SANLAM BENCHMARK 2026

CONFIDENCE THROUGH THE AGES

Understanding the decisions that shape our financial futures.

Insights Report

Sanlam
Live with confidence

Financial Planning | Retirement | Insurance | Health | Investments | Wealth | Credit

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Editor's note

Mind the gap: How confidence builds – and where it gives way

Mologadi Makwela
Head: Marketing and Communications
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If this year's Sanlam Benchmark™ research tells us anything, it is that financial confidence is not a neat upward curve. It does not rise steadily with age, income or experience. It builds unevenly, gets interrupted, and often must be rebuilt under real-life pressure.

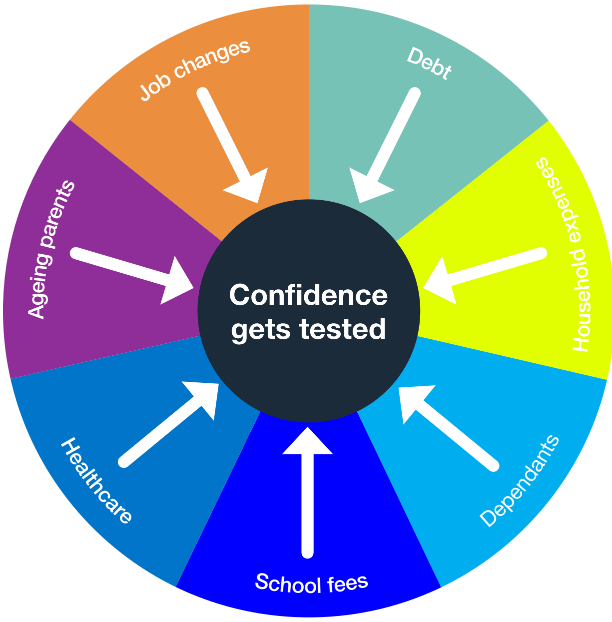
Drawing on the views of 600 South Africans across three life stages, alongside in-depth conversations with pensioners already living the reality of retirement, this year's research shows how differently confidence is experienced over time. What emerges is not a simple story of progression, but a more revealing picture of trade-offs, vulnerability, resilience, and recovery.

We often talk about retirement planning as though it unfolds neatly: you start working, join a fund, contribute consistently, preserve when you change jobs and, if all goes well, retire with everything in place. It is a reassuring theory. It is a lovely theory. Real life, unfortunately, doesn't always work out that way.

Many decisions with long-term consequences do not feel significant when you make them. They feel administrative. Necessary. Something to get through before getting on with life. Yet those early decisions – or missed opportunities – can shape outcomes decades later.

This is what gives the theme Confidence through the ages its weight. Confidence does not simply rise with age or experience. Gen Z is often making foundational decisions before the consequences feel real. Millennials may be carrying the cost of interrupted savings, job changes, and competing household demands. Gen X is far more aware that earlier decisions are beginning to show up in real outcomes. The common thread is that confidence is always being tested.

That is where this year's research becomes especially useful. It shows how confidence is shaped not only by age, but also by the realities people carry at each stage of life.

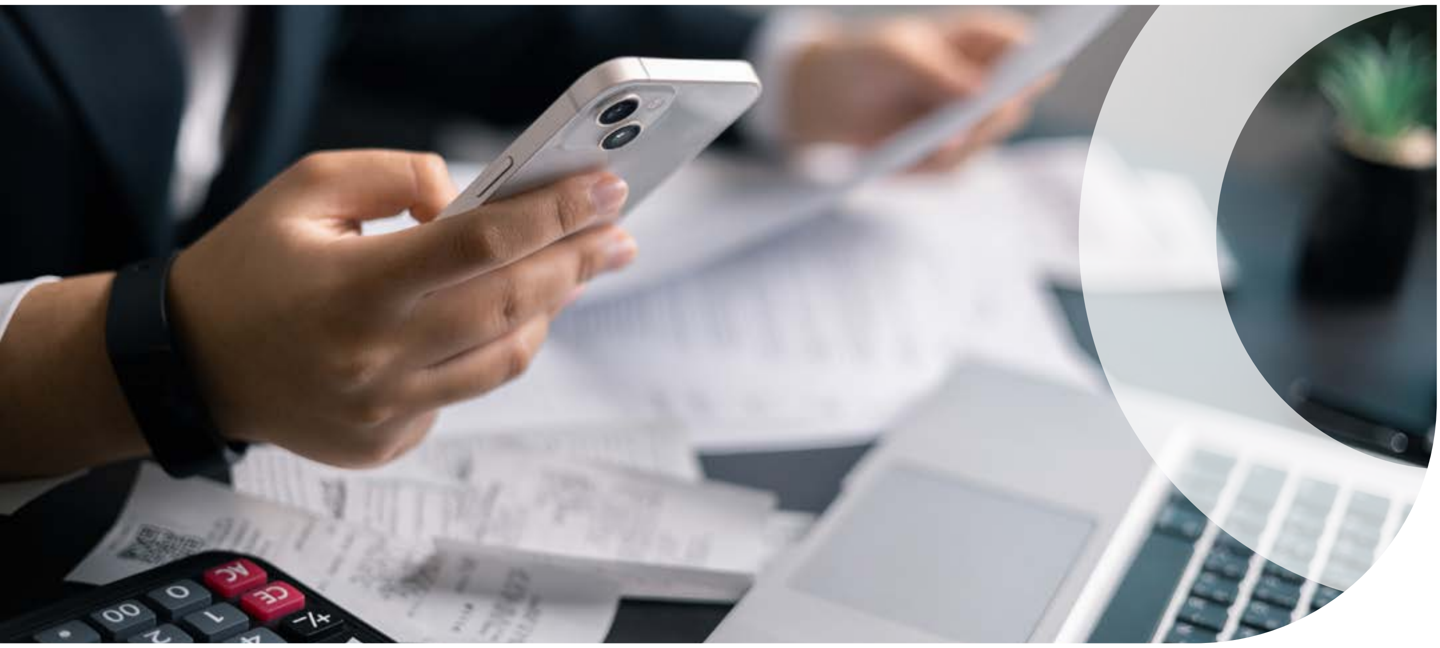


In 2025, 42% of members said they felt on track to save enough for retirement. In 2026, that figure rose slightly among younger members and dropped among those aged 45 to 54.

Which makes sense. It is much easier to feel positive when retirement is still a vague future-self problem. It gets harder when debt, dependants, ageing parents, school fees, healthcare costs, and your own retirement are all trying to use the same salary.

The research also reminds us that financial confidence does not exist in isolation from health, risk, and household strain. What the industry calls fragmentation is, for many members, simply the reality of trying to make disconnected benefits work in real life. Early in a career, the pressure may be debt or instability. Later, it may be chronic illness, disability risk or the rising cost of healthcare. Different life stages bring different vulnerabilities, but they all land in the same household budget.

That, for me, is the value of the 2026 Sanlam Benchmark™ research. It does not offer a neat story, because life rarely does. What it does offer is a clearer view of how confidence is built, disrupted and rebuilt over time – and why supporting better decisions at every stage matters more than ever.



Foreword

Confidence through the ages

Kanyisa Mkhize
Chief Executive
Sanlam Corporate

Last year, the Sanlam Benchmark™ introduced the Age of Confidence as a way of understanding how financial security is experienced and built over time. The 2026 theme extends that thinking, not as a change in direction, but as a deeper exploration of how confidence shifts across life stages.

Across more than four decades of Benchmark research, a consistent pattern emerges: financial outcomes are shaped less by intention alone, and more by the decisions people are able to make and sustain in changing circumstances. Engagement, affordability, access to advice and timing all play a role.

This raises an important question about how we interpret those differences across life stages – and how much those differences are shaped by context rather than mindset.

Generational theory, first articulated by sociologist Karl Mannheim in 1928, has long been used to explain how shared historical experiences shape the way groups see the world. Since the 2000s, it has also been widely used by researchers and organisations to segment consumers and predict behaviour.

But retirement fund members are not static segments. They are ordinary people navigating changing financial realities across their working lives and into retirement. Often under pressure, balancing competing priorities and not always with a clear path forward.

The Sanlam Benchmark™ research, now in its 45th year – invites exactly that wider view.

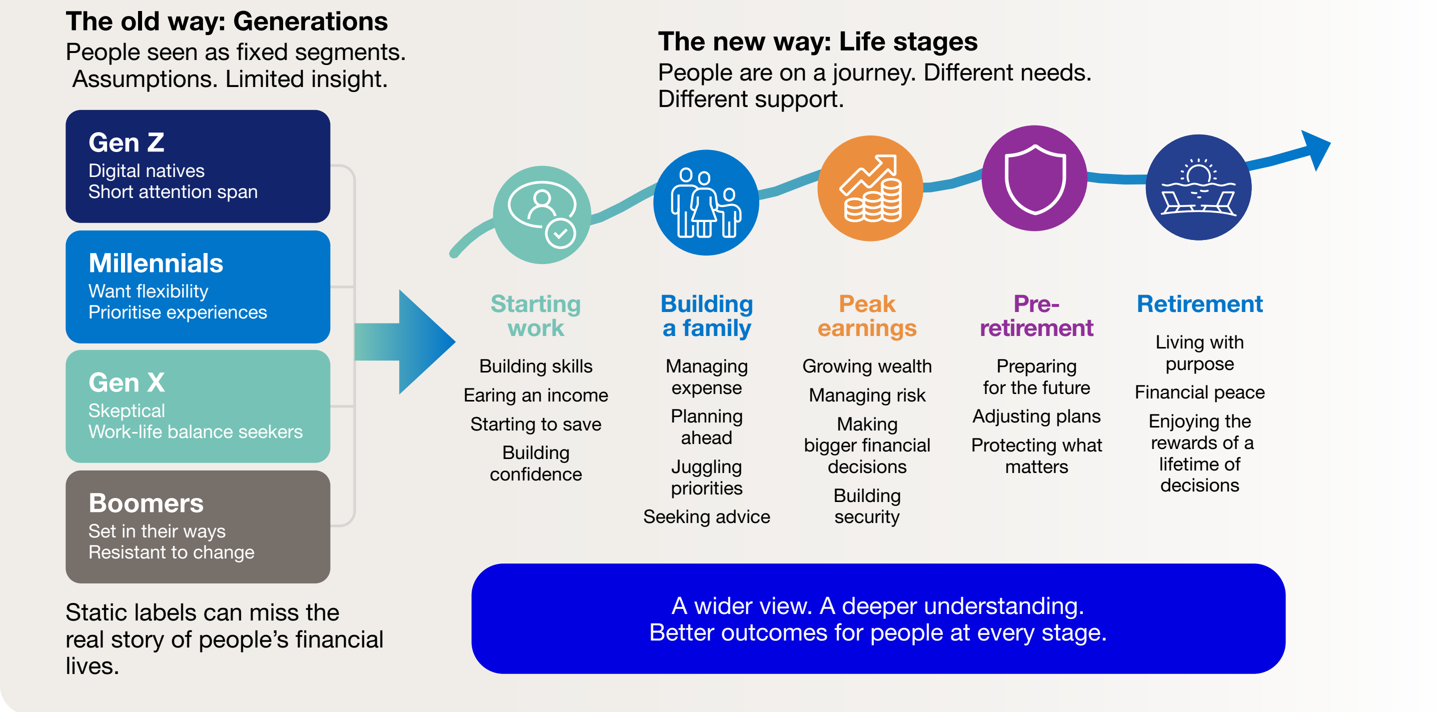
Confidence

is not generational.
It evolves through life.

Different stages. Different priorities.
One continuous journey.

Confidence grows with the decisions we make and the suport we have along the way.

From generations to life stages



Progress does not move in a straight line

In retirement, as in many other parts of life, progress seldom moves in a straight line. But it does become clearer when we step back and take a longer view. What the research shows is that younger members are more responsive than the financial industry has often assumed.

Even in a tough economic climate,

68% of members say they would contribute more to their retirement if they could.

The issue is not indifference. It is affordability, timing and support.

This is where I take encouragement.

Member awareness of retirement funds is deepening.

Nearly two thirds of members now know the value of their retirement savings, and 59% understand how their retirement capital is invested.

This points to a meaningful shift in awareness and behaviour, driven in large part by the introduction of the Two Pot system.

84% of standalone funds and 80% of umbrella funds report increased member engagement since the Two-Pot system was implemented.

These are not yet decisive gains, but they are important signals of changes in member behaviour. They suggest that engagement can be activated. The challenge for the industry is to sustain that engagement beyond moments of urgency and build it into the way members relate to their benefits across the different stages of their lives.

Confidence is not evenly distributed across life stages

The 2026 research highlights a clear shift in confidence across age groups. Younger members (ages 30 – 37) show stronger engagement than they are often given credit for, with

67% saying they understand how their savings are invested.

Among Gen X (ages 46-61) members,

only 41% believe they are on track, and 48% expect to maintain their lifestyle, reflecting the pressure of competing financial responsibilities.

Yet even here, resilience is evident.

Two thirds have built some form of emergency savings, and many are adjusting behaviour, delaying retirement or increasing contributions where possible.

This points to something deeper. It is not only financial position that changes across life stages, the support people need across the ages also differs. At the same time, the tension between short-term pressure and long-term adequacy is becoming more visible. Access to savings may ease immediate strain, but without short-term resilience, it does little to build lasting confidence.

That is where the gap sits – not only in what is offered, but in how support is experienced when it matters most. A member may have access to a full suite of employee benefits i.e. retirement savings, risk cover, healthcare and wellness support, but access alone does not create confidence. Without early engagement and clear guidance, members can still arrive at critical decision points without knowing what their options are, or what to do next.

Confidence is shaped by the quality of support available when it matters most.

The advice gap is widening

Progress is still modest, but there are early signs that access to advice at key decision points is beginning to improve.

In 2024, 50% of members cashed in their full benefit on resignation this is up from 37% in 2023.

Two Pot has addressed that full cash-out risk structurally. What it has not resolved is the underlying pressure driving behaviour.

While the system is still in its early phase, certain patterns are already emerging. Two pot withdrawals are recurring, particularly at the start of the tax year, and they are concentrated among those least able to absorb the long-term impact.

80% come from members who will need to work longer to retire with enough savings to sustain their lifestyle.

Read against the pre-two-pot system, the shift is instructive.

Where full withdrawals once dominated, we are now seeing more structured but still persistent leakage through the savings pot. The mechanism has changed. The behaviour is still adjusting.

At the same time, this is not the full picture. If we widen the view and narrow the advice gap, we can observe the signals of movement in the right direction.

For me, the 2026 Benchmark research leaves me with a sense that something important is changing. Not all at once, and not evenly, but in ways that matter. Members are paying more attention. And across life stages, there are early signs that confidence can be strengthened.

Those are not small things. They are the foundation of progress.

To everyone who contributed to this year's research, thank you. Your experiences allow us to see not only where the system is falling short, but also where it is beginning to respond.

My sincere request is that you read this report with that balance in mind.

Not as a statement of where we should be, but as a clear view of where we are and what is beginning to shift.

The behavioural u-turn convergence

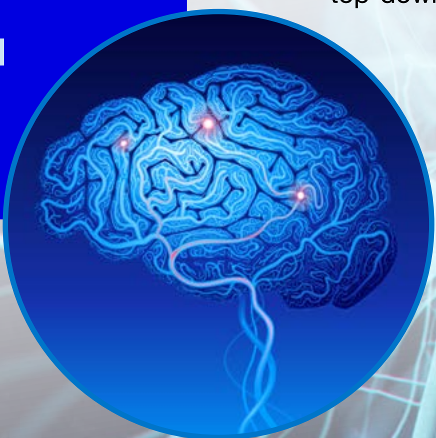
Reimagining financial confidence across generations

Farzana Botha
Senior Communications Manager
Sanlam Risk and Savings

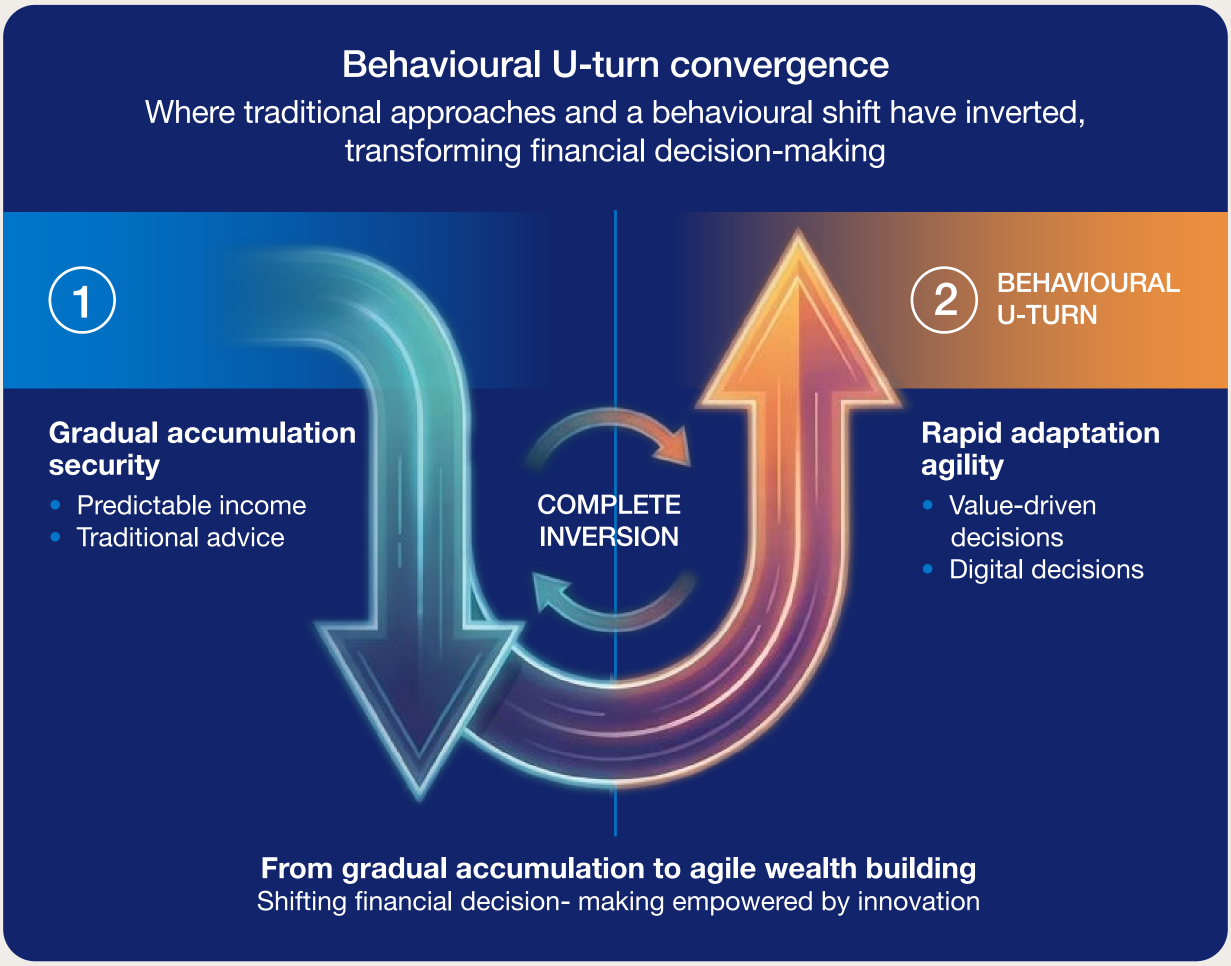
The data from the Sanlam Benchmark™ Online Consumer Study 2026 and the 2025 Sanlam Risk and Savings claim stats show that the traditional, age-stratified model of advice is no longer functional. Our clients are not reasoning through their long-term planning via static mathematical deductions; they are navigating an unpredictable macroeconomic landscape through emotional resonance, generational pressures, and biological vulnerabilities across their life stages.

In the financial services and retirement industries, we inadvertently constructed a parallel system of logic. We categorised complex human existences into age-based cohorts and linear assumptions. We collectively decided that if an individual is 25, he (or she) must display an aggressive risk appetite; if he is 45, he is at peak physiological immunity; and if he is 65, he must automatically wind down into a passive, analogue retirement. We built a machine out of heuristics and expected it to solve the human crisis of longevity.

However, while mainstream computer science remained dogmatically attached to symbolic rules, Geoffrey Hinton, the Father of Modern Artificial Intelligence, championed an entirely different path. He argued that we had to stop looking at rules and start studying the biology of the human brain, proving that intelligence is built on pattern recognition, adaptation, and resonance rather than top-down deduction.

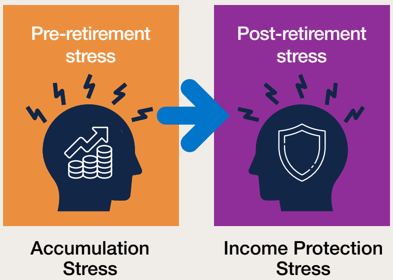


The central hypothesis



We are witnessing a profound **Behavioural U-Turn Convergence** where traditional generational roles and behaviours have completely inverted, shifting how financial confidence is built and maintained.

The data exposes a stark divergence between **Accumulation Stress** pre-retirement and **Income Protection Stress** post-retirement. Across both execution phases, the ultimate badge of financial confidence has been fundamentally redefined by consumers: it is no longer an abstract net asset value, but the verifiable state of being entirely **debt-free** and experiencing **zero daily financial stress**.



To bridge this expanding chasm, the financial planning ecosystem must move away from rigid product positioning towards serving as dynamic **"Human Application Programming Interfaces"** (APIs) that decode deep human context and focus on holistic generational resilience.

Why is this U-Turn exploding right now? Because South Africa's intense macroeconomic volatility acts as a behavioral pressure cooker. Our unique economic climate forces clients to throw out old, linear life timelines. They are adapting their financial behavior in real time purely to survive, rendering our historical age-based generalizations an institutional hallucination.

The South African Hallucination — Heuristic vs. Reality

To build a responsive financial planning framework that fosters genuine confidence, the industry must dismantle the generational stereotypes that skew both corporate benefit design and retail advisory models. In South Africa, macroeconomic volatility and shifting cultural dynamics have completely disrupted traditional behavioural timelines. When we design long-term strategies using age-based generalisations, we are designing for an institutional hallucination.

The 2026 data exposed a profound mismatch between traditional assumptions, survey sentiments, and hard claims data across three primary cohorts:

Deconstructing the Generational Heuristics

Mapping the gap between what we assume (Heuristics), what they say (Benchmark Survey), and what happens to their bodies **(Claims Statistics)**.

Generation	The Heuristic (The hallucination)	The Benchmark (Survey sentiment)	The biological reality (Claims data)
Millennials & Gen Z (20-45)	• Driven by short-term experiences. • Volatile risk appetite. • Digitally native but unengaged.	• 70% prioritize income certainty over flexibility. • Hungry for early intervention.	• Rising mental health claims. • Early lifestyle interruptions. • High under-insurance gap
Generation X (46-61)	• Peak career performance. • Maximum earnings velocity. • Physically resilient.	• High personal debt burdens. • Funding multi-generational dependents simultaneously.	• Peak Severe Illness claims window. • 60% of female severe illness claims occur before age 55.
Boomers & Retired (62+)	• Offline, quiet lifestyle. • Winding down economic activity. • Standard linear consumption.	• 91% active in online banking. • Tech-dependent power users. • Weekly gig-economy side hustles	• Death & Funeral claims absorb 85% of total benefit payouts. • Maximum 'Two-Pot' depletion risk.



Millennials & Gen Z (age 20–45):
Traditionalists in disguise

The Legacy Heuristic

Driven strictly by short-term experiences, possessing a volatile risk appetite, digitally native but structurally unengaged.

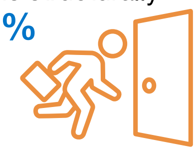
The Benchmark sentiment

Having witnessed consecutive global economic shocks, **88% of non-retired respondents state an explicit preference for guaranteed income for life** over volatile investment returns. Security overwhelmingly wins.

They demonstrate the strongest hunger for early financial education, identifying **age 35** as the optimal starting point for targeted institutional intervention.

The accumulation reality

Their current accumulation journey is structurally disrupted. The data shows that **46% of consumers have experienced voluntary resignation, dismissal, or retrenchment**, making interrupted work journeys rather than a straight line the statistical norm.



Cash-flow pressures

Underneath their desire for stability sits immense short-term cash-flow pressure.
44% have accessed their Two-Pot savings in under two years (29% once, 15% twice), with half taking the maximum available withdrawal, driven entirely by an immediate need to pay off debt and cover everyday living expenses.

Behavioural side-effects

This immediate liquidity crunch drives high-stakes coping mechanisms: **50% of consumers spent money on gambling, betting, or the lottery in the past three months.** While framed as entertainment, it represents a stress-linked coping behaviour to solve immediate cash-flow shortfalls.

The biological reality

This psychological anxiety matches a distinct physical trend. The 2025 claim statistics show a visible **"sickness surge"** within this cohort, characterised by escalating income protection and sickness claims for mental health and respiratory disruptions.

Advisory gap

At the critical moment of a job transition, **40%** of members receive nothing but withdrawal forms from HR, with zero specialist advice, making a full cash-out their dominant baseline instinct.

Generation X (age 46–61):
The stressed accumulators

The legacy Heuristic

Peak career performance, maximum earnings velocity, and complete physiological and financial resilience.

The Benchmark sentiment

This cohort is trapped in the centre of the **"Sandwich Squeeze,"** carrying substantially higher debt burdens than any other group. **Only a minor 28% of the entire working population are completely debt-free.** Gen X is heavily weighed down by a combination of store accounts, credit cards, vehicle finance, and mortgages, with unsecured credit acting as the primary drag on their ultimate retirement readiness.

Cash-flow defenses

To manage money under pressure, they actively leverage a highly fragmented banking landscape where **75% of South Africans operate multiple bank accounts** (49% holding two, 19% holding three), utilising account ring-fencing as a defensive mechanism to isolate emergency savings, separate debit orders, and manage debt shortfalls.

Loyalty extenders

Consumer consumption habits are heavily tied to these defensive structures: **71% admit that rewards programmes actively change their shopping behaviour**, preferring structured habit rewards, points, and retail subscriptions (such as insurance and mobile data) to stretch monthly budgets.

The biological reality

This economic pressure directly collides with a severe biological cliff. Sanlam's 2025 claims statistics reveal that human capital is fracturing precisely during these high-productivity years. Out of R6,89 billion paid in total claims, Severe Illness and Injury claims accounted for R549,9 million, with the **46-54 age bracket emerging as a critical danger zone**. Most strikingly, **60% of all severe illness claims submitted by women occur before the age of 55**, heavily dominated by aggressive cancer diagnoses and sudden cardiovascular incidents.

Advisory consideration

Financial planning must treat group risk, healthcare subscriptions, and retirement assets as an indivisible asset class, **Survival Capital**, ensuring income and trauma protection is locked in before a biological crisis creates a permanent retirement disaster.

