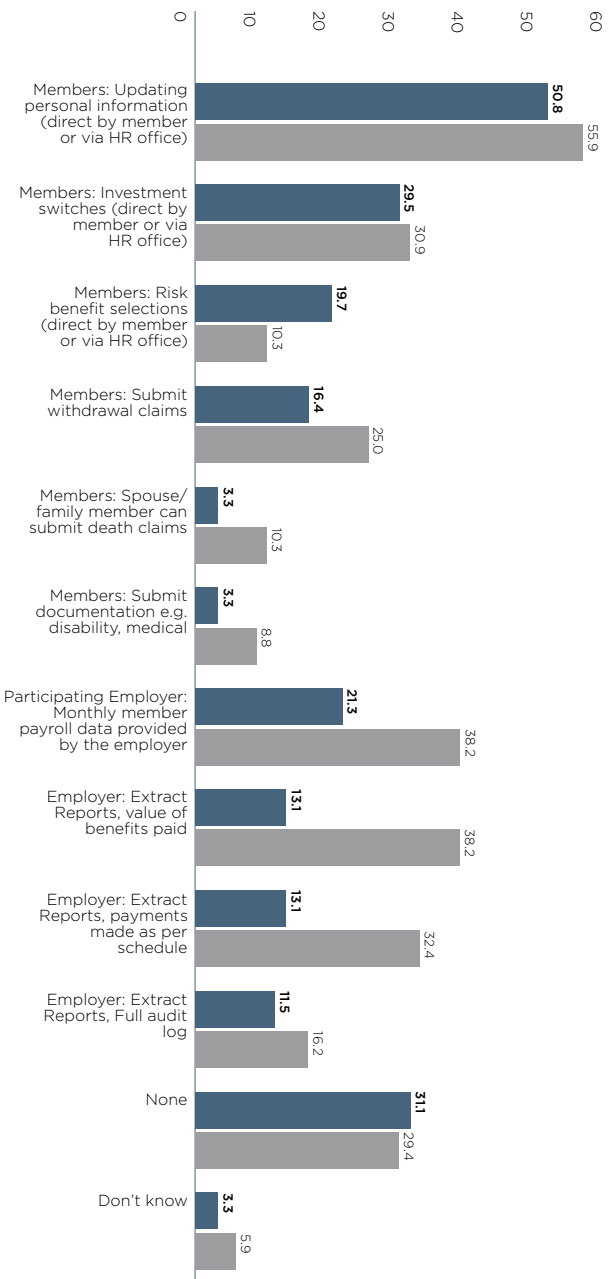
**Q5.8** What personal information is available via the Internet / Intranet?

	2010 TOTAL	2009 TOTAL
RESP WHOSE FUND USES INTERNET/INTRANET	61	68
	100	100
Annual member benefit statement	44	51
	72.1	75
Daily updated member benefit statement	25	34
	41	50
Monthly updated member benefit statement	29	39
	47.5	57.4
Beneficiary nominations	23	21
	37.7	30.9
Personal particulars	39	42
	63.9	61.8
Transaction history	30	34
	49.2	50
Proportion of member's assets in each investment portfolio	26	35
	42.6	51.5
Investment fees	14	15
	23	22.1
Insured benefit costs	13	16
	21.3	23.5
Admin costs	13	20
	21.3	29.4
Projected retirement value		1
		1.5
Funeral Benefits		1
		1.5
Fund management and advisory fees		1
		1.5
Quarterly member benefit statement	2	
	3.3	
Not sure	6	2
	9.8	2.9
None	3	7
	4.9	10.3
Total of table	267	319
	437.7	469.1



Total of table	2010	2009
	77	99
	126.2	145.6

**Q5.10** What transactions can be performed on the Internet / Intranet either by members or members of the participating employer's management committee?



SUMMARY	2010
Any members transactions	36
Any employer transactions	59
Total of table	132
	216.4

**SECTION F**

# Investments

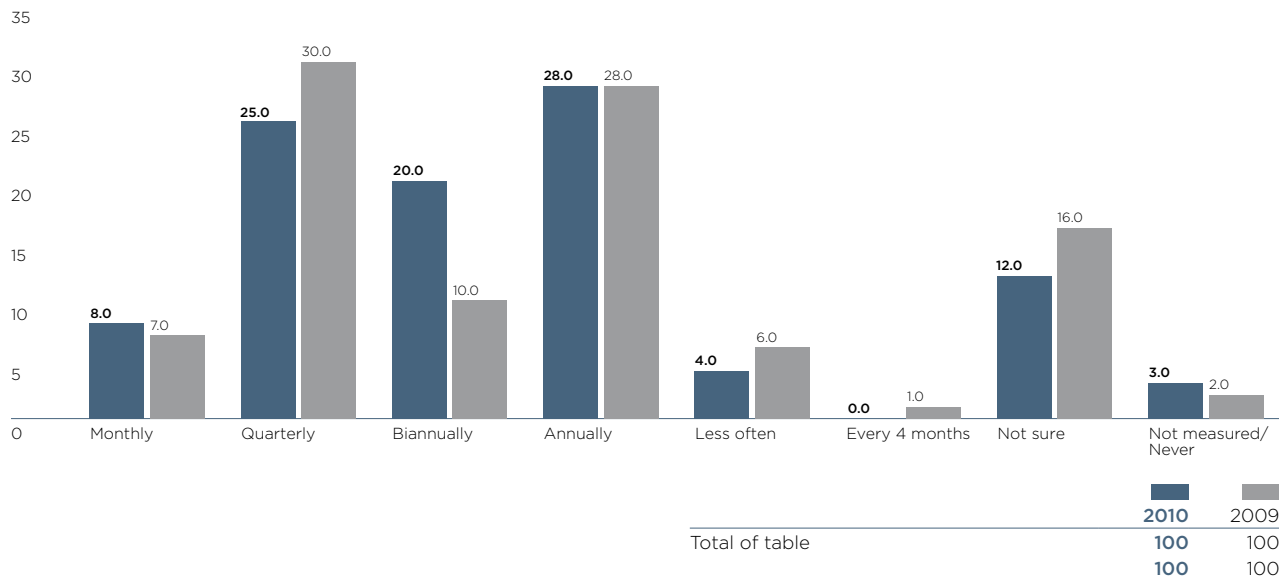
**Q6.1** As far as you know, are the trustees advised by an investment consultant on investment issues?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	77	75
No	6	4
Not sure	17	21
Total of table	100	100

**Q6.2** How often is performance measured against benchmarks - a) by the umbrella fund?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Monthly	9	12
Quarterly	37	28
Biannually	14	8
Annually	15	15
Not sure	25	37
Total of table	100	100

**Q6.2** How often is performance measured against benchmarks - b) by you as a participating employer?



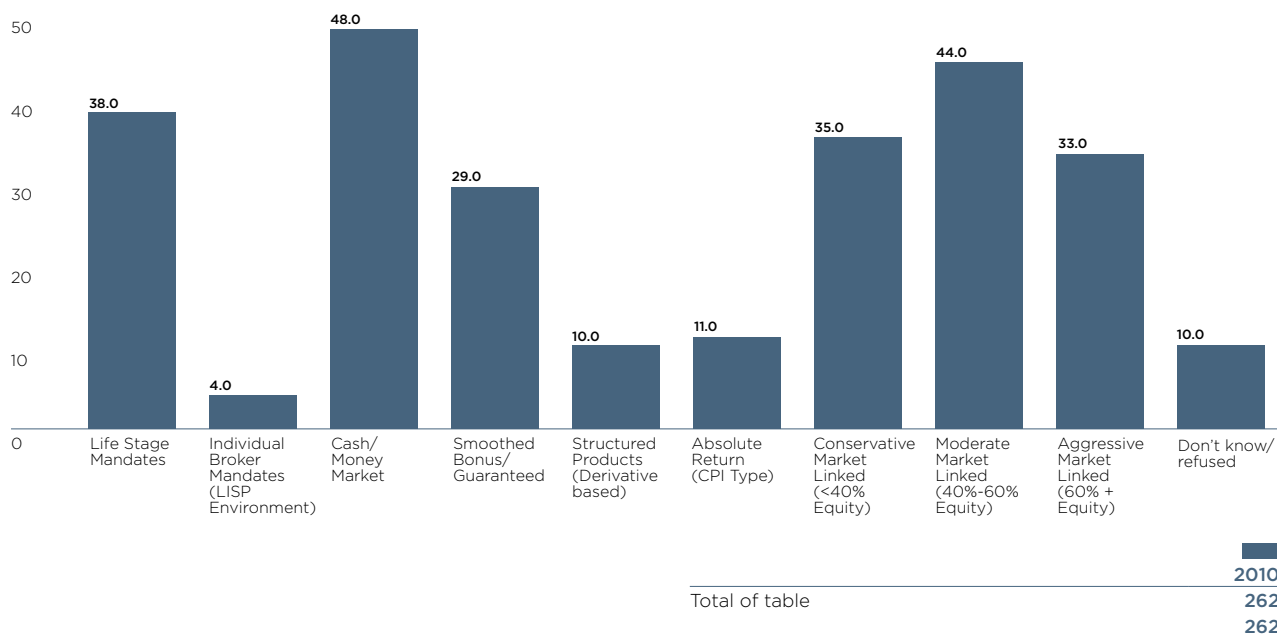
**Q6.3** Are funds automatically invested in in house investment portfolios that are associated with the sponsor?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	37	36
No	45	43
Not sure	18	21
Total of table	100	100

**Q6.4** How frequently does the fund credit investment returns to members' accounts?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Daily	11	13
Weekly	0	2
Monthly	55	42
Annually	14	21
Ad hoc		1
Quarterly	1	1
Not sure	19	21
Total of table	100	100

**Q6.5a** Which of the following investment vehicles does the sub-fund (i.e. your company's members) invest in?



**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL	2009 TOTAL
FUND INVESTMENT IN - LIFE STAGE MANDATES	38	5
	100	100
Life Stage Mandates		
100%	10	1
	26.3	20
90 to 99%	2	
	5.3	
80 to 89%	1	1
	2.6	20
50 to 59%	1	
	2.6	
40 to 49%	1	
	2.6	
30 to 39%	3	
	7.9	
20 to 29%	2	
	5.3	
10 to 19%	5	
	13.2	
1 to 9%		1
		20
Not sure	13	2
	34.2	40
Mean	61.84	62.67
Total of table	38	5
	100	100

Caution: Low base.

**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL	2009 TOTAL
FUND INVESTMENT IN - INDIVIDUAL BROKER MANDATES (LISP ENVIRONMENT)	4	3
	100	100
Individual Broker Mandates (LISP Environment)		
90 to 99%		1
		33.3
10 to 19%	1	
	25	
1 to 9%	1	
	25	
Not sure	2	2
	50	66.7
Mean	8	99
Total of table	4 *	3 *
	100	100

Caution: Low base.

**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL	2009 TOTAL
FUND INVESTMENT IN - CASH /MONEY MARKET	48	21
	100	100
Cash /Money market		
100%	2	1
	4.2	4.8
80 to 89%		1
		4.8
50 to 59%	1	
	2.1	
40 to 49%	3	1
	6.3	4.8
30 to 39%		3
		14.3
20 to 29%	7	1
	14.6	4.8
10 to 19%	8	2
	16.7	9.5
1 to 9%	13	6
	27.1	28.6
Not sure	14	6
	29.2	28.6
Mean	19.5	25.4
Total of table	48	21
	100	100

**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL	2009 TOTAL
FUND INVESTMENT IN - SMOOTHED BONUS / GUARANTEED	29	17
	100	100
Smoothed Bonus / Guaranteed		
100%	7	10
	24.1	58.8
90 to 99%	1	
	3.4	
80 to 89%	1	
	3.4	
70 to 79%		1
		5.9
60 to 69%	1	
	3.4	
50 to 59%	3	1
	10.3	5.9
40 to 49%	2	
	6.9	
20 to 29%	2	
	6.9	
10 to 19%	2	1
	6.9	5.9
1 to 9%	1	1
	3.4	5.9
Not sure	9	3
	31	17.6
Mean	62.65	81.07
Total of table	29 *	17 *
	100	100

Caution: Low base.

**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL	2009 TOTAL
FUND INVESTMENT IN - STRUCTURED PRODUCTS (DERIVATIVE BASED)	10	6
	100	100
Structured Products (derivative based)		
90 to 99%		1
		16.7
80 to 89%	2	
	20	
40 to 49%	1	
	10	
30 to 39%		1
		16.7
20 to 29%		1
		16.7
10 to 19%	3	
	30	
1 to 9%	2	1
	20	16.7
Not sure	2	2
	20	33.3
Mean	29.63	36.25
Total of table	10 *	6 *
	100	100

**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL
FUND INVESTMENT IN - ABSOLUTE RETURN (CPI TYPE)	11
	100
Absolute Return (CPI Type)	
100%	1
	9.1
90 to 99%	1
	9.1
60 to 69%	1
	9.1
20 to 29%	1
	9.1
10 to 19%	1
	9.1
Not sure	6
	54.5
Mean	58
Total of table	11 *
	100

**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL	2009 TOTAL
FUND INVESTMENT IN - CONSERVATIVE MARKET LINKED (<40% EQUITY)	35	1
	100	100
Conservative Market Linked (<40% Equity)		
100%	2	
	5.7	
80 to 89%	1	
	2.9	
50 to 59%	1	
	2.9	
40 to 49%	3	
	8.6	
30 to 39%	1	
	2.9	
20 to 29%	3	
	8.6	
10 to 19%	7	
	20	
1 to 9%	4	1
	11.4	100
Not sure	13	
	37.1	
Mean	29.36	5
Total of table	35	1 *
	100	100

**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL	2009 TOTAL
FUND INVESTMENT IN - MODERATE MARKET LINKED (40% - 60% EQUITY)	44	2
	100	100
Moderate Market Linked (40% - 60% Equity)		
100%	5	
	11.4	
90 to 99%	1	1
	2.3	50
80 to 89%	2	
	4.5	
70 to 79%	4	
	9.1	
60 to 69%	1	
	2.3	
50 to 59%	1	
	2.3	
40 to 49%	1	
	2.3	
30 to 39%	3	
	6.8	
20 to 29%	8	
	18.2	
10 to 19%	3	
	6.8	
1 to 9%	2	
	4.5	
Not sure	13	1
	29.5	50
Mean	48.16	94
Total of table	44	2 *
	100	100

**Q6.5b** What percentage of the fund's assets are invested in each of the following asset classes?

	2010 TOTAL	2009 TOTAL
FUND INVESTMENT IN - AGGRESSIVE MARKET LINKED (60% + EQUITY)	33 100	1 100
Aggressive Market Linked (60% + Equity)		
100%	1 3	
80 to 89%	2 6.1	
70 to 79%		1 100
60 to 69%	1 3	
50 to 59%	1 3	
40 to 49%	1 3	
30 to 39%	1 3	
20 to 29%	4 12.1	
10 to 19%	5 15.2	
1 to 9%	5 15.2	
Not sure	12 36.4	
Mean	29.1	70
Total of table	33 100	1 100

**Q6.5c** Which of the following mandates does the sub-fund have in place?

	2010 TOTAL
BASE: ALL RESPONDENTS	100 100
Mandates	
Single Manager (pooled)	19 19
Multi- Manager	64 64
Segregated	5 5
Don't know	21 21
Total of table	109 109

**Q6.5d** And what % of assets within each? - Single Manager (pooled)

	2010 TOTAL
MANDATES - SINGLE MANAGER (POOLED)	19 100
Single Manager (pooled)	
100%	13 68.4
90 to 99%	1 5.3
70 to 79%	1 5.3
10 to 19%	1 5.3
Not sure	3 15.8
Mean	92
Total of table	19 * 100

**Q6.5d** And what % of assets within each? Multi - Manager

	2010 TOTAL
MANDATES - MULTI - MANAGER	64 100
Multi - Manager	
100%	55 85.9
70 to 79%	2 3.1
30 to 39%	1 1.6
1 to 9%	1 1.6
Not sure	5 7.8
Mean	96.32
Total of table	64 100

**Q6.5d** And what % of assets within each? - Segregated

	2010 TOTAL
MANDATES - SEGREGATED	5 100
Segregated	
100%	2 40
20 to 29%	2 40
Not sure	1 20
Mean	61.25
Total of table	5 * 100

**Q6.6** Does the umbrella fund provide for member investment choice?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	53	52
No	47	48
Total of table	100	100

**Q6.7** Does your sub-fund make use of the member investment choice facility offered by the umbrella fund?

	2010 TOTAL	2009 TOTAL
FUND PROVIDE MEMBER AN INVESTMENT CHOICE	53	52
	100	100

Whether employer makes use of the member investment choice facility

Yes, to all members	45	39
Yes, to certain categories of member only	4	7
No	4	5
Not sure	7.5	9.6
		1
		1.9

**SUMMARY**

Any yes	49	46
	92.5	88.5
Total of table	53	52
	100	100

**Q6.8** How many investment options does the sub-fund offer to members?

	2010 TOTAL
SUB-FUND MAKE USE OF MEMBER INVESTMENT CHOICE FACILITY OFFERED BY THE UMBRELLA FUND	49
	100
Number of investment options	
2-3	11
	22.4
4-5	16
	32.7
6-7	4
	8.2
8-10	7
	14.3
11+	8
	16.3
Not sure	3
	6.1
Mean	9.33
Total of table	49
	100

**Q6.9a** How satisfied are you that the umbrella fund's member investment choice range is sufficiently diverse to meet the needs of all your members? Sub-fund make use of member investment choice facility offered by the umbrella fund

	2010 TOTAL	2009 TOTAL
THOSE OFFER MEMBER INVESTMENT CHOICE	49	52
	100	100
Very satisfied (5)	29	26
	59.2	50
Satisfied (4)	16	17
	32.7	32.7
Neutral (3)	3	8
	6.1	15.4
Dissatisfied (2)	1	1
	2	1.9
Mean	4.49	4.31

**SUMMARY**

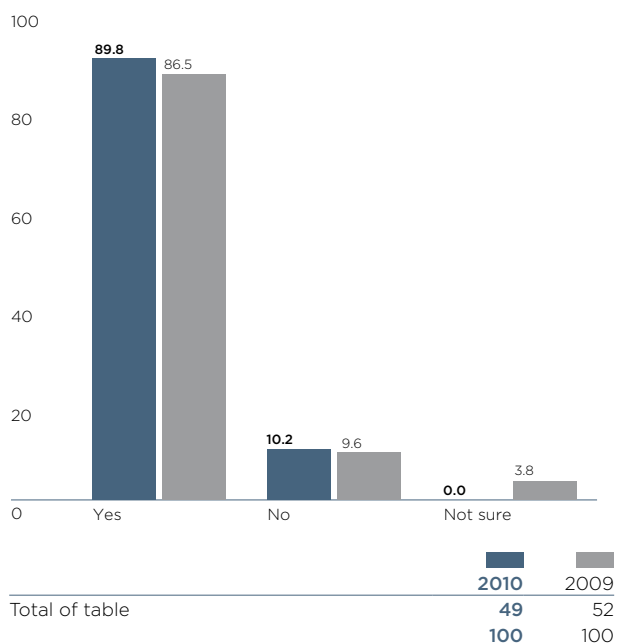
Very/satisfied	45	43
	91.8	82.7
Very/dissatisfied	1	1
	2	1.9
Total of table	49	52
	100	100



**Q6.9b** Why do you say so?

	2010 TOTAL	2009 TOTAL
THOSE VERY SATISFIED/SATISFIED WITH THE FUND'S INVESTMENT OFFERING	45	43
	100	100
Good variety of choices	30	32
	66.7	74.4
Good investment returns / good performance	11	7
	24.4	16.3
Members are satisfied with the choices	12	8
	26.7	18.6
Members prefer greater levels of control	4	1
	8.9	2.3
Management happy		1
		2.3
Could offer a greater scope/poor investment choice		2
		4.7
Total of table	57	51
	126.7	118.6

**Q6.10** Is there an appropriate default investment strategy available for members that either do not wish, or are not sufficiently financially sophisticated, to make investment choices?



