SANLAM BENCHMARK

Viresh Maharaj

Managing Executive

Sanlam Corporate Distribution

Insurance | Financial Planning | Retirement | Investments | Wealth

SANLAM **BENCHMARK 2020**

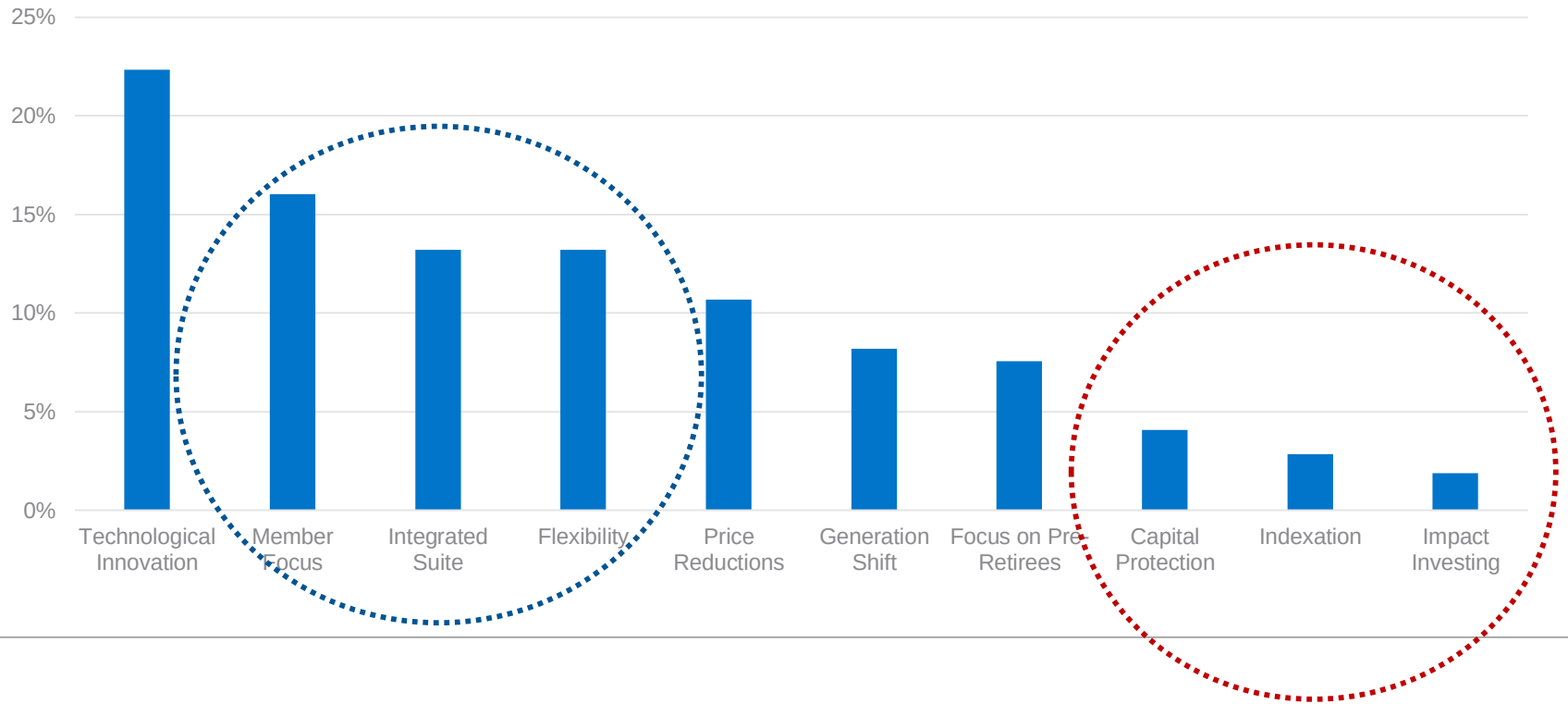
Research Plan

- 106 Benefit Consultants } Today

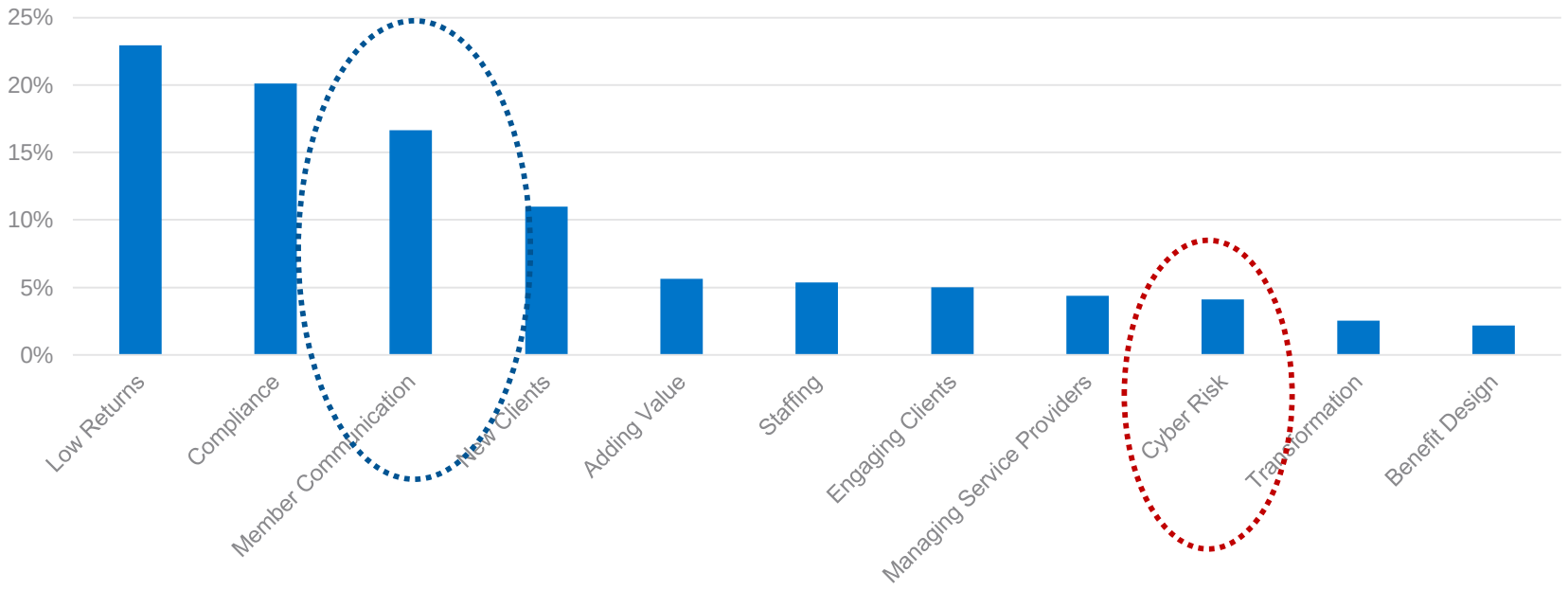
- 35 Intensive Interviews (members & pensioners)
- Trustee Survey
- Sanlam RFA Data