Boomers & Retired (age 62+):
The digital hustlers

The legacy Heuristic

Offline, quiet lifestyle, winding down social activity, and entering a passive, predictable, linear consumption phase.

The Benchmark sentiment

The Benchmark data completely shatters this assumption, revealing a cohort of high-utility **"Digital Hustlers"**. Retirees are now primary drivers of digital utility, with an **over 90% adoption rate of digital platforms**; 94% utilise WhatsApp as a primary connection tool, and 91% actively execute monthly online banking transactions.

The income inversion

To combat the severe erosion of purchasing power, **60% supplement their annuity income from external sources**, running active gig-economy side-hustles and property rentals to generate regular, weekly revenue.

The capital decay reality

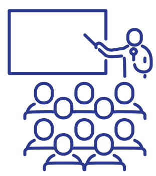
This agile behaviour is born out of structural necessity. Older workers are the most likely to max out their Two-Pot withdrawals immediately prior to retirement to settle outstanding liabilities. This pre-retirement depletion leads to rapid post-retirement decay: **cash lump sums taken at retirement are depleted within an average of just 14,6 months compared to 2011-2016 when it took on average 30 months to deplete the one-third lump sum.**

The lifestyle collapse

Once this capital evaporates, **one third of pensioners experience severe financial strain just 4 to 5 years into retirement**. Only half are able to maintain their pre-retirement standard of living. Only 40% believe their savings will last the rest of their lifetime, forcing 75% to execute radical expense cuts, including slashing basic grocery spend, delaying home maintenance, and downgrading or completely cancelling vital medical aid coverage.

The community demand

Remarkably, this digital agility is accompanied by an explicit demand for human community. **30% of retirees are highly interested in attending talks about money management if they offer integrated social engagement components**, with 20% preferring online community events and 10% seeking in-person connection.



THE TIPPING POINT: Synthesizing the convergence

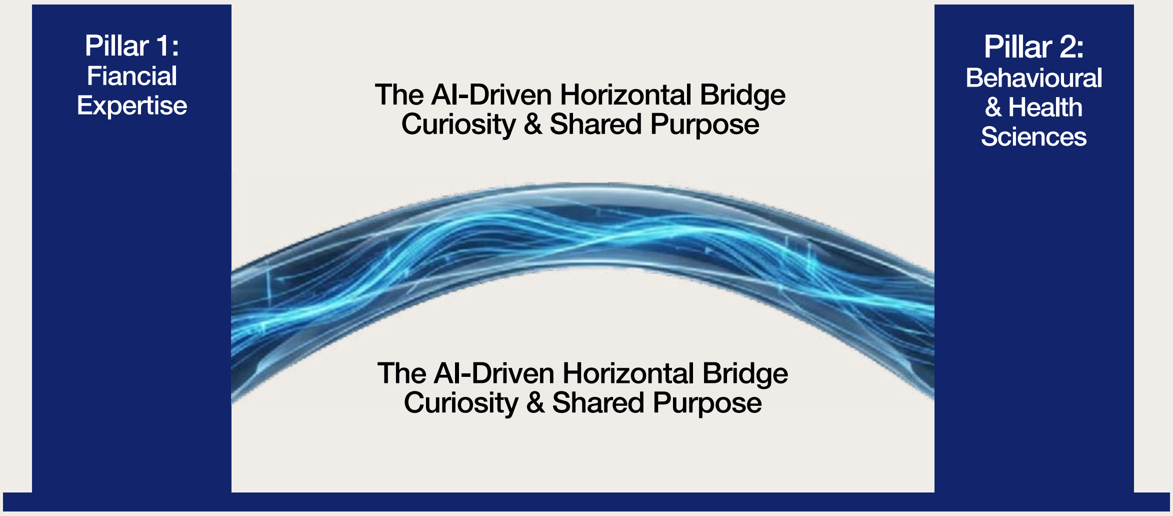
When we stack these generational realities together, the underlying convergence becomes undeniable. We are witnessing an absolute convergence of financial pressure. The young are acting like ultra-conservative traditionalists because they are terrified of career disruption; the old are acting like hyper-active digital innovators because they are terrified of running out of money. They have met in the middle, running fragmented accounts, relying on loyalty rewards, and hustling for side-income simply to survive the month. If our clients' lives are converging into these complex, non-linear patterns, our advice models cannot remain linear. We cannot solve a systemic, behavioral crisis with an analog product checklist.

Bridging the advice gap with the "M-Shaped" intermediary

This behavioural convergence requires a restructuring of how advice is delivered across the financial planning ecosystem. Intermediaries can no longer afford to be single-lens specialists operating in narrow product silos; they must display broad interdisciplinary range, bridging advanced financial mechanics with deep behavioural and health sciences.

Increased advisory value lies in becoming an **M-Shaped Professional Framework**:

Age of Confidence: The M-Shaped Professional Framework



Range is not a lack of focus; it's the ultimate competitive advantage.

What connects these two pillars is an active curiosity and an institutional purpose, using technology as a horizontal bridge to scale human empathy.

- **Confronting overconfidence:** An interdisciplinary advisor recognises that a member's desire to opt out of a retirement fund is not always a pure affordability issue but is sometimes an overconfidence issue, driven by the belief that *"I can get better returns investing my contribution myself*". The professional connects that psychological overconfidence with hard biological reality, demonstrating that **self-directed investment strategies almost always fracture when hit by an unmapped cardiovascular event or multi-generational debt leakage.**
- **The scale deficit:** This holistic approach is required to solve an advice deficit. The 2026 Benchmark reveals that **43% of fund members never meet with a professional financial advisor**. For the remaining 57% who do, engagement occurs an average of just **1 year and 8 months prior to retirement** – a timeline that is structurally too late to alter final outcomes.
- **Product blind spots:** This gap directly compromises product selection: only 31% of standalone members and 26% of umbrella sub-fund members take up cost-effective, trustee-endorsed annuities, largely because advice gaps leave them highly uncertain at conversion. While 54% claim awareness of Trustee-endorsed Annuity Strategies, **46% frankly do not know what the concept actually means**, and only 25% remember their advisor bringing it up during consultation.

AI as the soft Empathy Co-Pilot

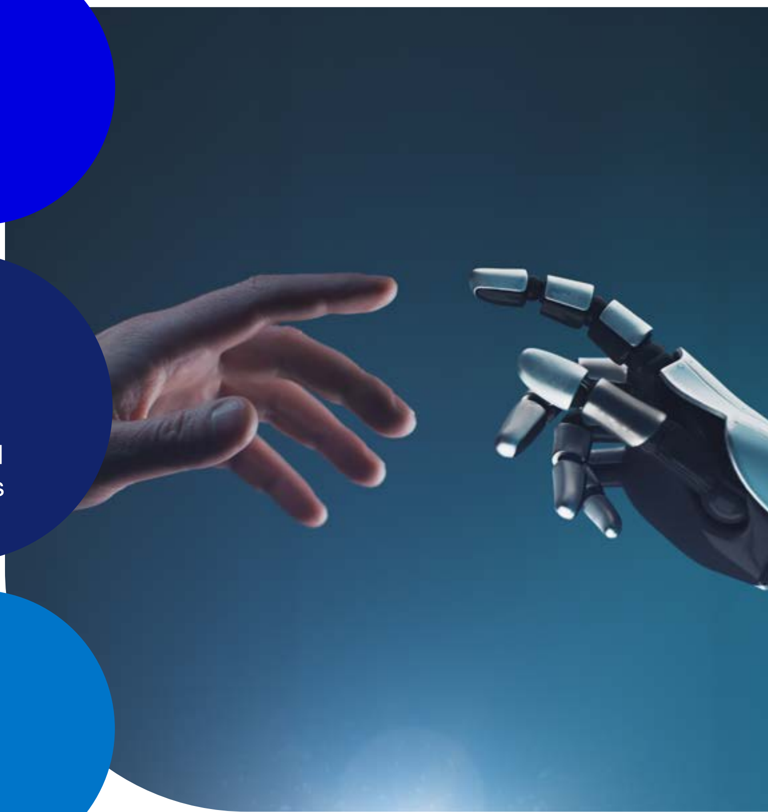
Rather than treating Artificial Intelligence as an automated transaction engine designed to replace the intermediary, the industry must position it through a softer, highly integrated lens as an **Empathy Co-Pilot**.

AI enables advisors to look across separate data silos and manage the "invisible load" of the consumer at scale, identifying behavioural indicators to deliver automated, data-backed human intervention:

1. **Automating Early Warnings:** Instead of waiting for a client to reach the retirement cliff, AI triggers targeted course-correction interventions at the critical **age 35 milestone**, demonstrating the material impact of incremental voluntary contributions when time is still on the consumer's side.

2. **Matching Existing Behavioural Habits:** Understanding that 75% of South Africans operate multiple bank accounts for strategic ring-fencing, AI intercepts this existing habit, optimising cash-flow protection and debt-discipline messaging directly within their preferred multi-account framework rather than forcing users into rigid, consolidated systems.

3. **Intercepting the Job-Exit Moment:** AI enables a "preserve-by-default" protocol. By analysing real-time resignation triggers, the system automates tailored preservation counselling, intercepting the consumer before short-term financial pressure leads him or her to sign a form-only cash-out at the HR desk.



An Architecture of Intelligent Empathy

The insights of the 45th annual Sanlam Benchmark™ Survey leave no room for complacency. If we continue to distribute structured financial products based strictly on age thresholds, we are advising a cultural ghost. Our clients are telling us that birth certificates no longer dictate financial behaviour; the young want stability, and the old are executing digital agility to survive.

Our response must be a shift towards an **Architecture of Intelligent Empathy**. This does not require aggressive, technology-dominated solutioning, but rather a softer, highly integrated lens where technology serves as a quiet enabler to decode human context. We must treat health, risk, and retirement as a single, integrated coordinated buffer.

Fortunately, the corporate landscape is expressing a clear commercial appetite for this exact integration: **65% of umbrella sub-funds and 46% of standalone funds view an integrated Health + Group Risk + Retirement framework as highly attractive**, with most employers actively supporting a unified offering.

By utilising technology to bridge the divide between code and context, the financial planning industry can ensure solutions are deeply aligned with the real, interconnected lives of South African families, establishing a seamless continuity layer that safeguards human dignity and builds lasting financial confidence.

Digital exclusion — are we leaving members behind?

Ashley Singh
CIO
Sanlam Corporate and Health

Cynthia Moraka
Deputy CIO
Sanlam Corporate
and

Miengha Ismail
Head of Business Agility
Sanlam Corporate

South African retirement fund members are more digitally active, more anxious, and more in need of guidance than our industry has assumed. The Sanlam Benchmark™ 2026 Consumer Survey — 600 respondents across three equally weighted life-stage groups — makes the case for a rethink.

South Africans have never been more connected.

Meet Thandi.

At 28, she manages almost everything from her smartphone. She banks, shops, earns rewards, and follows financial content online. Twenty years later, she is balancing family responsibilities, debt, rising costs, and retirement savings. At 62, retirement suddenly feels real, and the questions she should have asked years ago now become urgent.

Am I on track ? Will my savings last ?

Have I made the right decisions ?

Thandi's story reflects the reality of many South Africans. Digital exclusion today is not primarily a technology problem. It is increasingly a retirement readiness problem.

The assumption we got wrong

For years, the industry assumed digital engagement was largely for younger generations, but that assumption has proved to be wrong and it is costing our members. Retirees actively use banking apps, rewards programmes, online services, and digital payments. The issue is not digital capability. The issue is digital relevance. We designed apps for millennials entering the workforce.

We built online portals for the under-forties. We invested in digital journeys calibrated to the behaviours and expectations of members who had grown up with smartphones in their hands.

Members do not stop needing guidance as they age. If anything, they need it more.

The reassurance gap — members are more anxious than we think

Before we can make the case for inclusive digital, we need to understand what members actually need from it. And the Benchmark™ data is clear: across all life stages, what members need most is not more product. It is reassurance.

Many are unsure whether they are saving enough, whether their income will last, or whether they can maintain their standard of living in retirement.

Retirement is not simply a financial event. It is a trust moment.

Benchmark™ 2026: Approximately one in five respondents say they do not know how their retirement fund savings are invested. Already-retired members are only slightly more likely than not-yet-retired members to say they can maintain their standard of living in retirement, and a quarter of not-yet-retired respondents remain unsure.

This is the anxiety gap that digital must close. Not by overwhelming members with information, but by giving them visibility, clarity, and the kind of reassurance that comes from seeing — in plain terms — where they stand, what it means, and what to do next. Inclusive digital tools, designed to educate and engage across a lifetime, are not a nice-to-have. They are the answer to a question millions of South Africans are asking right now.

The challenge facing the industry is experience innovation rather than product innovation.

The advice-timing crisis – we are starting too late

If there is one finding in the Benchmark™ data that should prompt immediate action, it is this: advice comes far too late.

Most members only seek meaningful retirement advice within the last few years before retirement. Retirees consistently say they wish they had started 20 years earlier.

A retirement journey should not begin five years before retirement. It should begin on day one, supported by continuous engagement, visibility, and guidance.

Benchmark™ 2026: Late advice still dominates. Not-yet-retired respondents cluster advice-seeking inside the last five years before retirement. Retired members, looking back, push the ideal starting point to 20+ years out. This is an early-start ideal but a late-start reality. (Q152)

This is a systemic failure in how our industry has structured engagement. Members who enter retirement without adequate preparation are not irresponsible, they are underserved.

The digital opportunity is significant. While advisor capacity is limited, digital engagement can scale personalised support across a member's lifetime, helping close the advice gap earlier and more effectively.

Importantly, digital should complement, not replace, human advice. Benchmark™ findings show that advice becomes even more valuable after retirement, with retirees relying more heavily on financial advisors. The role of digital is to strengthen and extend that trusted relationship.

"The member who needed advice 20 years ago is sitting in front of us today. Digital is how we reach the one who is 20 years away from that moment."

The new danger zone – TikTok, credit, and the misinformation risk

Financial pressure is driving new behaviours. South Africans are increasingly searching online for debt solutions, credit products, side hustles, and investment opportunities.

At the same time, TikTok, YouTube, Instagram, and Facebook have become powerful sources of financial information. Some content is valuable. Much of it is not.

When trusted institutions are absent from these conversations, unregulated voices fill the gap.

The implication is clear: the absence of credible digital financial education is not a neutral position. It creates a vacuum that others will fill. Sanlam has both an opportunity and a responsibility to occupy this space with content and tools that are trustworthy, easy to understand, and genuinely useful to members who are actively searching for answers.

The Two-Pot System as a digital inflection point

The introduction of the Two-Pot Retirement System demonstrated that awareness is not the same as understanding.

Many members knew they could access savings. Far fewer understood the long-term implications of doing so. Information alone is not enough. Members need guidance at the moment decisions are made.

The Two-Pot system has accelerated digital adoption and exposed important gaps in member understanding. Many have had to make complex withdrawal decisions under pressure, often without easy access to advice. The antidote is not restriction, but timely digital education delivered in the right language and at the right moment.

"Without real-time, contextual guidance at the moment of decision, financial pressure wins over preservation. The antidote is not restriction — it is education, delivered digitally."

Designing for a lifetime – what inclusive digital looks like

Benchmark™ 2026 shows that members are willing to share their financial information.

The challenge is not willingness, but trust that the information will be used to help them achieve better outcomes. The opportunity lies in combining digital engagement and human advice to provide the right guidance at every stage of life.

The future of retirement is experience driven. Younger members need help building financial habits, mid-career members need visibility into their retirement readiness, those approaching retirement need confidence in their decisions, and retirees need ongoing support and reassurance.

No member left behind

Digital exclusion is not a technology problem; it is the result of assumptions that no longer hold true. Benchmark™ 2026 shows that members across all life stages feel uncertain, undersupported, and open to guidance.

The opportunity for Sanlam is to be a trusted partner throughout the retirement journey, providing accessible, timely, and meaningful engagement from a member's first contribution to his or her final income withdrawal. Not because technology demands it, but because the data demands it. Because our members deserve it. Because leaving any member at any age, in any life stage without accessible, well-designed digital engagement is a form of exclusion we should not accept.

"The question is not whether our members are ready for digital. The question is whether our digital is ready for our members."

A Gen Z guide to saving for retirement

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The uncomfortable truth is that retirement outcomes aren't decided in your 50s – they are locked in during your 20s. It's not the big, dramatic decisions that make the difference, but the small, boring ones, like how much you contribute, and whether you stick it out when markets are shaky.

The power of compound interest

Let's say your young and cool Gen Z friend, Amanda, has a starting salary of R300 000 p.a. that increases every year roughly with inflation. The average Gen Z-er started work six years ago. So let's say that for the past six years, Amanda has been contributing 6% of her salary every month into her retirement fund. In April 2026, her retirement fund would be sitting at about R200 000.

Amanda's retirement journey so far

Starting salary
R300 000
p.a.

Increases every year roughly with inflation.

Contributing
6% of salary every month
into her retirement fund

Started work
6 years ago
The average Gen Z-er.

As at April 2026, her retirement fund would be sitting at about **R200 000**

24% of Gen Z-ers do not believe they are on track to save enough for retirement. **If instead, Amanda contributed 9% every month, her retirement fund value would have been around R300 000.**

Contribution rate	Fund value in April 2026
6%	R200 132
9%	R300 198
12%	R400 264
15%	R500 330
20%	R667 107

The growth seen in this table is only over six years – just imagine the impact over her entire retirement journey.

This is the power of compound interest. Compound interest is like growing a social media following. If you start early and put in more effort, you build a bigger audience faster. Your original followers like, comment, and share your videos, bringing in even more followers. In the same way that your followers "work for you" to bring in new followers, your contributions in younger years also "work for you" and your investment snowballs into much bigger gains over time.

It is important to acknowledge that costs such as rent, study debt, and car expenses take up a large portion of a Gen Z-er's income, making it difficult to achieve such high contribution levels.

In fact, 30% of this generation worry that they will not have enough money for monthly living costs in the next year.

But encouragingly, 75% of Gen Z-ers would try to increase their retirement contributions if they weren't on track to meet their retirement goals.

Contributing more at younger ages is essential as, in a few years, income will be needed for dependants, be it children, spouses, or even parer

Embrace the volatility

Another worry of this generation is that they will be unable to maintain a comfortable lifestyle when they get older – in fact 30% feel this way.

Let's say **Joe** was a part of this worried and anxious group. His investment plan is to invest in a balanced market portfolio, but when there this a market downturn he moves all his money to the money market for the subsequent six months. He does this from 1 January 2020, his first day of work.

Now let's take **Jane** who understands that, as a young person, she has enough time to ride the waves of the market and recover from short-term losses. From 1 January 2020, Jane stays invested in the balanced market portfolio even through all the market downturns.

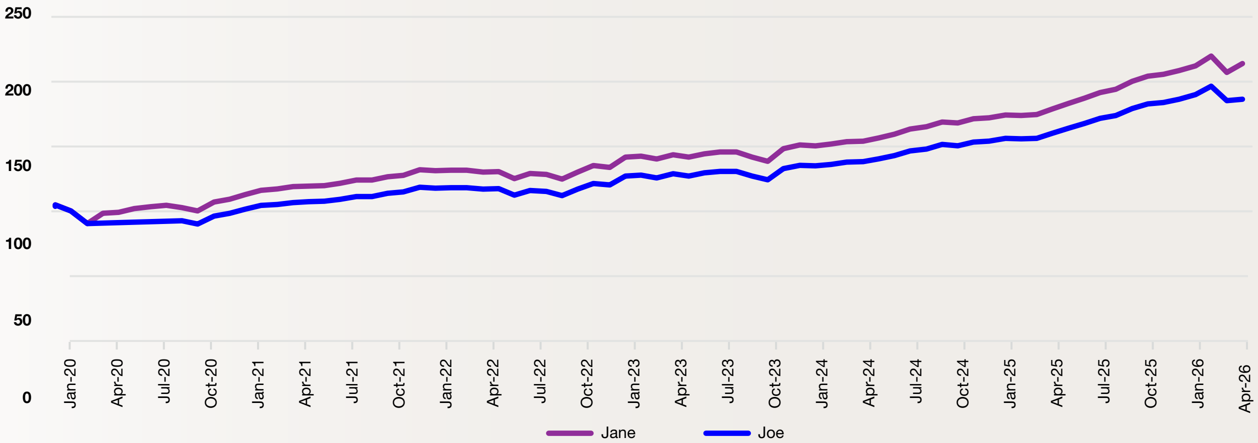
For example, in March 2020, markets saw a -10,5% return. Joe follows his cautious investment strategy and quickly moves all his money to the money market for six months. But Jane sticks it out in the market portfolio.

Now in April 2026, Jane reaps the rewards of her faith in the market.

Her retirement fund sits at 15% more than Joe's.

So don't be discouraged when markets aren't doing well; embrace the volatility like Jane did! It's not about timing the markets, it's about time *in* the market.

Jane and Joe's investment journey



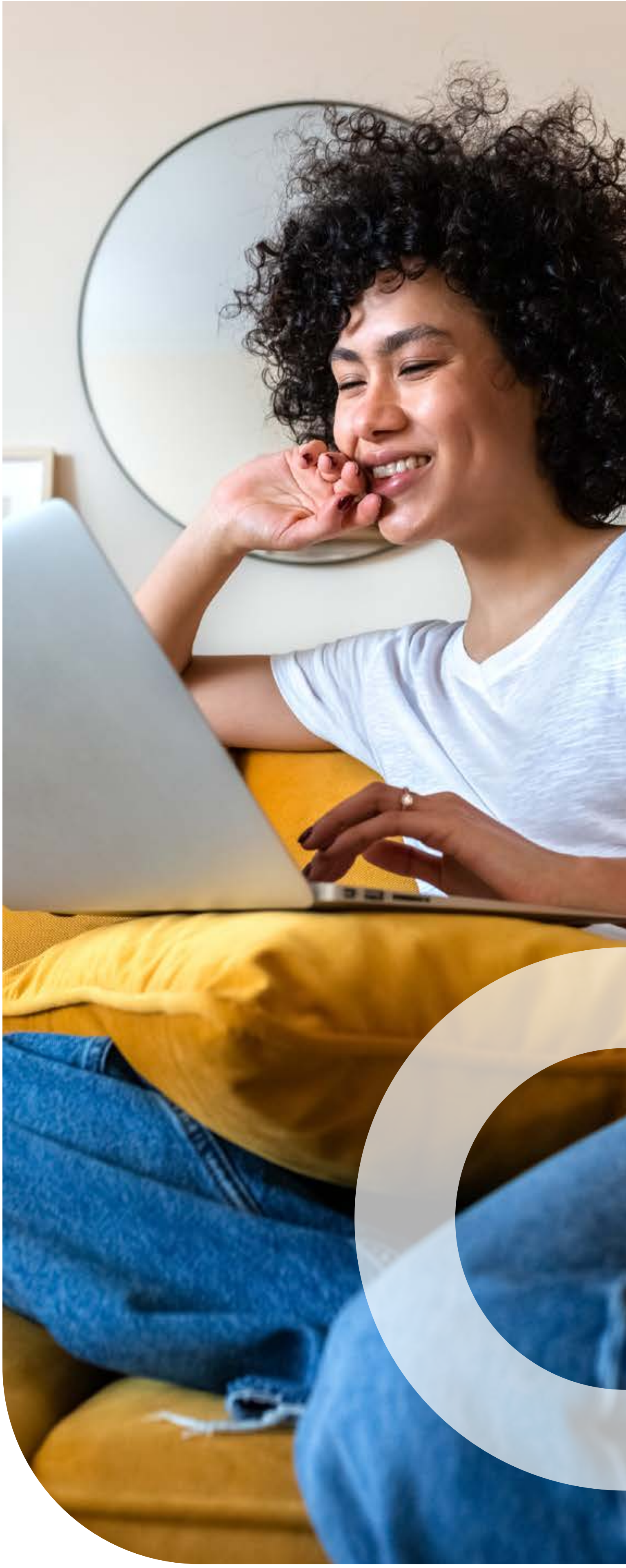
43% of Gen Z people have not made use of a retirement benefit counsellor.

This results in them making decisions based on their own views or biases, likely resulting in reckless conservativism. This highlights the need for retirement funds to educate members about their investment decisions, especially at stressful market extremes so that they do not make the same mistakes as Joe.

Time is the most valuable asset for this generation, and how it is used it matters more than anything else. Contributing too little or reacting emotionally to market downturns can quietly erode long-term outcomes in ways that are difficult to recover from later.

Those who ultimately accumulate substantial retirement savings are not the ones who make perfect decisions or avoid every setback. Instead, it is those who consistently contribute, increase their savings where possible, and remain invested through uncertainty.

By starting early, committing to higher contributions when you can, and allowing compound interest to do its work uninterruptedly, you give yourself the best possible chance of achieving a comfortable and confident future.



A Millennial lens on retirement

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Insights from the Benchmark Consumer Survey 2026 highlight a generation that is committed to saving for retirement, but navigating uncertainty, financial pressure, and fragmented financial journeys.

Born between 1981 and 1996, we Millennials have watched the world change at a dramatic pace, and we have learnt to adapt and adopt. We expect change but that does not mean that it makes us feel any less uncertain. Retirement planning as a Millennial feels similarly uncertain – you can be doing almost everything right and still feel unsure.

The Sanlam Benchmark™ Consumer Survey 2026 challenges the perception that Millennials are disengaged. Instead, it shows a generation that is actively saving and thinking about the future but is navigating complexity and financial pressure.

Millennial snapshot

72% know the value of their retirement savings.

67% know how their retirement fund savings are invested.

60% believe they are on track to meet their retirement needs, 23% are not on track and 18% are unsure.

58% believe that they will be able to maintain their current standard of living in retirement.

85% would prefer a secure, inflation-linked income in retirement.

Confidence exists, but clarity is uneven

While Millennials are engaged and to a certain degree have confidence that they are on track to meet their goals, what they are targeting is fragmented.

36% target a percentage of salary at normal retirement age (Net Replacement Ratio (NRR)).

26% target a multiple of salary at normal retirement age.

19% target a fixed rand amount at normal retirement age.

19% are unsure about what goal to target at retirement.

NRR remains the most common measure used by 68% of employer funds and 43% of umbrella sub-funds. Even with retirement funds having structured goals like NRR, the disconnect between members' goals suggests that, in many cases, confidence is not yet grounded in full visibility or certainty, highlighting the need for retirement funds to communicate and educate members.

Fragmented journeys

Unlike previous generations, Millennials are more likely to change jobs, resulting in savings across multiple providers and products. While the Benchmark data reflects shorter and uneven contribution histories, this pattern is consistent with more non-linear financial journeys.

From personal experience, this translates into a practical challenge, i.e. that it is often difficult to form a single, consolidated view of one's retirement position. This lack of visibility can

- make it harder to assess whether one is truly on track;
- reduce confidence in decision-making; and
- ultimately weaken engagement.