**Q6.11** Who chooses the default strategy?

	2010 TOTAL	2009 TOTAL
THOSE OFFER MEMBER INVESTMENT CHOICE	49	52
	100	100
Employer	17	18
	34.7	34.6
Trustees	28	23
	57.1	44.2
Both		4
		7.7
Not sure	2	4
	4.1	7.7
Not applicable	5	3
	10.2	5.8
Total of table	52	52
	106.1	100

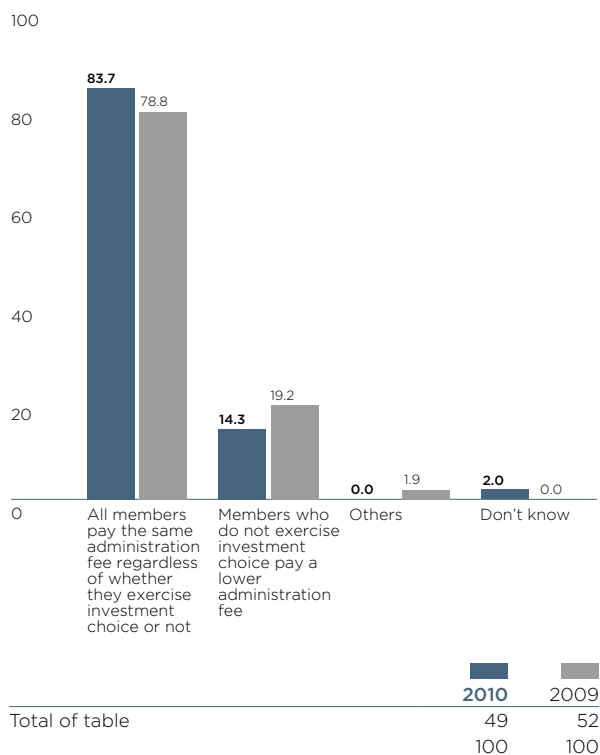
**Q6.12** What proportion of your membership relies upon the Default strategy?

	2010 TOTAL	2009 TOTAL
THOSE OFFER MEMBER INVESTMENT CHOICE	49	52
	100	100
* 0% to 10% (5)	5	9
	10.2	17.3
* 10,1% to 20% (15)	1	3
	2	5.8
* 20,1% to 30% (25)	2	
	4.1	
* 30,1% to 40% (35)	3	
	6.1	
* 40,1% to 50% (45)	1	2
	2	3.8
* 50,1% to 60% (55)	2	
	4.1	
* 60,1% to 70% (65)	4	
	8.2	
* 70,1% to 80% (75)	3	5
	6.1	9.6
* 80,1% to 90% (85)	8	6
	16.3	11.5
* 90,1% to 100% (95)	15	18
	30.6	34.6
Don't know		4
		7.7
Not applicable	5	5
	10.2	9.6
Mean	66.82	64.53
Total of table	49	52
	100	100

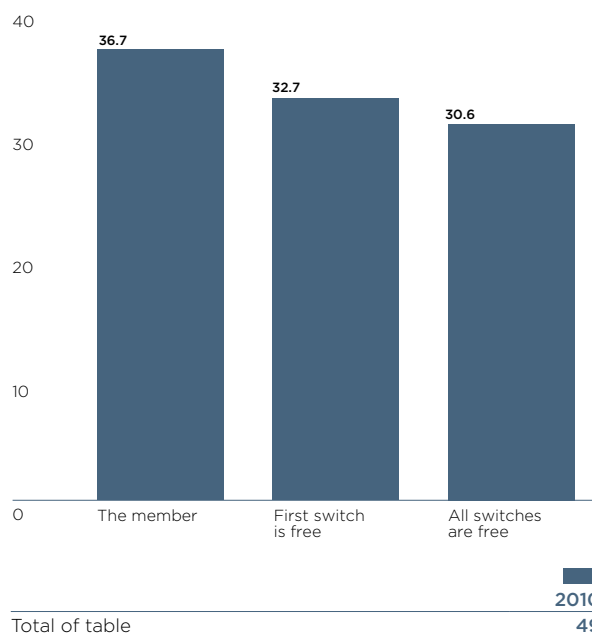
**Q6.13** Which one of the following investment profiles constitutes the Default strategy?

	2010 TOTAL
SUB-FUND MAKE USE OF MEMBER INVESTMENT CHOICE FACILITY OFFERED BY THE UMBRELLA FUND	49 100
<b>Investment</b>	
Life Stage Mandates	27 55.1
Cash /Money market	1 2
Smoothed Bonus / Guaranteed	5 10.2
Conservative Market Linked(<40% Equity)	2 4.1
Moderate Market Linked (40% - 60% Equity)	5 10.2
Aggressive Market Linked (60% + Equity)	2 4.1
Not applicable/no default strategy	5 10.2
Don't know	2 4.1
<b>Total of table</b>	<b>49</b> <b>100</b>

**Q6.14** Which of the following best describes how the basic admin fee is charged in respect to member investment choice?



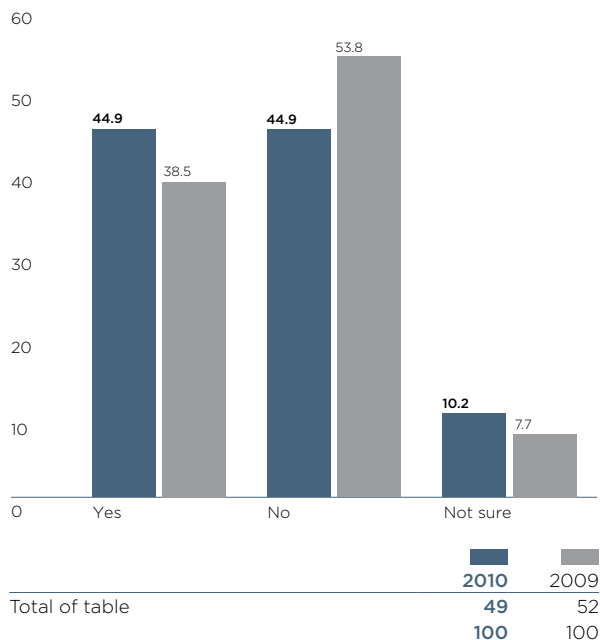
**Q6.15a** When the member chooses to switch his investments, who is responsible for the administration fee?



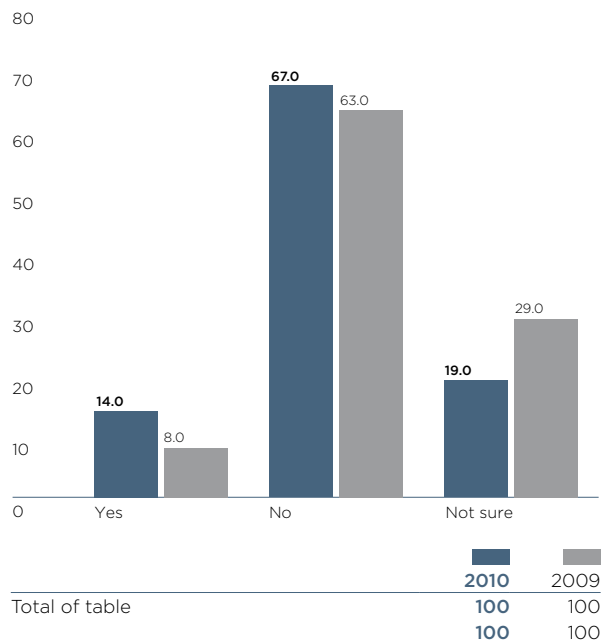
**Q6.15b** How frequently is switching allowed?

	2010 TOTAL	2009 TOTAL
THOSE OFFER MEMBER INVESTMENT CHOICE	49	52
	100	100
Daily	18	20
	36.7	38.5
Weekly	11	2
	22.4	3.8
Monthly		8
		15.4
Quarterly	2	4
	4.1	7.7
Half-yearly	0	1
	0	1.9
Annually	17	13
	34.7	25
Never		3
		5.8
Don't know	1	1
	2	1.9
<b>Total of table</b>	<b>49</b>	<b>52</b>
	100	100

**Q6.16a** Does the fund include a Shari'ah compliant portfolio on the investment selection for members?



**Q6.17a** Does the fund have a policy to invest a proportion of its fund assets in Socially Responsible Investment Portfolios?



**Q6.16b** Which portfolio is included?

	2010 TOTAL	2009 TOTAL
THOSE WHO INCLUDE A SHARI'AH COMPLIANT PORTFOLIO ON INVESTMENT SELECTION FOR MEMBERS	22	20
	100	100
Oasis Crescent portfolios	8	8
	36.4	40
Fraters		1
		5
Old Mutual	4	2
	18.2	10
Investment Solutions	1	1
	4.5	5
Stanlib	2	
	9.1	
Coronation	1	
	4.5	
Any/can choose own	2	
	9.1	
Unsure	7	9
	31.8	45
<b>Total of table</b>	<b>25 *</b>	<b>21 *</b>
	<b>113.6</b>	<b>105</b>

**Q6.17b** Currently how much of the fund's total assets are invested in SRI?

	2010 TOTAL	2009 TOTAL
THOSE WHO INVEST A PROPORTION OF ITS FUND ASSETS IN SOCIALLY RESPONSIBLE INVESTMENT PORTFOLIOS	14	8
	100	100
1 to 9 %	4	
	28.6	
20 to 29 %	1	
	7.1	
80 to 89 %	1	
	7.1	
None	1	
	7.1	
Don't know	7	3
	50	37.5
Mean	19.5	4.4
<b>Total of table</b>	<b>14 *</b>	<b>8 *</b>
	<b>100</b>	<b>100</b>

Caution: Low base.

**Q6.18** From the employer's perspective, how important are products that provide stable investment returns?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Very important (4)	79	78
	79	78
Important (3)	16	16
	16	16
Somewhat important(2)	3	6
	3	6
Not important (1)	2	
	2	
Mean	3.72	3.72
<b>SUMMARY</b>		
Very/important	95	94
	95	94
Total of table	100	100
	100	100

**Q6.19** How does the employer rate the following products' ability to provide stable investment returns to fund members? - **Cash**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Very good (5)	19	18
	19	18
Good (4)	30	39
	30	39
Moderate (3)	30	25
	30	25
Poor (2)	7	8
	7	8
Very poor (1)	4	
	4	
Not sure	10	10
	10	10
Mean	3.59	3.74
<b>SUMMARY</b>		
Very/good	49	57
	49	57
Very/poor	11	8
	11	8
Total of table	100	100
	100	100

**Q6.19** How does the employer rate the following products' ability to provide stable investment returns to fund members? -

#### Smoothed Bonus

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Very good (5)	15	16
	15	16
Good (4)	43	35
	43	35
Moderate (3)	18	24
	18	24
Poor (2)	1	1
	1	1
Not sure	23	23
	23	23
Not applicable		1
		1
Mean	3.94	3.87
<b>SUMMARY</b>		
Very/good	58	51
	58	51
Very/poor	1	1
	1	1
Total of table	100	100
	100	100

**Q6.19** How does the employer rate the following products' ability to provide stable investment returns to fund members? -

#### Structured Products

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Very good (5)	11	10
	11	10
Good (4)	47	36
	47	36
Moderate (3)	17	23
	17	23
Poor (2)	1	4
	1	4
Very poor (1)		1
		1
Not sure	24	26
	24	26
Mean	3.89	3.68
<b>SUMMARY</b>		
Very/good	58	46
	58	46
Very/poor	1	5
	1	5
Total of table	100	100
	100	100

**Q6.19** How does the employer rate the following products' ability to provide stable investment returns to fund members? - **Absolute Return**

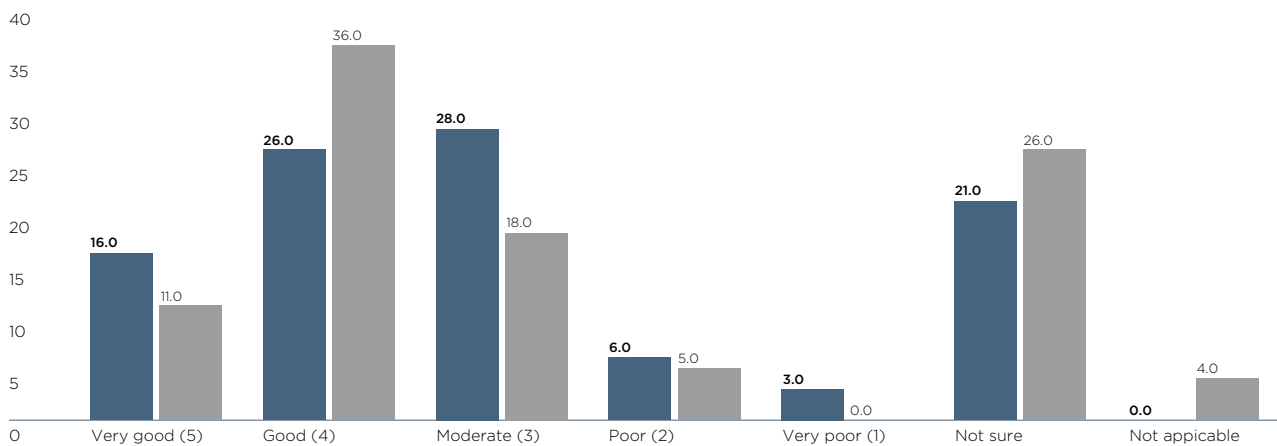
**Absolute Return**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Very good (5)	19	5
Good (4)	33	35
Moderate (3)	16	24
Poor (2)	3	9
Very poor (1)	1	2
Not sure	28	25
Mean	3.92	3.43
<b>SUMMARY</b>		
Very/good	52	40
Very/poor	4	11
Total of table	100	100

**Q6.20** How important are investment products that provide guarantees to fund members?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Very important (4)	45	41
Important (3)	26	32
Somewhat important (2)	17	14
Not important (1)	9	9
Not sure	3	4
Mean	3.1	3.09
<b>SUMMARY</b>		
Very/important	71	73
Total of table	100	100

**Q6.21** How does the employer rate the guarantees (if any) provided by the following investment products for purposes of benefit payments? - **Cash**



	2010	2009
Mean	3.58	3.76
<b>SUMMARY</b>		
Very/good	42	47
Very/poor	9	5
Total of table	100	100

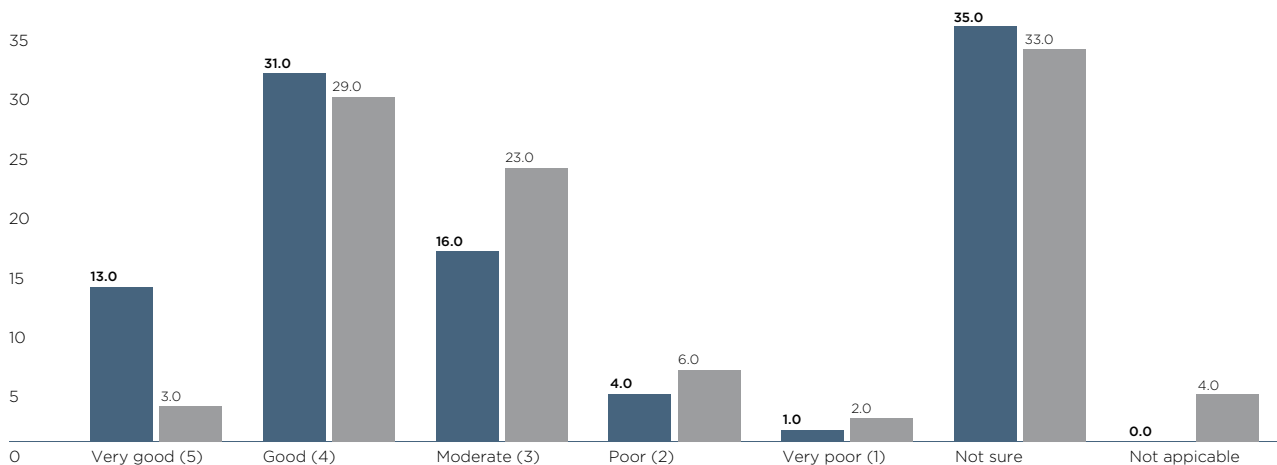
**Q6.21** How does the employer rate the guarantees (if any) provided by the following investment products for purposes of benefit payments? - **Smoothed Bonus**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Very good (5)	10	11
Good (4)	42	28
Moderate (3)	18	24
Poor (2)	2	3
Not sure	28	30
Not Applicable		4
Mean	3.83	3.71
<b>SUMMARY</b>		
Very/good	52	39
Very/poor	2	3
Total of table	100	100

