

Engaged Employerism



Viresh Maharaj

Chief Marketing Actuary
Sanlam Employee Benefits

Insurance

Financial Planning

Retirement

Investments

Wealth



This is what we do ...

This is what we
expect of you ...

This is why we
think you'll like
working here ...

This is what we
have achieved ...

This is who we are ...



Medical Aid

Allowances

**Insurance
Options**

**Social
Club**

**Retirement
Benefits**

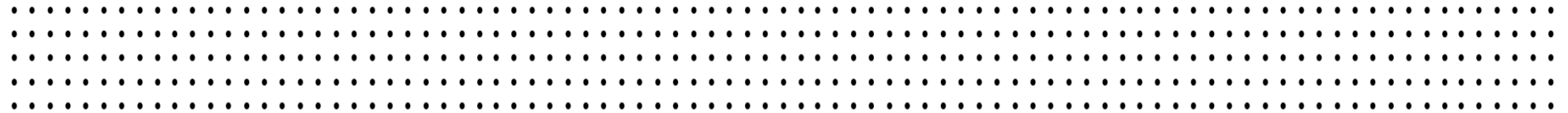
decisions and signature required



- **46%** indicated that retirement funding was not mentioned at their induction
- **6.5%** were exposed to the importance of preservation
- **72%** do not revisit decisions made at this point
- **49%** first seek advice within 9 years of retirement



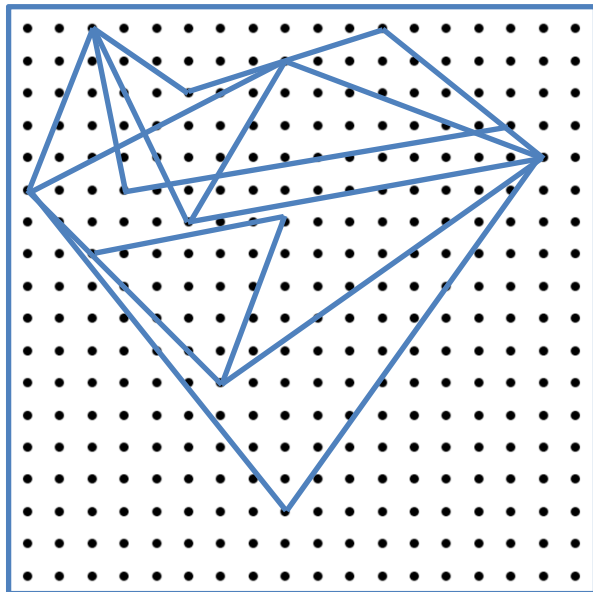
A SYSTEMS VIEW



—————→ RETIREMENT

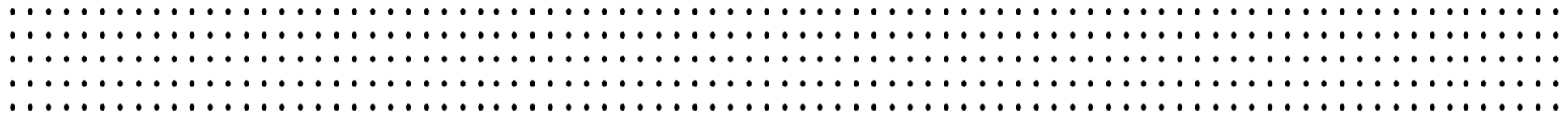
- identify critical interventions
- look for practical measures to ‘de-risk’ the retirement journey

SYSTEMS THINKING



- viewing 'problems' as parts of an overall system
- systems typically consist of components, linkages, feedback loops and emergent behaviour.
- acknowledge retirement funding system is just one of many systems that an employee belongs to... social systems, cultural systems, employer systems etc.
- affect each other in dynamic ways that we need to understand and influence

SYSTEMS VIEW of retirement journey



JOIN EMPLOYER

Decisions

- Contribution
- Pension or Provident
- Tax free vehicle
- Medical aid
- Investment choices
- Life cover
- Disability cover
- Funeral cover

