

**2022 SANLAM BENCHMARK SURVEY:  
CONSUMERS EMERGE FROM C19 MORE FINANCIALLY SAVVY AND CONSERVATIVE**

*South Africa, 14 June 2022:* Sanlam today released its 41<sup>st</sup> Benchmark Survey. The research found 55% of retirement fund members had experienced reduced household income as a result of Covid-19, 58% had started living frugally and cut out all luxury items, and 18.5% had accessed some sort of long-term investment. On the plus side, 30% had reduced their debt levels following the pandemic.

Off the back of this new reality now faced by South Africans, the survey sought to establish the changing requirements of retirement fund members and assess how the industry has adapted to meet these needs. The 2022 survey polled 83 principal officers of stand-alone funds, 100 participating employers in umbrella funds, 15 asset consultants, 15 healthcare consultants, 6 top umbrella fund sponsors and 500 online consumers.

Among the key findings were:

- The pressurised business environment has led to a slight decrease in contributions from employers in both stand-alone and umbrella funds. Member contributions have risen somewhat to compensate for the shortfall. Stand-alone fund employees are contributing 17.53% of their salary to employee benefits (jointly between employer and employee) and 14.65% to umbrella funds.
- The take-up of flexible risk benefits has increased significantly with 38% of standalone funds (2021: 29%) and 29% of umbrella funds (2021: 16%) offering flexibility into their package to employees. This is likely in response to Covid-19.
- With infrastructure identified as vital to SA's economic recovery, investment in infrastructure has increased from the retirement sector, with umbrella funds increasing their asset allocation from 4.7% to 15.5%. Stand-alone funds are up to 10.6% from 6.6%.
- Investments in assets that can impact the environment and society have increased somewhat, but there is a gap in knowledge around what this means.

Kanyisa Mkhize, chief executive officer of Sanlam Corporate, says the objective of the 2022 survey is to look ahead and to establish how the retirement industry can adapt to the vastly changed world. "The retirement industry is in a uniquely strong position to impact the lives of South Africans as it is the largest source of invested assets in the country. We are hoping the findings will start the right

conversations in South Africa to ensure our industry can play a massive role in economic recovery and, ultimately, help kick-start growth.”

The Benchmark Survey explored a few key themes which are unpacked below.

### **National Treasury’s proposed two-pot system**

Those in the industry do not believe that implementing the two-pot system by March 2023 is realistic, as it involves ‘an enormous amount of work’.

Just over half of members (consumers) who took the poll were aware of the two-pot system but 56% said they did not agree with it, with 29% saying if the law was changed they would ‘definitely not’ access their retirement funds early and 20% saying they would ‘probably not’. In addition, 62% of respondents said, if they could, they would increase their retirement savings.

“A lot of the responses in the consumer study suggest a more conservative and financially conscious South African has emerged from the pandemic,” said Mkhize.

### **The increased focus on healthcare and holistic employee benefit value propositions**

The survey put renewed focus on healthcare and, for the first time, included healthcare consultants in the study.

Among the key take-outs from the consumer poll, were:

- 51% of those polled wanted their employer to offer free doctor or nurse consultations, and 39% wanted free medical consultations, such as nutrition and psychology;
- 66% said they were kept awake at night worrying about being able to weather an emergency and 66% also worried about retirement;

Key findings from the industry side were:

- 49% of employer funds and 53% of umbrella funds believe an integrated health and wellness programme delivers higher productivity and staff happiness;
- 13 of the 15 healthcare brokers interviewed report that client priorities have changed in the past two years, in terms of what they are looking for by way of healthcare solutions for their employees;

- Key changes have included the increased importance of gap cover, more price sensitivity amongst members leading to a reduction in benefits, more emphasis on hospital cover rather than day to day benefits;
- 9 of the 15 healthcare brokers interviewed have introduced additional medical scheme options in the last two years to provide a wider choice for members;
- 11 healthcare brokers report that clients “often” ask about solutions available for their employees’ mental health; a further 4 say they ask “sometimes”.

### **Investing in infrastructure and for impact**

67% of stand-alone retirement funds and 53% of umbrella funds expressed an interest in investing in alternative asset classes over the next three years. Across both infrastructure and impact investing, there had been a slight increase in asset allocation to those asset classes, however, the study did indicate that there was more education needed from asset managers in this area.

### **Funds communications and financial education**

The consumer study showed some progress in terms of effective communication. However, of the members polled who had withdrawn their retirement funds when changing jobs, 63% had received no counselling from their HR team and had been given a withdrawal form to sign without the implications being explained.

Mkhize concludes that, on balance, the findings definitely suggest a change in behaviour from South African retirement fund members. “People seem to be placing more value on the role their employee benefits play in their lives, and we think the industry is responding, by introducing more holistic offerings. We hope the focus on benefit counselling and financial education will remain a key focus to help South Africans make the right decisions for their current and future selves.”

*For more information on the Sanlam Benchmark, please visit [www.sanlambenchmark.co.za](http://www.sanlambenchmark.co.za) the full research will be available for download at this site.*

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