An important point for the industry to note is that even engaged members struggle when the system is fragmented.

Two-Pot behaviour

One of the most revealing insights from the Benchmark study is how Millennials interact with the Two-Pot system, with 43% having accessed their savings pot at least once. This is clearly not a small minority.

However, context matters. Withdrawals are predominantly used for essential living costs, family responsibilities, and debt servicing. This reinforces a broader insight, one which I've observed professionally over many years: retirement savings often become a fallback when short-term financial buffers are insufficient.

During COVID, this dynamic became particularly visible as many members relied on their retirement savings as their primary, if not only, form of financial resilience. I see it as a necessary and valuable safety mechanism, but one that should be used with caution.

Personally, I would avoid accessing my retirement savings unless necessary. Instead, I rely on emergency savings (for when life happens) and my tax-free savings account to absorb unexpected financial shocks.

However, it is also important to recognise that this is not always feasible. Many people are making rational decisions within constrained circumstances.

The Two-Pot system has introduced much-needed flexibility by allowing access to retirement savings while preserving a portion thereof. But it has also revealed structural vulnerabilities: not all members have sufficient emergency savings and, in some cases, are not in a position to build them.

This reflects financial pressure, not poor decision-making.

Implications for retirement funds, trustees and advisers

The Millennial cohort presents a clear opportunity – this is not a disengaged generation. The intent to save and plan is already present. The challenge lies in converting that intent into sustainable outcomes.

From the data, several priorities have emerged:

1. **Improve visibility and consolidation –** Members need a clear view of total retirement savings, projected income outcomes, and progress towards their goals.

2. **Translate outcomes into income, not just capital –** While many Millennials feel "on track," this is often not anchored in a clear understanding of retirement income. Providing replacement ratios, income projections, and scenario analysis can materially improve decision-making.

3. **Support members during financial pressure –** Two-Pot behaviour highlights that key risks emerge well before retirement. Funds, employers and advisers can play a role in providing guidance during periods of stress or when a member is considering a Two-Pot withdrawal.

4. **Enable recovery, not just prevention –** Members will, at times, make suboptimal decisions. The focus should also be on helping members recover from withdrawals by encouraging contribution increases over time to rebuild resilience.

5. **Engage earlier but remain relevant throughout –** Engagement needs to be sustained. This requires ongoing, relevant communication, coupled with simple, accessible guidance and support, at key life and financial moments.

Millennials are actively trying to balance immediate financial realities with long-term goals.

The opportunity for the industry is not to change Millennial intent, but to support it with greater clarity, structure, and consistency.

Most Millennials are on the right path. The question is whether the system will evolve to help them stay on it.

Generation X approaching retirement

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Generation X, currently aged 46 – 61, are fast approaching retirement. The key question is: Are they ready for this important milestone? This generation is often overlooked in the media, which tends to focus on younger generations such as Millennials. Yet, Gen X are unique in many ways.

They are currently in their prime earning years but find themselves "sandwiched" between competing responsibilities – supporting dependent children while also caring for ageing parents. As a result, many face significant financial, physical and emotional pressure, often prioritising others' needs ahead of their own retirement savings.

In addition, Gen X's journey to retirement differs significantly from that of previous generations. When they entered the workforce, traditional defined-benefit pension funds were being replaced by defined-contribution retirement funds. This shift makes Gen X, particularly in South Africa, a real-world test of how effectively defined-contribution systems can deliver on retirement outcomes. In this environment, the responsibility, and risk, of funding retirement rests squarely with the individual.

Current snapshot

Focusing on those Gen X-ers who have not yet retired, the Sanlam Benchmark™ Survey paints a concerning picture. Many are struggling to keep their retirement plans on track.

41%	believe they are on track to accumulate sufficient retirement capital
48%	believe they will be able to maintain their current standard of living in retirement.

Respondents identified their top three short-term financial stressors as medical expenses, monthly living costs, and saving for retirement.

While awareness of the **Two-Pot system** introduced in 2024 is high (90%), fewer Gen X-ers have accessed their retirement savings compared to younger cohorts:

32%	have accessed their savings pot once; and
18%	have accessed it more than once.

These withdrawals were mainly used for debt servicing, family support, and household and living expenses, emphasising the financial pressure they face.

Encouragingly, only **13%** reported spending on gambling or the lottery in the past three months, which is lower than that of younger generations.

Two thirds of Gen X respondents indicated they have an emergency fund, primarily held in savings accounts or Tax-Free Savings Accounts, with Kruger Rands being the least preferred option.

However, despite approaching retirement there are signs of disengagement:

71%	know the value of their retirement savings.
67%	understand how their savings are invested.

Looking ahead to retirement

Six in ten Gen X-ers would prefer the option to work beyond their employer's normal retirement age (typically around 61), reflecting an implicit recognition that many are behind in their retirement journey.

When asked how they define their retirement targets:

37%	aim for a **percentage of salary (replacement ratio)**;
26%	aim for a **multiple of salary**; and
18%	target a **fixed rand amount**.

Despite approaching retirement, awareness remains limited:

Only **55%** are aware of their fund's trustee-endorsed annuity strategy.

A similar proportion understands the annuity options available at retirement.

Views on when retirement education should begin vary widely:

From age 35 onwards	**35%**
When members fall off track	**23%**
From age 45 onwards	**22%**
Only 10 years before retirement	**19%**

However, taken together, the above reveals an engagement and education gap and gives a clear signal to retirement funds that Gen X-ers and younger cohorts need earlier and more targeted interventions to ensure they reach their retirement goals.

How Gen X-ers can get back on track

Younger members of Gen X still have a limited but meaningful window to improve their retirement outcomes.

1

Increase contributions

Many individuals reduce retirement savings in their 30s and 40s due to cost-of-living pressures, particularly when raising children. As financial pressure eases, there is an opportunity to increase contributions.

Recent budget changes, including an increase in the tax-deductible cap on retirement contributions to **R430 000 per year**, provide further incentive.

2

Reconsider retirement timing

Early retirement may be appealing, but it comes at a significant cost: Fewer years of contributions, less time for investment growth, and longer retirement period to fund. Delaying retirement can materially improve outcomes.

3

Seek professional advice

Retirement planning is complex. Engaging with a financial advisor can help individuals assess their current position, develop a realistic plan, and make informed decisions on savings and income strategies even when emergencies arise.

Redefining retirement

Despite the pressures they face, Gen X-ers have the opportunity to redefine what retirement means.

Retirement should not be viewed as a fixed age, but rather reframed as financial independence – the ability to generate a sustainable income from their own accumulated savings rather than having to rely on an employer to pay their monthly salary.

This shift enables a more flexible transition, where individuals phase out of full-time employment, and continue with part-time or contract work while maintaining both an income and sense of purpose.

Is this realistic? Encouragingly, younger Gen X-ers still have enough time to plan for, and achieve, a more flexible and financially secure retirement.

Why South Africans are retiring without a compass

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South Africa faces a quiet retirement crisis. Solutions and a reliable compass exist, but retirees fail to use them.

Each year, thousands of retirees reach the most financially vulnerable point of their lives: converting savings into a sustainable income. Yet nearly half walk away with cash in hand, effectively opting out of any structured retirement solution. This stands in stark contrast to our consumer survey, where **88% of respondents say their primary goal in retirement is a secure, inflation-linked income for life**.

It is the equivalent of abandoning a life raft just before setting out to sea.

Trustee-endorsed annuities were designed to prevent this exact outcome. So why are they still underutilised?

A market rich in design, poor in adoption

The retirement income landscape today is far from stagnant. Trustees have built a broad range of annuity options – from flexible living annuities to guaranteed income solutions, as well as hybrids that blend both.

Across employer and umbrella funds:

Living annuities are widely available, reaching **43% in employer funds and 27% in umbrella funds**.	Guaranteed annuities are offered by 21% and 24% of employer funds and umbrella funds, respectively.
Guaranteed annuities are offered by 21% and 24% of employer funds and umbrella funds, respectively.	Combination strategies are gaining traction, particularly in umbrella funds at 31%.

Hybrid annuities, while still limited, continue to grow in availability.

Importantly, **eight in ten funds have reviewed their trustee-endorsed annuity strategies since implementation**, reflecting ongoing innovation and refinement.

But adoption remains stubbornly low.

Only:

- **31% of retirees in employer funds**, and
- **26% in umbrella funds**

take up these solutions at retirement.

More concerning, **48% of retirees choose to take their vested retirement savings as cash.**

One size fits all in a diverse retirement reality

One of the most telling findings is that around **80% of funds do not differentiate their annuity strategy for different member types.**

Whether a member is:

- a high-income professional,
- a mid-career worker with moderate savings, or
- a lower-income individual facing financial vulnerability,

he or she is often presented with the same default pathway.

Some funds do attempt segmentation based on demographics (up to 13%) or savings size (around 7%), but these remain the exception rather than the norm.

The result is a structural mismatch. In a system where member needs differ significantly, **uniform solutions risk low relevance and therefore low adoption.**

Clarity is becoming as important as design

There is, however, encouraging alignment among trustees on what constitutes a strong annuity strategy.

The most important features are:

Longevity protection (income for life) – prioritised by about 80% of funds

Cost efficiency

Income that keeps pace with inflation.

Yet a notable shift is emerging: **ease of understanding is gaining prominence**. This shift is significant, reflecting the need to make these solutions more accessible to retiring members.

Technical excellence alone is not sufficient. If members do not understand a product, they are unlikely to trust it, and even less likely to adopt it. About half of the respondents from the consumer survey do not know or are unsure about the type of annuity options available for them to secure an income when they retire.

In a market with varying levels of financial literacy, complexity is often interpreted not as sophistication, but as risk.

The power of trust and influence

Behavioural factors cannot be ignored.

Funds cite several reasons for low uptake:

Financial advisor influence, which can redirect members away from trustee-endorsed solutions.

Small retirement balances, prompting immediate cash withdrawals rather than income solutions.

However, where adoption exceeds 70%, the drivers are consistent:

Strong brand credibility and trust

A clear **value proposition – better outcomes at lower cost**.

This suggests that uptake is not simply a function of product design, but of confidence.

Members are far more likely to choose solutions they understand and trust.

Rethinking the retirement moment

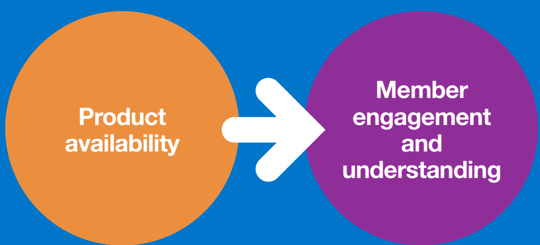
The industry has made significant progress in product development. But the data suggests that the real challenge lies in how these solutions are delivered.

Trustee-endorsed annuities are still largely presented as options at the point of retirement – often too late in the decision-making process.

To improve outcomes, the industry needs to shift towards:

- **Earlier engagement**, introducing annuity concepts well before retirement
- **Meaningful segmentation**, aligning solutions to distinct member needs
- **Simplified communication**, focusing on outcomes rather than mechanics.

In essence, the shift required is from product availability to **member engagement and understanding**.



Closing thought

South Africa's retirement system has already built the compass.

The challenge now is ensuring that retirees:

- recognise its value,
- trust its direction, and
- choose to follow it.

Until then, too many will continue to navigate retirement without guidance, despite having a compass readily available.

When a 'small bet' becomes a big problem:

What the 2026 Sanlam Benchmark™ Survey reveals about gambling and financial stability

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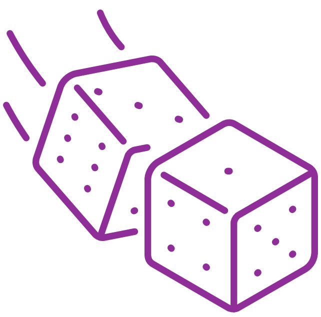
South Africans may describe gambling as harmless entertainment, but new insights from the Sanlam Benchmark™ 2026 Survey suggest a more complex and potentially concerning financial reality. Beneath the surface of occasional bets lies a persistent pattern of recurring spend, particularly among those still working, which is quietly eroding long-term financial security.



A pre-retirement problem, not a retirement one

The data paints a clear picture: **gambling is primarily a pre-retirement behaviour,** with significantly higher participation among those still economically active. Half of respondents reported spending money on gambling, betting or lottery activities in the previous three months. However, those not yet retired are more likely to engage in **frequent, digital, and financially riskier forms of gambling**, while retirees show more restraint overall.

This divergence reflects differing financial pressures:

Working individuals are navigating cash-flow strain, lifestyle costs, and side-income volatility.

Retirees, by contrast, appear more defensive in their spending patterns, although they are not entirely disengaged from gambling.

The risk is not participation alone, but the cumulative effect of behaviour that becomes habitual before retirement.

Entertainment on the surface, financial pressure underneath

A majority of respondents (58%) still describe gambling as entertainment.

Yet the underlying motivations are more complex and often financially driven:

- Thirty-eight per cent (38%) gamble to generate additional income.
- Others cite stress relief or attempts to recover financial losses.

The distinction across life stages is telling:

- **Working individuals** are more likely to gamble due to **cash-flow pressure**.
- **Retirees** are more likely to view gambling as a potential i**ncome supplement**.

In both cases, gambling is less about recreation and more about coping with financial realities – a shift that raises important questions about behavioural risk.

Lotto dominates, but online gambling signals a shift

Among those who gamble, lottery participation remains dominant, with roughly 72% reporting spending on Lotto or scratch cards.

Yet the study highlights a structural shift:

- **Online sports betting and casino gambling** now account for over a third of activity each, indicating a growing digital gambling footprint.
- These online formats are skewed strongly towards **pre-retirement participants**, reinforcing the link between gambling intensity and working-age financial behaviour.

While retirees tend to gravitate towards Lotto, working individuals are more likely to engage in **higher-frequency, digitally enabled gambling**, which carries greater potential for repeated spending.

The survey further reveals that gambling is not typically a one-off activity. Instead, it is **regular and recurring:**

- The most common pattern is gambling "a few times a month" (33%).
- Weekly or near-weekly gambling is also material, particularly among the not-yet-retired.

This frequency dynamic is critical. As the report notes, the real financial risk lies in **"small regular leaks"**, modest but consistent spending that gradually crowds out savings. In an environment where many households already face budget pressure, repeated discretionary spend, even at low levels, can add up to meaningful long-term financial erosion.

Gambling is not being funded with spare cash

South Africa's Two-Pot retirement system was introduced as a progressive reform, designed to provide controlled access to retirement savings during times of financial distress, while preserving long-term security. However, early experience with the system is revealing a more complex and concerning dynamic. Beyond liquidity pressures, it is beginning to expose behavioural risks linked to financial stress, including the potential use of retirement withdrawals to fund gambling activity.

Contrary to popular belief, gambling is seldom funded by "extra" money. Instead, it often draws directly from **core income streams**:

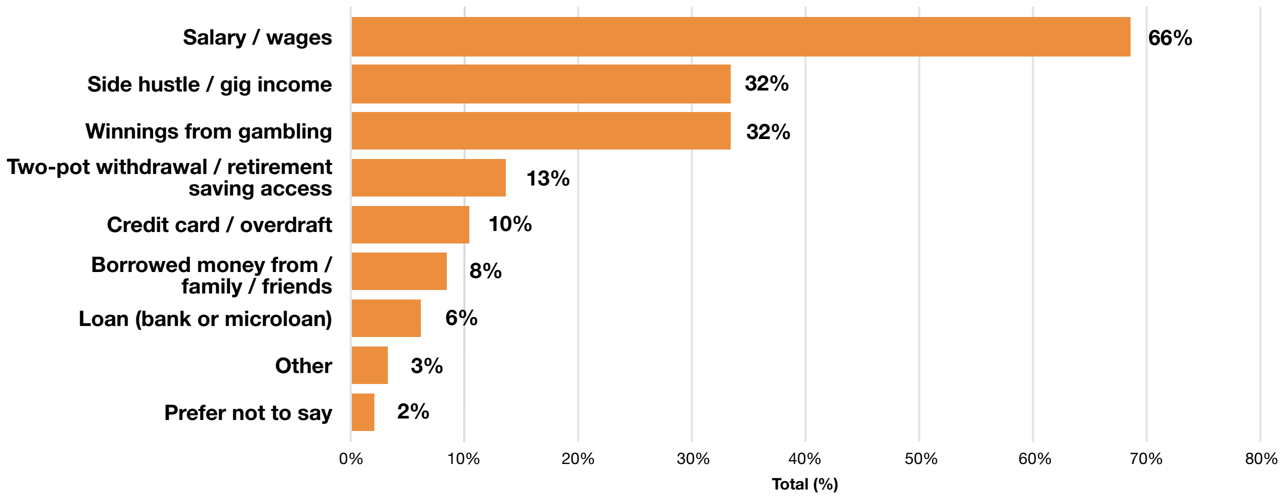
- **Sixty-six per cent (66%)** of respondents use salary or wages to fund gambling.
- A significant proportion also use side-hustle income, particularly among working individuals.

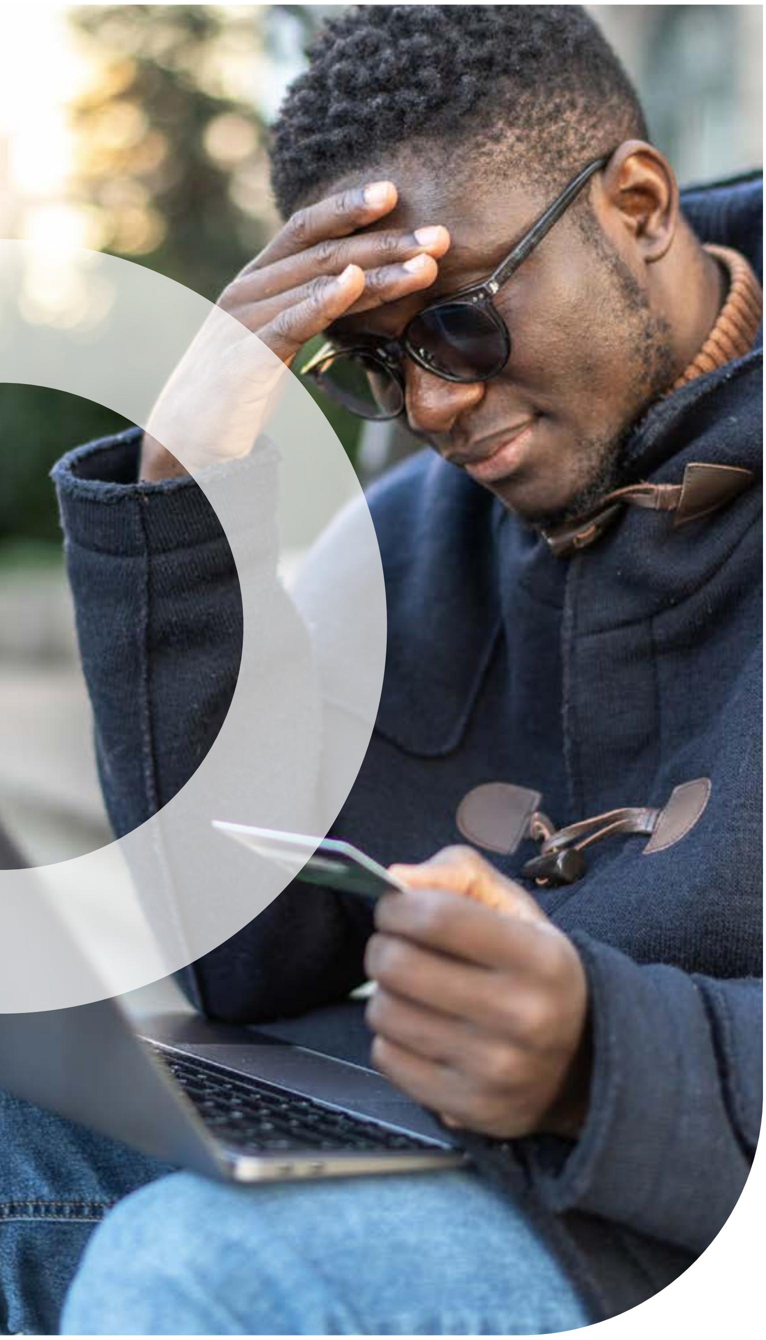
More concerning signals emerge beneath the surface:

- Some respondents reported using **retirement savings access (Two-Pot withdrawals)** to fund gambling.
- Others rely on credit or borrowed funds, albeit at lower levels.

These patterns point to a critical reframing: gambling is not merely leisure spend, it is, in many cases, a **direct competitor to saving and financial resilience**.

Sources of money used for gambling / betting





Financial stress is the backdrop

It follows that a tough economy with financial strain leads to financial stress where over 80% of respondents in the 2025 Benchmark™ Survey confirmed that they were experiencing financial stress.

The burden of financial insecurity not only strains an individual's economic stability but also profoundly impacts their mental health, leading to numerous psychological challenges.

When people are unable to meet their financial obligations or have a constant worry about their economic future, it creates a persistent state of anxiety and stress. This is why we have seen a reported increase in absenteeism due to stress, anxiety, and mental health issues among staff over the past two years of the Benchmark™ Survey.

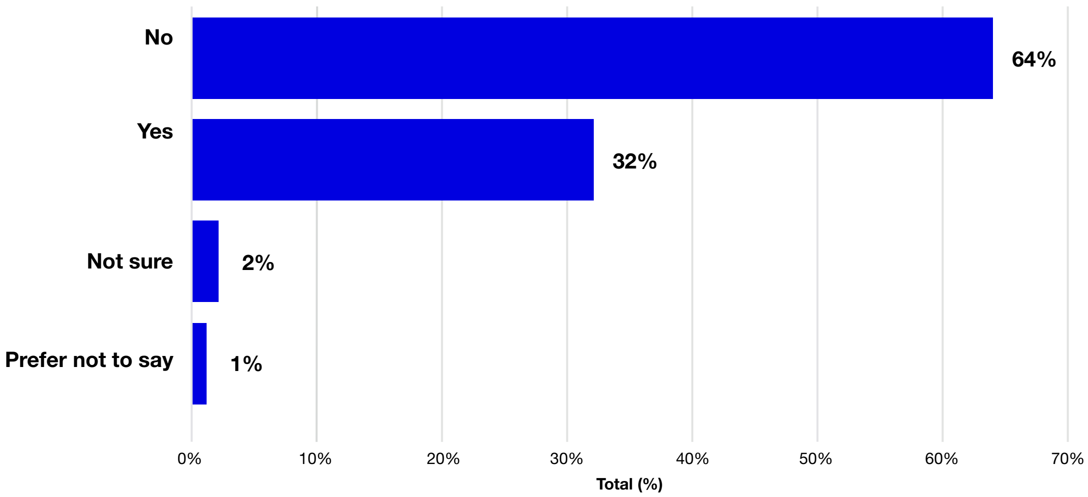
While gambling does not universally lead to financial distress, its impact is far from negligible:

Thirty-two per cent (32%) of respondents say gambling has contributed to financial stress.

This suggests that although the majority manage participation without severe consequences, a substantial minority experience tangible financial strain.

Notably, stress is present across both pre- and post-retirement groups, reinforcing the idea that gambling can act as a **financial vulnerability signal** rather than an isolated behaviour.

Has gambling or betting ever contributed to financial stress for you?



Not just a gambling story: financial strain becoming a workplace issue

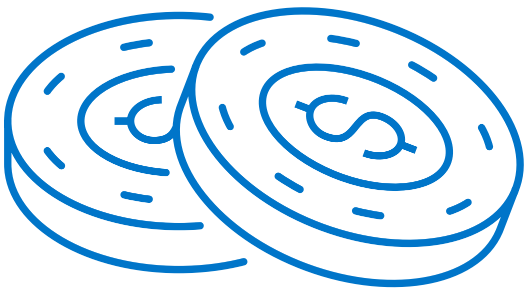
The findings carry important implications for financial institutions and policymakers.

Firstly, gambling should be reframed not as a moral issue, but as a behavioural finance challenge, one that intersects directly with savings outcomes, cash-flow management, and long-term retirement readiness.

Secondly, interventions must be targeted:

- **Pre-retirement focus:** Address recurring small spend, digital gambling habits, and early warning signals such as Two-Pot leakage.
- **Post-retirement focus:** Prevent reliance on gambling as an income strategy and protect against stress-driven betting cycles.

Finally, the evidence suggests the need for a clearer narrative. The real issue is not whether individuals gamble, but whether repeated gambling spend is quietly displacing saving and undermining financial stability.



Conclusion: the quiet erosion of financial security

The Sanlam Benchmark™ 2026 results highlight a subtle but important reality. Gambling, in many cases, is not excessive, nor is it always visible. Instead, it operates as a **slow, recurring drain on financial health**, particularly among working South Africans.

In a country already grappling with low savings rates and rising economic pressure, even small behavioural patterns matter.

As this research shows, the difference between financial security and vulnerability may lie not in large decisions, but in the small, repeated choices made every month.

Retirement savings are not failing because members don't care:

What the Sanlam Benchmark™ Survey 2026 reveals about real member behaviour

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There is a widely held assumption in the retirement industry that members are not saving enough because they do not prioritise retirement savings. The findings of the Sanlam Benchmark™ Survey 2026 challenge this assumption. What emerges instead is a more complex reality in which intention, financial pressure, and confidence interact to shape retirement outcomes.

Members want to save. Reality gets in the way.

Retirement has two very different phases

At its core, retirement saving is not a single decision but two distinct phases:

1. **Building wealth**
   Accumulating sufficient assets before retirement, and
2. **Making it last**
   ensuring those assets last throughout retirement.

These two phases reflect different behavioural environments. Before retirement, members navigate uncertainty, competing financial demands, and inconsistent progress. After retirement, the focus shifts to income continuity and sustainability.

The Theory of Planned Behaviour explains retirement saving through three drivers:

Attitudes
(towards saving)

Subjective norms
(influence from people close to me)

Perceived
behavioural control (extent to which members believe they have control over ability to save more)

Members value retirement — but lack confidence

While attitudes towards saving are generally positive, they are not sufficient to sustain behaviour without financial stability and enabling conditions.

The Sanlam Benchmark™ Survey data shows that members do value financial security. Approximately 88% of members indicate that they would prefer a guaranteed income for life in retirement, reinforcing a strong preference for certainty over volatility.

This preference is consistent across both pre-retirement and post-retirement groups, confirming that it is a structural need rather than a lifecycle shift.

However, only about half of members believe they are on track to accumulate sufficient retirement savings, while 23% are uncertain.

This reflects a certainty gap and a deeper lack of confidence in outcomes.

Although 72% of members believe they know the value of their retirement savings, this reflects awareness rather than deep understanding or confidence.

This gap is visible in behavioural responses. For example, a projected income gap in retirement would suggest that the members increase their contributions beyond the minimum through mechanisms such as Additional Voluntary Contributions (AVCs). However, such corrective action is not always possible.

25% of members faced with this scenario indicated that they cannot afford to increase contributions at all.