**Q6.21** How does the employer rate the guarantees (if any) provided by the following investment products for purposes of benefit payments? - **Structured Products**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Very good (5)	4	2
Good (4)	45	26
Moderate (3)	19	26
Poor (2)	2	7
Very poor (1)		1
Not sure	30	34
Not Applicable	0	4
Mean	3.73	3.34
<b>SUMMARY</b>		
Very/good	49	28
Very/poor	2	8
Total of table	100	100

**Q6.21** How does the employer rate the guarantees (if any) provided by the following investment products for purposes of benefit payments? - **Absolute Return**



	2010	2009
Mean	3.78	3.4
<b>SUMMARY</b>		
Very/good	44	32
Very/poor	5	8
Total of table	100	100

**Q6.23** How frequently does the umbrella fund provide investment feedback to members?

	2010 TOTAL	2009 TOTAL
FUND PROVIDES INVESTMENT FEEDBACK	100	84
	100	100
Daily	6	5
	6	6
Weekly	1	
	1	
Monthly	6	11
	6	13.1
Quarterly	29	18
	29	21.4
Half-yearly	14	12
	14	14.3
Annually	42	34
	42	40.5
On request	1	2
	1	2.4
Varies		1
		1.2
Not provided	1	
	1	
Don't know		1
		1.2
Total of table	100	84
	100	100

**Q6.24** How is investment feedback provided?

	2010 TOTAL	2009 TOTAL
FUND PROVIDES INVESTMENT FEEDBACK	99	84
	100	100
Roadshow/verbal (i.e. presentation)	23	24
	23.2	28.6
Written notice	73	63
	73.7	75
Fax	1	1
	1	1.2
E-mail	17	17
	17.2	20.2
Place information on the Internet or Intranet	19	19
	19.2	22.6
Call centre	1	
	1	
Other		2
		2.4
Total of table	134	126
	135.4	150

**Q6.25** What is covered in the investment feedback?

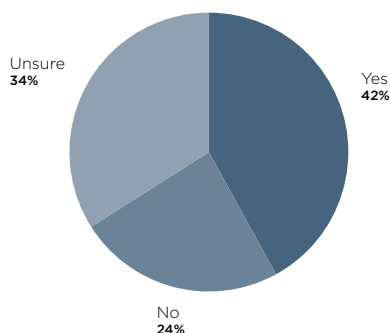
	2010 TOTAL	2009 TOTAL
FUND PROVIDES INVESTMENT FEEDBACK	99	84
	100	100
Returns	80	67
	80.8	79.8
Returns vs. benchmarks	57	44
	57.6	52.4
Risk analysis	31	25
	31.3	29.8
Market/economic overview	47	
	47.5	
Sub-fund asset allocation	16	
	16.2	
Changes in the scheme	1	
	1	
Overview of the stock market/economic overview/commentary		1
		1.2
Asset component of portfolio		1
		1.2
Projected benefits		1
		1.2
Impact of global economy on retirement pension		1
		1.2
Don't know	1	
	1	
Total of table	233	140
	235.4	166.7

**Q6.26** Are you aware of any of the following Governance Instruments relating to investments used by your fund (and properly documented)?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Investment Policy Statement (IPS)	57	47
	57	47
Mandates for each investment product / portfolio	35	38
	35	38
Investment performance review	43	52
	43	52
None		9
		9
Don't know	30	15
	30	15
Total of table	165	161
	165	161

**Q6.27a** Does the umbrella fund report investment risk in the various portfolios in the portfolio fact sheets?

	2010 TOTAL
BASE: ALL RESPONDENTS	100
	100
Report investment risk in the various portfolios	



Total of table	100
	100

**Q6.27b** How is this done?

	2010 TOTAL
UMBRELLA FUND REPORT INVESTMENT RISK IN THE VARIOUS PORTFOLIOS IN THE PORTFOLIO FACT SHEETS	42
	100
Standard deviation/volatility	21
	50
Sharpe ratio	2
	4.8
Sortino ratio	1
	2.4
Information ratio	9
	21.4
Active risk/tracking error	6
	14.3
Maximum drawdown	1
	2.4
Don't know	8
	19
Total of table	48
	114.3

**Q6.28** What gross investment returns have your members achieved in the 2009 calendar year?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
0%	2	2
	2	2
0.1 - 5.0 %	25	13
	25	13
5.1 - 7.5 %	11	12
	11	12
7.6 - 10.0 %	18	5
	18	5
10.1 - 12.5 %	8	5
	8	5
12.6 - 15.0 %	5	8
	5	8
15.1 - 17.5 %	3	1
	3	1
17.6 - 20.0 %	7	3
	7	3
20.1 - 25.0 %	2	1
	2	1
25.1 - 30.0 %	1	1
	1	1
30.1 - 35.0 %		1
		1
Negative return	3	25
	3	25
Don't know	15	23
	15	23
Mean %	9.04	9.3
Total of table	100	100
	100	100

**Q6.29** Do you expect investment returns in 2010 to be ...

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Better than previous year	63	21
	63	21
The same or similar to previous year	24	20
	24	20
Poorer than previous year, but still positive	11	35
	11	35
Poorer than previous year, and negative		20
		20
Don't know	2	4
	2	4
Total of table	100	100
	100	100



**Q6.30** In a life stage vehicle members are switched to a less volatile phase in the investment portfolios for the period prior to normal retirement age. How many years prior to retirement does your umbrella fund start moving members to that phase, i.e. how long is the phase out period?

	2010 TOTAL
ALL WHO USED LIFE STAGE MANDATES	38
	100
3 years	4
	10.5
5 years	16
	42.1
7 years	8
	21.1
10 years	9
	23.7
Don't know	1
	2.6
Mean %	6.43
Total of table	38
	100

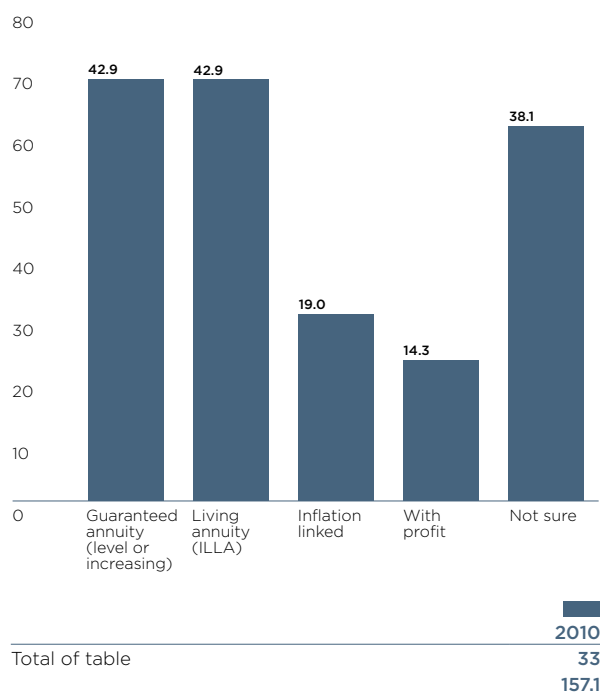
**Q6.31** How frequently is the composition/ asset allocation of members in the phase out period changed?

	2010 TOTAL
ALL WHO USED LIFE STAGE MANDATES	38
	100
Monthly	5
	13.2
Quarterly	2
	5.3
Half-yearly	3
	7.9
Annually	16
	42.1
Not changed	1
	2.6
Not sure	11
	28.9
Total of table	38
	100

**Q6.32a** How many end stages are there in the lifestage model?

	2010 TOTAL
ALL WHO USED LIFE STAGE MANDATES	38
	100
1	13
	34.2
2	4
	10.5
3	8
	21.1
More than 3	9
	23.7
Don't know	4
	10.5
Mean	2.38
Total of table	38
	100

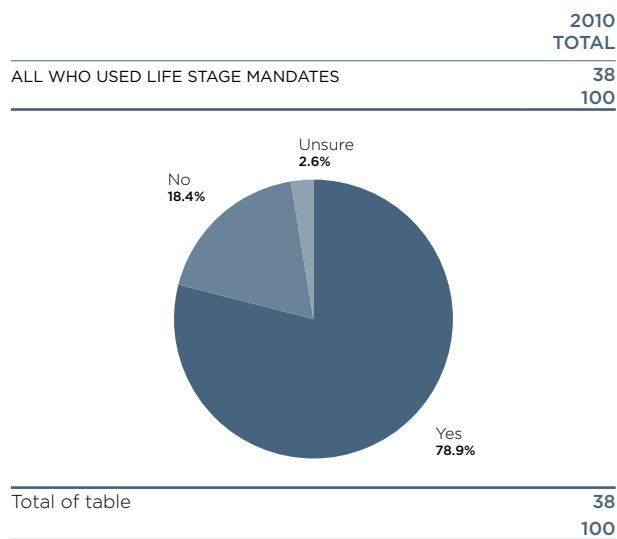
**Q6.32b** Which type of annuities do the different end stages allow for?



**Q6.33** Which of the following asset allocations best describes the -final stage- in the lifestage option?

	2010 TOTAL
ALL WHO USED LIFE STAGE MANDATES	38
	100
Cash (100%)	11
	28.9
Bonds (100%)	4
	10.5
Smooth bonus	9
	23.7
Conservative equity (<30)	11
	28.9
Moderate equity (30%+)	3
	7.9
Not sure	5
	13.2
Total of table	43
	113.2

**Q6.34** Do members receive advice when they enter the phase out period of the life stage model before retirement?



**SECTION G**

# Insured benefits

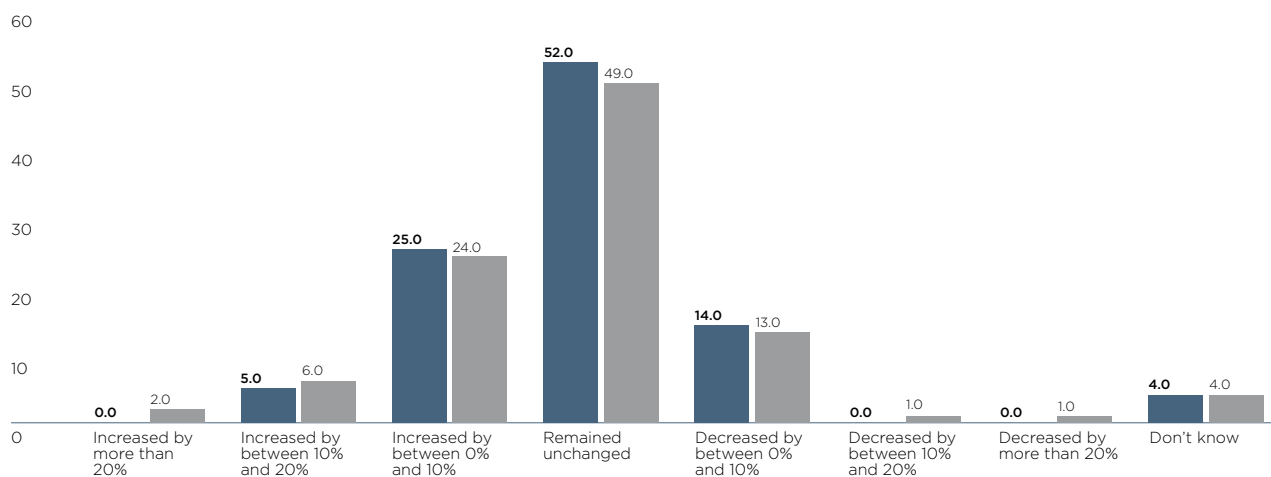
**Q7.1** As far as you know, does the umbrella fund have any processes in place to ensure the ongoing sound actuarial management of its risk pool?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	76	74
No	1	3
Not sure	23	22
Not applicable		1
Total of table	100	100

**Q7.2** Are insured benefits automatically underwritten by an in house insurance company that is associated with the sponsor?

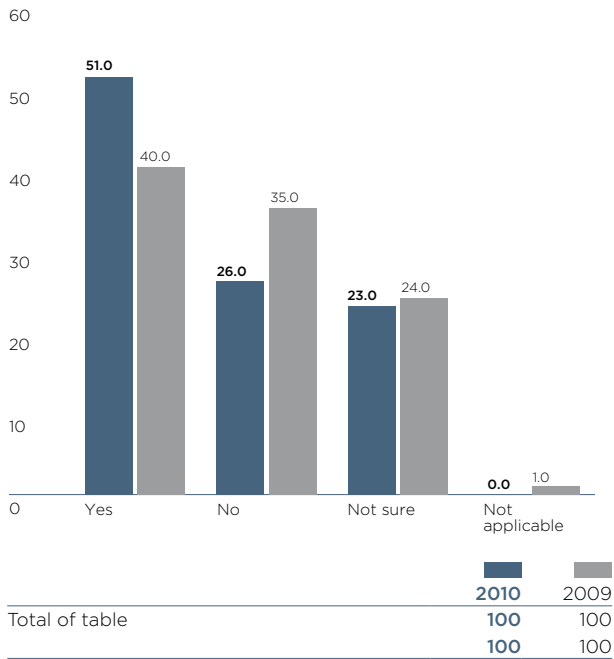
	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	40	46
No	44	28
Not sure	16	26
Total of table	100	100

**Q7.3** How have your risk costs changed over the past year? Have they ...



	2010	2009
<b>SUMMARY</b>		
Any increase	30	32
Any decrease	14	15
Total of table	100	100

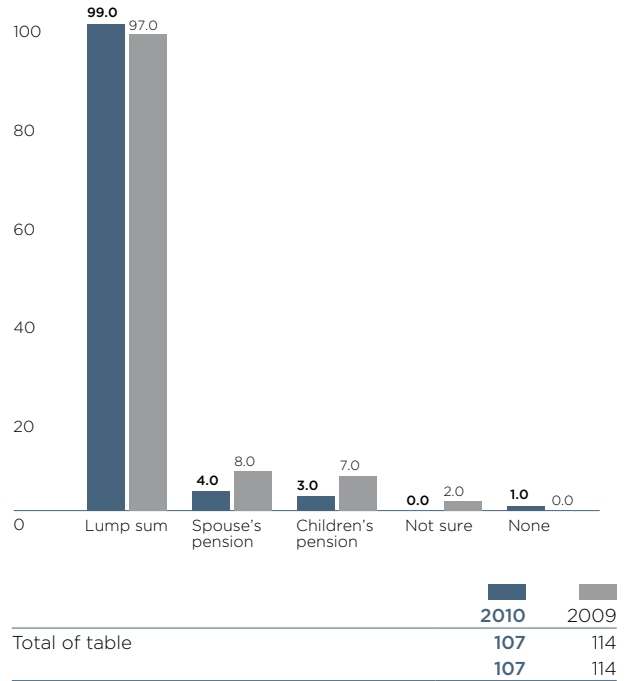
**Q7.4** Does the umbrella fund automatically rebroke risk business on a regular basis?



**Q7.5** How satisfied are you that the fund's risk benefits product range is comprehensive and appropriate to satisfy members requirements?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
Very satisfied (5)	39	39
Satisfied (4)	45	42
Neutral (3)	11	16
Dissatisfied (2)	1	3
Don't Know	4	0
Mean	4.27	4.17
<b>SUMMARY</b>		
Very/satisfied	84	81
Very/dissatisfied	1	3
<b>Total of table</b>	<b>100</b>	<b>100</b>

**Q7.6a** What benefits are paid to dependants on the death of a member before retirement?



**Q7.6b** Are risk benefits provided as part of the fund or are they provided through a separate scheme?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
Part of the fund	59	55
Separate scheme	33	40
Both	7	5
None	1	0
<b>Total of table</b>	<b>100</b>	<b>100</b>

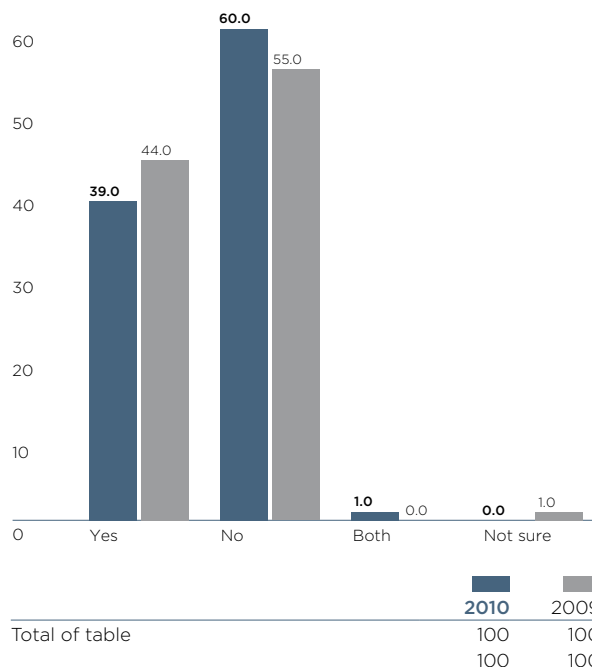
**Q7.7** What is the size of the lump sum payable by the fund (not a separate scheme) on death for members with a spouse's pensions?

	2010 TOTAL	2009 TOTAL
<b>SPOUSE'S PENSION PAID ON DEATH OF MEMBER BEFORE RETIREMENT AND RISK BENEFITS ARE PROVIDED AS PART OF THE FUND</b>	<b>2</b>	<b>7</b>
2 x annual salary (2.0)	100	100
3 x annual salary (3.0)	1	3
4 x annual salary (4.0)	50	42.9
Members have flexible benefits, so it varies from member to member	1	2
Mean	3	3
Total of table	2 *	7 *
	100	100

**Q7.8** What is the size of the lump sum payable by the fund (not a separate scheme) on death for members without a spouse's pension?

	2010 TOTAL	2009 TOTAL
<b>SPOUSE'S PENSION IS NOT PAID ON DEATH OF MEMBER BEFORE RETIREMENT BUT RISK BENEFITS ARE PROVIDED AS PART OF THE FUND</b>	<b>64</b>	<b>53</b>
1 x annual salary (1.0)	5	3
1.5 x annual salary (1.5)	7.8	5.7
2 x annual salary (2.0)	1	1
3 x annual salary (3.0)	1.6	1.9
4 x annual salary (4.0)	6	3
5 x annual salary (5.0)	9.4	5.7
More than 5 x annual salary (6.0)	18	17
Depending on years of service	28.1	32.1
Scaled per age band	14	6
Members have flexible benefits, so it varies from member to member	21.9	11.3
Varies	5	6
Others	7.8	11.3
Not sure	1	1
Mean	1.6	1.9
Total of table	2	1
	3.1	1.9
	9	11
	14.1	20.8
		2
		3.8
		1
		1.9
	3	1
	4.7	1.9
	3.19	3.21
	64	53
	100	100

**Q7.9a** Is a lump sum benefit paid to dependants on the death of a member before retirement under a separate scheme (i.e. not by the fund)?



