



**Sanlam**

**Benchmark 2020**



Sanlam

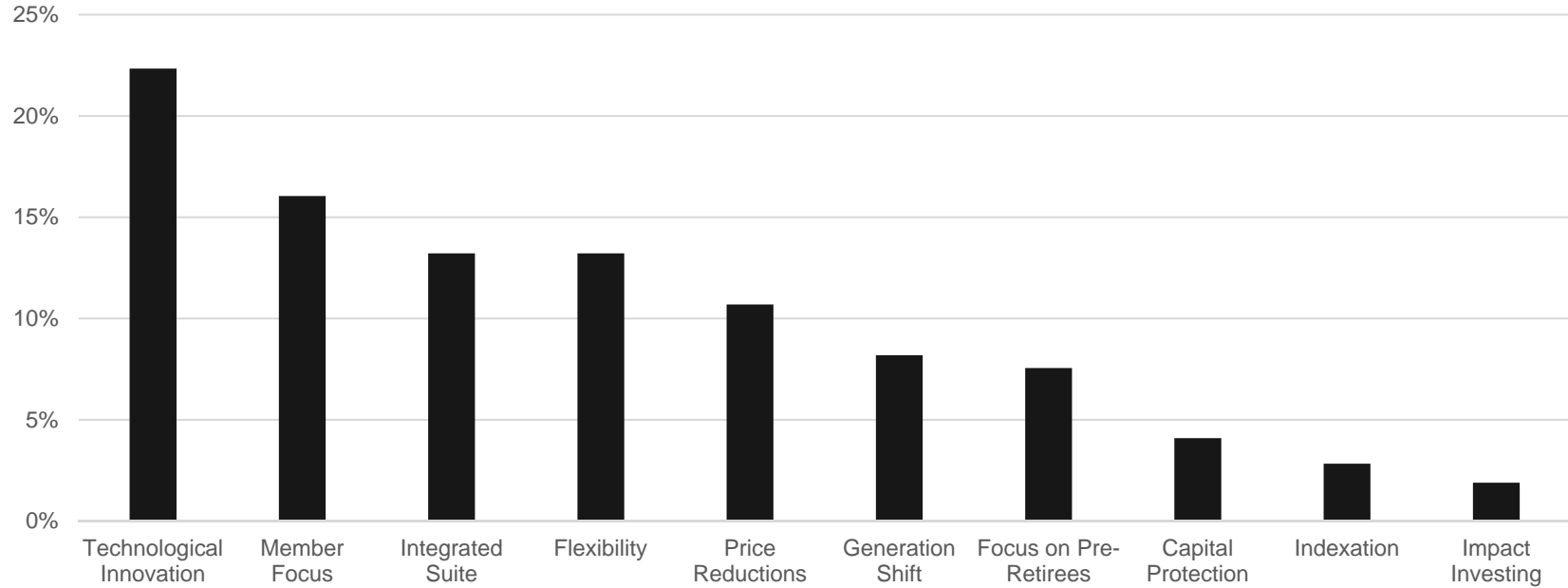
EMPOWERING INSIGHTS

# ALL ABOUT THE INDIVIDUAL



# TOP TRENDS

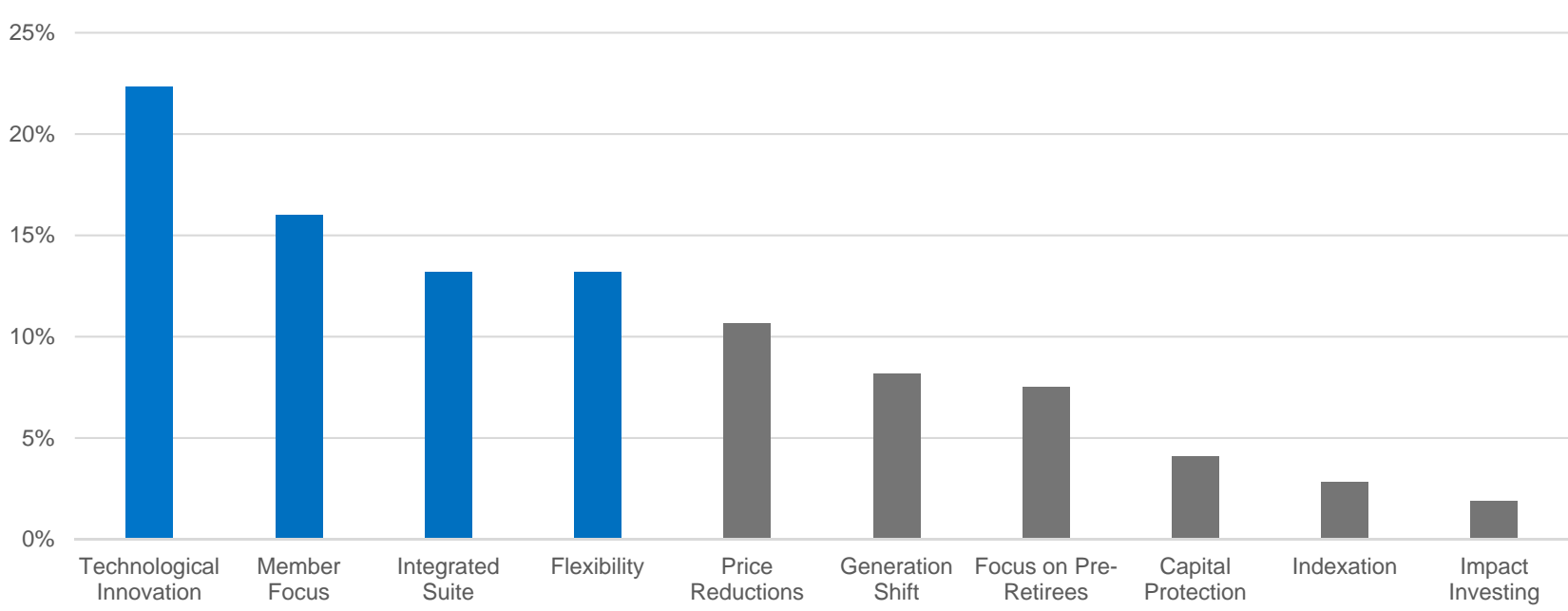
Consultant Survey Pre-Covid





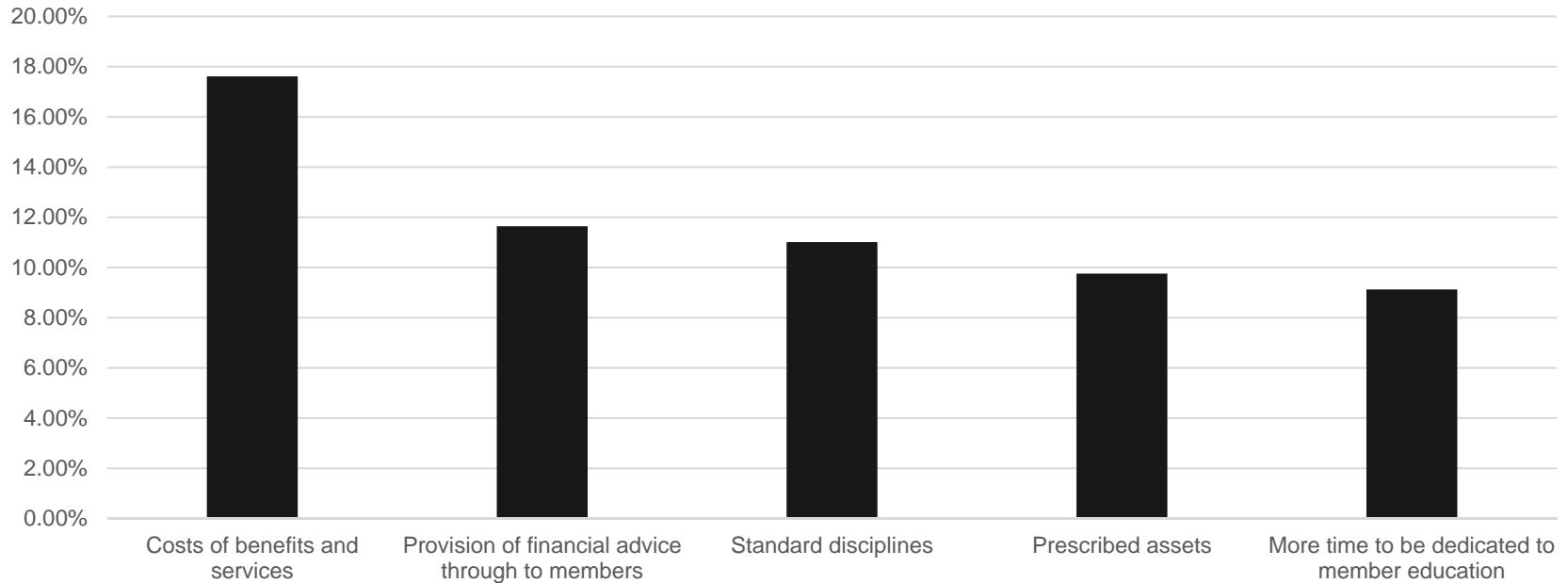
# TOP TRENDS

Consultant Survey Pre-Covid



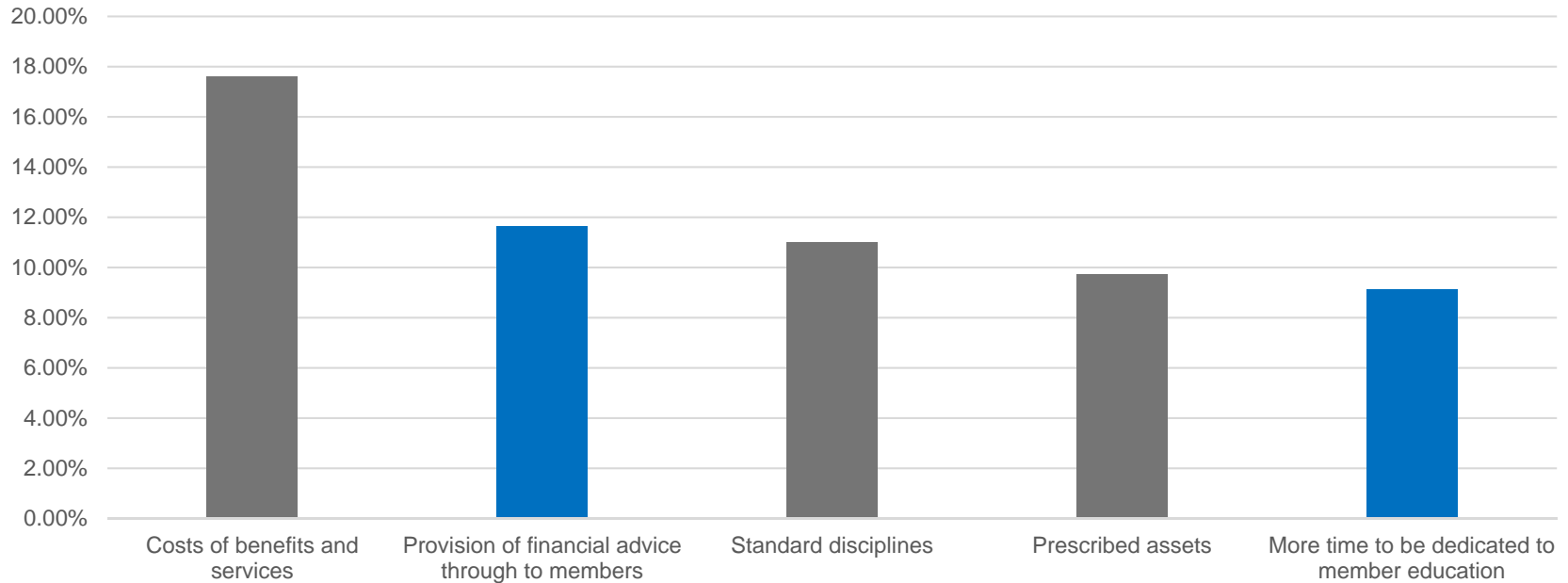
# TOP ADVICE TRENDS

Consultant Survey Pre-Covid



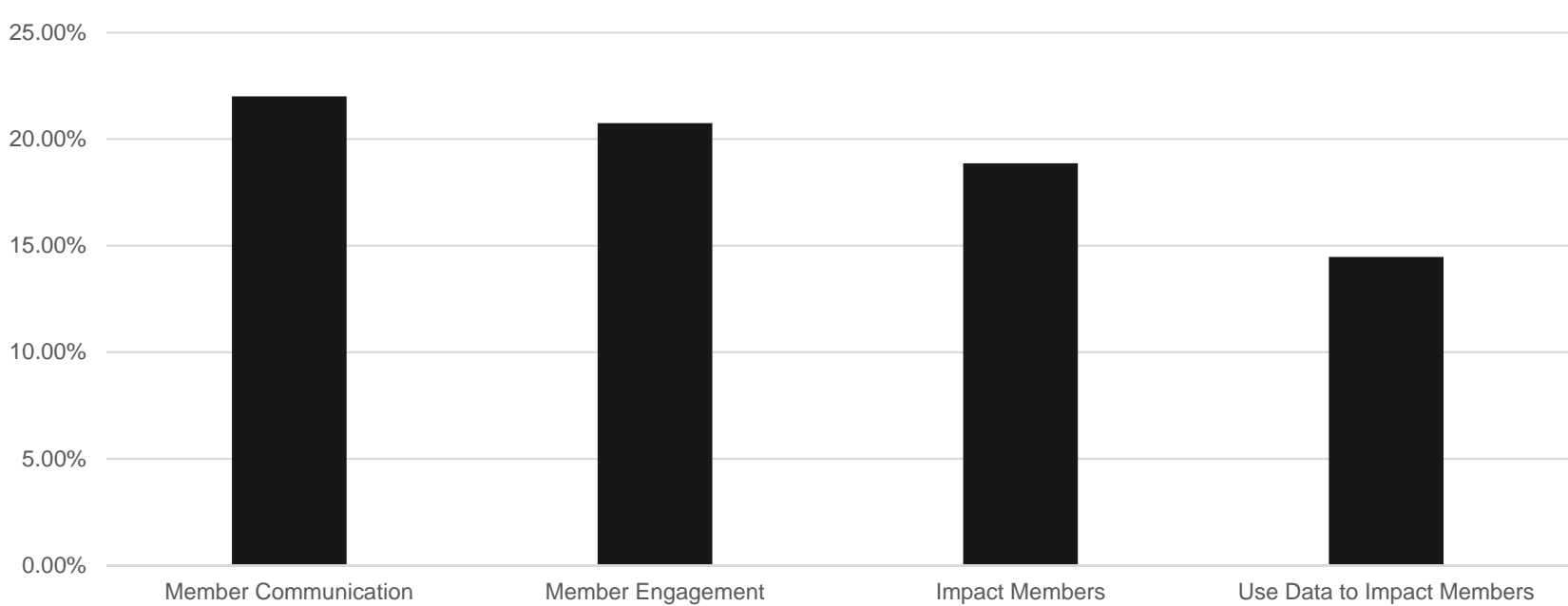
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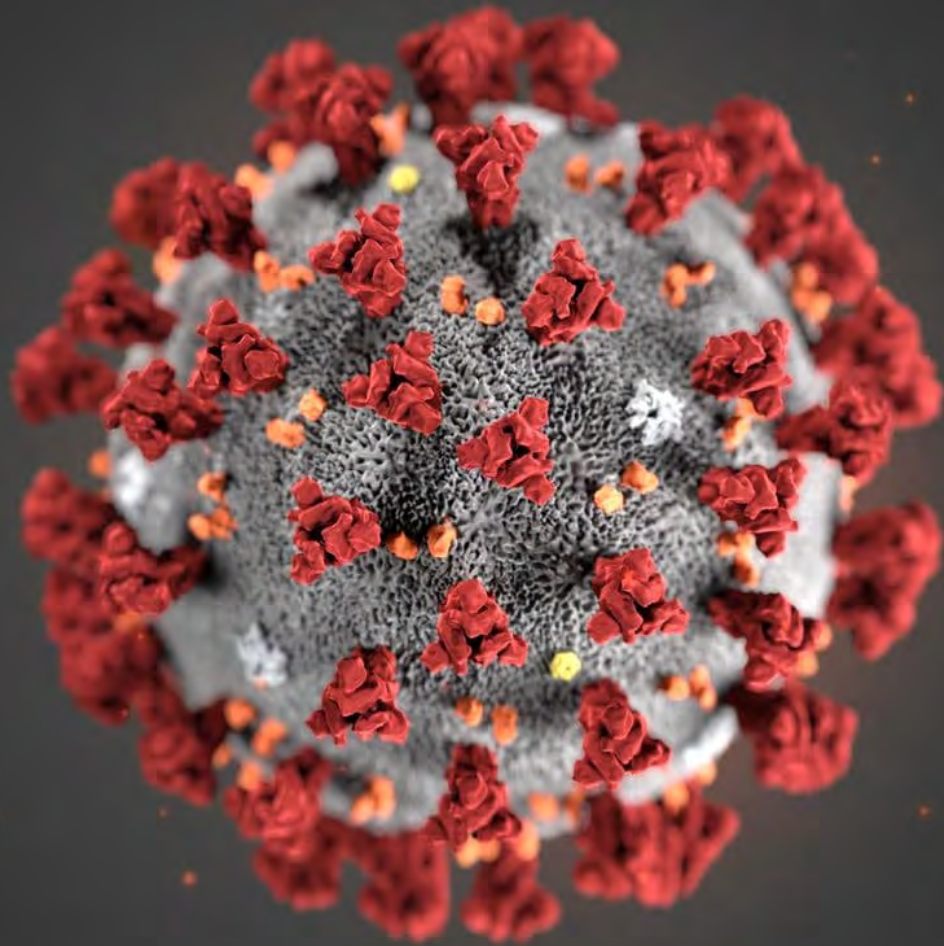
# CHANGING NATURE OF ADVICE