Encouragingly, 33% of members in such a position would increase contributions directly, while 38% would reduce current spending to increase contributions.

The dominant constraint appears to be affordability within constrained household budgets rather than lack of desire to correct a projected income gap in retirement. The behavioural response is therefore adjustment rather than abandonment.

The problem is cash flow, not commitment

Perceived behavioural control over spending plays a critical role. Members who feel financially constrained or overwhelmed by existing financial obligations are significantly less likely to act on their intentions to increase contributions, even when they recognise the long-term benefits.

To understand these dynamics, it is necessary to examine the financial environment in which decisions are made. Members are primarily concerned with maintaining their current standard of living, meeting monthly expenses, managing medical costs, and ensuring access to emergency liquidity.

Approximately 74% report having an emergency fund, but 26% do not, highlighting a meaningful financial resilience gap.

Without adequate buffers, retirement savings become structurally vulnerable to interruption.

Debt plays a central role in shaping behaviour across both accumulation and retirement phases. While most members express a desire to avoid debt, actual behaviour is more complex. Before retirement, debt is frequently used to manage monthly shortfalls, while after retirement it shifts towards more controlled repayment behaviour. Nearly half of pensioners still carry debt in retirement, particularly in the form of store accounts and credit facilities. This shows that debt is not eliminated at retirement; it is restructured.

Small spending decisions have long-term consequences

Members also operate in multi-account financial ecosystems rather than rely on a single banking relationship.

Almost half (49%) use two bank accounts, with others using three or more.

These structures are not random; they reflect deliberate attempts to separate spending, savings, and financial obligations. Pre-retirement households tend to display greater complexity, while retirees show slightly more consolidation. This indicates the fact that financial organisation is often a coping mechanism rather than a sign of financial sophistication.

Within this environment, money that could have gone towards long-term saving is being "leaked" or diverted towards other forms of spending. Approximately half of members report spending on gambling, betting, or lottery activities. This behaviour is more prevalent among the pre-retirement group, particularly in online and sports betting channels. While often framed a entertainment, these behaviours represent recurring cash-flow leakage, which directly reduces capacity to increase contributions and reinforces short-term financial decision-making.

Behavioural biases, including present bias and short-term preference, help explain these patterns. Members tend to prioritise immediate financial relief over long-term retirement outcomes, particularly when experiencing financial pressure. This has direct implications for contribution behaviour, where the short-term sacrifice outweighs the long-term benefit.

Greater access does not mean better engagement

The Two-Pot system illustrates how liquidity shapes behaviour.

While 95% of funds now support digital claims, engagement has increased due to mandatory interaction with administrator platforms.

This has accelerated digital adoption, but engagement is largely transactional rather than behavioural.

However, this increase in engagement does not necessarily reflect deeper or more constructive financial engagement. Instead, it is largely transactional in nature, centred around accessing funds rather than improving long-term financial decision-making. This helps explain why higher engagement coexists with elevated concern.

Around 87% of funds report concerns about how withdrawals are being used,

with 72% of sub-funds sharing this view.

In effect, the system has improved access but also exposed financial pressure and short-term behaviour.

From a behavioural perspective, the introduction of liquidity through the Two-Pot system has reduced the psychological barrier to accessing retirement savings. Beyond improving flexibility, it may also be contributing to the normalisation of accessing retirement funds during employment. As members become more familiar and comfortable with the withdrawal process, there is a risk that accessing retirement savings could shift from being viewed as an emergency measure to a more routine financial option.

This normalisation risks weakening long-term saving behaviour and increasing reliance on withdrawals for non-emergency needs.

Retirement does not end financial pressure

Among retirees, only half maintain their pre-retirement standard of living within 4–5 years of retirement. Around 30%% are breaking even, while a small proportion already face financial distress despite relatively early retirement.

Cash-flow pressures persist post-retirement.

Around 60% supplement income through work or support, nearly half still carry debt,

and 70% of those who took lump sums have depleted them within 14–15 months.

This reinforces the fact that retirement does not remove financial pressure; it changes its form.

Only 40% of retirees believe their savings will last their lifetime.

A system defined by uncertainty

Across both pre- and post-retirement groups, confidence remains moderate. Just over half of members believe they are on track, and a similar proportion believe they will be able to maintain their standard of living. However, uncertainty remains consistently high, with roughly one in four members unsure across multiple measures. This reflects a system characterised not by collapse, but by persistent uncertainty and lack of milestones to gauge whether they are on track.

This uncertainty is reinforced by behavioural preferences around retirement income design.

Approximately 88% of members prefer a guaranteed income for life that increases with inflation,

compared to 12% who prefer exposure to investment volatility.

When framed as a trade-off between guaranteed income and flexibility with inheritance, around 69% still prefer income certainty over flexibility.

However, this preference coexists with limited preparedness. Many retirees report having adjusted spending significantly, but the root issue lies in insufficient accumulation rather than poor retirement decision-making.

Pre-retirement is characterised by complexity, debt pressure, liquidity constraints, and behavioural leakage. Post-retirement is characterised by income dependency, constrained budgets, and gradual depletion of resources. In both phases, financial pressure persists but manifests differently.

Subjective norms also play an important role. Members are influenced by the behaviours and expectations of peers, family, and colleagues. Where saving and long-term planning are not normalised within social environments, the likelihood of increasing contributions is reduced, even when individuals understand the benefits.

Design systems around human behaviour, not ideal behaviour

Similarly, financial advice and guidance are widely used but often accessed too late. More than half of retirees rely on professional financial advice, yet this is typically sought only around one year and eight months before retirement. Earlier intervention remains a significant missed opportunity.

For trustees and employers, this reframes the challenge. The opportunity is not simply to provide more information, but also to design systems that work within real financial behaviour. This includes acknowledging liquidity needs, supporting short-term financial resilience, addressing debt and cash-flow pressure, and recognising behavioural leakage.

Retirement saving must be treated as a lifecycle process rather than a single intervention point.

Ultimately, the Sanlam Benchmark™ Survey 2026 highlights a simple but powerful truth. Members are not failing to save because they do not care about their future. They are making decisions within the constraints of their present financial reality.

If the industry responds to these behavioural realities, rather than design around idealised assumptions, there is a meaningful opportunity to improve outcomes. Not by expecting different behaviour, but by building systems that make better financial behaviour easier to sustain in everyday life.

Beyond retirement: What happens after the pay-cheque stops?

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and

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Insights from the Pensioner Survey and Sanlam Benchmark™ Trends

Retirement is often framed as a destination: the culmination of decades of saving, planning and disciplined investing. Yet the reality uncovered by the latest Pensioner Survey suggests that retirement is not a single event, but rather the beginning of a new and complex financial journey.

Four to five years into retirement, many pensioners are enjoying the lifestyle benefits they had anticipated: more time, greater flexibility, and freedom from the pressures of the workplace. However, beneath this positive narrative lies a growing concern, one that becomes more pronounced over time. Put simply, retirement outcomes are not failing at the point of **retirement but rather deteriorating during retirement itself**.

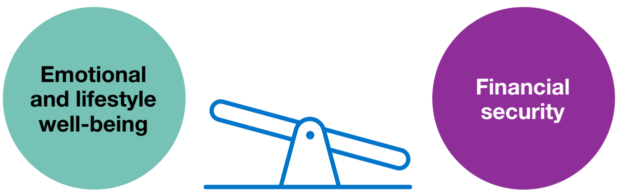
A short-lived lifestyle improvement

The early years of retirement often bring relief and fulfilment. Pensioners consistently report enjoying the ability to live life on their own terms, spending more time with family, engaging in hobbies, and escaping the demands of a structured working life.

Yet this improved quality of life is accompanied by new pressures. Many retirees describe being surprised by:

- The persistence of financial stress
- The need for careful and ongoing budgeting
- The impact of rising living costs
- Periods of boredom or social isolation.

This contrast reveals a central paradox of retirement today: **emotional and lifestyle well-being may improve, even as financial security weakens**.



Much of this is driven by people taking some cash lump sum. It is exciting in the beginning, but as the balance drops, the honeymoon period fades and the real concerns kick in.

The gradual erosion of financial stability

One of the most striking findings from the study is how quickly financial sustainability begins to deteriorate. Only half of pensioners report being able to maintain their pre-retirement standard of living after four to five years. This is a marked decline from the two thirds who were able to do so just two years into retirement. At the same time:

One third are already experiencing financial strain

Only 40% believe their savings will last for the remainder of their lives

Nearly half are still servicing some form of debt

These findings suggest that the **sustainability of retirement income is far more fragile than traditionally assumed**.

The issue is not simply that retirees did not plan, but that the combined forces of inflation, longevity, and behavioural decisions steadily erode financial resilience.

The lump-sum dilemma

A key contributor to this erosion is the use of cash lump sums at retirement.

While a worryingly large proportion of retirees take a cash lump sum, what happens next is particularly telling: **seven in ten of those who take a lump sum have already depleted it within just over a year**.

The spending is seldom frivolous. Most use the funds responsibly for:

- Paying off debt
- Improving or maintaining their homes
- Covering essential expenses.

However, the outcome remains the same: a significant reduction in available capital early in retirement. This highlights an important reality: **lump sums are rarely used to generate sustainable income and, once depleted, the impact is permanent**.

Adapting to financial pressure

Retirees are not passive in the face of these challenges. On the contrary, most are actively adjusting their behaviour to cope. The Survey shows that

77% of pensioners have made financial adjustments, including cutting back on non-essential spending, reducing grocery budgets, and delaying discretionary expenses.

In addition, a growing number are supplementing their income

60% now rely on additional income sources, up from 49% previously.

These sources range from rental income and investments to continued work and support from family.

Advice: Valuable, but too late

Financial advice emerges as one of the most powerful influences on retirement outcomes, but also one of the most underutilised early enough. More than half of pensioners consulted a financial advisor, and satisfaction levels are high. Advisors play a significant role in helping retirees understand their options, manage tax implications, and select appropriate annuities. However, timing remains a critical issue:

Engagement with retirement planning typically begins only a few years before retirement.

Advice is often sought less than two years before the retirement date.

By this stage, there is limited opportunity to change outcomes materially. Perhaps most tellingly, many retirees indicate that they would have benefited from **earlier intervention, guidance and counselling**. In effect, the system provides advice, but too late to fully correct inadequate savings behaviour or effectively influence good decisions from a long and trusted understanding of the different annuity options they will have at retirement.

The search for certainty

When it comes to choosing retirement products, pensioners demonstrate a clear preference:

certainty

The majority select life annuities, with the primary motivation being a **guaranteed income for life**. This reinforces an important point: **when uncertainty increases, the value of certainty becomes paramount**. For trustees and providers, this validates the importance of well-designed trustee-endorsed strategies that provide a cost-effective, predictable and sustainable income. While this is clearly an important need for pensioners, surprisingly few make use of these trustee-endorsed solutions. This is a reminder that it is not just about having these options available; trustees also need to take a more active role in educating members about annuity choices well before retirement is on the horizon.

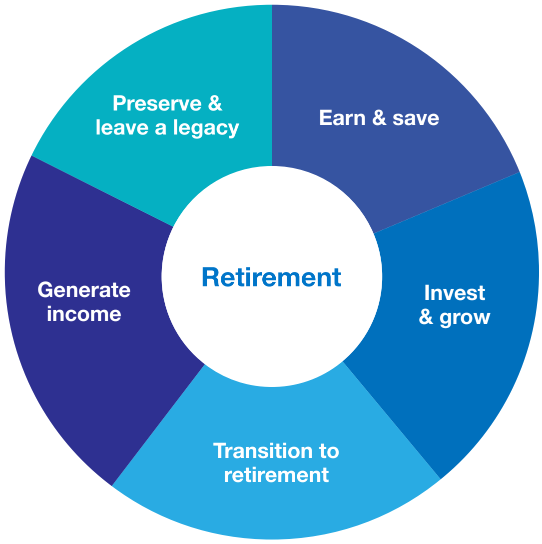
- Contribution levels have remained largely stagnant over time.
- A majority of funds doubt whether members will retire with sufficient savings.
- Not all funds have clearly defined or aligned target pensions.

Standalone funds tend to perform better, particularly where there is stronger governance, clearer targets, and higher employer contributions.

At the same time, trends such as increased use of investment consultants, more sophisticated asset allocation, and growing interest in responsible investing suggest that the system is evolving, but not yet solving the core challenge of sustainable retirement for members.

A Shift in thinking: From retirement to sustainability

The overarching insight from the Pensioner Survey is clear: **retirement should not be viewed as a point-in-time event, but as a multi-decade financial lifecycle**.



The traditional focus on accumulation and the moment of retirement is no longer sufficient. Instead, the industry must shift towards ensuring that retirement income remains sustainable over time.

This requires:

- Earlier engagement with members
- Stronger alignment between contributions and outcomes
- Effective pre-retirement default strategies and, importantly, post-retirement solutions that align with different member needs
- Better protection of retirement capital
- Integrated solutions that address income, inflation and longevity risks.

Conclusion

For many pensioners, retirement begins as expected but evolves in ways they had not anticipated. Financial pressure builds gradually, choices made at retirement compound over time, and the system's limitations become increasingly visible. Yet within this challenge lies a clear opportunity.

By shifting the focus from retirement readiness to retirement sustainability, trustees, employers, and providers can play a pivotal role in improving outcomes – not just at retirement, but throughout the members' working careers and extending into the retirement journey itself.

Formalised, but not secure: The retirement crisis facing household workers

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South Africa has made significant strides in formalising the informal economy. We have seen a strong regulatory push to bring domestic and informal workers into the legal fold, ensuring they are registered for unemployment benefits, protected by occupational injury insurance, and paid a national minimum wage. Yet a critical gap remains: while we have created legal employees, we have not delivered secure retirees. Compliance has become an end goal when it should instead serve as the foundation for long-term financial dignity.

The pressure is particularly acute in households. Findings from the Benchmark™ Consumer Survey 2026 show that 50% of respondents rely on side income to supplement their earnings, underscoring the fragility of single-income households. At the same time, the survey reveals that 42% of respondents express a desire to prioritise retirement savings, highlighting strong intent but also exposing the structural barriers that prevent that intent from translating into action.

50% of respondents rely on side income to supplement their earnings

42% of respondents express a desire to prioritise retirement savings

86% of economically active adult South Africans do not have a retirement plan

5,7m people are employed without access to a pension, paid annual leave, or paid sick leave, representing one in three employed people

While Benchmark™ data shows rising awareness and intent among formally employed consumers, the reality for domestic and low-income informal workers is materially different. According to the FinScope Consumer South Africa 2023 Survey, 86% of economically active adult South Africans do not have a retirement plan. This coverage gap is particularly pronounced in the informal sector, where 5,7 million people are employed without access to a pension, paid annual leave, or paid sick leave, representing one in three employed people in the country.

What emerges even more clearly from the data is a pronounced "breadwinner burden" among lower-income earners.

In the R10,000 - R14,999 income band, over 60% of respondents support three or more dependants apart from their spouse and children, with nearly one in four supporting four or more.

This means the group with the least financial flexibility is also the most likely to be supporting larger households.

When the two lowest income bands are combined, more than half (52,3%) support three or more dependants, while fewer than 25%, report having no dependants at all.

This reflects a classic "sandwich pressure" dynamic: income is constrained, but obligations are not. For many workers, earnings are not just covering personal living costs – they are stretched across extended family responsibilities, including food, education, transport, and healthcare. In practical terms, this significantly reduces the ability to absorb financial shocks, build savings, or even think about retirement savings.

1,1m South Africans are employed in private households

This structural constraint is reinforced by broader financial inclusion data. FinScope research shows that while basic banking access in South Africa is high, access to formal retirement products and long-term savings vehicles remains significantly lower among informal and low-income workers.

The numbers for household workers are particularly sobering. According to Stats SA, approximately 1,1 million South Africans are employed in private households, with the majority being primary breadwinners supporting multiple dependants.

Yet most do not earn enough to save consistently on their own. Without an employer-backed mechanism, meaningful retirement provision rarely materialises.

This financial strain directly impacts long-term outcomes. This year's Benchmark™ Survey data reveals that,

among the lowest earners (R5,000 - R9,999), only 37% believe they are on track for a comfortable retirement, while almost half (46%) believe they are not.

A further 17% remain uncertain. In other words, nearly two thirds of the lowest-income earners either lack confidence in, or are unsure about, their ability to retire comfortably.

Encouragingly, the data also points to signs of financial resilience.

Across income bands, nearly three quarters of respondents (74%) report having some form of emergency fund, including 61% of those earning less than R15,000.

While this indicates that households are making an effort to build short-term financial buffers, it often comes at the expense of long-term retirement saving, which can feel less urgent when immediate financial pressures dominate.

At the same time, the survey highlights that engagement with retirement savings is uneven and closely linked to income.

Overall awareness of retirement savings levels is relatively high at 71%, but this increases meaningfully with salary, rising to approximately 85% among higher earners, while dropping into the low-to-mid 60% range in lower income bands.

Lower earners are also more likely to report not knowing their savings balance or being uncertain – an early indicator of reduced financial engagement.

This reflects a broader behavioural reality captured in the Benchmark™ Survey 2026: when income is constrained and financial responsibility is high, attention is naturally directed towards immediate needs such as dependants, debt, and daily expenses, while long-term planning becomes secondary.

Taken together, the data reveals that financial pressure in South Africa is not simply a function of low income, but of low income combined with high and immediate financial obligation. Many households are managing fragile, multi-income realities while simultaneously supporting multiple dependants, leaving limited capacity to prioritise long-term saving. This results in a consistent pattern: short-term financial resilience is prioritised out of necessity, while retirement planning is deferred.

When income is constrained and financial responsibility is high, attention is naturally directed towards immediate needs such as

dependants | debt, and | daily expenses

The implications are far-reaching. When workers retire without adequate financial security, the burden shifts from employers to families, communities, and ultimately the state. A single unforeseen event can destabilise entire households, perpetuating cycles of debt and vulnerability.

The year 2026 marks a pivotal inflection point. Rising intent to save, increased regulatory awareness, and clearer insight into member behaviour create a narrow window for meaningful intervention.

The solution demands a fundamental shift. Complex, high-friction retirement products designed for large corporates cannot effectively serve households or businesses employing one or two workers. What is needed are low-friction, accessible, and affordable solutions that recognise real-world constraints, particularly the combination of low income and high dependency.

These solutions include:

Contribution structures that reflect affordability realities

Integrated risk benefits that protect vulnerable households

Simple, digital-first access and administration

Targeted financial education and support for lower-income members.

Solutions such as the Sanlam Easy Retirement Plan represent this evolution, removing traditional barriers and enabling even the smallest employers to provide meaningful retirement benefits through simple, integrated platforms. With fully digital sign-up and administration for even a single employee, it makes retirement and risk protection benefits practical and affordable for businesses of any size in South Africa.

The retirement industry now faces a clear mandate. The challenge is no longer just about formal inclusion – it is about functional inclusion. It is about designing solutions and systems that recognise that for many South Africans income is already committed to supporting others, and that saving is not a question of willingness, but of capacity.

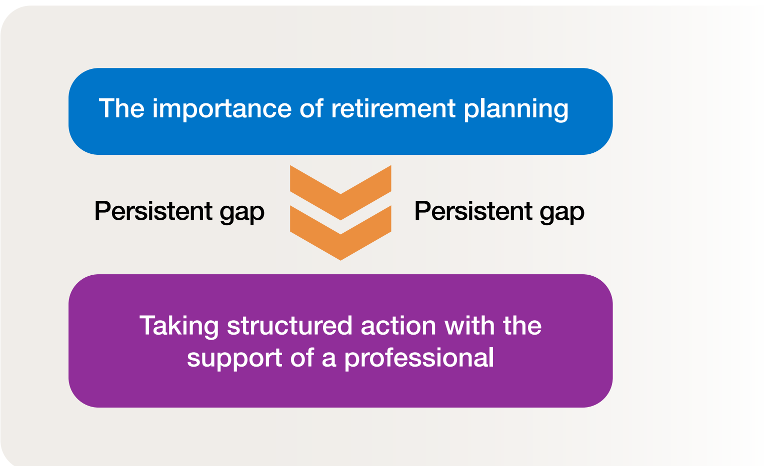
Extending genuine retirement access to South Africa's household employment sector is therefore not just a financial opportunity. It is a critical step towards addressing structural inequality, reducing long-term dependency, and restoring dignity to millions of households.

From intention to income: Why professional advice matters across South Africa's retirement journey

Denisha Subjee
Corporate Relationship Executive
Graviton

Financial advice is often treated as a point-in-time intervention, yet the evidence suggests it delivers the greatest value when it is embedded across the full member journey. In South Africa, the gap between retirement expectations and retirement outcomes remains wide: many members delay planning before retirement, while many retirees face complex income, health-care and legacy decisions after leaving the workforce.
This is where professional advice becomes most powerful – not simply as a product recommendation, but as ongoing decision support that helps members move from uncertainty to action at each life stage.

Recent South African industry research reinforces the scale of the challenge [Sanlam Benchmark™ Survey 2025 Insights Report]. According to the Sanlam Benchmark™ Survey, a large share of working South Africans remains underprepared for retirement, with financial pressure, competing priorities, and low levels of long-term planning continuing to undermine outcomes. The Survey also highlights a persistent gap between recognising the importance of retirement planning and actually taking structured action with the support of professional advice. These findings point to a market where need is high, confidence is uneven, and the role of trusted advice remains significantly underutilised across the retirement journey.



The advice gap

Members know retirement is important	Many delay planning	Many cash out benefits

Member journey

Join fund
↓
Onboarding
↓
Change job
↓
Preservation decision
↓
Two-pot decision
↓
Contribution review
↓
Pre-retirement counselling
↓
Retirement
↓
Income planning
↓
Post-retirement review

Pre-retirement: turning awareness into action

The pre-retirement phase is where the advice gap does the most long-term damage. Members may understand, in theory, that they need to save, preserve and plan; however, they often struggle to convert that awareness into consistent behaviour. The Sanlam Benchmark™ Survey shows that many South Africans still postpone retirement planning because short-term financial strain feels more urgent than long-term retirement security. This reinforces the reality that many people enter their peak earning years without a structured road map. For advisers and retirement funds, this is not simply a communication challenge – it is a behavioural challenge that requires timely, personalised intervention.

The pre-retirement opportunity becomes clearer when viewed through the member journey. Before retirement, members need advice at critical moments: when they join a fund, when they change jobs, when they consider cashing out benefits, when debt crowds out long-term saving, and when policy changes alter available options. The Sanlam Benchmark™ Survey also points to a recurring pattern of insufficient preservation, inconsistent savings behaviour and low confidence in retirement readiness. This suggests that effective advice in the pre-retirement stage must go beyond technical projections. It should help members prioritise preservation, understand contribution adequacy, and make practical trade-offs in an environment where disposable income is under pressure.

Professional advice is especially important because knowledge gaps remain significant. Industry commentary [Sanlam Benchmark™ Survey 2025 Insights Report; EBnet, 20 June 2025] on recent retirement research highlights that many consumers still overestimate how prepared they are, underestimate longevity risk, and do not know where to begin. In practice, that means advice must be made more accessible, more relevant, and more closely tied to real member decisions. In the pre-retirement phase, successful advice models are those that combine education with action: encouraging higher contributions, discouraging unnecessary leakage, simplifying investment choices, and helping members understand how today's decision affects tomorrow's income.

Post-retirement: advice becomes an income strategy

If pre-retirement advice is about accumulation and preservation, post-retirement advice is about sustainability and resilience. Retirement does not simplify financial decision-making; it intensifies it. Retirees must decide how much income to draw, how to balance certainty and flexibility, how to provide for dependants, how to manage rising health-care costs, and how to structure their estates. Without professional guidance, these decisions are often made reactively and can permanently reduce financial security in later life.

South African data [Sanlam Benchmark™ Survey 2025 Insights Report] also shows why post-retirement advice deserves far more emphasis. The Sanlam Benchmark™ Survey underscores that retirement is not a single event but a complex transition in which members need support to convert accumulated savings into sustainable income. It points to ongoing uncertainty around drawdown decisions, income sustainability, and broader financial planning needs after retirement. These are not marginal technicalities; they are core elements of financial resilience in later life. Post-retirement advice therefore needs to cover much more than investment performance.

Post-retirement advice should include:

1. Income planning
2. Product selection
3. Longevity manangement
4. Estate planning
5. The practical realities of transitioning out of full-time work

This is where thought leadership in the sector must evolve. Too often, post-retirement engagement begins only once a member is ready to retire, when the stakes are already high and the range of viable choices may be narrower. A member-journey approach suggests the opposite: retirement income advice should start before retirement, continue through the transition, and remain available as circumstances change. Advice is not only about helping retirees choose between options; it is also about helping them adapt those choices over time as inflation, market conditions, health status, and family responsibilities shift.

What the member journey lens means for the industry

For retirement funds, employers and advice businesses, the implication is clear: advice should be designed as a continuous service model rather than a late-stage intervention. In the South African context, where financial fragility is high and retirement literacy remains uneven, the strongest value proposition will come from connecting advice to moments that matter along the journey. That includes onboarding, preservation at resignation, contribution reviews, Two-Pot decisions, pre-retirement counselling, income structuring at retirement, and regular post-retirement reviews. When advice is embedded at each of these points, it can help close the persistent gap between what members intend to do and what they actually do.

South Africa doesn't only have a retirement savings problem.

It also has an advice access problem.

And an advice timing problem.

Members need professional support before retirement to build sufficient savings and make better preservation decisions, and they need equally robust support after retirement to turn capital into sustainable income and long-term security. A thought leadership agenda grounded in the member journey recognises that the value of advice is cumulative: the earlier it starts, the more practical it becomes, and the longer it continues, the more likely it is to improve outcomes. In a market where only a small minority appear on track for retirement success, expanding the reach and relevance of professional advice may be one of the most important levers the industry still has.

In conclusion, closing South Africa's retirement advice gap will require the industry to engage members far earlier and far more deliberately along the retirement journey. The Sanlam Benchmark™ Consumer Study indicates that the ideal age for education about retirement goals is from age 35. And we believe the journey should begin at age 40 or 45, creating a critical 15- to 20-year window in which members can still meaningfully influence their retirement outcomes. During this period, advisors and funds should encourage members to increase contribution levels with a long-term target of 27,5%, while conducting a targeted financial needs analysis every five years. Each review should assess debt levels, retirement capital, investment portfolios, insurance needs and cover, short-term risk protection, living expenses, budgeting, and health-related considerations that may affect contribution adequacy and future resilience.

Ultimately, the goal should be to help members enter retirement debt free by the year before normal retirement age, because too many retirees continue to struggle financially in their first years of retirement while still repaying debt.

A member-journey approach grounded in these actions can turn advice from a one-off intervention into a practical strategy for better retirement outcomes.

