

MEMBER

# Shaping the future of the retirement fund industry



Employee Benefits

BENCHMARK | SURVEY

2010

#### 2010 BENCHMARK SYMPOSIUM BY SEB

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

#### 2010 BENCHMARK SURVEY BY SEB

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

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

## FOOTNOTES

### Sample size

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

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

### Totals

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

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# Forward

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

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

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

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

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

**Paul Myeza**

CHIEF EXECUTIVE OFFICER  
SANLAM EMPLOYEE BENEFITS



# Introduction

Sanlam Employee Benefits (SEB) is proud to present you with the results our pioneer BENCHMARK Member study.

The retirement fund landscape has evolved to such an extent that it no longer makes sense to research issues of retirement funding from the perspective of fund trustees in isolation.

As part of the 2010 Sanlam BENCHMARK Survey, we have included extensive member and pensioner surveys.

The data reflected in this report is based on 750 interviews with active fund members. The respondents have been split to include a 75:25 ratio between members on employer sponsored schemes and individuals who only contribute to a retirement annuity fund. This research allows us to examine the active members' awareness and understanding of the benefits provided.

The average age of members who participated in the study is around 47 years and who have contributed to a retirement vehicle for an average period of 16.5 years, with males contributing for a slightly longer period than their female counterparts.

Whilst it is reassuring to see that around 14% of members on employer sponsored schemes supplement their retirement provision by contributing to a retirement annuity.



While most members want the reassurance of saving for retirement, there are a large number of members for whom their retirement fund is far removed from their everyday life. As a result of this disengagement:

- 69% of active members could not name a single fund trustee
- Only 33% of members were aware that they could nominate trustees
- Only 45% of members understand the effect of market movements on their fund value
- 43% of members do not know how their retirement fund assets are invested
- Only 32% of active members are aware of Government's retirement reform initiatives
- 69% of members believe that their death benefits will be distributed according to their wishes which could indicate a lack of understanding of Section 37C of the Pension Funds Act.

Where funds provide a default investment choice, the main reasons members cited for investing in the default option include:

- Confidence in trustees to make sound investment choices (79% of responses)
- Peace of mind in knowing that retirement savings are growing without any interest in where the money is invested (43% of responses)
- Lack of knowledge to structure own investment portfolios (10% of responses)



One of the most topical issues in the retirement reform discussion centres on whether to compel members through legislation to preserve their retirement fund savings when they change jobs. The concern stems from the fact that too many members take their withdrawal benefit in cash and “squander” it before retirement. In retirement, these members become reliant on their families and the State to supplement any shortfall in their retirement income.

Of the active members less than 20% have ever withdrawn from a retirement fund through resignation or retrenchment. Of these, a majority of two thirds have taken their withdrawal benefit in cash. But it would appear that cash withdrawals are utilised by at least two thirds to settle debt, 26% invest the cash and 10% start their own business. With each of these options there is a risk and at SEB we strongly advise members to preserve their retirement benefits. Any consideration to take any withdrawal benefit in cash should not be exercised without seeking financial advice. Members had however indicated that they are fully aware of the tax implication of early withdrawal and the fact that they would not be able to make-up the loss in contribution values or contribution years.

Half of the members surveyed believe that they are on track to meet their financial goals in retirement. Three quarters believe that one should start to save for retirement from

as early as age 20. A quarter only anticipates seeking financial advice less than five years before retirement. It seems that members' main concern for retirement is having enough money to maintain their current lifestyle. On average, members expect that at retirement one should have at least 10.8 times their pre-retirement annual salary.

Two thirds of active members believe that both retirement benefits and death and disability benefits are equally important, indicating that members often have dual and conflicting objectives for their retirement savings.

The main objective of BENCHMARK Member Survey is to provide fund trustees and members with insights into members' attitudes and behaviour towards retirement funding.

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

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

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# Methodology and sample

The 2010 BENCHMARK Member Survey was conducted among 750 active members of retirement funds. Participation in the survey was based on respondent's employment and contribution to a form of retirement provision either via an employer sponsored scheme or a retirement annuity fund.

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

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

## Sample size

The tables and graphs in this report are based on responses by 750 active members.

The sample size is 750 but in some instances the base size is  $n \neq 750$ , namely:

- $n < 750$  where the question was not applicable to all participants
- $n > 750$  where the question allowed for multiple responses.

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



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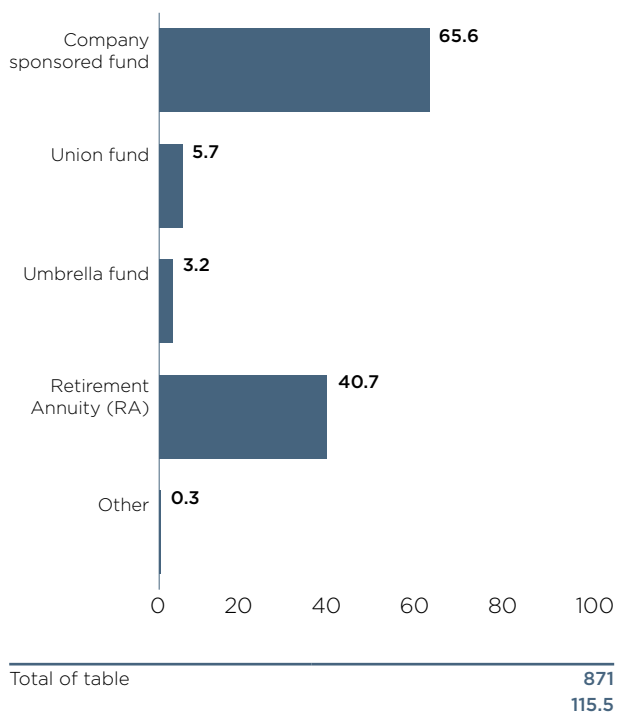
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## SECTION A: DEMOGRAPHICS

**Q.A1** How would you describe your current working status, using one of the following categories?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Employed part-time	20
	2.7
Employed full-time	570
	75.6
Self-employed	164
	21.8
<b>SUMMARY</b>	
Any employed	590
	78.2
Total of table	754
	100

**Q.A2** Do you contribute towards any of the following forms of retirement provision at present?



**Q.A3** Which of the following best describes your retirement fund?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	100
Pension fund	349
	63.6
Provident fund	183
	33.3
Hybrid fund	16
	2.9
Don't know	1
	0.2
Total of table	549
	100

**Q.A4** With which life office / company is your retirement fund / annuity invested?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Allan Gray	15
	2
Investec	11
	1.5
Liberty	69
	9.2
Metropolitan	63
	8.4
Momentum	52
	6.9
Old Mutual	253
	33.6
Sanlam	155
	20.6
Alexander Forbes	41
	5.4
Government pension	47
	6.2
Railway/Spoornet	9
	1.2
Discovery	3
	0.4
Municipality	2
	0.3
Other	81
	10.7
Don't know	64
	8.5
Total of table	865
	114.7

