

PENSIONER

# Shaping the future of the retirement fund industry



Employee Benefits

BENCHMARK | SURVEY 2011



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# Forward

In our hope for a better tomorrow, Sanlam is proud to present you with our annual BENCHMARK Survey results for 2011.



As this is only the second pensioner study we have completed as part of the BENCHMARK Survey, we intend to continue this study in future so that it can have the same historical

significance of our retirement fund surveys that have been conducted for over three decades.

Furthermore it is the aim of the Sanlam BENCHMARK team to provide all stakeholders, including National Government, with some statistical evidence of how we could possibly assist with the improvement on the current levels of savings in South Africa. For this to be successful we need to have a deeper understanding of each household's personal balance sheet and expenditure prioritisation. We also need to have an understanding of the financial difficulties South Africans are faced with daily.

The contribution of retired individuals are invaluable in our efforts to improve savings levels in the country. We believe that the retired individuals have a wealth of knowledge and experience to share with younger South Africans.

It is Sanlam's endeavour to provide objective and usable data in order for individuals, together with their trusted financial advisors, to make informed retirement savings, investment and risk planning decisions. We trust that members will heed the messages and will demonstrate learnings by starting to provide for their retirement years much earlier than is currently the case.

Over the years, Sanlam has partnered with different stakeholders to ensure that the data is relevant and actionable. We also took the step to present a research paper on the BENCHMARK Survey at the South African Market Research Association conference two ago. This was an important step for us and you can be assured of the quality of the research output and that the research methodology is based on the most prudent data collecting methods.

As always the team has spent the last ten months tirelessly collecting, collating and analysing the data and we would like to take this opportunity to thank them for their commitment to the retirement fund industry.

I trust that like most stakeholders, you too will continually find value in the content of this research report.

**Robert Roux**  
CHIEF EXECUTIVE  
SANLAM EMPLOYEE BENEFITS

# Executive summary

## Reality check

The retirement industry in South Africa is under constant pressure to deliver adequate and sustainable retirement benefits to pensioners. Since 2010 the Sanlam Benchmark Survey has included extensive surveys for both active members and pensioners in a bid to research issues affecting both their pre- and post-retirement reality.

The results of the 2011 Pensioner Survey do not differ significantly from the 2010 results and two year's data is not enough to determine trends or make significant deductions. However, the 2011 survey again aimed to give a reflection of the current reality of pensioners in order to provide industry role players and active members with reliable information to inform their planning around retirement into the future.

Pensioners are again very clear in their advice to active members who still have the opportunity to take corrective measures:

- Start investing and saving as early as possible
- Start planning for retirement at an early age
- Make more enquiries and learn more about investments, investment choices and retirement

**The advice is re-inforced by the findings of the 2011 survey, as it seems (just as in 2010) that at retirement, or only a few years into retirement, their dreams of a carefree existence are shattered due to a shortfall in retirement savings.**

An alarming 80% of pensioners have not

completely achieved their pre-determined retirement goals.

On average, 31% of the pensioners believe they have not saved enough for their capital to last for the rest of their lives and a staggering 33% of members currently have a monthly shortfall between their income and expenses.

The factors described below contribute to this situation.

The average retirement age is 58, but the **average period of contribution** is only 25 years, which leaves 10 years unaccounted for, if it is assumed that first formal employment begins at age 23. The ideal scenario is for active members to start saving as early as possible and for as long as possible.

An overwhelming 87% of the pensioners indicated that members need **financial advice before retirement**. However only 52% of these pensioners received financial advice before retirement.

On average these pensioners received financial advice 10 years prior to retiring, although they now believe that this **advice was seven years too late**. Ideally, active members should receive financial advice from the first day of their working lives.

A staggering 40% of the pensioners who received advice **received this advice from their employer's HR offices** as opposed to consulting a qualified financial intermediary.

In planning for retirement 42% **did not consider** the fact that **medical aid contributions** would increase by between 10% - 15%.

If pensioners do take a **lump sum at retirement** they are encouraged to stay within the tax free limit and the lump sum should be used to repay debt only. From the survey, however, it seems that 51% of the members took a lump sum at retirement and gave it to family, made home improvements, or used it for living expenses.

As far as the post retirement vehicles are concerned, it is interesting to note that the number of pensioners who purchased **Investment Linked Living Annuities** increased from 5% to 9% and that **“With-profit” Annuities** also increased from 6% to 10%. **Guaranteed Escalation** and **Inflation Linked Annuities** on the other hand declined in percentage. It is currently too early to make any meaningful deductions from this but it will be interesting and informative to monitor this trend going forward.

We hope that the results of the **2011 Benchmark Pensioner Survey** will assist all responsible role players, members and pensioners to not only identify the gaps, shortfalls and bad habits but also to support endeavours to improve the retirement landscape and encourage good savings habits amongst members and pensioners.



**Andries Vermeulen**  
BUSINESS DEVELOPMENT MANAGER:  
RETIREMENT FUND SOLUTIONS  
GLACIER BY SANLAM



**Samkelo Zwane**  
SOLUTIONS SPECIALIST  
GLACIER BY SANLAM

# Methodology and sample

The 2010 BENCHMARK Pensioner Survey was conducted among 250 pensioners. Participation in the survey was based on individuals' already in retirement and currently in receipt of a monthly annuity income via an employer sponsored scheme or a retirement annuity fund. Pensioners only in receipt of a pension from the Government Social Assistance Pension have not been included in this sample.

The survey was conducted by an independent market research agency BDRC, through face-to-face interviews

The research was conducted under the SAMRA (South African Marketing Research Association) Code of Conduct and all the information gathered is held in strict confidence. All respondents remain anonymous and only the aggregated results of the survey have been reported on.

## Sample size

The tables and graphs in this report are based on responses by 250 pensioners.

The sample size is 250 but in some instances the base size is  $n \neq 250$ , namely:

- $n < 250$  where the question was not applicable to all respondents
- $n > 250$  where the question allowed for multiple responses.

Caution: Data should be used with care, particularly where the number of responses or base sizes are  $< 30$ , as this is considered statistically insufficient to draw any significant industry conclusions.

## Numbering

We have tracked responses to certain questions, which allow us to determine trends for a specific period. As a result, in an attempt to retain original questions, question numbering may not be sequential.

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## SECTION A

## Demographics

## QA.0

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
CPT	50	50
	19.8	20
DBN	50	49
	19.8	19.6
JHB	113	97
	44.8	38.8
PTA	39	54
	15.5	21.6
Total of table	252	250
	100	100

## QA.1 Are you retired?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Yes	252	250
	100	100
Total of table	252	250
	100	100

## QA.2 How did you earn an income before retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Employed full time	191	212
	75.8	84.8
Employed part time	0	1
	0	0.4
Self employed (registered business)	56	37
	22.2	14.8
Working as an independent consultant / freelancer (not a registered business)	5	0
	2	0
<b>SUMMARY</b>		
Any employed	191	213
	75.8	85.2
Any self employed	61	37
	24.2	14.8
Total of table	252	250
	100	100

## QA.3 Which of the following retirement funds or products did you contribute to during your working years just before retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Company sponsored pension fund	154	0
	61.1	0
Company sponsored provident fund	34	0
	13.5	0
Company sponsored retirement fund	0	182
	0	72.8
Union fund	2	15
	0.8	6
Umbrella fund	3	6
	1.2	2.4
Retirement Annuity (RA)	80	68
	31.7	27.2
Other	2	0
	0.8	0
<b>SUMMARY</b>		
Any company sponsored fund	187	0
	74.2	0
Total of table	275	271
	109.1	108.4

## QA.4 Which of the following types of retirement income do you currently receive?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Pension from the company from which I retired	176	181
	69.8	72.4
Income from an annuity guaranteed by an insurance company	70	98
	27.8	39.2
Income from an Investment Linked Living Annuity	26	0
	10.3	0
Old Age Pension from the State	7	19
	2.8	7.6
Spouse's pension	13	2
	5.2	0.8
Don't know	1	0
	0.4	0
Total of table	293	300
	116.3	120

**QA.5** From which source do you receive most of your retirement income?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	20	19
	100	100
Income from an Investment Linked Living Annuity	1	0
Pension from the company from which I retired	5	0
	10	13
	50	68.4
Annuity income from an insurance company	9	6
	45	31.6
Total of table	20	19
	100	100

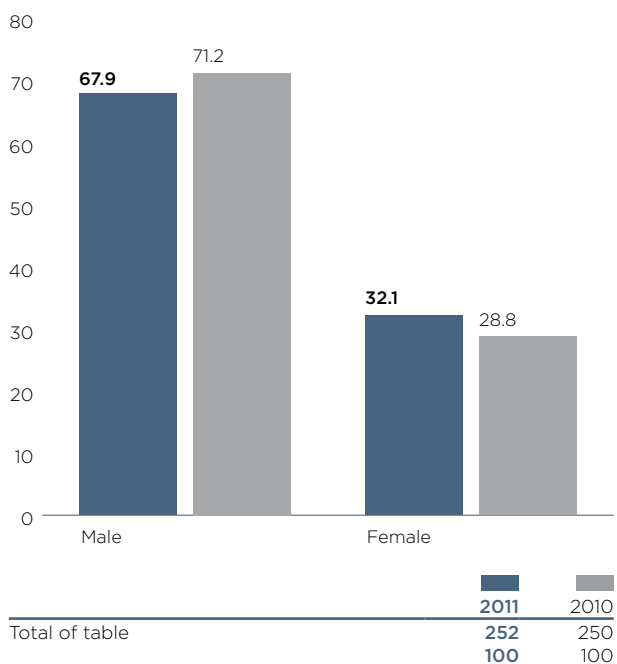
**Q.A6** Why did you choose NOT to purchase a pension / retirement annuity when you retired?

A further 204 prospected respondents were targeted, but because their lumpsums at retirement were too small to purchase a pension, the interview was closed with these respondents. They have not been involved in the results which follow.

