



DEFAULT REGULATIONS: A YEAR LATER...

Anna Siwiak

Head: Product Development

Sanlam Umbrella Solutions

Insurance | Financial Planning | Retirement | Investments | Wealth

DEFAULT REGULATIONS



- Default regulations came into effect 1 March 2019
- Have we had a take up of the default options?
- Have we learnt any lessons?
- Are we winning the trade off?



RECAP



④ **Regulation 37 – Default investment strategy**

Appropriate and reasonably priced

④ **Regulation 38 – Default preservation and portability**

Must provide for members who leave the service of the employer to become paid-up

④ **Regulation 39 – Default annuity strategy**

Must establish an annuity strategy that is appropriate and reasonably priced

Benefit counselling

PAID UP MEMBERS



> Elected paid-up members

- Complete a form, electing investment portfolio from full range
- Paid-up membership certificate issued
- Moved to central paid-up member group

> Defaulted paid-up members

Month	1	2	3	4	5	6	7	8+
Administration fee	●	●	●	●	●	●	●	●
Investment portfolio	●	●	●	●	●	●	●	●
Member group	●	●	●	●	●	●	●	●
Paid-up certificate	●	●	●	●	●	●	●	●
Home loans, Section 37D, etc	●	●	●	●	●	●	●	●

PAID UP MEMBERS



- ⦿ Defaulted paid-up category - a new “unclaimed benefits” issue?
- ⦿ Roughly 400 members a month
- ⦿ Benefit values are small

PHASED RETIREES



- ⤵ Not a default regulation, but a that change came into effect when paragraph 4 of the Second Schedule was amended 1 March 2015.
- ⤵ The date on which the lump-sum benefit accrues to members for tax purposes is the date on which members choose to retire and receive the payment of their benefit from the fund, and not on the normal retirement age.



BENEFIT COUNSELLING



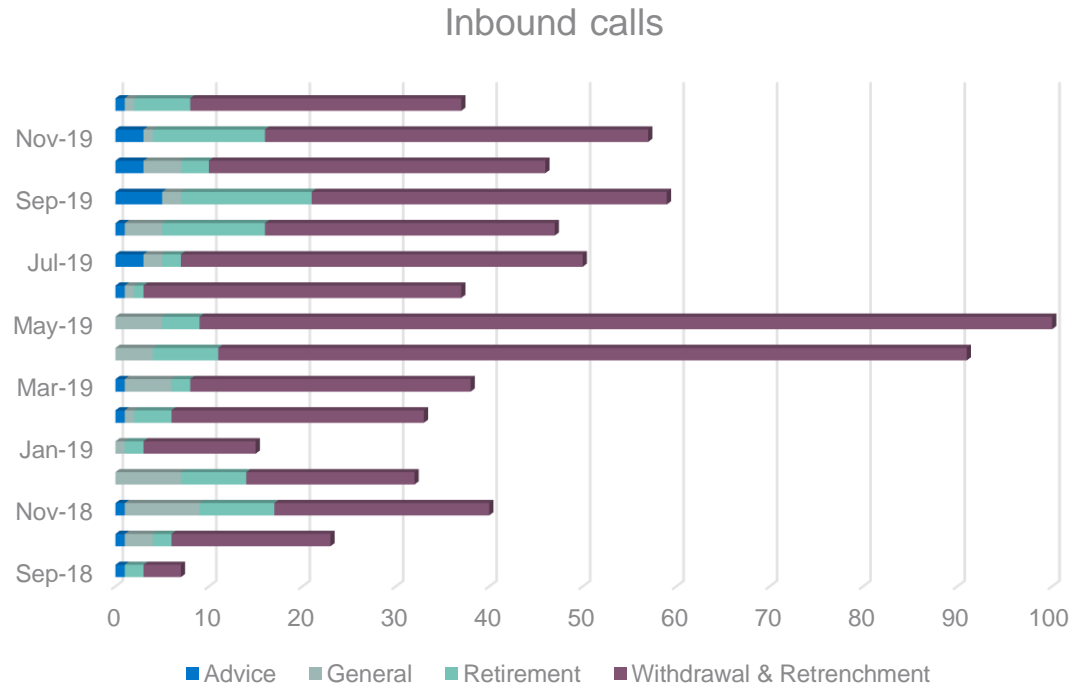
- Sanlam Umbrella Fund implemented Benefit Counselling services & online tool in 2016
- Toll-free number members can call for information & counselling



