

AON

S & P Pension Harmonisation

S & P (IHS) is a Participating
Employer under the Sanlam
Umbrella Pension Fund

Derek Pillay



Financial Planning

Why is it important for saving towards retirement?



- Currently, 94% of South Africans will not be able to retire financially independent.



- Most are dependent on their family or State Pension



- Many are forced to continue working



- Inflation is eroding the purchasing power of your money

Sir Albert Einstein – Compound Interest

‘Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it. **Compound interest** is the most powerful force in the universe.’

Sanlam Umbrella Fund

- Established in 2008
- More than 220 000 members
- R101bn in assets under management
- Client retention rate of 99%
- 2017 Institute of Retirement Funds Africa Awards & more
- **Trustees are industry qualified professionals – Member Trustees are elected**

South African Insurance Sector ... IFA survey

Figure 7: Aggregated rankings

	DSY	LBH	MMI	OMU	SLM
Overall broker survey rankings	4	5	2	3	1
Overall investor rankings	1	5	4	3	2

Figure 13: Long-term insurance – service and marketing

	DSY	LBH	MMI	OMU	SLM
Marketing	1	5	3	4	2
Broker Support	3	5	4	2	1
Customer Service	3	5	2	4	1
Fairness of Claims	5	4	1	3	2
Employer (for tied agents)	4	5	2	3	1

Pension Contributions & Group Risk Insurance Premiums

Member Contributions

Choice of 5% or 7.5% of payroll

Employer Contributions

Your employer will match whichever contribution rate you have selected, as follows:

5% or 7.5%.

All group risk insurance and administration costs are paid by the employer.

Tax Deduction of 27.5%

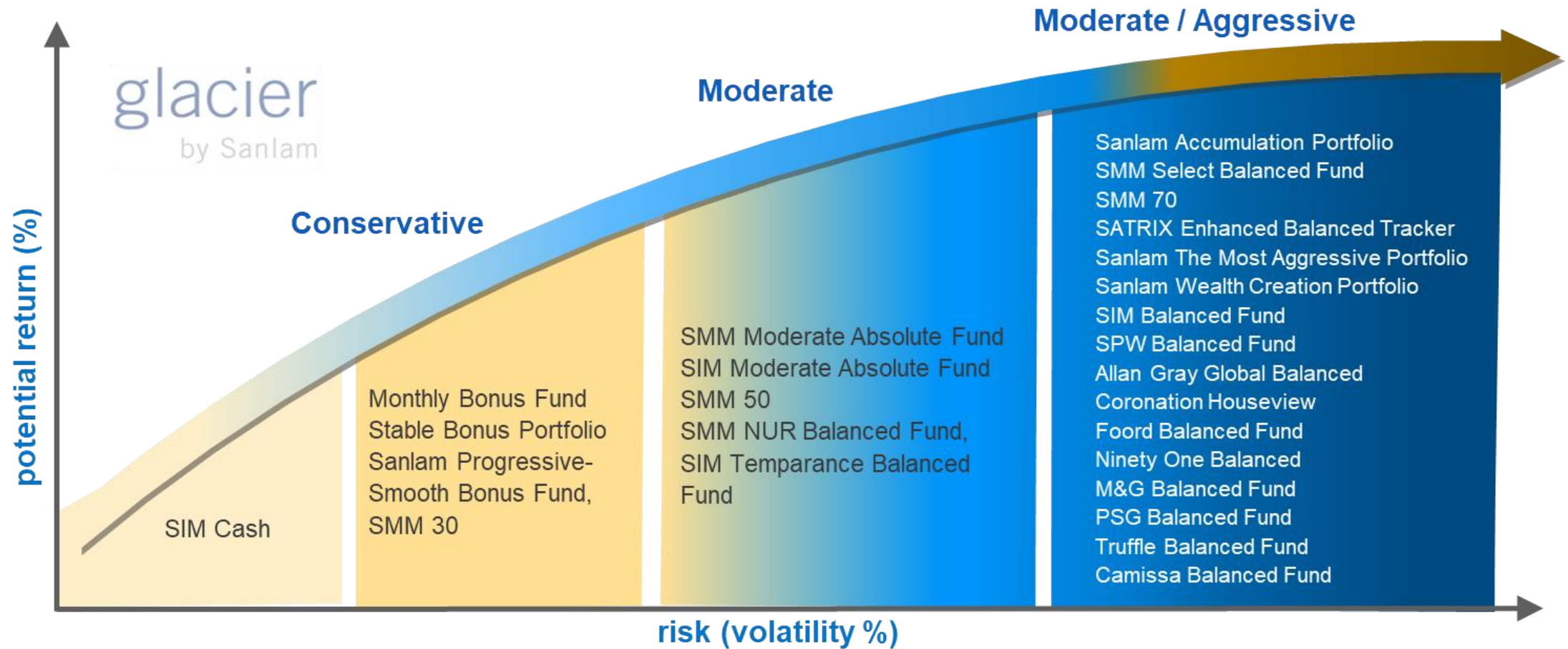
- Employer contributions to retirement funds will be taxed as fringe benefits in the hands of employees.
- As a result, employees may deduct up to 27,5% of total remuneration in respect of contributions (employer and employee) to pension, provident and retirement annuity funds, subject to an annual cap of R350 000.
- Employers will be able to claim unlimited deductions on their contributions.
- Staff are encouraged to take advantage of the allowable tax deduction.

