

SKIN

MUSCLES

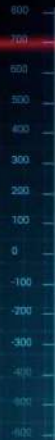
ORGANS

BONES

NERVES

CELLS

DNA STRAND



GENETIC CODE

466907758

54254
5436624: 438



A

BAR CHART



STRAND

GENETIC



GENETIC CODE
466907758
54254
5436624: 438

Sample

- 100 Standalone Funds
- 50% > RIBn AUM
- 50% > 2,000 members



Consolidation

BIGGEST #Trend

75% with < RIBn AUM considered transitioning to Umbrella

32% with > RIBn AUM considered transitioning to Umbrella

Administration Fee

Expressed as	Standalone	Umbrella
Percentage of Salary	52%	70%
Rand pmpm	36%	30%

Administration Fee

Average	Standalone	Umbrella
Percentage of Salary	0.54%	0.64%
Rand pmpm	R 54.00	R 44.00

Administration Fee

Average - Standalone	< 500 Members	> 10,000 Members
Percentage of Salary	0.77%	0.41%
Rand pmpm	R 68.00	R 34.00

Administration Fee

Average < 500 members	Standalone	Umbrella
Percentage of Salary	0.77%	0.68%
Rand pmpm	R 68.00	R 52.40

Administration Fee - % of AUM

Average – 0.55%

AAV	Cost (% AUM)	Rand Cost PA
R 25,000,000	0.88%	R 220,000
R 75,000,000	0.78%	R 585,000
R 400,000,000	0.26%	R 1,040,000
R 2,500,000,000	0.13%	R 3,250,000
R 5,000,000,000	0.32%	R 16,000,000



Investment Management Fees

- 7% claimed that fees were transparent
- 25% stated that fees were not transparent at all
- 93% want TERs and TICs

Fee breakdown	ABC Portfolio
base management fee	0.50%
platform / asset based admin fee	0.00%
guarantee premium	0.00%
global / external manager fee	0.40%
investment consulting fee	0.00%
hedge funds / net priced assets	0.45%
performance fee (1 year)*	0.40%
total expense ratio (TER)	1.75%
transaction costs	0.20%
total investment charge (TIC)	1.95%

#FeesMustbeTransparent



Risk Charges

	Standalone	Umbrella
Approved Life Cover	1.45%	1.51%
Unapproved Life Cover	1.23%	1.09%
PHI	0.96%	0.88%



Benefit Structures

Average Multiple of Cover

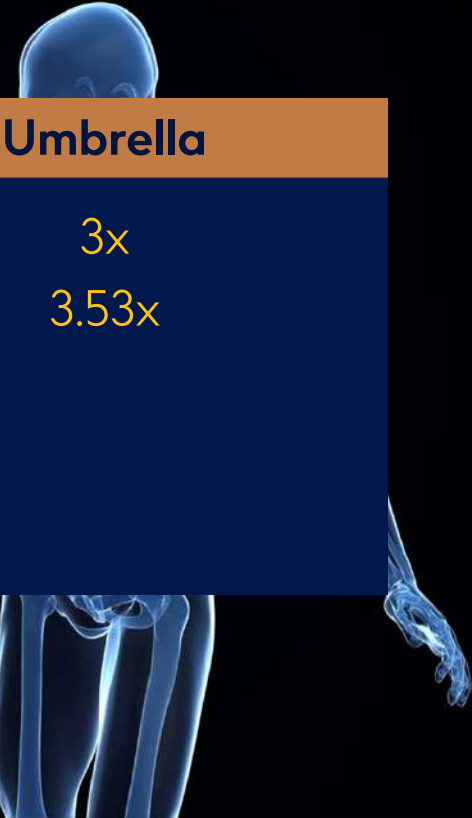
Approved
Unapproved

Standalone

3.25x
3.57x

Umbrella

3x
3.53x



Severe Illness Benefit

75% would advise clients to offer

- Awareness
- Prevalence
- 1 in 4 according to CANSA



Contributions

	Standalone	Umbrella
Employer	9.9%	8.4%
Member	5.7%	5.5%
Total	15.6%	13.9%
Administration Charges	0.54%	0.64%
Risk Charges	1.45%	1.51%
Net Contribution	13.61%	11.75%
Replacement Ratio	80%	70%



Targeted Pension

- 2/3 Standalone funds
- 1/4 Umbrella participants

Jury out on RR

- 1/3 Standalone funds
- 2/5 Umbrella participants



Investment Strategies

80% in defaults

	Standalone	Umbrella
Balanced Active Fund	23%	18%
Balanced Passive Fund	10%	10%
Smooth Bonus Fund	5%	20%
Lifestage Strategy	60%	50%

60% of Consultants recommend Lifestage



Investment Strategies

Lifestage

- Manage investment risks
- At each Lifestage
- Optimize salaries in retirement
- Smooth transitions in working life