A 20-year retirement readiness plan

Age 40–45
Start retirement education

Every 5 years
Conduct a Financial Needs Analysis

Throughout working life
Increase contributions towards
27.5%

One year before retirement
Become debt free

Retirement
Convert savings into sustainable income

The advice gap: From access to impact

Nomawetu Msutwana
Branch Head: Benefit Consulting and Principal Benefit Consultant,
Simeka Consultants and Actuaries

Across the retirement industry, the shared purpose remains unchanged: to help members retire with dignity, financial security and sustainable income. Yet a persistent advice gap remains. This gap is not simply about the availability of advice, it is about timing, personal relevance, and continuity.

In institutional settings, education is often delivered to a group of members through fund communication in the form of member sessions (most effective) and newsletters. This is essential because it gives all members a baseline level of support. However, members do not retire as a group, they retire as individuals with different salaries, debts, dependants, health needs, family obligations, preservation histories, tax positions, risk appetites and emotional responses to money. Retail advice plays a critical role in closing the gap between financial knowledge and actual financial behaviour.

The Sanlam Benchmark™ 2026 Survey sample of 600 includes **employed members aged 20-54, employed members aged 55+, and retirees**. The age profile is important because advice needs are not the same across these groups. Younger members are still building financial habits, managing debt, buying homes, and balancing take-home pay against future adequacy. Older members are closer to retirement and need help with preservation, contribution adequacy, annuity options, tax, and health costs.

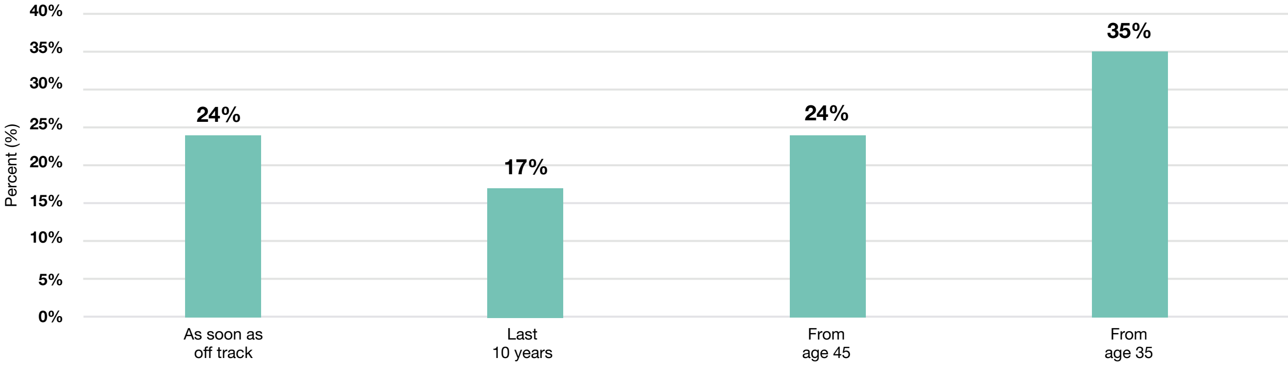
Age group	Total sample %	Advice implication
18-37	20%	Advice must make retirement relevant to immediate goals such as debt, housing, family formation, and take-home pay.
38-53	15%	Advice should shift towards preservation, investment alignment, and rising family obligations.
54-61	38%	This is a critical pre-retirement window for income replacement, annuity education, tax, healthcare, and debt reduction.
62+	28%	Advice must focus on income sustainability, budgeting, healthcare, annuity choices, lump-sum discipline, and estate planning.

The Survey shows that institutional advice infrastructure exists: 62% of respondents indicate that their employer or retirement fund provides access to retirement benefit counselling.

Among those with access, 60% have personally made use of or contacted a retirement benefit counsellor.

This is a positive shift from previous research; it shows that employers and funds are creating channels through which members can receive support.

When retirement education should start



Members want retirement education earlier, not only close to retirement.

Indicator	Survey result	Meaning for the advice gap
Access to retirement benefit counselling	62% yes	Can be used as the foundation for broader engagement.
Use of retirement benefit counselling among those with access	60% yes	Members will use support when it is available, but many still need deeper personalised advice.
Regular educational information	88% say quite or very important	Members value ongoing education; once-off events are insufficient.
Preferred starting point for retirement education	35% from age 35; 24% as soon as off track; 24% from age 45	Members are open to earlier intervention if the content is relevant and practical.
Willingness to share financial information	85% yes	There is a strong readiness for data-led, personalised financial guidance.

Retail advice is strongest at the level of the person. It can assess the member's household income, debts, competing goals, risk tolerance, dependants, health needs, tax position, and emotional readiness for retirement.

The Survey findings show that members are already combining advice sources. When asked where they usually go for information about a financial product,

52% mentioned their own financial advisor, broker or benefit counsellors

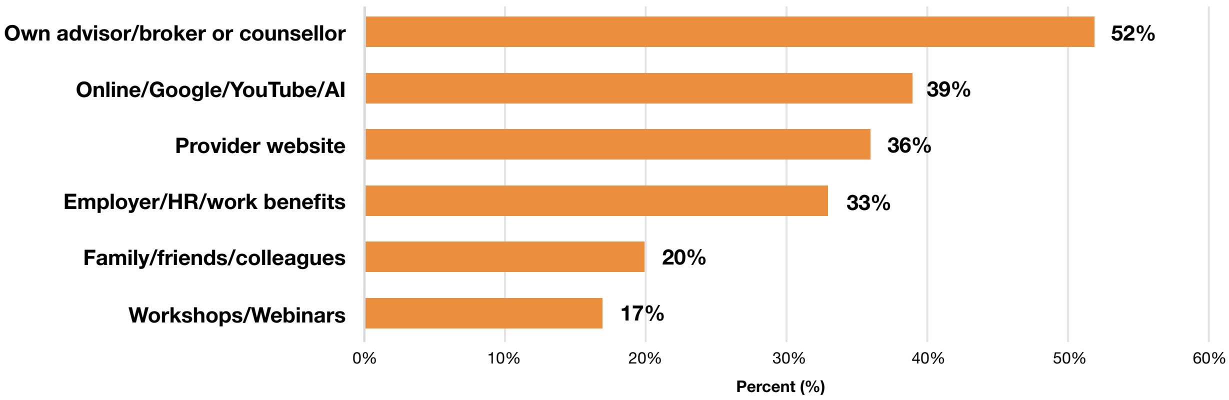
39% use online search, Google, YouTube or AI tools

36% use product-provider websites

33% turn to their employer, HR or people linked to work benefits.

This confirms that members do not experience advice through a single channel. They assemble it from multiple sources, which can create confusion if the sources are not aligned.

Where members go for financial information



Expected timing for seeking professional retirement advice

The Survey shows a tension between when members say they need advice and when advice is typically activated.

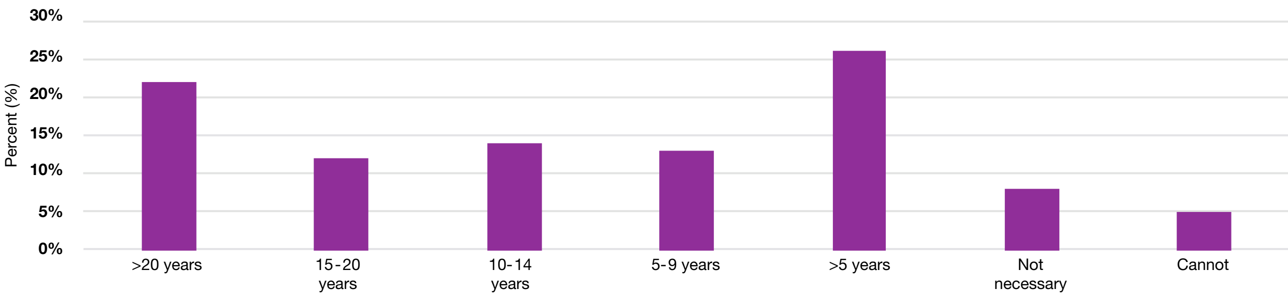
35% **believe education should start from age 35 onwards**

24% **say education should start as soon as they are off track**

26% **still expect to seek professional retirement advice less than five years before retirement**

The qualitative pensioner research heightens the concern: retirees only started engaging with their retirement fund, on average, 3 years and 4 months before retirement, and professional advice was sought, on average, only 1 year and 8 months before retirement.

Expected timing for professional retirement advice



51% **of respondents believe they are on track to have enough capital to last for the rest of their lives in retirement**

26% **say they are not on track**

23% **are not sure**

In the same survey

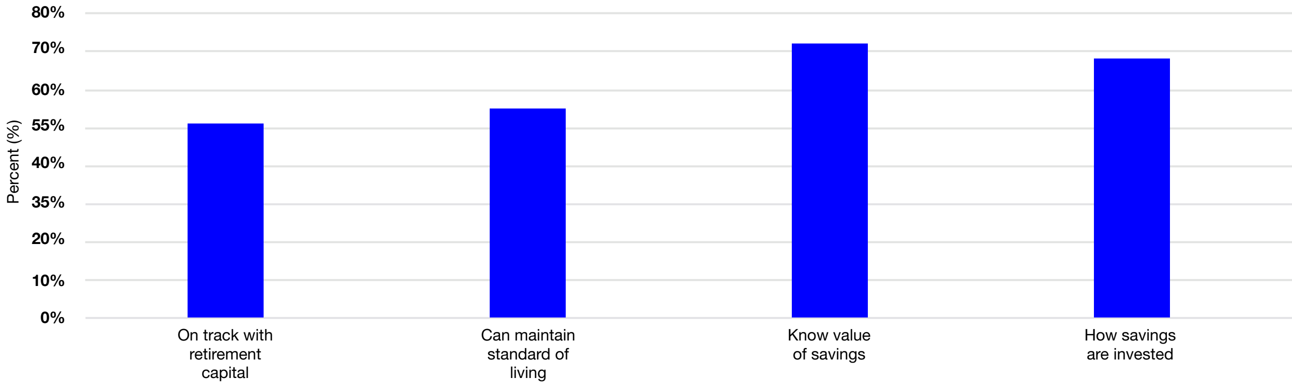
55% **believe they can maintain their current standard of living in retirement**

23% **say they cannot**

23% **are not sure**

These numbers are a warning. A member who is not sure is not simply uninformed; he or she may also be unprepared to make effective decisions.

Knowledge and confidence indicators



The future of retirement advice should not be retail versus institutional. It should be retail and institutional, deliberately connected across the member journey. In practical terms, this means institutional advice should create the structure and the shared outcomes, while retail advice should personalise the route to those outcomes.

Member journey stage	Institutional advice role	Retail advice role
Onboarding / early career	Explain fund membership, contribution options, defaults, and risk benefits.	Build personal budget, debt plan, emergency savings, and contribution strategy.
Mid-career	Provide annual benefit statements, NRR tracking, and preservation education.	Model retirement adequacy, dependants, insurance, home loans, education costs, and tax.
Job change / exit	Provide access to preservation options, tax warnings, and counselling.	Compare cash-out versus preservation scenarios and address immediate household pressures.
Two-Pot withdrawal decision	Explain rules, access process, tax and retirement impact.	Assess whether withdrawal is necessary and create alternatives to protect long-term savings.
Pre-retirement 10+ years	Flag off-track members and provide targeted education.	Create a recovery plan: contributions, debt reduction, investment alignment and retirement age.
Final 5 years	Trustee-endorsed strategy and retirement processes.	Personalise income needs, tax, medical aid, estate issues, and annuity selection.
Post-retirement	Provide pensioner communication and product support.	Review drawdown, budget, healthcare costs, emergency reserves, and beneficiary planning.

A core constraint remains cost and accessibility. Traditional retail financial advice is often perceived – and priced – for higher-net-worth individuals, leaving a large portion of members underserved. Bridging the advice gap therefore requires scalable models that can deliver appropriate levels of support across different income segments.

Conclusion: the future is connected advice

The Sanlam Benchmark™ 2026 Survey reveals a clear message: members want advice that is earlier, simpler, more practical and more personal. Institutional advice gives the retirement system scale and consistency. Retail advice gives members the personal relevance required to act. When the two operate separately, members experience advice as a series of disconnected interventions. When they are integrated, advice becomes a continuous journey that supports better decisions at the moments that matter.

To close the advice gap, the industry should focus on:

Earlier engagement — intervening before the final 5 years to retirement

Blended advice models — combining institutional scale with retail personalisation

Tiered delivery — digital education for many, personalised advice for those who need it most

The goal is not more advice for its own sake, but better-timed, better-connected and more meaningful advice that helps members retire with dignity, security, and sustainable income.

Closing the advice gap across the member journey

Denisha Subjee
Corporate Relationship Executive
Graviton

For many retirement fund members, the advice gap is not one single moment of missed support at retirement. It is the cumulative result of too little guidance early on, too little engagement during periods of change, and too little personalised advice when they face potential life-changing events such as resignation, disability, death, or retirement. Closing that gap requires more than a one-off intervention. It requires a practical, scalable advice model that supports members throughout their full journey, from joining a fund and accumulating savings to making complex decumulation decisions later in life.

Why the advice gap persists

The Sanlam BenchmarkTM Survey data reinforces a long-standing concern in the South African retirement industry: too many members are not on track for financially secure retirement, and many retirees remain under pressure after they leave employment. The problem is not only affordability; it is also the quality of decisions.

Members often

- contribute too little,
- fail to review beneficiary nominations and risk cover,
- preserve inadequately on resignation,
- underestimate longevity and healthcare costs, and
- postpone planning until it is too late.

By the time members reach retirement, poor decisions made years earlier can no longer easily be reversed.

A member-journey model for closing the gap

An advice-led member-journey service rather than a one-off retirement event creates a structured continuum of support for members across both the accumulation and decumulation phases.

For active members, the focus should be on holistic financial education, including budgeting and debt management techniques, adequate completion of beneficiary nomination forms, understanding risk cover, setting up a will, short-term insurance, and gap cover.

For retiring and exiting members, the focus then shifts to income sustainability, annuity and preservation choices, tax efficiency, estate planning, liquidity, longevity risk, and ongoing personal financial review.

The advice-led journey-based approach matters because members do not experience financial vulnerability only at retirement age.

Key advice moments also occur when they

- join a fund,
- change jobs,
- increase or reduce contributions
- take on debt,
- face disability,
- resign,
- get retrenched,
- retire,
- or pass away.

A service model that recognises active participation as a member of a fund, resignation, disability, retirement, and death as critical advice triggers is far more likely to improve outcomes than one that engages members only at the end of employment.

It also aligns advice with the real decisions that shape financial resilience over time.

Education, engagement and timely intervention

Closing the advice gap at scale requires more than advisor availability. It requires a deliberate engagement strategy.

A layered approach is important because awareness is often the first gap. Members are unlikely to seek advice if they do not realise when they need it or understand why it matters or how to access it.

What the Benchmark™ data tells us

The Benchmark data and related commentary point to a clear conclusion: too many South Africans are moving into retirement without adequate financial readiness. One cited Benchmark™ insight notes that only a small minority of South Africans are on course to retire comfortably, while more than half of retirees are not making ends meet. These findings matter because they show that the advice gap is not theoretical. It appears in the form of insufficient preservation, poor transition decisions, inadequate post-retirement income planning, and weak preparedness for long-term living costs. The case for earlier, broader, and more personalised advice is therefore both commercial and social.

The implications for employers and retirement funds are significant. If advice is available only on a voluntary, ad hoc basis, the members who most need support may never access it. A contracted advisory model embedded into the fund environment will help reduce that friction.

**The data is clear:
too many South Africans retire**
financially unprepared

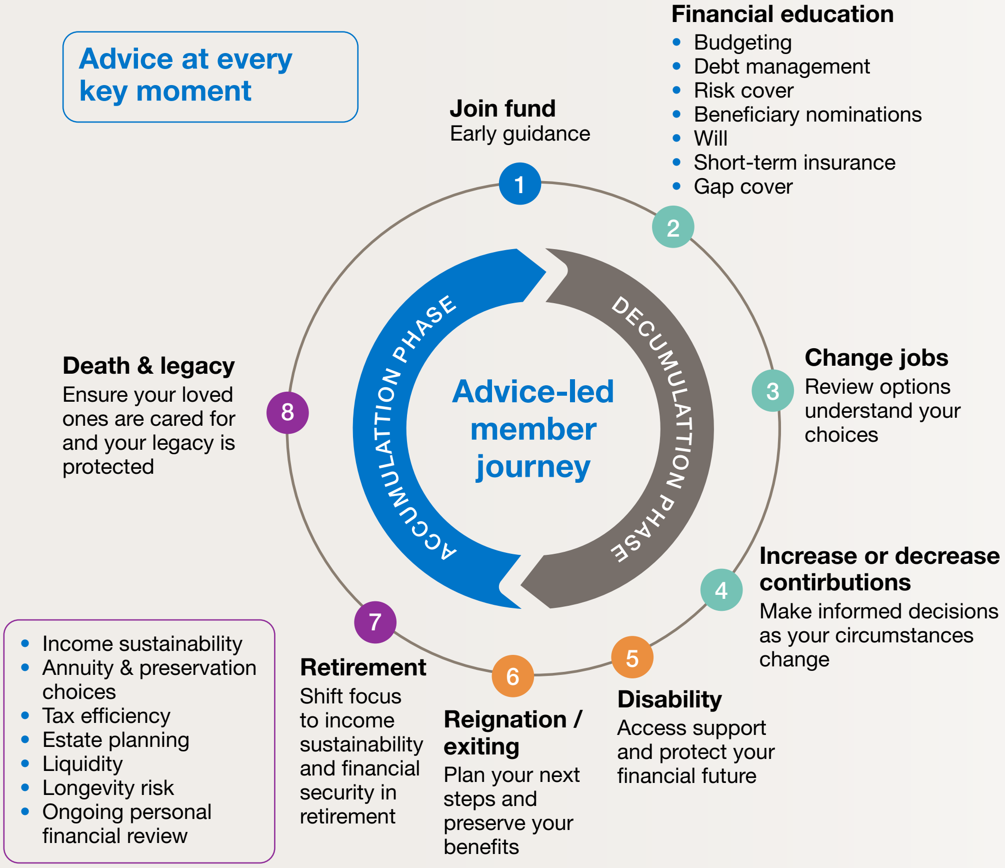
Why this matters for funds and employers

For funds and employers, closing the advice gap will improve more than member well-being.

It can support better governance outcomes, stronger member communication, better preservation behaviour, and more considered retirement transitions.

It can also strengthen trust in the retirement fund offering by demonstrating that support is available when members need it most.

Importantly, a member-journey advice model also reflects the reality that financial well-being is intertwined with workforce well-being. Members who are financially stressed, over-indebted, or uncertain about retirement are less likely to make confident long-term decisions.



Advice isn't a one-off conversation. It's a continuous journey.

Conclusion

Closing the advice gap means rethinking advice as an ongoing journey rather than a last-minute event. The strongest response is a model that combines education, engagement, and personalised intervention across the full membership lifecycle.

If the industry wants better retirement outcomes, improved preservation behaviour, and more resilient members, then access to basic advice must start earlier, reach further, and continue for longer.

From silos to ecosystem: Integrating retirement benefit counselling and financial advice

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Simeka Consultants and Actuaries
and

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Head Best Practice and Principal Benefit Consultant
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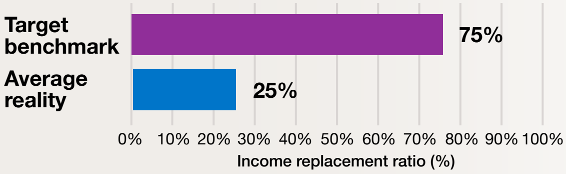
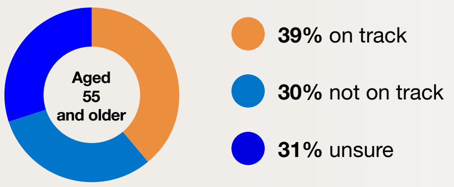
Retirement benefit counselling was introduced into the South African retirement system with a clear purpose: to give members timely, factual information to support better financial decisions at critical moments. Embedded in the default regulations of the Pension Funds Act and effective from 1 March 2019, it is deliberately educational, not advisory. No recommendations. Just information, on the assumption that better-informed members make better decisions. But seven years on, the Sanlam Benchmark™ 2026 Survey data tells a more complex story, one that challenges whether information alone is enough when the decisions are this consequential and the stakes are this high.

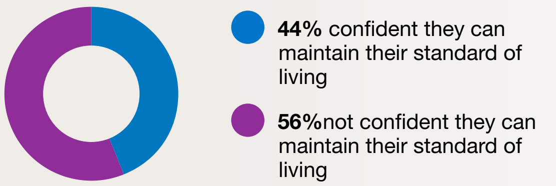
The average South African retires with a replacement ratio of just 25% at age 65, far below the 75% benchmark.



While 51% of members believe they are on track, confidence falls sharply among those closest to retirement. Among members aged 55 and older, only 39% believe they are on track, 30% know they are not, and 31% are unsure.



Just 44% are confident they can maintain their standard of living. These are not disengaged members. They are people the system has not adequately supported.



A system that arrives too late

The Benchmark™ data exposes a fundamental timing problem. Members themselves say financial education should begin as early as age 35. Yet the system activates at the point of exit.

Eighty per cent (80%) of retirement benefit counselling in standalone funds	**and 86% in umbrella funds occur at retirement,**

with minimal engagement in the years beforehand.

When members do reach key decision points, process often substitutes for meaningful support.

At job exit, 40% receive little more than a withdrawal form from HR.

Only 21% were offered access to a retirement benefit counsellor,	**and just 21% to a financial advisor.**

Behaviour remains reactive and shaped by immediate financial pressure. Among those who took cash from a withdrawal benefit,

52% used it to settle debt	**37%** for major purchases	**34%** for everyday living costs.	**32%** preserved or invested it.

Understanding also remains shallow at the moment it matters most.

Only 61% of members say they know what annuity options are available,	**and just 54% are aware their fund offers a trustee-endorsed annuity strategy.**

The system facilitates decisions but does not adequately support them.

The financial advice gap: a structural constraint

The data further points to a structural weakness in how financial advice is delivered to fund members: not a lack of access, but a lack of consistency and integration. Among standalone funds, the approach is evenly split between

referring members to preferred financial advisors (29%)	**and providing subsidised financial advice (29%),**

with the remainder relying on passive or administrator-led models. Umbrella funds show a somewhat more centralised approach,

with the largest share (34,6%) relying on administrators to provide information with optional referral to financial advice,	**and a further 32,3% offering subsidised advisory services.**

However, even here, the model remains varied and largely dependent on member initiation.

Taken together, while access to financial advice exists across both fund types, it is inconsistent, externally driven, and often optional, leaving a significant portion of members dependent on retirement benefit counselling alone at critical decision points. The distinction matters.

Financial advice influences behaviour over time through ongoing, personalised guidance. Retirement benefit counselling, by contrast, can explain but cannot recommend. Persistent barriers, including cost perceptions, limited awareness, accessibility challenges, and the belief that financial advice is “not for people like me”, continue to exclude a meaningful portion of the membership. The result is a structural divide: members with financial advice benefit from sustained, tailored support, while those without are left with information but not direction, precisely at the point where meaningful guidance is most needed.

The advisor hypothesis: who really shapes the final decision?

The Benchmark™ 2026 research advances a hypothesis that is increasingly difficult to ignore: at the point of retirement, it is the financial advisor, not the retirement benefit counsellor, who shapes the final decision. Where an adviser relationship exists, often built over years and grounded in trust, it becomes the primary lens through which members interpret their options.

The fund-level data confirms this.

Among the participating employers surveyed, the average uptake of trustee-endorsed annuity strategies sits at just 26%.

One in five participating employers reports zero uptake, and almost half cannot report at all, a governance gap in itself. The low uptake of trustee-endorsed annuity strategies is frequently linked to financial advice dynamics, with members tending to follow the guidance of their own financial advisors rather than default pathways. Conversely, where financial advisor recommendations align with trustee intent, uptake is materially higher.

The implication is clear. Default strategies, regardless of how well designed, are only as effective as the extent to which they are supported by the financial advice ecosystem. When financial advice diverges, the default is overridden, and its protective value is lost.

The role of technology: connecting the system

If retirement benefit counselling is limited by regulation and financial advice is limited by access, technology is the layer that can bridge both, extending the reach of guidance beyond what either can achieve alone.

Digital tools, retirement calculators, scenario modelling, automated nudges, and interactive dashboards can deliver personalised, scaled support at every phase of the member journey. They do not replace the retirement benefit counsellor or the financial advisor. They connect them, filling the gaps between formal touchpoints and giving members ongoing, accessible engagement about their retirement position.

The appetite is already there.

Thirty-nine per cent (39%) of members cite online tools and AI as a source of financial product decisions,

and 85% would share their financial information with a provider if it meant receiving guidance.

Technology is not the answer on its own. But without it, the ecosystem cannot scale.

From diagnosis to design: a lifecycle ecosystem

The sections on the previous pages describe a system where retirement benefit counselling, financial advice, and technology operate in silos. Retirement benefit counselling is delivered by the fund. Financial advice is sourced by the individual. Technology sits in between, largely underutilised. The result is a fragmented experience where members fall through the gaps, particularly at the moments that matter most.

The answer is not to choose between the three. It is to bring them together into a single, lifecycle ecosystem, one where the type and level of support evolve as the member moves closer to retirement. The ecosystem organises support around four phases:

Foundation years *(25 to 40)*

When a member enters a retirement fund, this is where the journey begins: understanding the purpose of the fund, the goals it is designed to achieve, and the support available through retirement benefit counselling, digital tools and financial advice. Institutional design supports this foundation through default contribution rates and default investment strategies, ensuring the system works for the member from day one.

Yet the Benchmark™ data shows that only 55% to 57% of funds provide any form of retirement benefit counselling at the point of joining, meaning nearly half of members begin their journey with no introduction to the system at all.

Strengthening the foundation (40 to 55)

By midcareer, the question changes from "are you saving?" to "are you saving enough?" Instead of sending members an annual benefit statement that most file away without reading, funds should be having real conversations about whether members are on track, and if they are not, connecting them with financial advice before it is too late.

The Benchmark™ data makes the case powerfully: 74% of members who withdrew their retirement savings knew what the impact would be and withdrew anyway.

Knowing is not the problem. The system needs to act, not just inform.

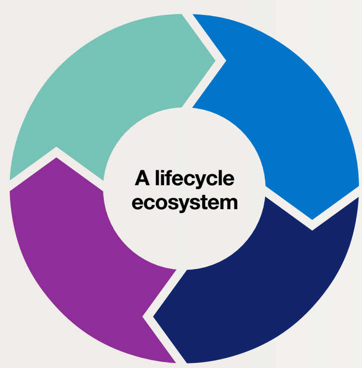
The red zone (55 to 65)

This is the phase that defines the outcome. Everything the member has saved, every contribution, every year of membership, all converge on a single decision: **what do I do with this money now?** This is where retirement benefit counselling and financial advice must operate as one. The fund's retirement benefit counsellor explains the trustee-endorsed annuity strategy, what it offers, how it protects the member, and why the trustees selected it. The financial advisor provides the personalised recommendation. The default annuity serves as the anchor. Retirement benefit counselling explains the anchor. Financial advice either endorses it or provides a documented reason, specific to the member, for choosing a different path. This is not about limiting choice. It is about ensuring every choice is informed, supported, and accountable.

