MAKING BIG DATA SMALL
Choice
WE ARE NOT THE SAME

Very different:

Paths

Lives

Priorities

Expectations
## INDIVIDUAL NEEDS

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Most Important</th>
<th>Important</th>
<th>Least Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Income</td>
<td>Funeral Cover</td>
<td>Short Term Debt</td>
<td>Tax Free Savings</td>
</tr>
<tr>
<td>Higher Income</td>
<td>Retirement Funding</td>
<td>Life Insurance &amp; Medical Aid</td>
<td>Funeral Cover</td>
</tr>
</tbody>
</table>
SANLAM FINANCIAL RESILIENCE INDEX

- Diagnostic Tool
- Identify Financial Obstacles
- Move From Intuitive Generalisations to Empirical Specifics
- Measures a Funds’ Financial Resilience Against the Industry
- Across 6 Categories

- Findings from 5,000 respondents
SFRI FINDINGS

65.3% SFRI 2017

63.1% SFRI 2018

61.1% SFRI 2019
SFRI FINDINGS

Average of:
- Income and package composition
- Financial Wellness
- Level of indebtedness
- Budgeting
- Provision for retirement
- Advice and financial planning
SFRI FINDINGS

Demographics analysis of Financial Resilience:

- Older employees are 9% more financially resilient than younger employees.
- Males are 4% more financially resilient than females.
- Employees with an Honours degree or higher are 12% more financially resilient than those with matric or lower.
- High earners are 20% more financially resilient than low earners.
NEEDS CHANGE.

- Retirement is not a product … It is a lifestyle

- Help them create the lifestyle they aspire to and instill financial resilience in members to take on life’s challenges
ARE WE DOING ENOUGH IN CONSIDERING THE INDIVIDUAL?
ACTUAL LIVED EXPERIENCE

- Disappointment
  - Advice
  - Providers
  - Themselves

(*) m ( )
ACTUAL LIVED EXPERIENCE

- Shock
- Tax
- Net outcomes

\( \text{\textbackslash (OoO)\textbar } \text{!} \)
ACTUAL LIVED EXPERIENCE

- Regret
  - Vehicles
  - Behaviour

(>_<)
KEY CHALLENGES

- Insufficient Information
- Lack of accessibility
- Options
- Progress
- Values
KEY CHALLENGES

- Insufficient Information
- Lack of accessibility
- Options
- Progress
- Values
KEY CHALLENGES

- Insufficient Information
- Lack of accessibility
- Options
- Progress
- Values
- Jargon
KEY CHALLENGES

- Insufficient Information
- Lack of accessibility
- Options
- Progress
- Values

- Jargon
- Feel isolated
MEMBER ENGAGEMENT
ENGAGEMENT WITH MEMBERS

- Who
- What
- How
- When … and then it changes
ANALYTICS ENABLE ENGAGEMENT

- Administrative Capability
- Analytical Horsepower
- Ability to Apply
WHAT PEOPLE WANT?

- On-line capability for values & transactions
- Human interaction for information and guidance
- Access to trusted financial advice
- Written information ineffective to engage and influence
## DIGITAL EXPERIENCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Unique Hits</th>
</tr>
</thead>
<tbody>
<tr>
<td>My Benefits</td>
<td>250,000</td>
</tr>
<tr>
<td>My Investments</td>
<td>52,000</td>
</tr>
<tr>
<td>My Beneficiaries</td>
<td>41,000</td>
</tr>
<tr>
<td>Retirement Calculator</td>
<td>24,000</td>
</tr>
<tr>
<td>Life Events</td>
<td>15,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Unique Hits</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 Golden Rules</td>
<td>31</td>
</tr>
<tr>
<td>The Impact of Costs</td>
<td>7</td>
</tr>
<tr>
<td>Good Investment Choices</td>
<td>5</td>
</tr>
<tr>
<td>Starting Early</td>
<td>3</td>
</tr>
<tr>
<td>Setting a Goal</td>
<td>33</td>
</tr>
</tbody>
</table>
## RETIREMENT BENEFITS COUNSELLING

### Standalone

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written</td>
<td>51%</td>
</tr>
<tr>
<td>HR</td>
<td>20%</td>
</tr>
<tr>
<td>Administrator</td>
<td>47%</td>
</tr>
<tr>
<td>EB Consultant</td>
<td>25%</td>
</tr>
<tr>
<td>IFA</td>
<td>22%</td>
</tr>
</tbody>
</table>

88% believe that **RBC** will assist in **improving retirement outcomes**
HESITANCE TO USE HUMANS?

- 69% wary of cost
HESITANCE TO USE HUMANS?

- 69% wary of cost
- 13% believe that setting up own infrastructure is too cumbersome
HESITANCE TO USE HUMANS?