REVIEW OPTIONS

Decisions

- Seek advice
- Purchase RA
- Other investments
- Other spend

LEAVE EMPLOYER

Decisions

- Cash
- Preserve

OTHER EVENTS

Exits

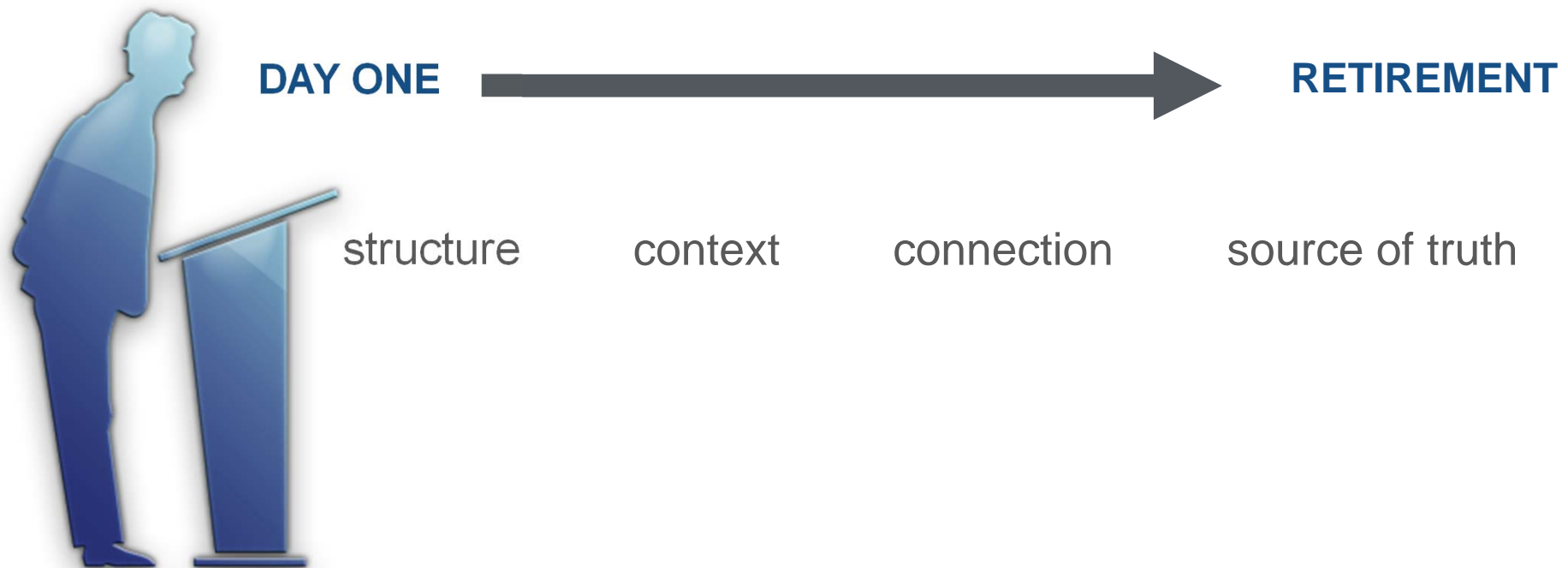
- Die
- Disablement
- Maternity
- Unemployment

RETIRE

Decisions

- Early Retirement
- Annuitise
- Phased Retirement

Employer in best position to influence outcome



by playing a more engaged role ...





2015 financial wellness survey

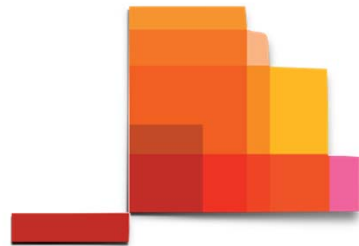
pwc

45%

of employees found their
financial situations stressful

35%

experienced a year-on-year
increase in financial stress



2015 financial wellness survey

pwc

20%

distracted at work due to
financial stress

37%

spent 150 hours or more
dealing with financial stress



MetLife® employee benefit trends ... annual study

58% 78% 22%

of **employers** cited financial stress as leading cause of **absenteeism**

of **employers** cited financial stress led to reduced productivity

of **employees** admit taken unexpected time off in past year to deal with a financial issue.



SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

70%

Indicated that **personal financial** problems were having an impact in the workplace

47%

Indicated that staff were not able to **focus** at work

■ 'IT'S NOT JUST THE RIGHT THING TO DO ... IT MAKES BUSINESS SENSE'

Employers must do more for your health and wealth



The pay-off of investing in appropriate wellness programmes for employees will be increased productivity and reduced absenteeism, say financial experts. **Laura du Preez** reports

Employers should do a lot more to ensure the physical and financial well-being of their employees and ultimately to ensure they retire comfortably, key people in the financial services industry say.