Consultant Survey Pre-Covid



# PARADIGM SHIFT

- Member's experience of retirement funds
- Enable better decisions
  - Engagement
  - Data
- Role of Umbrella Funds
  - Changed expectations of Consultants & Service Providers
  - Reduced complexity
  - > 1,000,000 members joined over the past decade
- Default Regulations



# EMOTIONAL IMPACT

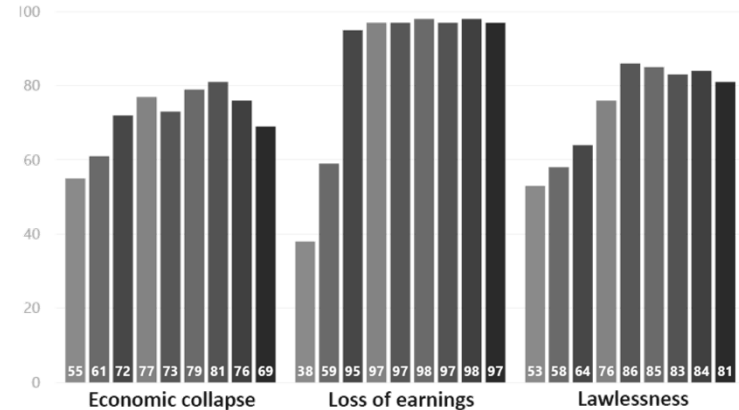


# UNDER PRESSURE

STATS SA

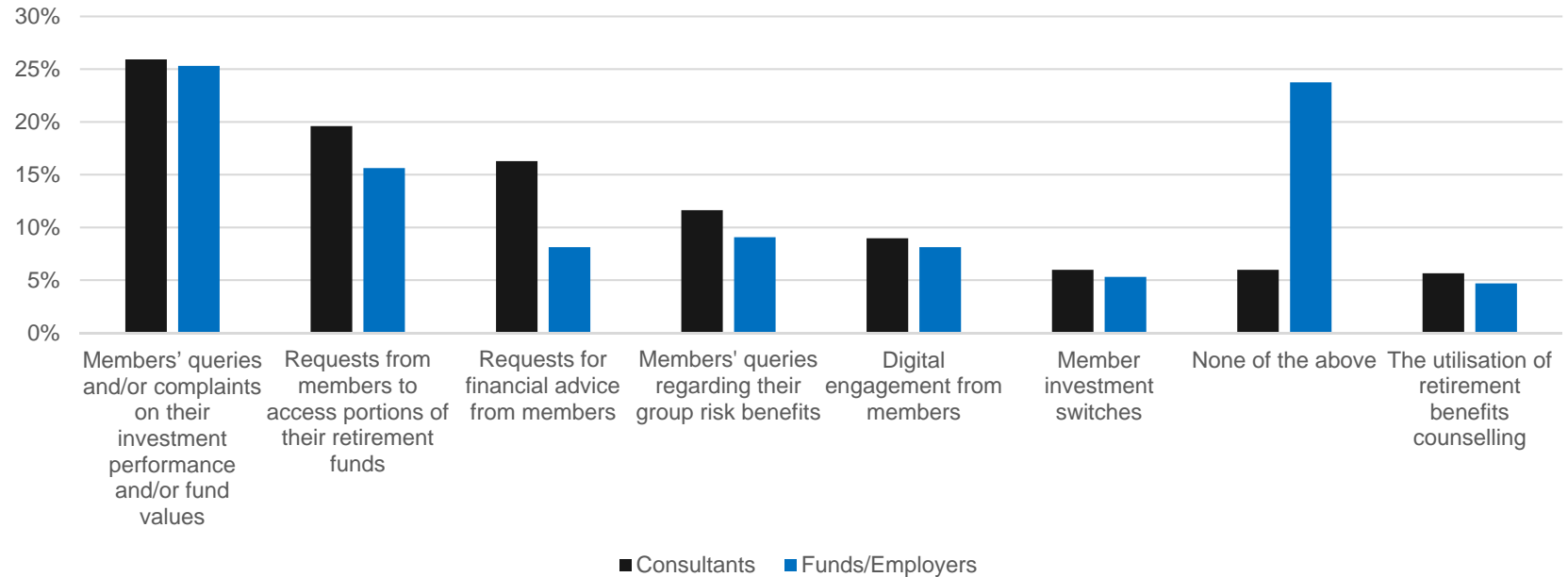
ALL TOLD COVID-19 SURVEY

- ④ 8% lost jobs during the lockdown
- ④ 26% experienced reduction in income during lockdown
- ④ 10% increase in persons reporting no income during lockdown
- ④ 19% indicate that lockdown will have a major impact on ability to meet financial obligations
- ④ 12% concerned about short term impact of Covid on financial situation
- ④ 67% concerned about long term impact of Covid on financial situation

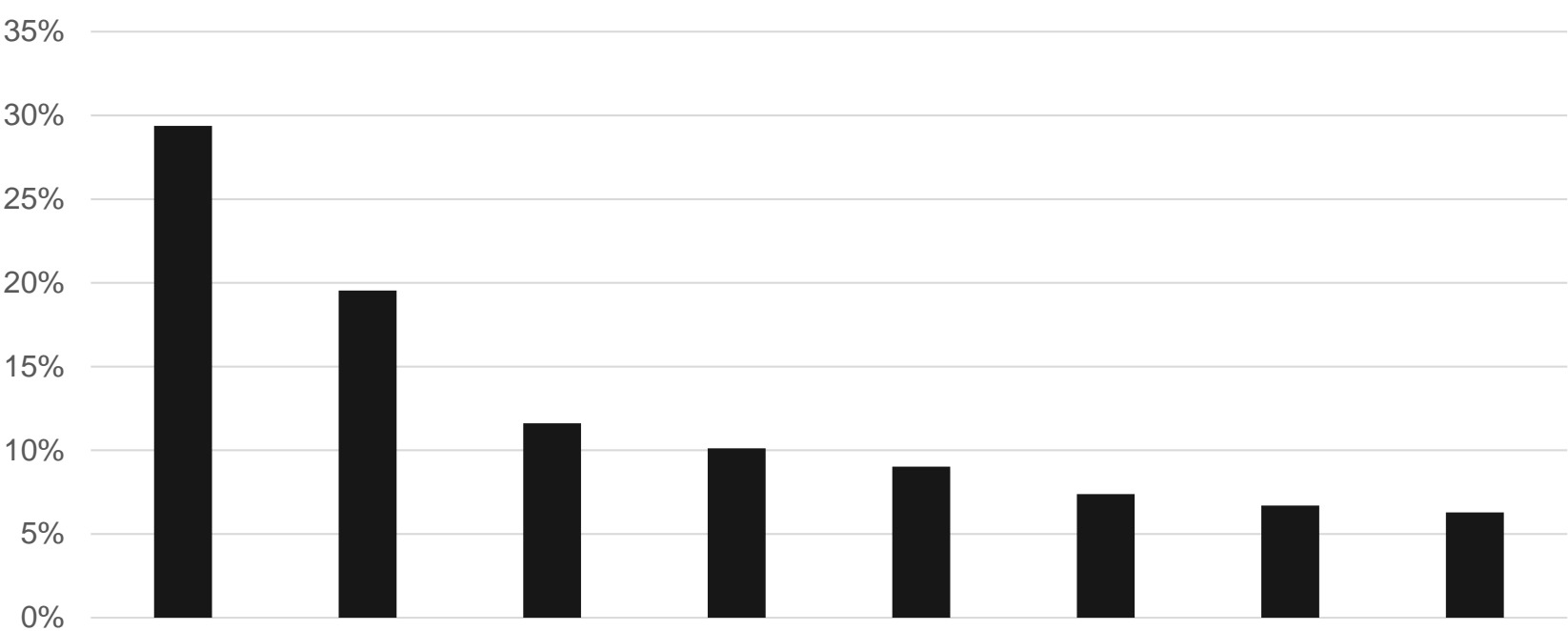




# MEMBER BEHAVIOR

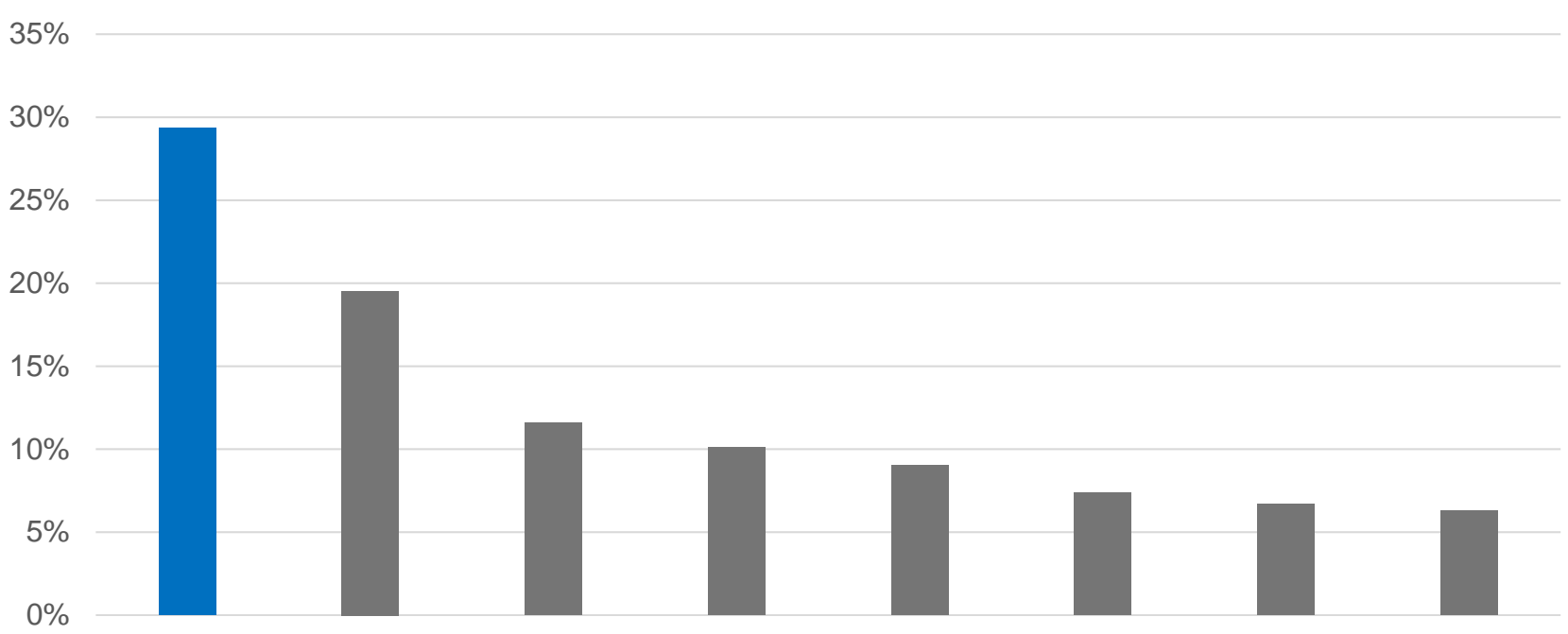


# FINANCIAL RELIEF TO MEMBERS



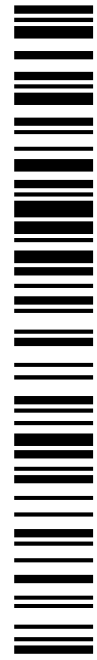
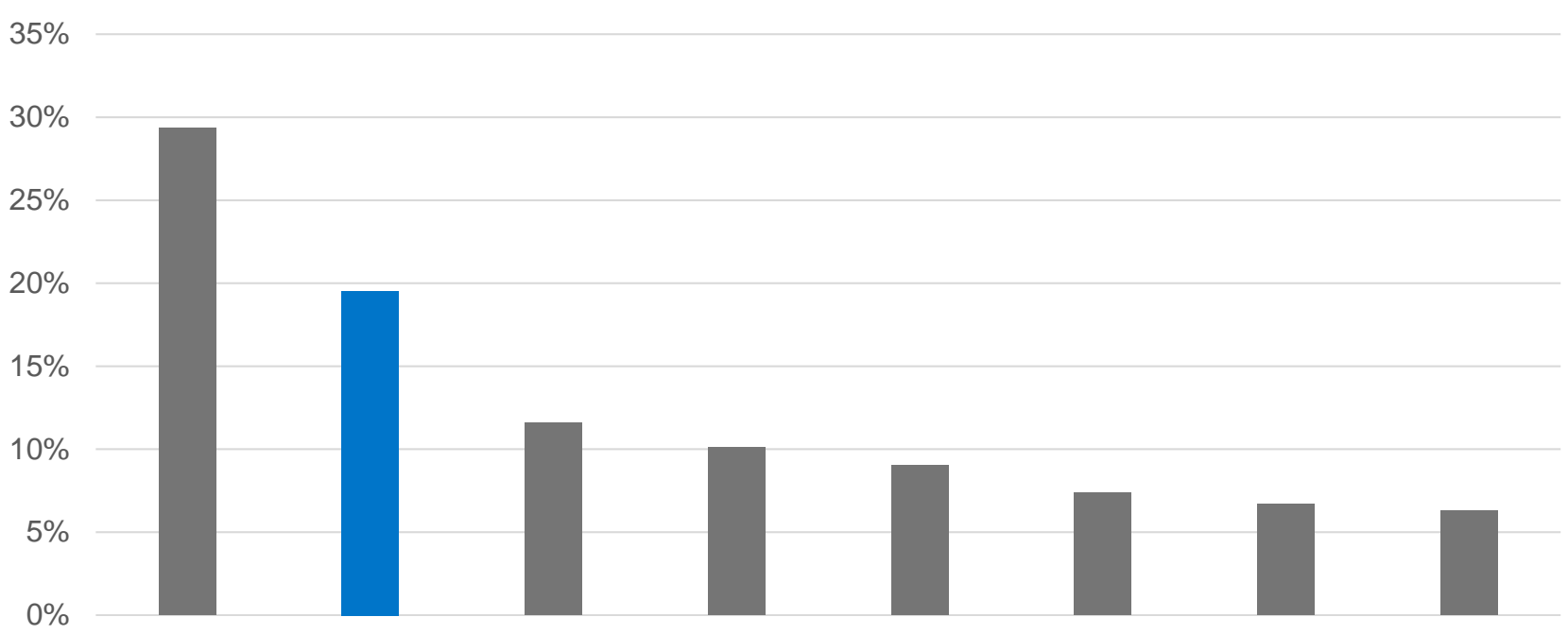
# TEMPORARY SUSPENSION OF CONTRIBUTIONS

Financial Relief to Members



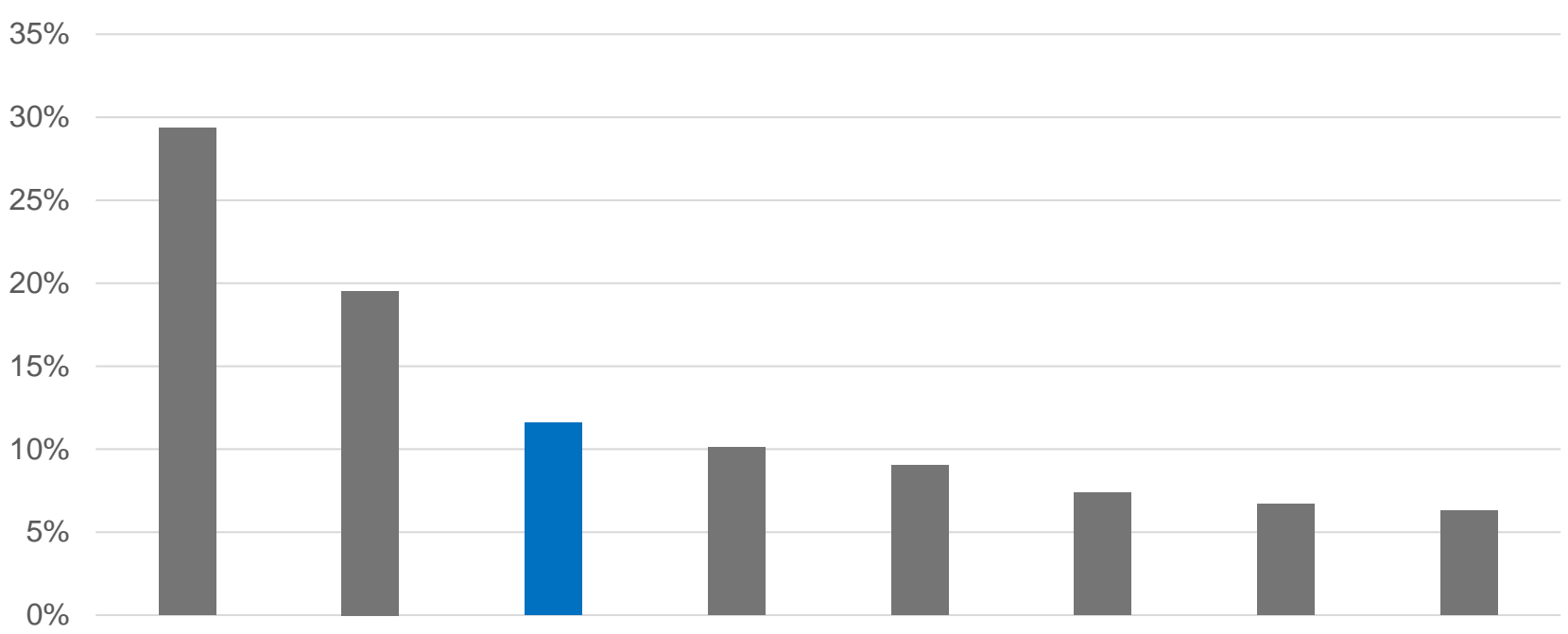
# TEMPORARY INCREASE IN TAX FREE AMOUNT FROM R500K TO R1M

