

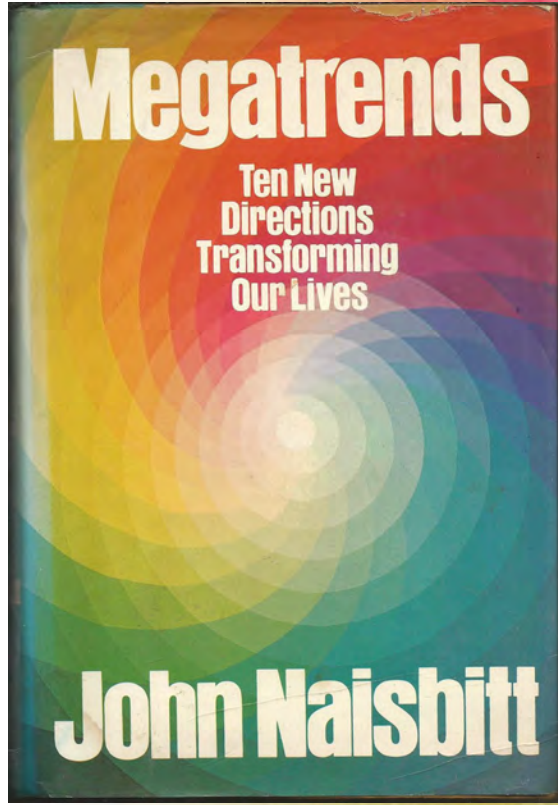
Benchmark 2019

Enabling Financial Resilience

Megatrends

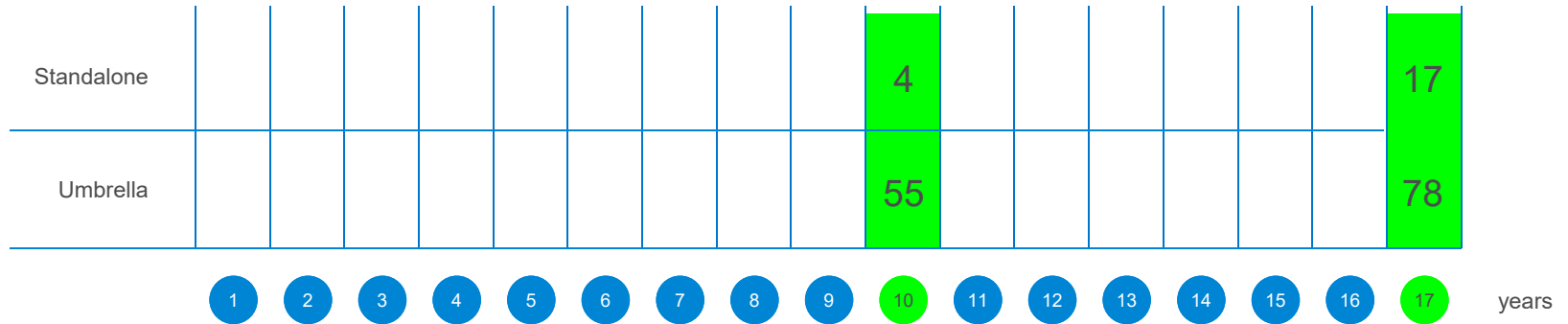
Viresh Maharaj

Chief Executive:
Corporate Sales and Marketing



“The most reliable way to anticipate the future is by understanding the present”

THE MEGATREND CONTINUES



CHANGING THE FACE OF THE INDUSTRY



13,000 in 2005

< **2,000 members**

1,500 in 2019

350 in process of transfer

< **500 members**

A large graphic of the number 48 followed by a percent sign, rendered in a blue outline style. The graphic is set against a background of diagonal blue lines that form a trapezoidal shape pointing to the right.

48%

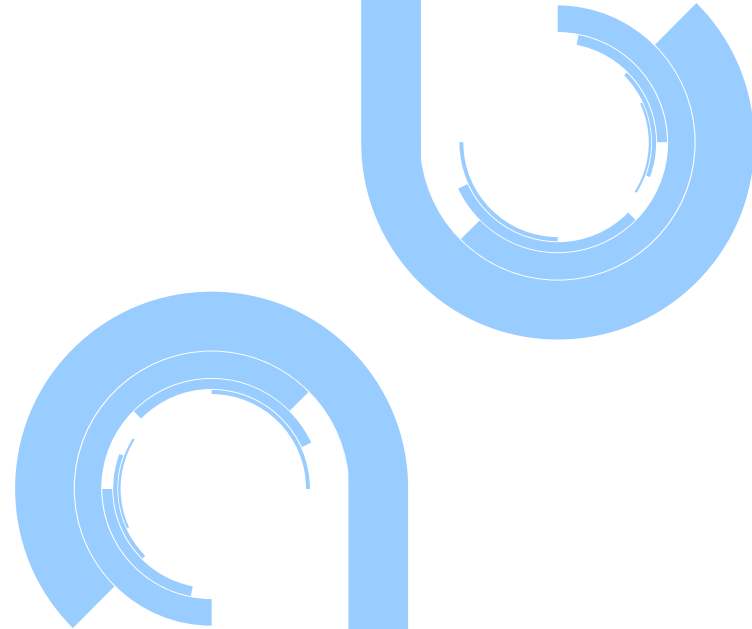
A large graphic of the number 24 followed by a percent sign, rendered in a blue outline style. The graphic is set against a background of diagonal blue lines that form a trapezoidal shape pointing to the right.

