

Key theme

Corporate (Private) Post Employment Benefits

Title

South Africa : Survey of Member Behaviour and Impact on Net Replacement Ratios

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Abstract²

The aim of any employee benefits programme is to improve member's long-term financial security. In order for members to achieve this long-term financial security, regulators, trustees and employers need to know:

- (i) what members' current positions are
- (ii) what decisions are being made by members
- (iii) the impact of those decisions on their long-term financial security
- (iv) whether, through monitoring the positions, programs (or policies) put in place and any improvements to them have had the desired result of improving member's long-term financial security

In order to answer these questions within a South African context, we analysed membership data from one of the largest administration platforms in South Africa specifically designed to offer members flexibility and choice (i.e. the Alexander Forbes administration platform). This analysis spans a period of 5 years and includes approximately 2 million years and 170 000

¹ Include affiliation(s) and contact details for corresponding author

² Maximum 300 words

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Do not include graphics or diagrams

Define unfamiliar abbreviations and acronyms in full with first use



exits.

The research is anchored by the fact that a Member's retirement benefit ultimately depends on the following factors:

- Contributions
- Costs (Risk and Expenses)
- Salary Progression
- Investment Returns / Portfolio in which invested
- Annuity Factor at Retirement and Retirement Age
- Losses due to Non-Preservation

Essentially the survey results provide a benchmark statistic for each of the above aspects, including how general member behaviour impacts the ultimate net replacement ratios members can expect from funds in South Africa.

By then comparing individual arrangements with these benchmarks, regulators, trustees and employers can measure the success of retirement programmes / systems targeted at individual members.

The results are to be made available via a presentation at the Conference.