**Q.A5 GENDER**

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Male	529
	70.2
Female	225
	29.8
Total of table	754
	100

**Q.A6 ETHNICITY**

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Black	224
	29.7
Coloured	83
	11
Indian	79
	10.5
White	368
	48.8
Total of table	754
	100

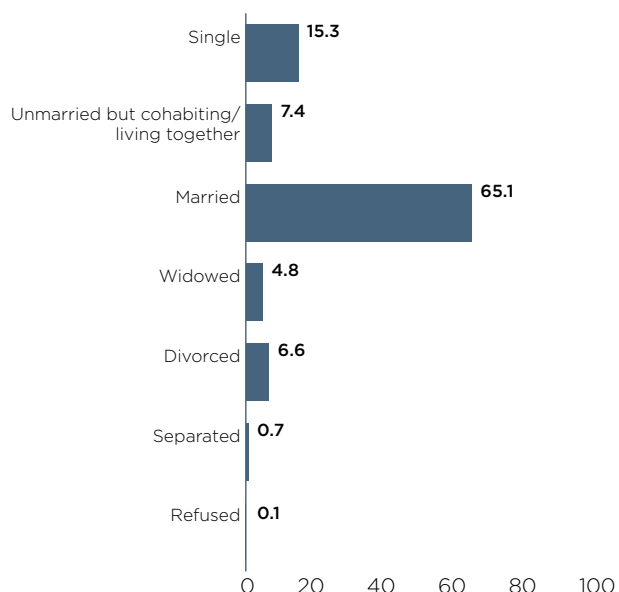
**Q.A7 Which of the following best describes your age category?**

	TOTAL
BASE: ALL RESPONDENTS	754
	100
25-30 midpoint (27)	59
	7.8
31-35 (33)	65
	8.6
36-40 (38)	64
	8.5
41-45 (43)	98
	13
46-50 (48)	158
	21
51-55 (53)	176
	23.3
56-60 (58)	93
	12.3
61-65 (62)	41
	5.4
Mean	46.73
Total of table	754
	100

**Q.A8 Which of the following best describes your personal monthly income before taxes?**

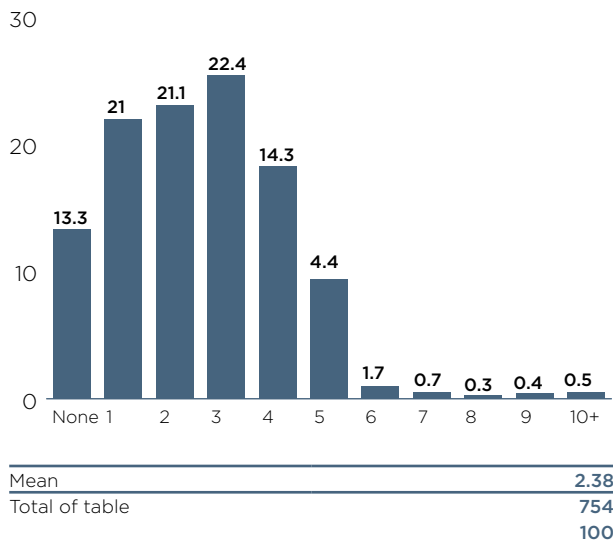
	TOTAL
BASE: ALL RESPONDENTS	754
	100
R1 000-R2 999	4
	0.5
R3 000-R5 999	90
	11.9
R6 000- R9 999	176
	23.3
R10 000-R19 999	249
	33
R20 000-R29 999	111
	14.7
R30 000-R39 999	34
	4.5
R40 000 +	25
	3.3
Refused	65
	8.6
Mean	15 449
Total of table	754
	100

**Q.A9 What is your marital status?**



Total of table	754
	100

**Q.A10** How many dependants do you have, including your spouse(s) (if applicable), child(ren) and any others who are financially dependant on you?



## SECTION B: RETIREMENT FUNDING

**Q.B1** What is the normal retirement age of your fund/company?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	100
51 - 55 (53)	25
	4.6
56 - 60 (58)	206
	37.5
61 - 63 (62)	54
	9.8
64 - 65 (64.5)	199
	36.2
65+ (67)	39
	7.1
Not sure	26
	4.7
Mean	61.32
Total of table	549
	100

**Q.B2** At what age do you expect to go on retirement?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Under 50 midpoint(50)	10
	1.3
51 - 55 (53)	76
	10.1
56 - 60 (58)	261
	34.6
61 - 63 (62)	56
	7.4
64 - 65 (64.5)	200
	26.5
65+ (67)	98
	13
Not sure	53
	7
Mean	60.78
Total of table	754
	100

**Q.B3** For how many years, in total, have you been making contributions to a retirement fund and/or RA?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Less than 5 years (3)	118
	15.6
6-10 years (8)	138
	18.3
11-15 years (13)	99
	13.1
16-20 years (18)	139
	18.4
21-25 years (23)	96
	12.7
26-30 years (28)	86
	11.4
More than 30 years (35)	68
	9
Don't know	10
	1.3
Mean	16.46
Total of table	754
	100

**Q.B4** At this point in your life, which of the following is more important to you?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Retirement savings	212
	28.1
Death / disability benefits	27
	3.6
Both are equally important	506
	67.1
Neither is important to me	8
	1.1
Don't know	1
	0.1
Total of table	754
	100

**Q.B5** In your opinion, when is the right time to start saving for retirement?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
At age 20	567
	75.2
At age 30	146
	19.4
At age 40	13
	1.7
At age 50	2
	0.3
At age 60	5
	0.7
Other	3
	0.4
Don't know	18
	2.4
Mean	22.7
Total of table	754
	100

**Q.B6** Generally speaking, do you believe that you are on track to meet your financial goals at retirement, or do you feel that you are lagging behind with retirement savings?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes, I am on track	379
	50.3
No, I am lagging behind	289
	38.3
Don't know	86
	11.4
Total of table	754
	100

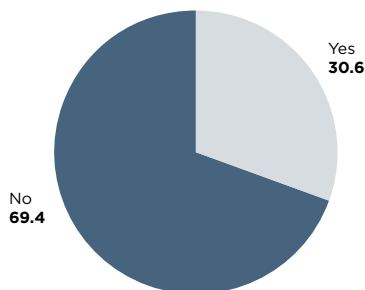
## SECTION C: MEMBER KNOWLEDGE ASSESSMENT

**Q.C1** How much do you currently contribute each month to your retirement annuity?

	TOTAL
MEMBERS OF RETIREMENT ANNUITIES ONLY	307
	100
Less than R300 per month	60
	19.5
R300 - R499 per month	94
	30.6
R500 - R1,000	76
	24.8
R1,001 - R1,500	31
	10.1
R1,501 or more	39
	12.7
Don't know	7
	2.3
Mean	744.5
Total of table	307
	100

**Q.C2a** Can you tell me the name of at least one of your fund's trustees?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	100



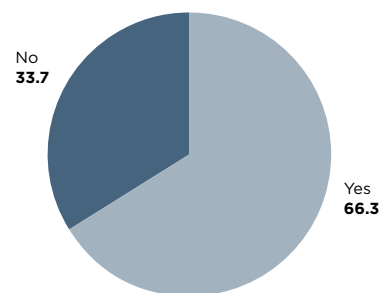
Total of table	549
	100

**Q.C2b** Do you have the option to nominate and elect your member trustees?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	100
Yes	183
	33.3
No	225
	41
Don't know	141
	25.7
Total of table	549
	100

**Q.C2c** Are you aware that the decisions made by the trustees affect your retirement savings and risk benefits (death / funeral/disability cover)?