24%

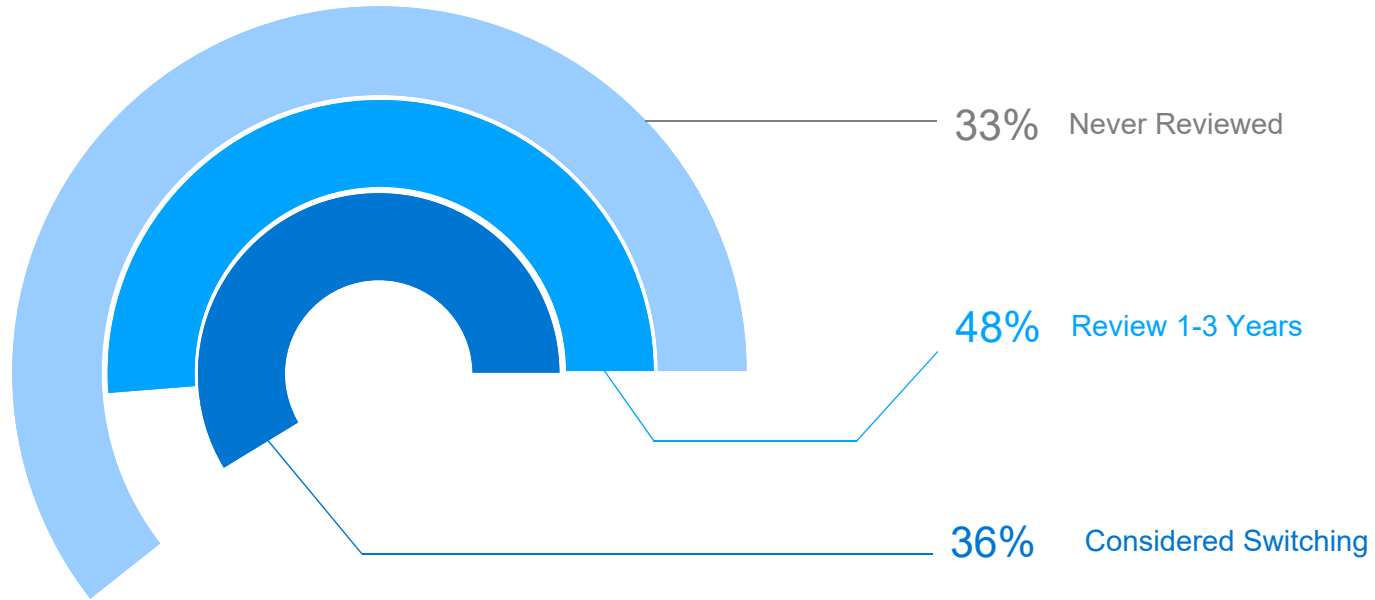
KEY CONSIDERATIONS

- ④ Governance – King IV
- ④ Member Engagement
- ④ Information Security
- ④ Default strategies
- ④ Professional and Independent Trustees
- ④ Scale

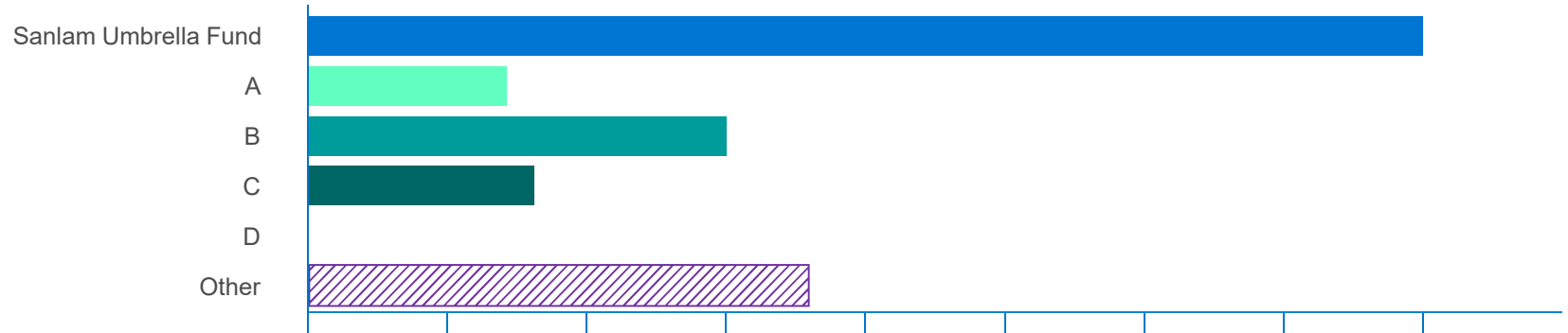
How to best enable financial resilience?



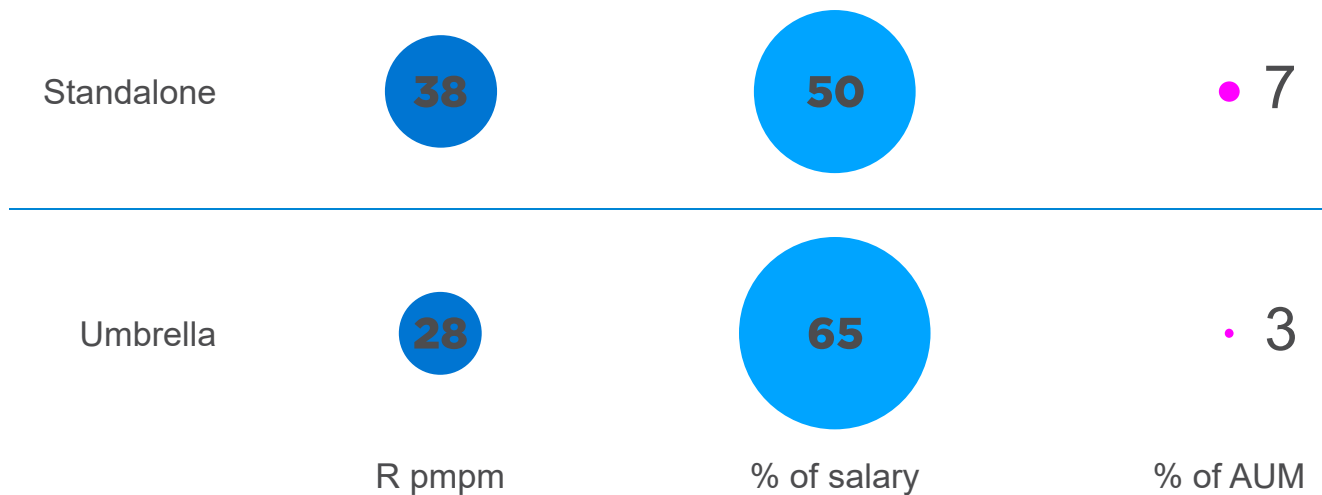
NEXT STAGE



MOST CAPABLE OF ENABLING FINANCIAL RESILIENCE FOR MEMBERS



HOW ADMIN FEES ARE CHARGED



AVERAGE ADMIN FEES



	R pmpm	% of salary	% of AUM
Standalone	R52	0.58%	0.78%
Umbrella	R40	0.59%	0.74%

GROUP RISK AVERAGES



	Approved Life	Unapproved Life	Disability Income
Standalone	1.44%	1.22%	1%
Umbrella	1.29%	1.24%	1%
Cover	3.3x	3.1x	75%