Financial Relief to Members



# ONCE OFF TAX EXEMPT WITHDRAWAL

Financial Relief to Members

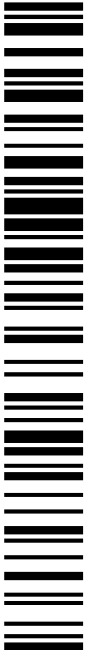


# MEMBER DATA

Sanlam RFA Administration Data

Fund Value (R')	Proportion	Average Pensionable Salary (R')	Average Gross Contribution (R')	Average Gross Contribution (% of APS)
< 50,000	50%	107,000	13,000	12%
50,000 – 100,000	10%	205,000	27,000	13%
> 100,000	40%	330,000	55,000	17%
Total	100%	203,000	31,000	15%

- ④ Average fund balance 0.8x annual pensionable salary
- ④ 60% of members have balances of 6 months pensionable salary or less
- ④ 11% of members have more than R500,000



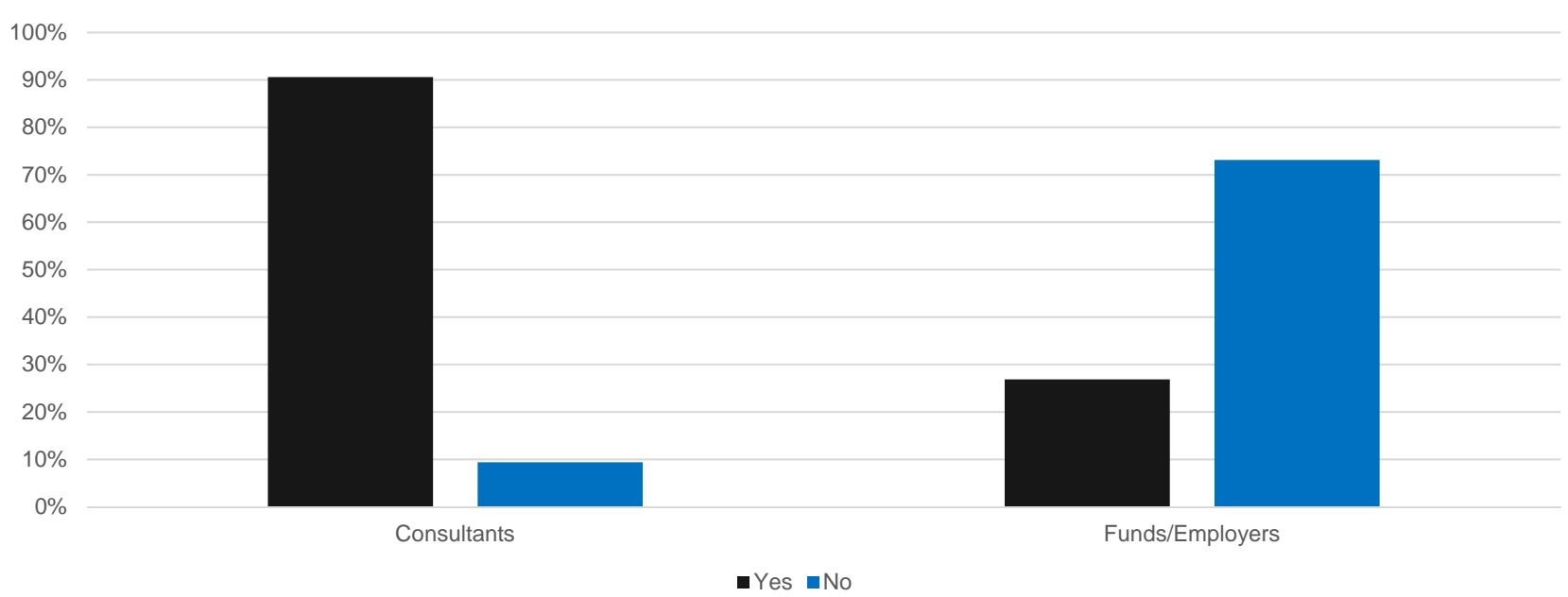
# NET EFFECT

- ④ Tax relief limited in scope
- ④ Access or Borrowing
  - ④ May not provide enough relief
  - ④ Impact long term outcomes
- ④ Conflicting needs
- ④ System not prepared
- ④ Low preservation rates impact



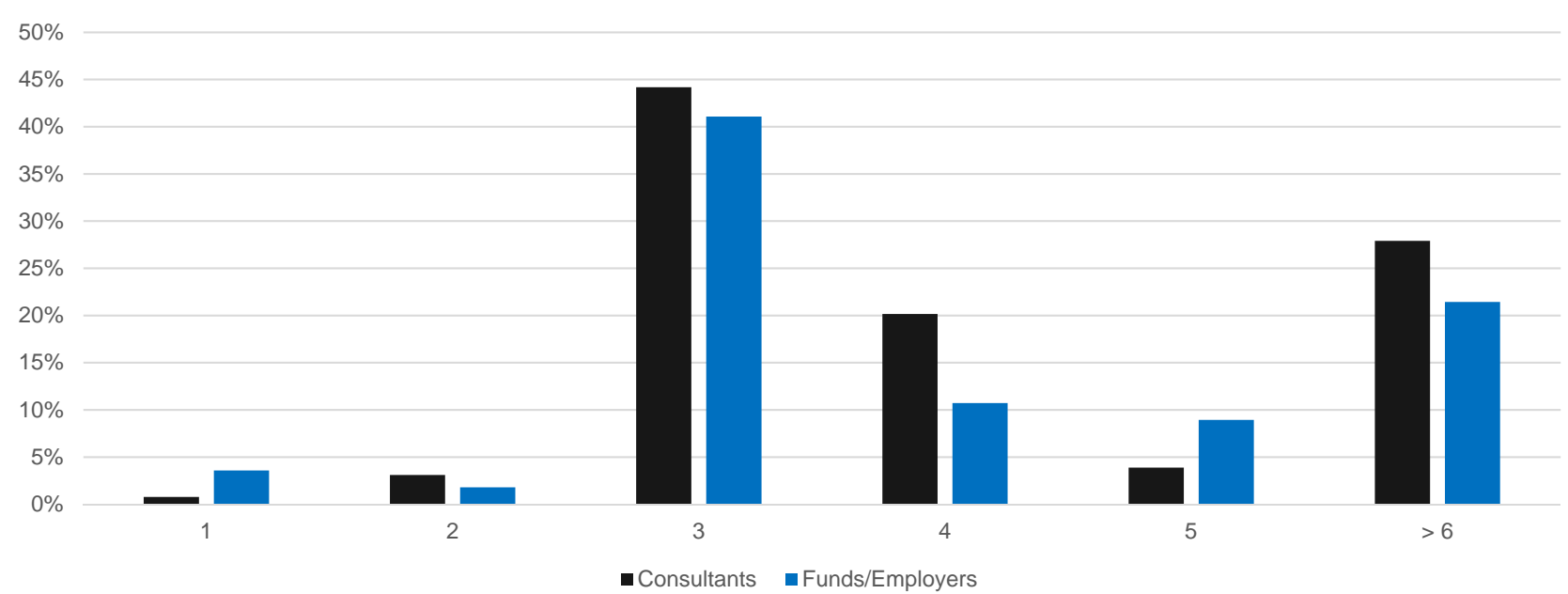
# APPLIED FOR SUSPENSION

Survey closed 5 June

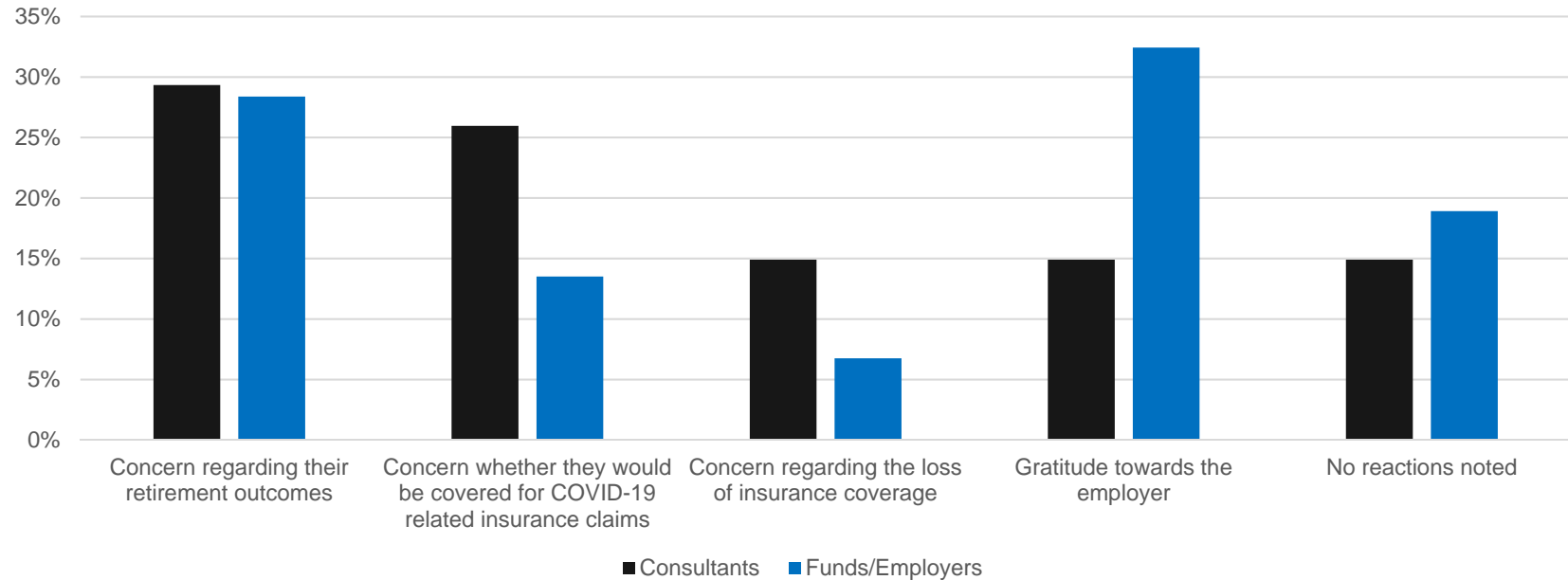




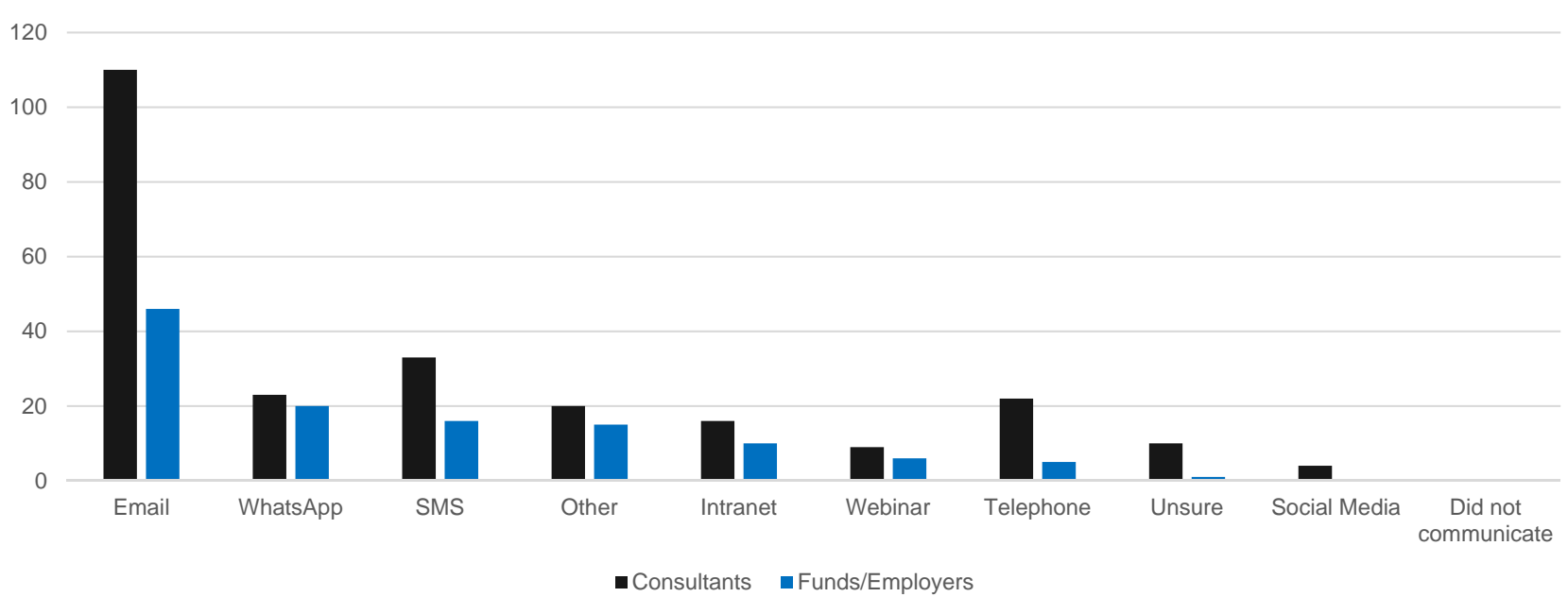
# EXPECTED DURATION



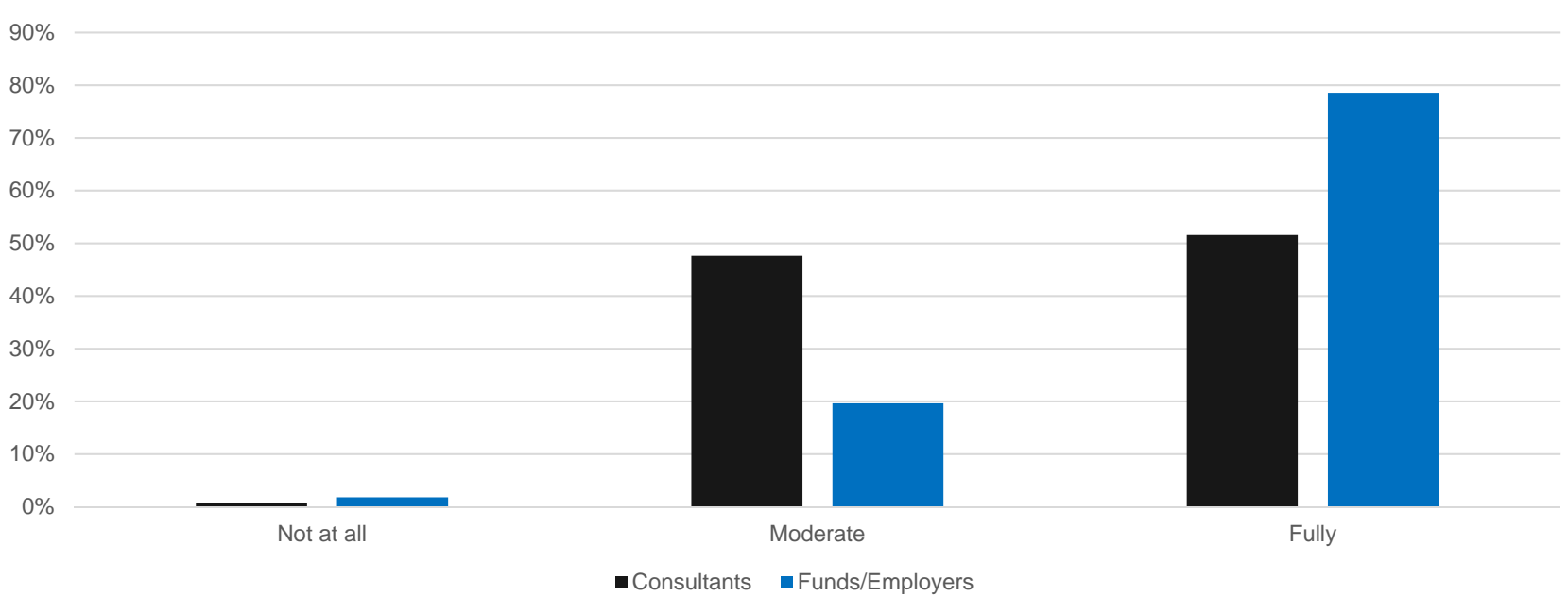
# REACTIONS OF MEMBERS



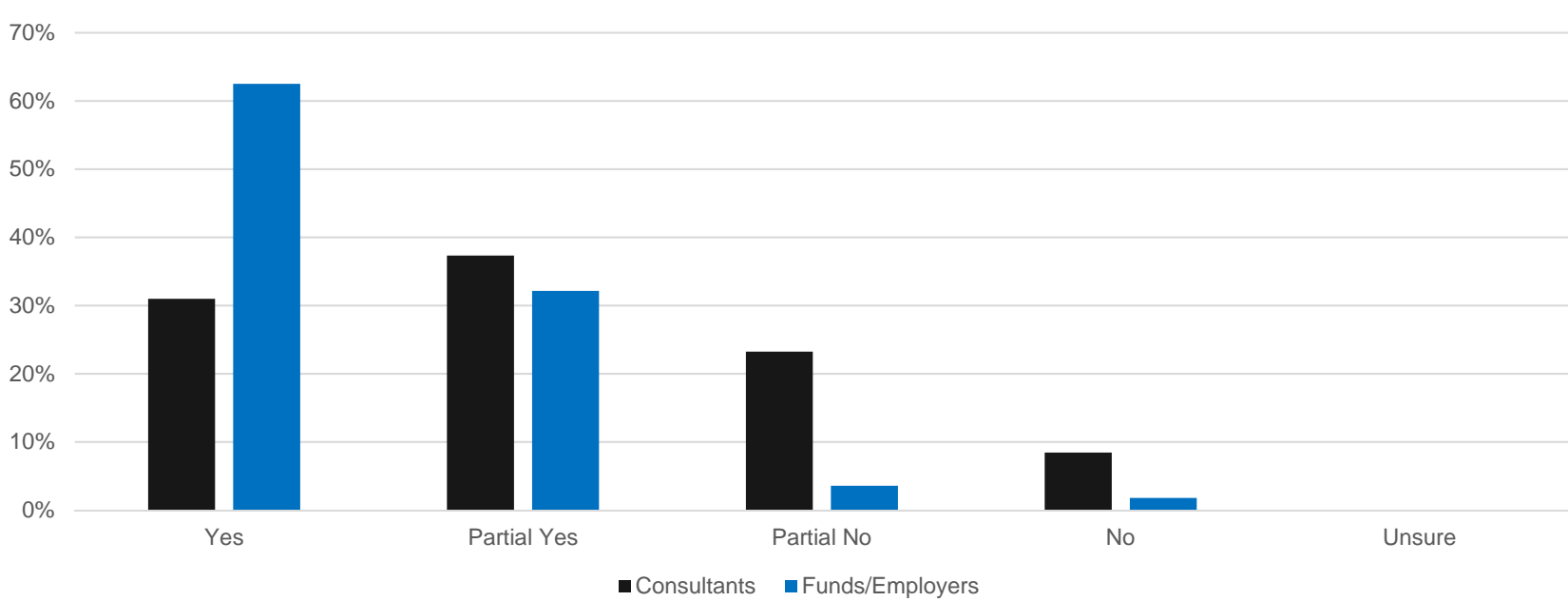
# COMMUNICATION MECHANISMS



# AWARENESS OF SUSPENSIONS



# CONTACT DETAILS



# DRAFT CONDUCT STANDARDS

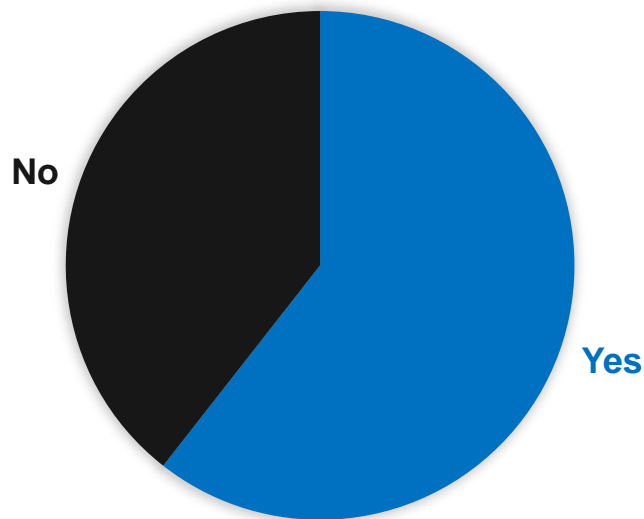
In respect of **EACH MEMBER** ...