Additional Voluntary Contributions (AVCs) – Anytime

- 27.5% of the greater of taxable income and gross remuneration subject to a maximum of R350 000 per annum
- Increase retirement savings with no Sanlam administration fee
- Pay what you can afford
- Stop and start as you can afford – no penalties

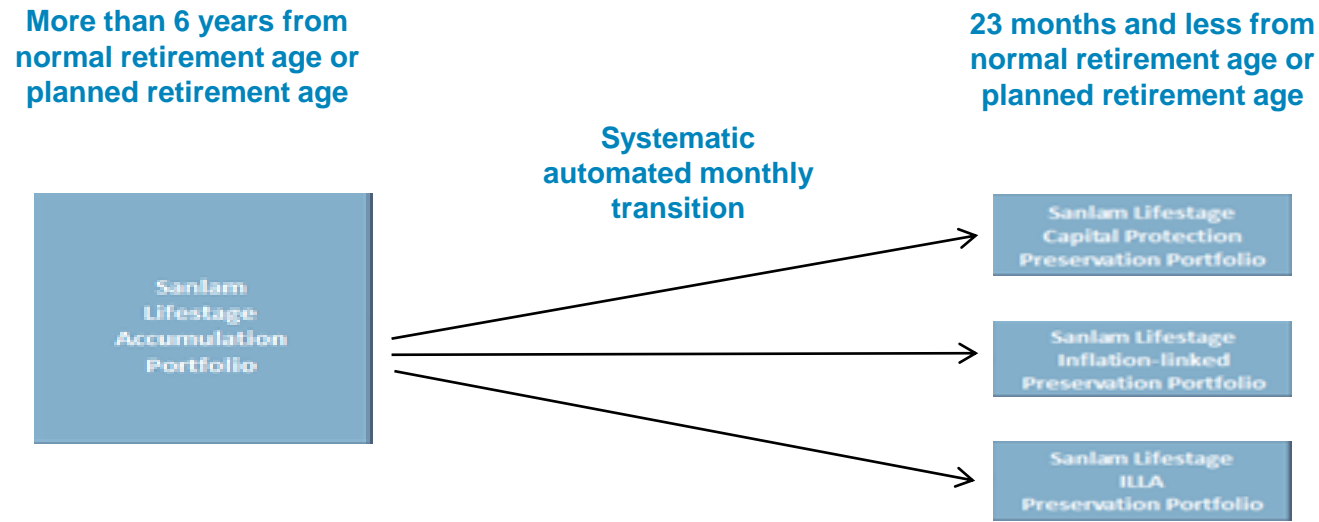


Risk profiled member investment choice



Sanlam Lifestage Default Portfolio

- Members are generally uncomfortable making investment decisions
- Member invested in an age-related portfolio – gradual phasing into a more conservative portfolio as you approach retirement
- Maximises probability of achieving a Net Replacement Ratio of 75%