TOP ADVICE THEMES RE GROUP RISK



**Increase
funeral cover**

**Increases in
insurance
rates**

**Introduction
of Severe
Illness
Benefits**

TOP ADVICE THEMES RE GROUP RISK



Increase
funeral cover

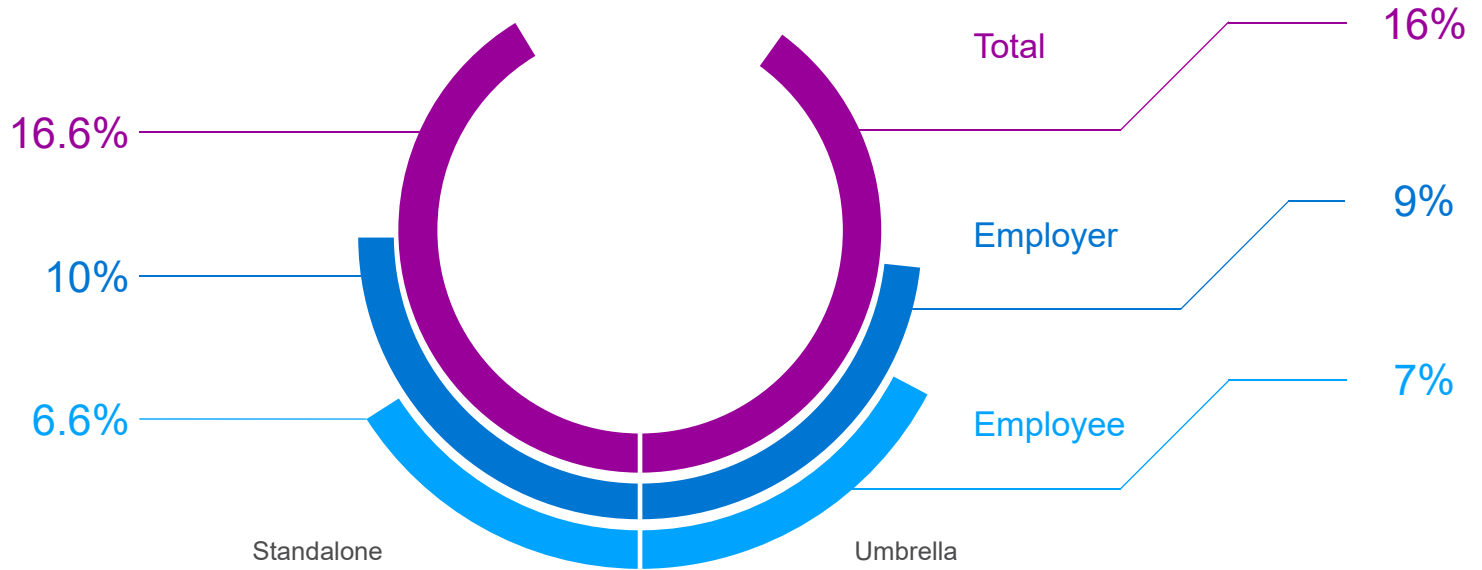
Increases in
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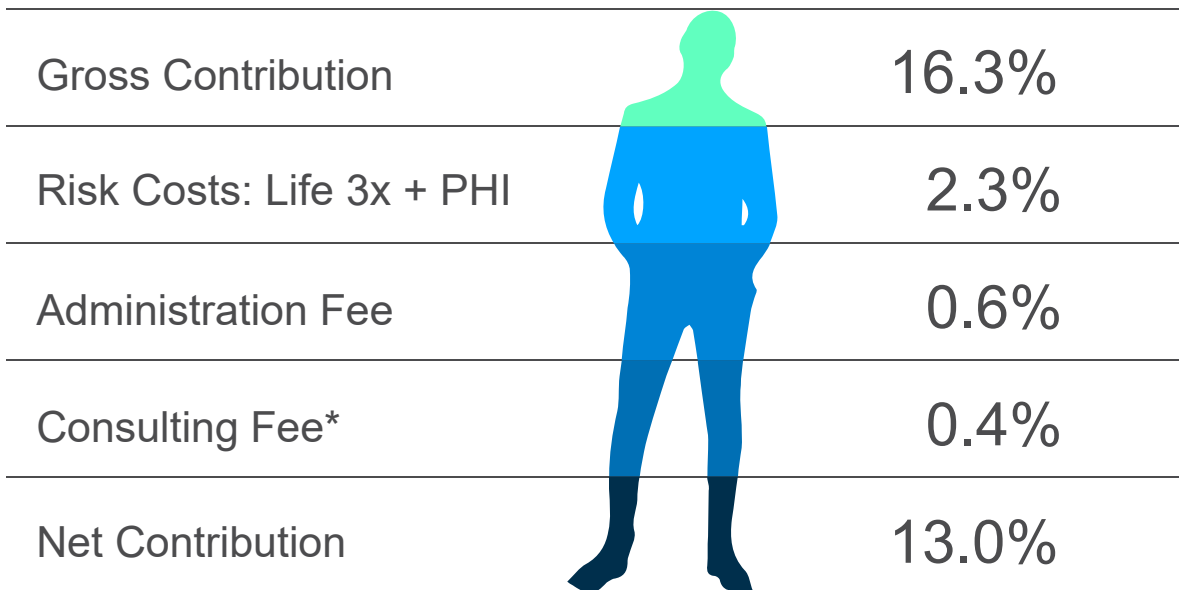
52% indicated that their clients experienced large rate increases over the past 3 years