ALL ABOUT **ME/MBERS**

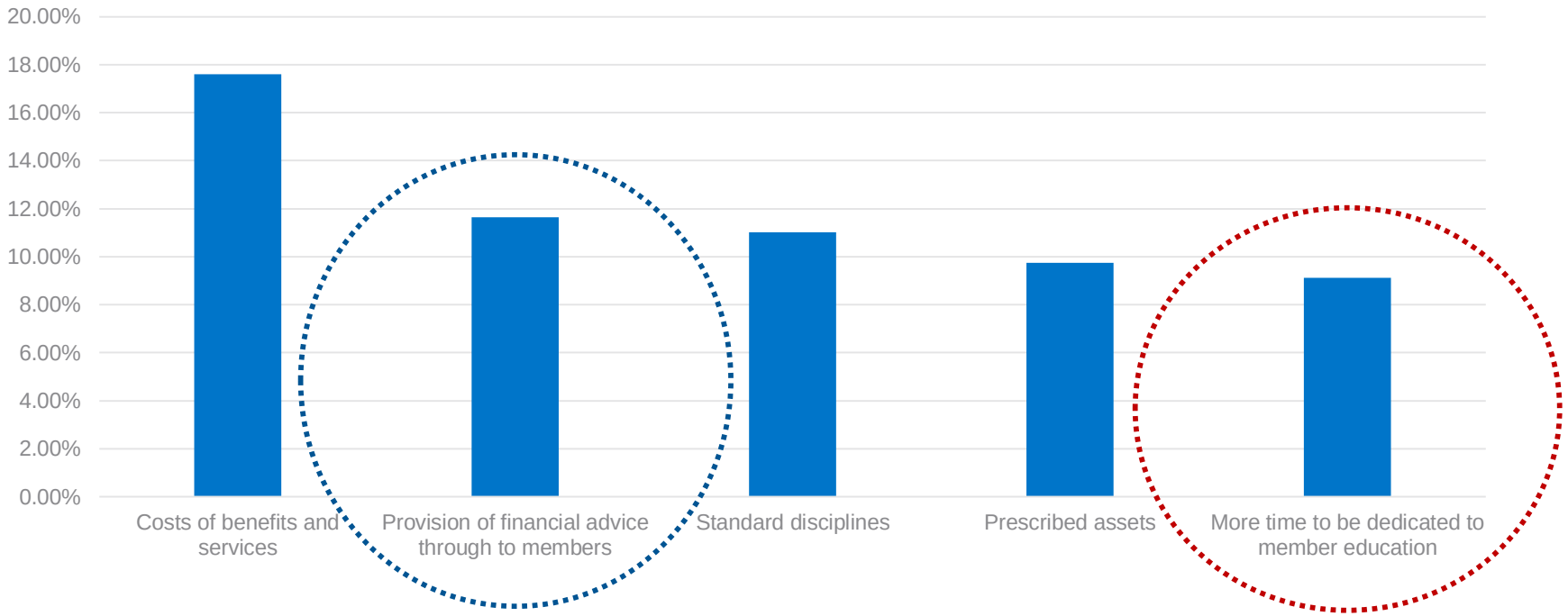
TOP **TRENDS**


25%
20%
15%
10%
5%
0%
Technological Innovation
Member Focus
Integrated Suite
Flexibility
Price Reductions
Generation Shift
Focus on Pre-Retirees
Capital Protection
Indexation
Impact Investing

TOP 3 **BUSINESS CHALLENGES**

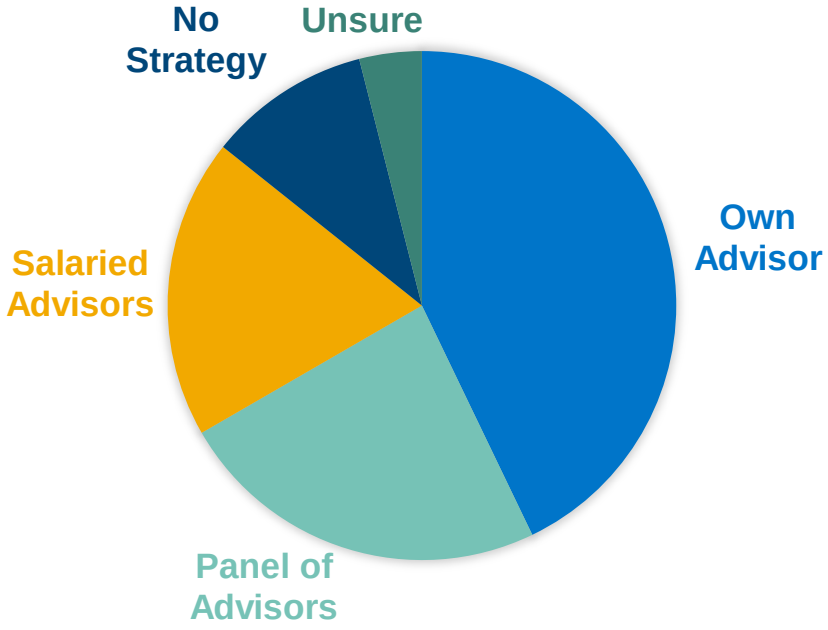


TOP 3 **ADVICE THEMES**



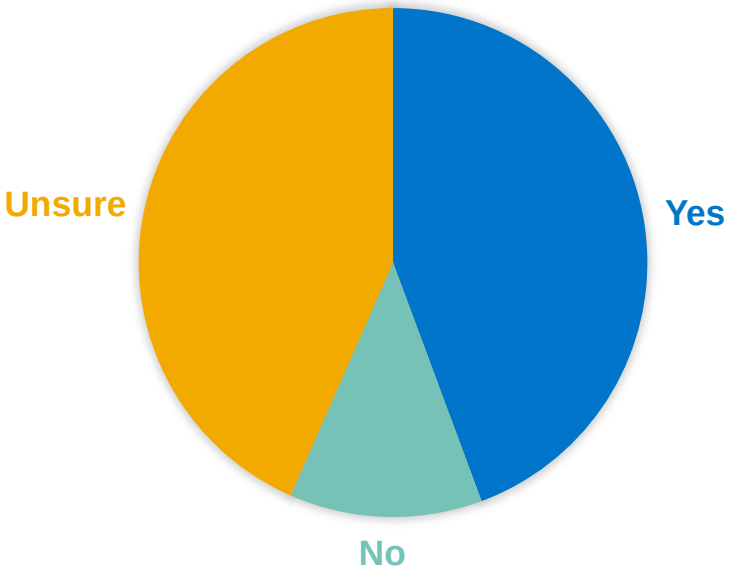
CHANGING NATURE OF **ADVICE**

ADVICE **STRATEGY**



- Bulk of members do not have access to ‘Own Advisor’
- Experienced significant benefits of employer vetted advice structures
- High Quality Financial Advice adds tremendous value
- NB link in Member-centric strategy