BENEFIT COUNSELLING



- Calls to counsellors started slow but have picked up



BENEFIT COUNSELLING



- Sanlam Umbrella Fund trustees confirmed a more **pro-active** strategy was required
- Not all members were aware of the counselling service
- They commissioned IMS to pro-actively **contact members** nearing retirement and who have withdrawn to provide counselling & information to members



BENEFIT COUNSELLING

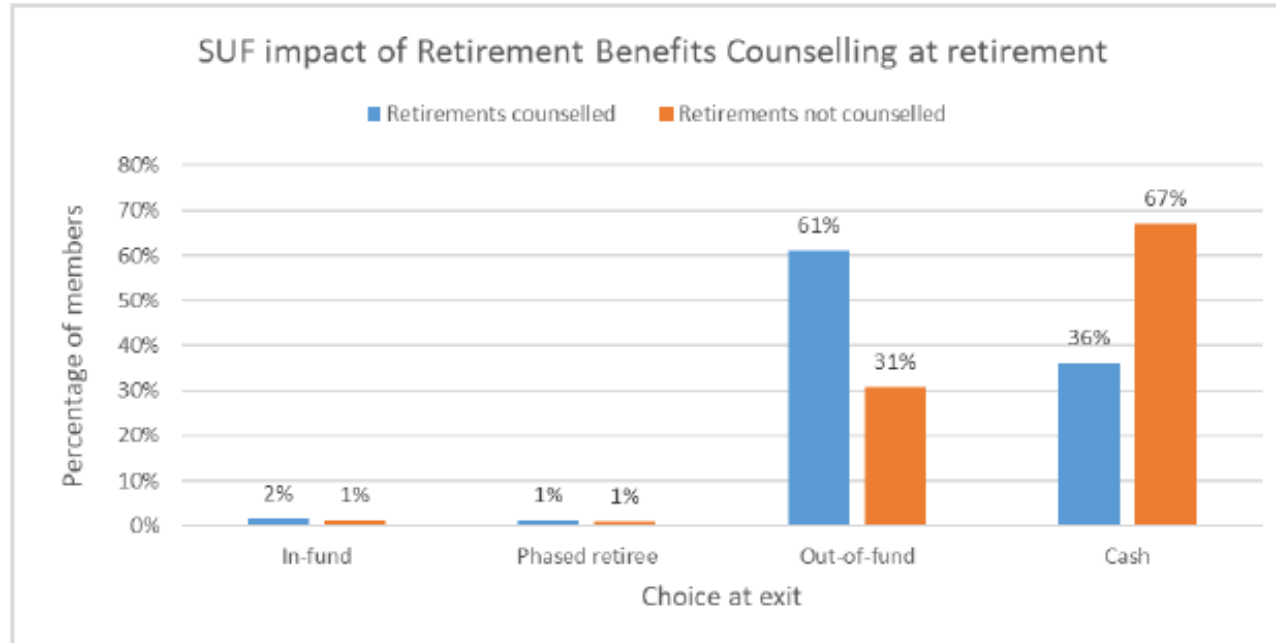


- ④ On average **130** members retire from Sanlam Umbrella Fund monthly
- ④ On average **2000** members withdraw or are retrenched from the Sanlam Umbrella Fund monthly
- ④ IMS have been able to contact 60% of retirees, and 58% of withdrawing members
- ④ The biggest issue is the **lack of member contact numbers!**
- ④ But does the counselling make a **difference**?