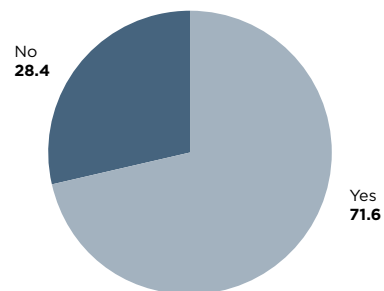
	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	100



Total of table	549
	100

**Q.C3** Do you know that copies of the Rules of the fund and copies of financial statements should be made available to all members at the registered office of the fund?

	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

**Q.C4** Have you heard about new legislation that allows ex spouses to claim a portion of the member's retirement benefit at the date of divorce?

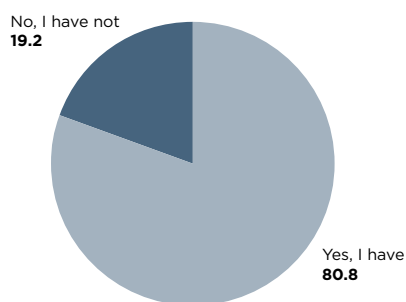
	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	446
	59.2
No	308
	40.8
Total of table	754
	100

**Q.C5** What is the process that retirement fund trustees would have to follow to distribute death benefits to your dependants?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
They have to distribute my death benefit according to my wishes	520
	69
They have to pay the money to my spouse / trust set up for the children	196
	26
Other	4
	0.5
I don't know	34
	4.5
Total of table	754
	100

**Q.C6** Can you tell me whether or not you have completed your beneficiary nomination form?

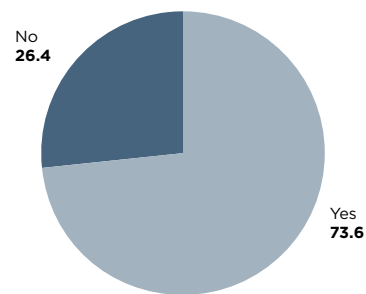
	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

**Q.C7** By law, deductions are allowed from your benefit. For example, if you owe money to your employer, this will be deducted from the benefit paid to your dependants. Were you aware of this?

	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

**Q.C8** Who would be your first point of contact when you have questions/problems related to your fund (e.g. understanding your benefit statement, looking at your fund value etc.)?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
The fund administrator	136
	18
A human resources (HR) officer	266
	35.3
A trustee	34
	4.5
An independent financial advisor / broker	205
	27.2
The fund call centre	70
	9.3
Work colleagues	14
	1.9
Other	11
	1.5
Don't know	18
	2.4
Total of table	754
	100

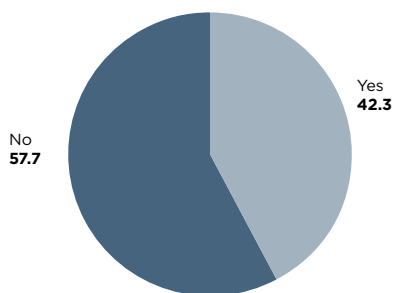


**Q.C9** Have you heard about the government’s proposal for a National Social Security Scheme, or NSSS?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	242
	32.1
No	512
	67.9
Total of table	754
	100

**Q.C10a** Have you heard about the government’s proposal for National Health Insurance, or NHI?

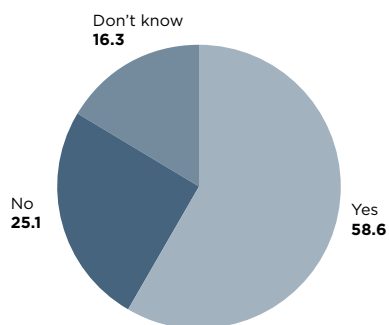
	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

**Q.C10b** Do you believe that National Health Insurance should form part of social security reform?

	TOTAL
BASE: ALL RESPONDENTS	319
	100



Total of table	319
	100

## SECTION D: MEMBER INVESTMENT CHOICE

**Q.D1a** Can you tell me whether or not your retirement fund / annuity provider allows you to make your own investment choice?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes, it does allow member investment choice	293
	38.9
No, it does not allow member investment choice	279
	37
Don't know	182
	24.1
Total of table	754
	100

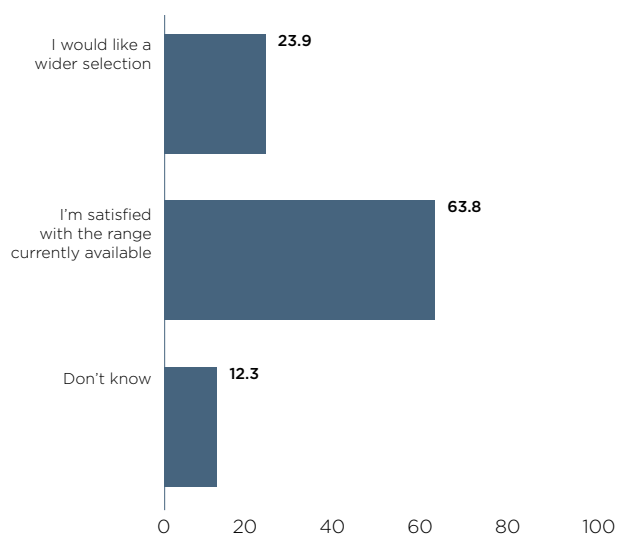
**Q.D1b** Are you confident that you have sufficient knowledge of investments to make your own investment decisions?

	TOTAL
RESPONDENTS WHO SAID FUND ALLOWS MEMBER INVESTMENT CHOICE	293
	100
Yes	171
	58.4
No	122
	41.6
Total of table	293
	100

**Q.D1c** Would you be more comfortable to make investment decisions if you were advised by an accredited investment intermediary?

	TOTAL
RESPONDENTS NOT CONFIDENT THEY HAVE SUFFICIENT KNOWLEDGE OF INVESTMENT TO MAKE DECISIONS	122
	100
Yes	91
	74.6
No	14
	11.5
Don't know/can't say	17
	13.9
Total of table	122
	100

**Q.D1d** Would you like to have a wider selection of asset managers, unit trusts and direct equity portfolios available to choose from or are you satisfied with the range of investment options currently made available to you by your retirement fund / annuity provider?



Total of table	293
	100

**Q.D2a** Can you tell me whether your retirement fund offers a default investment portfolio or not? This is an investment portfolio that trustees have chosen for members who do not wish to exercise their own investment choices.