19% have experienced a trend towards more claims being declined

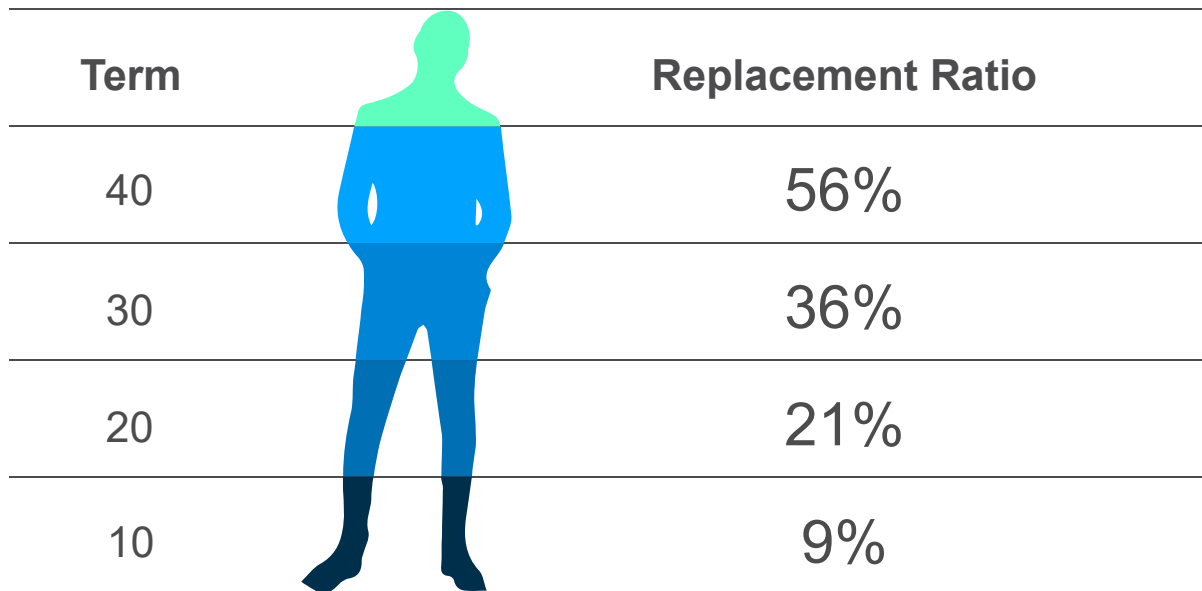
AVERAGE CONTRIBUTIONS



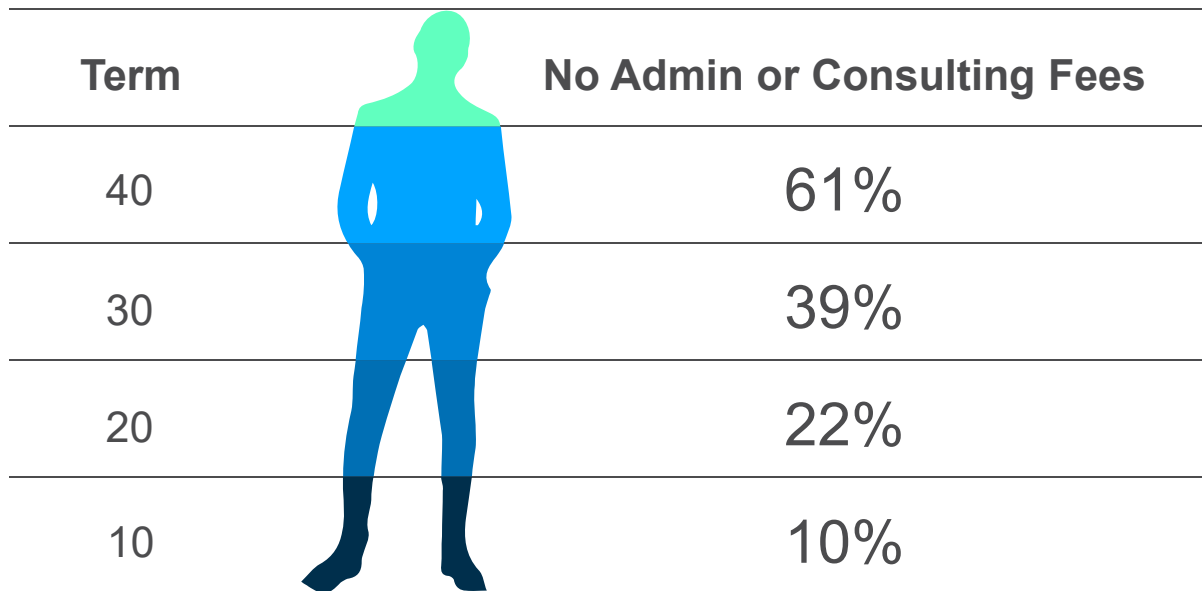
Average Joe



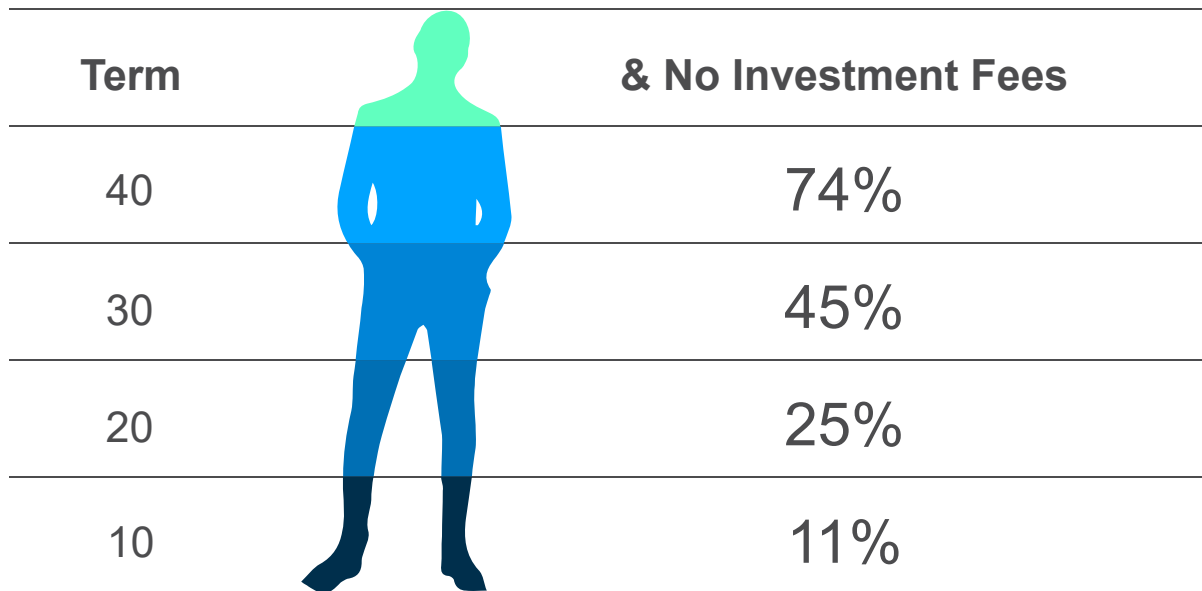
Average Joe



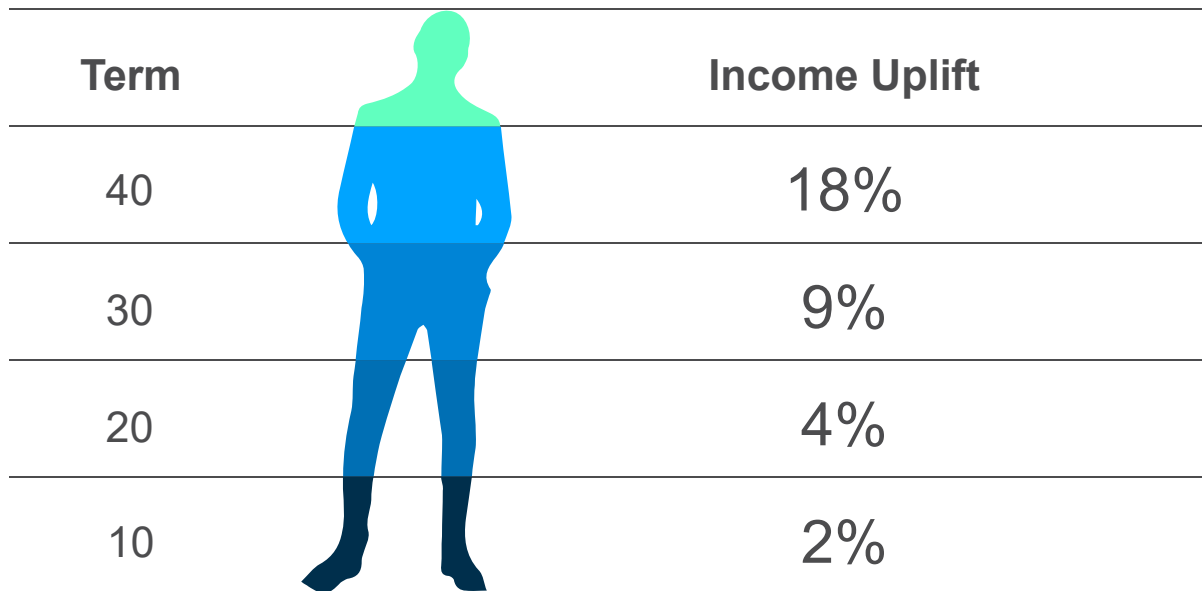
*Average
Joe*