- ④ Full name
- ④ Date of Birth
- ④ SA ID number or Passport number
- ④ Income Tax Number
- ④ Contact number & cell number where available
- ④ Email address
- ④ Postal address
- ④ Residential address
- ④ Date of membership
- ④ Employer Pay Number
- ④ Annual pensionable emoluments and annual CTC
- ④ % and amounts of contributions
- ④ Split between member and employer contributions
- ④ Details of additional voluntary contributions
- ④ An indication of any changes to previous period showing any differences in the data



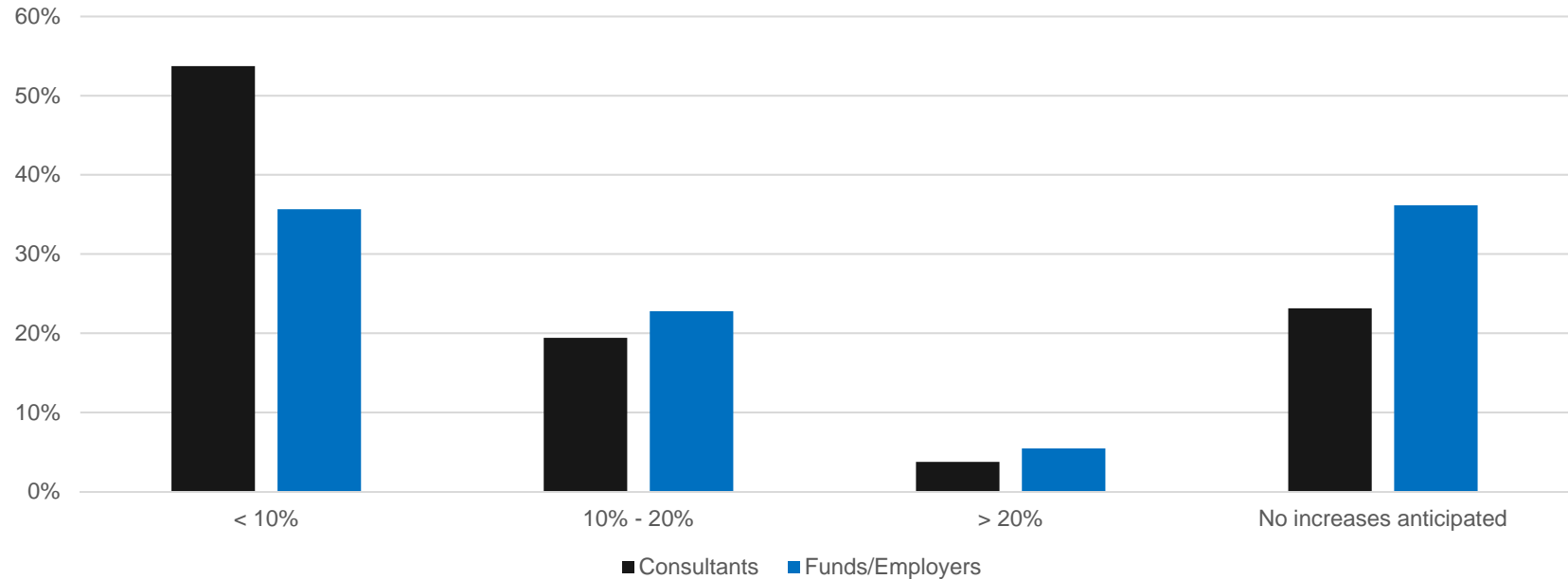
# HAS RISK PRICING STABILIZED?

Consultant Survey Pre-Covid-19



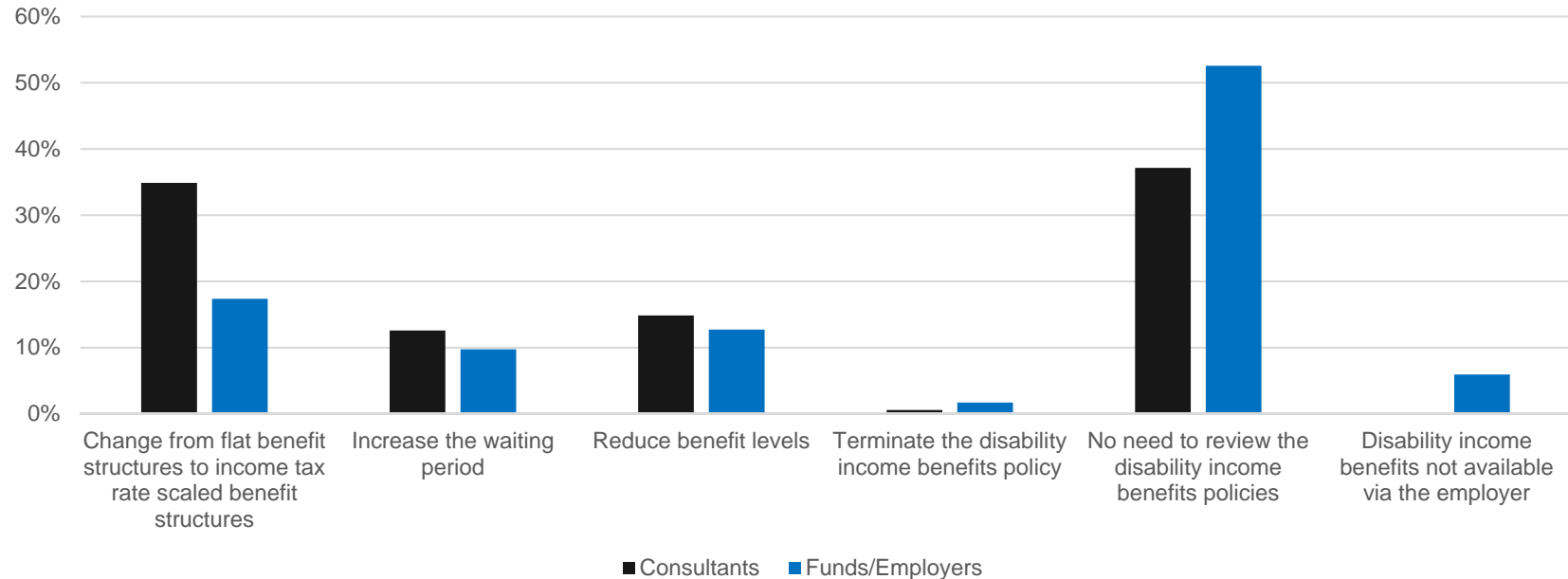
- Upward rates revisions
- Linked to economic cycle
- Covid-19
  - Healthcare Impact
  - Economic Impact

# EXPECTED PREMIUM INCREASES

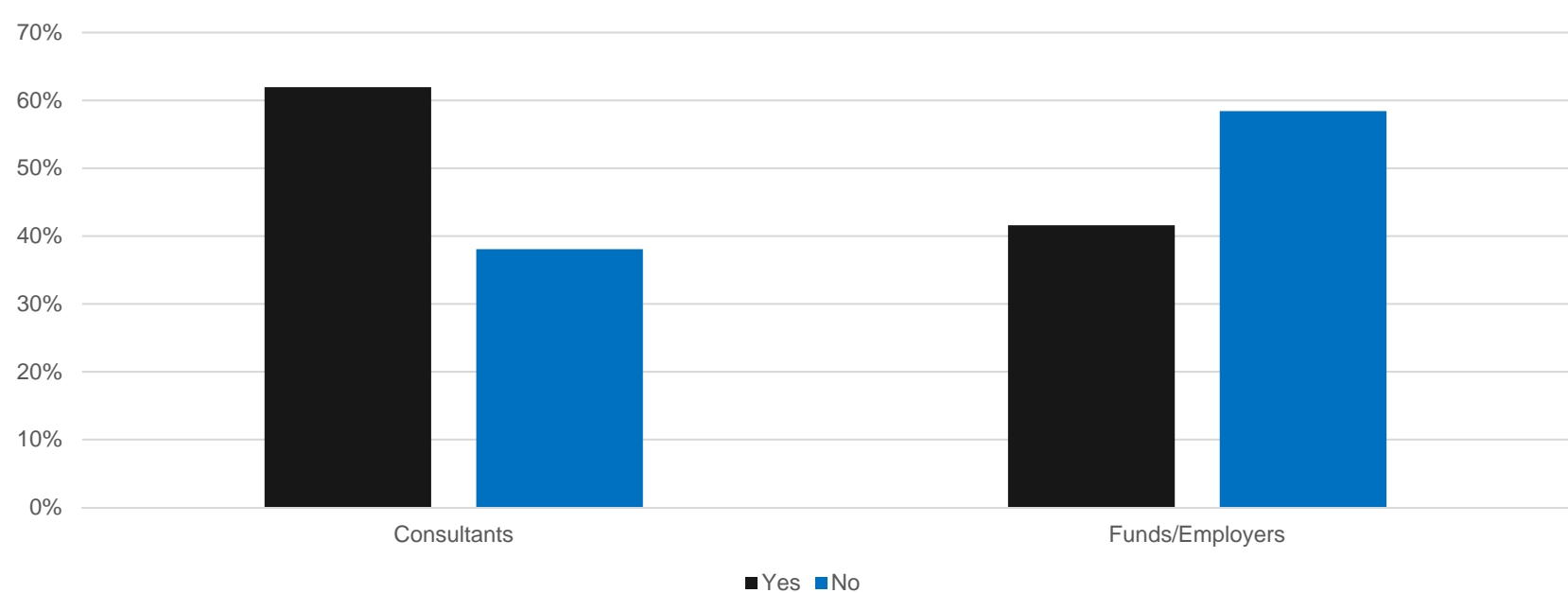




# REVIEW DISABILITY INCOME BENEFITS

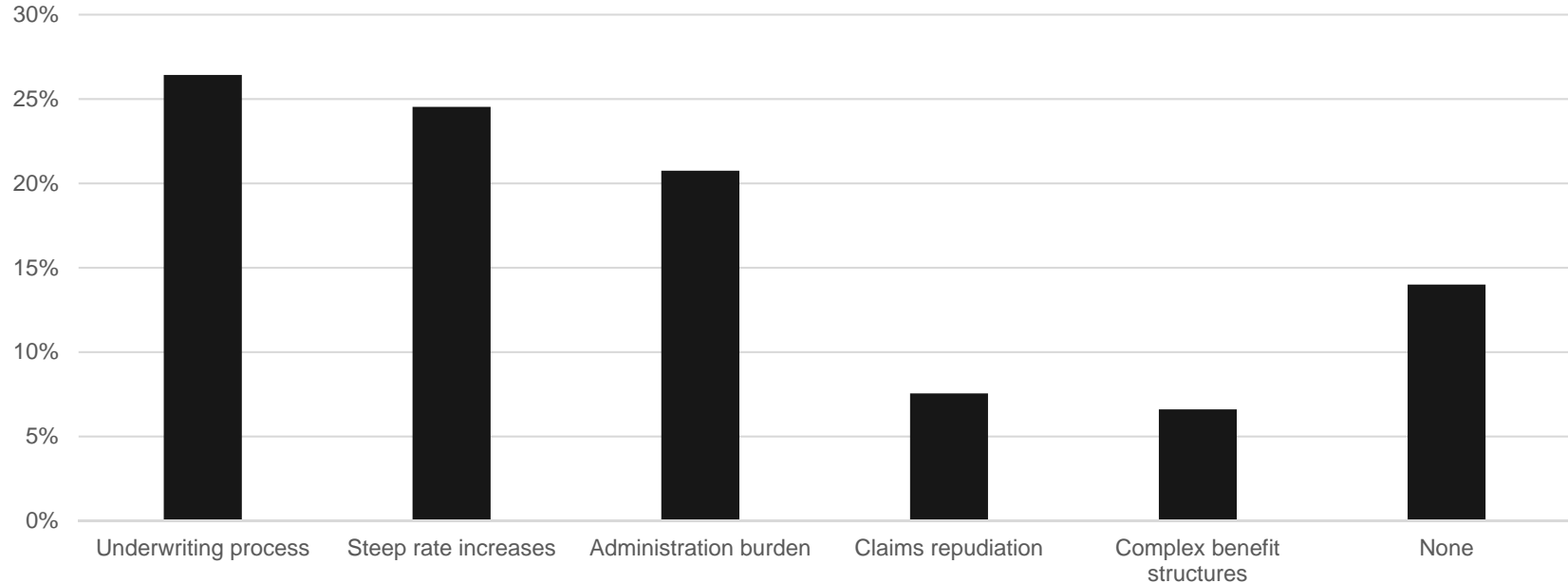


# EVALUATED INSURER SOLVENCY



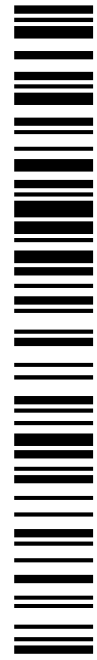
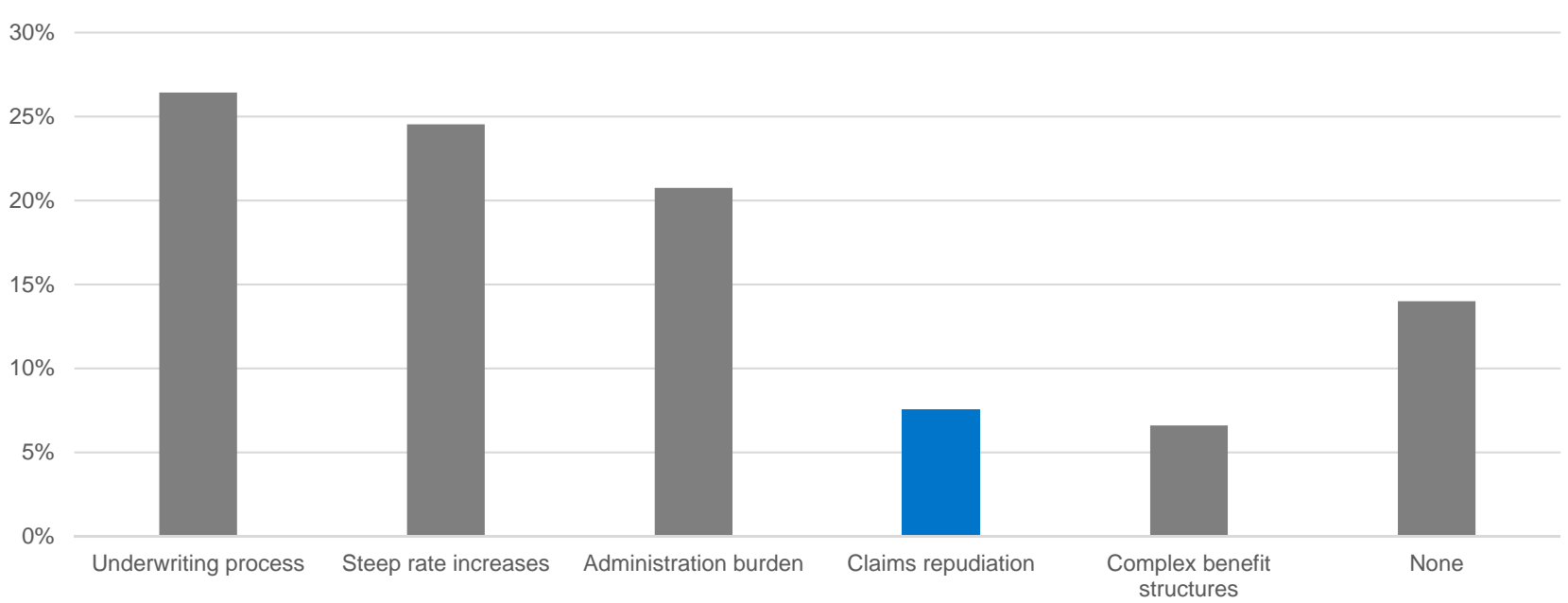
# FRUSTRATIONS WITH INSURERS

Consultant Survey Pre-Covid



# FRUSTRATIONS WITH INSURERS

Consultant Survey Pre-Covid



# A ROUGH 12 YEARS



# WHAT DOES THE FUTURE HOLD ...

- ④ V – U – W – L ...
- ④ US Elections
- ④ Geopolitical Conflict
- ④ Debt – GDP
- ④ Future Pandemics
- ④ ???
- ④ ...