Employers should invest time and money in putting in place employee benefits and assistance programmes, not only because it is the right thing to do, but because they have a vested interest in improving productivity and reducing absenteeism, they say.

Launching the findings of Alexander

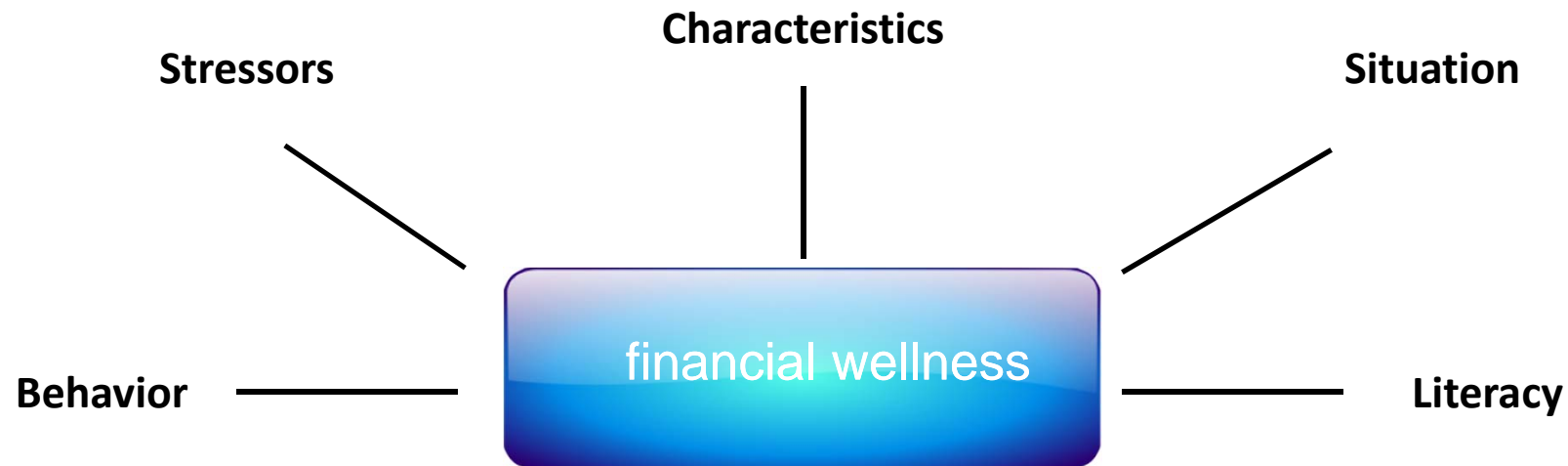
Employee Benefits, urged employers to have a positive influence on their employees' retirement funding and finances, not just because it is the right thing to do, or because it eases the government's social security burden, but because it makes business sense to do so.