*Average
Joe*



Average Joe

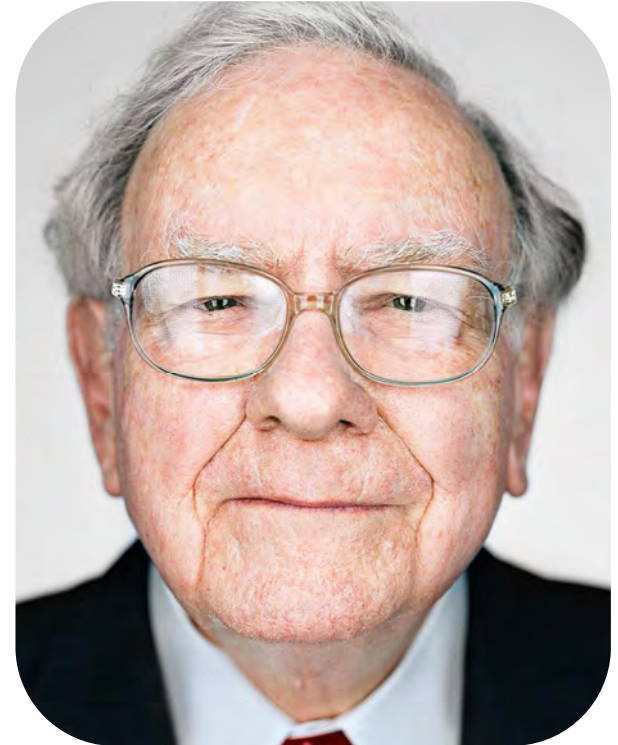


“PRICE IS WHAT YOU PAY, VALUE IS WHAT YOU GET”

Warren Buffett



- #1 issue that EB Consultants wish would change
- Costs need to be competitive & reasonable
- Marginal differences do not move the needle
- Megatrend here to stay