# REVIEW STATUS QUO

## ➤ Accumulation

- Time on your side
- Ride volatility
- Equity risk premium

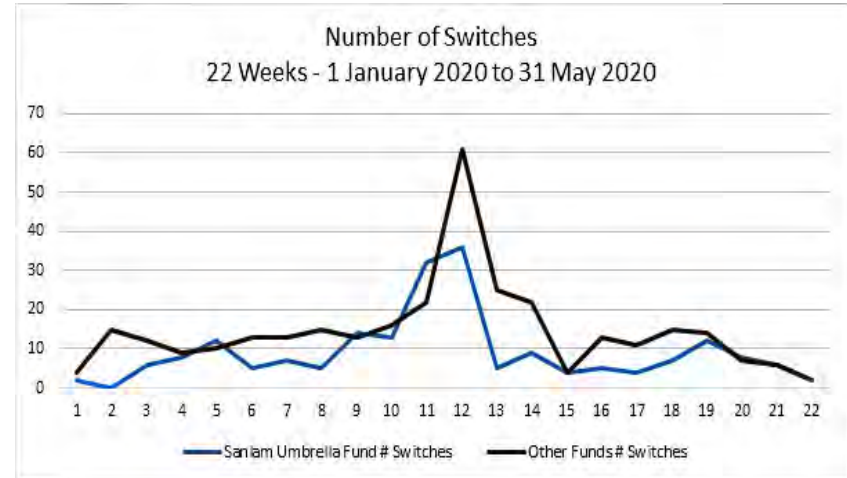
## ➤ Pre-Retirement

- Conservative
- Less volatile



# MEMBER SWITCHING BEHAVIOR

Sanlam RFA Data





# INVESTMENT DEFAULTS

- ④ Median tenure estimated at 4 years (*Stats SA*)
- ④ Preservation a major obstacle
- ④ Member switching behavior during downturns telling
- ④ Reconsider investment defaults (11% cons || 16% funds/employers)
- ④ Allow for volatility protection + Risk Profiled Member Choice
- ④ Smoothing and/or guarantees
- ④ Especially for pre-retirees

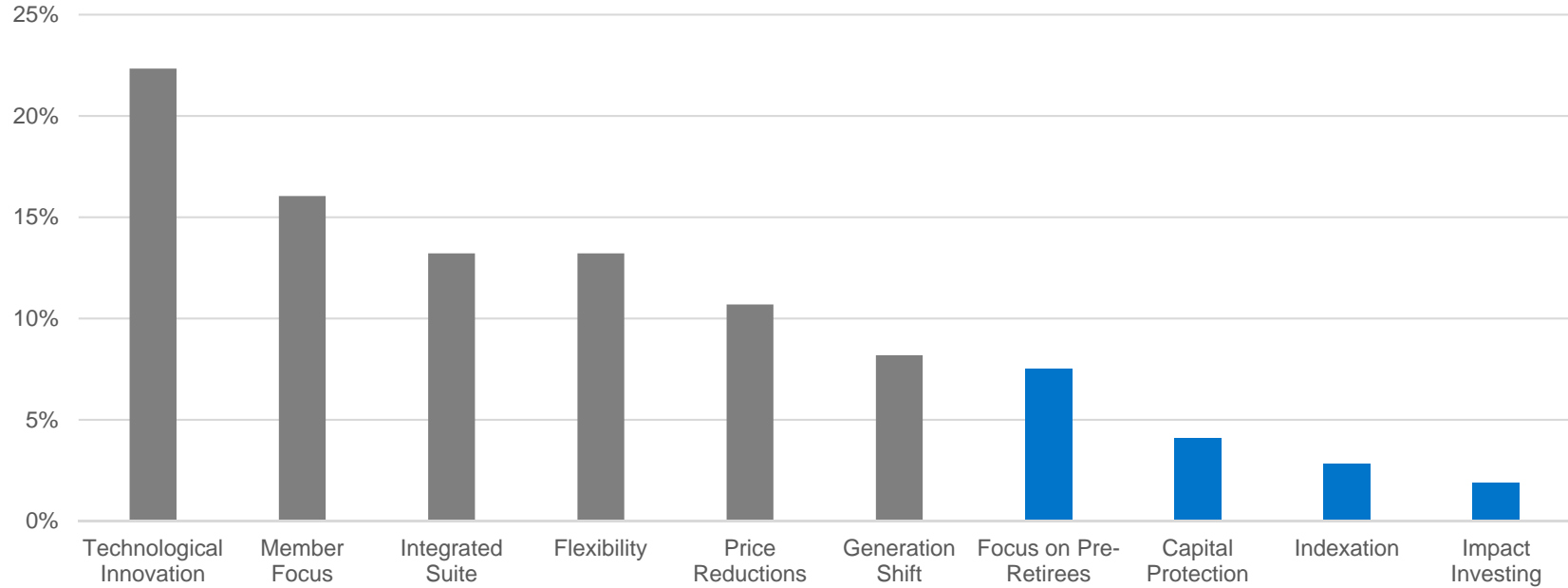
# PRE-RETIREMENT DEFAULTS

- ④ Most retirement capital available
  - ④ Risk of losses greatest
  - ④ Opportunity to rebuild the least
  - ④ Retirement a once-off event
- ④ Correlations in diverse asset classes converge in crisis
- ④ 13% of Consultants & 11% of Employers / Funds considering
- ④ Relevant post-retirement to mitigate sequencing risk

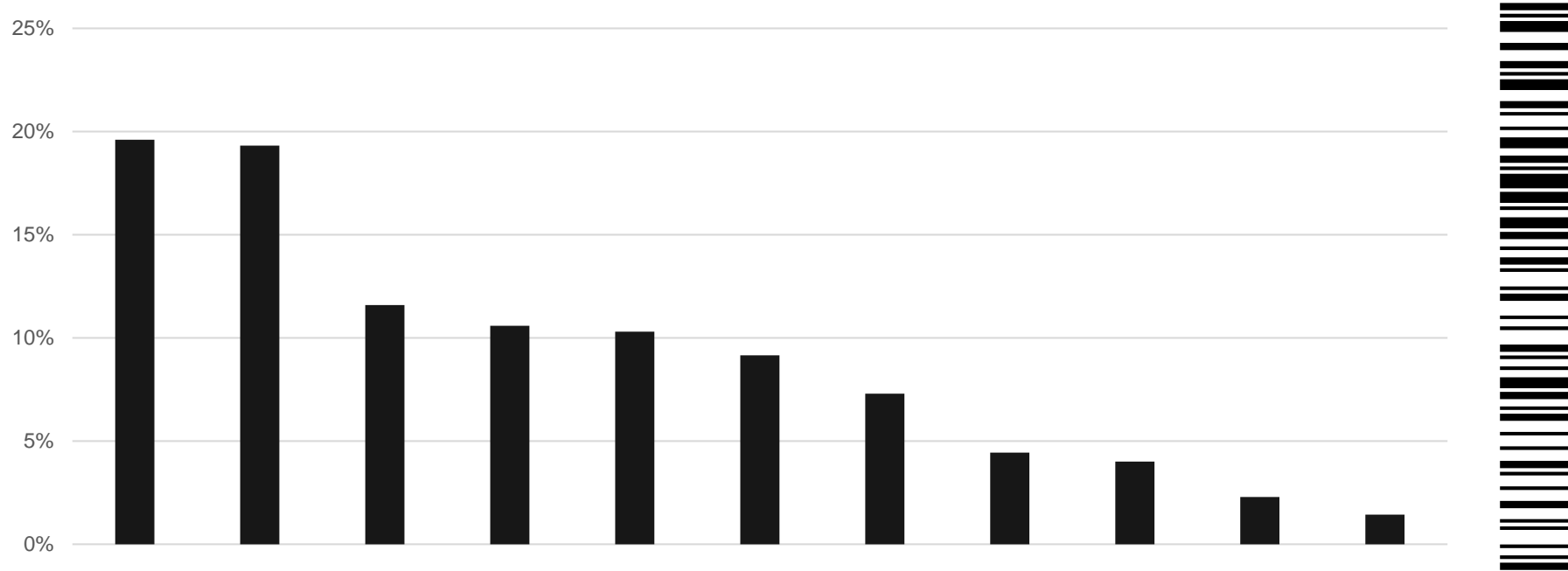


# TOP TRENDS

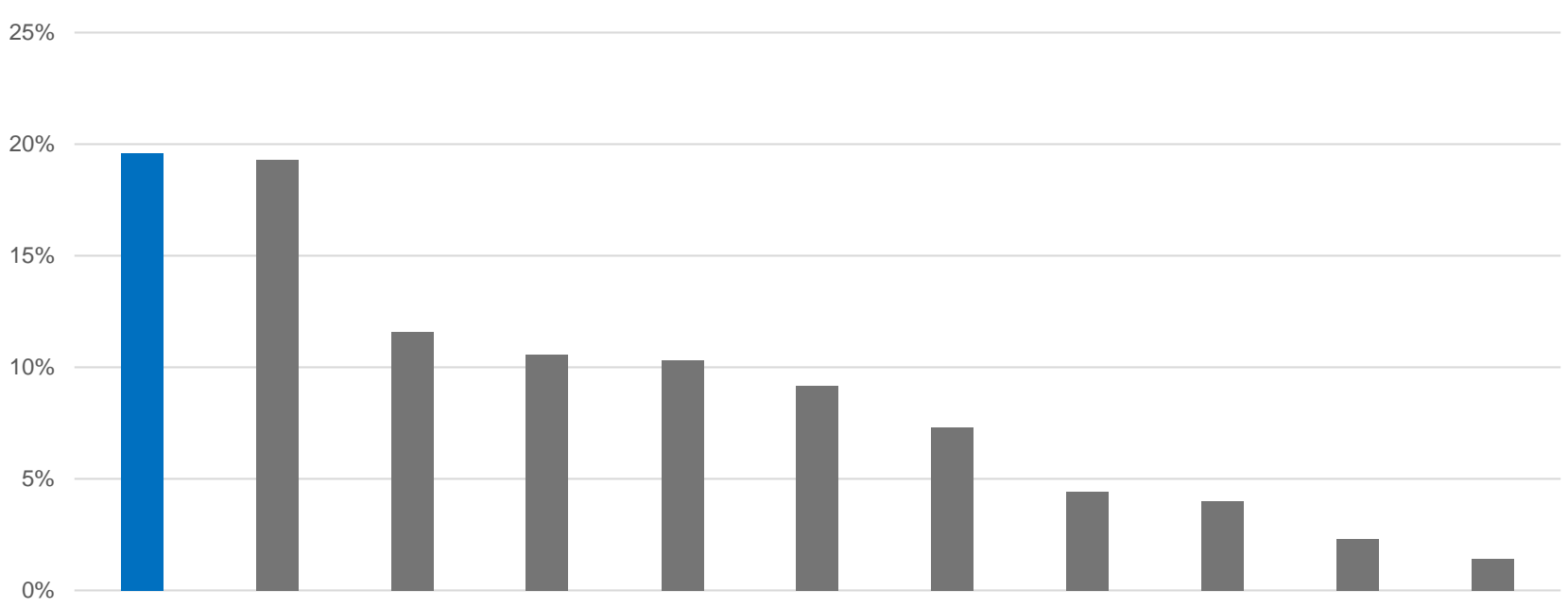
Consultant Survey Pre-Covid



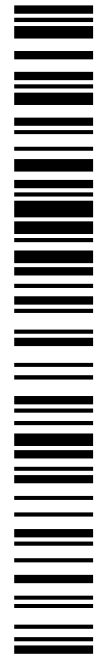
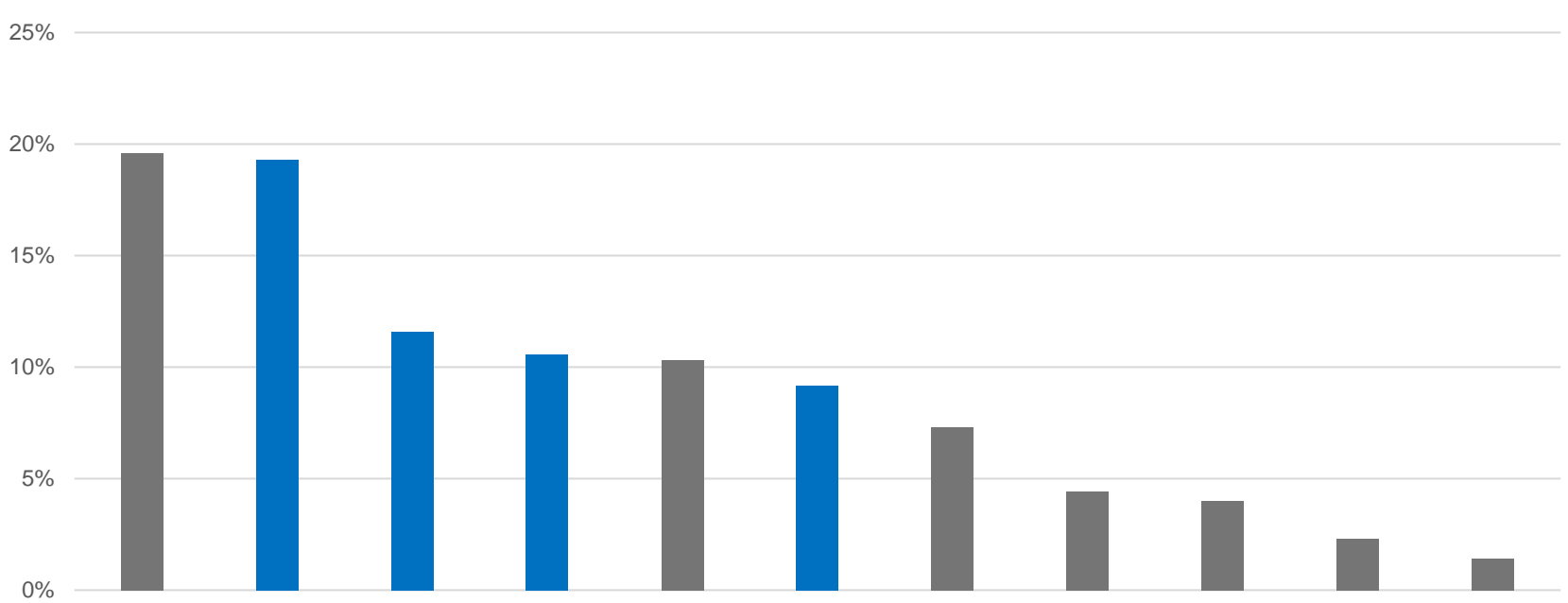
# HOW TO REBUILD SA'S ECONOMY



# USE UNCLAIMED BENEFITS TO HELP THE POOR

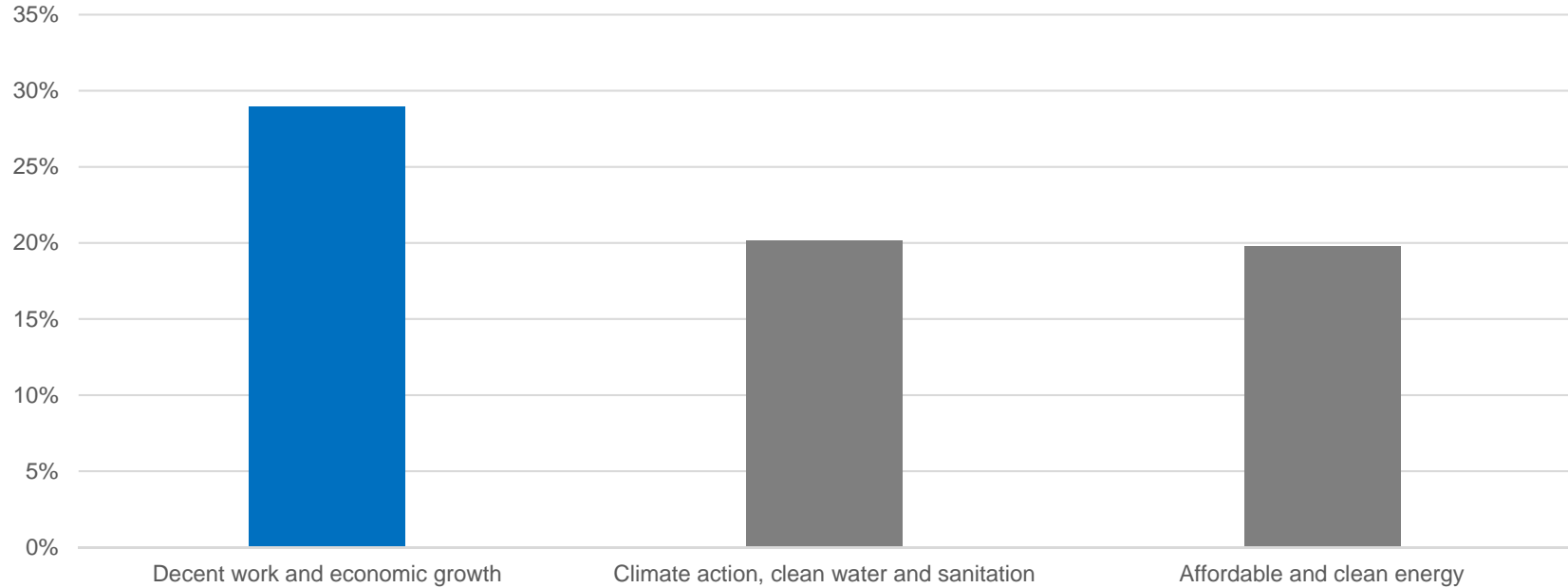


# INFRASTRUCTURE / ESG / ALTERNATIVES / SA INC.



# WHAT IMPACT?

Consultant Survey Pre-Covid



# POST-COVID IRRELEVANCE

## ➤ Individual's needs

- Cashflow
- Accessibility

## ➤ Employer Value Proposition

- Attract / Retain / Engage
- Burden
- Administration / Complaints

## ➤ Low success rate

## ➤ Why bother

## ➤ Window of opportunity

- Connect
- Engage
- Provide meaning





A black and white close-up portrait of Winston Churchill. He is wearing a dark hat and a heavy coat, looking directly at the camera with a serious expression. A cigar is held in his mouth. The background is blurred, showing indistinct shapes and colors.