Member choice portfolios

	Capital Charge	TER	TC	TIC
Multi-manager Range				
SMM 30 Portfolio	-	1.010%	0.110%	1.120%
SMM 50 Portfolio	-	0.971%	0.140%	1.111%
SMM 60 Portfolio*	-	1.074%	0.150%	1.224%
SMM 70 Portfolio	-	1.057%	0.180%	1.237%
SMM Moderate Absolute Fund	-	1.000%	0.200%	1.200%
SMM NUR Balanced Fund	-	1.030%	0.140%	1.170%
The Most Aggressive Portfolio	-	1.280%	0.150%	1.430%
Sanlam Accumulation Portfolio	-	1.243%	0.120%	1.363%
SMM Select Balanced Fund	-	1.120%	0.290%	1.410%
Sanlam Wealth Creation**	n/a	n/a	n/a	n/a
Single Manager Range				
SIM Balanced Fund	-	0.730%	0.160%	0.890%
SPW Balanced Fund	-	0.880%	0.100%	0.980%
SIM Cash Fund	-	0.200%	0.000%	0.200%
SIM Moderate Absolute Fund	-	0.740%	0.100%	0.840%
SIM Temperance Balanced Fund	-	0.620%	0.100%	0.720%

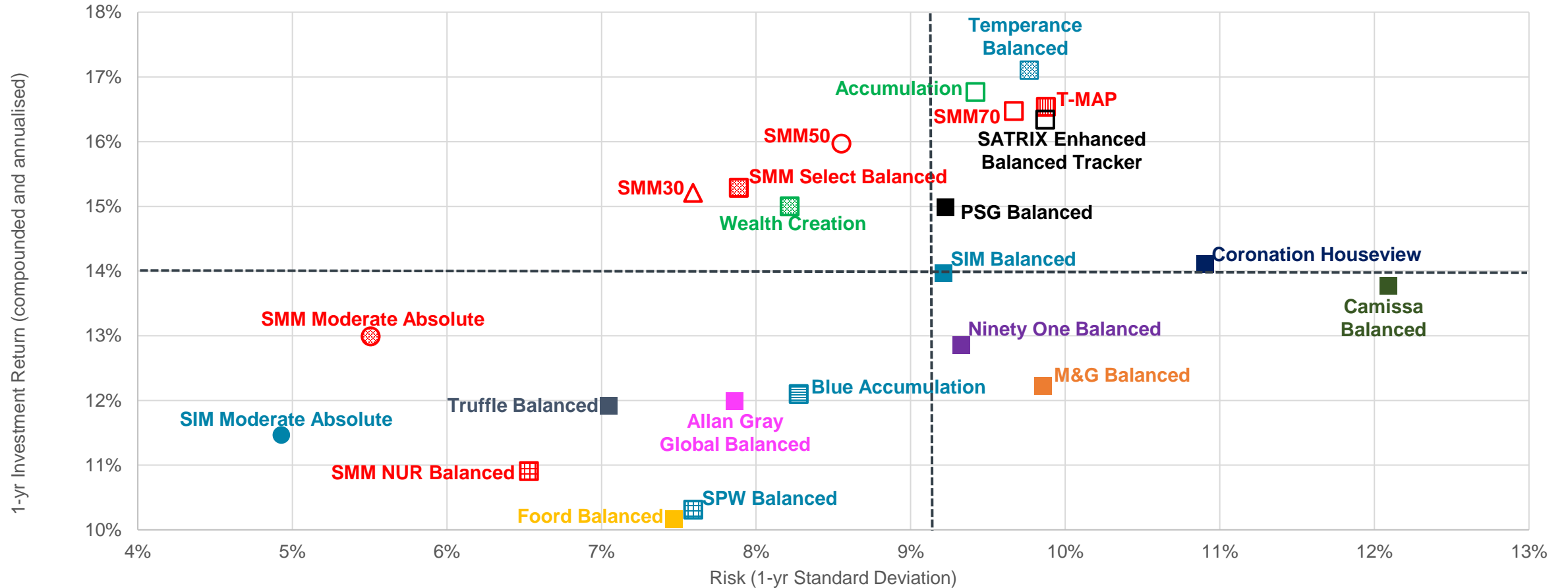
Member choice portfolios (continued)