Maharaj says the 2015

PricewaterhouseCoopers (PWC) Employee Financial Wellness Survey of



EMPLOYER influence



EMPLOYER influence



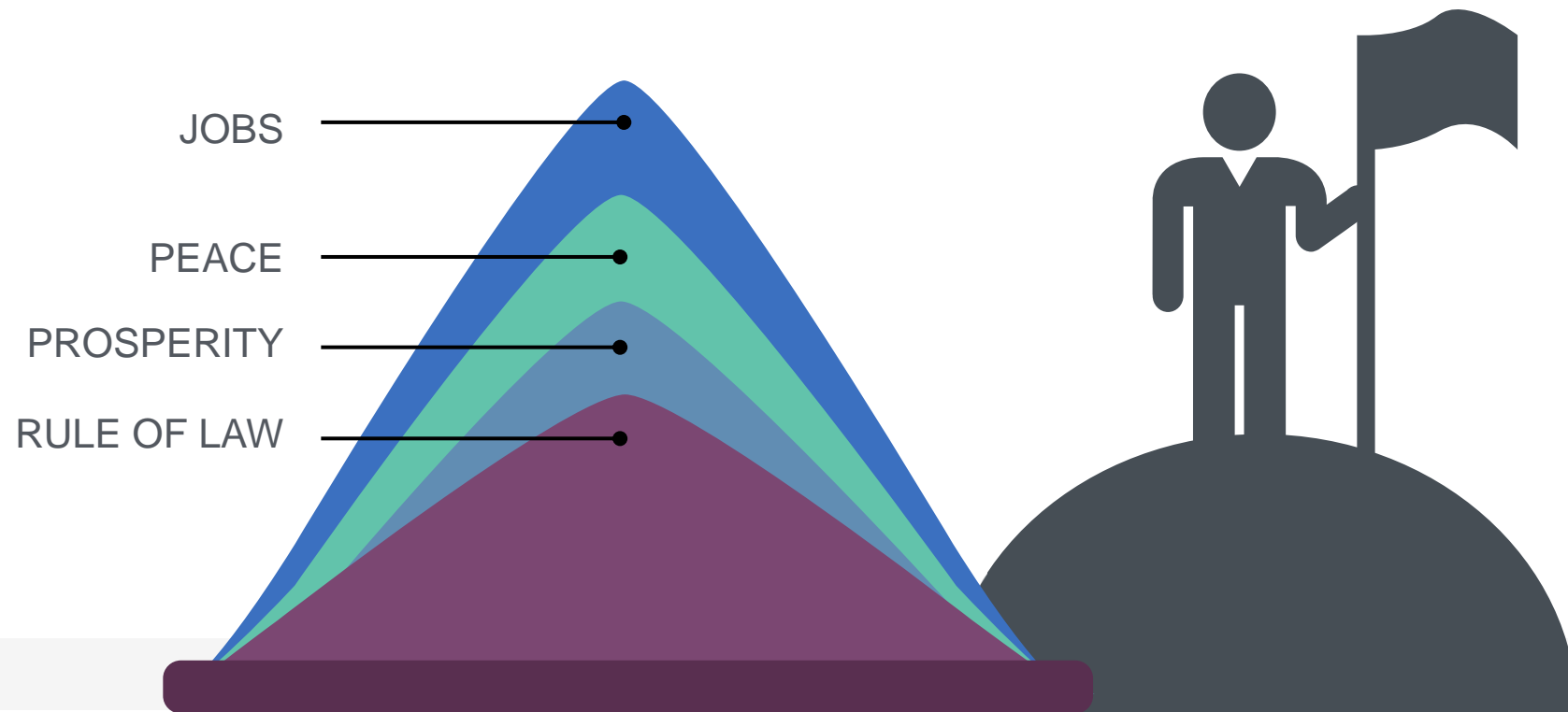
increased productivity

reduced absenteeism

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graph TD; A[financial wellness] --- B[increased productivity]; A --- C[reduced absenteeism]
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financial wellness

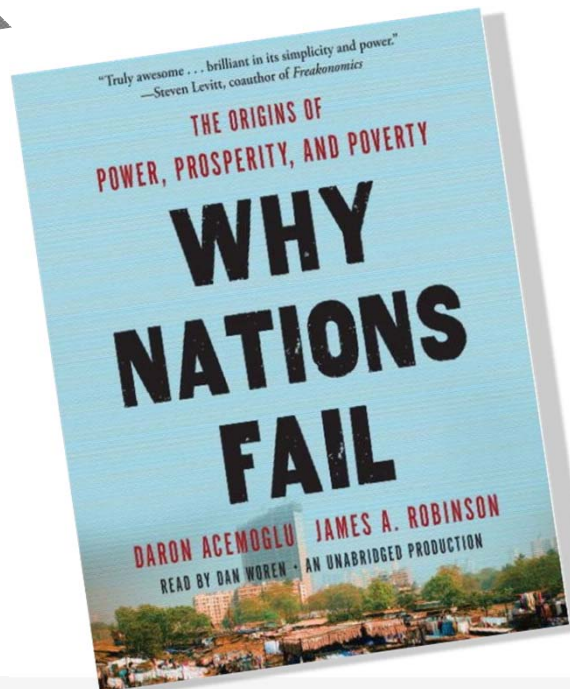
ULTIMATE GOAL OF ANY NATION





CONSIDER GREECE, SPAIN, PORTUGAL & ITALY ...