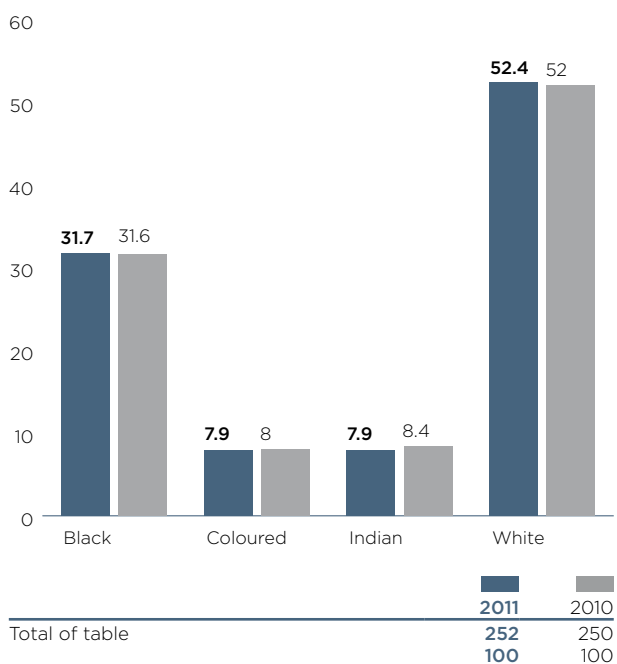
**QA.7** What sources of income do you have in retirement apart from your pension / retirement annuity?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	134
	100	100
Savings	123	61
	48.8	45.5
Investments	103	83
	40.9	61.9
Inheritance capital	9	6
	3.6	4.5
Property investments	38	29
	15.1	21.6
Other	36	10
	14.3	7.5
Not applicable	29	0
	11.5	0
Don't know	0	1
	0	0.7
Total of table	338	190
	134.1	141.8

**QA.8**



**QA.9**



**QA.10** Which of the following best describes your age category?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252 100	250 100
46 - 50	10 4	0 0
51 - 55	8 3.2	10 4
56 - 60	42 16.7	21 8.4
61 - 65	69 27.4	58 23.2
66 - 70	63 25	109 43.6
71 - 75	31 12.3	31 12.4
76 - 80	17 6.7	16 6.4
81 - 85	10 4	5 2
86 - 90	2 0.8	0 0
Mean	65.74	66.96
Total of table	252 100	250 100

**QA.11** Which of the following best describes your monthly retirement income before taxes?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252 100	250 100
R1,000 - R2,999	30 11.9	43 17.2
R3,000 - R5,999	86 34.1	80 32
R6,000 - R9,999	68 27	58 23.2
R10,000 - R19,999	37 14.7	30 12
R20,000 - R29,999	10 4	5 2
R30,000 - R39,999	2 0.8	6 2.4
R40,000+	0 0	4 1.6
Refused	19 7.5	24 9.6
Mean	8008.58	8827.43
Total of table	252 100	250 100

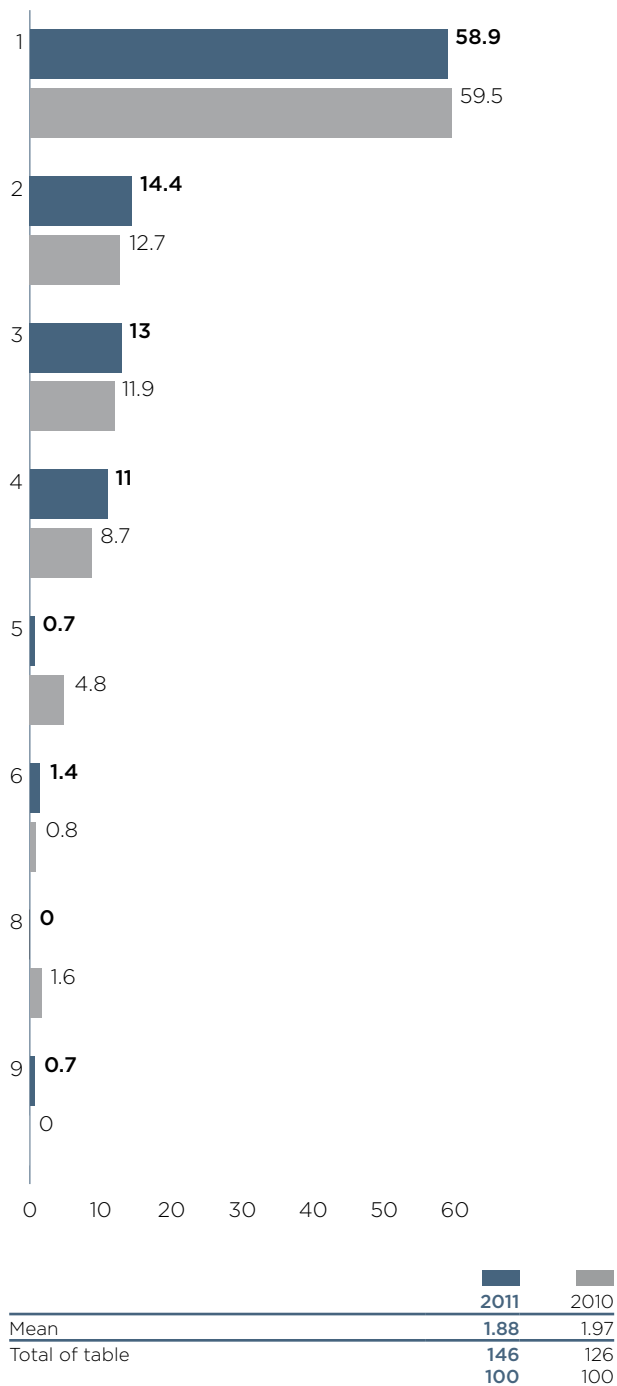
**QA.12** What is your marital status?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252 100	250 100
Single	12 4.8	10 4
Unmarried but cohabiting / living together	3 1.2	3 1.2
Married	149 59.1	158 63.2
Widowed	59 23.4	52 20.8
Divorced	26 10.3	27 10.8
Separated	1 0.4	0 0
Refused	2 0.8	0 0
Total of table	252 100	250 100

**QA.13a** Do you still have other persons, e.g. a spouse or children, that are financially dependant on you?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252 100	250 100
Yes, a spouse / spouses	106 42.1	99 39.6
Yes, a child / children	50 19.8	51 20.4
Yes, other dependants	23 9.1	16 6.4
No	106 42.1	124 49.6
<b>SUMMARY</b>		
Any yes	146 57.9	126 50.4
Total of table	285 113.1	290 116

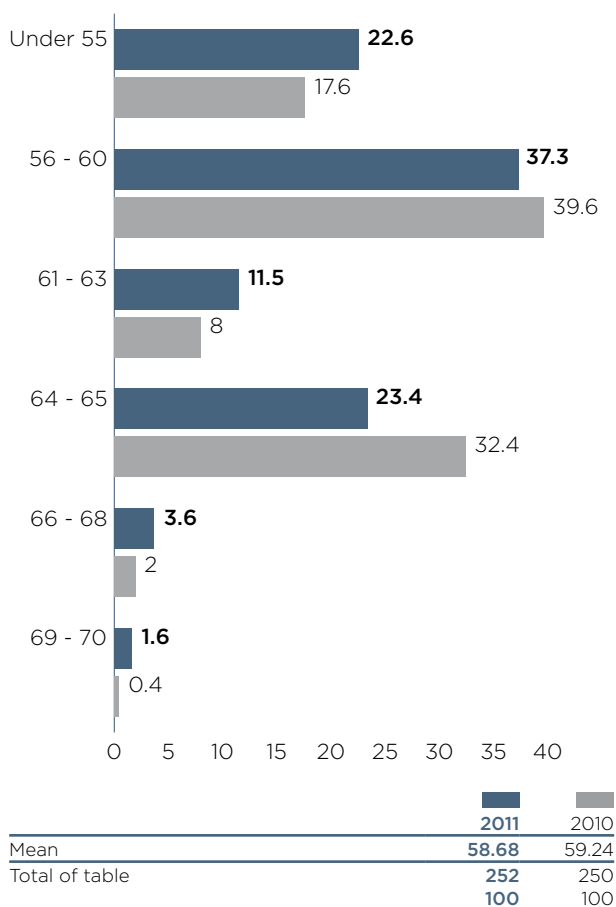
**QA.13b** How many dependants do you have including your spouse(s) (if applicable), child(ren) and any others who are financially dependant on you?



**SECTION B**

# Retirement

**QB.1** At what age did you retire from formal employment / running your own business?



**QB.2a** Did you retire at the recommended retirement age, or did you opt for early / late retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Retired at the recommended age	136	147
	54	58.8
Retired earlier than the recommended age	95	97
	37.7	38.8
Retired later than the recommended age	16	5
	6.3	2
Other	4	0
	1.6	0
Don't know	1	1
	0.4	0.4
Total of table	252	250
	100	100

**QB.2b.1** Why did you opt for **early** retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	95	97
	100	100
I could afford to retire and did not want to work anymore	26	35
	27.4	36.1
Forced to retire early or be retrenched	31	28
	32.6	28.9
Forced to retire early due to disablement	29	30
	30.5	30.9
Other	10	5
	10.5	5.2
Total of table	96	98
	101.1	101

**QB.2b.2** Why did you opt for **late** retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	16	5
	100	100
I could not afford to retire at the recommended age	2	2
	12.5	40
I continued to work because my skills were needed / no replacement	6	1
	37.5	20
I felt too young to stop working	5	2
	31.3	40
Other	3	0
	18.8	0
Total of table	16	5
	100	100

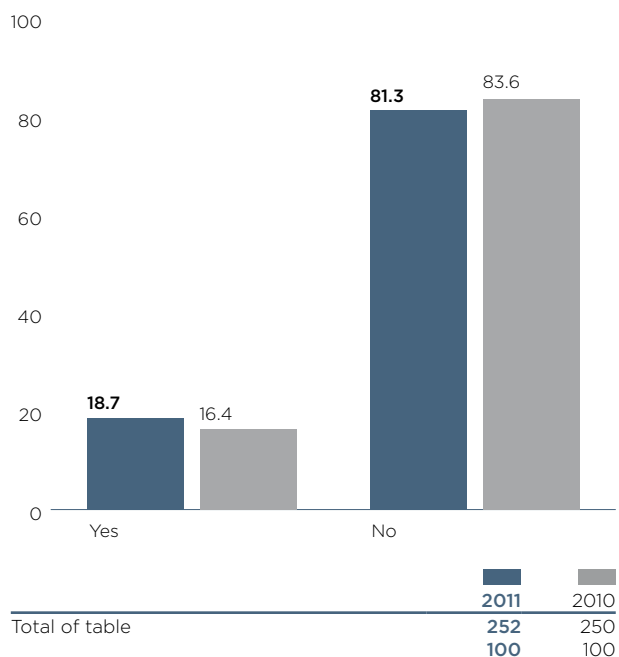
**QB.3a** For how many years, in total, did you make contributions to a retirement fund and / or RA?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Less than 5 years	4	3
	1.6	1.2
6 - 10 years	5	7
	2	2.8
11 - 15 years	21	15
	8.3	6
16 - 20 years	49	33
	19.4	13.2
21 - 25 years	40	34
	15.9	13.6
26 - 30 years	57	62
	22.6	24.8
More than 30 years	70	91
	27.8	36.4
Don't know	6	5
	2.4	2
Mean	25.09	26.76
Total of table	252	250
	100	100

**QB.3b** How long ago did you retire?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Less than 5 years	128	107
	50.8	42.8
6 - 10 years	61	90
	24.2	36
11 - 15 years	34	31
	13.5	12.4
16 - 20 years	19	10
	7.5	4
21 - 25 years	7	8
	2.8	3.2
26 - 30 years	3	2
	1.2	0.8
More than 30 years	0	2
	0	0.8
Mean	7.29	7.52
Total of table	252	250
	100	100

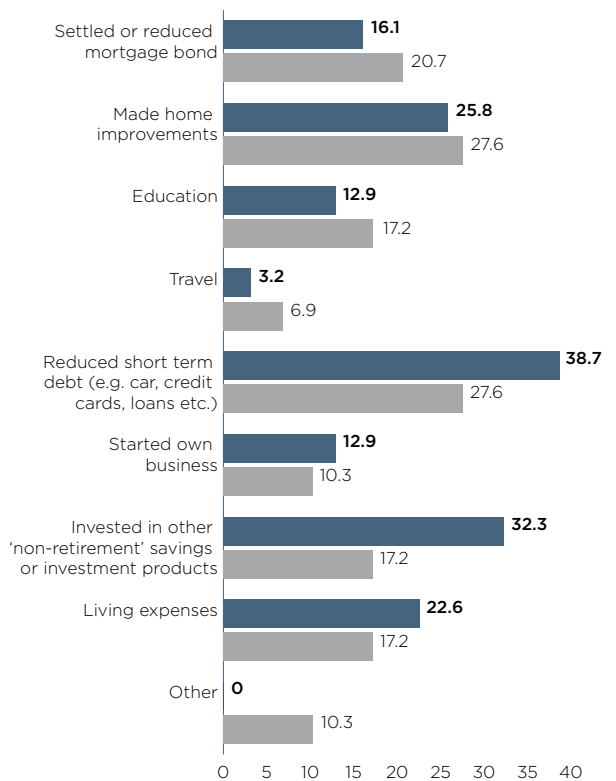
**QB.4a** During your working life, did you ever withdraw from a retirement fund through resignation or retrenchment from a previous employer?



