

# PERSONAL FINANCE

## Proper retirement benefits counselling could change your life

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When an employee leaves their company, it is often an emotional event for everyone involved. As an employer, there's the temptation to be less invested in an employee the minute a resignation letter arrives.

With retrenchment, the unpleasantness of the situation can also cause immediate distance. But it is often in these instances that an employer has the chance to really change a life. When changing jobs, an employee has various options for preserving their retirement savings. If they make the wrong decision based on their personal circumstances, the opportunity cost could be significant.

For employers, there's an opportunity to make a meaningful difference to the individual's financial future by ensuring they have access to proper counselling at the right time. Well-considered Retirement Benefits Counselling has proven to be extremely effective – especially when employers enable employees to actively engage through appropriate channels during these moments in their lives.

Changing jobs frequently comes with other major shifts in an employee's life especially given the

increased velocity of job changes for millennials in particular. Exiting employees have been shown via the Sanlam Benchmark research to make significant decisions without necessarily understanding their range of options or the long-term implications of their choices.

With retrenchments on the rise and many employers embarking on restructuring exercises, now is an opportune time to consider how to act in the long-term best interests of employees. By ensuring relevant processes are in place to notify employees of the counselling service that is available, employers empower exiting employees in their financial journeys.

Some of the critical touchpoints are appropriate communication with employees before they leave, as well as ensuring that the HR professionals directly involved with the employer's formal exit process, are familiar with the counselling services available.

Having implemented a robust proactive retirement benefits counselling ecosystem for clients, Sanlam has been able to demonstrate that exiting employees receiving such counselling were found to be three times more likely to preserve their retirement funds than those who did not. This is a substantial difference in an environment where rates of preservation have been historically poor. While retirement benefits counselling is now an imperative for funds – due to the recent default regulations – not all forms of such counselling are equal.

Written communication is the most popular mechanism implemented by retirement funds but has been shown to be largely ineffective in isolation. The combination of various capabilities across a spectrum of channels from WhatsApp to Member Apps to Human Counsellors represents the most robust ecosystem to address the risks of poor decision making. This ecosystem is enabled by data and analytics that support employers in ensuring that the right interventions are applied for staff at the right time.

Employers have the power to add meaningful value to their employees. When an employee leaves, they tend to be vulnerable from a financial standpoint and failing to preserve funds has lasting implications for wealth creation.

The onus now rests on employers to actively evaluate the various counselling alternatives available to ensure that a robust ecosystem is implemented to enable financial resilience and prosperity for their employees.

*Barend le Grange is the Head: Individual Member Support at Sanlam.*

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