	Capital Charge	TER	TC	TIC
Index-tracking Range				
Satrix Enhanced Balanced Tracker Fund	-	0.370%	0.060%	0.430%
Smoothed Bonus Range				
Sanlam Monthly Bonus Fund*	1.600%	2.054%	0.080%	2.134%
Sanlam Stable Bonus Portfolio*	0.900%	1.354%	0.080%	1.434%
Sanlam Progressive Smooth Bonus Fund*	0.700%	1.673%	0.160%	1.833%
External Single Manager Range				
Allan Gray Global Balanced Portfolio**	0.173%	1.110%	0.091%	1.201%
Coronation Houseview Portfolio**	0.173%	1.263%	0.200%	1.463%
Foord Balanced Fund	-	0.930%	0.000%	0.930%
Ninety One Balanced Fund**	0.173%	0.833%	0.150%	0.983%
M&G Balanced Fund	-	0.870%	0.100%	0.970%
PSG Balanced Fund**	0.173%	1.028%	0.230%	1.258%
Camissa Balanced Fund**	0.173%	1.234%	0.366%	1.600%
Truffle Balanced Fund**	0.173%	0.973%	0.940%	1.913%

All growth funds: 1-yr risk/return scatterplot

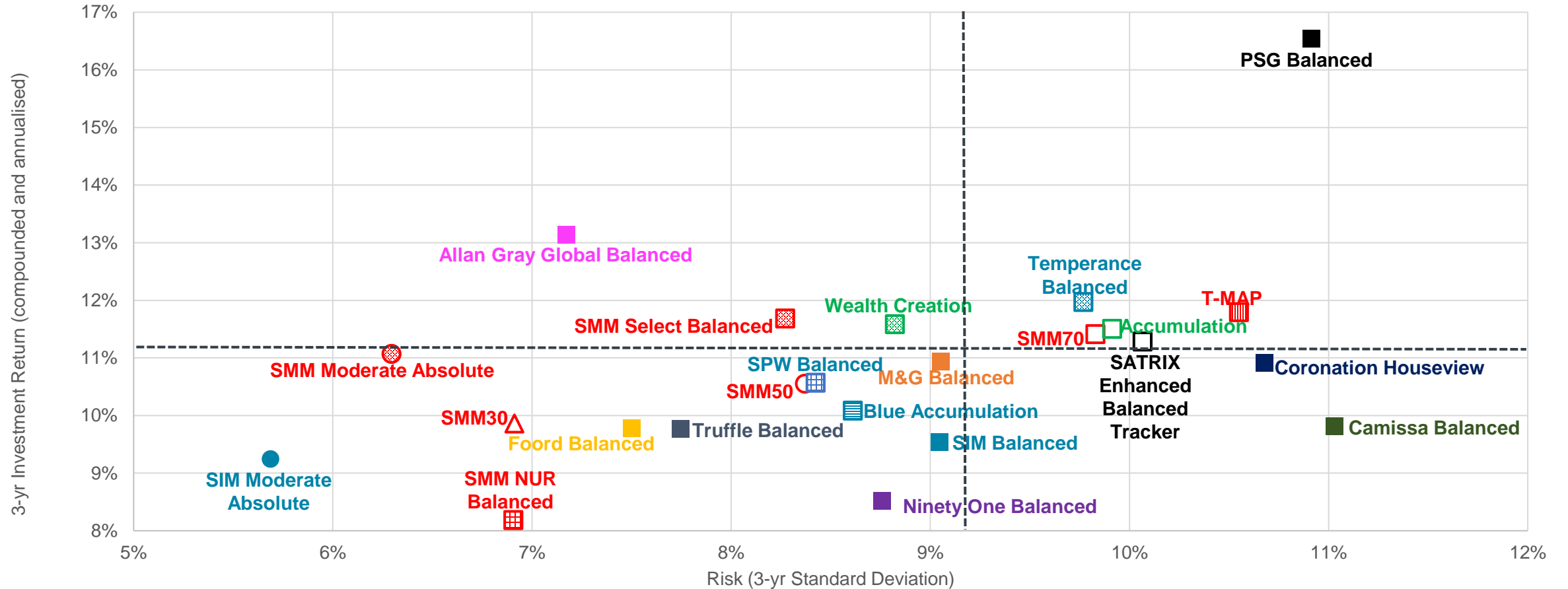
August 2024



Source: Financial services providers, all returns are shown before fees

All growth funds: 3-yr risk/return scatterplot

August 2024



Source: Financial services providers, all returns are shown before fees

Changing Investments

As your **financial needs change** you may wish to
switch portfolios but

Frequent changes are not recommended!