COMPARE THESE COUNTRIES TO THEIR WEALTHIER EUROPEAN NEIGHBOURS



‘Of all the conditions and factors that make countries richer or poorer, the one that researchers discuss most is - good institutions’

ACEMOGLU & ROBINSON

good institutions

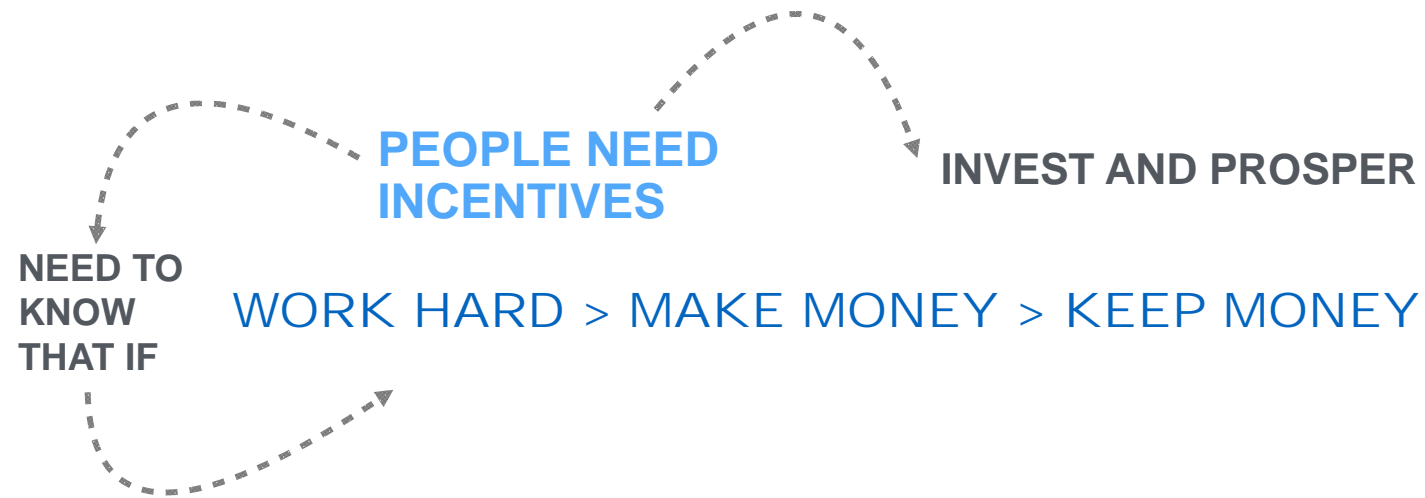


‘LAWS AND PRACTICES THAT
MOTIVATE PEOPLE TO WORK HARD,
BECOME ECONOMICALLY
PRODUCTIVE, AND THEREBY ENRICH
BOTH THEMSELVES AND THEIR
COUNTRIES.’