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND AND HAVE MEMBER INVESTMENT CHOICE	176
	100
Yes, it does offer a default option	77
	43.8
No, it does not offer a default option	26
	14.8
Don't know	73
	41.5
Total of table	176
	100

**Q.D2b** Is the default option based on a life-stage model? A life-stage model is where specific investment portfolios are selected by the fund trustees and these change with your age (i.e your risk exposure decreases as you get older).

	TOTAL
THOSE AWARE OF DEFAULT OPTION	77
	100
Life stage	54
	70.1
Portfolio without life-staging	6
	7.8
Don't know	17
	22.1
Total of table	77
	100

**Q.D2c** Do you invest in the default option?

	TOTAL
THOSE AWARE OF DEFAULT OPTION	77
	100
Yes	42
	54.5
No	29
	37.7
Don't know	6
	7.8
Total of table	77
	100

**Q.D2d** Why do you invest in the default investment portfolio?

	TOTAL
THOSE INVEST IN DEFAULT OPTION	42
	100
I trust the Trustees to make sound investment choices	33
	78.6
I don't have enough knowledge/experience of investments to structure my own portfolio	4
	9.5
I don't trust/understand the other investment options available to me	1
	2.4
I just want to know that my retirement savings are growing, I'm not really interested in where the monies are invested	18
	42.9
Other	1
	2.4
Total of table	57
	135.7

**Q.D3** On what basis did you choose your current investment portfolio?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Your own investment knowledge	141
	18.7
Random choice	75
	9.9
Advice from a colleague	114
	15.1
Advice from an investment accredited intermediary (e.g. financial advisor or broker)	350
	46.4
Recommended by the trustees (i.e. the default option)	121
	16
Employer decided/had no choice	52
	6.9
Stipulated by the government	5
	0.7
Other	6
	0.8
Don't know	5
	0.7
Total of table	869
	115.3

**Q.D4** Can you tell me how your retirement fund money is currently invested?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Aggressively in a high equity portfolio	65
	8.6
Cautiously in a guaranteed investment	258
	34.2
Conservatively in cash / a balanced portfolio	57
	7.6
Diversified portfolio	44
	5.8
Other	3
	0.4
Don't know	327
	43.4
Total of table	754
	100

**Q.D5a** Does your fund/retirement annuity provider provide training courses or presentations on the investment options available to you?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	128
	17
No	431
	57.2
Don't know	195
	25.9
Total of table	754
	100

**Q.D5b** Are you interested in receiving training on how to invest your retirement savings?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	335
	44.4
No	396
	52.5
Don't know	23
	3.1
Total of table	754
	100

**Q.D5c** How frequently should this training be provided?

	TOTAL
THOSE INTERESTED IN RECEIVING TRAINING ON HOW TO INVEST RETIREMENT SAVINGS	335
	100
Quarterly	68
	20.3
Bi-annually	61
	18.2
Annually	134
	40
At induction, when you join the fund	50
	14.9
On withdrawal from the fund (e.g. when you move to another employer, if you are retrenched or you retire)	16
	4.8
Other	1
	0.3
Don't know	5
	1.5
Total of table	335
	100

**Q.D6** Do you understand the effect of market movements on your fund value?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	339
	45
No	366
	48.5
Don't know	49
	6.5
Total of table	754
	100

**Q.D7** What do you understand is meant when a member carries the investment risk?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Possibility of losing your money/if they don't make the right investments	84
	11.1
Worth of your investments are measured by the markets/risk depends on how the market performs/everything revolves around the market	115
	15.3
Don't have any control over the investment	5
	0.7
The risk of losing the money is my responsibility/whatever decision I make I am the responsible person	100
	13.3
No guarantee that you will make or lose money/no guarantee on your return/not all companies perform well/member investment can fluctuate	144
	19.1
Your interest is controlled by the value of the economic situation/lose your return in a bad economy	61
	8.1
Incorrect answer	53
	7
Don't know	204
	27.1
Total of table	766
	101.6

**Q.D7** What do you understand is meant when a member carries the investment risk?

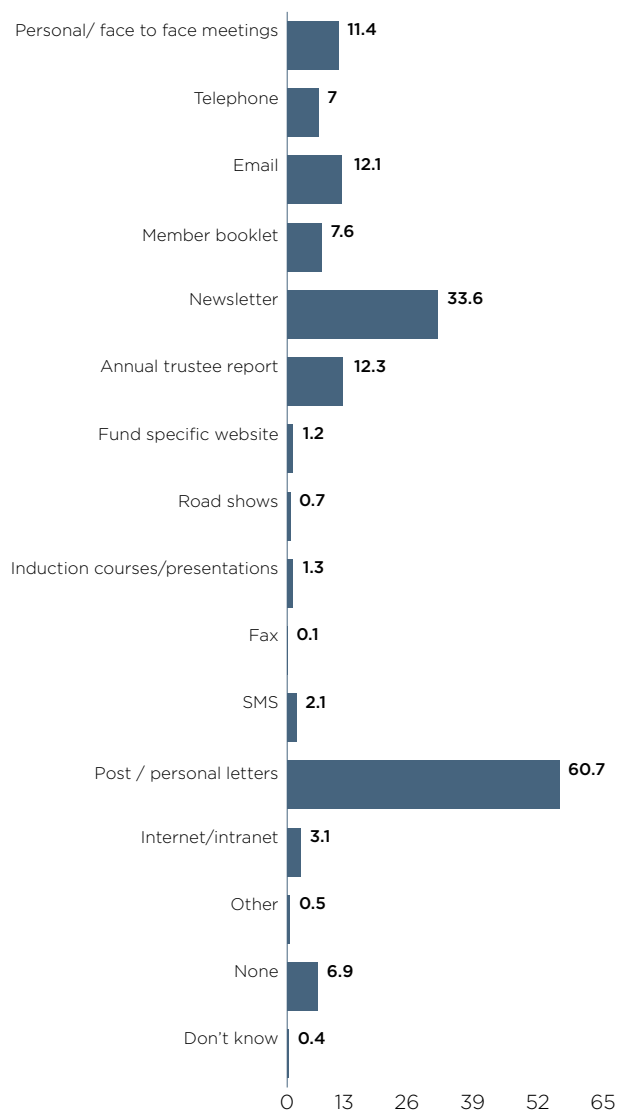
	TOTAL
BASE: ALL RESPONDENTS	754
	100
Correct definition	487
	64.6
Incorrect definition	69
	9.2
Don't know	204
	27.1
Total of table	760
	100.8

## SECTION E: EDUCATION & COMMUNICATION

**Q.E1** How often does your retirement fund / annuity provider communicate with you regarding your retirement fund?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Daily	3
	0.4
Weekly	1
	0.1
2-3 times per month	5
	0.7
Monthly	43
	5.7
Quarterly	150
	19.9
Biannually	86
Annually	11.4
	377
Never	50
	47
Other	6.2
	3
Don't know	0.4
	39
Total of table	5.2
	754
	100

**Q.E2a** Which of the following methods of communication does your retirement fund / annuity provider use to communicate important information about the fund to you?