Do not try to time the market!

You can change at any time - Complete an
Investment Switch form and send it to HR or
switch online Unlimited Switches per annum
– **no charge for switching**

Time in the market

High risk investments tend to be volatile in the short term

Trying to “time the market” is difficult

Switching asset classes means getting it right twice (in and out)

Sound Investment Strategy

- Diversified portfolio
- Time in the market

October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February.

Mark Twain

Sanlam Online Web Portal Access

All staff have online web portal access

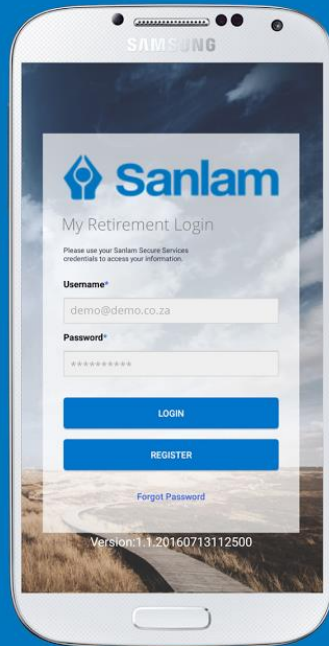
- Register now on www.sanlam.co.za
- On www.Sanlam.co.za – click on **Login** (top right) and then select **Secure Services**

For assistance – dial 0860 726 526

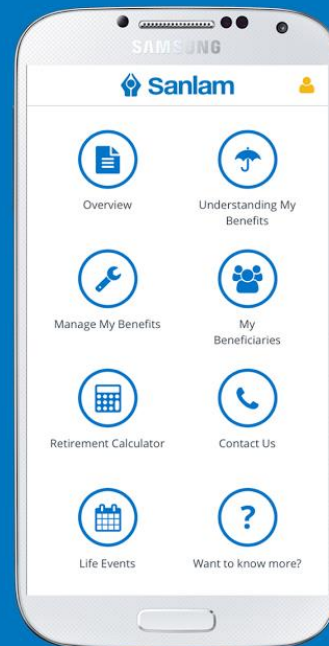
- Can view your benefit statements, risk benefits plus switch online
- **Can download the Sanlam app on your smartphone**

My Retirement App ...

Easy access to your retirement information in the palm of your hand.



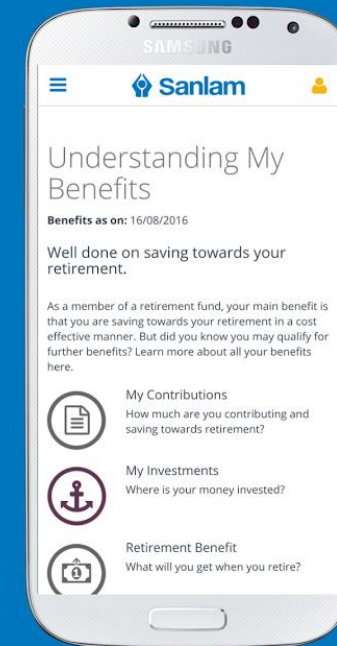
Find your way around with this simple and easy to use menu.



Use the retirement calculator tool to calculate your replacement ratio.