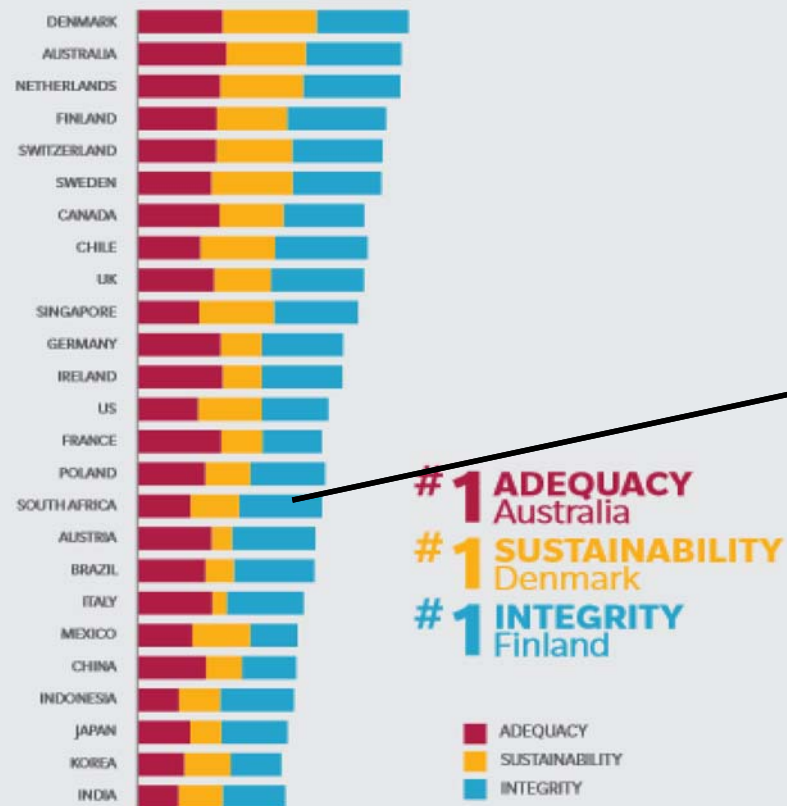
ACEMOGLU & ROBINSON



good institutions



2014 SUB-INDEX RESULTS



strongest
performance
INTEGRITY

above average
**SUSTAINABILITY
& ADEQUACY**

Key institutions - SA



Retirement funds & Employers





Sanlam Benchmark Survey

85%

would **not** opt out of
compulsory savings driven
by employer

89%

would **not** reduce retirement
fund contributions via
employer

35%

would seek advice from
HR



Sanlam Benchmark Survey

87% 21% 42%

believe that advice is needed

only seek advice within 5
years of retirement

do not use an adviser



Sanlam Benchmark Survey

51%

did not receive any information
re their fund from employer

33%

understood their benefit
statements

53%

were not aware of group
life or disability cover

ONE DAY

DAY ONE

'THIS NEXT BIT IS REALLY IMPORTANT'



**This is who
we are ...**

**This is what
we do ...**

**This is what we
have achieved ...**

**This is what we
expect of you ...**

**This is why we
think you'll like
working here ...**



induction presentation ...

Ladies and gentlemen at the end of each month we're going to pay your salary into your bank account. This will be the net amount after tax deductions, medical aid and provision for retirement.

This is your money and you are free to spend this in any way you like ... on a car, rent ... buying a property, entertainment, holidays and hopefully build lifetime wealth for you and your family.

for you and your family.

However statistically 96% of the people in this room won't build any wealth ... in fact the opposite will happen ... over 80% of you will carry a significant amount of debt for most of your working life.

The problems created by this situation will be as follows

- For the next 10 to 40 years, half of you will find your financial situation to be a constant source of stress
- 6 out of every 10 of you will not be able to maintain your standard of living into retirement.



retirement

- Half of you will only seek help when it's too late to affect your retirement outcome.
- Most of you will work every day until you retire to buy things you don't need with money that you don't have while unknowingly sacrificing your future.

Your salary is yours and you are entirely free to spend it as you like ...but as your employer, we believe that yours is a future worth saving and because of that we have set you up for success by taking your financial wellness seriously. And this is how WE can help YOU.





crucial moment to influence outcome



pension amount

R1 000 000

49%

of employees not aware
of tax impact when
withdrawing

55%

not aware of the impact of
withdrawing savings on
retirement outcome

crucial moment to influence outcome



pension amount

R1 000 000

47%

did **not** receive any
guidance from HR when
leaving

73%

did **not** receive any
guidance from HR of new
employer

communication to influence outcome



pension amount

R1 000 000

pension amount R1 000 000

tax deduction R 207 000

net amount R 793 000


employee signature


I confirm I understand the tax deduction

communication to influence outcome...



pension amount

R1 000 000

IF YOU WITHDRAW

SARS tax deduction R207 000

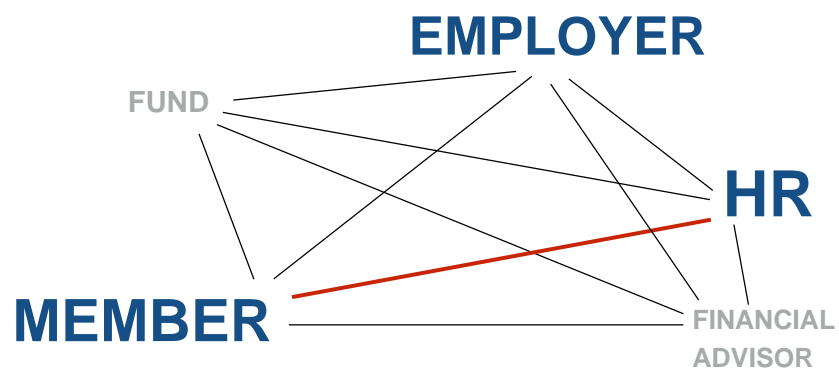
NOTE: if you do not withdraw...