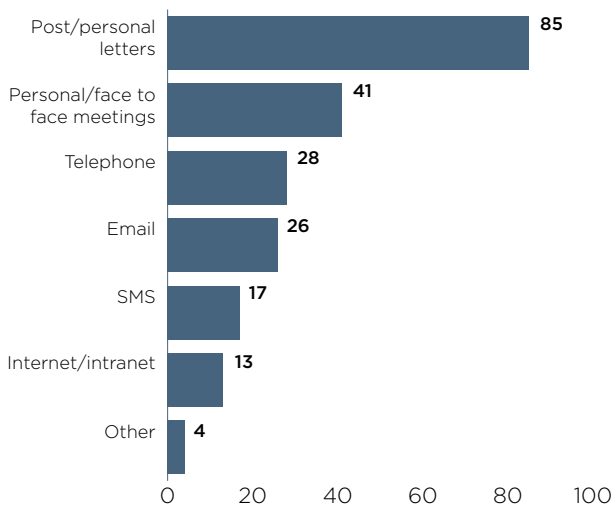


SUMMARY	
Any printed material	633
	84
Any face to face	97
	12.9
Any technology	129
	17.1
Total of table	1214
	161

**Q.E2b** How do you want to receive information on matters relating to your retirement fund/annuity?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Personal / face to face	308
	40.8
Telephone	208
	27.6
Email	192
	25.5
Fax	29
	3.8
SMS	126
	16.7
Post	642
	85.1
Internet / intranet	97
	12.9
Other	4
	0.5
<b>SUMMARY</b>	
Any printed material	646
	85.7
Any technology	342
	45.4
Total of table	1606
	213

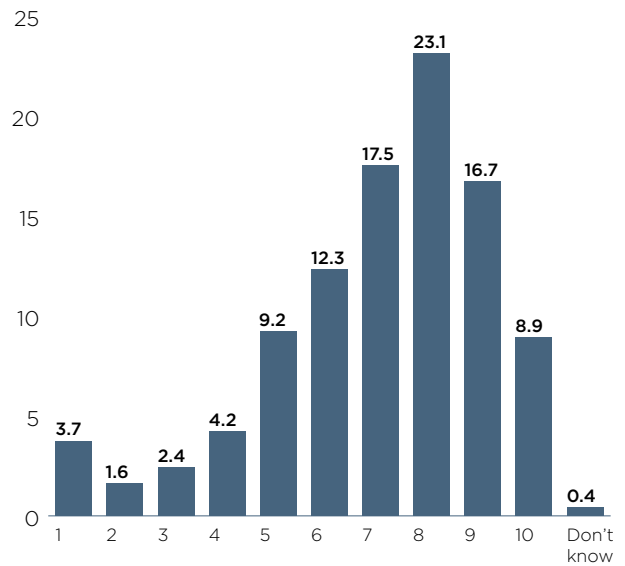
**Q.E2c** Preferred Method of Communication.



Figures shown are % of respondents

Mean	1.71
Total of table	754
	100

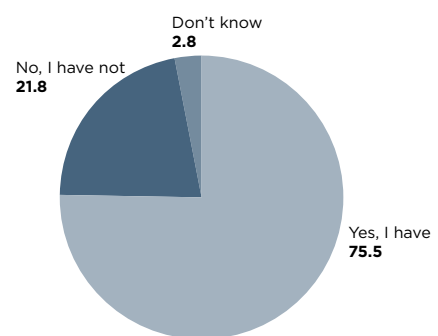
**Q.E3** How would you rate your fund's /annuity provider's performance on communication of important fund information? Please use a scale from 1 to 10 where 1 is 'very poor' and 10 is 'excellent'.



Mean	7.37
Total of table	754
	100

**Q.E4a** Can you tell me whether or not you have received a benefit statement from your fund/annuity provider in the past 12 months?

	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

**Q.E4b** How frequently do you receive a benefit statement?

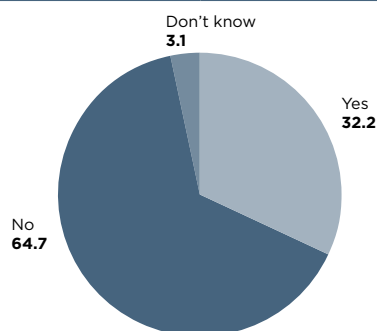
	TOTAL
THOSE WHO RECEIVED A BENEFIT STATEMENT FROM FUND	569
	100
Monthly	32
	5.6
Quarterly	111
	19.5
Bi-annually	62
	10.9
Annually	355
	62.4
Other	2
	0.4
Don't know	7
	1.2
Total of table	569
	100

**Q.E4c** To what extent would you say you understand the contents of your benefit statement?

	TOTAL
THOSE WHO RECEIVED A BENEFIT STATEMENT FROM FUND	569
	100
I understand all of it	142
	25
I understand most of it	274
	48.2
I only understand some parts of it	146
	25.7
It makes little/no sense to me	7
	1.2
Total of table	569
	100

**Q.E5a** Do you have access to an internet/web facility to view your fund values?

	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

**Q.E5b** How regularly do you access the web to view your fund values?

	TOTAL
THOSE WHO HAVE ACCESS TO AN INTERNET/WEB FACILITY TO VIEW FUND VALUES	243
	100
Daily	2
	0.8
Weekly	4
	1.6
2-3 times per month	6
	2.5
Monthly	18
	7.4
Quarterly	29
	11.9
Biannually	10
	4.1
Annually	17
	7
Less often	56
	23
Never	100
	41.2
Don't know	1
	0.4
Total of table	243
	100

**Q.E5c** Which of the following do you access on the web?

	TOTAL
THOSE WHO HAVE ACCESS TO AN INTERNET/WEB FACILITY TO VIEW FUND VALUES	243
	100
Own fund value	82
	33.7
Fund information i.e. rules, newsletters etc.	51
	21
Retirement calculators	32
	13.2
Beneficiary details to make changes / update	45
	18.5
Investment options to choose/switch investments	22
	9.1
Have access but don't use it	93
	38.3
Other	2
	0.8
Don't know	6
	2.5
Total of table	333
	137

**Q.E6** Would you be interested in viewing your fund values on a web facility?

	<b>TOTAL</b>
THOSE WHO DO NOT HAVE ACCESS TO AN INTERNET/WEB FACILITY	511
	<b>100</b>
Yes	207
	<b>40.5</b>
No	279
	<b>54.6</b>
Don't know	25
	<b>4.9</b>
Total of table	511
	<b>100</b>



## SECTION F: FINANCIAL ADVICE

**Q.F1a** Tell me, have you ever had a complete financial needs assessment done, including retirement planning?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	319
	42.3
No	420
	55.7
Don't know	15
	2
Total of table	754
	100