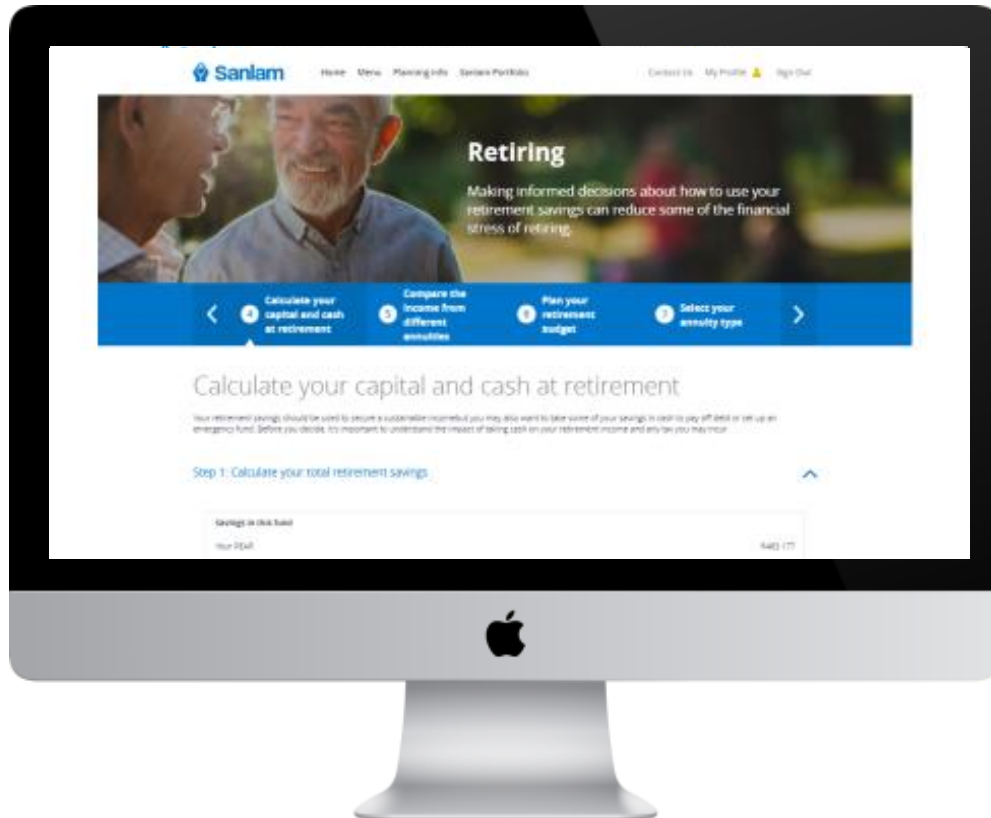


With this app you can see your retirement savings and benefits, educational content, and much more.



Sanlam Umbrella Retirement Counselling - online assistance available

Guided Educational Content
In A Structured Sequence Of Steps



Saving For Retirement
- manage retirement outcome

Leaving Your Job
– options for preservation

Approaching Retirement
– planning and intro to annuities

Retiring
– how to convert retirement capital into cash

Tools
- tax calculators, budget, quote engine, life expectancy etc

Full Portability of Pension Monies – When You Leave Employment

- Leave all monies in fund preserved or transfer to another preservation fund of choice
- Transfer to new employer fund
- Transfer to own retirement annuity product
- Take cash and pay huge sums in tax or part cash and part preserved or transferred

Institutional (pension funds) vs Retail (outside retirement annuity products)