**“Never let a good crisis  
go to waste”**



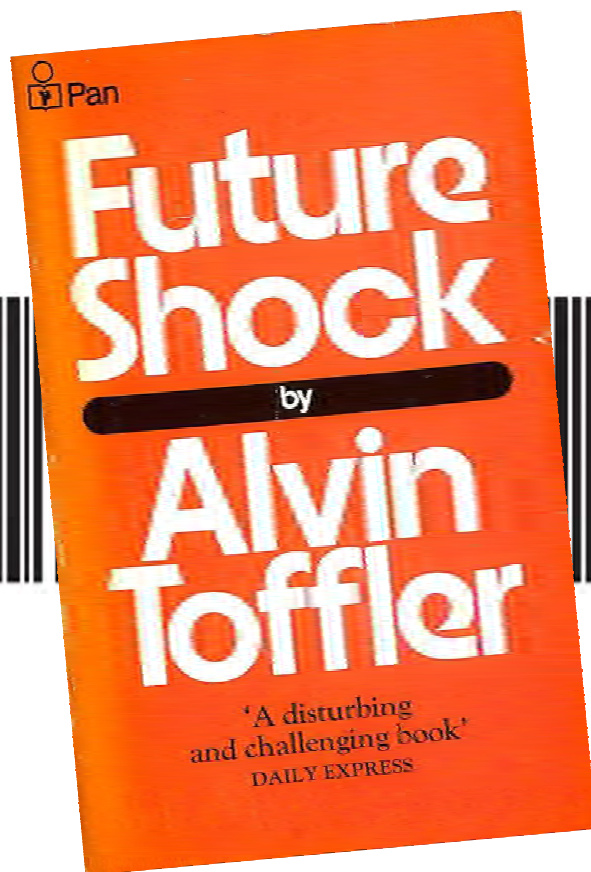
**Sanlam**

**REIMAGINE OUR PURPOSE**



**Sanlam**

**GOING VIRAL**





- ④ Professions die and new professions emerge
- ④ Whole industries die as new industries emerge
- ④ Possible to rent almost anything so ownership is unnecessary
- ④ Designs become rapidly obsolete
- ④ Culture is transient – goods, services & relationships are temporary
- ④ Disposable goods are commonplace

# SHIFT HAPPENS!

**Tesla** is now the world's most valuable automaker

  
U.S. VEHICLE SALES IN 2019



2,383,349



192,250



Tesla's market cap has shot up by over **375%** over the past year, and the company is now the most valuable automaker on the planet.







Volkswagen's market cap is slowly climbing back up after being cut in half during the COVID-19 market crash.



Ferrari's valuation has been in increasing steadily over the past five years.



Ford's valuation has been in steady decline over the past five years.



Nikola – a company focused on electric trucks – has yet to produce a vehicle, but already has a market cap comparable to Ford.



# WORLD ECONOMIC FORUM

## DEFINITION OF 4IR

“...fundamental change in the way we live, work and relate to one another.

It is a new chapter in human development, enabled by extraordinary technology advances... commensurate with those of the first, second and third industrial revolutions. These advances are merging the physical, digital and biological worlds in ways that create both huge promise and potential peril. The speed, breadth and depth of this revolution is forcing us to rethink how countries develop, how organisations create value and even what it means to be human. The Fourth Industrial Revolution is about more than just technology-driven change; it is an opportunity to help everyone, including leaders, policy-makers and people from all income groups and nations, to harness converging technologies in order to create an inclusive, human-centred future.

**The real opportunity is to look beyond technology, and find ways to give the greatest number of people the ability to positively impact their families, organisations and communities.”**





# DIGITAL REVOLUTION

## Drivers

- Cyber resilience
- Operational resilience
- Cost efficiencies
- Connections
- Individualisation
- Customer Experience

## Member Centricity

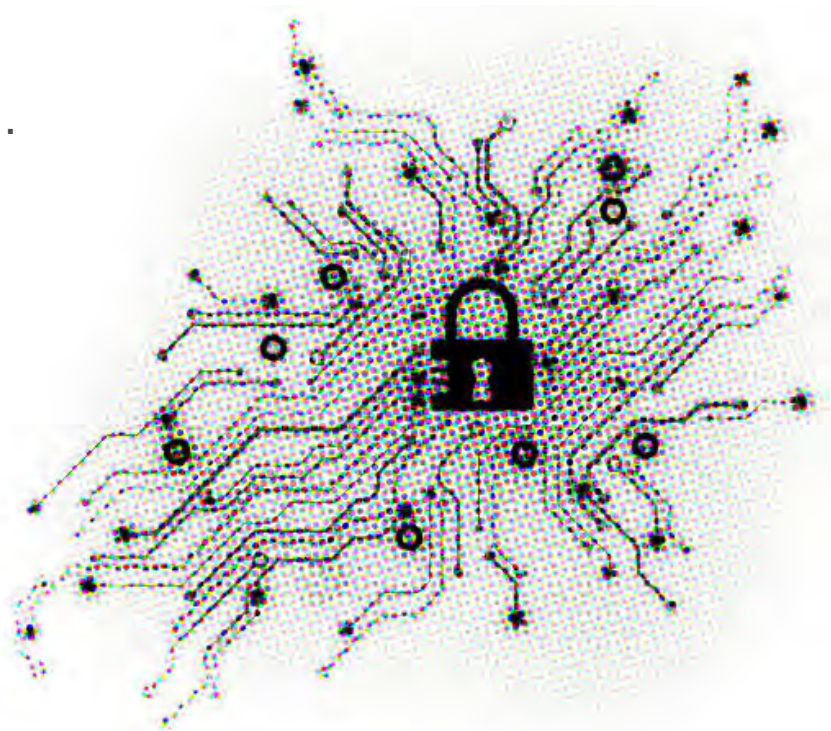
- Relevance
- Security
- Continuity
- Value for money
- Engagement
- Satisfaction

# CYBERSECURITY

NTT Global Threat Intelligence Report

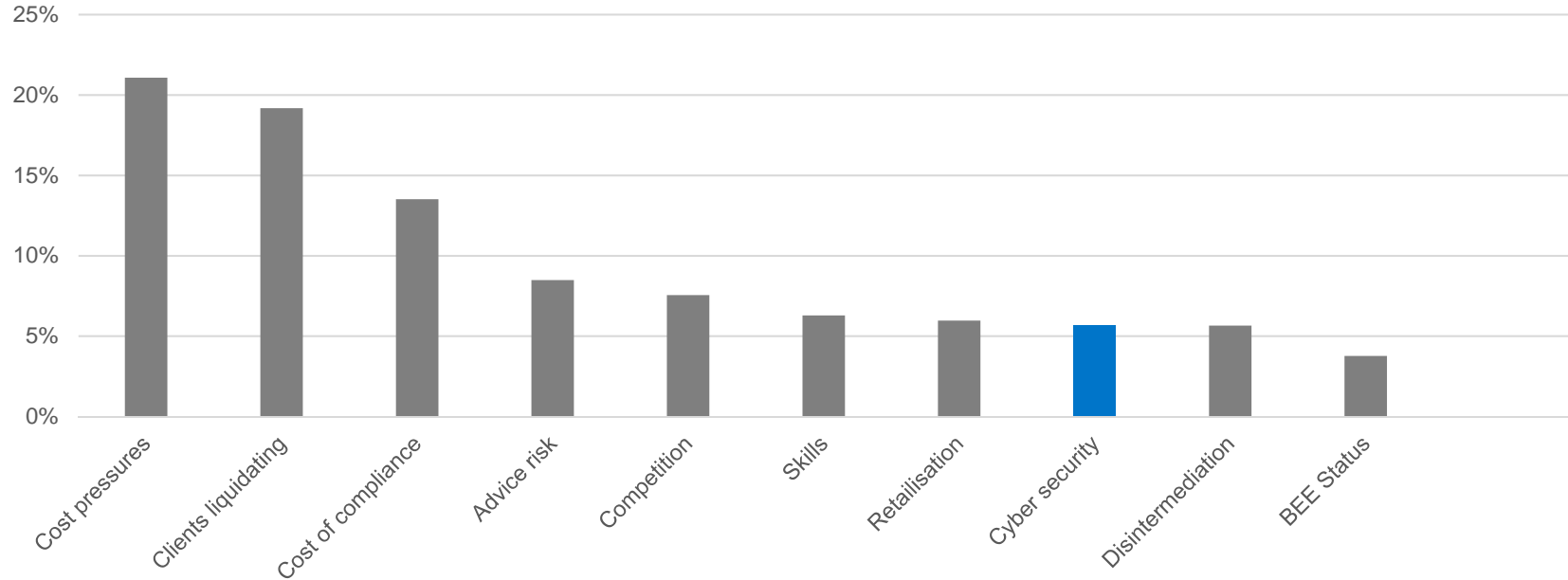
Most attacked sectors in South Africa ...

➤ Insurance	50%
➤ Finance	44%
➤ Retail	3%



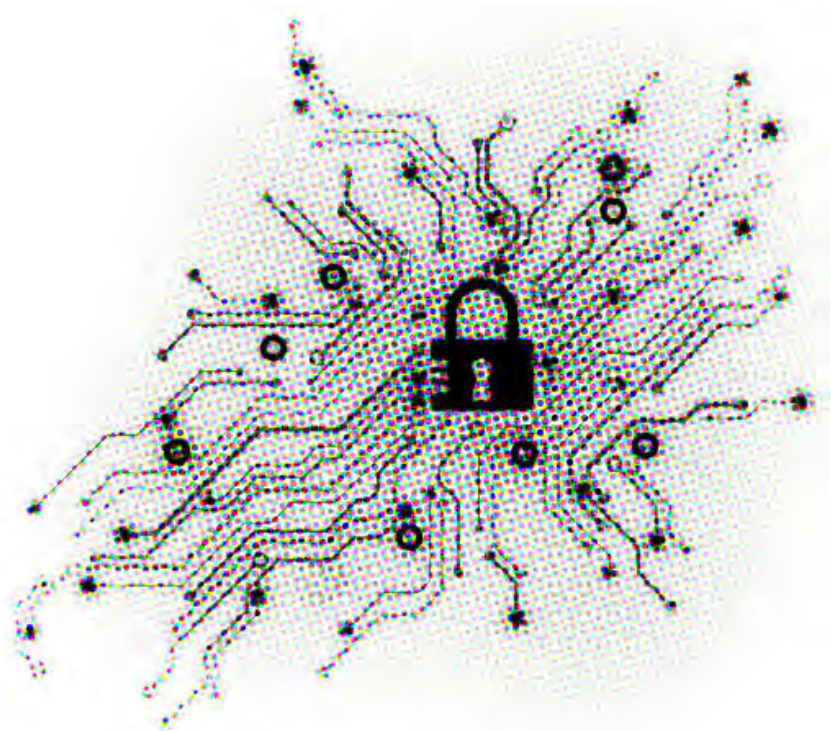
# BIGGEST RISKS

Consultant Survey Pre-Covid



# SO DO THEY ...

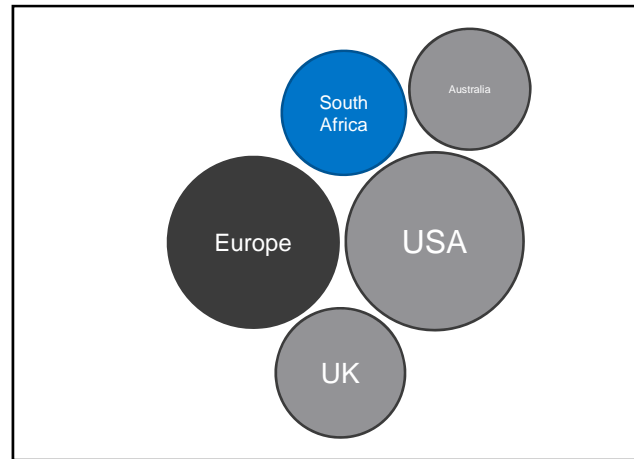
- ④ Change to 'Work from Home'
- ④ Appetite for information and news
- ④ Innovative threat actors
- ④ Pattern of Life
  - ④ WHO Updates
  - ④ Mandatory email to all staff
  - ④ Safety measures
  - ④ Treatments



# CYBERSECURITY

Mimecast '100 days of coronavirus' report

- 26% increase in spam detections
- 30% increase in impersonation detections
- 35% increase in malware detections
- 56% increase in blocking of URL links
- Sanlam Cyber Resilience Benchmark



*Figure 5: Rejected Spam Volume per User*



## Life Healthcare announces cyber incident

09 June 2020

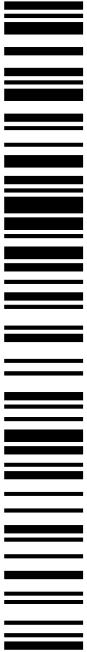
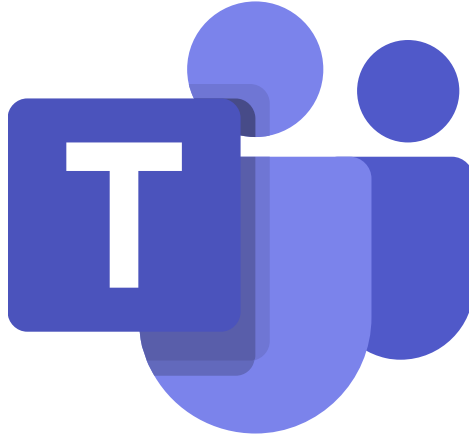
The Life Healthcare Group regrets to announce that its southern African operation has been the victim of a targeted criminal attack on its IT systems.

We acted immediately on becoming aware of the incident and took our systems offline, in order to actively contain the attack. The extent to which sensitive data has been compromised is yet to be ascertained, as we are still in the process of investigating. External cyber security experts and