R 207 000 x 10% interest p.a
in 20 years time = R1 400 000

**are you willing to sacrifice
R1 400 000?**

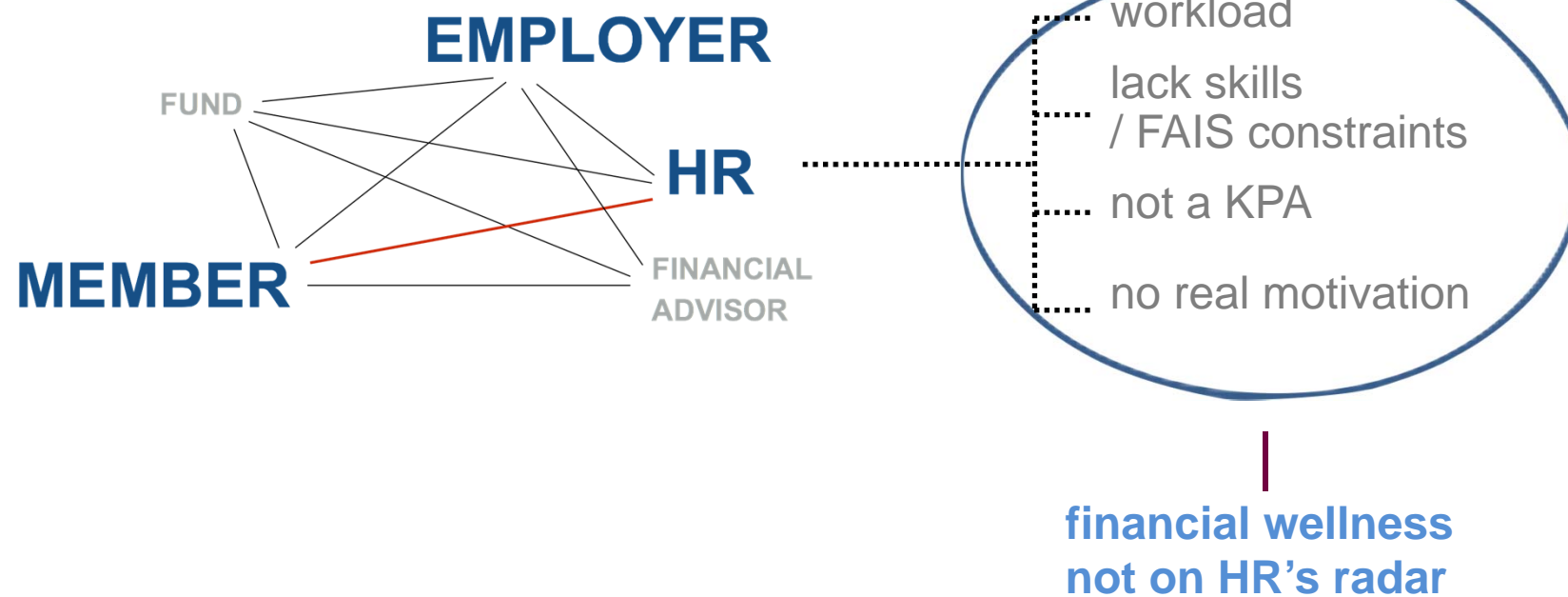


A critical disconnect

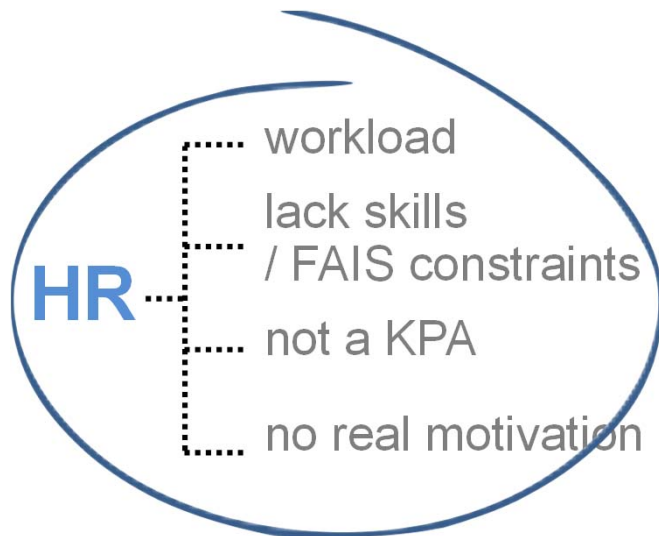




A critical disconnect

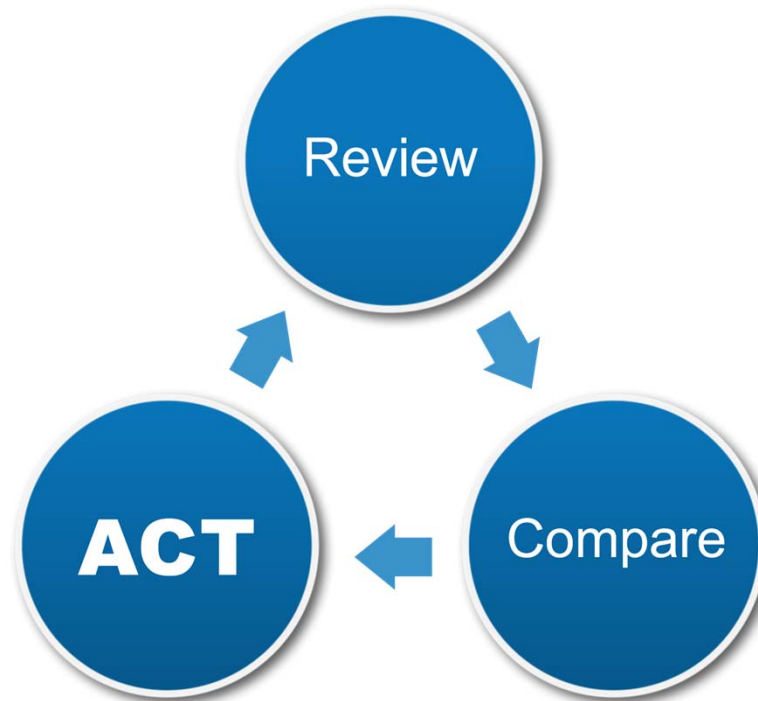


Helping employees make retirement decisions?



financial wellness not being addressed

Sanlam Financial Wellness Benchmark





**THE PRINCIPAL® 10 BEST COMPANIES
FOR EMPLOYEE FINANCIAL SECURITY
2015 AWARDS PROGRAM.**

TOP SCORING
COMPANIES

- enhanced recruitment
- committed, engaged employees
- excellent retention