Decumulation phase *(65 and beyond)*

Retirement is not the end of the journey. It is where the consequences of every earlier decision are felt. Members need to know, year after year, whether their income will last. The ecosystem must provide ongoing support through annual drawdown reviews, automated alerts, and ongoing financial advisor engagement. Every phase that came before exists to ensure fewer members reach this point unprepared.

What makes this an ecosystem is interdependence. Retirement benefit counselling builds the understanding that financial advice needs to be personal. Financial advice delivers the outcomes that retirement benefit counselling should reinforce. Institutional design sets the defaults within which both operate. Technology, including digital tools and scenario modelling, is what makes it scalable. The benefit consultant brings the ecosystem to life, designing the institutional framework, ensuring retirement benefit counselling and financial advice work within it, and tracking whether member outcomes are actually improving.



The way forward

When trustees and participating employers were asked what would most improve retirement outcomes, the answer was unambiguous: financial advice at or before retirement

(68%) of standalone funds,	**(75%) of umbrella funds**

and targeted, relevant communication (66% and 59% respectively).

The consensus exists across every stakeholder group.

What remains is the architecture to deliver on it. This means a deliberate shift from fragmented, event-driven support to a coordinated ecosystem, one that engages members earlier, integrates retirement benefit counselling and financial advice into a single journey, and aligns financial advisor recommendations with trustee-endorsed strategies so that defaults are supported, not overridden. Success must ultimately be measured by member outcomes: are members preserving their savings, making informed decisions at retirement, and retiring with an income that lasts?

Conclusion

Retirement benefit counselling cannot succeed in isolation. It must form part of a broader ecosystem where retirement benefit counselling and financial advice are not parallel tracks but integrated layers of a single member journey. The benefit consultant is central to making this work, designing the framework, aligning the stakeholders, and holding the system accountable for outcomes.

For most South African fund members, retirement benefit counselling is the only institutional support they will ever receive. Designing a system that acknowledges, and responds to, that reality is no longer optional. It is essential.

Two decades of structural change in South Africa's retirement fund industry

Anna Siwiak
Head: Product Development
Sanlam Corporate: Umbrella Solutions

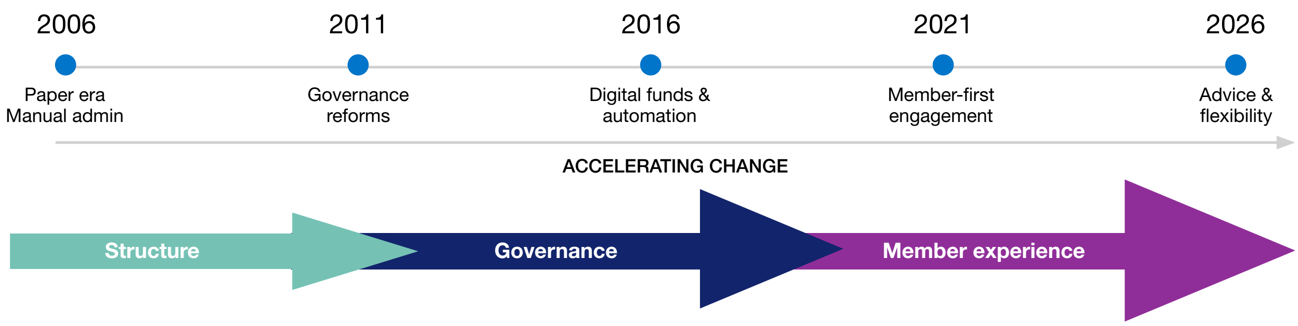
If we reflect on human history, we see that change is not linear, it compounds. Entire eras, from the Stone Age through to the Industrial Revolution, once spanned centuries. Today, transformation unfolds within decades. Each phase builds on accumulated knowledge, accelerating what follows.

This same pattern is evident in South Africa's retirement fund industry.

From the foundational Pension Funds Act of 1956, through the shift from defined-benefit to defined-contribution arrangements in the 1980s, to recent large-scale regulatory reforms, the retirement landscape has evolved from a slow-moving, rules-based system into a dynamic, highly regulated and innovation-driven ecosystem. **Over the past 20 years in particular, change has not only accelerated but has also fundamentally reshaped how retirement funds are structured, governed, and experienced by members**.

The Sanlam Benchmark™ Survey, first conducted in 1981, provides a unique longitudinal lens into this evolution. **This article explores how the industry has transformed across two decades, revealing a system in transition**. By comparing data from 2006, 2016 and 2026, a clear narrative emerges: the industry is not only changing; it is also accelerating.

20 Years of transformation



Consolidation

Perhaps the most visible structural shift has been the dramatic consolidation of retirement funds.

In 2006, the landscape was fragmented with over 13 000 registered funds, 4 057 of which were active.

By March 2026, this number had decreased to just over 4 000, with only 837 active funds.

This contraction has not been a sign of decline – quite the opposite.

Over the same period, assets under management in the retirement industry had grown almost fourfold, from approximately R1,5 trillion to R5,8 trillion.

The migration from standalone funds to umbrella arrangements has been central to this shift. This consolidation reflects both regulatory intent and market response. The Financial Sector Conduct Authority (FSCA) has actively promoted fewer, better-governed funds, driving improved oversight and operational efficiency.

The Benchmark™ Survey confirms that this shift is not theoretical, but is actively occurring.

In 2006, the survey included 169 standalone defined-contribution funds and only 19 umbrella fund participants.

A decade later, participation had evolved to include 100 standalone funds and 100 umbrella fund participants. In the most recent survey, responses were received from 76 standalone funds and 130 umbrella fund participants, as well as 30 pensioners who have been retired for four to five years.

Consistent participation trends have been observed, with

63% of standalone funds and	**59% of umbrella sub-funds**

contributing to the survey on a year-on-year basis. Notably, three respondents that participated as standalone employer funds in the previous year have transitioned to umbrella fund participating employers in the current survey cycle.

Interestingly, this transformation was not widely anticipated. In 2006, only a small proportion of standalone funds expected regulation to drive conversion into umbrella funds. Yet, today, the trend is unmistakable.

Looking at what other changes were anticipated back in 2006 by both umbrella and standalone funds, it is striking how accurately industry participants foresaw the direction of reform. Survey respondents at the time expected increased trustee accountability, the alignment of pension and provident funds, and the introduction of stronger preservation mechanisms. Two decades later, these expectations have largely materialised.

Trustees today operate under significantly heightened accountability, with governance frameworks demanding deeper oversight and more active decision-making. Pension and provident funds have been structurally and tax aligned, and compulsory preservation – long debated – has become a reality through the recent Two-Pot reforms.

What this reveals is that the industry's evolution has not been random or reactive. Rather, it has followed a consistent trajectory towards improved member protection and systemic integrity, even if the pace and scale of implementation have accelerated over time.

Normal retirement age

Alongside regulatory change, there has been a gradual but meaningful shift in how retirement itself is defined.

Over the period from 2006 to 2026, there has been a notable shift towards standardising and gradually increasing normal retirement ages across both standalone and umbrella retirement funds.
In 2006, retirement age structures still reflected legacy distinctions, with standalone funds typically differentiating by gender – males retiring at age 62 and females at 61 – while umbrella funds had already adopted a more uniform approach at age 63 for all members. By 2016, this disparity had largely been removed, with standalone funds aligning with a single retirement age of 63 and umbrella fund participants edging slightly higher to age 64.

This position has remained consistent into 2026, indicating a trend towards slightly higher retirement ages, likely reflecting improved longevity expectations, regulatory alignment, and the need for extended savings periods to support adequate retirement outcomes.

Just over half (54%) of standalone funds allow continued membership after normal retirement age, with only 48% of umbrella fund participants allowing the same. This suggests that, despite umbrella funds typically having slightly higher normal retirement ages (64 compared to 63 for standalone funds), marginally less likely to accommodate post-retirement participation.

Contributions

More complex, however, is the evolving nature of contributions. Total contribution rates increased meaningfully from 2006 to 2016 for both standalone and umbrella funds, rising from

15,9% to 17,57% for standalone funds

and from 16% to 16,61% for umbrella funds.

However, between 2016 and 2026, the trend diverges.

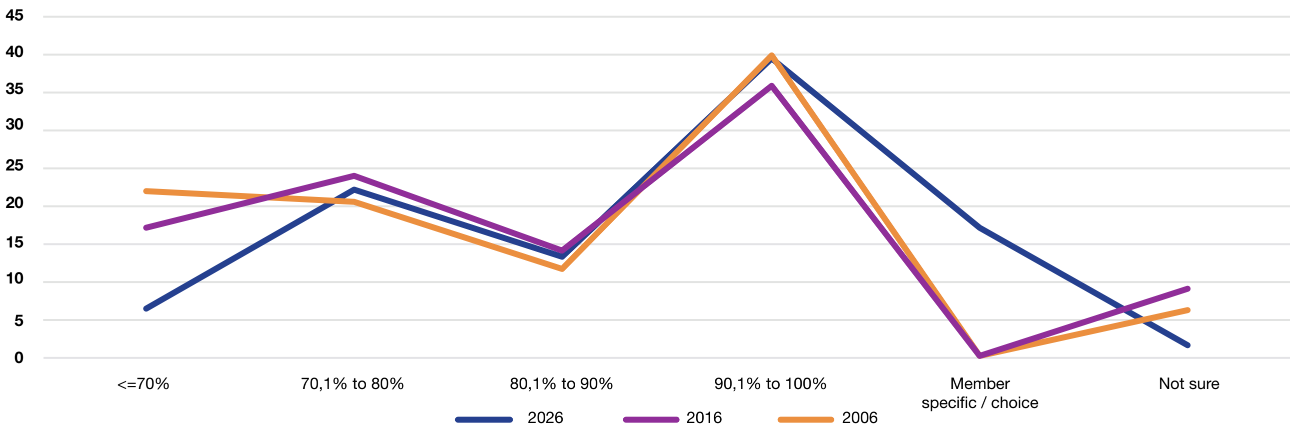
While standalone funds have broadly maintained their higher contribution levels at 17,44%, umbrella funds have seen a notable decline to 14,09%.

Although umbrella funds deliver cost efficiencies and governance benefits, they appear to be increasingly influenced by affordability pressures and employer cost sensitivity.

The majority of pensionable salaries set by standalone funds and umbrella fund participants are between 90% to 100% of total remuneration, followed by 70% to 80%.

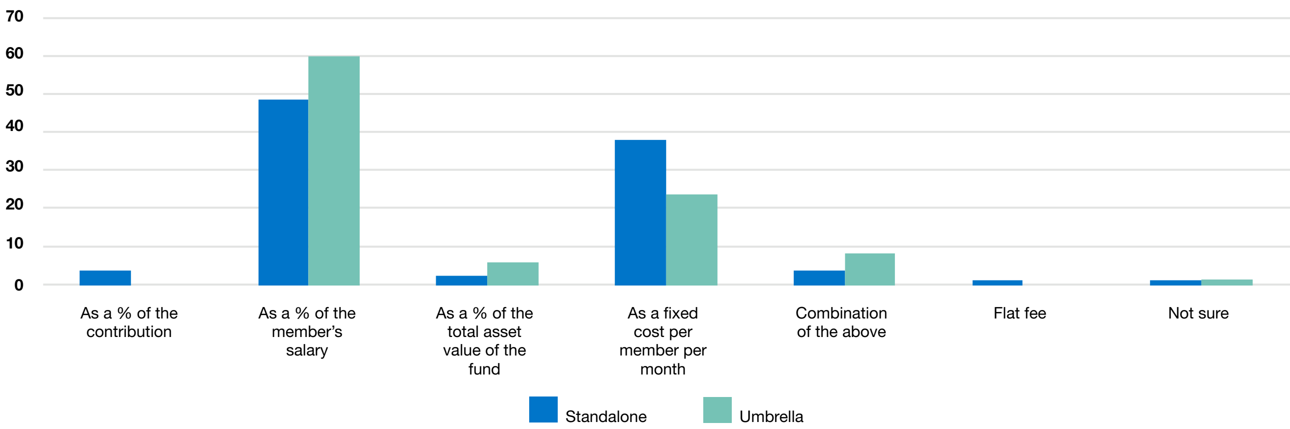
Although there has been a significant drop in 2026 in the number of funds and employers that use a set pensionable salary of less than 70%, which is good news, there has been an increase in the number of respondents that allow members to choose their own pensionable salary. This does open members up to risks such as underinsurance (if risk benefits are based on pensionable salaries) as well as not saving sufficiently for retirement.

What % of total remuneration is pensionable?



Administration fees

In line with what we may expect, the majority of standalone funds (49%) and participating employers (60%) have administration fees deducted as a percentage of payroll, followed by a fixed rand-per-member-per-month cost, 38% and 24%.



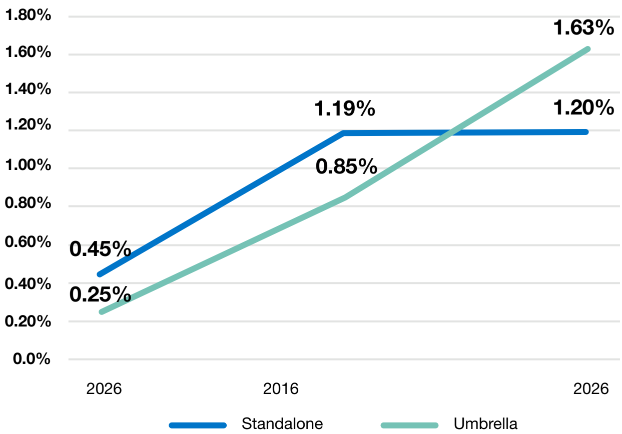
Another key focus area for the FSCA has been lowering high administration and investment fees, and ensuring fees are fair, transparent and justifiable. This has put pressure on administrators and umbrella funds to reduce fees, with increased scrutiny on advisory fees, risk premiums and administration fees. Employers, trustees, regulators and members are increasingly focused on reducing costs, recognising that fees in defined-contribution structures have a measurable impact on members' retirement outcomes.

However, to what extent will the 20-year analysis evidence measurable progress?

Comparing percentage of salary results to ensure a consistent, inflation-adjusted view of the relative cost over time, in 2006, standalone funds confirmed average base administration fees of 1,2%.

This excluded a host of administration functions that were generally billed for separately, so it is understated.

Umbrella fund participating employers paid an average of 1,63% for administration fees, including commissions and other costs. In the 2016 survey, these costs dropped to 1,19% and 0,85% respectively, and in the current year's survey these costs have dropped even further to 0,45% and 0,25% respectively.



One of the most significant achievements of the past two decades has been the substantial reduction in administration costs.

Across both standalone and umbrella funds, fees have declined sharply, reflecting economies of scale, competitive pressure, and regulatory scrutiny. This reduction has been a critical contributor to improving member outcomes in defined-contribution environments.

However, reducing costs is not straightforward. Retirement funds operate in a highly regulated environment, and legislative and regulatory changes frequently require significant system enhancements, process redesigns, member communication updates and compliance monitoring. Examples in recent years include reforms relating to preservation tax reporting, governance requirements, and the implementation of the Two-Pot Retirement System. Each regulatory change requires investment in administration platforms, testing, staff training, and member education, often at substantial cost.

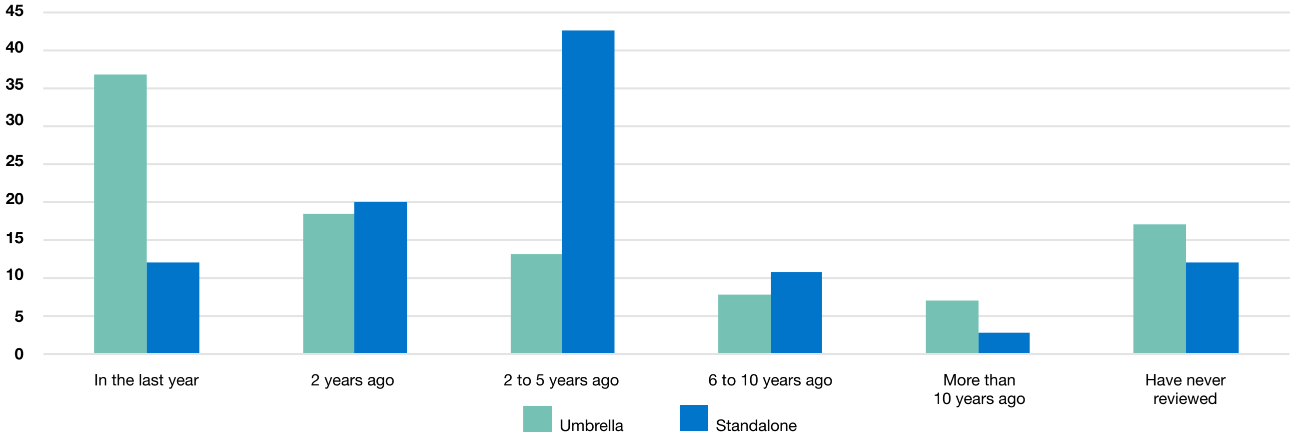
The result is a system that is more efficient yet more complex – where cost savings and regulatory burden coexist, and where administrators must continuously balance innovation with compliance.

We have observed that average contribution rates among umbrella fund participating employers are significantly lower than they were 20 years ago. However, this decrease has been accompanied by a corresponding reduction in costs. A comparison of average costs and contribution rates in 2006 versus 2026 indicates that, despite lower nominal contribution rates, the reduction in costs has enabled the average member to allocate a greater effective portion of contributions towards retirement savings.

	2026		2006	
Employer contribution		8,00		10,20
Death benefit premium	(1,45)		(1,98)	
Disability benefit premium	(1,01)		(1,57)	
Admin costs	(0,25)	(2,71)	(1,63)	(5,18)
Employee		6,09		5,80
Total provision for retirement		**11,38**		**10,82**

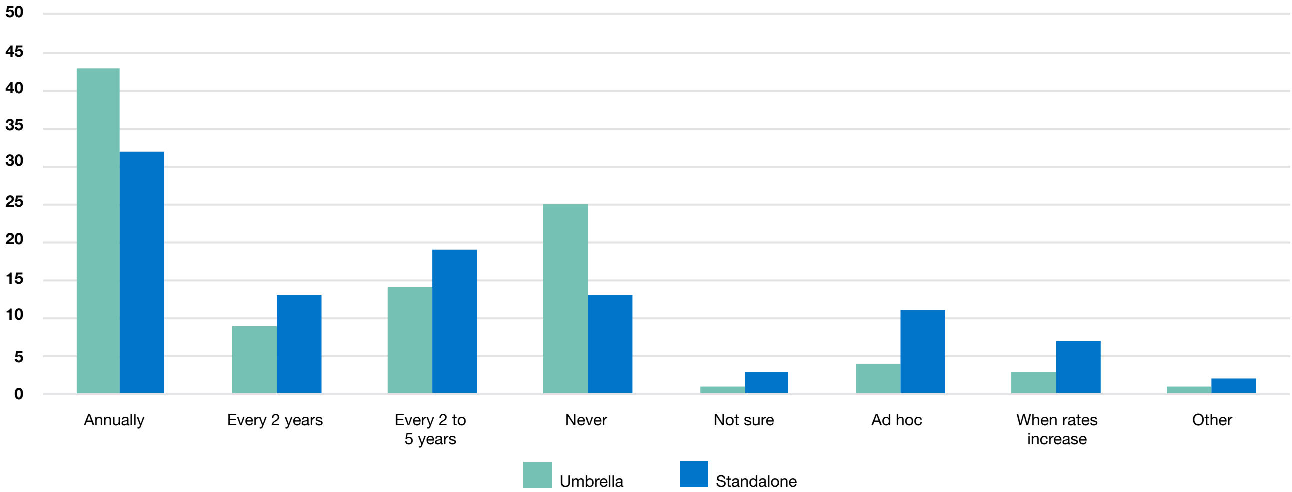
When participants were asked about the frequency with which they review their retirement administration service providers, a notable divergence emerged. Among umbrella fund participating employers, the most common approach was an annual review (37%), whereas standalone funds more frequently conducted reviews on a less frequent cycle, with the majority (43%) doing so every two to five years.

2026 - How often are retirement fund service providers reviewed?



This is in contrast to 2016 results, where 43% of umbrella fund participants and 32% of standalone funds conducted the reviews annually. This is perhaps due in part to a number of retirement fund providers closing their standalone administration services, forcing standalone funds to review providers less frequently. **It is reassuring to see that the number of umbrella fund participants that had never reviewed their retirement fund providers dropped from 25% to 17% in the last decade, and similarly from 13% to 12% on standalone funds.**

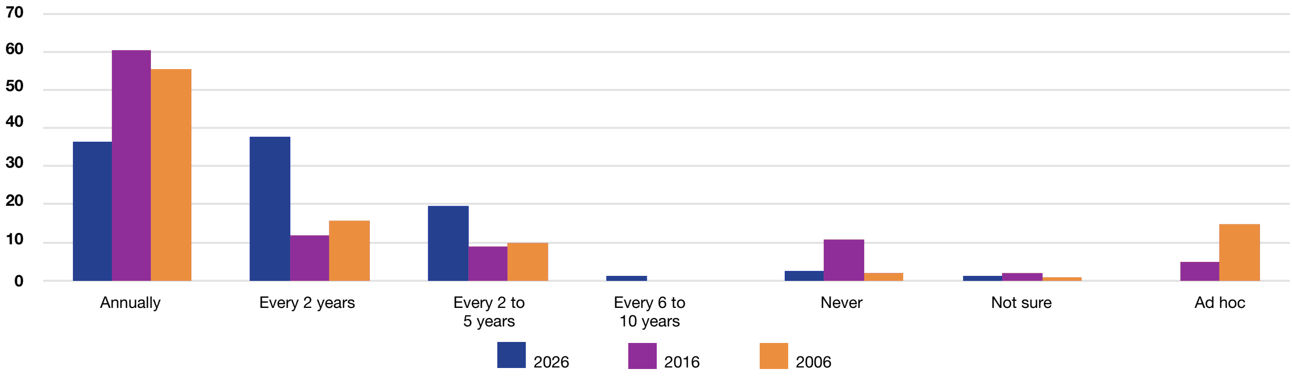
2016



Risk benefits

When asked the same question but about how often risk benefit providers are reviewed, a similar shift from annually to every 2 or 2-5 years was evidenced.

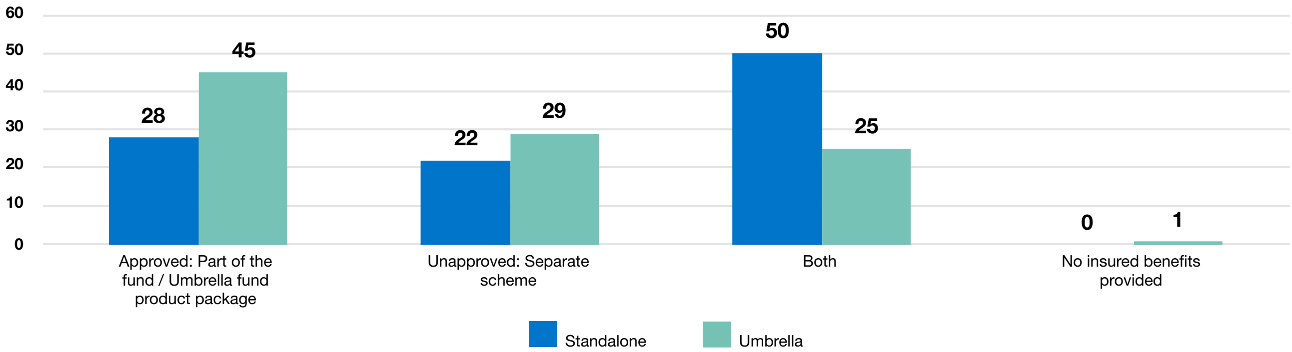
How often are risk benefit providers reviewed?



Extending the review cycle enables insurers to price with greater stability, rather than react to short-term volatility. It also fosters deeper engagement and accountability from the insurer, while minimising disruption for members and reducing operational friction for employers.

In terms of how risk benefits are provided in 2026, umbrella fund participating employers opted to provide approved risk benefits predominantly, whereas standalone funds opted for a combination of both approved and unapproved benefits. It is positive that participants in umbrella funds trust the governance framework and fund trustees with the distribution of benefits. Standalone funds may value a combination of both benefits to ensure there is a more immediate payment to beneficiaries via the unapproved benefit. It's important to remember the importance of an updated beneficiary nomination form for unapproved benefits. The absence of such a form can significantly delay the payment of unapproved benefits.

How are risk benefits provided



Death benefit multiples have remained broadly unchanged over the past 20 years. A death benefit multiple of around 3 times annual salary is aligned with typical group risk design and represents a reasonable baseline level of cover for a large portion of members.

	2026	2016	2006
Standalone	3,4 times annual salary	3,5 times annual salary	3,2 times annual salary
Umbrella	3 times annual salary	3,2 times annual salary	3,2 times annual salary

Funeral

Funeral benefits have experienced significant growth over the past two decades, reflecting their critical role within the South African insurance landscape. Funeral cover remains the most widely held insurance product in the country, underscoring both its accessibility and relevance. Beyond its financial function, funeral cover carries deep cultural significance, providing essential support to families during a profoundly important life event.

The increase in funeral benefit provision from 51% to 78% for umbrella fund participants and 70% for standalone funds over the past two decades illustrates a material and sustained shift.

Funeral cover is now seen as a foundational employee benefit rather than an add-on benefit. Its growth also signals a broader move towards holistic financial well-being and more inclusive, needs-based benefit structures.

	2026	2016	2006
Standalone	70%	71%	51%
Umbrella	78%	70%	51%

Critical Illness

Similarly, the rise in critical illness cover reflects broader societal trends towards holistic well-being.

Non-communicable diseases such as cardiovascular diseases, cancers, diabetes, and chronic respiratory illnesses represent a growing health crisis in South Africa, accounting for approximately 16% of all premature deaths in the country.

According to data from Statistics South Africa, deaths from major non-communicable diseases increased by approximately 59% over 20 years.

It is therefore not surprising to note that the number of funds and employers offerings Critical Illness benefits has increased significantly since 2006, particularly among umbrella fund participants.

	2026	2006
Standalone	20%	5%
Umbrella	36%	5%
Most common multiple	1 times annual salary	1 or 2 times annual salary

As non-communicable diseases become more prevalent and medical costs continue to escalate, members are increasingly seeking protection against health-related financial shocks. Critical Illness policies have also evolved to be more comprehensive, cover more conditions and offer tiered benefits. This is perceived as a better value proposition and therefore supports higher take-up.