**QB.4b** What did you do with your retirement benefit at the time?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	47	41
	100	100
I withdrew the full benefit in cash	22	18
	46.8	43.9
Preserved part of the benefit and took the rest in cash	9	11
	19.1	26.8
Moved the entire benefit to another employer's fund	5	1
	10.6	2.4
Moved the entire benefit to a preservation fund	2	3
	4.3	7.3
Purchased an annuity with the benefit	7	9
	14.9	22
Purchased unit trusts with the benefit	2	2
	4.3	4.9
Other	1	0
	2.1	0
Total of table	48	44
	102.1	107.3

**QB.4c** What did you spend the cash on?



	2011	2010
<b>SUMMARY</b>		
Any invested	18	13
	58.1	44.8
Any reduced debt	16	12
	51.6	41.4
Total of table	51	45
	164.5	155.2

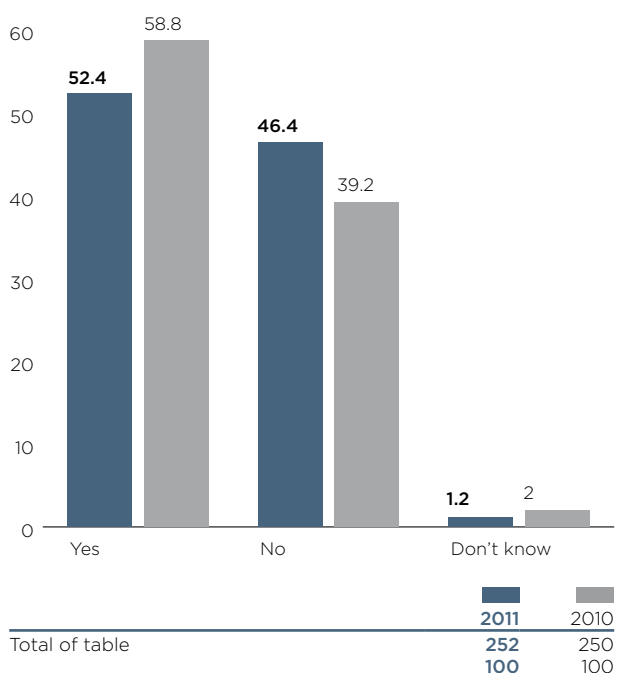
**SECTION C**

# Retirement advice

**QC.1** How many years before retirement do you think people should receive financial advice or start financial planning for their retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252 100	250 100
More than 20 years before retirement	122 48.4	127 50.8
15 - 20 years before retirement	27 10.7	28 11.2
10 - 14 years before retirement	29 11.5	15 6
5 - 9 years before retirement	22 8.7	24 9.6
Less than 5 years before retirement	20 7.9	31 12.4
Only when they go on retirement	19 7.5	21 8.4
Don't know	13 5.2	4 1.6
Mean	17.46	17.12
Total of table	252 100	250 100

**QC.2** Did you receive financial advice about your retirement options prior to your retirement?



**QC.3a** How many years before retirement did you first receive financial advice regarding retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	132 100	147 100
More than 20 years before retirement	30 22.7	35 23.8
15 - 20 years before retirement	16 12.1	14 9.5
10 - 14 years before retirement	16 12.1	11 7.5
5 - 9 years before retirement	18 13.6	18 12.2
Less than 5 years before retirement	24 18.2	34 23.1
Only at the time I went on retirement	26 19.7	31 21.1
Don't know	2 1.5	4 2.7
Mean	10.46	9.81
Total of table	132 100	147 100

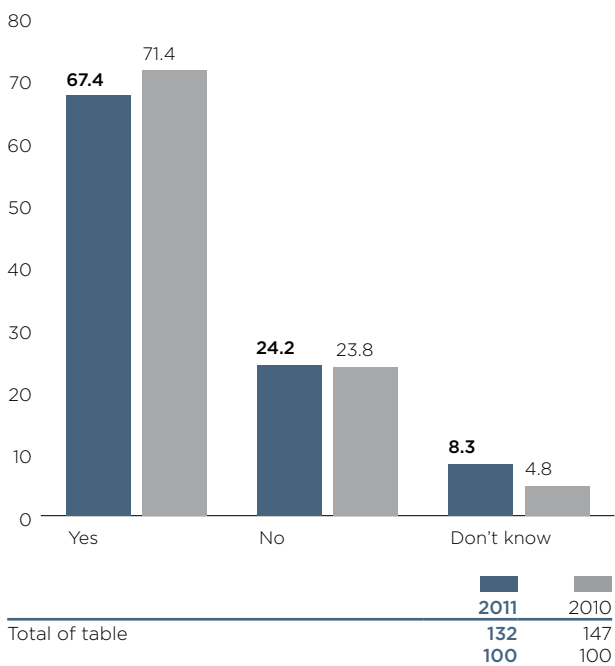
**QC.3b** Thereafter, how often did you receive financial advice about retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	106 100	116 100
Every year	30 28.3	46 39.7
Every 2 years	14 13.2	20 17.2
Every 3 - 4 years	9 8.5	5 4.3
Every 5 years	16 15.1	9 7.8
Less often	17 16	24 20.7
Didn't receive financial advice again	19 17.9	7 6
Other	1 0.9	1 0.9
Don't know	0 0	4 3.4
Mean	2.75	2.85
Total of table	106 100	116 100

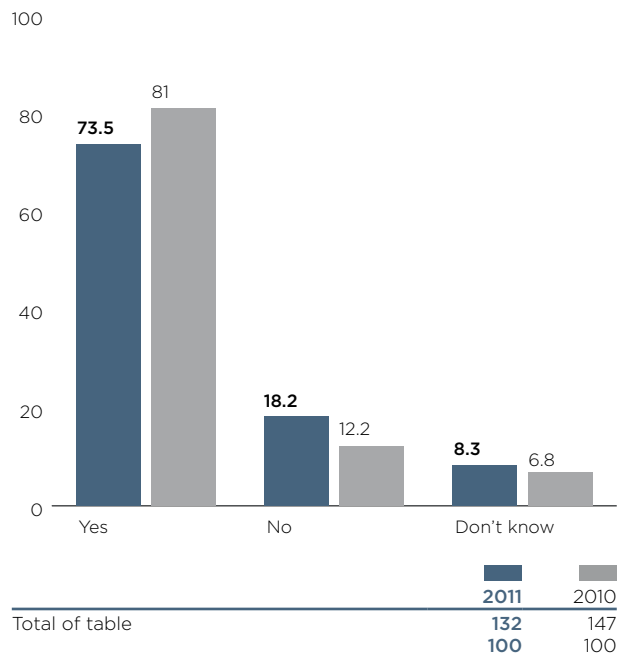
**QC.4** Who provided the financial advice?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	132	147
	100	100
Employer / Human Resources officers	54	62
	40.9	42.2
Own personal financial advisor	65	44
	49.2	29.9
Advisor at a bank	16	11
	12.1	7.5
Advisor from a life office / insurance company	28	36
	21.2	24.5
Other	4	0
	3	0
Don't know	0	1
	0	0.7
Total of table	167	154
	126.5	104.8

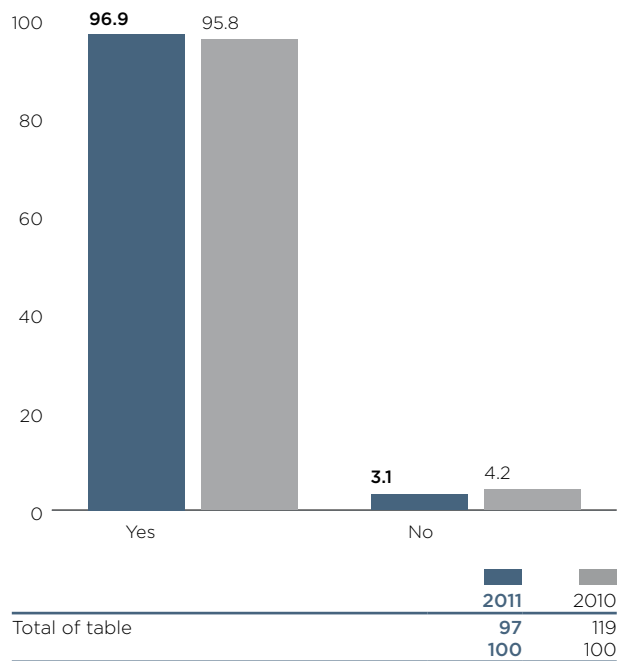
**QC.5** Did you have a complete financial needs assessment done prior to retirement?



**QC.6a** Were the financial implications of retiring at different ages (e.g. 50 vs. 60 vs. 70) explained to you?



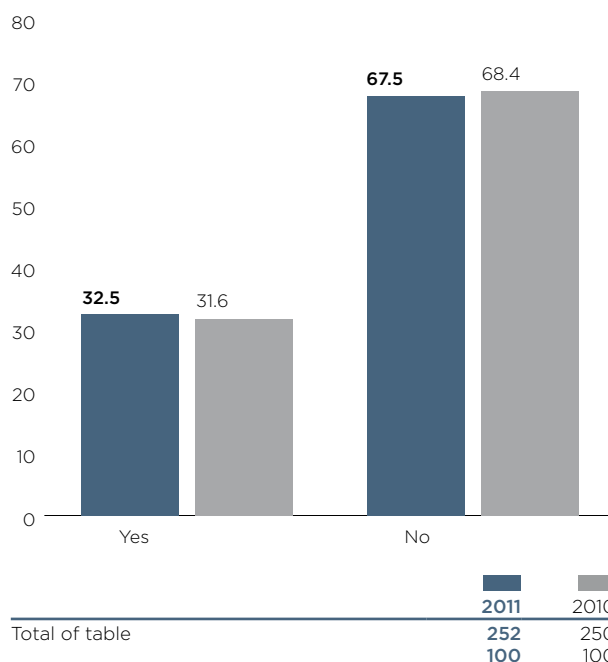
**QC.6b** Did you understand what this meant for your retirement?