**NEW PHRASES**

# LIFESAVERS

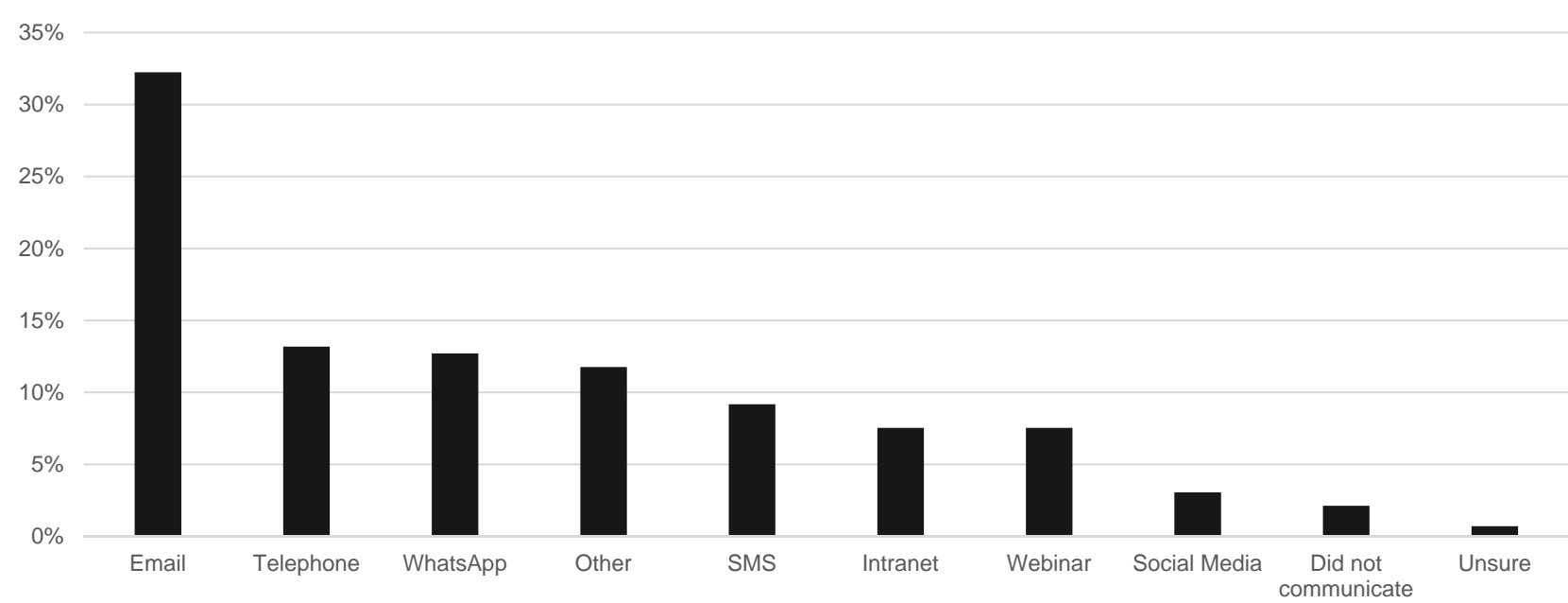




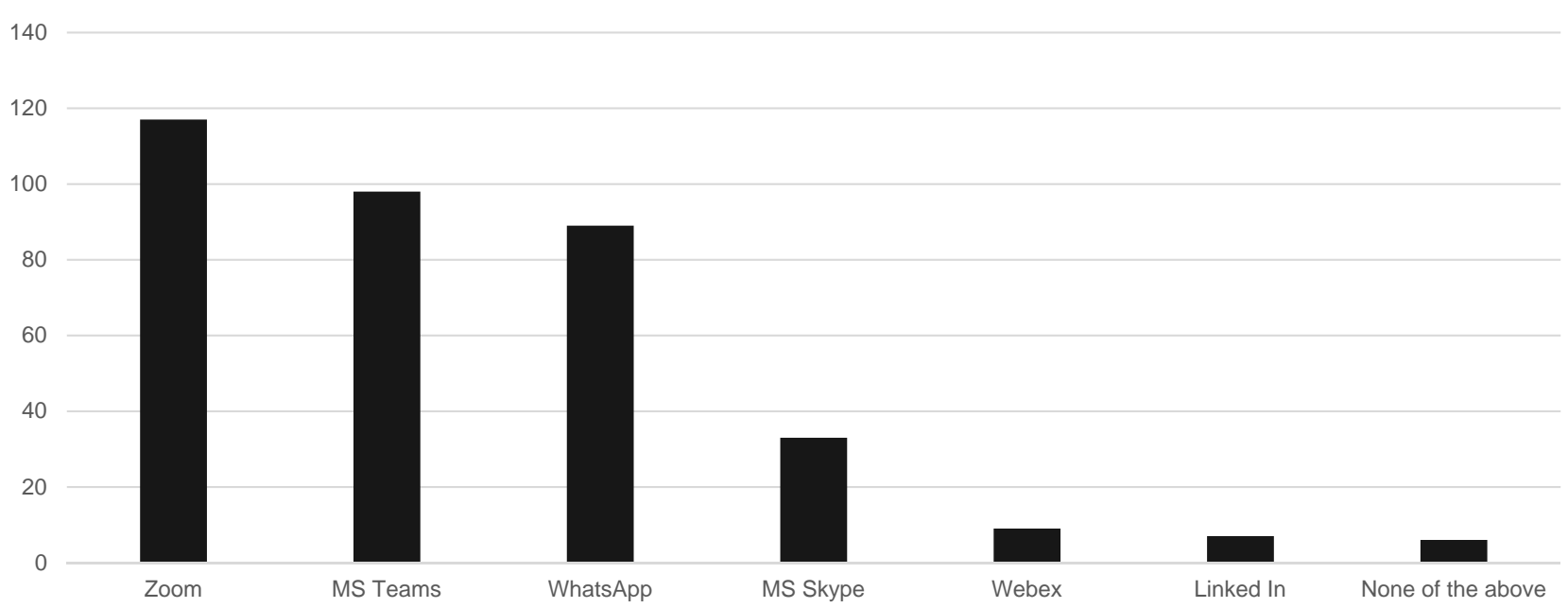
# EFFICIENCIES – ENABLE THE HUMAN

- ⌚ Automate the routine
- ⌚ Enable the human
- ⌚ Robotics
- ⌚ Robo-Counselling
- ⌚ HR burden
- ⌚ Consultant time

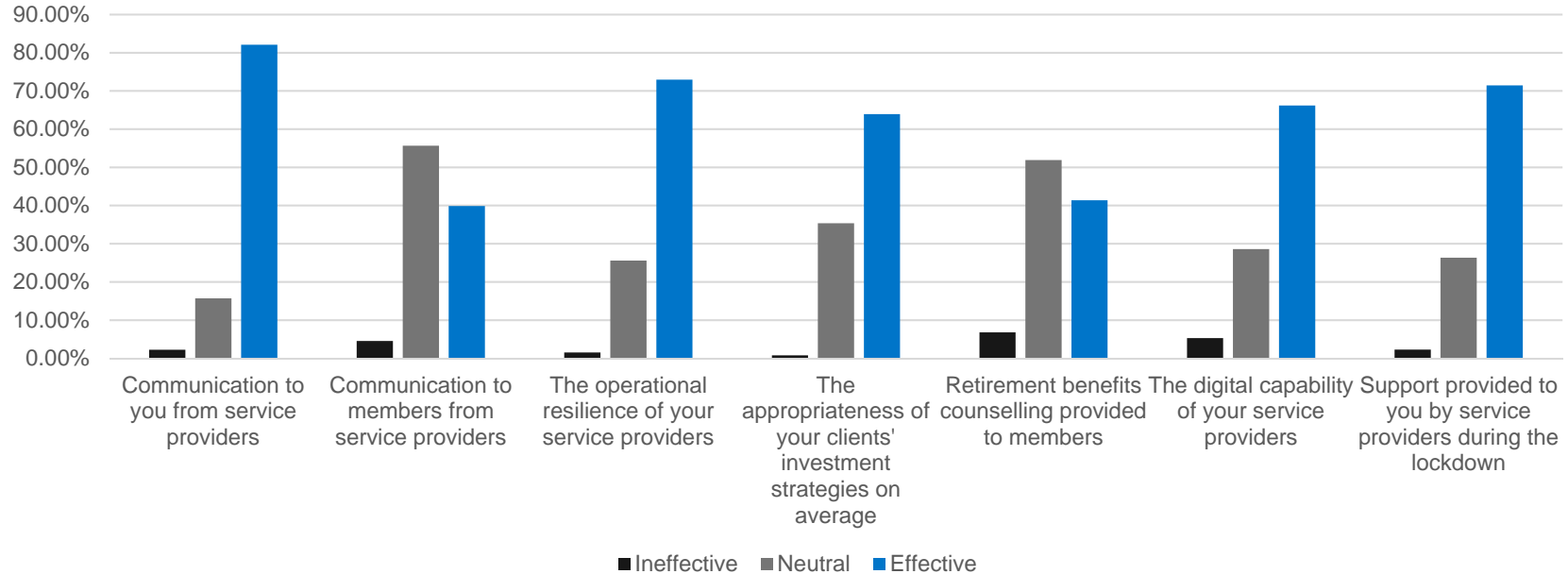
# CONNECTING THROUGH LOCKDOWN



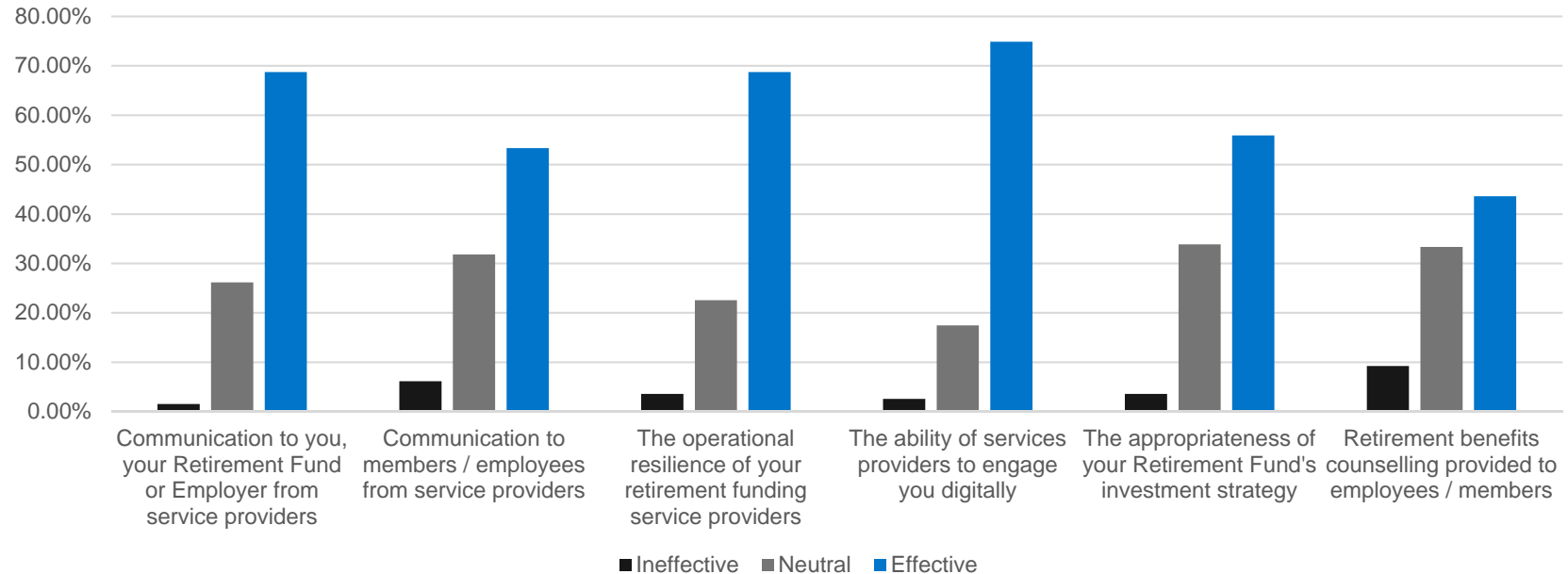
# CONSULTANTS' TOOLKIT



# CONSULTANTS' EXPERIENCE

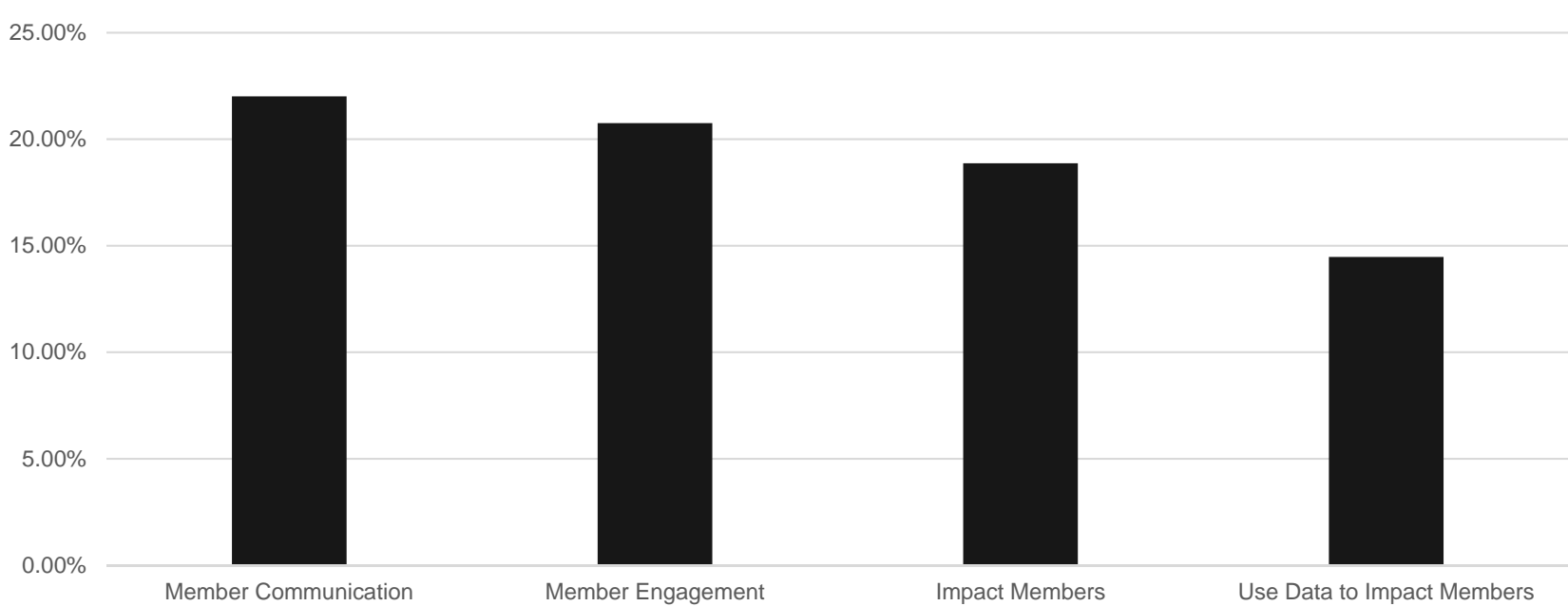


# FUND / EMPLOYER EXPERIENCE



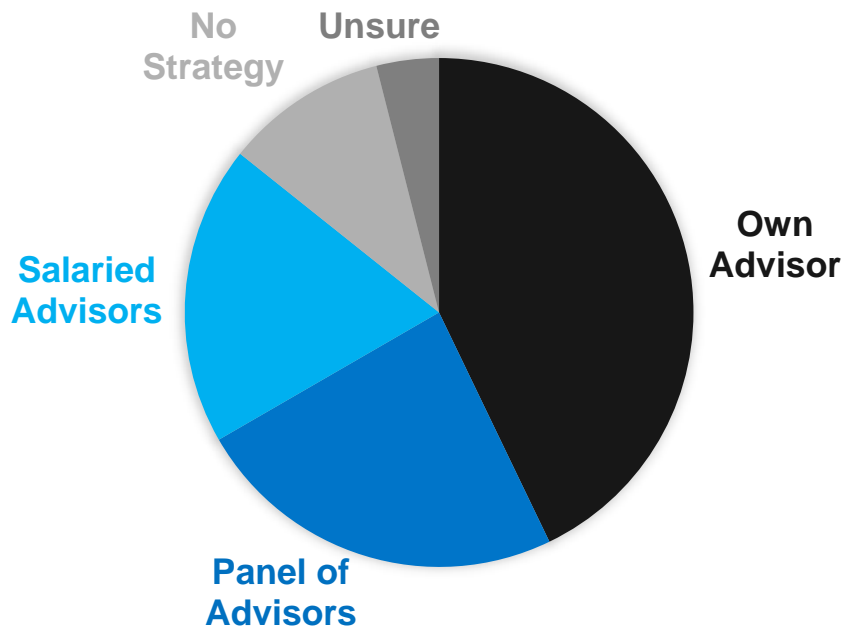
# CHANGING NATURE OF ADVICE

Consultant Survey Pre-Covid



# ADVICE STRATEGY

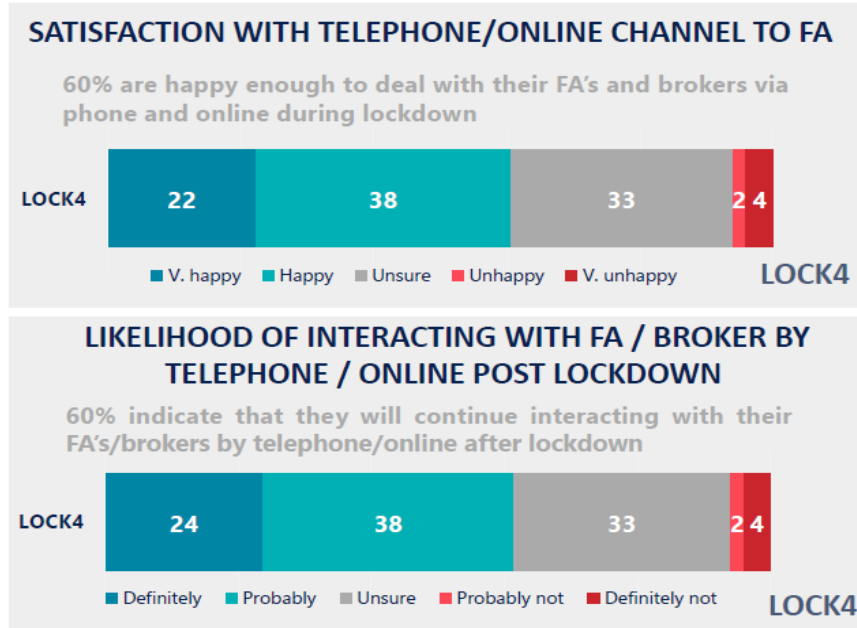
Consultant Survey Pre-Covid



- Bulk of members do not have access to 'Own Advisor'
- Experienced significant benefits of employer vetted advice structures
- High Quality Financial Advice adds tremendous value
- NB link in Member-centric strategy

# ADVICE STRATEGY

ALL TOLD COVID-19 SURVEY

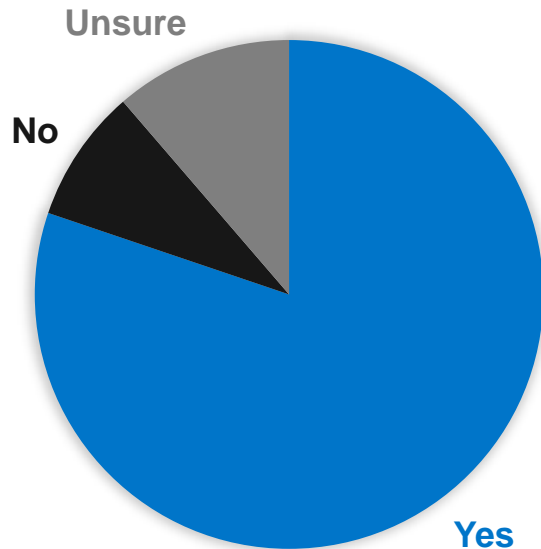


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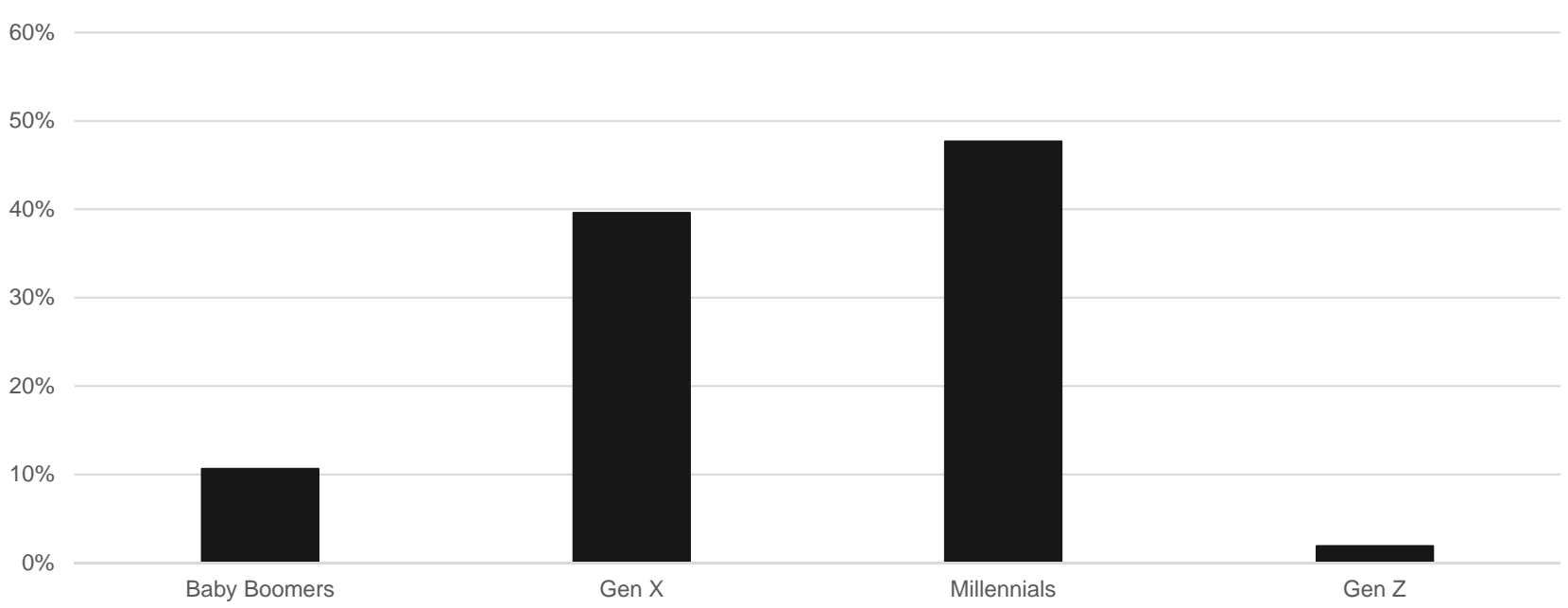
# DOES FINANCIAL LITERACY TRAINING ADD MEANINGFUL VALUE?