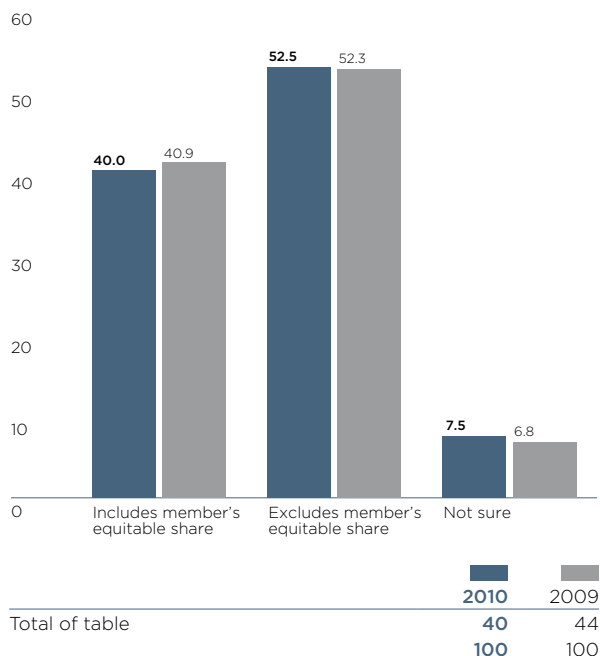
**Q7.9b** What is the size of the lump sum provided under a separate scheme?

	2010 TOTAL	2009 TOTAL
<b>LUMP SUM BENEFIT PAID ON DEATH OF MEMBER</b>	<b>40</b>	<b>44</b>
1 x annual salary (1.0)	100	100
2 x annual salary (2.0)		1
3 x annual salary (3.0)		2.3
4 x annual salary (4.0)	5	2
5 x annual salary (5.0)	12.5	4.5
More than 5 x annual salary(6.0)	14	17
Depending on years of service	35	38.6
Scaled per age band	10	9
Members have flexible benefits, so it varies from member to member	25	20.5
Varies	4	4
Others	10	9.1
Not sure	2	1
Mean	5	2.3
Total of table	5	2.3
		1
		2.3
		1
		2.3
	5	5
	12.5	11.4
		3
		6.8
	3.54	3.47
	40	44
	100	100

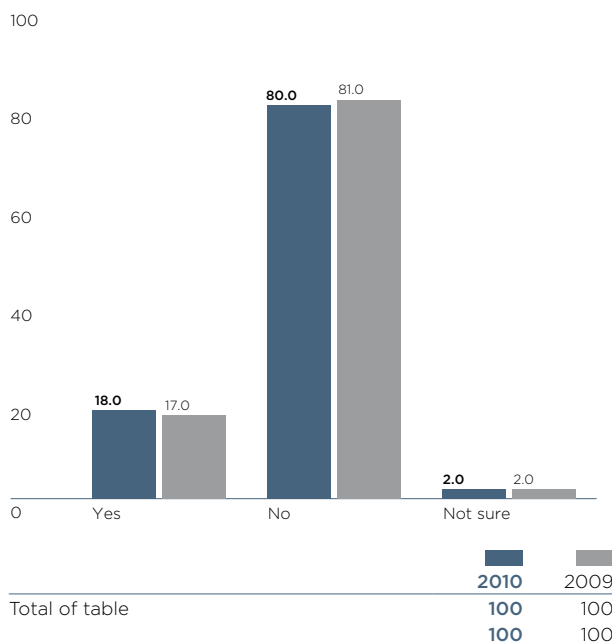
**Q7.10** Who pays for the benefits provided under separate schemes?

	2010 TOTAL	2009 TOTAL
LUMP SUM BENEFIT PAID ON DEATH OF MEMBER	40	44
	100	100
It is deducted from the member contribution	6	11
	15	25
Additional payment by the member	8	4
	20	9.1
It is deducted from the employer contribution	18	21
	45	47.7
Additional payment by the employer	9	10
	22.5	22.7
Not sure	2	1
	5	2.3
<b>SUMMARY</b>		
Any member	14	15
	35	34.1
Any employer	27	31
	67.5	70.5
Total of table	43	47
	107.5	106.8

**Q7.11** Does the lump sum payable on death include the member's equitable share or does the member receive his/her equitable share in addition to the lump sum?



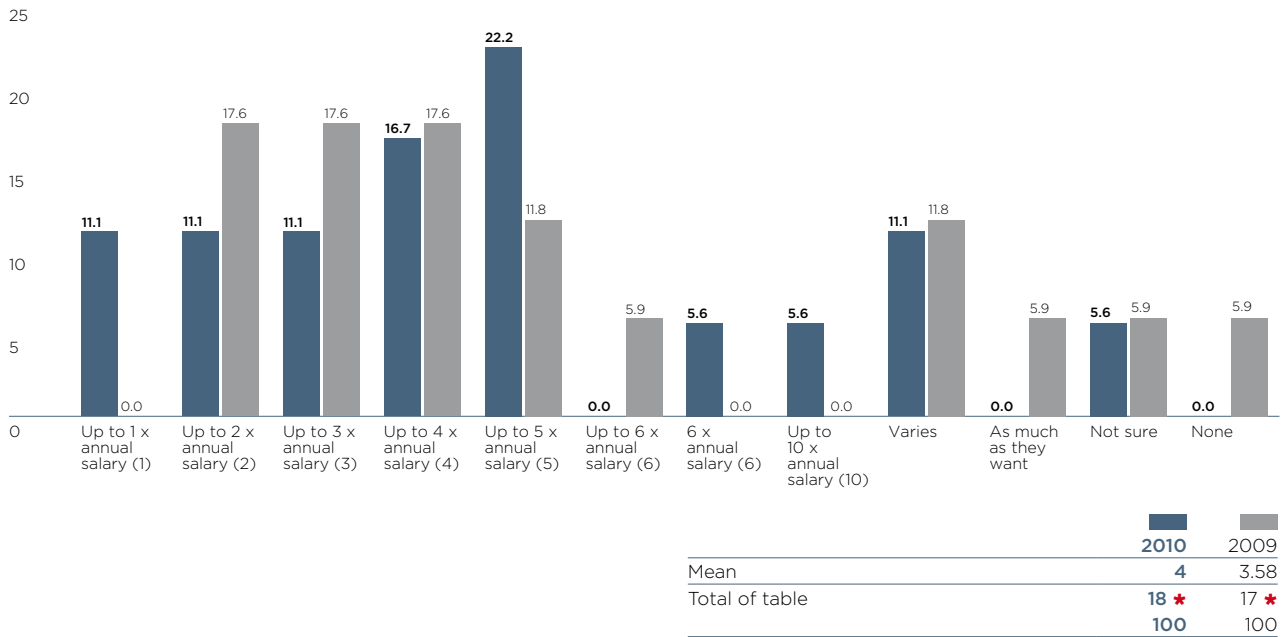
**Q7.12** Does the fund offer flexible death benefits (i.e. member can choose the level of cover within certain limits set by the fund)? In this instance members receive a basic level of life cover (core cover) and can then choose additional (flexible) cover to suit their needs. Savings due to members not choosing the maximum cover will be applied to their retirement provision.



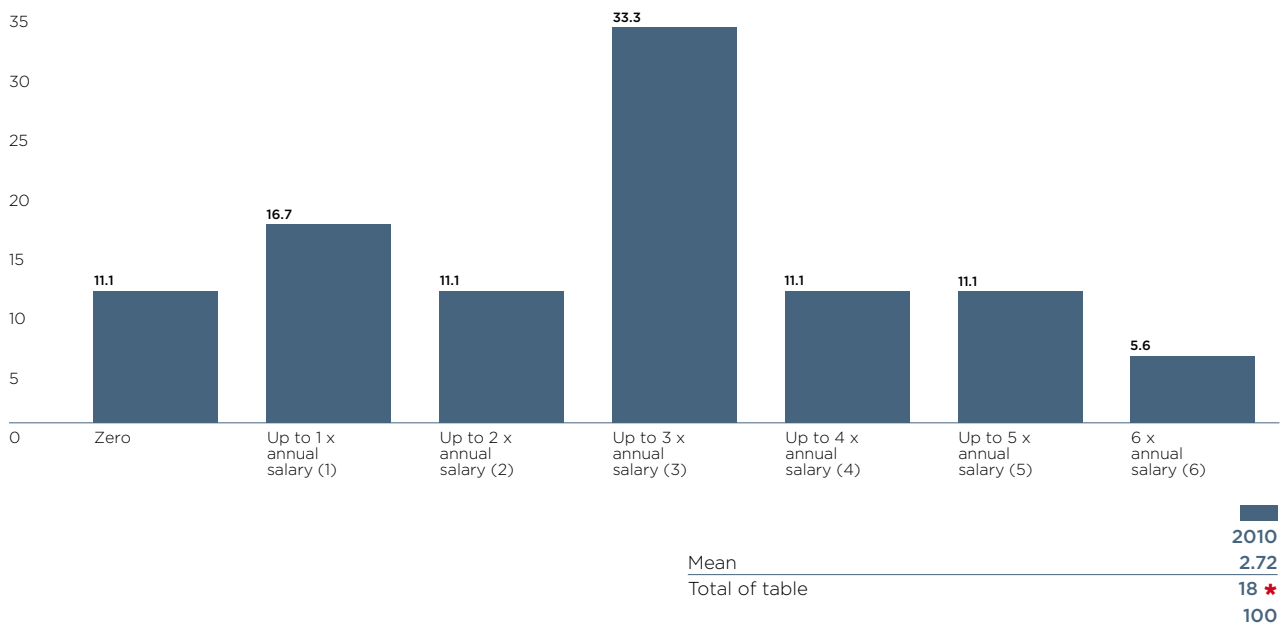
**Q7.13** What is the core level of death cover?

	2010 TOTAL	2009 TOTAL
RESPONDENTS OFFERING FLEXIBLE DEATH BENEFITS	18	17
	100	100
1 x annual salary	5	8
	27.8	47.1
2 x annual salary	1	4
	5.6	23.5
3 x annual salary	7	3
	38.9	17.6
4 x annual salary (4)		1
		5.9
5 x annual salary	1	
	5.6	
6 x annual salary	1	
	5.6	
More than 6 x annual salary	1	
	5.6	
Members choice	1	
	5.6	
Not sure	1	1
	5.6	5.9
Mean	2.88	1.81
Total of table	18 *	17 *
	100	100

**Q7.14** What additional levels of flexible death cover can members choose?



**Q7.15** What is the default level of flexible death cover?



**Q7.16a** In the past year, has the umbrella fund had to distribute death benefits to minor orphans?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	100
	<b>100</b>	100
Yes	40	34
	40	34
No	54	61
	54	61
Not sure	6	5
	6	5
Total of table	100	100
	100	100

**Q7.16b** What is the fund's policy on this issue?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	100
	<b>100</b>	100
Provide benefits to a legal guardian only	38	45
	38	45
Provide benefits to a guardian, regardless of legal status	7	4
	7	4
Provide benefits to the minor orphan	1	5
	1	5
Depends on each individual case/ varies/ assess each case individually	6	5
	6	5
Abide by law/court decision	3	
	3	
Trust or legal guardian	4	
	4	
Trust fund for beneficiary	36	
	36	
Set up a trust/ payable to a trust fund		28
		28
No policy		4
		4
It is a trustees decision, employer's are not involved		1
		1
Don't know	5	8
	5	8
Total of table	100	100
	100	100

**Q7.17a** To whom do the trustees delegate the investigative work in respect of the Section 37C process - dividing the benefit payable between the deceased member's beneficiaries?

	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>
	<b>100</b>
An independent committee/consultant	20
	20
The Administrator (at an additional fee)	33
	33
The employer	42
	42
Intermediary	2
	2
Administrator - no additional fee	7
	7
Board of trustees	3
	3
Members nomination/beneficiary forms	2
	2
Don't know	8
	8
Total of table	117
	117

**Q7.17b** How do you ensure that all beneficiaries are traced? Do you use ...?

	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>
	<b>100</b>
A tracing agent	24
	24
Staff resource from your company	53
	53
HR documentation only	51
	51
Handled by administrators	3
	3
Family/beneficiaries contact company	2
	2
Responsibility of trustees	1
	1
Don't know	6
	6
Total of table	140
	140



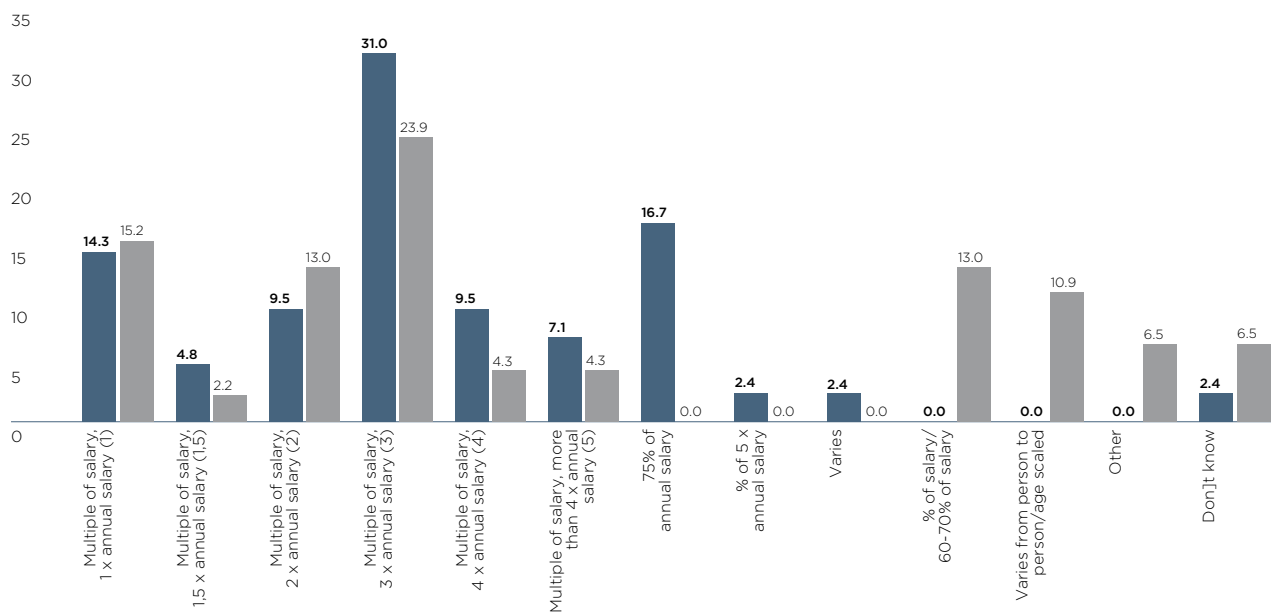
**Q7.18a** Does the employer offer a lump sum disability benefit under the sub-fund or a separate scheme?

	2010 TOTAL
BASE: ALL RESPONDENTS	100 100
Under sub-fund	
Yes, as an acceleration of a death benefit	19 19
Yes, as a separate benefit to a death benefit	13 13
No lump sum benefit is provided	68 68
SUMMARY	
Any Yes	32 32
Total of table	100 100

**Q7.18a** Does the employer offer a lump sum disability benefit under the sub-fund or a separate scheme?

	2010 TOTAL
BASE: ALL RESPONDENTS	100 100
Under separate scheme	
Yes, as an acceleration of a death benefit	6 6
Yes, as a separate benefit to a death benefit	5 5
No lump sum benefit is provided	89 89
SUMMARY	
Any Yes	43 11
Total of table	100 100

**Q7.18b** Which of the following best describes the lump sum disability benefit?



	2010	2009
Mean	2.72	2.47
Total of table	42	46
	100	100

**Q7.19a** Is the lump sum disability benefit reduced before the member reaches normal retirement age?

	2010 TOTAL	2009 TOTAL
OFFERS A LUMP SUM DISABILITY BENEFIT	42	46
	100	100
Yes	7	11
	16.7	23.9
No	29	29
	69	63
Not sure	6	6
	14.3	13
Total of table	42	46
	100	100

**Q7.19b** How many years before retirement does the lump sum disability benefit start to reduce?

	2010 TOTAL	2009 TOTAL
LUMP SUM DISABILITY BENEFIT REDUCED	7	11
	100	100
Up to 1 years		3
		27.3
Up to 2 years	1	1
	14.3	9.1
Up to 3 years		1
		9.1
Up to 5 years	4	2
	57.1	18.2
Up to 10 years	2	1
	28.6	9.1
Others - Age related/monthly pro rata reducement from the age 55/sliding scale		1
		9.1
Don't know		2
		18.2
Mean	6	3.5
Total of table	7 *	11 *
	100	100

**Q7.20** What disability benefits does the fund provide under a separate scheme? -  
**Permanent Disability**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Lump sum & income	2	8
	2	8
Lump sum only	9	10
	9	10
Monthly income only	37	42
	37	42
Temporary income followed by lump sum	1	
	1	
None	51	39
	51	39
Don't know		1
		1
Total of table	100	100
	100	100

**Q7.20** What disability benefits does the fund provide under a separate scheme? -  
**Temporary Disability**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Lump sum & income	2	1
	2	1
Lump sum only	2	2
	2	2
Monthly income only	34	44
	34	44
Temporary income followed by lump sum	3	1
	3	1
None	59	51
	59	51
Don't know	0	1
	0	1
Total of table	100	100
	100	100

**Q7.21a** What is the length of the initial waiting period in the case of **permanent disability**?

	2010 TOTAL	2009 TOTAL
ALL PROVIDING PERMANENT DISABILITY BENEFITS	49	60
	100	100
Less than 1 month (0.5)	1	1
	2	1.7
1 month (1)		1
		1.7
2 months (2)	1	
	2	
3 months (3)	28	27
	57.1	45
6 months (6)	18	23
	36.7	38.3
12 months (12)		3
		5
longer than 12 months (18)		3
		5
Depends on individual cases		2
		3.3
Don't know	1	
	2	
Mean	4.05	5.35
Total of table	49	60
	100	100