**QC.7** Did you follow the advice and recommendations made by your financial advisor when you retired?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>132</b>	147
	<b>100</b>	100
Yes, all of them	32	37
	<b>24.2</b>	25.2
Yes, most of them	59	60
	<b>44.7</b>	40.8
Yes, some of them	34	38
	<b>25.8</b>	25.9
No	5	10
	<b>3.8</b>	6.8
Don't know	2	2
	<b>1.5</b>	1.4
<b>SUMMARY</b>		
Any yes	125	135
	<b>94.7</b>	91.8
Total of table	132	147
	<b>100</b>	100

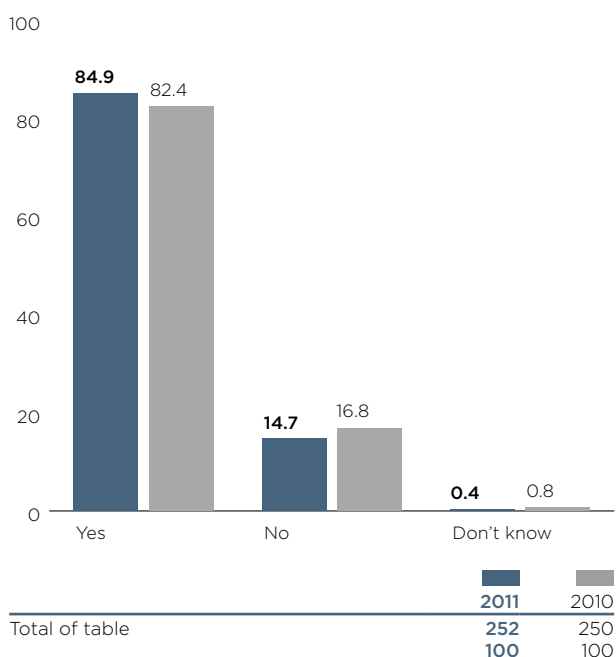
**QC.8** Now that you are retired, do you (still) seek advice from an accredited financial advisor to assist you in financial planning?



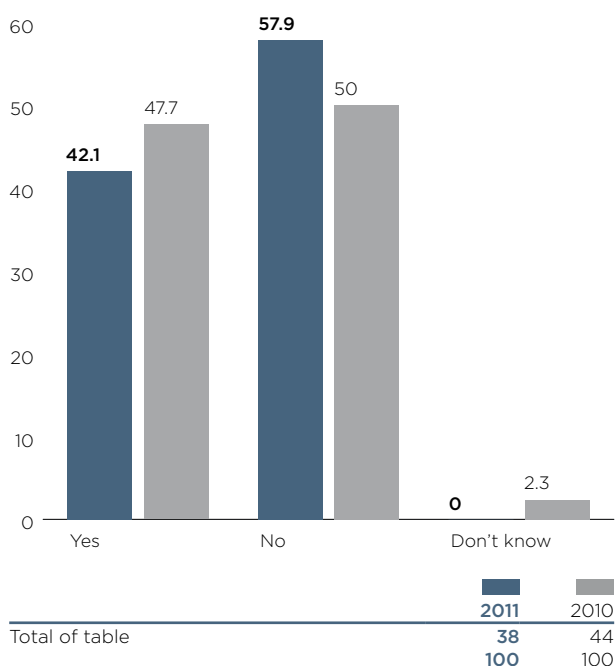
**SECTION D**

# Retirement lifestyle

**QD.1a** Do you consider yourself to be financially independent?



**QD.1b** Have you, at any stage of your retirement, been financially independent?



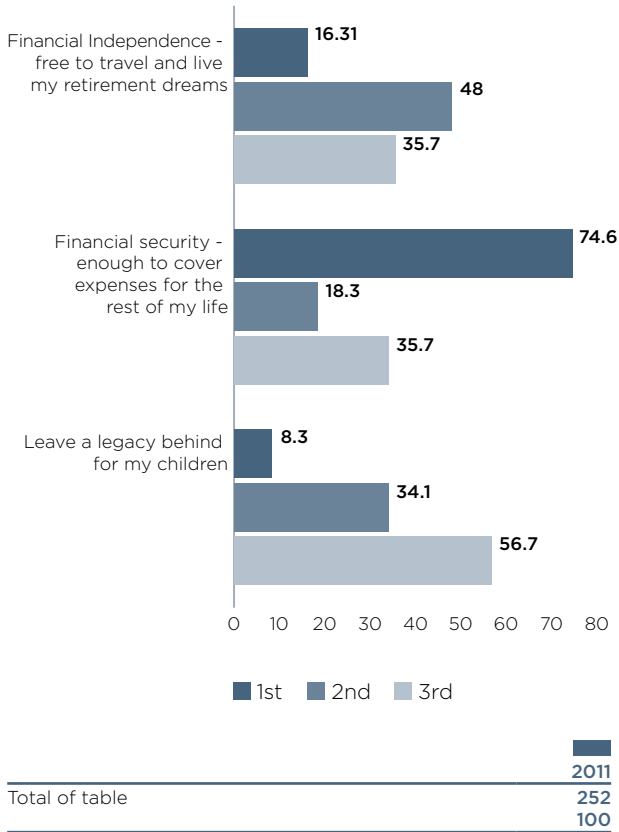
**QD.2** Which of the following statements best describes your primary residence?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>252</b>	<b>250</b>
	<b>100</b>	<b>100</b>
I own my home and it is fully paid	187	211
	<b>74.2</b>	<b>84.4</b>
I own my home but I still have a mortgage / bond	15	14
	<b>6</b>	<b>5.6</b>
I live in a rented property	13	8
	<b>5.2</b>	<b>3.2</b>
I live with relatives	22	14
	<b>8.7</b>	<b>5.6</b>
I live in a retirement community / retirement home	11	3
	<b>4.4</b>	<b>1.2</b>
Other	4	0
	<b>1.6</b>	<b>0</b>
<b>Total of table</b>	<b>252</b>	<b>250</b>
	<b>100</b>	<b>100</b>

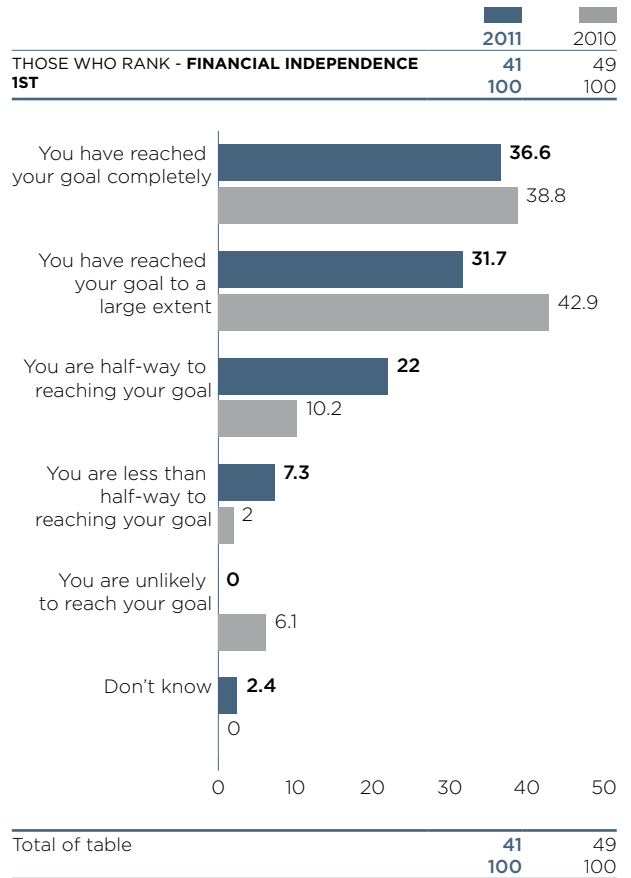
**QD.3** Which of the following forms of debt / credit, if any, are you still paying for?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>252</b>	<b>250</b>
	<b>100</b>	<b>100</b>
Mortgage / bond	16	14
	<b>6.3</b>	<b>5.6</b>
Credit cards	13	19
	<b>5.2</b>	<b>7.6</b>
Store accounts (e.g. Edgars, Truworths)	40	43
	<b>15.9</b>	<b>17.2</b>
Personal loans	6	5
	<b>2.4</b>	<b>2</b>
Vehicle / other movable asset finance	10	14
	<b>4</b>	<b>5.6</b>
Other	3	0
	<b>1.2</b>	<b>0</b>
None	191	177
	<b>75.8</b>	<b>70.8</b>
<b>Total of table</b>	<b>279</b>	<b>272</b>
	<b>110.7</b>	<b>108.8</b>

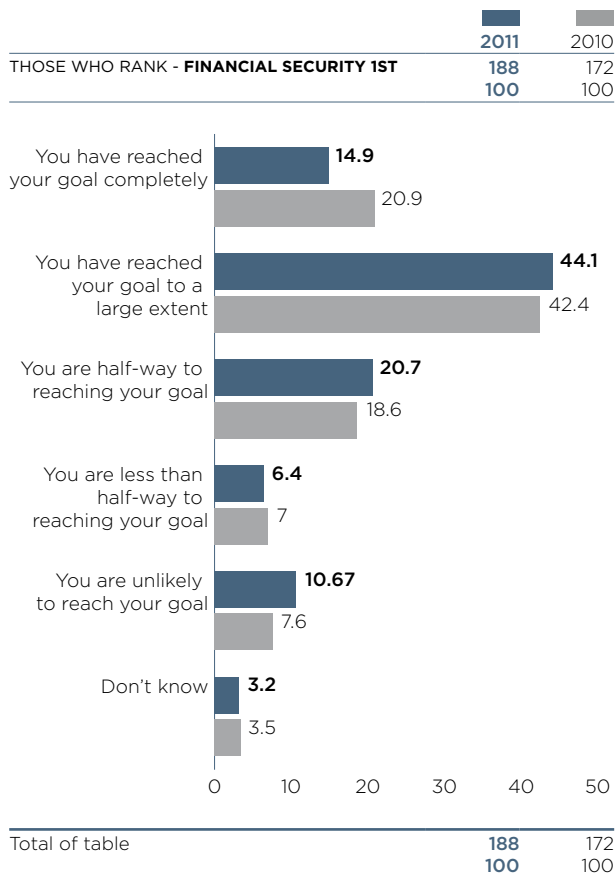
**QD.4** People have different financial goals for retirement and some of them are listed here.