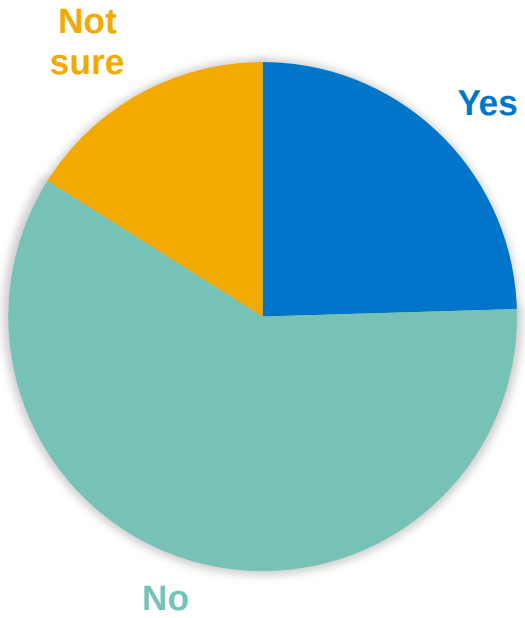
BUYING DOWN OF **MEDICAL AID**



- Financial pressures
- Increasing costs of medical aid
- Sandwich Generation
- Impacts Retirement Funding

- Split Risk
- Importance of Gap Cover

LOYALTY **PROGRAMS**



- 24% have experienced the introduction of loyalty programs
- Connect with Members
- Enable member communication
- Monitor this space

DOES FINANCIAL LITERACY TRAINING ADD **MEANINGFUL VALUE**

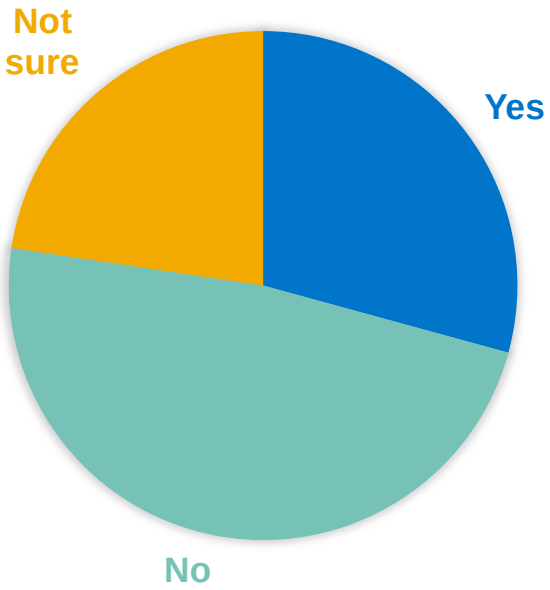
"I found it really useful because it was simple and easy to understand and because there was no advertising of a specific product. Finally these concepts have been explained in a way that makes sense! The presenter was engaging and knowledgeable. All in all, a very good session."

"I think it was very informative ... the speaker was good and was able to break it down into bite-sized chunks for those of us less clued up on finances. I look forward to the next few sessions."

- Overwhelming support
- Execution
  - Generic Information
  - Empowering
  - Opt In for Advice
  - Feedback Loop

SHIFT **HAPPENS**

HAVE DEFAULT REGS LED TO FUNDS CONSIDERING **MIGRATING TO UMBRELLAS**



- Onerous requirements
- Responsibility post-employment
- Annuity Choices

- Monitoring / Enforcement …
- Next Wave?