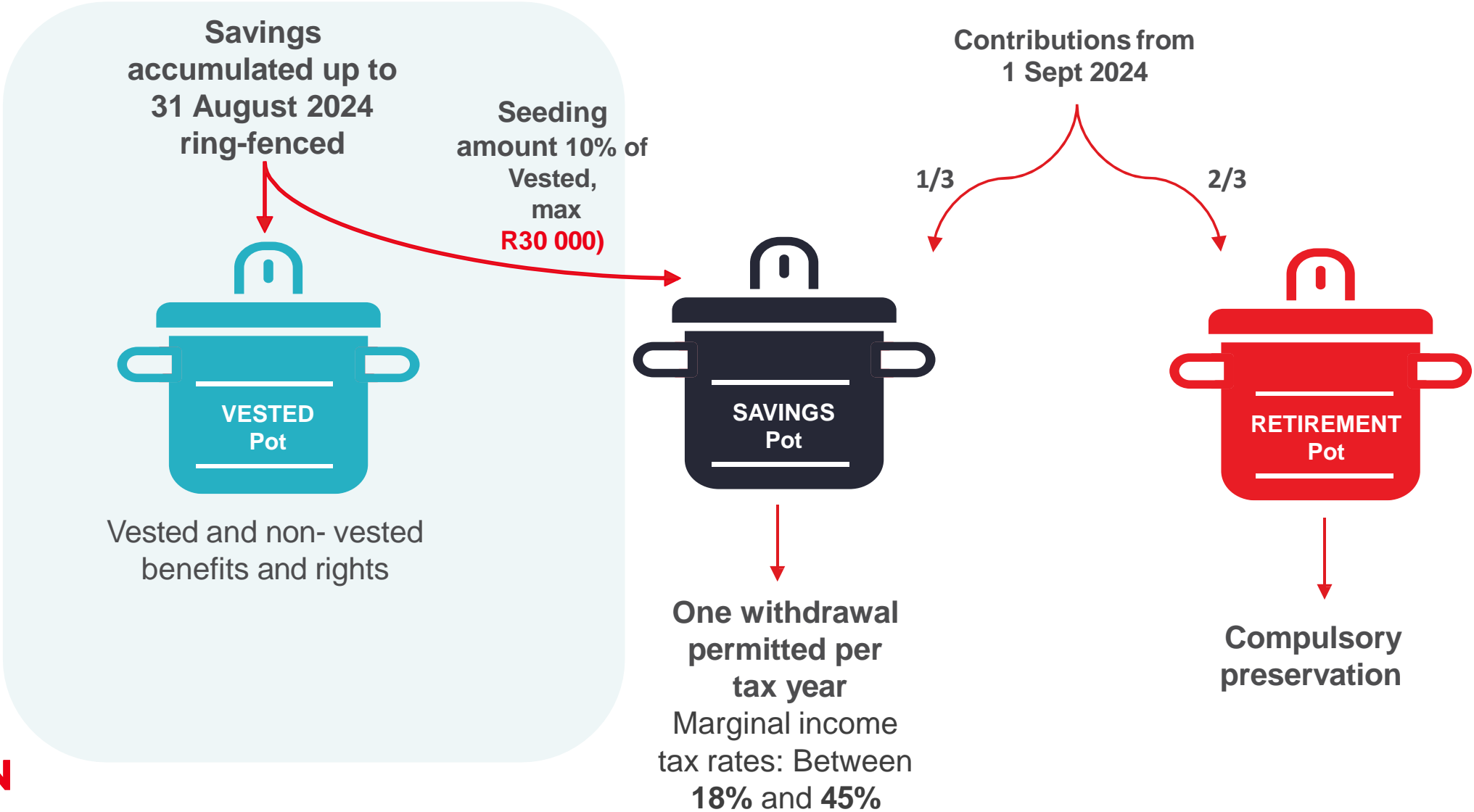
- Institutional is more cost effective
- Admin fees and asset manager fees are much more competitive
- Allan Gray on the Sanlam platform will cost 1.20% of assets – Same Allan Gray on a retail platform will cost you over 2% in manager fees
- Individual retirement annuities will cost you over 4% in fees - admin, intermediary, initial fee and asset manager costs.

Existing Personal Retirement Annuities (RA)

- Continue with normal monthly contributions.
- Monthly contribution can be lowered.
- **RA can be made paid-up** – can be accessed at retirement (part cash and 2/3rd annuity income). No new contributions are made.
- RA can be terminated with a provider and transferred via Section 14 transfer to another provider. Termination fees may apply.

- **RA cannot be transferred into pension funds** – in terms of the Income Tax Act

The 2 Pot system: 1 Sept 2024



In Summary

- Platform – Sanlam Umbrella Pension Fund
- Has over 34 investment options including single managers such as Allan Gray
- Competitive admin and asset manager fees
- Investment switching is free and unlimited per annum
- Member Contribution – 5% or 7.5% and Employer will match (member can contribute additional voluntary contributions and still enjoy a tax deduction of up to 27.5% of gross remuneration)

- Has advanced web portal access plus phone app
- Has free counselling
- Has in-fund life and living annuity options at retirement
- Has competitive Reality Rewards Programme for members

- Sanlam is a leading brand in terms of administration systems, pricing, product features and servicing
- Aon is a leading Global brand and will provide full support to staff

Questions

This presentation does not constitute Advice in terms of the Financial Advisory and Intermediary Services Act.

Thank You

About Aon

[Aon](#) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries and sovereignties with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

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