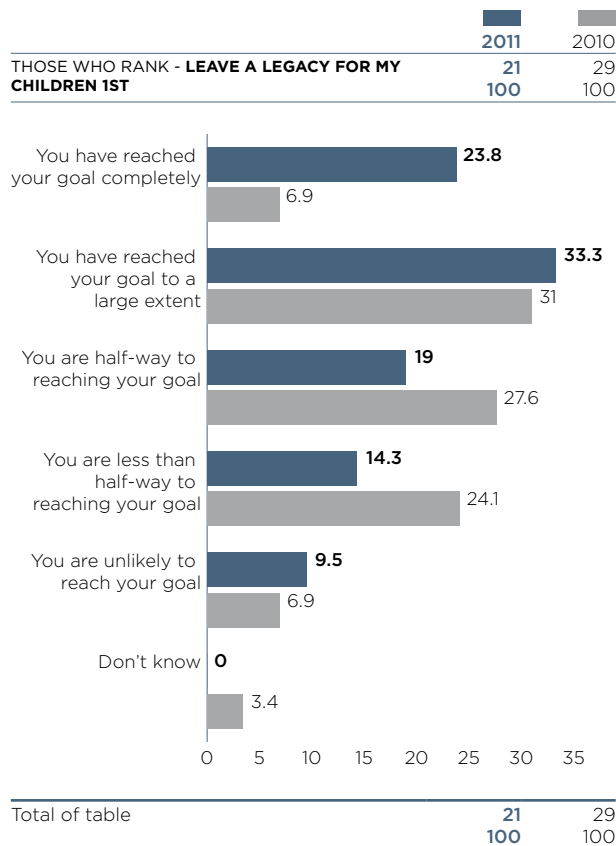
**QD.5a** Thinking about your primary retirement goal, to what extent would you say you have succeeded in reaching this goal?



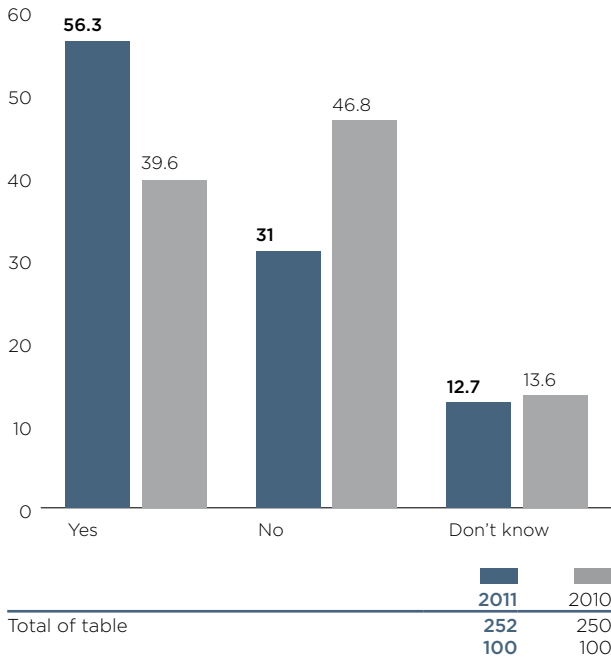
**QD.5b** Thinking about your primary retirement goal, to what extent would you say you have succeeded in reaching this goal?



**QD.5c** Thinking about your primary retirement goal, to what extent would you say you have succeeded in reaching this goal?



**QD.6** Do you believe that you have saved enough capital to last for the rest of your life?



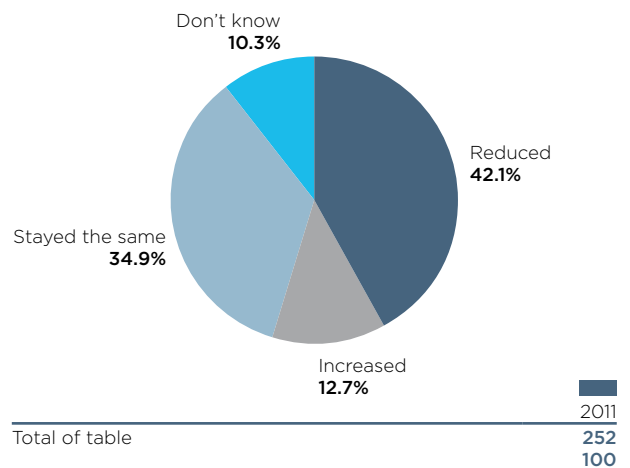
**QD.7** How much do you need to retire?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>252</b>	<b>250</b>
	<b>100</b>	<b>100</b>
Less than 5 times your final annual salary	21	13
	8.3	5.2
About 5 times your final annual salary	42	48
	16.7	19.2
About 10 times your final annual salary	64	68
	25.4	27.2
About 15 times your final annual salary	24	29
	9.5	11.6
More than 15 times your final annual salary	0	65
	0	26
About 20 times your final annual salary	21	0
	8.3	0
More than 20 times your final annual salary	40	0
	15.9	0
Other (Specify)	4	0
	1.6	0
Don't know	36	27
	14.3	10.8
<b>Mean</b>	<b>12.75</b>	<b>11.5</b>
<b>Total of table</b>	<b>252</b>	<b>250</b>
	<b>100</b>	<b>100</b>

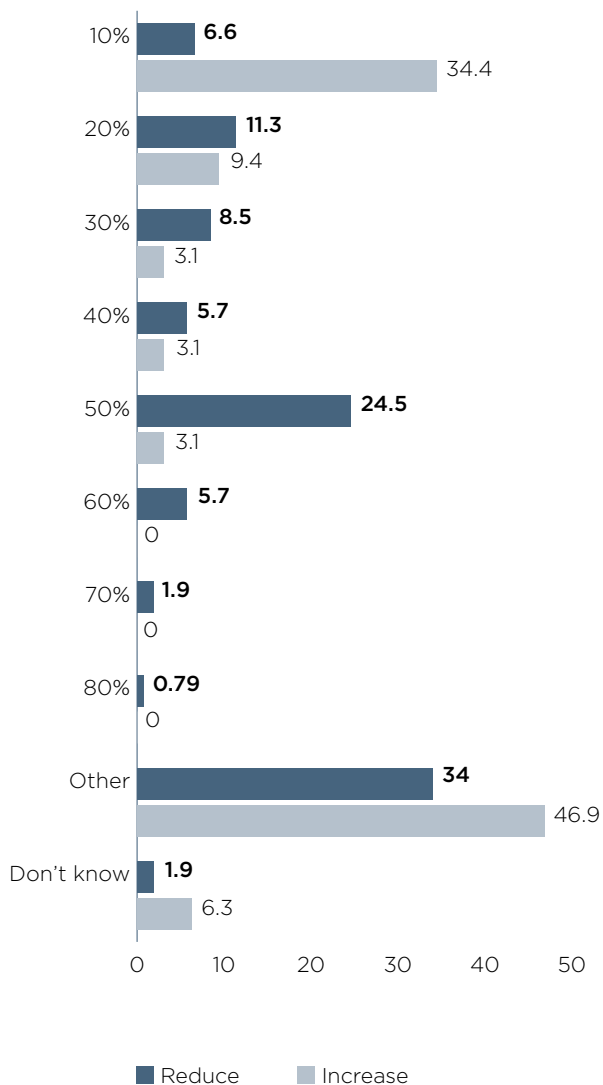
**QD.8** Which of the following best describes your final personal monthly salary before taxes at the point of retirement?

	2011 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>252</b>
	<b>100</b>
R1 000-R2 999	19
	7.5
R3 000-R5 999	46
	18.3
R6 000- R9 999	60
	23.8
R10 000-R19 999	68
	27
R20 000-R29 999	17
	6.7
R30 000-R39 999	3
	1.2
R40 000 +	11
	4.4
Refused	25
	9.9
Don't know	3
	1.2
<b>Mean</b>	<b>12 366</b>
<b>Total of table</b>	<b>252</b>
	<b>100</b>

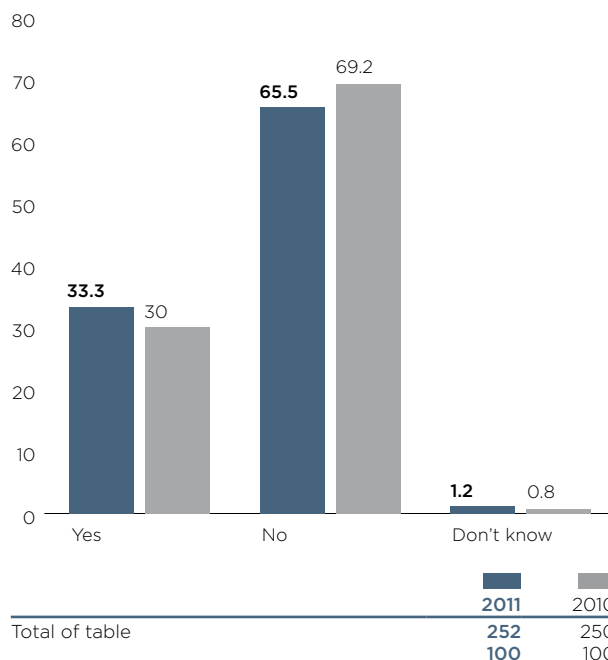
**QD.9a** At the point of retirement, did your personal monthly income reduce, increase or stay the same?



**QD.9b** By how much did it **reduce** and/or **increase**?



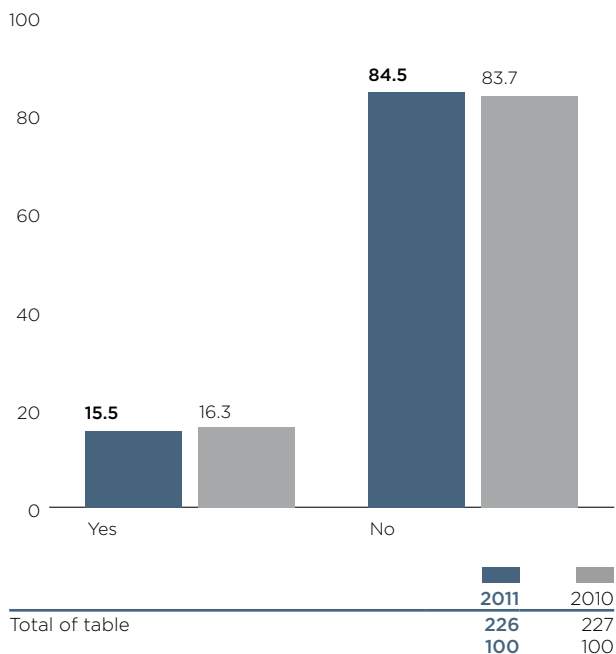
**QD.10a** Is there a shortfall between your current monthly retirement income and your monthly living expenses?



