

Risk Benefits

52% (2009: 49%) of sub-funds showed no change in their risk charges while 30% (2009: 32%) indicated an increase and 14% (2009: 15%) experienced a decrease over the last year.

76% (2009: 74%) of umbrella funds have processes in place to ensure the ongoing sound actuarial management of its risk pool. 84% (2009: 81%) of respondents indicated that they were satisfied that the risk benefits product range was comprehensive and appropriate to satisfy members' requirements.

40% (2009: 46%) of umbrella funds have their insured benefits automatically underwritten by an in house insurance company that is associated with the sponsor. 51% of umbrella funds rebroke their risk business on a regular basis compared with 40% in 2009.

Death Benefits

Nearly all funds provide lump sum death benefits. The average death benefit is 3.5 times salary (2009: 3.5 times).

For 40% (2009: 41%) of sub-funds the lump sum payable on death includes the member's equitable share.

The proportion of sub-funds offering flexible death benefits stand at 18% compared to 17% in 2009.

Of those funds offering flexible death benefits the average core level of death cover was 2.9 times salary. The average amount of additional cover that can be chosen by members is 4 times salary, while the most popular default level of flexible death cover was 3 times salary.

The majority of umbrella fund trustees delegate the investigative work in respect of the Section 37C process to the employer (42%), followed by the administrator (33%) and an independent committee or consultant (20%).

To ensure that beneficiaries are traced 53% of employers rely on staff resources within the company, 51% rely on HR documents and 24% use a tracing agent.

Disability Benefits

42% (2009: 46%) of the respondents indicated that they provide a lump sum disability benefit with an average cover of 2.7 (2009: 2.5) times salary.

17% of umbrella funds reduce the lump sum payable on disability as the member approaches their normal retirement age with the reduction spread over an average period of 6 years compared with 24% over an average period of 4 years in 2009.

The most common waiting period remains 3 month for both permanent and temporary disability.

Of those offering disability income benefits the vast majority is expressed as 75% of salary. For 39% of sub-funds the increases are related to CPI, 15% have fixed increases according to the rules while 13% have no increases.

Where increases are linked to CPI the most popular option is 100% of CPI.

Other Benefits

6% of sub-funds offer the critical illness benefit. This is down from 10% in 2009.

67% of sub-funds offer funeral cover compared to 60% in 2009.

The most common level of funeral cover is R10 000 and this is consistent with the 2009 results.

The most popular new generation products offered by sub-funds are education benefits and medical premium waivers.

HIV/AIDS Management Programmes

64% (2009: 57%) indicated that the employer had an HIV/AIDS management programme in place. This entails providing information to raise awareness (94%), testing (67%), counselling (75%) and medication (28%).