Investment Strategies

Pre-Retirement ... Post-Retirement

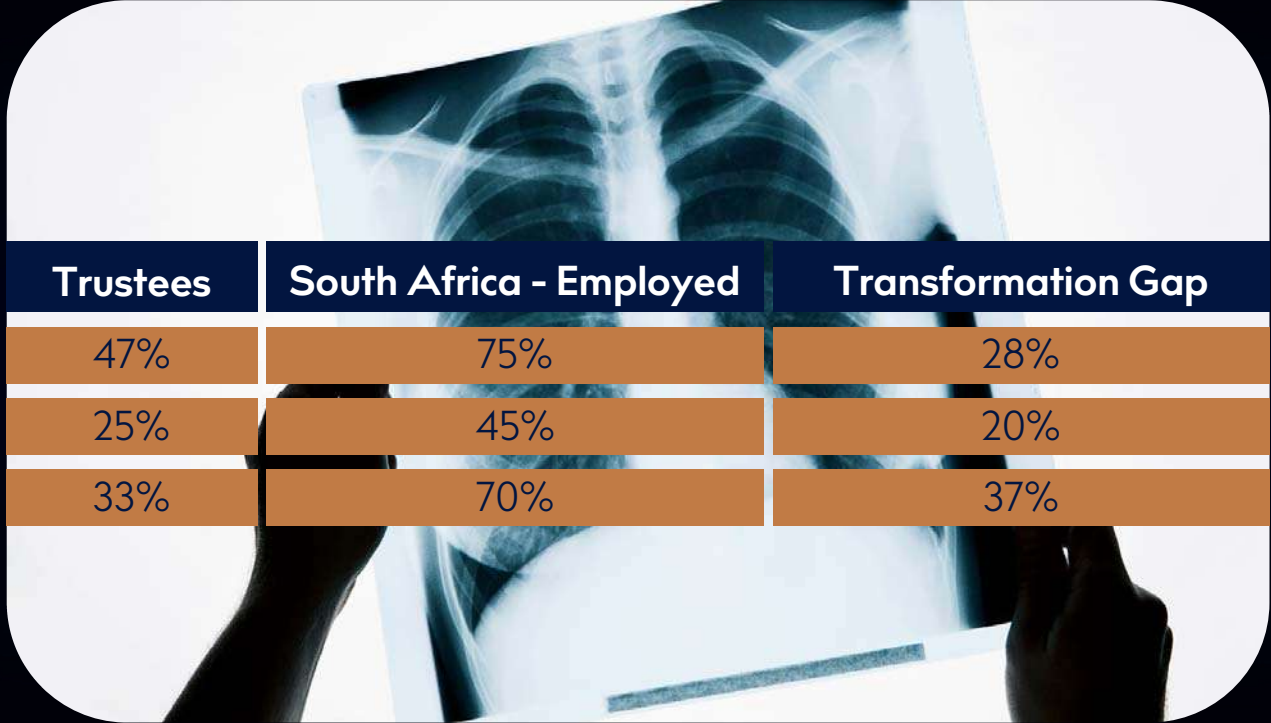
- Single transition
- Assets used to purchase an income
- Assets pre – should match assets post
- Investments to align with annuity strategy
- Asset/Liability mismatch risk



A Critical Mismatch

	Standalone	Umbrella
Not explicitly aligned with annuity strategy	52%	32%
Unsure whether aligned with annuity strategy	2%	26%
100% Cash in pre-retirement stage	40%	28%





	Trustees	South Africa - Employed	Transformation Gap
Black	47%	75%	28%
Women	25%	45%	20%
< 45	33%	70%	37%

Procurement

- 50% did not monitor procurement
- 15% indicated that no procurement from majority Black owned firms



Perceptions of FSC Scorecard

- Half believe that it will stimulate transformation
- 35% uncertain of impact
- 18% believe that it will have no impact
- 30% believe it will not impact ability to gain new appointments
- 20% believe that existing appointments will be affected
- 20% take scorecard into account when recommending suppliers

Gateway to Africa

- 33% of Consultants have clients with African links
- 55% managed from South Africa
- 30% allow regional entities to source locally



Gateway to Africa

- Obstacles – Legislative, Regulatory & Operating Context
- Constraints – Different providers per country, different policy conditions



Advice

49% 64%

	Standalone	Umbrella
Referral to preferred advisor	40%	34%
Advice subsidised / paid by fund	22%	22%



Retirement Benefits Counselling



Retirement Benefits Counselling

Paper communication	17%
Access to Benefits Counsellors	22%
Member sessions	20%
Contact by Financial Advisor at withdrawal	17%
Contact with HR at withdrawal	13%
Robo-counselling	11%

11%



One Stop Shop

92%

- Not locked in to a single provider
- Not product push

Blurring of institutional and retail contexts



Consultants

- High Quality ... Better Outcomes
- Regular reviews
- Innovation
- New entrants
- Costs
- Complacency



Differentiated / Advanced / Responsive

Answer	%
A	11%
B	0%
C	26%
D	10%
Sanlam	34%
Other	19%