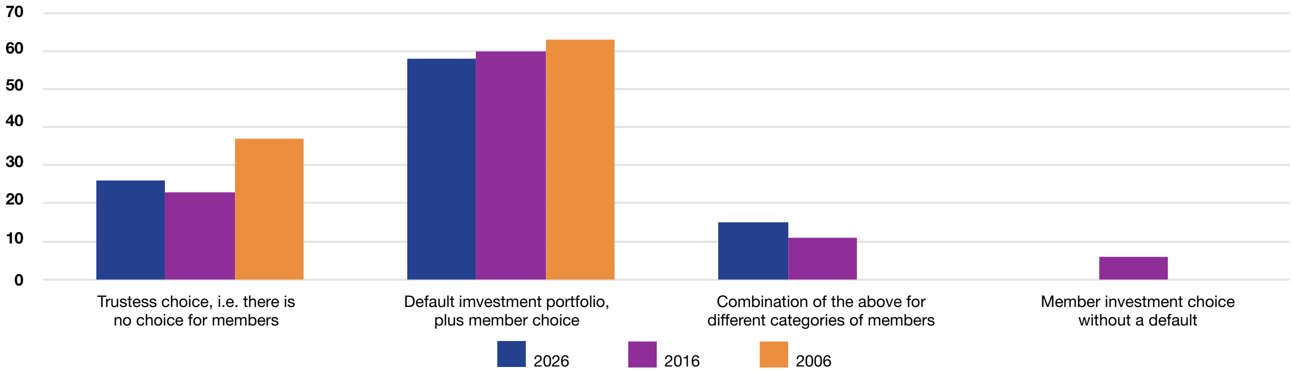
Investments

Default regulations came into effect in 2017, requiring that all funds provide members with an appropriate default investment strategy.

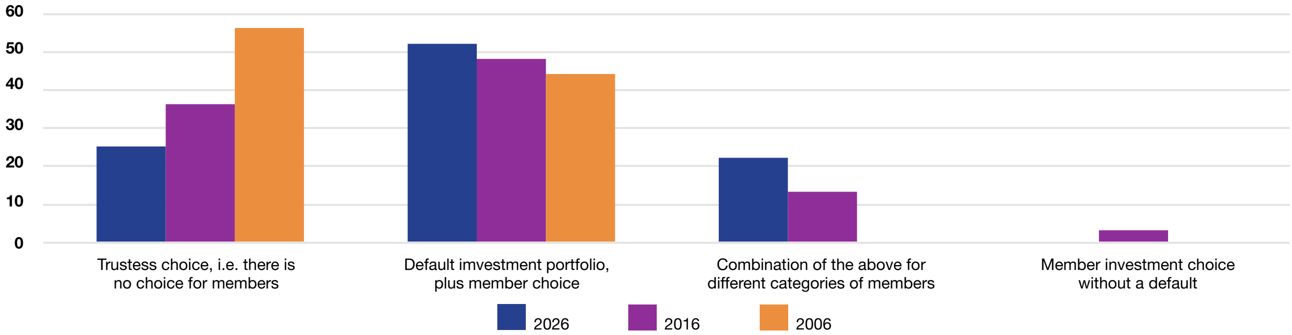
In our 2016 survey, only 3% of standalone and 5% of umbrella fund respondents offered member investment choice without a default strategy.

Over the past 20 years we have seen a shift across both standalone and umbrella fund participants to allowing member investment choice alongside the default investment strategy.

Umbrella

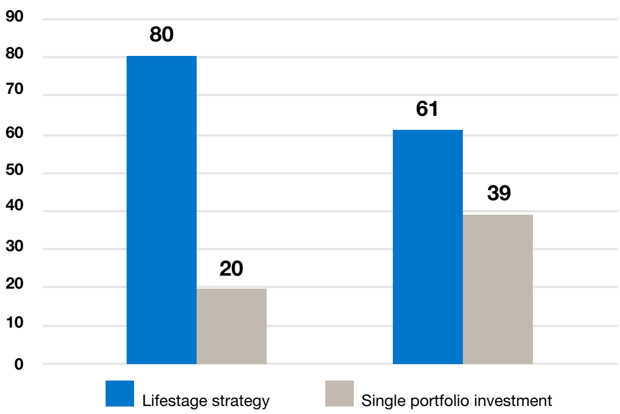


Standalone

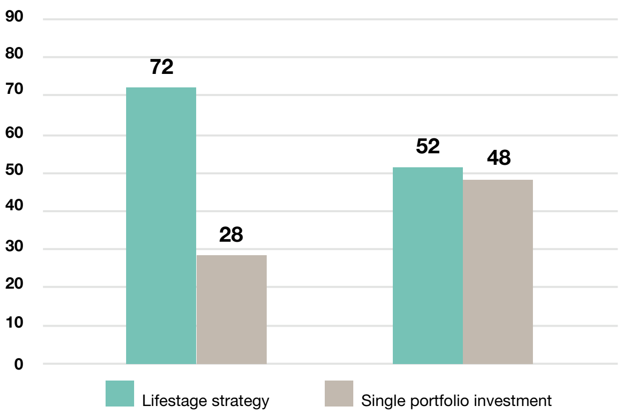


The introduction of default regulations marked a turning point, ensuring all members have access to an appropriate investment pathway. Within this framework, life-stage strategies have emerged as the preferred approach, dynamically adjusting risk exposure as members approach retirement.

Standalone



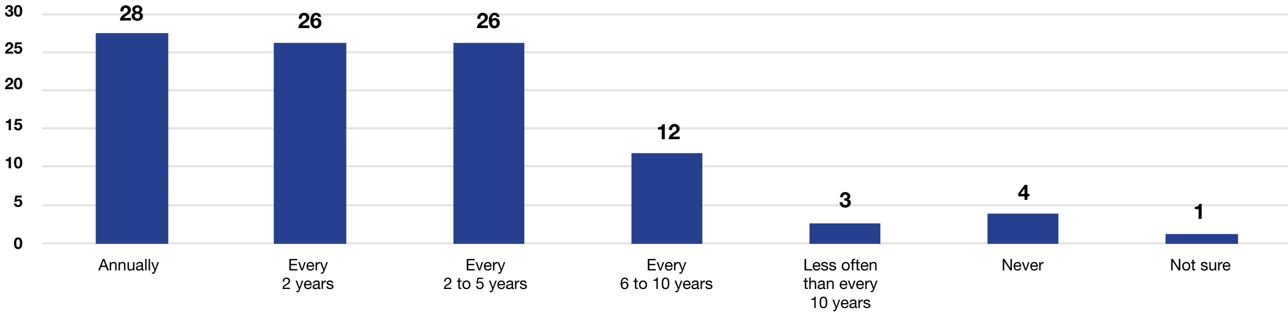
Umbrella



Similarly to what we have seen on administration fees and risk benefits, clients are choosing to review their investments every 2 or 2-5 years, rather than annually.

The number of respondents who review investments (including investment providers) annually decreased from 51% in 2006, and 41% in 2016 to 28% in 2016.

How regularly do you review invetsments



The next phase of evolution

While the past two decades have been characterised by significant structural and regulatory evolution, the industry is now at a point where the implications of these changes are beginning to unfold. The focus is progressively shifting from reform-driven transformation to the practical realities of delivering improved member outcomes within an increasingly complex system. Emerging themes – including holistic financial well-being, greater flexibility within retirement savings structures, and sustained engagement with long-term preservation – are expected to play a defining role in shaping the next phase of industry development.

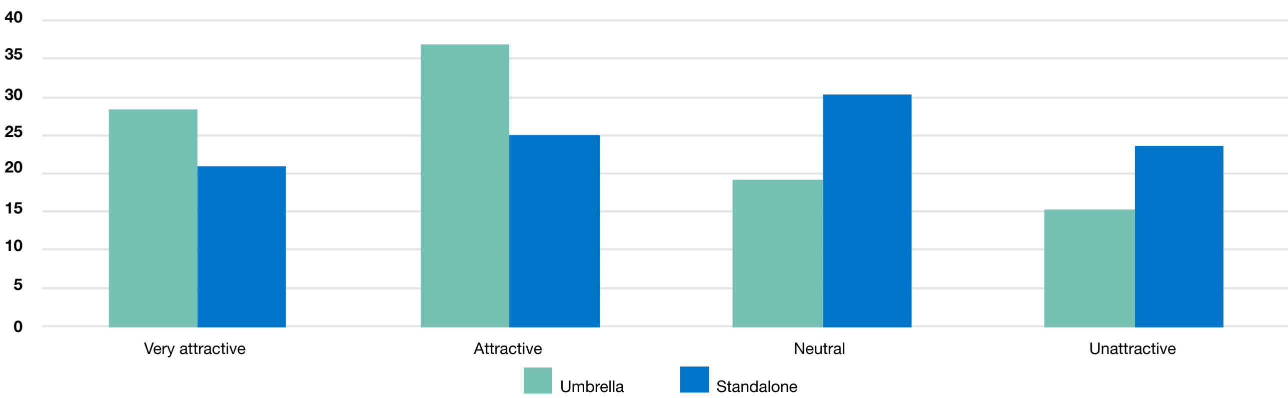
Wellness solutions

As part of the ongoing evolution of the Sanlam Benchmark™ Survey, we have expanded our line of questioning to explore perspectives on integrated wellness solutions.

Survey responses indicate a generally positive sentiment towards an integrated benefits offering that combines health, group risk and retirement benefits, particularly within the umbrella fund environment.

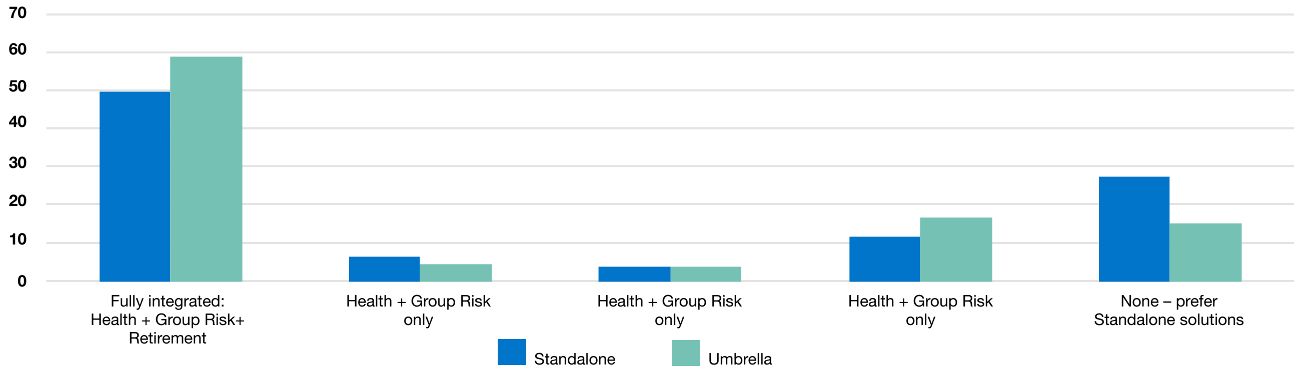
In the umbrella segment, 65% of respondents rated such an offering as either "very attractive" (28%) or "attractive" (37%), compared to 46% in the standalone segment (21% and 25% respectively). Standalone funds displayed a more cautious stance, with a higher proportion indicating neutrality (30% vs. 19% for umbrella funds) or finding the concept unattractive (24% vs. 15%).

How attractive would a single, integrated offering that brings together health benefits, group risk benefits and retirement benefits be for your fund/employer.



When considering the preferred scope of integration, the majority of both umbrella fund (59%) and standalone (50%) respondents identified a fully integrated model, combining health, group risk and retirement benefits, as the most compelling proposition.

If you could choose the scope of integration, which bundled proposition would be most compelling for your organisation?



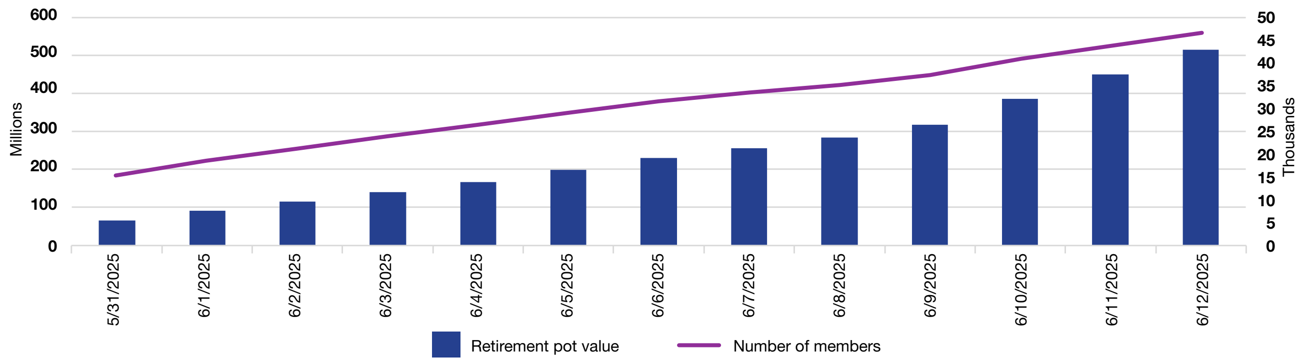
This points to a possible directional shift within the industry towards more holistic, ecosystem-based benefit solutions. As traditional product silos become less aligned with employer and member expectations, the momentum is increasingly moving towards integrated offerings that deliver seamless value across the employee lifecycle. This trend suggests that the future state of the market will likely be characterised by tighter alignment between benefit categories, more coordinated delivery models, and greater emphasis on overall well-being rather than discrete benefits – positioning integration as a defining feature of next-generation employee benefit design.

Impacts of the Two-Pot system

Considerable attention over the past two years has focused on the volume of withdrawals under the Two-Pot system. However, less attention has been given to the corresponding preservation dynamics that have emerged. While the introduction of a mandatory preservation component is achieving its intended policy objective, a parallel trend is becoming increasingly evident. Within the Sanlam Umbrella Fund, there has been a notable increase in the number of members retaining preserved retirement pots within the fund following the implementation of the system in September 2024, a trend that is expected to be consistent across other funds in the market.

These members are accessing the maximum permissible cash portion available to them at the point of resignation, while leaving only the compulsory preservation component invested in-fund. As a result, a growing proportion of members are accumulating multiple preserved pots across different providers as they change employers over time.

Sanlam Umbrella Fund in-fund members only with a retirement pot only



This fragmentation introduces a number of risks. Smaller, dispersed balances are more susceptible to fee erosion, potentially undermining long-term outcomes. In addition, each preserved pot remains subject to regulatory processes, including Section 37D considerations, which can increase administrative complexity.

These developments highlight the increasing importance of effective member guidance and advice. Supporting members to consolidate benefits where appropriate, maintain visibility over their accumulated savings, and make informed decisions will be critical in ensuring that the flexibility introduced by the Two-Pot system does not inadvertently compromise retirement adequacy.

From transformation to future impact

Taken together, the past two decades reflect an industry that has evolved with clear direction – towards greater consolidation, improved governance, enhanced cost efficiency, and stronger member protection. Yet, this period of significant structural progress also provides the foundation for a more complex and demanding next phase. As the focus shifts from implementing reform to realising its long-term impact, the central question becomes how effectively these developments translate into improved and sustained member outcomes.

The future of the industry will increasingly be shaped by its ability to integrate flexibility with preservation, simplicity with sophistication, and individual member needs with system-wide efficiency. In this context, the next phase of evolution is likely to be defined not by structural change alone, but by how effectively the industry harnesses innovation, integration, and behavioural insight to deliver more meaningful and resilient retirement outcomes.

Saving for your sunset years

A breakdown of retirement contributions and costs

Meghna Batohi
Actuarial Specialist
Sanlam Corporate: Investments

Saving for retirement might not always feel urgent, especially when there are more immediate financial demands on your wallet. But retirement is not a bridge you can cross when you get there.

In a time where people are expected to live longer, your retirement savings need to carry you through not only a much longer period, but also a period of higher costs of living, making planning ahead more important than ever.

So how much is being contributed to retirement funds, and is it enough? We unpack this through the lens of the Sanlam 2026 Benchmark™ Survey results.

Most retirement fund contributions come from both employers and employees, usually calculated as a percentage of pensionable salary. This typically includes fixed remuneration like salary or wages and excludes bonuses or overtime. For simplicity, all figures in this article are based on pensionable earnings (PEAR).

Standalone retirement fund contributions

Employer
10,7% of pensionable salary

Retirement fund

Employee
6,8% of pensionable salary

Are South Africans saving enough?

The increase in life expectancy makes it harder to save enough for retirement, as the finish line keeps moving.

56,9% **of umbrella fund respondents don't believe their fund's normal retirement age gives them enough time to build up sufficient savings to maintain their current lifestyle.**

32,3% **believe it is possible, but only if their contribution rates are high enough.**

Employer and employee contributions

In standalone funds, employers currently contribute about 10,69% of members' salaries on average, while employees contribute 6,75%. Employer contributions have increased slightly from 2025, but employee contributions have dipped, resulting in overall contributions staying roughly the same over the past year.

Umbrella funds show a similar trend over the past year, with total contributions still lower than those of standalone funds.

	Standalone		Umbrella	
	2026	2025	2026	2025
Employer contributions	10,69%	10,21%	8,00%	7,59%
Member contributions	6,75%	7,02%	6,09%	6,27%
Total contributions	17,44%	17,23%	14,09%	13,86%

Administration costs

Many funds still charge administration fees as a percentage of members' salaries.

48,7% of standalone funds and 60,0% of umbrella funds follow this approach.

Only 38,2% of standalone funds and 23,9% of umbrella fund participants opted for a fixed cost per member per month.

Only two standalone funds expressed their administration expenses as a percentage of the fund's assets.

Each method affects members differently. A fixed monthly fee might seem simple, but it can hit lower-income members harder. Charging a percentage of salary spreads the cost more evenly across members.

For standalone funds using a percentage-based fee, the average dropped to 0,45% in 2026 (from 0,71% in 2025). In fact, this is the lowest deduction since 2017. For standalone funds using a fixed cost approach, administration fees also fell to an average of R70,77, almost a 6% decrease from 2025.

Lower fees and lower deductions

Standalone funds see further decreases in 2026

Percentage-based fee
(as a % of fund value)

The average dropped to **0,45%** in 2026
(from **0,71%** in 2025)

This is the **lowest** deduction since 2017.

Fixed cost approach
(administration fee in Rand)

Administration fees also fell to an average of
R70,77

Almost a **6%** decrease from 2025.

Large standalone funds (with more than 10 000 members) using percentage-based fees benefit from economies of scale and pay a lower administration fee (0,49%) compared to smaller standalone funds (fewer than 500 members) which pay on average 0,62%.

Overall, the administration fees for umbrella funds (those using a percentage-based approach and those using a fixed cost approach) have come down compared to 2025, which is a positive change after several years of increases.

Total retirement savings

After combining employer and employee contribution rates of standalone funds, and deducting administration costs and risk benefits, the net percentage of PEAR going towards retirement savings is about 14,56% (in 2026).

This number can vary greatly from year to year, so it is helpful to look at longer-term trends. The table below shows the average retirement provisions for standalone funds over the past three and five reported years (2026, 2025, 2024, 2022 & 2021).

Over the past few years, larger funds (with more than 10 000 members) have generally delivered better outcomes. This is mostly because they benefit from higher employee contributions and lower overall deductions, while smaller funds experience higher deductions for life cover, disability cover, and administration costs.

	Average over past three years			Average over past five years
	All standalone funds	Funds with 10 000+ members	Funds with fewer than 500 members	All standalone funds
Employer contributions	10,30%	9,29%	9,61%	10,44%
Employee contributions	7,02%	7,19%	6,51%	6,95%
Deduction for life cover	-1,51%	-1,35%	-1,70%	-1,53%
Deduction for disability cover	-1,11%	-0,96%	-1,25%	-1,15%
Deduction for administration costs	-0,56%	-0,53%	-0,68%	-0,53%
Total provision for retirement	**14,14%**	**13,64%**	**12,49%**	**14,18%**

Group risk costs

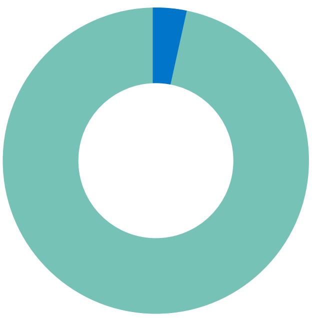
Employers handle risk benefits (group life and disability cover) cover in different ways.

27,76% provide risk benefits via their retirement funds

22,4% offer them under a separate scheme, and

about half use a combination of both.

On average, around 1,43% of pensionable salary goes towards life cover within retirement funds.



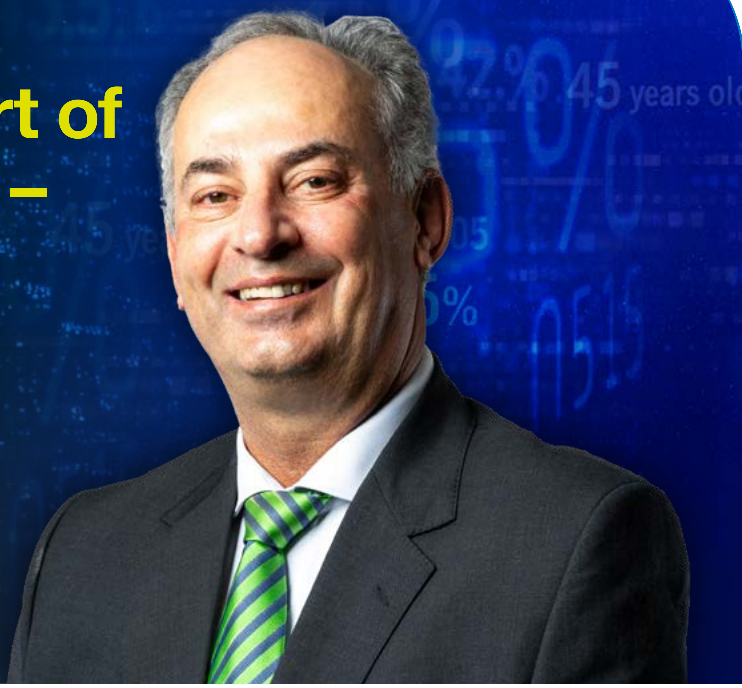
Conclusion

More than half of umbrella funds (56,9%) now believe that the standard retirement age isn't sufficient to build up enough retirement savings over members' working lifetime to maintain their standard of living in retirement, especially with the growing life expectancy.

This is a significant increase from the 2025 figure of 46,4%, showing growing concern.

With easier access to emergency savings, it is imperative to stay disciplined about saving for retirement, so that when it is time to cross the bridge into retirement it can be a peaceful transition, and not a fight for survival.

The most difficult part of saving for retirement – making sufficient contributions

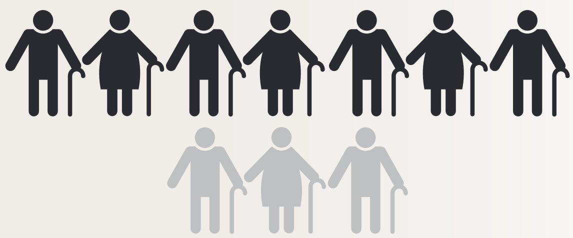


Dirk Oosthuizen
Head: Research and Principal Benefit Consultant
Simeka Consultants and Actuaries

You received the job offer with the prospect of a nice salary every month and a number of fringe benefits, including membership of a retirement fund. Is there a possibility to improve your cash flow even further? You negotiate with HR to increase your take-home pay by lowering your pensionable salary or contribution rate to the retirement fund. Income tax increases a little, but the extra rands in the bank account at the end of the month will close the gap in the monthly budget a little more – but at what cost?

In South Africa there is little prospect of a government provided pension in retirement except for the State Old-age Grant of R2 400 p.m. as in 2026. This grant will only be paid if you do not have sufficient means. Approximately 4,2m[1] of the 6,5m[2] South Africans over the age of 60 depend on this grant in their old age, i.e. more than 70% of South Africans over the age of 60. For many of those in employment this will be far from enough.

More than
70%
of South Africans over the age of 60
depend on the State Old-age Grant



In order to not fall into this poverty trap, the plan might be to build a business and sell it, or make a deal that would set you up for life, but for most that kind of windfall is very unlikely.

[1] National Treasury Budget Review 2026
[2] StatsSA National Census 2022

The plan for most of those in employment is to contribute part of their remuneration (+-15%) every month, for a long period of time (35-40 years) and earn adequate investment returns (CPI+5% p.a.) on average over this period of time. The three-point plan sounds easy enough, but are we snookering this plan already at service inception by choosing a low contribution rate thinking that we can make it up later?

Three-point plan for saving for retirement

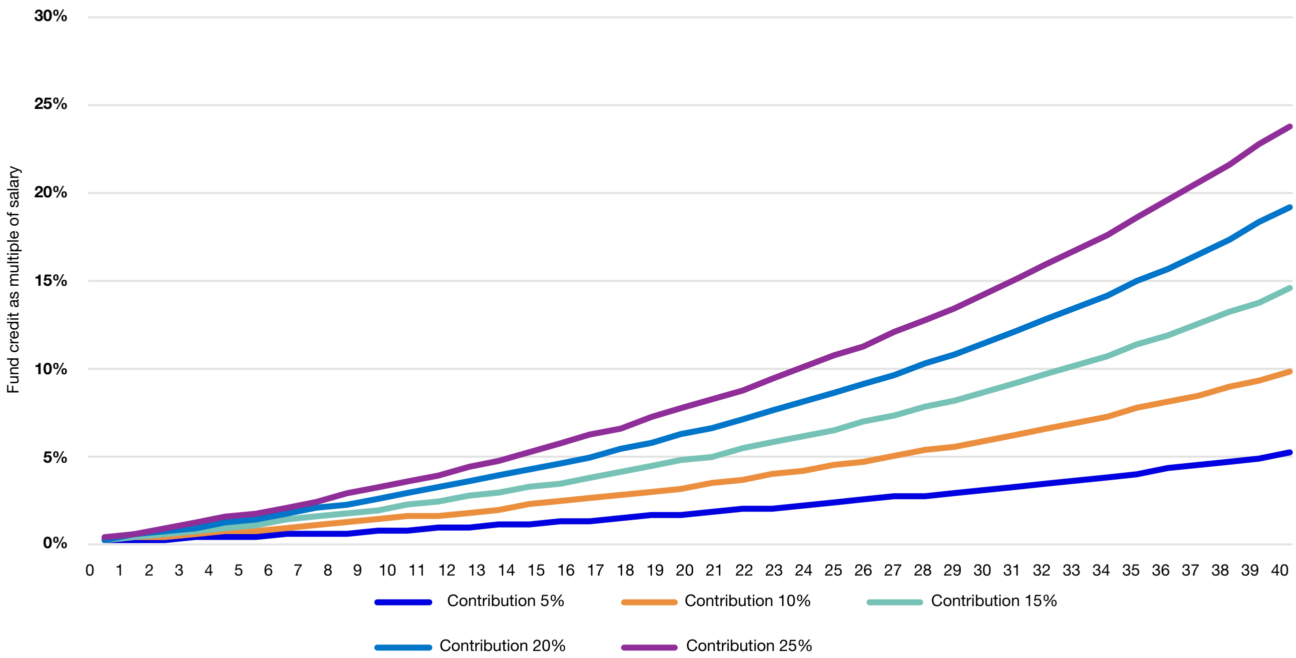
1. Contribute part of your remuneration **+-15%** every month
2. for a long period of time **35-40** years
3. earn adequate investment returns **CPI+5%** p.a.