**QD.10b** How do you deal with this shortfall?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	84	75
	100	100
Cut back on non-essential expenses	51	48
	60.7	64
Have to dig into my other savings / investments	15	7
	17.9	9.3
Ask friends or relatives for financial assistance	13	12
	15.5	16
Cancelled my private medical aid and rely on the State for healthcare	4	4
	4.8	5.3
Work to supplement my income	26	23
	31	30.7
Sell / pawn personal possessions such as jewellery or appliances	1	0
	1.2	0
I live frugally and go hungry at times	0	2
	0	2.7
Other	7	0
	8.3	0
Total of table	117	96
	139.3	128

**QD.11a** Do you still work to supplement your current retirement income?



**QD.11b** What work do you do to supplement your retirement income?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>61</b>	<b>60</b>
	<b>100</b>	<b>100</b>
Contract / consultation work for my previous employer	11	7
Light / part-time work for a new employer	18	11.7
	<b>24.6</b>	<b>23.3</b>
Light / part-time work for a friend / family member	9	9
	<b>14.8</b>	<b>15</b>
I started my own small business to supplement my income	22	30
	<b>36.1</b>	<b>50</b>
Other	4	2
	<b>6.6</b>	<b>3.3</b>
<b>Total of table</b>	<b>61</b>	<b>62</b>
	<b>100</b>	<b>103.3</b>

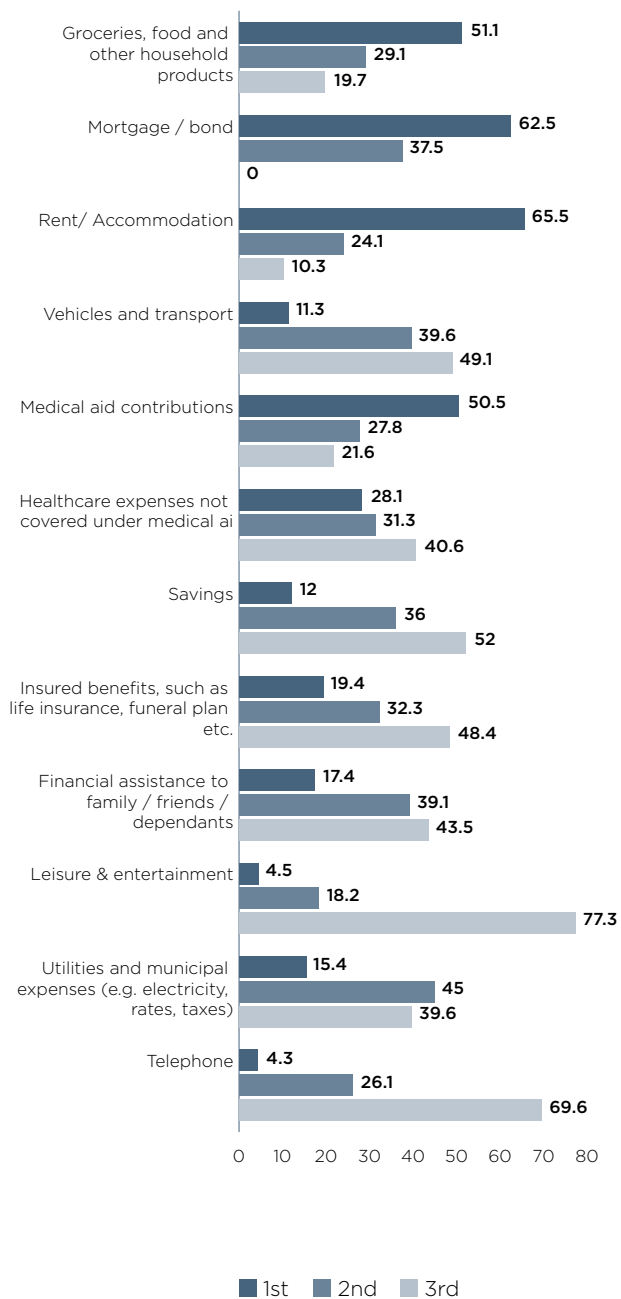
**QD.12a** Considering your current monthly retirement income, do you still manage to save any money each month?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>252</b>	<b>250</b>
	<b>100</b>	<b>100</b>
Yes, I save every month	71	69
	<b>28.2</b>	<b>27.6</b>
Yes, but only from time to time, not monthly	64	72
	<b>25.4</b>	<b>28.8</b>
No	116	109
	<b>46</b>	<b>43.6</b>
Don't know	1	0
	<b>0.4</b>	<b>0</b>
<b>SUMMARY</b>		
Any Yes	135	141
	<b>53.6</b>	<b>56.4</b>
<b>Total of table</b>	<b>252</b>	<b>250</b>
	<b>100</b>	<b>100</b>

**QD.12b** How do you invest your savings?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>135</b>	<b>141</b>
	<b>100</b>	<b>100</b>
Savings account	91	86
	<b>67.4</b>	<b>61</b>
Fixed deposit account	42	36
	<b>31.1</b>	<b>25.5</b>
Insurance linked investments	11	18
	<b>8.1</b>	<b>12.8</b>
Shares or unit trusts	17	22
	<b>12.6</b>	<b>15.6</b>
Money market account	33	31
	<b>24.4</b>	<b>22</b>
Other	7	3
	<b>5.2</b>	<b>2.1</b>
<b>Total of table</b>	<b>201</b>	<b>196</b>
	<b>148.9</b>	<b>139</b>

**QD.13** Which 3 items represent your largest items of expenditure each month?



**QD.14** What proportion of your monthly retirement income is spent on these 3 items (collectively)?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
0 - 9%	1	4
	0.4	1.6
10 - 19%	8	7
	3.2	2.8
20 - 29%	11	12
	4.4	4.8
30 - 39%	13	24
	5.2	9.6
40 - 49%	33	39
	13.1	15.6
50 - 59%	40	50
	15.9	20
60 - 69%	51	35
	20.2	14
70 - 79%	31	43
	12.3	17.2
80 - 89%	44	19
	17.5	7.6
90 - 99%	13	16
	5.2	6.4
100%	6	0
	2.4	0
Don't know	1	1
	0.4	0.4
Total of table	252	250
	100	100

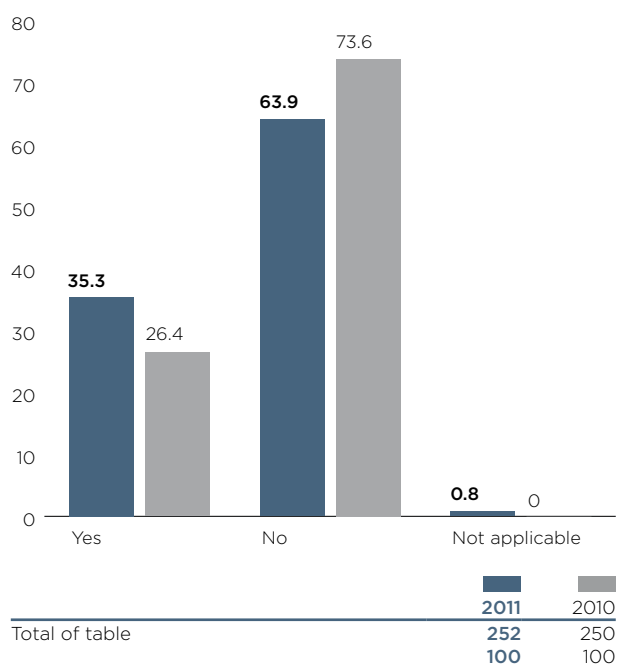
## SECTION E

## Lumpsum benefits &amp; annuities

**QE.1** At retirement you would have received a lump sum. This would have been either one third of the total value of your pension fund or the full value of your provident fund. What have you done with the lump sum value you received?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>252</b>	<b>250</b>
	<b>100</b>	<b>100</b>
Bought property	0	5
	0	2
Settled or reduced mortgage bond	77	82
	30.6	32.8
Made home improvements	70	92
	27.8	36.8
Gave a lump sum to dependants / family	20	21
	7.9	8.4
Travel	16	18
	6.3	7.2
Reduced short term debt (e.g. car, credit cards, loans etc.)	57	76
	22.6	30.4
Started own business	15	18
	6	7.2
Invested in other 'non-retirement' savings or investment products	127	81
	50.4	32.4
Spent it on living expenses	38	59
	15.1	23.6
Did not take 1/3 lump sum, used full amount to buy an annuity	35	18
	13.9	7.2
Other	9	5
	3.6	2
Don't know	1	2
	0.4	0.8
<b>SUMMARY</b>		
Any invested	196	172
	77.8	68.8
Any reduced debt	108	126
	42.9	50.4
Total of table	465	477
	184.5	190.8

**QE.2a** Have you depleted your lump sum yet?



**QE.2b** How long did it take to deplete your lump sum?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>	<b>89</b>	<b>66</b>
	<b>100</b>	<b>100</b>
Less than 6 months	18	12
	20.2	18.2
6 - 12 months	12	15
	13.5	22.7
1 - 2 years	28	14
	31.5	21.2
3 - 5 years	13	10
	14.6	15.2
6 - 10 years	7	7
	7.9	10.6
11 - 15 years	1	0
	1.1	0
16 - 20 years	1	0
	1.1	0
Don't know	9	8
	10.1	12.1
Mean	2.43	2.26
Total of table	89	66
	100	100

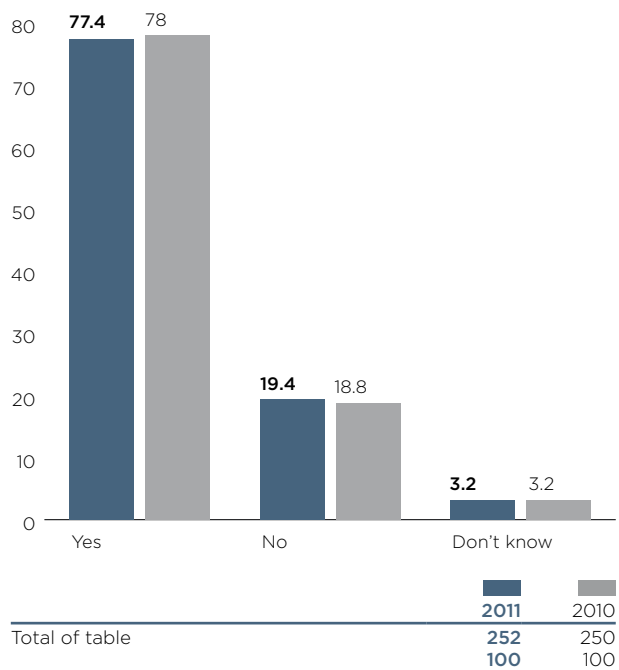
**QE.3** What type of annuity (pension) did you choose when you went on retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Level annuity	39	32
	15.5	12.8
Guaranteed escalation annuity (e.g. 3-5% escalation)	57	66
	22.6	26.4
Inflation linked annuity	56	63
	22.2	25.2
With-profit annuity	26	16
	10.3	6.4
Investment Linked Living Annuity (ILLA)	23	13
	9.1	5.2
Other	1	2
	0.4	0.8
Don't know	50	58
	19.8	23.2
Total of table	252	250
	100	100