UMBRELLA MARKET **SHARE**

UMBRELLA FUNDS			
RANK	SPONSOR	ASSETS	# MEMBERS
1	Old Mutual	R 116,443,682,622	466,995
2	Alexander Forbes	R 83,718,199,614	399,230
3	Momentum Metropolitan	R 55,635,954,856	416,848
4	**Sanlam***	**R 45,000,000,000**	**255,190**
5	Liberty	R 36,676,712,134	365,722
6	Willis Towers Watson	R 6,442,261,246	12,645
7	NMG	R 6,347,283,261	45,787
8	GTC	R 6,014,197,066	38,709
9	Sygnia	R 5,210,417,862	31,611
10	10X	R 3,973,903,406	30,051
19	Discovery	R312,000,000	6,610

UMBRELLA MARKET **SHIFT**

UMBRELLA FUNDS				2009	
RANK	SPONSOR	ASSETS	# MEMBERS	Assets (R'Bn)	#Members
1	Old Mutual	R 116,443,682,622	466,995	9	250,000
2	Alexander Forbes	R 83,718,199,614	399,230	15	130,000
3	Momentum Metropolitan	R 55,635,954,856	416,848	8	200,000
4	**Sanlam*** ▲	**R 45,000,000,000**	**255,190**	**3**	**50,000**
5	Liberty ▼	R 36,676,712,134	365,722	13	210,000