**Q.F1b** When was the last time you had a financial needs assessment done?

	TOTAL
THOSE WHO HAD COMPLETE FINANCIAL NEEDS ASSESSMENT DONE	319
	100
In the last 12 months	81
	25.4
1 - 2 years ago	95
	29.8
3 - 5 years ago	80
	25.1
6 - 10 years ago	32
	10
More than 10 years ago	15
	4.7
Don't know / Can't remember	16
	5
Mean	3.1
Total of table	319
	100

**Q.F1c** How often do you actively review your retirement plans?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Annually	225
	29.8
Every 1 - 2 years	72
	9.5
Every 2 - 3 years	52
	6.9
Every 3 - 5 years	54
	7.2
Less often	130
	17.2
Never	184
	24.4
Don't know / Can't remember	37
	4.9
Mean	2.03
Total of table	754
	100

**Q.F1d** How often do you actively review your investment portfolio construction?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Annually	205
	27.2
Every 1 - 2 years	58
	7.7
Every 2 - 3 years	41
	5.4
Every 3 - 5 years	40
	5.3
Less often	116
	15.4
Never	242
	32.1
Don't know / Can't remember	52
	6.9
Mean	1.78
Total of table	754
	100

**Q.F2a** Have you ever made use of a personal financial advisor to help you make decisions regarding your retirement savings and investments?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	369
	48.9
No	383
	50.8
Don't know	2
	0.3
Total of table	754
	100

**Q.F2b** When was the last time you had contact with your personal financial advisor?

	TOTAL
THOSE WHO MADE USE OF A PERSONAL FINANCIAL ADVISOR	369
	100
In the last 6 months	66
	17.9
6 - 12 months ago	93
	25.2
1 - 2 years ago	78
	21.1
2 - 3 years ago	43
	11.7
More than 3 years ago	73
	19.8
Don't know / Can't remember	16
	4.3
Mean	1.71
Total of table	369
	100

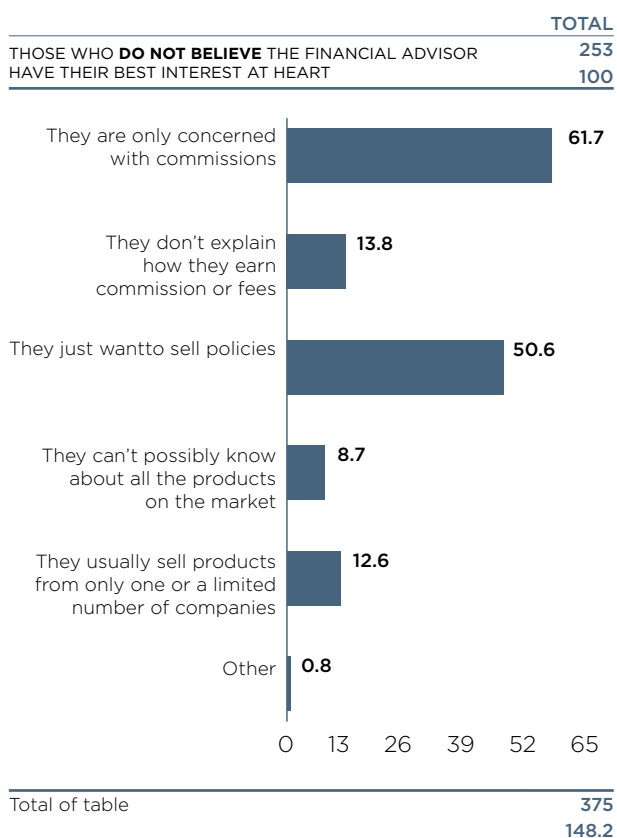
**Q.F3a** Do you believe that financial advisors have your best interests at heart when recommending specific products?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	395
	52.4
No	253
	33.6
Don't know	106
	14.1
Total of table	754
	100

**Q.F3b** Why do you say that?

	TOTAL
THOSE <b>WHO BELIEVE</b> THE FINANCIAL ADVISOR HAVE THEIR BEST INTEREST AT HEART	395
	100
I trust my advisor completely	148
	37.5
My advisor is open and explains everything to me including his fees	120
	30.4
My advisor is a friend/family member/colleague	60
	15.2
My advisor has always given me sound advice	97
	24.6
They are professional people	151
	38.2
Other	2
	0.5
Total of table	578
	146.3

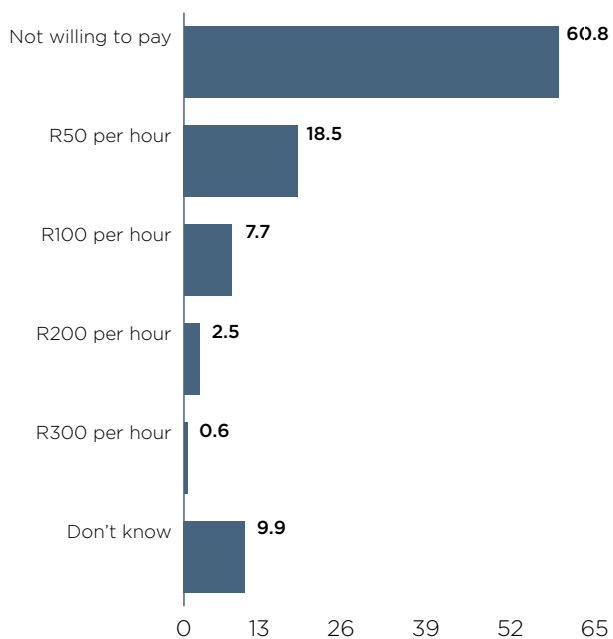
**Q.F3b** Why do you say that?



**Q.F4a** Would you like to receive financial education from an accredited financial expert without the pressure to purchase a policy?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	362
	48
No	378
	50.1
Don't know	14
	1.9
Total of table	754
	100

**Q.F4b** How much are you personally willing to pay for financial education by an accredited financial expert?



Mean	26.23
Total of table	362
	100

**Q.F5** Would you like to receive specialist investment advice around structuring your portfolio from an accredited investment professional?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	347
	46
No	358
	47.5
Don't know	49
	6.5
Total of table	754
	100

**Q.F6a** How many years before retirement do you expect to seek professional financial advice about your retirement needs?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
More than 20 years before retirement	132
	17.5
15-20 years before retirement	84
	11.1
10-14 years before retirement	91
	12.1
5-9 years before retirement	117
	15.5
Less than 5 years before retirement	197
	26.1
Not necessary to seek financial advice	71
	9.4
Don't know	62
	8.2
Mean	10.07
Total of table	754
	100

**Q.F6b** Who will you contact for advice related to your financial options at **retirement**?

	TOTAL
BASE: ALL RESPONDENTS	754
	<b>100</b>
Personal Financial Advisor	338
	<b>44.8</b>
Intermediary appointed by the Fund	88
	<b>11.7</b>
Your bank	95
	<b>12.6</b>
Trustees of the fund	69
	<b>9.2</b>
Human Resources officer	212
	<b>28.1</b>
Fund Administrator	104
	<b>13.8</b>
Work colleagues	16
	<b>2.1</b>
Other	9
	<b>1.2</b>
Nobody / Won't seek advice	17
	<b>2.3</b>
Don't know	10
	<b>1.3</b>
Total of table	958
	<b>127.1</b>

**Q.F6c** And who will you contact for advice related to your financial options should you **withdraw** from the fund before you retire?