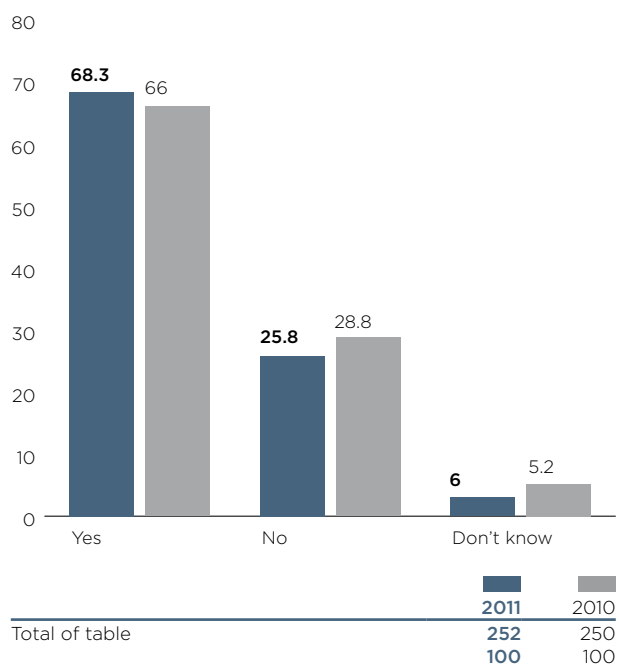
**QE.4** What was the total amount that you invested in your annuity (pension)?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Less than R100,000	33	35
	13.1	14
Between R100,000 and R250,000	45	36
	17.9	14.4
Between R250,001 and R500,000	44	61
	17.5	24.4
Between R500,001 and R750,000	36	32
	14.3	12.8
Between R750,001 and R1,000,000	32	18
	12.7	7.2
Between R1,000,001 and R5,000,000	24	22
	9.5	8.8
Greater than R5,000,000	6	3
	2.4	1.2
Not applicable	1	0
	0.4	0
Don't know	31	43
	12.3	17.2
Mean	830 568	749 638
Total of table	252	250
	100	100

**QE.5** Are you satisfied with the annuity (pension) that you chose when you retired?



**QE.6** Do you believe that you received sufficient information or advice about the various annuity products available to you before you purchased an annuity product (pension)?



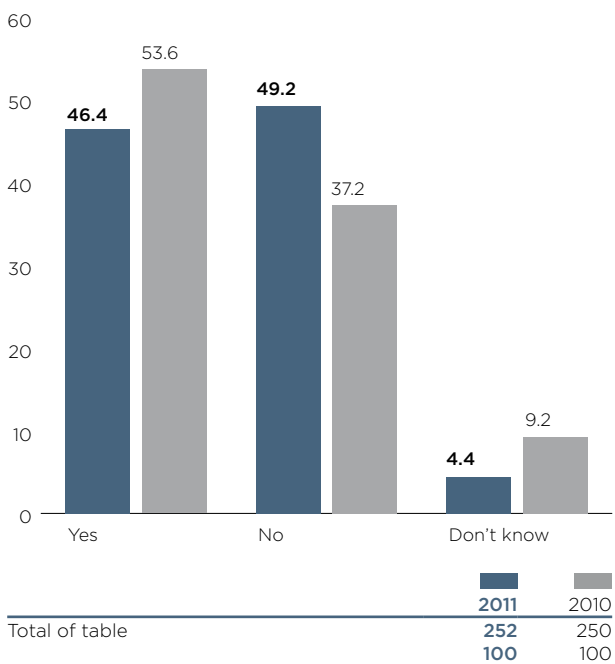
**QE.7** What percentage increase do you expect to receive annually on your pension / annuity payouts?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
00.01 - 02.50%	4	10
	1.6	4
02.51 - 05.00%	52	39
	20.6	15.6
05.01 - 07.50%	27	33
	10.7	13.2
07.51 - 10.00%	55	58
	21.8	23.2
10.01 - 15.00%	22	9
	8.7	3.6
15.01 - 20.00%	9	5
	3.6	2
20.01% +	12	1
	4.8	0.4
Other	1	0
	0.4	0
None	3	21
	1.2	8.4
Don't know	67	74
	26.6	29.6
Mean	8.6	6.24
Total of table	252	250
	100	100

**QE.8b** What proportion of your pension / annuity income would your spouse receive?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	117	134
	100	100
00.01 - 24.99 %	13	30
	11.1	22.4
25%	6	5
	5.1	3.7
25.01 - 49.99 %	11	9
	9.4	6.7
50%	18	24
	15.4	17.9
50.01 - 74.99 %	9	8
	7.7	6
75%	7	7
	6	5.2
75.01 - 99.99 %	11	10
	9.4	7.5
Other	8	0
	6.8	0
Don't know	34	41
	29.1	30.6
Total of table	117	134
	100	100

**QE.8a** Does your pension / chosen annuity product provide a spouse's pension in the event of your death?



**SECTION F**

# Communication

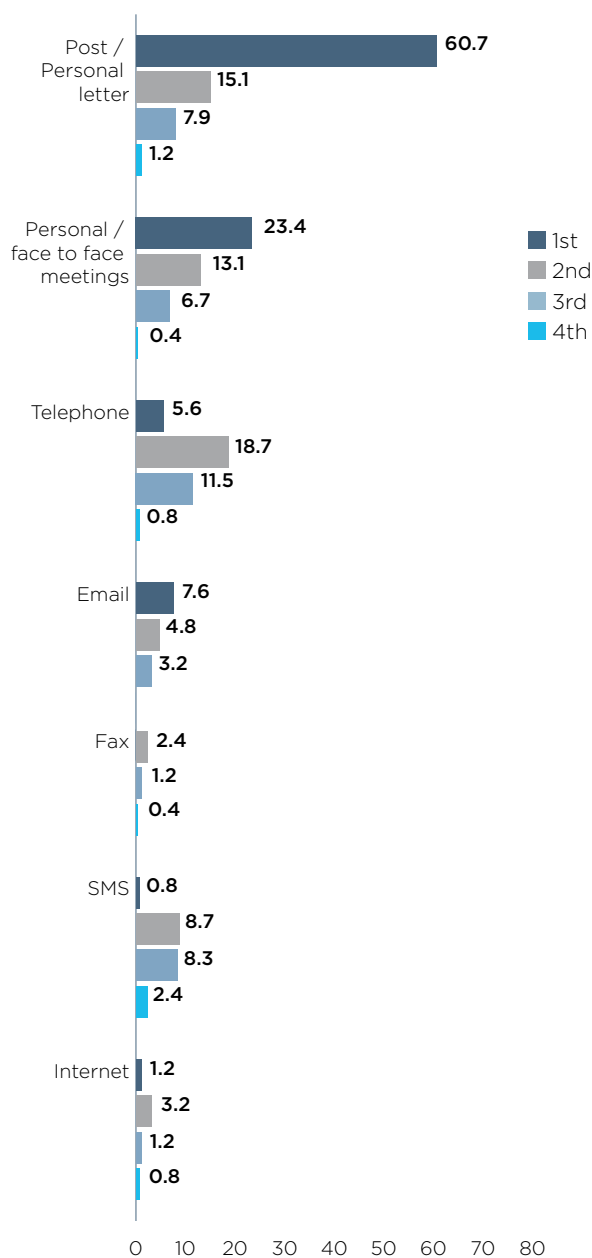
**QF.1** What type of information is communicated to you by your pension / annuity provider?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	225
	100	100
Annuity valuation reports	91	85
	36.1	37.8
Pension increases	146	96
	57.9	42.7
Investment reports	85	78
	33.7	34.7
Annual report from Trustees	69	95
	27.4	42.2
Explanation of definitions	53	34
	21	15.1
Special interest / Ad hoc information	26	22
	10.3	9.8
Other	1	4
	0.4	1.8
Not applicable	1	0
	0.4	0
Don't know	10	5
	4	2.2
Total of table	482	419
	191.3	186.2

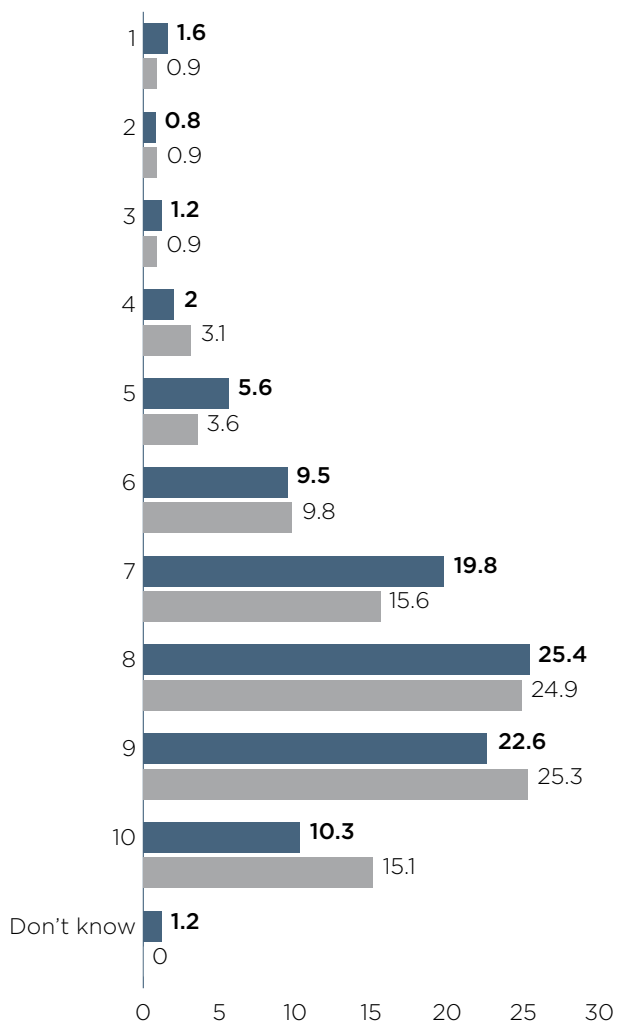
**QF.2a** How do you want to receive information on matters relating to your annuity / pension?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Personal / face to face meetings	110	119
	43.7	47.6
Telephone	91	108
	36.1	43.2
E-mail	40	24
	15.9	9.6
Fax	13	7
	5.2	2.8
SMS	50	21
	19.8	8.4
Post / Personal letter	214	223
	84.9	89.2
Internet	17	8
	6.7	3.2
None	2	3
	0.8	1.2
Total of table	537	513
	213	205

**QF.2b** Can you please rank these in order of your preference, naming your highest preference first?



**QF.3** How satisfied are you with the communication you receive from your annuity / pension provider? Please use a scale from 1 to 10 where 1 is 'very dissatisfied' and 10 is 'very satisfied'.