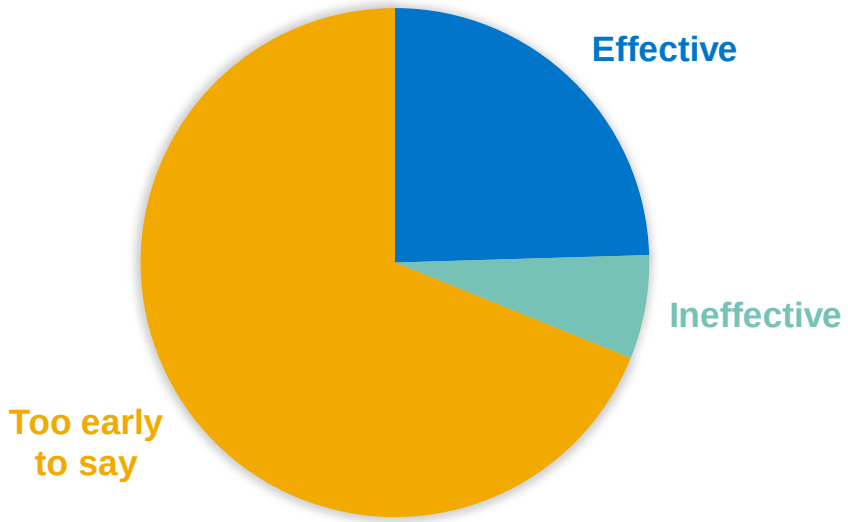
> R370,000,000,000 AUM

> 2,160,000 members

> 1,000,000 members moved into UF's over 10 years

FSCA DATA 31/12/2019

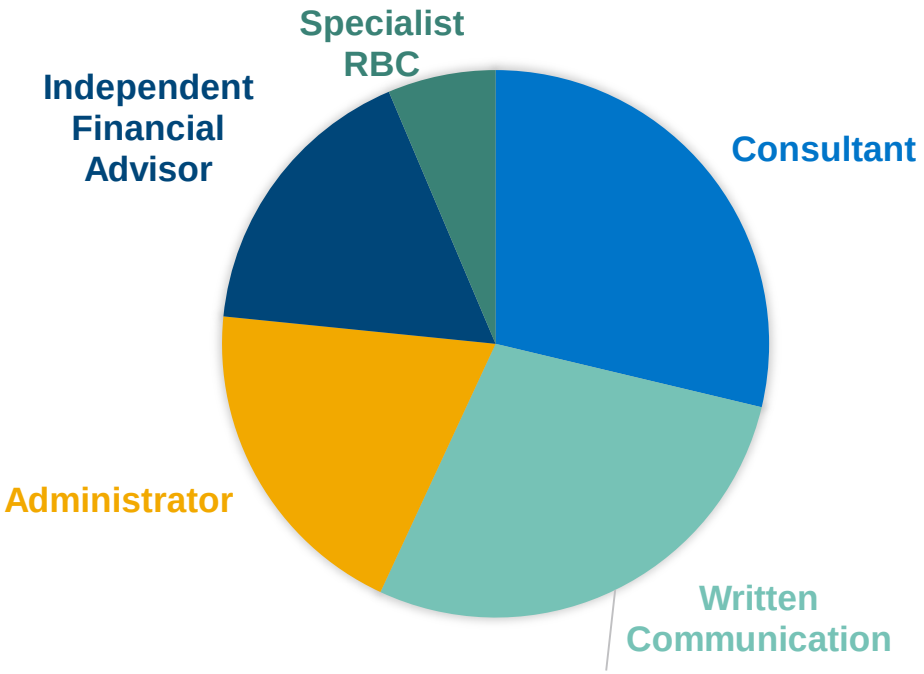
ARE DEFAULT REGS **EFFECTIVE**



- Already 24% confident
- Skeptics remain
- Monitor closely

- Measurement?
- Outcomes Important
- Focus on Annuities

RB **COUNSELLING**



- Written Communication alone

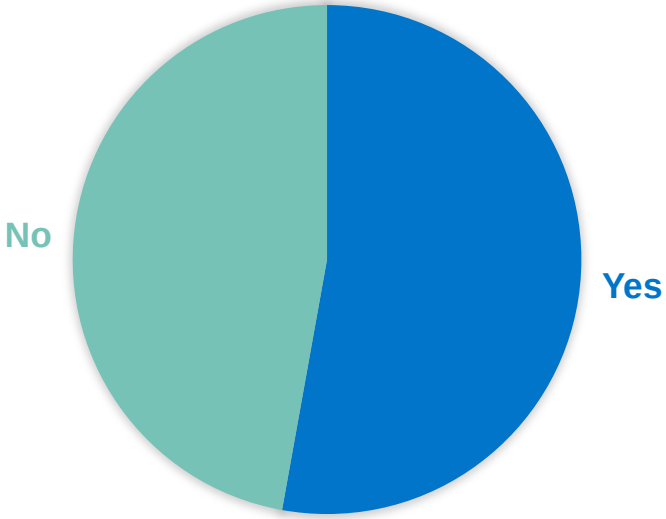
Ineffective … will fail

- Member sessions …

Selection bias

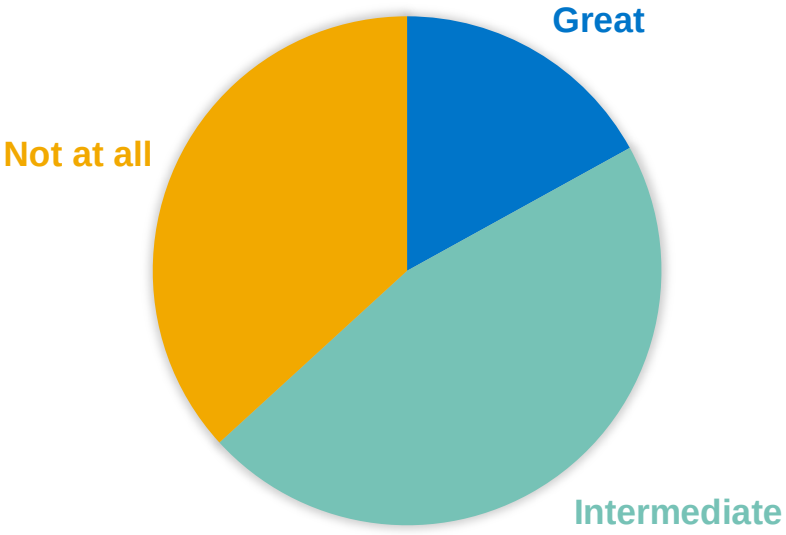
- Wealth spectrum
- Conflict of Interest