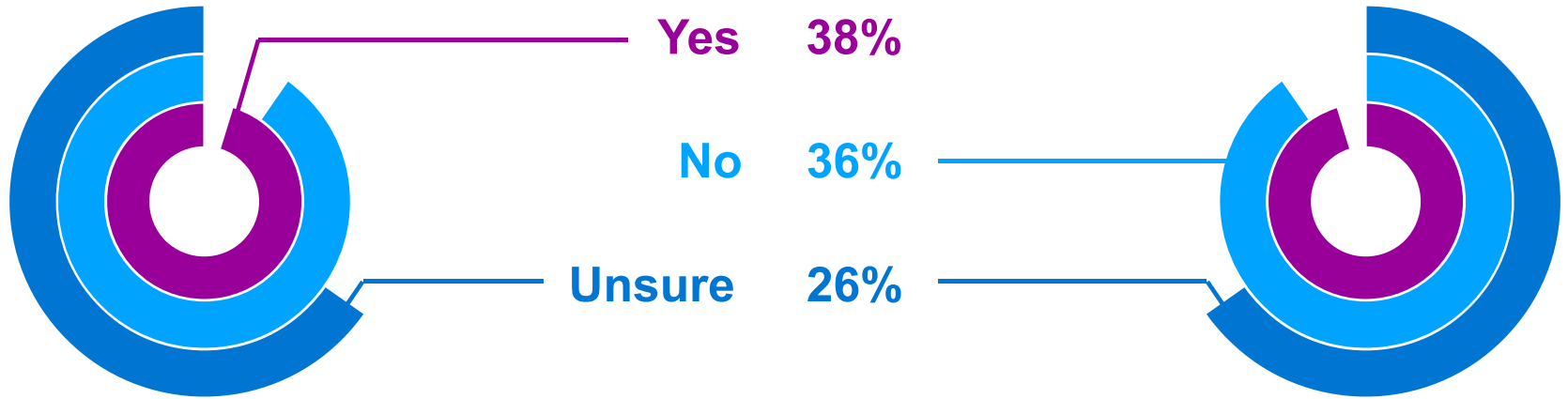
IMPACT OF HEALTHCARE



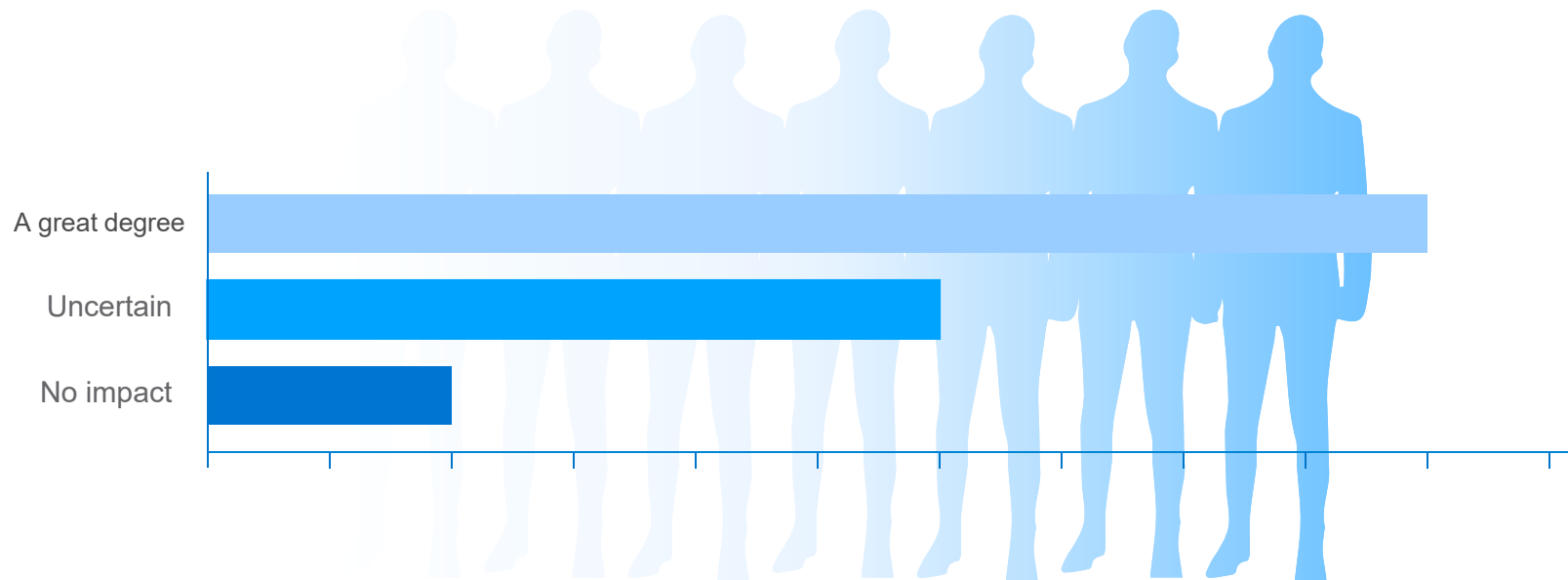
- Medical inflation > CPI
- Healthcare need is immediate, regular & visible
- Medical debt
- Sandwich generation

Compete with Retirement Fund Contributions/ Preservation/ Attention

DO CLIENTS REGARD HEALTHCARE AS MORE IMPORTANT THAN RETIREMENT FUNDING?



INTEGRATION OF RETIREMENT FUNDING, INSURANCE & HEALTHCARE ENABLES FINANCIAL WELLNESS



DEFAULT REGULATIONS TIMELINE



DEFAULT REGULATIONS TIMELINE



78%

of **EB Consultants** believe that the **Default Regulations** will help to improve **financial resilience** for members

READINESS FOR D-DAY

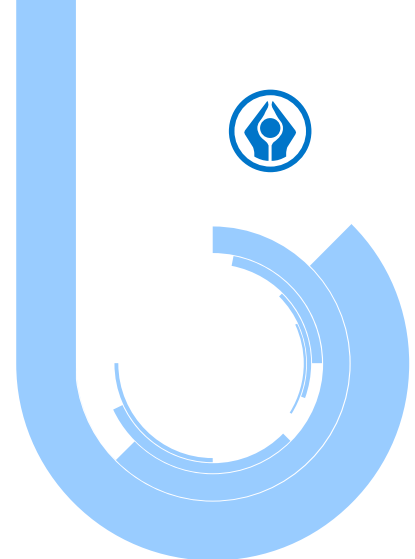


	Likely	Unsure	Unlikely
Investments	94	1	4
Preservation	68	8	24
Annuitisation	82	4	14
Counselling	88	4	8

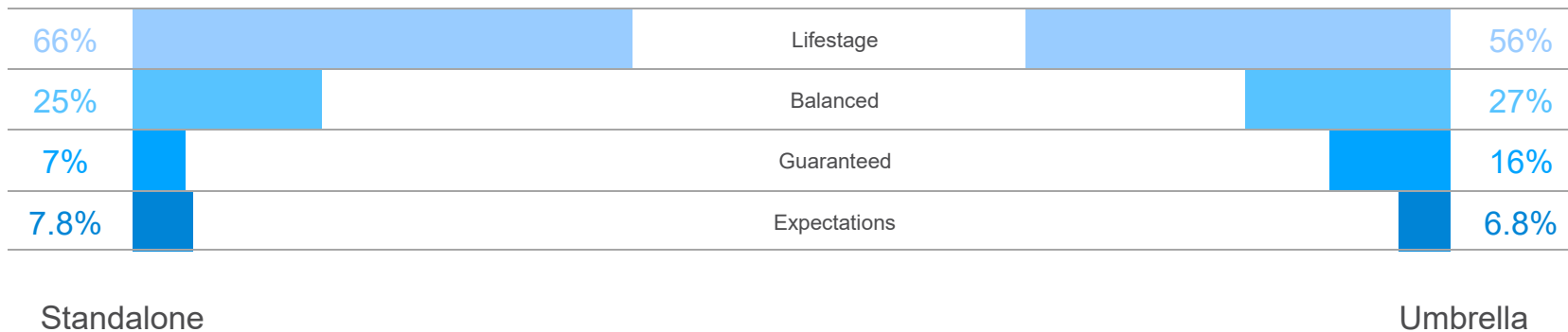
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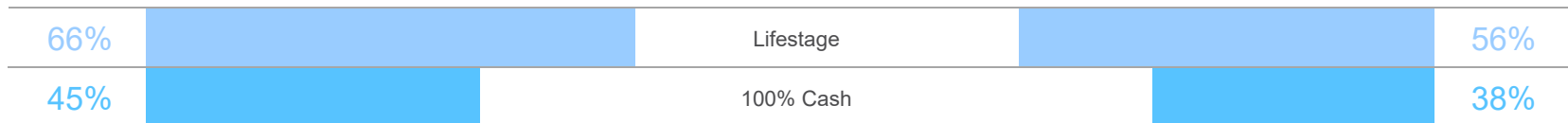
How to best enable financial resilience?