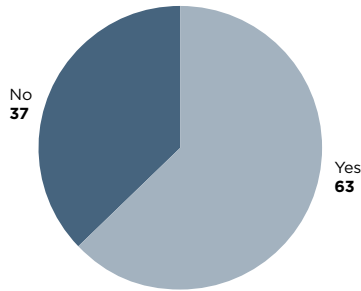
	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	<b>100</b>
Personal Financial Advisor	154
	<b>28.1</b>
Intermediary appointed by the Fund	48
	<b>8.7</b>
Your bank	89
	<b>16.2</b>
Trustees of the fund	49
	<b>8.9</b>
Human Resources officer	161
	<b>29.3</b>
Fund Administrator	87
	<b>15.8</b>
Work colleagues	7
	<b>1.3</b>
Other	9
	<b>1.6</b>
Nobody / Won't seek advice	22
	<b>4</b>
Don't know	7
	<b>1.3</b>
Total of table	633
	<b>115.3</b>

**Q.F7** What do you understand are the potential financial implications of withdrawing your retirement savings early?

	TOTAL
BASE: ALL RESPONDENTS	754
	<b>100</b>
<b>NEGATIVE</b>	
No money to retire/no savings to retire/never be able to retire	255
	<b>33.8</b>
Early withdrawal value will be less than maturity value/not going to get the same retirement value as expected/will lose a lot of money	269
	<b>35.7</b>
It will not grow/one will lose the benefits	13
	<b>1.7</b>
Most of your early retirement will go on tax/will be taxed on it	128
	<b>17</b>
Will be penalised for bridging the policy agreement/cost is high to withdraw	38
	<b>5</b>
Controlled by inflation so payout may not be the same	4
	<b>0.5</b>
Squander the money	20
	<b>2.7</b>
Lose a lot of interest	15
	<b>2</b>
Will have to increase monthly payment to stay at the same retirement level	19
	<b>2.5</b>
<b>POSITIVE</b>	
Can gain if you invest wisely	3
	<b>0.4</b>
Will also give you some cash/money in hand	1
	<b>0.1</b>
Get out what you paid in plus interest	3
	<b>0.4</b>
Don't know	117
	<b>15.5</b>
Total of table	885
	<b>117.4</b>

**Q.F8a** Do you know that if you withdraw retirement benefits before your normal retirement date that you will incur higher tax penalties?

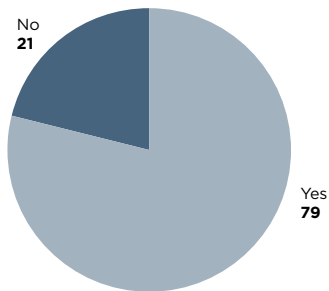
	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

**Q.F8b** And, if you withdraw several years' contribution from your fund on resignation/retrenchment, it may not be possible to achieve your retirement goals. Were you aware of that?

	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

## SECTION G: MAKING ADEQUATE RETIREMENT PROVISION

**Q.G1** What are the biggest financial concerns you have about your future retirement?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Will my retirement monies last for the rest of my life?	409
	54.2
Will my monthly income / pension be sufficient to live from?	383
	50.8
Will I be able to afford medical aid contributions and medical expenses?	155
	20.6
Will I become dependent on my family / children?	153
	20.3
Will I need to generate additional income in my retirement years?	141
	18.7
How will my lifestyle change after retirement?	183
	24.3
Will I be forced to "downscale" my property / assets?"	64
	8.5
Will my children still be financially dependent on me?	70
	9.3
Other	8
	1.1
Don't know	22
	2.9
Total of table	1588
	210.6

**Q.G2** Imagine you are 65 years old and you are just about to go on retirement. How much money do you think you will need to see you through the rest of your life.

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Less than 5 times your current annual salary	51
	6.8
About 5 times your current annual salary	151
	20
About 10 times your annual salary	188
	24.9
About 15 times your annual salary	75
	9.9
More than 15 times your annual salary	152
	20.2
Other	2
	0.3
Don't know	135
	17.9
Mean	10.78
Total of table	754
	100

**Q.G3** What do you understand is meant by longevity risk?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Correct definition	296
	39.3
Incorrect definition	56
	7.4
Don't know	402
	53.3
Total of table	754
	100

**Q.G4** What will you do if you do not have sufficient savings at retirement?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Negotiate contract work with my previous employer	135
	17.9
Find employment to supplement my income	319
	42.3
Lower my standard of living	240
	31.8
Rely on my family to support me/supplement my income	61
	8.1
Sell my property to downscale to something more affordable	106
	14.1
Start my own business to generate income	216
	28.6
Carry on working/carry on with my business	4
	0.5
Other	14
	1.9
Don't know	49
	6.5
Total of table	1144
	151.7

**Q.G5** If you had the **choice to-opt-out-from** compulsory contributions to your company / union / umbrella retirement fund, would you?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	100
Yes	66
	12
No	398
	72.5
Don't know	85
	15.5
Total of table	549
	100

**Q.G6a** If you could **reduce your current contribution to** your retirement fund, would you?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	100
Yes	38
	6.9
No	478
	87.1
Don't know	33
	6
Total of table	549
	100

**Q.G7** Imagine you are reaching retirement age right now. Which of the following options would you choose?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND	549
	100
A company pension	229
	41.7
Buy an annuity (monthly pension)	218
	39.7
Invest my payout in property	106
	19.3
Invest my payout in unit trusts	84
	15.3
Other	8
	1.5
Don't know	48
	8.7
Total of table	693
	126.2

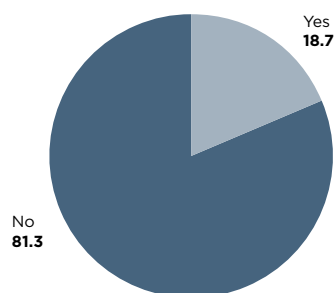
**Q.G8** Do you understand the risks associated with the different types of annuities?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	311
	41.2
No	443
	58.8
Total of table	754
	100

## SECTION H: RETIREMENT FUND PRESERVATION

**Q.H1a** Have you ever withdrawn from a retirement fund through resignation or retrenchment from a previous employer?

	<b>TOTAL</b>
BASE: ALL RESPONDENTS	754
	<b>100</b>



Total of table	754
	<b>100</b>

**Q.H1b** What did you do with your retirement benefit at the time?

	<b>TOTAL</b>
WITHDRAWN FROM A RETIREMENT FUND THROUGH RESIGNATION OR RETRENCHMENT FROM A PREVIOUS EMPLOYER	141
	<b>100</b>
I withdrew the full benefit in cash	93
	66
Preserved part of the benefit and took the rest in cash	22
	15.6
Moved the entire benefit to another employer's fund	6
	4.3
Moved the entire benefit to a preservation fund	5
	3.5
Purchased an annuity with the benefit	14
	9.9
Purchased unit trusts with the benefit	2
	1.4
Other	2
	1.4
Don't know	1
	0.7
<b>SUMMARY</b>	
Any reinvested	27
	19.1
Total of table	145
	<b>102.8</b>