Consultant Survey Pre-Covid

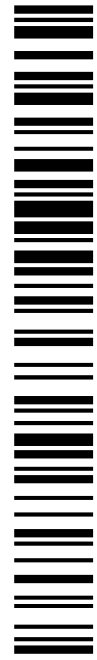
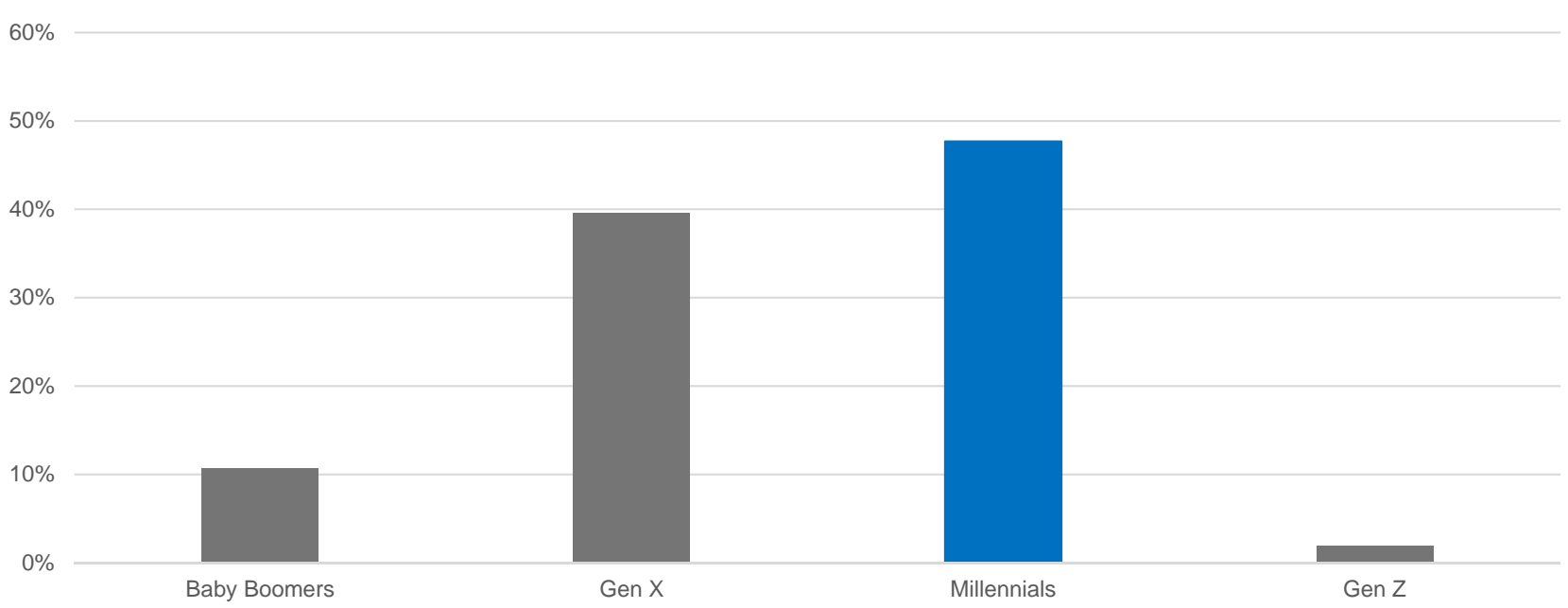


- Overwhelming support
- Execution
  - Generic Information
  - Empowering
  - Opt In for Advice
  - Feedback Loop

# GENERATIONS

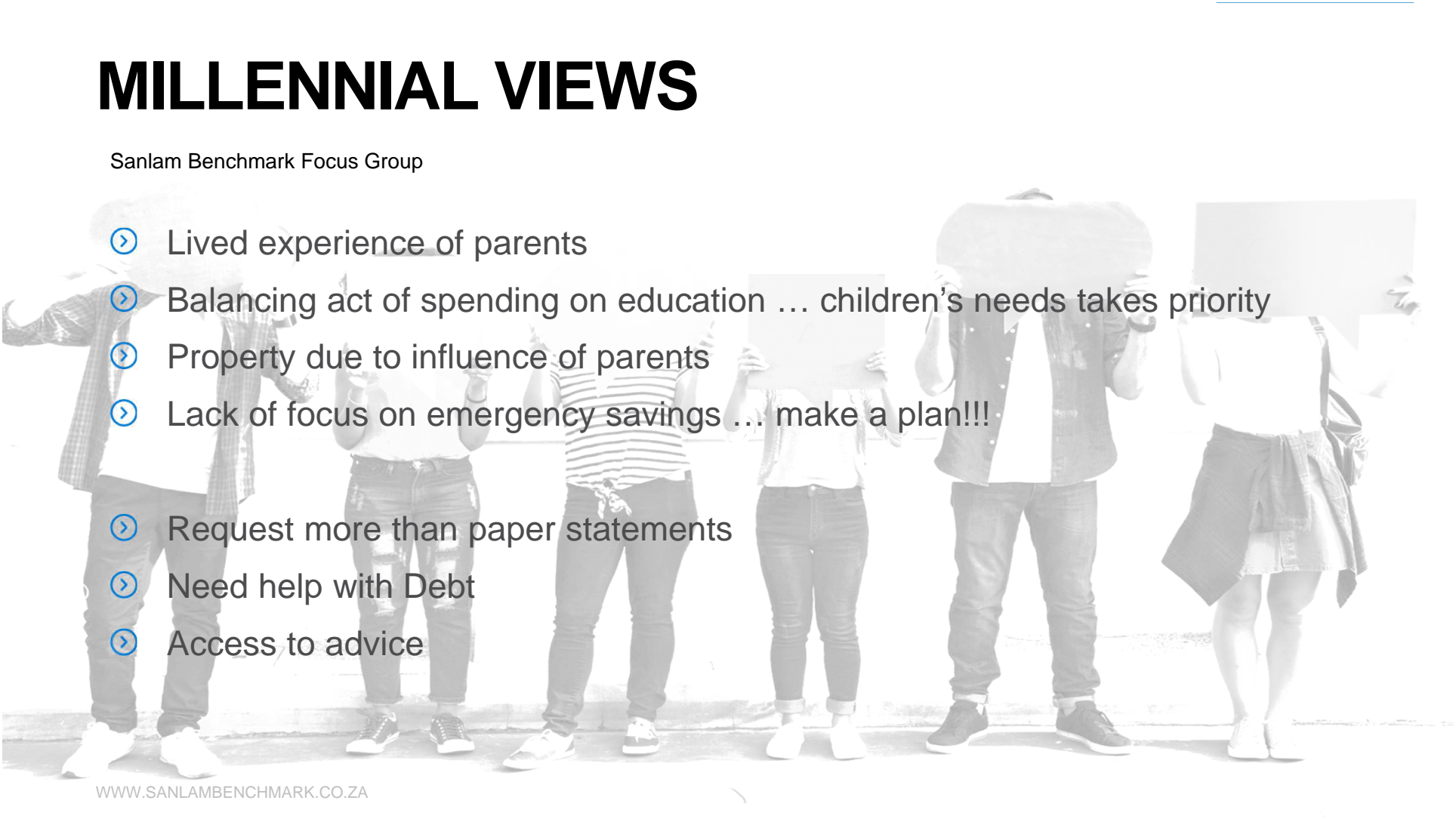


# GENERATIONS



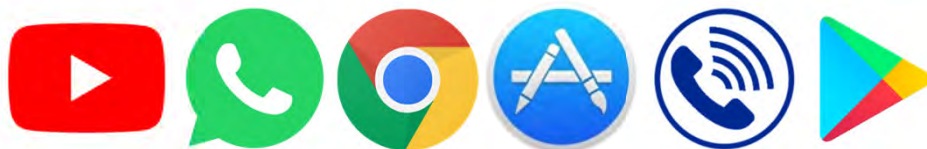
# MILLENNIAL VIEWS

Sanlam Benchmark Focus Group

- 
- ④ Lived experience of parents
  - ④ Balancing act of spending on education ... children's needs takes priority
  - ④ Property due to influence of parents
  - ④ Lack of focus on emergency savings ... make a plan!!!
  - ④ Request more than paper statements
  - ④ Need help with Debt
  - ④ Access to advice

# INDIVIDUALISED MEMBER SUPPORT

- Information at Critical Points
  - Withdrawal
  - Pre-Retirement
- Written / Electronic / Telephonic / F2F
- FinTech
  - Apps
  - Portals
  - WhatsApp
  - SMS

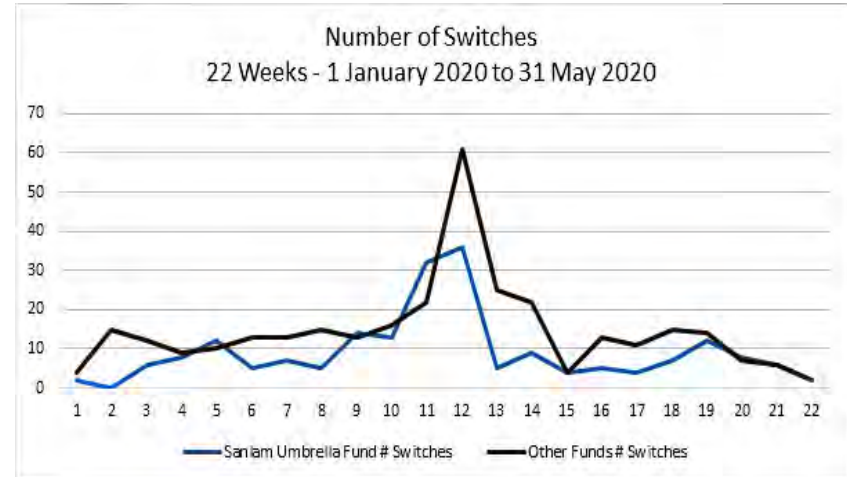
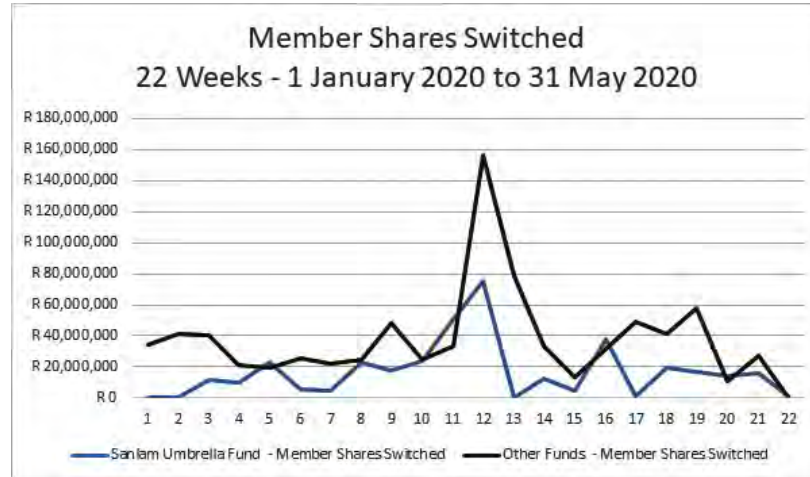


# PROACTIVE COUNSELLING

- ④ Market downturn due to Covid-19
- ④ Increase in switching activity
- ④ Engage members to inform them of risk of switches
  
- ④ Living Annuity Drawdowns
- ④ Engage annuitants electing to increase
- ④ Inform them of impact

# MEMBER SWITCHING BEHAVIOR

Sanlam RFA Data



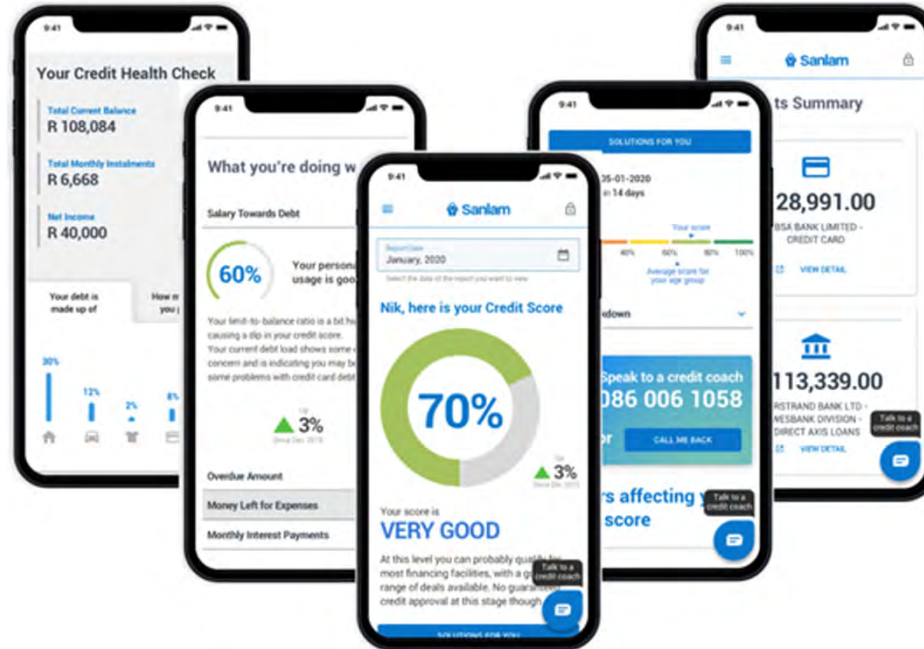
# ICAS FINDINGS OVER LOCKDOWN

- ④ 100% increase in requests for debt counselling
- ④ 300% increase in request for will drafting and estate planning

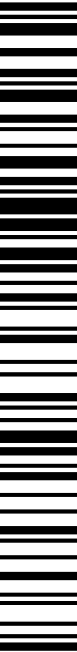




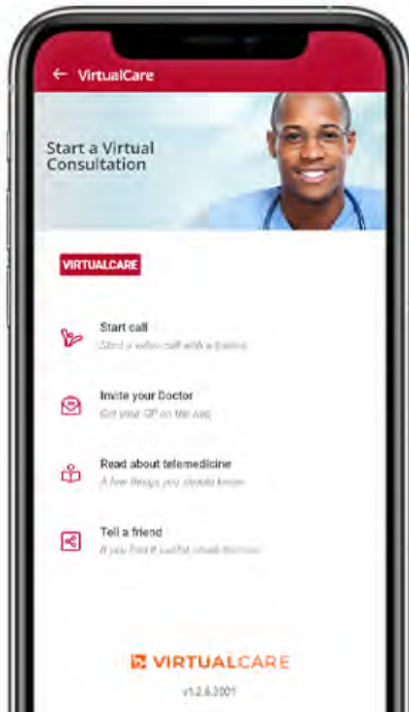
# CREDIT MANAGEMENT



# WILL DRAFTING THROUGH EXISTING MEMBER ENGAGEMENT PLATFORMS



# TELEMEDICINE



## As a member you will be able to:



### CONSULT A **GENERAL PRACTITIONER (GP)**

in real-time for minor health issues or prescriptions with our new **VirtualCare** feature. This can be done from the safety of your own home during the COVID-19 lockdown period.



### MANAGE YOUR **MEDICINE SCHEDULE**



### SEE THE **BALANCE**



### USE **BONCONNECT**



### LOCATE AND BOOK AN APPOINTMENT

# NOW IS THE TIME TO ACT!



# DISCONNECTED

- ④ Members & Decision Makers
- ④ Financial circumstances
- ④ Education level
- ④ The age of decision makers
  - ④ millennials are more than 50% of membership
  - ④ Joint forum / Trustee representation is <10%



# MARCH 24 ADDRESS

“It is now in your hands”





**Sanlam**

**Benchmark 2020**