INVESTMENTS



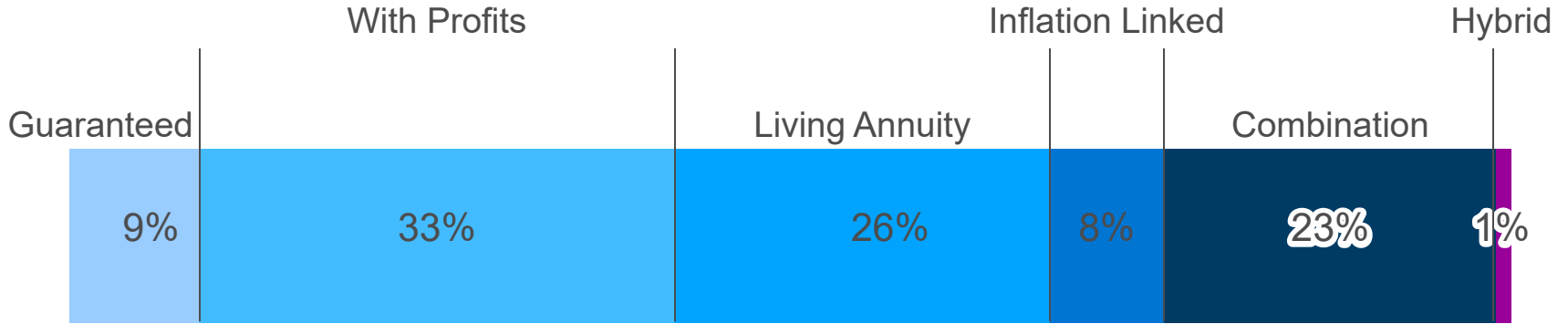
INVESTMENTS



Standalone

Umbrella

ANNUITIES



RETIREMENT BENEFITS COUNSELLING

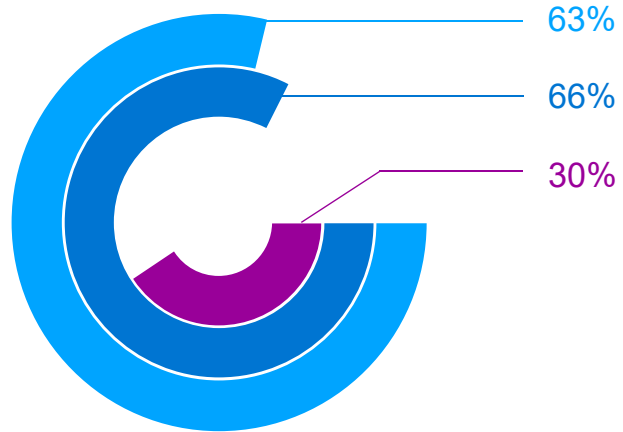


Standalone

Written	51%
HR	20%
Administrator	47%
EB Consultant	25%
IFA	22%

88% believe that **RBC** will assist in **improving retirement outcomes**

ADVICE

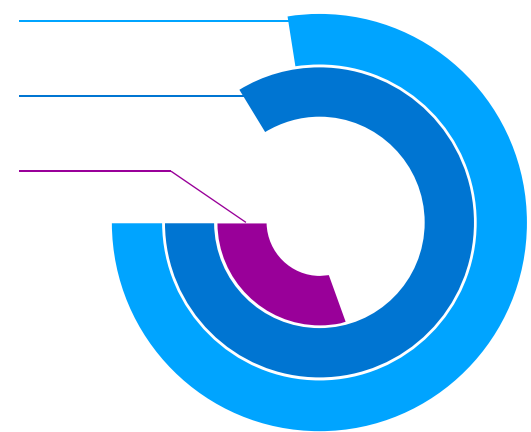


Standalone

Advice Strategy 62%

Preferred Panel 67%

Subsidised Advice 24%



Umbrella

TRANSFORMATION



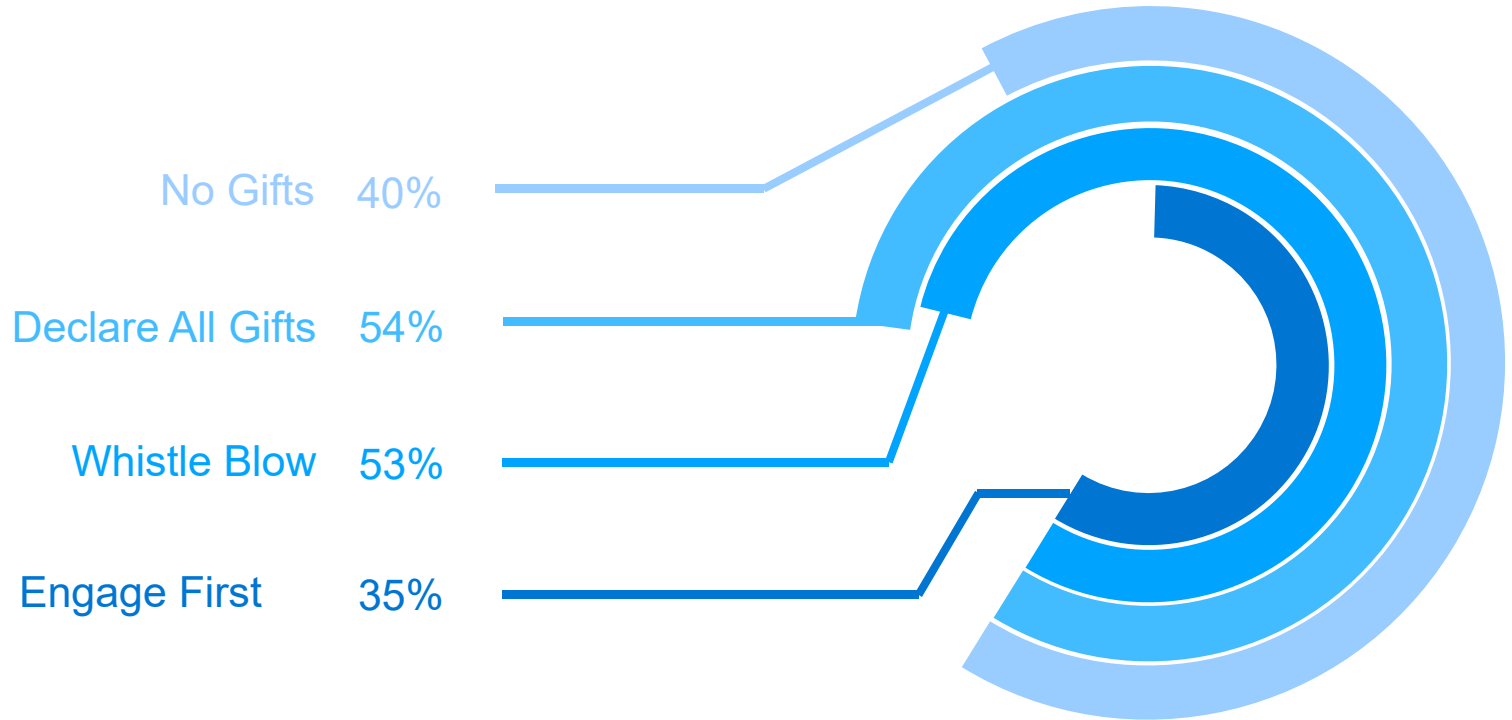
Standalone Funds

- ③ 24% unaware of voluntary FSC B-BBEE Scorecard
- ③ 7% would consider B-BBEE status when considering Umbrella Fund Providers