**Q.H1c** What did you spend the cash on?

	<b>TOTAL</b>
THOSE WHO TOOK CASH	115
	<b>100</b>
Settled or reduced mortgage bond	32
	27.8
Made home improvements	23
	20
Education	8
	7
Travel	6
	5.2
Reduced short term debt (e.g. car, credit cards, loans etc.)	52
	45.2
Started own business	11
	9.6
Invested in other 'non-retirement' savings or investment products	7
	6.1
Living expenses	30
	26.1
Other	6
	5.2
<b>SUMMARY</b>	
Any reduced debt	76
	66.1
Any investment	30
	26.1
Total of table	175
	<b>152.2</b>



## SECTION I: POST RETIREMENT MEDICAL AID

**Q.11** Do you contribute to a medical aid scheme, either in your private capacity or through your employer?

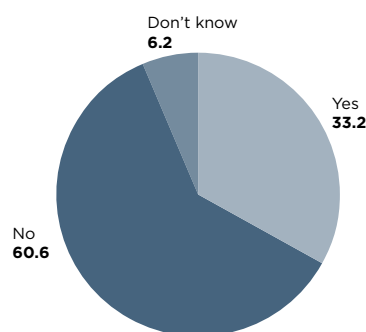
	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes, in my private capacity	203
	26.9
Yes, through my employer	299
	39.7
No	252
	33.4
Total of table	754
	100

**Q.12** Does your fund currently make contributions to its employees' medical aid scheme after retirement?

	TOTAL
MEMBERS OF COMPANY /UNION/UMBRELLA FUND CONTRIBUTING TO A MEDICAL SCHEME THROUGH THEIR EMPLOYER	285
	100
Yes	129
	45.3
No	95
	33.3
Don't know	61
	21.4
Total of table	285
	100

**Q.13** Do you include your medical aid contribution in your retirement planning?

	TOTAL
BASE: ALL RESPONDENTS	754
	100



Total of table	754
	100

**Q.14** Are you personally contributing to a savings vehicle to make provision for your medical contributions after retirement?

	TOTAL
THOSE WHO WILL NOT RECEIVE A PRMA BENEFIT	504
	100
Yes, as part of the RA investment. That annuity at retirement will be used to fund the medical aid contributions	8
	1.6
Yes, through separate investments	10
	2
Yes, through an insurance policy	6
	1.2
Yes, through an insurance hospital plan	9
	1.8
Yes, in some other way	1
	0.2
No	422
	83.7
Don't know	55
	10.9
Total of table	511
	101.4

## SECTION J: INSURED BENEFITS & RISK PROFILE

**Q.J1** Please tell me which of the following risk benefits you have in place?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Funeral benefits	619
	82.1
Critical illness benefits	194
	25.7
Lump sum death benefit	366
	48.5
Spouse's / children's pension	176
	23.3
Lump sum disability benefit	277
	36.7
Income continuation benefit on disability	157
	20.8
Life cover for spouse or other dependants	356
	47.2
Other	8
	1.1
Don't know	33
	4.4
None	5
	0.7
<b>SUMMARY</b>	
Any life assurance	525
	69.6
Any disability cover	346
	45.9
Total of table	2191
	290.6

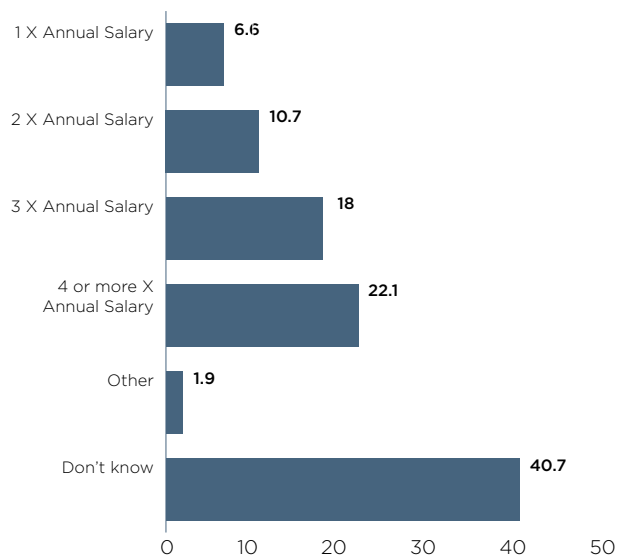
**Q.J2a** Can you choose your level of life cover?

	TOTAL
THOSE WHO HAVE A LUMP SUM DEATH BENEFIT	366
	100
Yes, I can	206
	56.3
No, it is pre-determined by the fund	117
	32
Don't know	43
	11.7
Total of table	366
	100

**Q.J2b** Did you choose the level of life cover recommended by the fund (i.e. the default life cover) or did you choose a different level of cover better to suit your needs?

	TOTAL
THOSE WHO CAN CHOOSE THEIR LEVEL OF LIFE COVER	206
	100
Chose the level of cover recommended by the fund	89
	43.2
Chose a different level of life cover	106
	51.5
Don't know	11
	5.3
Total of table	206
	100

**Q.J3** What is your current level of death benefit?



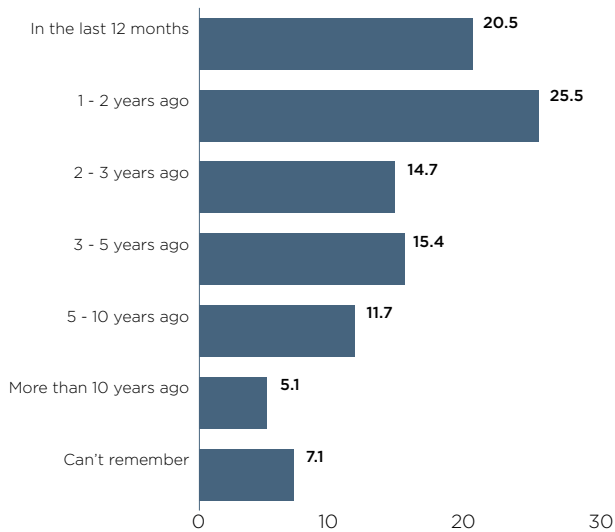
Mean	2.97
Total of table	366
	100

## SECTION K: WILLS & ESTATE PLANNING

**Q.K1** Have you drawn up a final Will and Testament?

	TOTAL
BASE: ALL RESPONDENTS	754
	100
Yes	435
	57.7
No	317
	42
Don't know	2
	0.3
Total of table	754
	100

**Q.K2** When did you last update your Will?



Mean	3.18
Total of table	435
	100

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