USE **FSC SCORECARD**



- Voluntary … for now
- Hygiene Factor?
- Unpack details

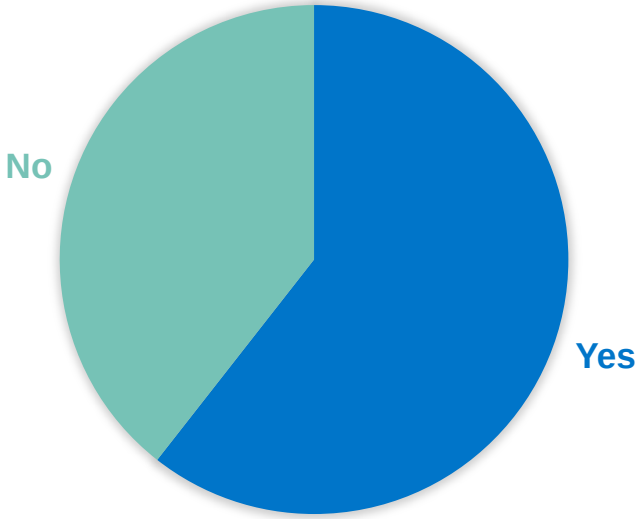
INFLUENCE **CHOICE**



- Ticket to the game?
- Lip service?
- Impact on SA

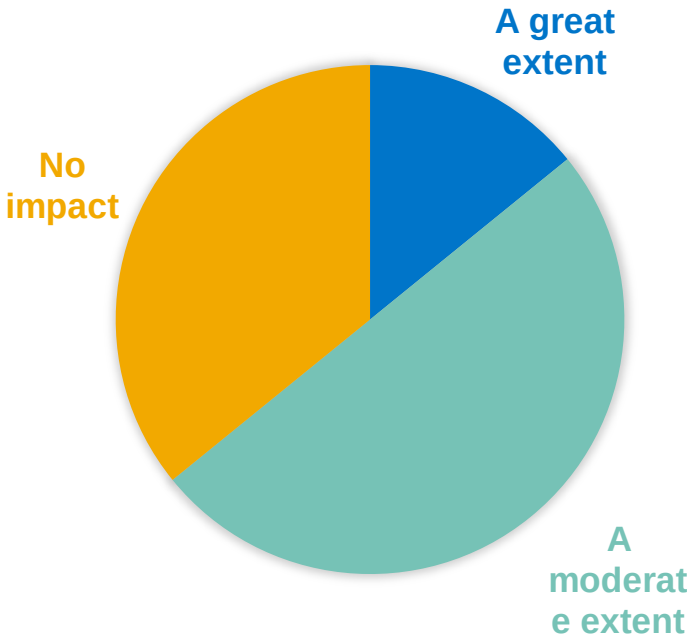
RISK

HAS RISK PRICING **STABILIZED**



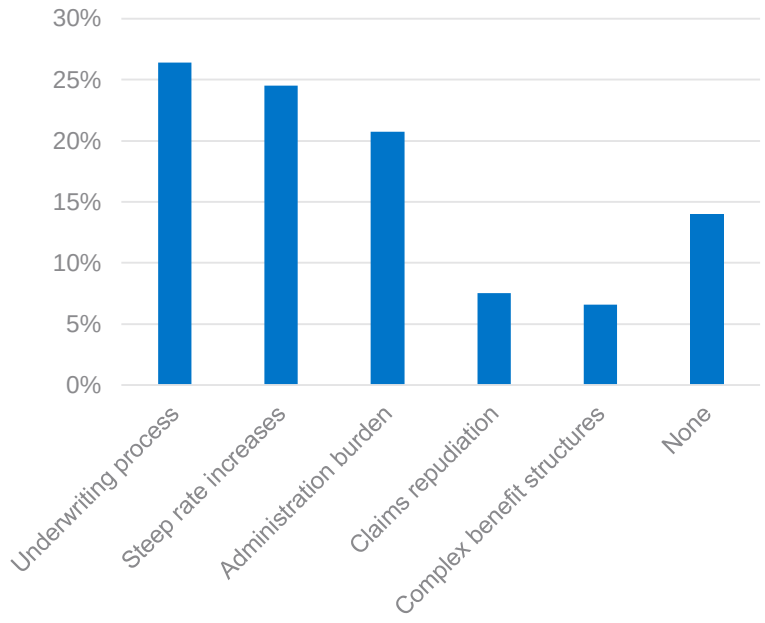
- Large rate increases
- Changes in claims management
- Linked to economic cycle
- Not out of the woods yet
- PPR’s

IMPACT OF **PPR'S**



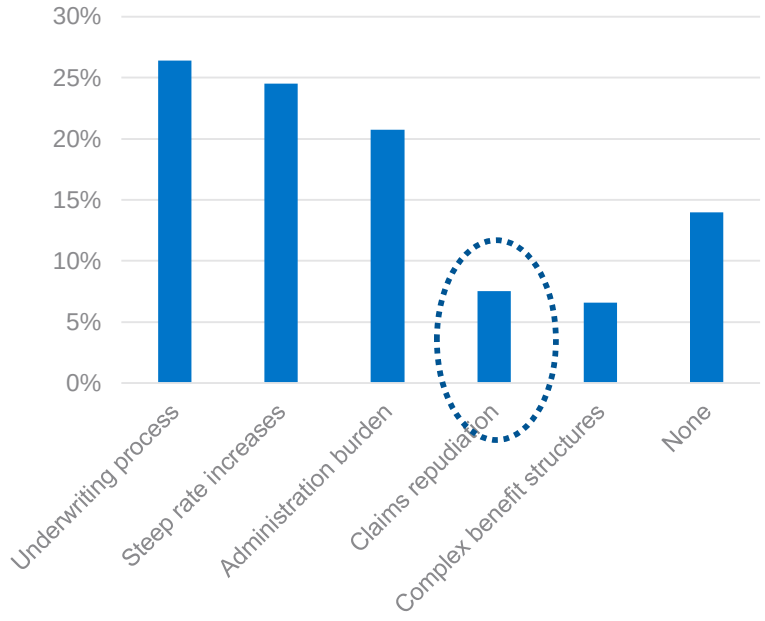
- Awareness
- Application
  - ROA's
  - Communication to members
  - Comparisons
- Underestimating Impact