	2011	2010
<b>SUMMARY</b>		
Very / Dissatisfied score 1-2	6	4
	2.4	1.8
Very / Satisfied	83	91
	32.9	40.4
Mean	7.57	7.81
Total of table	252	225
	100	100

**QF.4** Who would you contact with any queries related to your retirement annuity / pension?

	2011 TOTAL	2010 TOTAL
<b>BASE: ALL RESPONDENTS</b>		
	252	250
	100	100
Personal Financial Advisor	115	95
	45.6	38
Intermediary appointed by the retirement fund	33	11
	13.1	4.4
Trustees of the fund	16	32
	6.3	12.8
Human Resources officer at your previous employer	32	43
	12.7	17.2
Fund Administrator	34	34
	13.5	13.6
Pensions Department at the company's Employee Benefits Division	54	68
	21.4	27.2
Other	2	1
	0.8	0.4
Nobody / Won't seek advice	10	10
	4	4
Don't know	2	6
	0.8	2.4
<b>SUMMARY</b>		
Any Fin Advisor	141	105
	56	42
Company Staff	95	122
	37.7	48.8
Total of table	298	300
	118.3	120

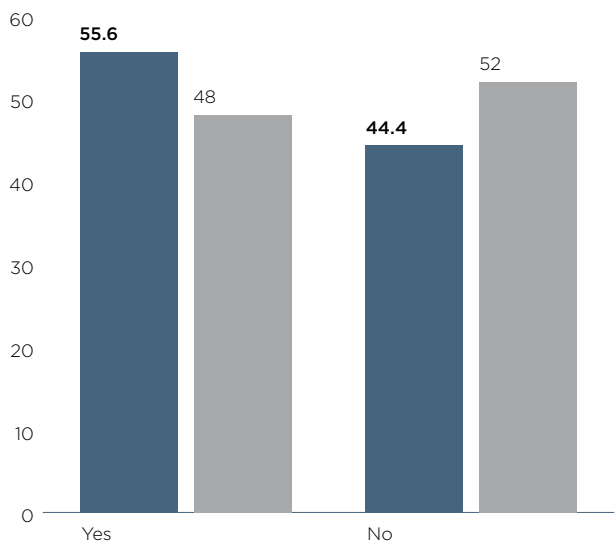
**SECTION G**

# Medical aid expenses

**QG.1** Prior to retirement, did you contribute to a medical aid scheme, either in your private capacity or through your employer?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	250
	100	100
Yes, in my private capacity	72	64
	28.6	25.6
Yes, through my employer	121	97
	48	38.8
No	59	89
	23.4	35.6
<b>SUMMARY</b>		
Any yes	193	161
	76.6	64.4
Total of table	252	250
	100	100

**QG.2** Do you currently contribute to a medical aid scheme



	2011 TOTAL	2010 TOTAL
Total of table	252	250
	100	100

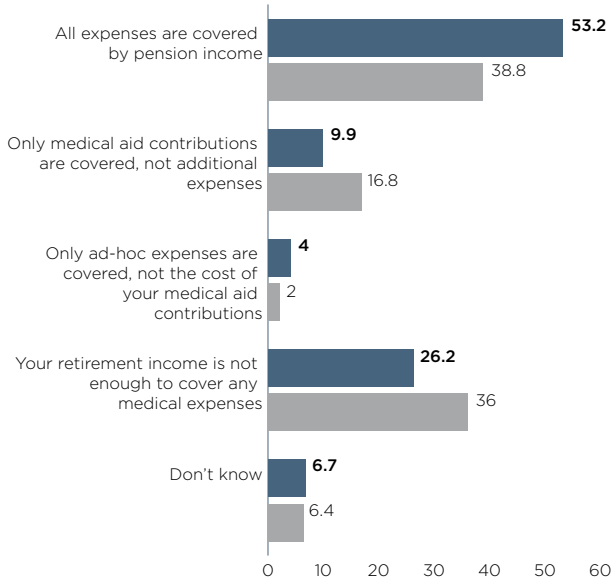
**QG.3** Did you consider your medical aid contribution and the fact that this would increase by 10% - 15% per annum on average when you were planning for your retirement?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	198	164
	100	100
Yes	104	99
	52.5	60.4
No	83	58
	41.9	35.4
Don't know	11	7
	5.6	4.3
Total of table	198	164
	100	100

**QG.4** Does your previous employer continue to contribute to your medical aid scheme now that you are retired?

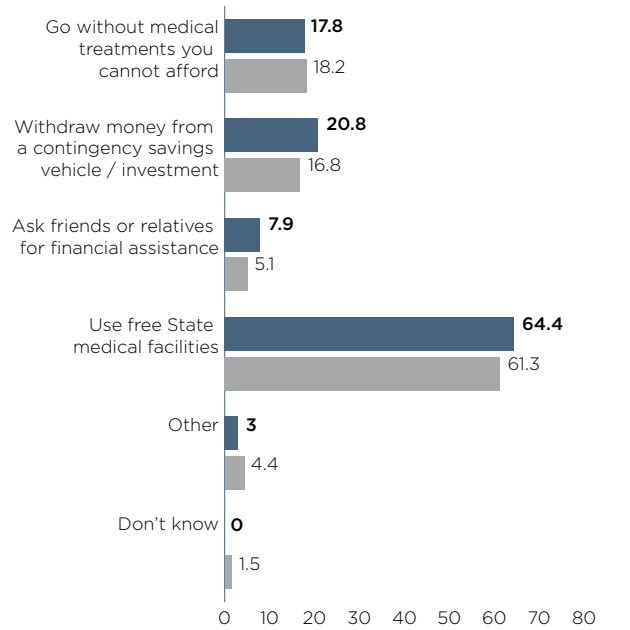
	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	78	60
	100	100
Yes	55	45
	70.5	75
No	22	15
	28.2	25
Don't know	1	0
	1.3	0
Total of table	78	60
	100	100

**QG.5a** To what extent does your monthly retirement income cover your medical and healthcare expenses?



	2011	2010
Total of table	252	250
	100	100

**QG.5b** How do you deal with the shortfall?

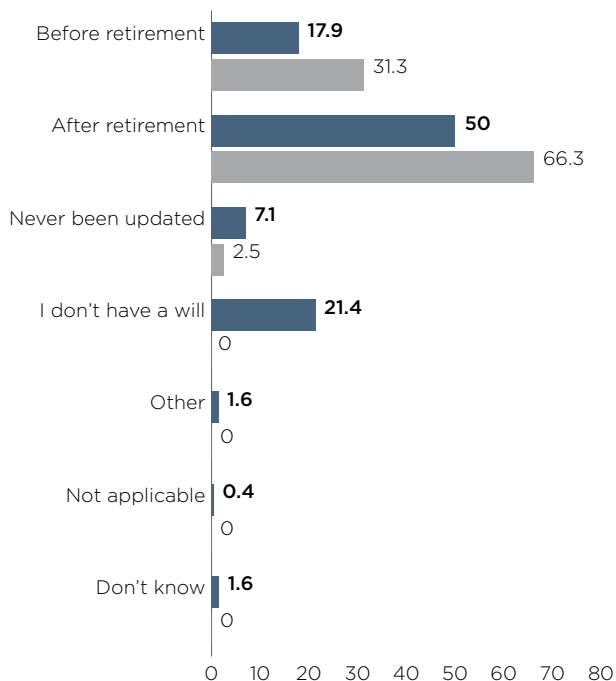


	2011	2010
Total of table	115	147
	113.9	107.3

**SECTION H**

# Wills & estate planning

**QH.1** When did you last update your Will?



	2011	2010
Total of table	252	160
	100	100

**QH.2** Have you left copies of your Will for safekeeping with any of the following people?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	197	160
	100	100
A trusted family member	53	42
	26.9	26.3
The executor of the estate	25	20
	12.7	12.5
An attorney / legal advisor	49	27
	24.9	16.9
A banking institution	76	61
	38.6	38.1
A financial advisor	35	25
	17.8	15.6
An insurance company	9	8
	4.6	5
Other	1	1
	0.5	0.6
None	4	3
	2	1.9
Total of table	252	187
	127.9	116.9

## SECTION I

## Impact of economic recession

**Q1.1** Thinking back on your own experience, the way you planned for retirement and the choices you made at the point of retirement, what SINGLE piece of financial planning advice would you give to young adults starting their careers i.e. people aged about 25 years?

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	249
	100	100
Do not have debt / credit	10	11
	4	4.4
Do not retire too early	5	0
	2	0
Don't rely on just one source of income	2	0
	0.8	0
Don't squander money / waste on luxuries	7	6
	2.8	2.4
Don't withdraw from your pension	7	10
	2.8	4
Invest from an early age	35	50
	13.9	20.1
Invest in property	11	5
	4.4	2
Invest offshore	2	0
	0.8	0
Make more enquiries / learn about investments / retirement / learn more about investment choices / request m	29	21
	11.5	8.4
Put more money into my pension / increase it annually / choose a higher premium	15	6
	6	2.4
Save from an earlier age	119	93
	47.2	37.3

	2011 TOTAL	2010 TOTAL
BASE: ALL RESPONDENTS	252	249
	100	100
Save regularly / save at least 10% of your salary each month	11	0
	4.4	0
Seek professional advice on retirement / financial planning	11	0
	4.4	0
Start planning earlier for retirement / plan ahead / at an early age	59	71
	23.4	28.5
Take out a bigger retirement annuity / buy a retirement annuity	16	24
	6.3	9.6
Take out more insurance / more policies / separate insurance policies	21	20
	8.3	8
Teach children about financial planning in school	4	0
	1.6	0
Would have chosen a different advisor / one with better advice / not the company advisor	0	4
	0	1.6
Other	23	2
	9.1	0.8
Not applicable	1	2
	0.4	0.8
Don't know	1	2
	0.4	0.8
Total of table	389	327
	154.4	131.3

# Contact Details

Danie van Zyl  
Head: Guaranteed Investments

**Sanlam Structured Solutions**

Tel: 021 950 2853  
Fax: 021 950 2899  
E-mail: danievz@sim.sanlam.com

Samkelo Zwane  
Solutions Specialist

**Glacier by Sanlam**

Tel: 021 917 9194  
Fax: 021 917 9210  
E-mail: samkelo.zwane@glacier.co.za

Andries Vermeulen  
Business Development Manager

**Retirement Fund Solutions by Glacier**

Tel: 021 917 9011  
Fax: 021 917 9210  
E-mail: andries.vermeulen@glacier.co.za

Viresh Maharaj  
Actuary

**Sanlam Group Risk**

Tel: 021 947 8257  
Fax: 021 947 4352  
E-mail: viresh.maharaj@sanlam.co.za

Wagieda Suliman  
Head: Institutional Research

**Sanlam Group Intelligence**

Tel: 021 947 2425  
Fax: 021 947 6673  
E-mail: wagieda.suliman@sanlam.co.za











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Employee Benefits

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