**Q7.21b** What is the length of the initial waiting period in the case of **temporary disability**?

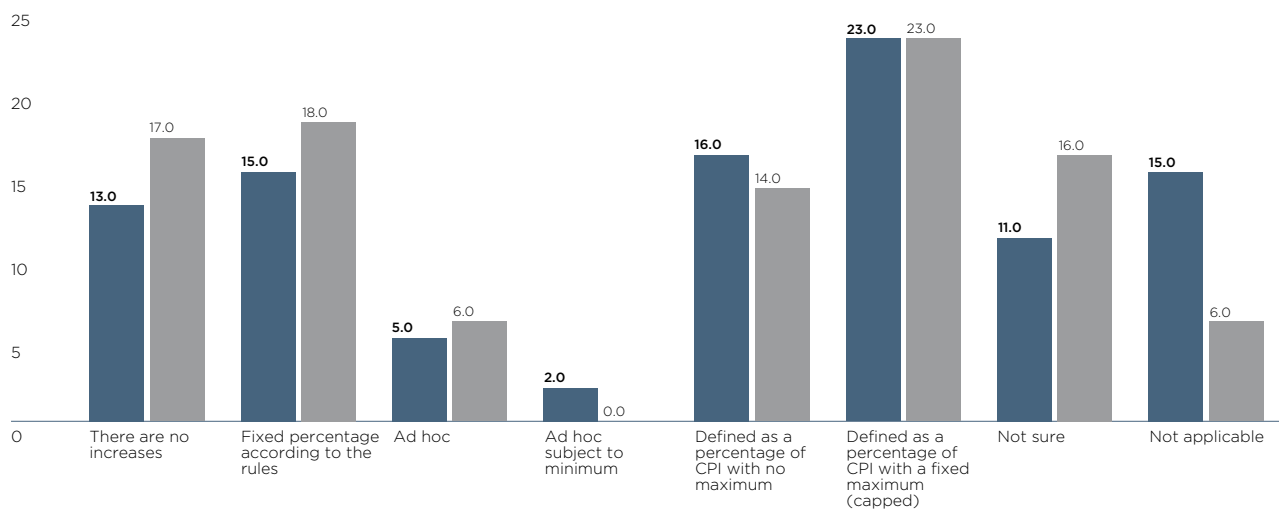
	2010 TOTAL	2009 TOTAL
ALL PROVIDING TEMPORARY DISABILITY BENEFITS	41	48
	100	100
Less than 1 month (0.5)	2	2
	4.9	4.2
1 month (1)	2	2
	4.9	4.2
2 months (2)	1	
	2.4	
3 months (3)	20	27
	48.8	56.3
6 months (6)	13	12
	31.7	25
Varies		1
		2.1
Don't know	3	4
	7.3	8.3
Mean	3.76	3.63
Total of table	41	48
	100	100

**Q7.22** What disability income benefits (PHI) expressed as a percentage of annual salary does the scheme offer?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Less than 50% (25)		2
		2
50% to 59% (54)	3	
	3	
60% to 74% (67)	1	4
	1	4
75% (75)	69	65
	69	65
100% for first two years and 75% thereafter (LOA scales) (100)	3	4
	3	4
Other combination averaging over 75% (75)	1	7
	1	7
Other combination averaging under 75% (75)		1
		1

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Depends on level of disability		1
		1
Others		2
		2
Not sure	6	5
	6	5
Not applicable	18	10
	18	10
Mean	75.05	74.61
Total of table	101	101
	101	101

**Q7.23** How are increases in permanent disability income determined?



	2010	2009
<b>SUMMARY</b>		
Any ad hoc	7	6
	7	6
Any % of CPI	39	37
	39	37
Total of table	100	100
	100	100

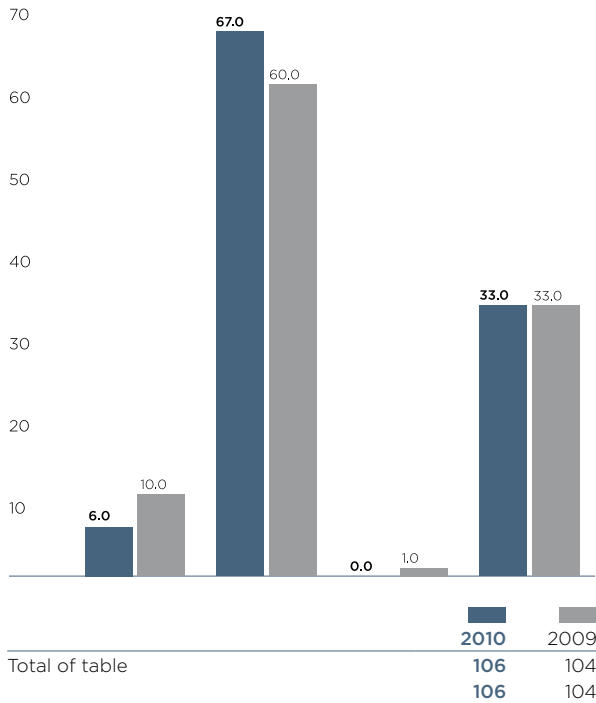
**Q7.24** What fixed percentage is used?

	2010 TOTAL	2009 TOTAL
<b>FIXED PERCENTAGE ACCORDING TO THE RULES</b>	15	18
	100	100
Up to 3% p.a. (3.0)	2	1
	13.3	5.6
3,01% to 4% p.a. (3.5)		1
		5.6
4,01% to 5% p.a. (4.5)	3	10
	20	55.6
5,01% to 6% p.a. (5.5)	3	2
	20	11.1
6,01% to 7% p.a. (6.5)	1	
	6.7	
7,01% to 8% p.a. (7.5)	2	
	13.3	
More than 8% p.a. (8.5)	2	3
	13.3	16.7
Not sure	2	1
	13.3	5.6
Mean	5.73	5.18
Total of table	15 *	18 *
	100	100

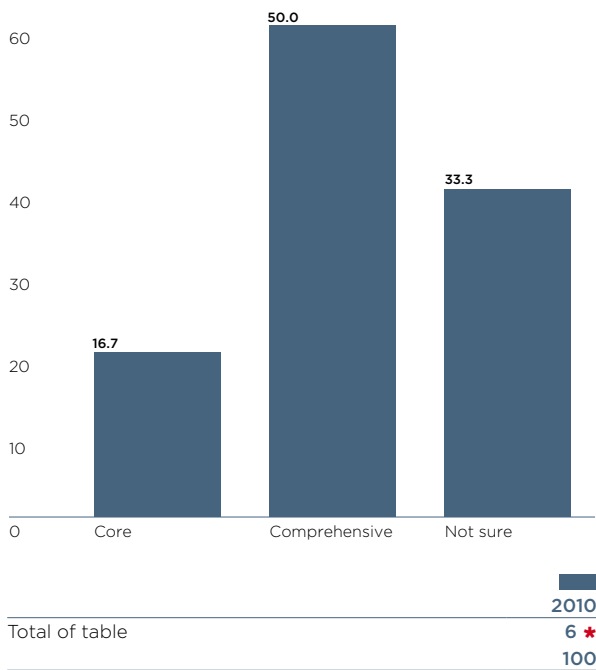
**Q7.25** What is the percentage of increase in CPI used?

	2010 TOTAL	2009 TOTAL
<b>DEFINED AS A PERCENTAGE OF CPI</b>	39	37
	100	100
50% or less (50)	6	7
	15.4	18.9
51% to 74% (63)	1	
	2.6	
75% (75)	5	2
	12.8	5.4
75% to 99% (67)	2	
	5.1	
100% (100)	16	17
	41	45.9
Not sure	9	11
	23.1	29.7
Mean	83.73	84.62
Total of table	39	37
	100	100

**Q7.26** Which of the following benefits are offered?



**Q7.27** What form of critical illness cover is offered?



Caution: Low base.

**Q7.28** What on average is the level of critical illness cover offered?

	2010 TOTAL	2009 TOTAL
CRITICAL ILLNESS COVER OFFERED	6	10
	100	100
1 x annual salary	2	4
	33.3	40
2 x annual salary	3	2
	50	20
Fixed amount		2
		20
Not sure	1	1
	16.7	10
Other		1
		10
Total of table	6 *	10
	100	100

Caution: Low base.

**Q7.29** Who is covered under the funeral benefit?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	67	60
	100	100
Member	67	60
	67	100
Spouse	62	59
	62	98.3
Children aged 14 to 21	62	59
	62	98.3
Children aged 6 to 13	62	59
	62	98.3
Children aged 3 to 5	62	59
	62	98.3
Children aged 0 to 2	61	59
	61	98.3
Parents and parents-in-law	6	6
	6	10
Additional spouses	7	9
	7	15
Extended family (e.g siblings, aunts, Uncles, nephews, nieces, etc)	1	
	1	
SUMMARY		
Any children	62	59
	62	98.3
Any extended family	8	13
	8	21.7
Total of table	390	370
	423	616.7

**Q7.30** What is the level of funeral cover provided by the sub-fund?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	67	60
	100	100
Less than R5 000		2
		3.3
R5 000	19	20
	19	33.3
R7 500		3
		5
R10 000	33	30
	33	50
R15 000	9	4
	9	6.7
R18 000	1	
	1	
R20 000	1	
	1	
R30 000	1	
	1	
Other		1
		1.7
Not sure	3	
	3	
Mean	9 812.5	8 279.66
Total of table	67	60
	100	100

**Q7.31** Which of the following new generation products are offered by the sub-fund?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	60
	100	100
Medical aid premium waiver	9	11
	9	11
Education benefit	12	14
	12	14
Value added packages	2	2
	2	2
Disability Income Top Up	3	
	3	
Don't know		4
		4
None	81	80
	81	80
Total of table	107	111
	107	111

## SECTION H

## Costs

## Q8.1 What is your current annualised administration fee?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Up to R10 000	0	4
	0	4
R10 001 to R20 000	5	8
	5	8
R20 001 to R30 000	3	12
	3	12
R30 001 to R40 000	3	4
	3	4
R40 001 to R50 000	4	6
	4	6
R50 001 to R70 000	4	5
	4	5
R70 001 to R100 000	14	5
	14	5
R100 001 to R120 000	3	4
	3	4
R120 001 to R150 000	6	7
	6	7
R150 001 to R200 000	4	6
	4	6

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
R200 001 +		14
		14
R200 001 to R300 000	6	
	6	
R300 001 to R600 000	6	
	6	
R600 001 to R1000 000	4	
	4	
R1000 001 to R1500 000	5	
	5	
R1500 001 +	3	
	3	
Don't know	30	25
	30	25
Mean	345 124	237 474
Total of table	100	100
	100	100

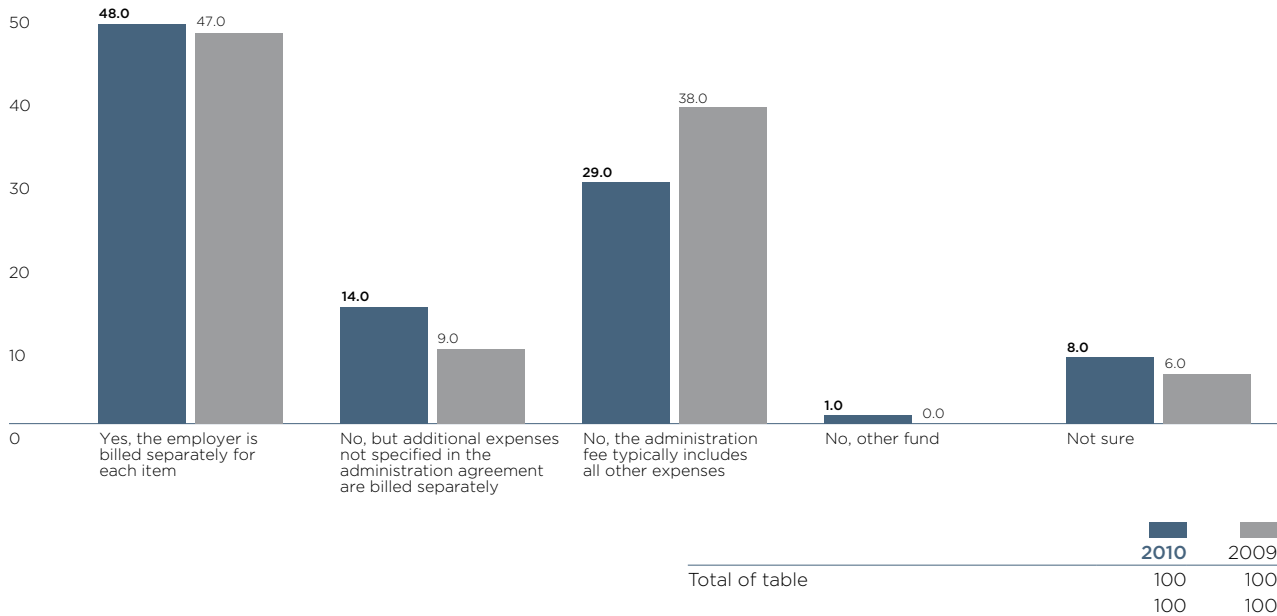
## Q8.2a How is this fee expressed?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Rand value per member per month	20	16
	20	16
Percentage of salary	36	43
	36	43
Percentage of contribution	30	26
	30	26
Percentage of assets	0	1
	0	1
Combination of the above	5	5
	5	5
Not sure	9	9
	9	9
Total of table	100	100
	100	100

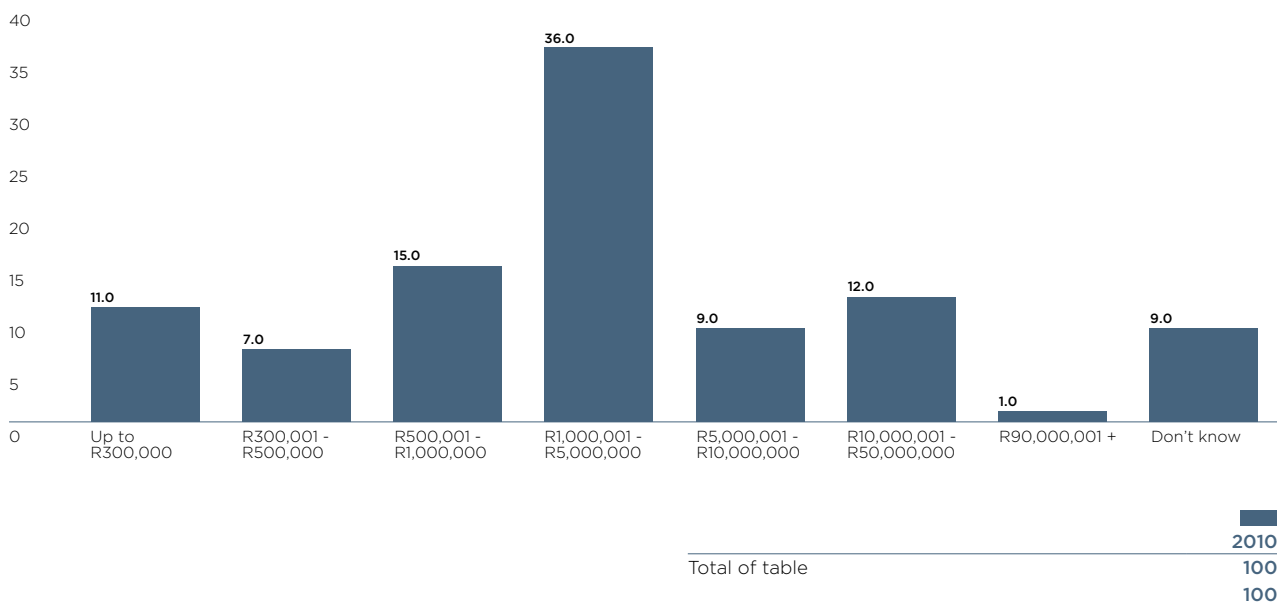
## Q8.2b And, how would you prefer the fee to be expressed?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Rand value per member per month	23	21
	23	21
Percentage of salary	32	42
	32	42
Percentage of contribution	29	25
	29	25
Percentage of assets	2	2
	2	2
Combination of the above	5	5
	5	5
Not sure	9	5
	9	5
Total of table	100	100
	100	100

**Q8.3** Does the umbrella fund itemise separately for the cost of administration and all the other costs and disbursements of the fund?