BENEFIT COUNSELLING



At retirement

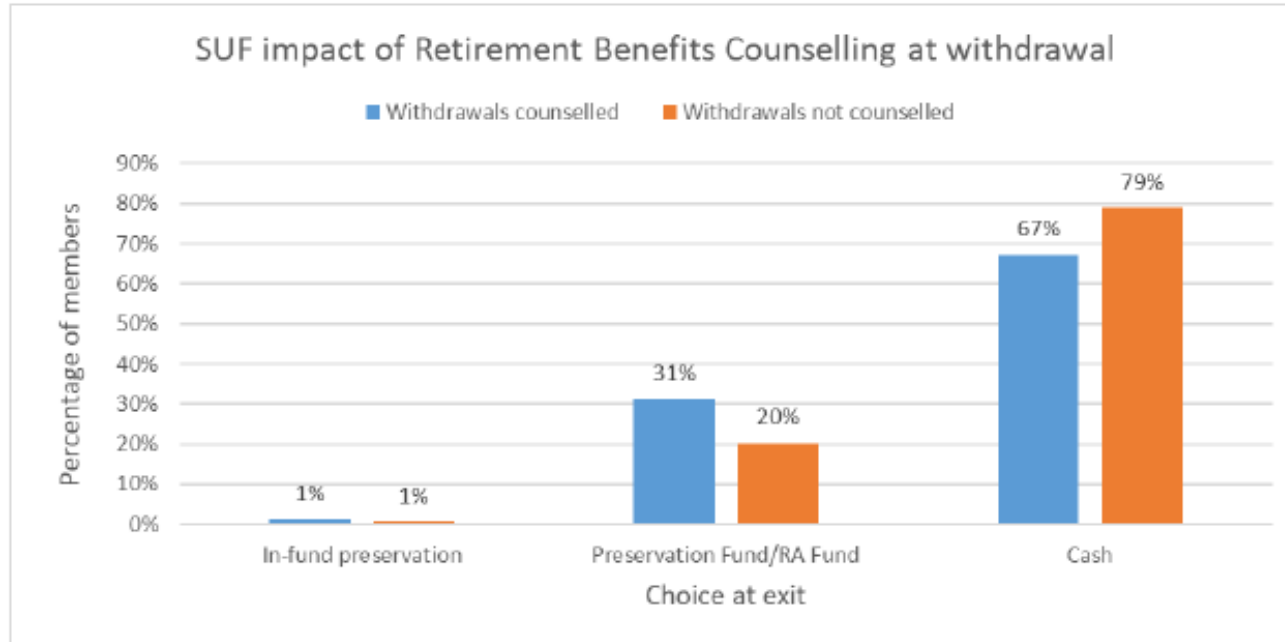


- ③ 36% counselled members took cash as opposed to 67% of retirees not counselled
- ③ To date: 71 in-fund annuitant members

BENEFIT COUNSELLING



But on withdrawal...



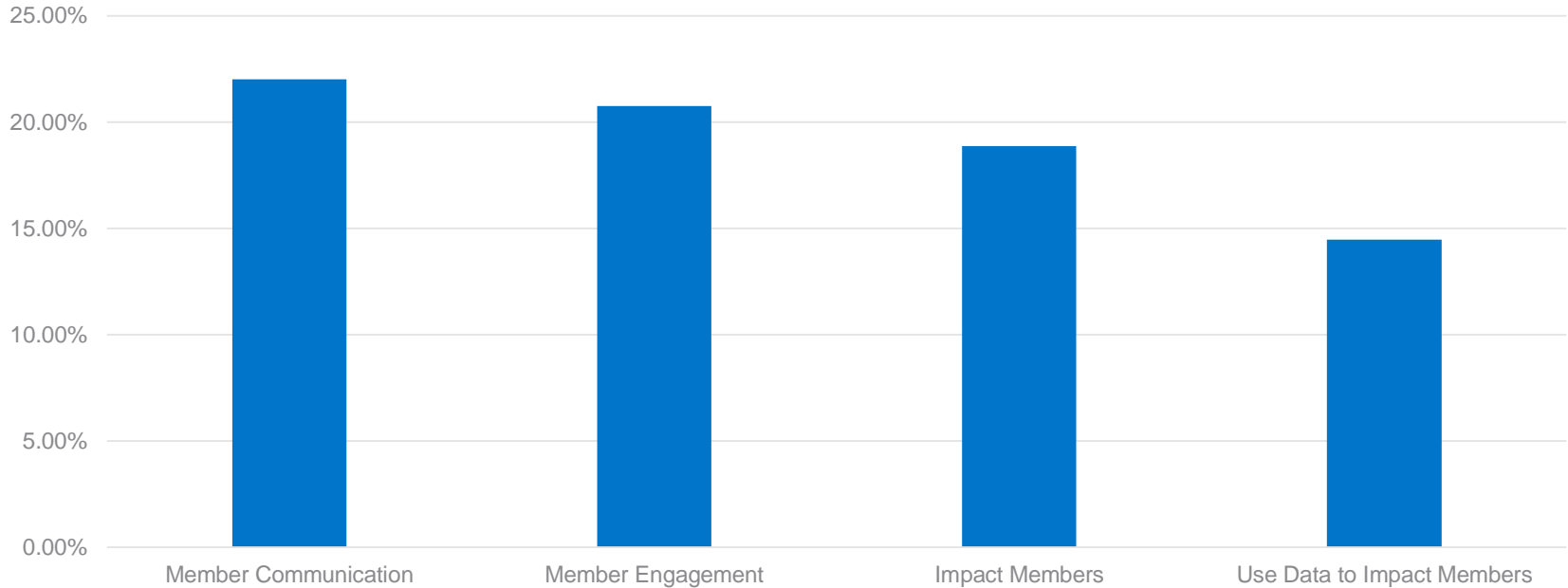
➤ 50% more members preserving after counselling!