- deep organisational expertise
- safe workplace practices
- strong customer relationships

**significant source of
long term value and competitive advantage**

What if projected pension ratios were a KPI? ...

HR

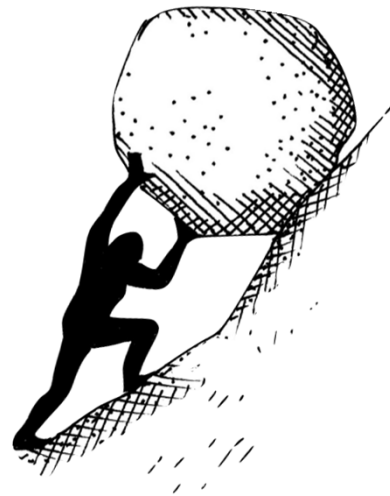
CSI?
+ ESG?
BBBEE?





SYSTEMS

make it tough for people to save



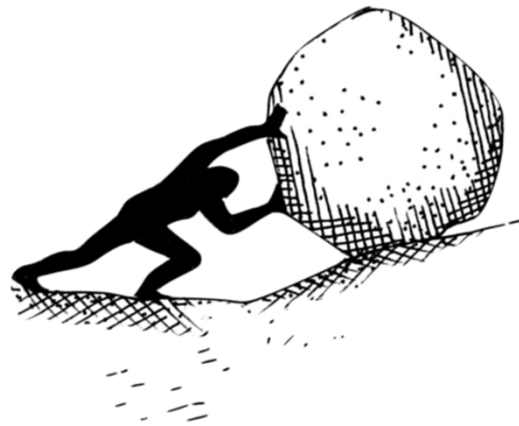
HR

can level the ground
set people up for success



SYSTEMS

make it tough for people to save



HR

can level the ground
set people up for success

thank you 

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