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- 31% still unaware of what Retirement Benefits Counselling entails
HESITANCE TO USE HUMANS?

- 69% wary of cost
- 13% believe that setting up own infrastructure is too cumbersome
- 31% still unaware of what Retirement Benefits Counselling entails
- 4% ran out of time to properly consider Counselling
## MAINTAIN STANDARD OF LIVING

<table>
<thead>
<tr>
<th></th>
<th>0 - 30%</th>
<th>31 - 60%</th>
<th>61 – 100%</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standalone</td>
<td>68%</td>
<td>22%</td>
<td>4%</td>
<td>6%</td>
</tr>
<tr>
<td>Umbrella</td>
<td>75%</td>
<td>10%</td>
<td>9%</td>
<td>6%</td>
</tr>
</tbody>
</table>
It’s not too late…
Impactful Retirement Benefits Counselling
HOW DO YOU ENSURE FAIR TREATMENT?

If an annuity strategy contains annuity products from various providers
One single provider… cannot provide Retirement Benefits Counselling

Retirement Benefits Counselling should be done on all options approved by a fund … at withdrawal and retirement
HOW DO YOU ENSURE FAIR TREATMENT?

- Retirement Benefits Counselling Becoming New Product Push?
- Measuring Experience at Withdrawal & Retirement
- Incentivisation Model Disclosure
- Ability to Audit
WHAT GETS MEASURED … GETS DONE.

- Measuring what was put into counselling
- Measuring actual member outcomes
- Feedback from members
## BASIC COUNSELLING – INBOUND CALLS

<table>
<thead>
<tr>
<th>Year</th>
<th>Retirement</th>
<th>Withdrawal</th>
<th>Retrenchment</th>
<th>Advice requests</th>
<th>General queries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Nov</td>
<td>15%</td>
<td>44%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Dec</td>
<td>22%</td>
<td>53%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td></td>
<td>Jan</td>
<td>0%</td>
<td>82%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>2019</td>
<td>Feb</td>
<td>10%</td>
<td>74%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Mar</td>
<td>3%</td>
<td>81%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td>Apr</td>
<td>5%</td>
<td>89%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
PRO COUNSELLING – OUTBOUND CALLS

<table>
<thead>
<tr>
<th></th>
<th>Withdrawal</th>
<th>Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member contacted and counselled</td>
<td>45%</td>
<td>54%</td>
</tr>
<tr>
<td>No contact details available</td>
<td>22%</td>
<td>15%</td>
</tr>
<tr>
<td>Member unable to contact after 3 attempts</td>
<td>33%</td>
<td>35%</td>
</tr>
</tbody>
</table>

>4,500 withdrawals and >600 retirements
MEASURING MEMBER OUTCOMES - RETIREMENT

Impact of Retirement Benefits Counselling at Retirement

Percentage of Members

Choice at Exit

In-Fund  Phased Retiree  Out-of-Fund  Cash

Counselling

Not Counselling
MEASURING MEMBER OUTCOMES - WITHDRAWAL

Impact of Retirement Benefits Counselling at Withdrawal

Percentage of Members

Choice at Exit

- In-Fund Preservation
- Preservation/RA/Other Fund
- Cash

- Counselling
- Not Counselling

2% 0% 26% 10% 72% 90%
FEEDBACK FROM MEMBERS

“Thanks so much for your time and effort in helping me! I so appreciate people like you who are there to support us through these decisions.” - Member

“I wanted to save my funds but had no idea what to do, so I am really happy that you called me. I had no idea it was this simple to continue saving my funds, thank you!” – Member

“Thank you so much for your assistance. I contacted the call centre but they were not as helpful as you. I'm going to consider the Preservation Fund option. Meeting with my broker later today. Thanks again for your awesome service.” - Member
Artificial Intelligence
Machine Learning
Analytics
Insights…

Big data
OPPORTUNITY TO GO EVEN SMALLER

- Machine learning
- Artificial Intelligence
- Propensity Models

All depend on Data…

… Predictive Proactive Retirement Benefits Counselling
PREDICTIVE PROACTIVE RETIREMENT BENEFITS COUNSELLING

- Use Machine Learning model to predict who to call
- If there was 100 members in a fund, we called everyone, but counselled only 50 members
- Now we can reduce fees by only calling 48 members, but still reach 40 of the 50 members
- Basically, reduce cost by more than 50%, while retaining more than 80% of the benefit

50

40

<50% / >80%
Individualize the member experience

- If
- How
- When

Increase effectiveness of Retirement Benefits Counselling
Enable Financial Resilience
MAKING BIG DATA SMALL

- Systems
- Data and analytical skills
- Ability to implement

...to make the most of interventions