**Q8.4** What are the current total monthly pensionable salaries?





**Q8.5a** How are other costs, such as FSB levies, auditing fees and trustees' reimbursements recovered?

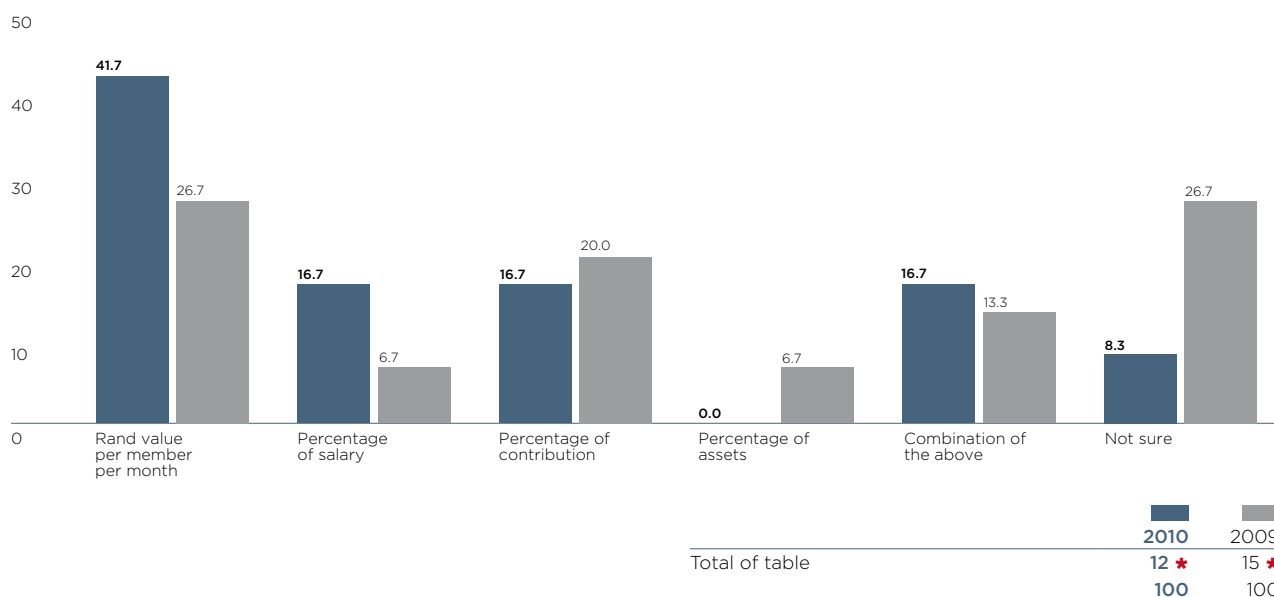
	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Contingency reserve levy	12	15
	12	15
Deducted as and when needed from member accounts	44	38
	44	38
Included in administration costs	21	
	21	
Employer contribution	10	
	10	
From investment returns	1	
	1	
Trustees pay	1	
	1	
Part of management/admin fee		13
		13

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Annually invoiced		1
		1
Don't recover/not applicable		6
		6
Other fixed amount		1
		1
Deducted from returns		1
		1
Other		4
		4
Don't know	12	21
	12	21
Total of table	101	100
	101	100

**Q8.5b** What is your current annualised contingency reserve levy?

	Total	FUND TYPE			FUND SIZE			ASSET VALUE		OFFER MIC		TOTAL COST TO COMPANY	
		Pension Fund	Provident Fund	Hybrid fund	21-100	101-500	501 Or more	Less than R12mil	R12.1mil or more	Yes	No/not sure	Yes	No/not sure
CONTINGENCY RESERVE LEVY	12 100	4 100	8 100	0 0	4 100	7 100	1 100	5 100	7 100	7 100	5 100	6 100	6 100
None	1 8.3	0 0	1 12.5	0 0	1 25	0 0	0 0	1 20	0 0	0 0	1 20	0 0	1 16.7
R 562	1 8.3	0 0	1 12.5	0 0	0 0	1 14.3	0 0	0 0	1 14.3	1 14.3	0 0	0 0	1 16.7
R 1,995	1 8.3	1 25	0 0	0 0	0 0	0 0	1 100	0 0	1 14.3	1 14.3	0 0	0 0	1 16.7
R 4,000	1 8.3	0 0	1 12.5	0 0	0 0	1 14.3	0 0	0 0	1 14.3	0 0	1 20	1 16.7	0 0
R 11,000	1 8.3	0 0	1 12.5	0 0	0 0	1 14.3	0 0	1 20	0 0	1 14.3	0 0	1 16.7	0 0
R 12,960	1 8.3	1 25	0 0	0 0	0 0	1 14.3	0 0	0 0	1 14.3	1 14.3	0 0	1 16.7	0 0
R 15,504	1 8.3	0 0	1 12.5	0 0	0 0	1 14.3	0 0	0 0	1 14.3	0 0	1 20	1 16.7	0 0
R 20,000	2 16.7	0 0	2 25	0 0	1 25	1 14.3	0 0	1 20	1 14.3	2 28.6	0 0	0 0	2 33.3
R 45,000	1 8.3	1 25	0 0	0 0	1 25	0 0	0 0	1 20	0 0	1 14.3	0 0	1 16.7	0 0
R 85,528	1 8.3	1 25	0 0	0 0	1 25	0 0	0 0	1 20	0 0	0 0	1 20	1 16.7	0 0
Don't know	1 8.3	0 0	1 12.5	0 0	0 0	1 14.3	0 0	0 0	1 14.3	0 0	1 20	0 0	1 16.7
Mean	19686.27	36370.75	10152.29	0	37632	10671	1995	32305.6	9170.17	15931	26258	28998.67	8511.4
Total of table	12 100	4 100	8 100	0 0	4 100	7 100	1 100	5 100	7 100	7 100	5 100	6 100	6 100

**Q8.5c** How is the contingency reserve levy expressed?



**Q8.6** Do the trustees appropriately manage other costs, such as FSB levies, auditing fees and trustees' reimbursements, via formal budgeting and approvals processes?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	62	53
No	9	14
Unsure	29	33
Total of table	100	100

**Q8.7** Do all of your members currently pay the same fixed contribution to the other costs of the fund regardless of their salary level?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	51	62
No	39	34
Not sure	10	4
Total of table	100	100

**Q8.8** What percentage of salaries is applied to the total cost of risk benefits, the cost of core benefits and the cost of flexible risk benefits respectively? - **Total Risk Benefits**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
0% (0)	1	1
	1	1
0,01% to 0,50% (0.25)	1	2
	1	2
0,51% to 1,00% (0.75)	6	3
	6	3
1,01% to 1,50% (1.25)	9	9
	9	9
1,51% to 2,00% (1.75)	17	11
	17	11
2,01% to 2,50% (2.25)	8	13
	8	13
2,51% to 3,00% (2.75)	9	6
	9	6
3,01% to 3,50% (3.25)	6	5
	6	5
3,51% to 4,00% (3.75)	7	3
	7	3
4,01% or more (4.25)	15	14
	15	14
Other		1
		1
Not applicable		2
		2
Differs by age/area		1
		1
None	1	
	1	
Not sure	20	29
	20	29
Mean	2.51	2.48
Total of table	100	100
	100	100

**Q8.8** What percentage of salaries is applied to the total cost of risk benefits, the cost of core benefits and the cost of flexible risk benefits respectively? - **Core Benefits**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
0% (0)	1	1
	1	1
0,01% to 0,50% (0.25)	1	5
	1	5
0,51% to 1,00% (0.75)	9	6
	9	6
1,01% to 1,50% (1.25)	11	10
	11	10
1,51% to 2,00% (1.75)	14	11
	14	11
2,01% to 2,50% (2.25)	11	12
	11	12
2,51% to 3,00% (2.75)	6	3
	6	3
3,01% to 3,50% (3.25)	1	3
	1	3
3,51% to 4,00% (3.75)	5	4
	5	4
4,01% or more (4.25)	7	3
	7	3
Other		1
		1
Not applicable		2
		2
Differs by age/area		1
		1
None	2	
	2	
Not sure	32	38
	32	38
Mean	2.09	1.9
Total of table	100	100
	100	100

**Q8.8** What percentage of salaries is applied to the total cost of risk benefits, the cost of core benefits and the cost of flexible risk benefits respectively? - **Flexible Risk Benefits**

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
0% (0)	13	8
0,01% to 0,50% (0.25)	2	4
0,51% to 1,00% (0.75)	5	2
1,01% to 1,50% (1.25)	7	4
1,51% to 2,00% (1.75)	7	3
2,01% to 2,50% (2.25)		7
2,51% to 3,00% (2.75)		7
3,01% to 3,50% (3.25)	2	2
4,01% or more (4.25)	2	
Other		3
Not applicable		28
None	32	
Not sure	31	39
Mean	0.97	1.13
Total of table	100	100

**Q8.9** What percentage of salaries is applied to the cost of death benefits/life cover under the fund and under a separate scheme?

	2010 TOTAL	2009 TOTAL
RESPONDENTS WHO DO NOT OFFER FLEXIBLE DEATH BENEFITS	82	83
0% (0)	1	100
0,01% to 0,50% (0.25)	1.2	
0,51% to 1,00% (0.75)	3	
1,01% to 1,50% (1.25)	3.7	8
1,51% to 2,00% (1.75)	7	8
2,01% to 2,50% (2.25)	8.5	9.6
2,51% to 3,00% (2.75)	6	5
3,01% to 3,50% (3.25)	7.3	6
3,51% to 4,00% (3.75)	9	8
4,01% or more (4.25)	11	9.6
Death and disability combined at 3 to 4 %	2	4
Under a separate scheme only	2.4	4.8
Not sure		1
No benefit under the fund		1.2
Mean	4	2
Total of table	4.9	2.4
	2	2
	2.4	2.4
	3	
	3.7	
		2
		2.4
	22	19
	26.8	22.9
	23	27
	28	32.5
		5
		6
Mean	1.81	1.73
Total of table	82	83
	100	100

**Q8.9** What percentage of salaries is applied to the cost of death benefits/life cover under the fund and under a separate scheme?

	2010 TOTAL	2009 TOTAL
RESPONDENTS WHO DO NOT OFFER FLEXIBLE DEATH BENEFITS	82 100	83 100
<b>Under a Separate Scheme</b>		
0% (0)	4 4.9	
0,01% to 0,50% (0.25)	1 1.2	2 2.4
0,51% to 1,00% (0.75)	5 6.1	4 4.8
1,01% to 1,50% (1.25)	3 3.7	1 1.2
1,51% to 2,00% (1.75)	4 4.9	6 7.2
2,01% to 2,50% (2.25)	2 2.4	3 3.6
2,51% to 3,00% (2.75)	1 1.2	
3,01% to 3,50% (3.25)	1 1.2	
3,51% to 4,00% (3.75)	1 1.2	
4,01% or more (4.25)		1 1.2
Death and disability combined at 1.26%		1 1.2
Death and disability combined at 3.94%		1 1.2
Under the fund only	37 45.1	64 77.1
Not sure	23 28	
Mean	1.32	1.54
Total of table	82 100	83 100

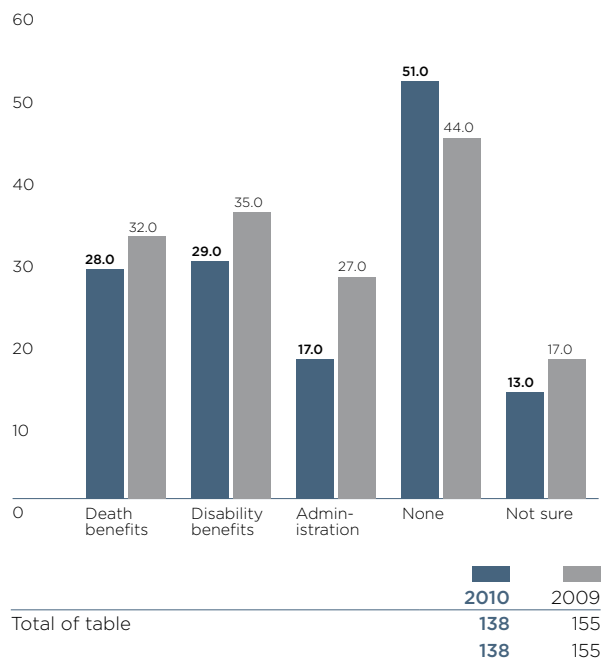
**Q8.10** What percentage of salaries is applied to the cost of disability benefits under the fund and under a separate scheme?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100 100	100 100
<b>Under The Fund</b>		
0% (0)	3 3	
0,01% to 0,50% (0.25)	10 10	4 4
0,51% to 1,00% (0.75)	7 7	6 6
1,01% to 1,50% (1.25)	6 6	8 8
1,51% to 2,00% (1.75)	6 6	5 5
2,01% to 2,50% (2.25)	5 5	5 5
2,51% to 3,00% (2.75)		3 3
3,01% to 3,50% (3.25)	2 2	2 2
3,51% to 4,00% (3.75)	3 3	
4,01% or more (4.25)	3 3	4 4
Death and disability combined at 3 to 4 %		2 2
Under a separate scheme only		29 29
Not sure	23 23	26 26
No benefit	32 32	6 6
Mean	1.5	1.82
Total of table	100 100	100 100

**Q8.10** What percentage of salaries is applied to the cost of disability benefits under the fund and under a separate scheme?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Under a Separate Scheme		
0% (0)	5	
	5	
0,01% to 0,50% (0.25)	3	2
	3	2
0,51% to 1,00% (0.75)	10	7
	10	7
1,01% to 1,50% (1.25)	4	9
	4	9
1,51% to 2,00% (1.75)	2	5
	2	5
2,01% to 2,50% (2.25)	4	3
	4	3
2,51% to 3,00% (2.75)	2	1
	2	1
3,51% to 4,00% (3.75)	1	
	1	
Death and disability combined at 1.26%		1
		1
Death and disability combined at 3.94%		1
		1
No benefit under a separate scheme	49	71
	49	71
Not sure	20	
	20	
Mean	1.13	1.31
Total of table	100	100
	100	100

**Q8.11** Which of the following costs are limited to / capped at a certain fixed percentage?



**Q8.12** At what percentage are death benefits capped?

	2010 TOTAL	2009 TOTAL
DEATH BENEFITS CAPPED AT A %	28	32
	100	100
0,51% to 1,00% (0.75)	4	1
	14.3	3.1
1,01% to 1,50% (1.25)	2	
	7.1	
1,51% to 2,00% (1.75)	4	6
	14.3	18.8
2,1% to 2,5% (2.25)	1	5
	3.6	15.6
2,6% to 3% (2.75)	2	
	7.1	
3,6% to 4% (3.75)	1	
	3.6	
4% or more (4.25)	3	8
	10.7	25

	2010 TOTAL	2009 TOTAL
DEATH BENEFITS CAPPED AT A %	28	32
	100	100
13,1% to 3,5% (3.25)	2	
	7.1	
Not sure	9	7
	32.1	21.9
Death and disability combined at 2.6 to 3%		1
		3.1
Death and disability combined at 3,5 to 4%		3
		9.4
Death and disability combined 4 % or more		1
		3.1
Mean	2.28	2.83
Total of table	28 *	32
	100	100

**Q8.13** At what percentage are disability benefits capped?

	2010 TOTAL	2009 TOTAL
DISABILITY BENEFITS CAPPED AT A %	29	35
0,51% to 1,00% (0.75)	5	100
	17.2	
1,01% to 1,50% (1.25)		5
		14.3
1,51% to 2,00% (1.75)	7	5
	24.1	14.3
2,1% to 2,5% (2.25)		5
		14.3
2,6% to 3% (2.75)	1	
	3.4	
3,1% to 3,5% (3.25)	1	
	3.4	
4% or more (4.25)	3	7
	10.3	20
Not sure	12	8
	41.4	22.9
Death and disability combined at 3.5 to 4%		3
		8.6
Death and disability combined at 2.6 -3%		1
		2.9
Death and disability combined at 4 % or more		1
		2.9
Mean	2.04	2.55
Total of table	29 *	35
	100	100

**Q8.14** Are investment performance fees charged?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Investment performance fees charged		
Yes	26	29
	26	29
No	56	49
	56	49
Not sure	18	22
	18	22
Total of table	100	100
	100	100

**Q8.15** Do you feel that the basis on which investment performance related fees are charged is fair and reasonable?

	2010 TOTAL	2009 TOTAL
INVESTMENT PERFORMANCE FEES CHARGED	26	29
	100	100
Yes	18	19
	69.2	65.5
No	5	7
	19.2	24.1
Not sure	3	3
	11.5	10.3
Total of table	26 *	29 *
	100	100

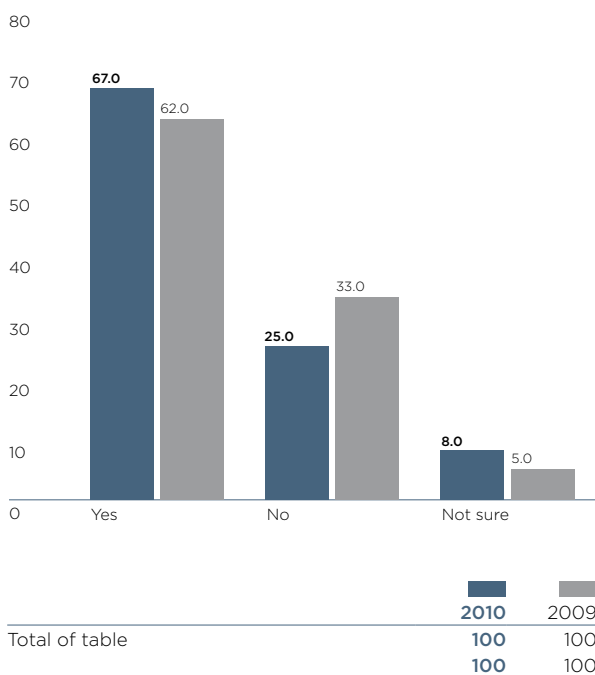
## SECTION I

# Advice

**Q9.1** Do you know who the auditors to the umbrella fund are?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	34	33
No	61	57
Not sure	5	10
Total of table	100	100

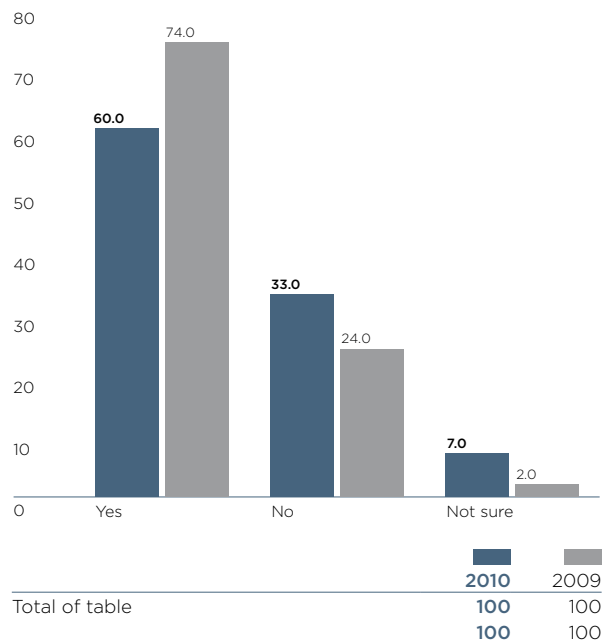
**Q9.2** Do you know who the investment consultants to the umbrella fund are?