GROUP RISK **FRUSTRATIONS**



- Scope for Innovation
  - Accident Booster
- Risk Management
- Technology

GROUP RISK **FRUSTRATIONS**



	Complaints	% Ruled In favour of complainants
Sanlam Life	276	16%
Old Mutual	855	25%
MMI	328	34%
Liberty	606	35%
Hollard	868	44%

2018 LTI Ombudsman Annual Report

TOP FACTORS – **GROUP RISK**

- Price
- Service Levels
- Claims

…

- Brand
- Size
- Empowerment Status

- Delivery gets you to the table
- Price determines the winner
- Learnings from history
- Member focus …
- Post PPR’s?

TOP FACTORS - **UMBRELLA**

- Price
- Administration
- Investment Range

…

- Financial Strength of Sponsor
- Cybersecurity
- Empowerment Status

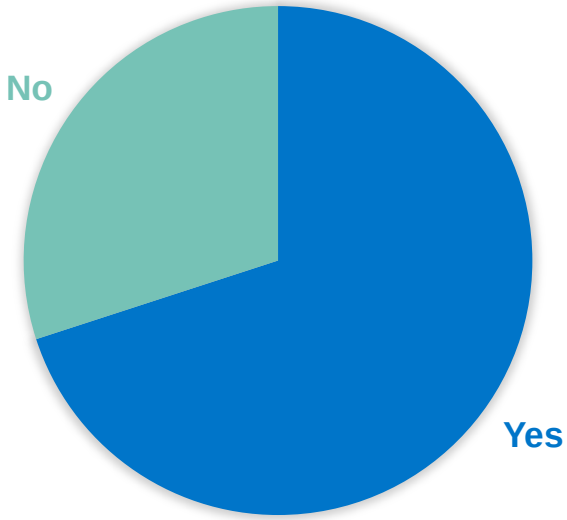
- Impact of RSC
- Unseen Costs
  - Time
  - Effort
  - Risk
- Member Engagement
- Significant Differences
- Self-fulfilling prophecy?

TOP FACTORS - **INVESTMENTS**

- Price
- Track Record
- Style
- …
- Service Levels
- Brand
- Empowerment Status

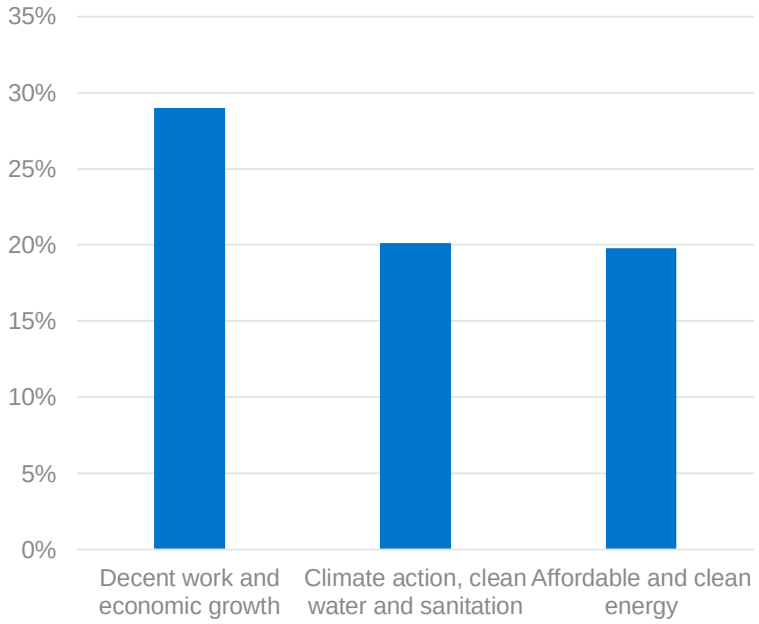
- Focus on Fees
- Increased Transparency
- Low Return Environment
- Noise
- Confidence

PASSIVE **STRATEGIES**



- Widespread Consideration
- Passive-only Unpopular
- Used in Portfolio Construction
- Smart Beta?

IMPACT **INVESTING**



- Major Trend Globally
- Asset Managers
- Funds/Employers/Consultants?
- Connection with Members?

Sanlam
Wealthsmiths™