LEARNINGS AND CHANGES

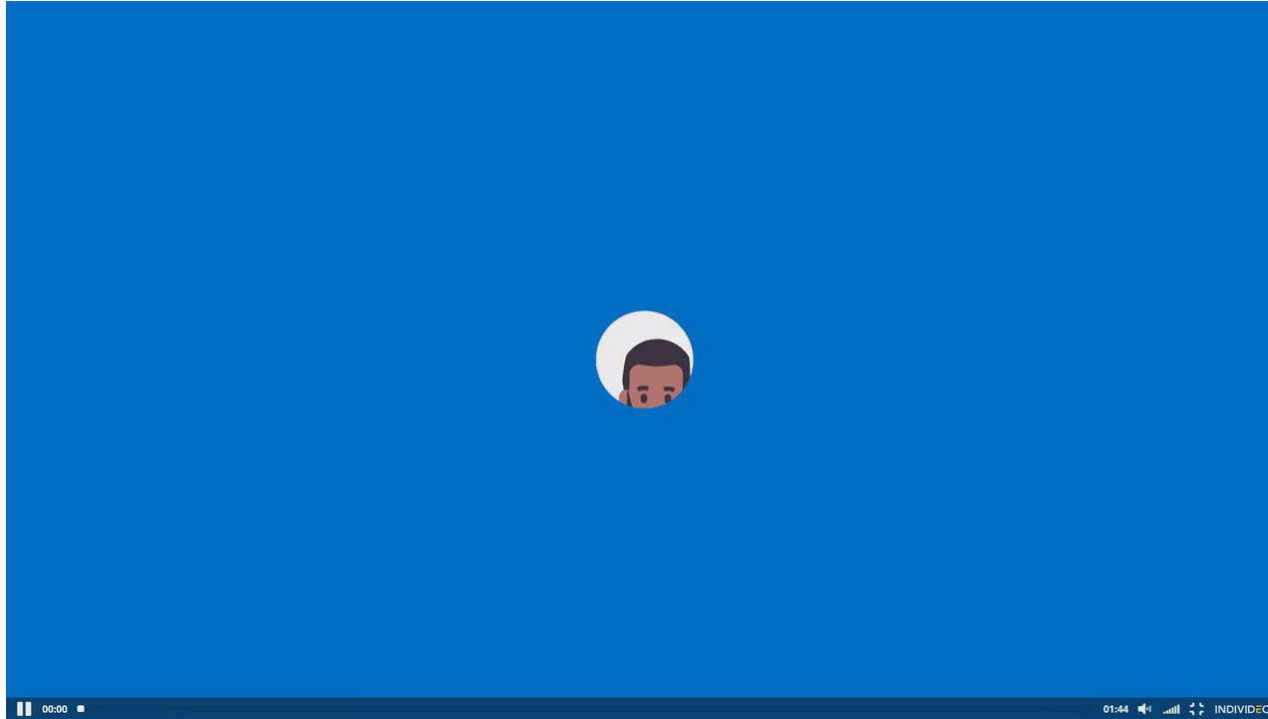


- ⑤ Sanlam Umbrella Fund has refined fees for paid-up members, phased retirees and claims in progress
- ⑤ Previously 0.10% of member value excluding Vat, subject to a minimum of R25pmpm and a maximum of R125pmpm
- ⑤ New **flat fee** of R26.50pmpm excluding Vat
- ⑤ The importance of obtaining **contact details** for members.
- ⑤ Counselling of members **makes a difference!**

CHANGING NATURE OF ADVICE



INTERACTIVE MEMBER VIDEOS



INTERACTIVE MEMBER VIDEOS



Have you thought about

what you will do with your retirement
savings when you finish working?

Yes

No

MEMBER SPECIFIC VIDEOS



- ⌵ Personalised
- ⌵ Interactive
- ⌵ Fund specific information regarding defaults
- ⌵ Launching soon