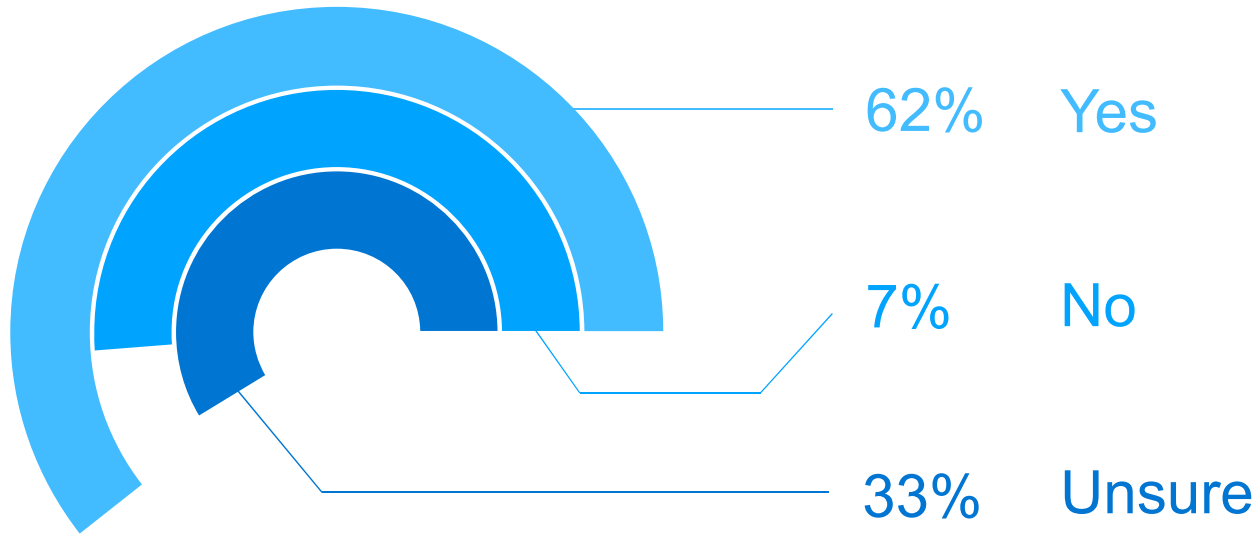
EB Consultants

- ③ 60% of EB Consultants do not consider B-BBEE Level when recommending Service Providers
- ③ 33% believe that Employers do not place any weight on B-BBEE Level
- ③ 70% believe that B-BBEE Level should not carry greater weight in decision making

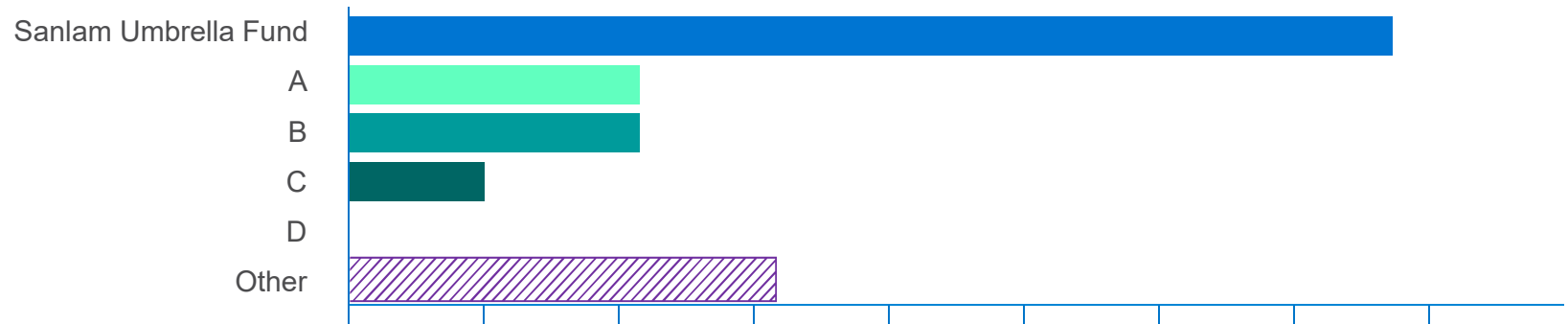
GOVERNANCE: DIRECTIVE 8



GOVERNANCE



BEST GOVERNED UMBRELLA FUND



MEGATRENDS

- ④ Governance & Regulation
- ④ Consolidation
- ④ Review of Umbrella Providers
- ④ Integration with Healthcare
- ④ Group Risk Disruption
- ④ Technological Innovation
- ④ Fixation on Costs
- ④ Transformation
- ④ Cyber Risk
- ④ Individualisation