**Q9.3** Is your consultant/broker accredited by the Financial Services Board to provide advice on benefits?

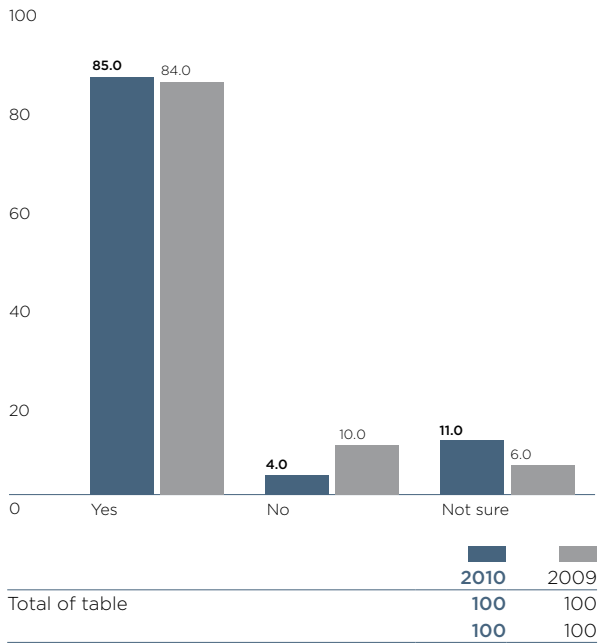
	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	96	98
Not sure	4	2
Total of table	100	100

**Q9.4** Is your consultant/broker independent of the umbrella fund sponsor?





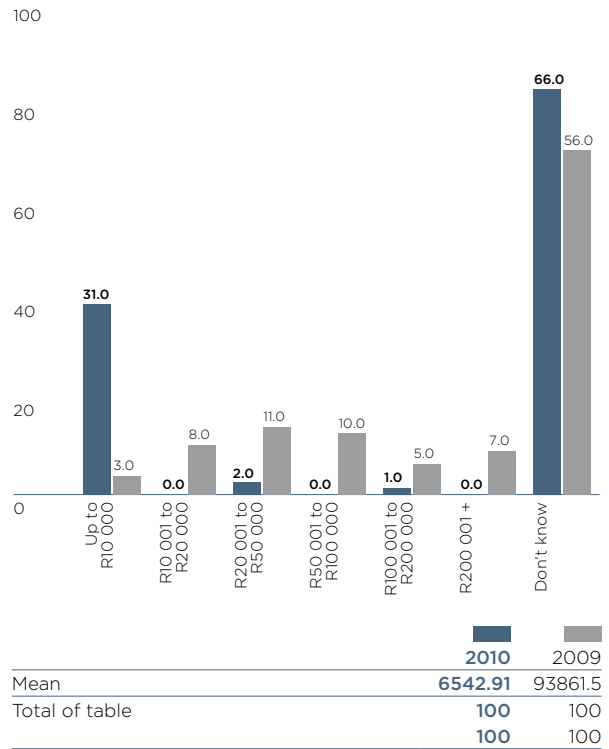
**Q9.5** Are the services to be provided by your consultant/broker contracted in writing?



**Q9.6** On what basis is your consultant/broker remunerated?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
Statutory commission paid annually in advance	9	11
Statutory commission paid monthly	27	28
Fee as negotiated between the employer and the adviser	23	27
Build in to admin fee	11	3
Remunerated as employee of fund		2
Other		1
Not sure	30	27
None		1
<b>SUMMARY</b>		
Any statutory commission	36	39
<b>Total of table</b>	<b>100</b>	<b>100</b>

**Q9.7** What is your current annualised consulting fee?



**Q9.8** How is the consulting fee expressed?

	2010 TOTAL	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	<b>100</b>
Rand value per member per month	13	9
Percentage of salary	13	22
Percentage of contribution	14	16
Percentage of assets	2	2
Combination of the above	10	6
Extra add on service		1
Percentage of admin cost		4
Fixed fee	2	
Not sure	46	39
Not applicable		1
<b>Total of table</b>	<b>100</b>	<b>100</b>

**Q9.9** Do you feel that the level of remuneration is commensurate with the consulting services provided?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Yes	53	46
	53	46
No	10	17
	10	17
Not sure	37	37
	37	37
Total of table	100	100
	100	100

**Q9.10** Does the sub-fund have a formalised strategy for rendering financial advice to active members (whether in consultation with the employer or on its own)?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Have a formalised strategy		
Yes	56	57
	56	57
No	36	40
	36	40
Not sure	8	3
	8	3
Total of table	100	100
	100	100

**Q9.11** Who provides this financial advice in terms of FAIS?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	56	100
	100	100
Financial advice provided in terms of FAIS by		
Consultant/broker on your fund	49	72
	87.5	72
Separate financial adviser to the employer	8	11
	14.3	11
Member's own financial adviser or broker	9	18
	16.1	18
Not sure		8
		8
Not done		4
		4
Total of table		113
		113

**Q9.12** In your opinion, to what extent do staff members understand the financial advice and information provided to them?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Senior Staff		
They understand the vast majority of it	69	62
	69	62
They understand about half it	23	23
	23	23
They understand less than half of it	3	7
	3	7
They hardly understand any of it at all	2	2
	2	2
Not sure	3	3
	3	3
Not on the fund		1
		1
No Senior staff		2
		2
Total of table	100	100
	100	100

**Q9.12** In your opinion, to what extent do staff members understand the financial advice and information provided to them?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
All other staff		
They understand the vast majority of it	15	13
	15	13
They understand about half it	29	25
	29	25
They understand less than half of it	33	30
	33	30
They hardly understand any of it at all	22	29
	22	29
Not sure	1	3
	1	3
Total of table	100	100
	100	100

**Q9.13** What specific steps, if any, have you taken to improve member understanding?

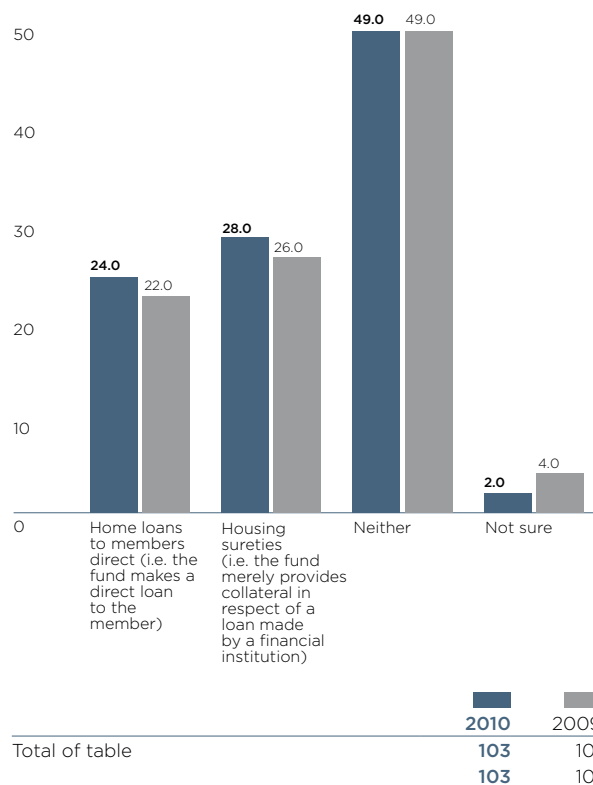
	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Use of different media, e.g. cellphone, role play etc.	3	20
	3	20
Provision of basic financial education / training at work	21	43
	21	43
Pay for members to seek financial education/training through a third party	6	9
	6	9
Meetings to give feedback to staff		2
		2
Roadshow	24	4
	24	4
Improve quality of communication/communicate to staff at their level	21	4
	21	4
Access to broker for advice		1
		1
Change of broker		1
		1
Provide member education once off at induction of new staff	14	
	14	
Communicate to staff using simple language	35	
	35	

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Make communication materials available in multiple languages	18	
	18	
Meetings/Q&A sessions	36	
	36	
One on one/personal interviews	7	
	7	
Member newsletter	1	
	1	
Call centre	1	
	1	
AGM	1	
	1	
Other		2
		2
None	19	32
	19	32
Total of table	207	118
	207	118

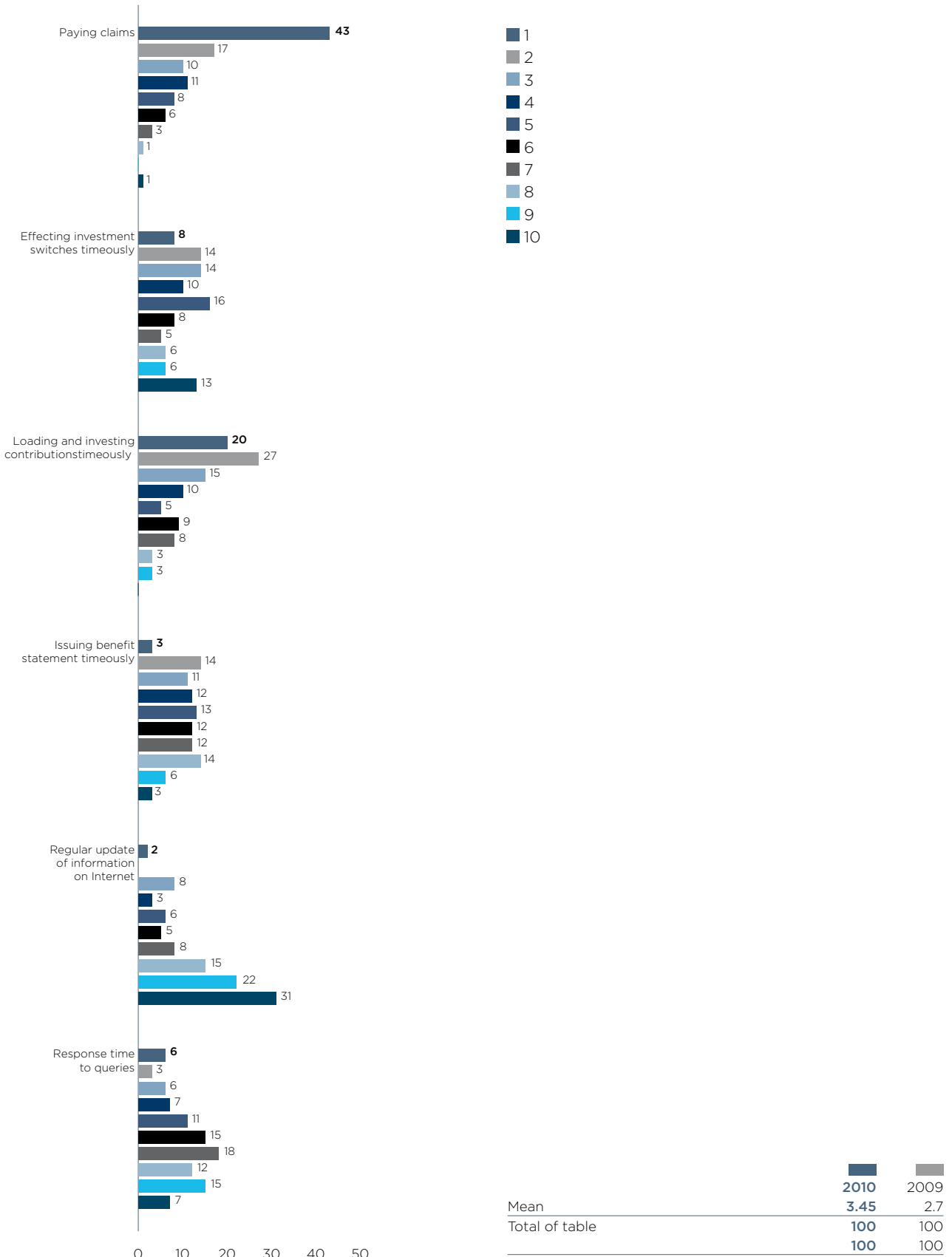
**Q9.14** To what extent would the employer consider paying for more financial education to be provided to members?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
	100	100
Would definitely consider it	10	15
	10	15
Might consider it	32	36
	32	36
Unlikely to consider it	46	31
	46	31
Would definitely not consider it	12	18
	12	18
<b>SUMMARY</b>		
Would/might consider	42	51
	42	51
Unlikely/would not consider	58	49
	58	49
Total of table	100	100
	100	100

**Q9.15** Which of the following does the fund offer?



**Q9.16** When considering all the aspects of retirement fund administration, how would you rank the following processes in order of importance? 1 is most important, 2 is second most important etc.



**SECTION J**

# Withdrawals

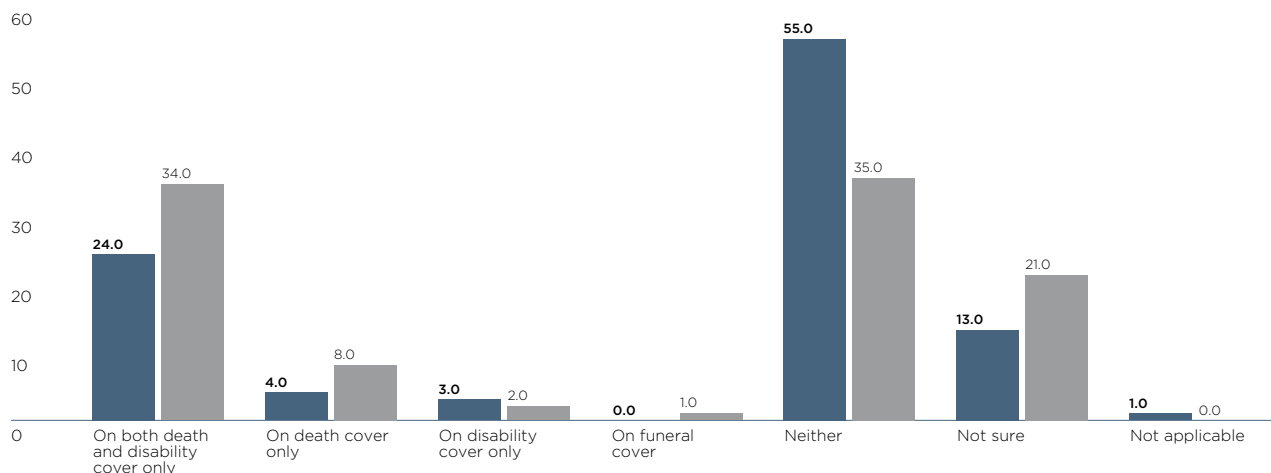
**Q10.1** Which of the following best describes what the majority of your members do when their employment with the participating employer terminates (i.e. on withdrawal from the sub fund)?

	<b>2010 TOTAL</b>
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>
	<b>100</b>
The majority of members take their benefit in cash	80
The majority of members transfer their benefit to another fund	12
The majority of members select a deferred/paid up pension and leave their benefit in the fund	4
50% Take their benefit in cash and 50 % transfer their benefit to another fund	4
Total of table	100
	100

**Q10.2** On withdrawal, which of the following situations apply in the fund?

	<b>2010 TOTAL</b>	2009 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>100</b>	100
	<b>100</b>	100
The fund and/ or the employer provides the member with the information recommended in PF86	37	48
The fund and/or the employer, in terms of a written strategy, arranges for an adviser to counsel and advise the member	45	39
None of the above	29	22
Not sure	1	6
	<b>1</b>	<b>6</b>
Total of table	112	115
	<b>112</b>	<b>115</b>

**Q10.3** Is a conversion / continuation option offered on death and disability cover and/or on funeral cover, either under the Fund or separate scheme?



	<b>2010</b>	2009
Total of table	<b>100</b>	101
	<b>100</b>	<b>101</b>

**SECTION K**

# Retirement

**Q11.1** Is the employer concerned about how members utilise their retirement benefits?

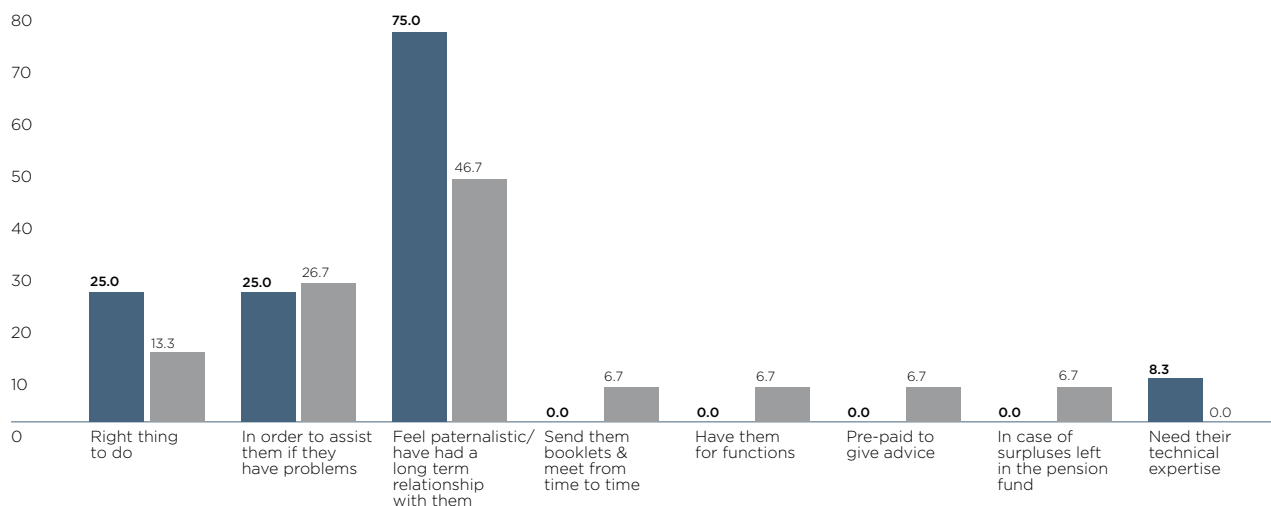
	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	75	68
No	25	32
Total of table	100	100

**Q11.2a** Does the employer want to have further involvement with members after retirement?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	12	15
No	88	84
Don't know		1
Total of table	100	100

**Q11.2b** Why is that?

Reasons for yes



	2010	2009
Total of table	16 *	17 *
	133.3	113.3

Caution: Low base.

**Q11.2b** Why is that?

	2010 TOTAL	2009 TOTAL
EMPLOYER OR TRUSTEES NOT WANTING TO HAVE FURTHER INVOLVEMENT WITH MEMBERS AFTER RETIREMENT	88 100	84 100
<b>Reasons for no</b>		
Young fund so people move on to other jobs		1 1.2
Hardly any retire, they die before that or migrate		3 3.6
Pre retirement counselling is available/do a lot beforehand	9 10.2	4 4.8
Professionals, members retire and get on with retirement		7 8.3
No longer our responsibility/on their own/left the fund rest up to them	47 53.4	66 78.6
The relationship ends at the point of retirement	48 54.5	
Less pressure on admin		2 2.4
Not equipped to offer financial advice		2 2.4
Geographically impossible/relocate so hard to keep in touch		2 2.4
Not a defined benefit scheme/this is a defined contribution scheme		3 3.6
Company too large		2 2.4
Impossible to keep track when people relocate	18 20.5	
No company benefits offered post Retirement	10 11.4	
Don't know	0 0	3 3.6
Total of table	132 150	95 113.1

**Q11.3** Do pensioners ever come back to the company to complain after they have retired from the fund?

	2010 TOTAL	2009 TOTAL
2009 PENSION FUNDS ONLY. BASE CHANGED	100 100	32 100
Yes, often	3 3	
Yes, sometimes	13 13	2 6.3
Yes, but only rarely	10 10	4 12.5
No	71 71	25 78.1
Unsure	3 3	1 3.1
<b>SUMMARY</b>		
Any yes	26 26	6 18.8
Total of table	100 100	32 100

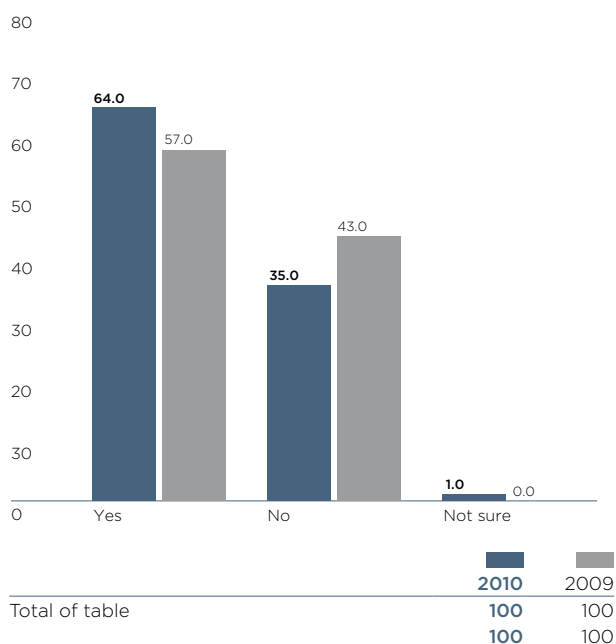
**Q11.4** In your opinion, which retirement payment would be more appropriate for an average member of your fund?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100 100	100 100
Guaranteed fixed annuity	30 30	30 30
With profit annuity	16 16	16 16
Living annuity	39 39	37 37
Cash		4 4
Other		4 4
Unsure	15 15	9 9
None		1 1
Total of table	100 100	101 101

**SECTION L**

# AIDS Strategies

**Q12.1** Has the employer implemented an AIDS management programme for its employees?



**Q12.2** What does this entail?

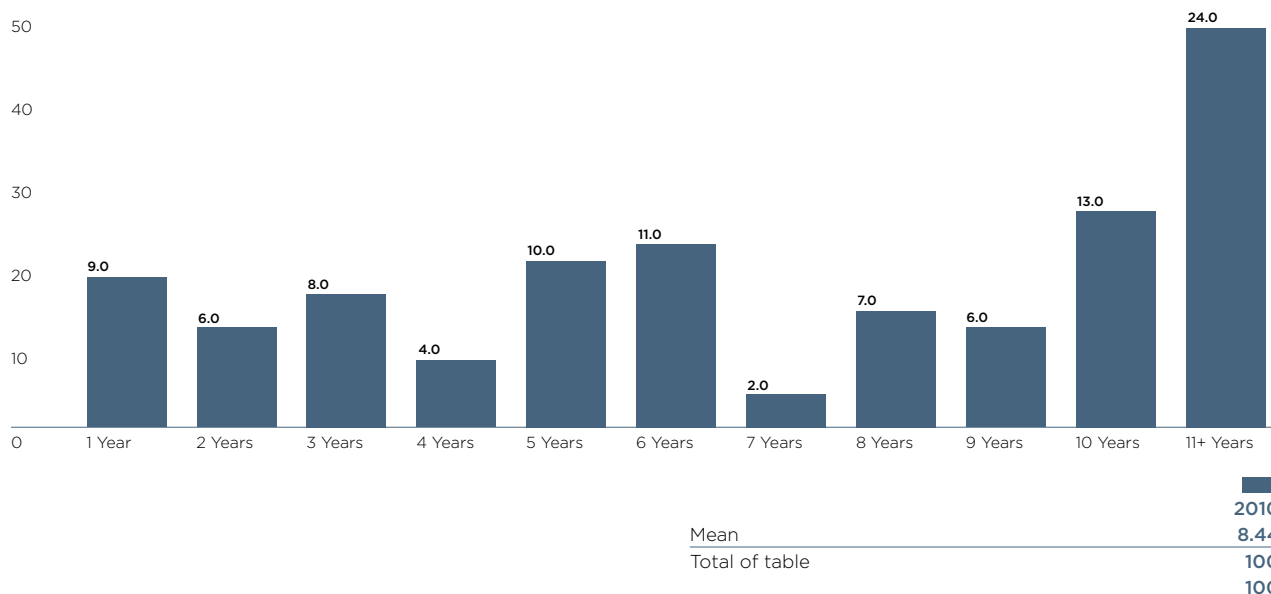
	2010 TOTAL	2009 TOTAL
<b>EMPLOYERS WHO IMPLEMENTED AN AIDS MANAGEMENT PROGRAMME</b>	<b>64</b>	57
<b>Information / programme to raise awareness</b>	<b>60</b>	54
<b>Testing</b>	<b>43</b>	38
<b>Counselling</b>	<b>48</b>	41
<b>Medication</b>	<b>18</b>	12
<b>Good life programme-nutrition, blood pressure etc.</b>		1
<b>Provide condoms</b>	<b>1</b>	1.8
<b>Wellness programme</b>	<b>2</b>	
<b>Total of table</b>	<b>172</b>	146
	<b>268.8</b>	256.1



**SECTION M**

# Selecting an umbrella fund

**Q13.1** How long has the employer been in an umbrella fund?



**Q13.2** What were the three main reasons for joining an umbrella fund?

	2010 TOTAL
BASE: ALL RESPONDENTS	100
	100
Ease of administration/less time consuming	35
	35
More cost effective/reduced administrative cost/ cost saving	33
	33
Focus on our core business not running fund	28
	28
Fiduciary responsibility now lies with fund /less responsibility	26
	26
Small member base/fewer staff members	20
	20
Better investment choice/more investment options	14
	14
Investment expertise/better investment advice	14
	14
Better benefits for employees	14
	14
Better returns on investment/maximise funds	11
	11

	2010 TOTAL
BASE: ALL RESPONDENTS	100
	100
Expertise with legislation/compliance with law/ governance issues	10
	10
Change in company ownership	5
	5
Employers requested to join	4
	4
Better customer service/communication	3
	3
Stability/reputation of the fund	2
	2
Brokers recommendation	1
	1
Industry based fund	1
	1
Don't know/before my time	14
	14
Total of table	235
	235

**Q13.3** Has the employer ever transferred from another fund?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Yes	58	59
No	39	39
Not sure	3	2
Total of table	100	100

**Q13.4** From which fund did the employer transfer?

	2010 TOTAL
EMPLOYER TRANSFERRED FROM ANOTHER FUND	58
Employer sponsored fund	40
Another umbrella fund	17
Not sure	1
Total of table	58

**Q13.5** What were the three principal reasons for doing so?

	2010 TOTAL	2009 TOTAL
EMPLOYER SPONSORED FUND/ANOTHER UMBRELLA FUND	58	59
EMPLOYER SPONSORED FUND/ANOTHER UMBRELLA FUND	100	100
Cost saving/more effective	16	19
Less risk/fiduciary responsibility now lies with the fund	16	4
Ease of administration	15	3
Change in company ownership/management/company policy	13	11
Better returns on investments	8	12
Poor service/communication from previous fund	8	20.3
They are the experts	8	13.8
More effective than small fund/larger pool	7	1
Better benefits for employees	7	2
Poor administration by previous fund	6	7
Flexibility/more options/investment choices	5	8
Expertise with legislation	4	1
Reputation of the company/stable company	2	1.7
Poor investment results	2	8
Changed from pension to provident	1	13.6
Moved from non umbrella to umbrella	1	5
Advised by broker/auditor	1	8.5
Poor communication	1	4

	2010 TOTAL	2009 TOTAL
EMPLOYER SPONSORED FUND/ANOTHER UMBRELLA FUND	58	59
EMPLOYER SPONSORED FUND/ANOTHER UMBRELLA FUND	100	100
Previous investment house were not provident fund specialists	3	5.1
Fedlife went under	2	3.4
To create one fund/consolidation of fund	3	5.1
Fund liquidation	3	5.1
Time constraints	2	3.4
Lack of trust	2	3.4
Broker is locally based	1	1.7
Accuracy was not good	1	1.7
Took too long to pay out benefits	1	1.7
Saving of manpower	1	1.7
Before my time	1	1.7
Restructuring of fund	1	1.7
Fund became closed - no additional members allowed	1	1.7
Liked the company offering the fund	1	1.7
Moved from DB TO DC	1	1.7
Other	1	1.7
Don't know	3	1
Total of table	122	114

210.3 193.2

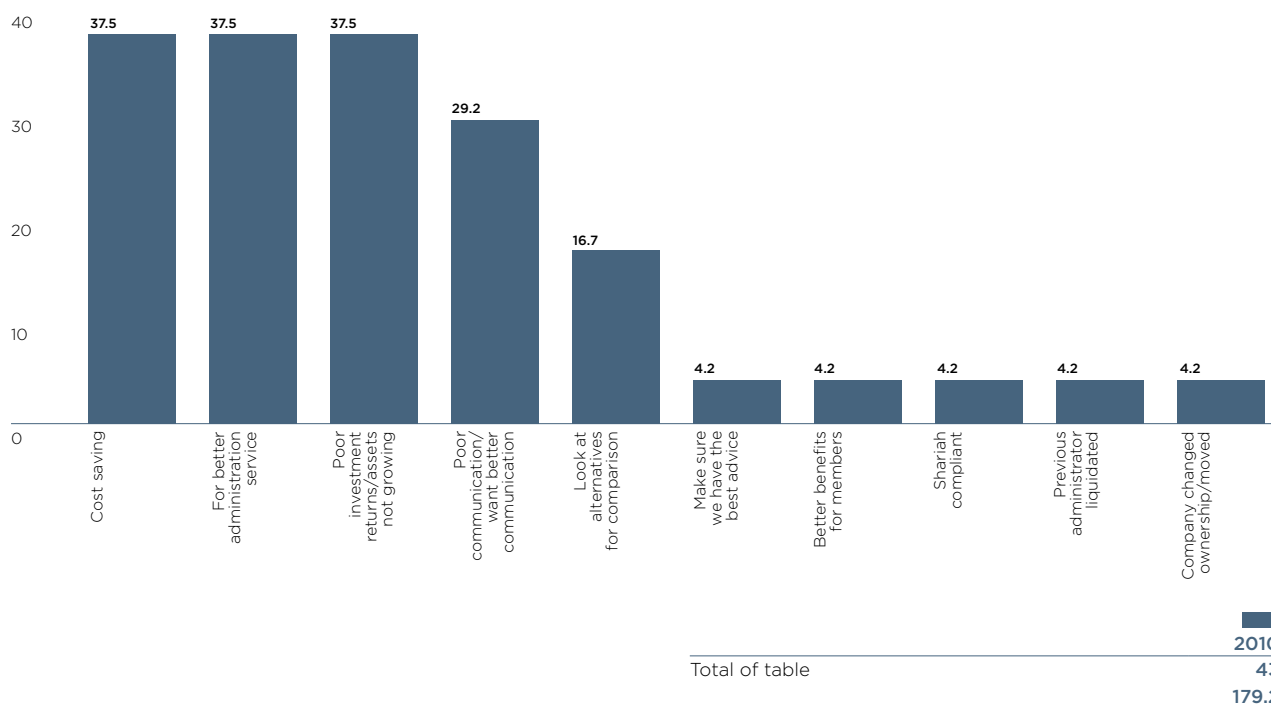
**Q13.6** How often does the sub-fund seek comparable quotes from other umbrella funds?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Annually	19	25
Every 2 years	8	14
Every 3 years	9	14
Every 4 years	4	14
Every 5 years	9	14
When required	6	6
Twice a year	1	6
More often than annually		3
Other		3
Don't know	10	1
Never	34	6
Mean	2.51	17
Total of table	100	100

**Q13.7** Has the employer ever considered moving to another umbrella fund?

	2010 TOTAL
BASE: ALL RESPONDENTS	100
Yes	24
No	75
Not sure	1
Total of table	100

**Q13.8** What are the three principal reasons for doing so?

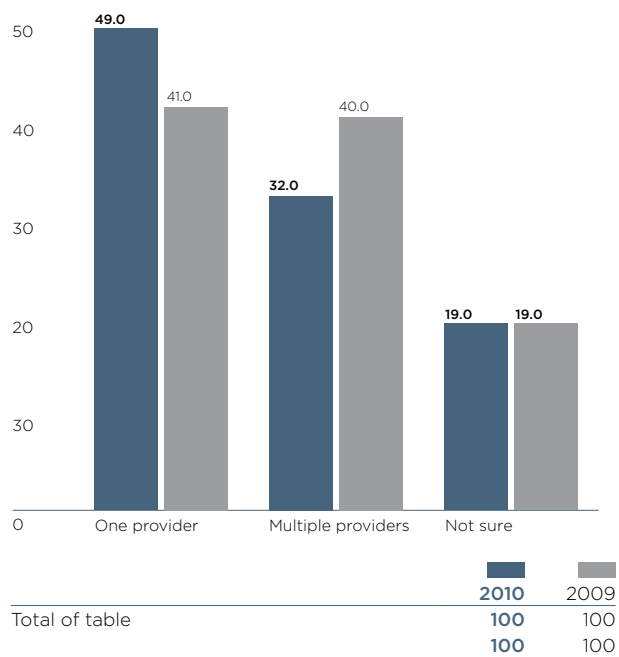


	2010
Total of table	43
	179.2

**Q13.9** What are the three key criteria you would consider when choosing a new umbrella fund?

	2010 TOTAL
BASE: ALL RESPONDENTS	100
	100
Cost effectiveness	54
	54
Quality of administration/efficient admin/prompt turnaround time	52
	52
Return on investment/maximum returns/growth of investments	48
	48
Reputation of fund/track record	36
	36
Good communication/information support	14
	14
Investment options/flexibility	12
	12
Expertise/professionalism of the consultants/trustees	10
	10
Benefit structure	9
	9
Transparency/transparent cost structure	6
	6
No service level agreement in place/must have proper SLA	5
	5
Less risk	4
	4
Technical expertise/technology	4
	4
Members education/training	2
	2
Deal direct with members	1
	1
Company merged - not our decision	1
	1
Shariah compliant	1
	1
Comparison with other funds	1
	1
More control of stand alone fund	1
	1
Don't know	2
	2
Total of table	263
	263

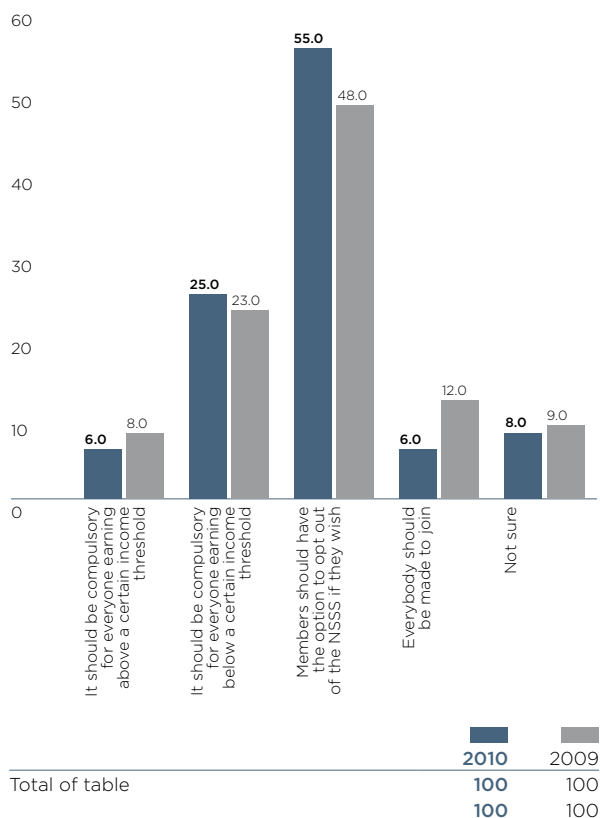
**Q13.10** In sourcing fund management expertise, does the umbrella fund use the same provider for administration, benefit consulting, investments etc. or are different providers used?



**SECTION N**

# Special Topics

**Q14.1** If the NSSS is implemented do you feel that ...

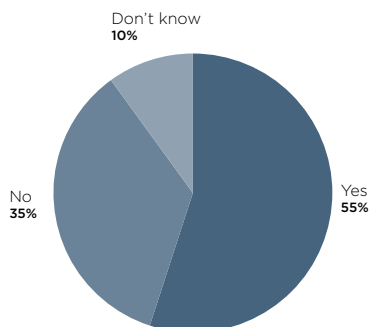


**Q14.2** How did you obtain the information on the NSSS in 2009?

	2010 TOTAL	2009 TOTAL
BASE: ALL RESPONDENTS	100	100
Consultant	43	35
Government	5	10
Industry	6	11
Media	52	62
Publications	19	15
Fund administrator		1
Did not know about it		5
Tax presentation by CAI		1
Trustee meetings		1
Friends/colleagues	2	
Internet	2	
Own research	1	
Don't know	3	
Other		4
Total of table	133	145

**Q14.3** Do you believe that National Health Insurance (NHI) should form part of social security reform?

	<b>2010 TOTAL</b>
BASE: ALL RESPONDENTS	100
	100



Total of table	100
	100

**Q14.4** What do you understand to be the objective of the NHI?

	<b>2010 TOTAL</b>
BASE: ALL RESPONDENTS	100
	100
Affordable health care	11
	11
Health care for all	70
	70
Health care for lower income groups	16
	16
Quality/better health care	6
	6
Improve health care facilities	2
	2
Lessen financial burden on government	12
	12
Form of socialism/rich pay for poor	4
	4
Provide basic level of health care/minimum benefits	8
	8
Politics	1
	1
Don't know	2
	2
Total of table	132
	132

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