It seems so, as in the Sanlam Benchmark™ Survey 2026 the contribution rate of a small number of large funds was 17,4%, but there is a worrying decline in reported contribution rates of participants in umbrella funds to 14,09%. What this percentage does not tell us, is on what part of total remuneration the percentage is applied to. More often, average effective contribution rates by retirement administrators are between 10% and 11% of pensionable salary.

With modern flexible remuneration packages employers often allow a lower pensionable salary than the total cost to company, making the effective contribution rate to the retirement fund even lower. This flexibility may be attractive to attract new employees, but is it not setting them up for failure in old age?

The retirement plan above requires significant financial discipline and patience over a long period of time. Very few new employees have the financial literacy to understand the impact of low contributions to retirement funds, especially with the effect of compound interest really paying off later in their working life. The effect of different contribution rates and the pay-off profile of the retirement plan really show results later in their career.

Development of fund credit as multiple of salary 4% real



Assumptions:

Investment return 8% p.a., salary escalation 4%, inflation 3% p.a. For a 75% Replacement Ratio, target multiple of 15 times of final salary.

The default regulations that have had a significant impact on retirement funds from 2019 did not address minimum contribution levels. It is understandable that this aspect was not addressed then, given the high rate of unemployment and low economic growth rate prevailing in South Africa. It therefore places a significant onus on employers and their consultants to ensure that an adequate contribution is made towards retirement savings from inception so as to at least give their employees a chance to save adequately for retirement.

There are significant income tax incentives for saving via a retirement fund in South Africa. The incentive at the time of making the contribution is often the only incentive mentioned. The other incentives of a tax-free investment return and potential benefits in estate planning are often not that well understood. These incentives for high earners have also been enhanced significantly by the changes in Section 10C of the Income Tax Act since 2025.

If you make contributions to a retirement fund in South Africa, you may deduct up to 27,5% of total income to a maximum of R430 000 p.a. from your income to calculate your taxable income.

You may deduct up to

27,5%

of total income to a **maximum of R430 000 p.a.**

These tax incentives are there for a good reason, as the country requires investment to achieve the economic growth required. South African household savings rates as a percentage of disposable income have been negative for some time. Government savings rates as a percentage of GDP have also been negative, with only corporate South Africa setting aside funds for future investment in the South African economy.

It is clear that average contribution rates to retirement funds are not sufficient to achieve financial freedom at retirement. This is true for those with lower salaries and those with higher salaries. To change and improve savings behaviour is going to take a significant collaboration between employees, employers, and their financial advisors.

It may not be easy but members of retirement funds will have to aim to increase net effective retirement fund contributions to at least 15% of total earnings early in their careers to retire comfortably.

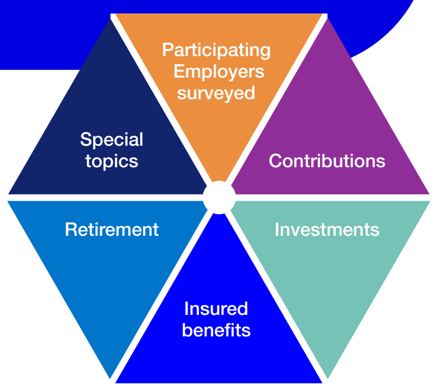
Employers can assist their employees in a number of ways to improve retirement outcomes, for example by:

- allowing employees to increase the part of total earnings that is pensionable;
- targeted member communication, especially when salary increases are due;
- regular replacement ratio statements; and
- increasing minimum contribution rates.

Umbrella funds – research overview

Nzwa Shoniwa
Managing Executive
Sanlam Umbrella Solutions

Now in its 18th year, the Sanlam Benchmark™ Survey continues to provide valuable insights into the evolving landscape of umbrella funds in South Africa. The 2026 edition surveyed 130 employers – up from the historical average of about 100. This broader base has enhanced the diversity of perspectives. The rise in umbrella fund participants also aligns with the increasing conversion of clients from standalone to umbrella structures.



Executive summary

- **Participating Employers surveyed**
  The 2026 sample reflects a diversified employer base with concentration in key sectors, led by Manufacturing, and Wholesale and Retail.
  It is also increasingly weighted towards larger employers with higher membership and asset sizes, enhancing the robustness and relevance of the survey insights.
- **Contributions**
  Contribution levels in 2026 show a modest recovery, driven by a small increase in employer contributions, although overall rates remain below historical levels, highlighting ongoing adequacy challenges. Encouragingly, improved cost efficiency has increased the proportion of contributions allocated to retirement savings, supporting better long-term outcomes despite relatively stable contribution behaviour.
- **Investments**
  Overall, the 2026 findings point to a maturing investment landscape characterised by stronger governance, increased use of defaults and life-stage strategies, and improving alignment with retirement outcomes. While these developments support better decision-making for members, further progress in areas such as ESG integration and holistic measurement (return, risk and impact) will be important to fully realise long-term value.

The 2026 findings on Trustee-endorsed annuity strategies point to a market where these annuity strategies are becoming more established, but are not yet fully optimised. Greater segmentation, improved member engagement, and clearer articulation of strategy design will be important to enhance utilisation and support improved retirement outcomes.

- **Insured benefits**

  The 2026 data reflects a more optimised and cost-conscious approach to risk benefits, characterised by stable benefit levels, modest reductions in costs, and increased flexibility in structuring arrangements. While these trends support improved efficiency, they also highlight an ongoing trade-off between simplicity, cost control, and the level of customisation available to members.

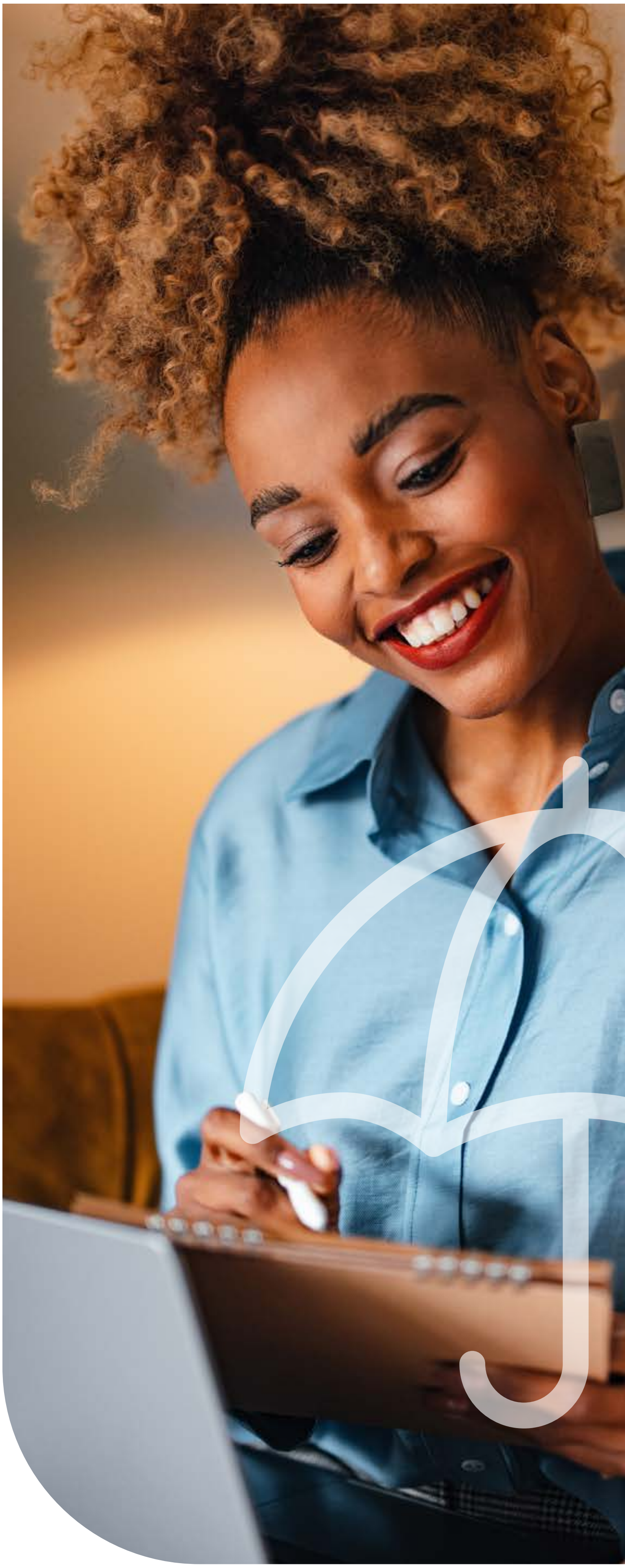
- **Retirement**

  The 2026 results highlight a disconnect between improving design frameworks and actual retirement outcomes. While there is clear progress in areas such as target setting and contribution alignment, concerns around contribution adequacy, member behaviour at retirement, and longevity risk indicate that further focus will be required to ensure members are able to translate these structures into sustainable retirement income.

- **Special topics**
  - **Two-Pot**

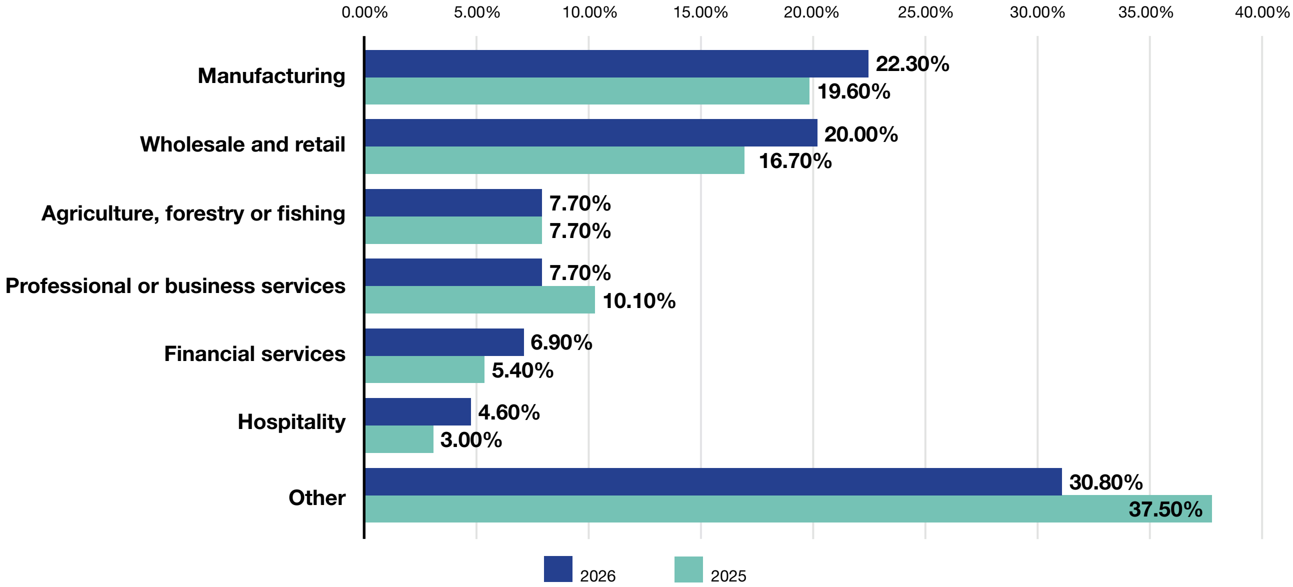
    The 2026 findings suggest that the Two-Pot system is successfully driving engagement, but not yet consistently improving long-term preservation outcomes. The results point to a growing need for targeted communication, and financial education and guidance to ensure increased access translates into better financial decision-making and improved retirement outcomes over time.
  - **Communication**

    The 2026 data suggests that while the infrastructure for effective member communication is largely in place, there is an opportunity to strengthen outcomes through improved data completeness, more integrated advice frameworks, and more consistent engagement across the member lifecycle.



Understanding the Participating Employers surveyed

Sector analysis



Most of the Participating Employers were active in the following sectors:

1. Manufacturing, accounting for 22,3% of employers – an increase from 19,6% in the previous year;
2. Wholesale and Retail, also representing 20%, up from 16,7% in 2025;
3. Agriculture, forestry, or fishing, comprising 7,7% of the total, remaining unchanged from the previous year;
4. Professional or business services at 7,7% – a decrease from 10,1% in 2025;
5. Financial Services, which saw an increase to 6,9% from 5,4%; and
6. The Hospitably sector, representing 4,6% – up from 3% in 2025.

Insight

The 2026 sample reflects a broad cross-section of industries, with a noticeable concentration in a core group of sectors. Manufacturing (22,3%) and Wholesale and Retail (20,0%) remain the largest contributors, together accounting for a significant portion of respondents. Compared to 2025, there has been a visible shift away from the “Other” categories (declining from 37,5% to 30,8%), alongside a relative increase in representation across the named sectors. This suggests that the 2026 sample is more concentrated. Sectoral movements year on year are generally modest, with most categories showing limited change, indicating a stable composition of participating employers while improving clarity in sector representation.

Membership analysis

The average membership per employer surveyed was 3 020 (2025: 863) between 20 and 300.

with 52% (2025: 65%) of the participating employers having a membership of between 20 and 300.

The remaining 48% (2025: 35%) of employers had more than 300 members.

The average value invested in an umbrella fund by a participating employer was R1.28 billion (2025: R397 million),

with 28% (2025: 33%) of employers having less than R50 million invested.

Insight

Taken together, these trends suggest that the 2026 sample is more weighted towards larger employers with more mature and sizeable retirement fund arrangements. This shift enhances the robustness of insights relating to scale, governance, and cost structures, while indicating continued consolidation within umbrella fund participation.

Contributions

The table below presents a multi-year overview of a company's employee and employer contributions to retirement funds, along with associated costs and provisions.

	2026	2025	2024	2022	2021	2019	2018	2017	2016	2015	2014
Employee contributions	6,1%	6,3%	7,1%	6,3%	6,3%	7%	5,5%	7,3%	7,1%	6,4%	5,6%
Employer contributions	8%	7,6%	8,5%	8,3%	9,4%	9%	8,4%	10%	9,5%	8,8%	8,5%
Total contributions	**14.1%**	**13,9%**	**15,6%**	**14,6%**	**15,7%**	**16%**	**13,9%**	**17,30%**	**16,60%**	**15,20%**	**14,10%**
Death benefit premiums	(1,5%)	(1,6%)	(1,6%)	(1,4%)	(1,2%)	(1,3%)	(1,5%)	(1,3%)	(1,3%)	(1,3%)	(1,6%)
Disability benefit premiums (PHI)	(1,1%)	(1,4%)	(1,3%)	(1,1%)	(1,1%)	(1%)	(1,1%)	(1,1%)	(1,1%)	(1,2%)	(1,2%)
Operating costs	(0,4%)	(0,6%)	(0,7%)	(0,6%)	(0,6%)	(0,7%)	(0,6%)	(0,7%)	(0,7%)	(0,8%)	(0,8%)
Total provision for retirement	**11,1%**	**10,3%**	**12%**	**11,5%**	**12,8%**	**13%**	**10,7%**	**14,2%**	**13,5%**	**11,9%**	**10,5%**

Insight

Contribution levels in 2026 show a modest recovery following the softer levels observed in 2025, although they remain below the peaks seen in earlier years. Total contributions increased to 14,1% (from 13,9% in 2025), driven primarily by a slight rise in employer contributions to 8,0%, while employee contributions remained relatively stable at 6,1%. Despite this improvement, overall contribution levels are still below the long-term averages observed between 2016 and 2021, indicating that contribution adequacy remains a key area of focus.

Encouragingly, the proportion of contributions allocated to retirement savings has improved, with total provision for retirement increasing to 11,1% (from 10,3% in 2025). This reflects a reduction in cost leakage, particularly through lower operating costs (0,4%) and a decline in disability (PHI) premiums (1,1%). Death benefit premiums remained broadly stable at 1,5%. The overall cost structure therefore shows a continued shift towards efficiency, allowing a greater share of contributions to be directed towards retirement outcomes.

Looking beyond the summary metrics, the underlying data highlights several important dynamics. Employer contributions continue to be concentrated in the mid-range bands (primarily 5% to 10%), with limited movement into higher contribution tiers. At the same time, member contributions remain heavily clustered between 5% and 7,5%, reinforcing the persistence of relatively conservative savings behaviour.

From a cost perspective, administration fees remain predominantly structured as a percentage of salary, with most funds reporting costs below 0,5% of pensionable salary. This suggests that, while costs are largely contained, there has been limited downward movement in headline fee structures, with improvements in overall efficiency being achieved through incremental reductions rather than structural shifts.

Overall, the 2026 findings point to a gradual improvement in contribution efficiency rather than a step change in contribution levels. While cost containment continues to support better retirement provision outcomes, the relatively stable (and still moderate) contribution rates suggest that achieving adequate retirement outcomes will likely require further attention to contribution adequacy over time.

Investments

In the recent survey, it was observed that 59% of employers (compared to 42% in 2025) provide their members with the option to choose their investments by providing member investment choice.

For 15% (2025: 16%) investment choice is determined by membership category.

In terms of this approach, members within certain categories may have the freedom to choose their investments, while those from different categories under the same employer may not.

Life-stage investment strategies now account for 72% (2025: 61%) of default or trustee choice portfolios as opposed to a single portfolio 28% (2025: 35%).

Of the Single Portfolio respondents, 53% (2025: 36%) describe the structure of the default as multi-managed.

Approximately 70% (2025: 72%) of funds with life-stage strategies report that these are explicitly aligned with their Trustee-endorsed annuity strategies.

Employers believed that it is important that products provide stable investment returns to all members to protect against the volatility of markets (73%)

and not just to blue-collar workers (9%) or members close to retirement (29%).

Nearly 60% of the 130 employers indicated that their default investment strategy is aligned with a target pension.

Only 22% (2025: 46%) of respondents require investment managers to incorporate responsible investment principles, such as ESG factors, active ownership, sustainability assessments, etc. into their decision-making.

A notable 76% would leave that up to their portfolio manager to decide.

Most employers measure investment performance in terms of returns (93%),

while fewer explicitly measure risk (61%) and impact (36%).

Insight

There is a clear industry preference for lifecycle-based investing, where portfolios are automatically de-risked as members approach retirement. The continued growth in life-stage adoption indicates a strengthening focus on improving member outcomes through structured portfolio design.

The strong alignment between investment strategy and retirement outcomes signals an integrated approach to the member journey from accumulation through to retirement. Default investment strategies aligning with a target pension further suggests increased coherence between investment design and long-term retirement objectives.

The measurement of investment performance indicates that multi-dimensional investment evaluation frameworks are not yet fully embedded.

Trustee-endorsed annuity strategy

A growing majority of employers (82%) in 2026, (up from 71% in 2025) do not differentiate annuity strategies across member categories.

Only 9% use demographic profiling (age/income), and 2% differentiate by employee type (e.g. professional vs. blue collar), indicating a general preference for uniformity in annuity offerings.

Top trustee-endorsed annuity strategies or structures	2026*	2025	2024*	2021*	2019*
Combination of different annuities	31%	22%	25%	44%	20%
Living annuity	27%	19%	26%	19%	61%
Guaranteed annuity (level or increasing at a fixed percentage)	24%	16%	22%	11%	14%
Inflation-linked annuity	9%	14%	19%	6%	14%
With-profit annuity	12%	8%	9%	7%	11%
Other	16%	15%	-	-	-
Unsure	12%	6%	22%	-	-

**The Survey allowed for participants to select more than one option.*

Insight

There is a modest shift towards in-fund (fund-owned) annuity solutions, particularly for guaranteed and living annuities. This suggests a gradual move towards more integrated retirement solutions within umbrella fund arrangements.

Member adoption of Trustee-endorsed annuity strategies continues to be an area of focus. The drivers of utilisation highlights that those behavioural factors, such as member understanding, advice, and perceived flexibility, are likely key influences on outcomes. This reinforces the importance of communication and engagement in supporting effective retirement decision-making.

Insured benefits

Less than half of the employers, 45% (63% in 2025) provide risk benefits as part of the umbrella fund package.

Provision via separate schemes has increased to 29% (from 17% in 2025), and combined approaches have also increased to 25% (from 13% in 2025).

The table below presents a comparison of various benefits across different years.

Benefit	2026	2025	2024	2022	2021	2019
Approved Death Benefit	2,9	2,8	3	3,1	3	3,1
Unapproved Death Benefit	3,2	3,1	3,5	3,5	3,5	3,1
Lump-sum Disability Benefit	2,3	2,4	2,4	2,3	2,3	2,8
Income Disability Benefit (replacement ratio)	75,9%	75,5%	74,8%	76,3%	76,3%	77,5%
Critical Illness (dread disease)	1,3	1,7				
Funeral Cover	18 798	25 612	26 323			

Flexible risk benefits remain relatively low at 16% (2025: 25%), with most employers indicating that benefit structures are standardised rather than member selectable.

Insight

Risk benefit provisioning shows a nuanced shift, with a lower proportion of employers relying solely on bundled (approved) umbrella fund risk benefits and a corresponding increase in the use of separate or combined arrangements. This indicates a degree of optimisation in benefit structuring, as employers balance cost considerations with benefit design flexibility.

The broader umbrella fund model, where simplicity and cost efficiency are prioritised, may limit the ability to tailor cover to individual member needs.

Retirement

The average normal retirement age for new entrants remains at 64, unchanged since 2024.

Forty-eight per cent (48%) of employers allow continued membership beyond this age, up from 42% last year, suggesting a loosening of post-retirement participation.

A growing number of employers are questioning the adequacy of the current retirement age: 68% believe age 64 is not sufficient for members to accumulate enough savings – significantly up from 54% in 2025.

This reflects ongoing concerns about longevity risk and the sustainability of retirement income.

About 51% of sub-funds have a stated target pension that trustees actively work towards – a sharp increase from 35% in 2025.

For those sub-funds that do have a target, the average replacement ratio is 68%, slightly down from 70% in 2025. About 71% (2025: 73%) have a default contribution rate (Employer and Employee) that is aligned with the stated target pension.

The 2026 data shows that a meaningful proportion (48%) of retirees continue to take a large share of their benefits as cash, effectively forgoing the opportunity to convert these savings into a sustainable retirement income through annuitisation.

Insight

There is an increasing concern around longevity risk and savings shortfalls. This seems to lead to a relatively balanced position (from an employer policy perspective) on post-retirement participation, with roughly half of employers allowing continued membership beyond normal retirement age. This suggests some flexibility in accommodating extended working lives, although it is not yet a universal practice.

Despite this progress in framework design, post-retirement behaviour remains a key concern. This reinforces the long-standing challenge of preservation and effective annuitisation at retirement.

Two-Pot system

The introduction of the Two-Pot system is beginning to show early signs of increased member engagement, although its broader behavioural impact remains mixed.

A majority of employers indicate that member engagement with retirement savings has improved following the introduction of the Two-Pot system. This suggests that providing members with controlled access to a portion of their savings is prompting greater awareness and interaction with retirement benefits, which has historically been a challenge across the industry.

However, the impact on preservation behaviour is less clear-cut. While some employers observe improved preservation when members exit employment, this is not yet uniform across the sample. This indicates that, although access to a savings pot may reduce the need for full cash withdrawals on resignation, it has not fully resolved the underlying tendency for members to access retirement funds prematurely.

There is also a notable degree of employer concern regarding how savings pot withdrawals are being utilised. This highlights a potential trade-off inherent in the system: while access improves engagement, it may also introduce behavioural risks if withdrawals are not aligned with genuine financial need or are used for short-term consumption.

Communication

The Benchmark™ 2026 results highlight continued progress in digital capability and member data availability, while also pointing to gaps in achieving fully integrated engagement and support across the member journey.

A clear positive trend is the strong adoption of digital access channels, with the majority of employers indicating that members are able to access retirement information through digital platforms. In addition, most employers confirm that members can transact digitally (including Two-Pot claims), reflecting growing operational readiness and supporting more immediate member interaction with their benefits.

However, data completeness remains an area of focus. While many employers report having mobile contact details for members, fewer indicate that they hold comprehensive beneficiary and dependant information. This gap has implications for effective communication, claims processing, and overall member servicing, particularly at critical life events.

The provision of financial advice and counselling remains mixed across the sample. While many funds have strategies in place, these are often supported through external providers rather than being fully integrated within the fund. Encouragingly, counselling is being offered at multiple points along the member journey, not only at retirement, indicating a broader recognition of the need for ongoing support. However, the variability in delivery models suggests that access and consistency of advice may differ across funds.

Importantly, the shift towards increased engagement (supported by digital platforms and the Two-Pot system) reinforces the need for more proactive and targeted communication strategies. As members engage more frequently with their savings, the role of communication is evolving from periodic disclosure to continuous guidance and behavioural support.

Ethical leadership helps shape member confidence

Joelene Moodley
Principal Officer
Sanlam Umbrella Fund

Confidence in retirement outcomes is built over time and depends on factors such as adequate contribution rates, investment strategies adopted, access to information, and sound governance. As retirement systems grow more complex and member choices expand, ethical leadership is emerging as a decisive factor in whether members trust the system enough to preserve, participate and plan for the long term. Ethical leadership should therefore not only be viewed through a governance lens, but also through the lens of impact: how trustee decisions shape member confidence throughout every stage of the retirement journey.

The 2024 Benchmark™ Survey findings highlighted that member confidence is closely linked to

trust

trust in funds, whether standalone or umbrella funds

trust in government

trust in decision-making

and **trust** that trustees and other retirement fund role players are acting in members' best interests.

Within the South African retirement landscape, where more than R5,8 trillion in assets is held for the benefit of over 18,6 million members, ethical leadership is no longer an abstract principle. It is a fundamental safeguard for members' long-term financial security. Members are required to make decisions based on the financial information provided to them, and those decisions influence confidence and behaviour – from setting appropriate contribution rates early in one's career, to maintaining healthy contribution rate behaviour while working and ultimately achieving retirement readiness later in life.

Members face difficult decisions

Early Benchmark™ Surveys placed the spotlight on good governance and trustee independence. Today, however, we are seeing the conversation deepen, to the growing relationship between ethical leadership and member confidence, in an environment defined by more choice, more complexity, and growing pressure on household finances. The narrative has thus evolved from what constitutes good governance to how governance behaviours influence member confidence and decision-making.

The 2026 Benchmark™ Survey revealed that employer contribution rates have remained static over the years at

10,69% for standalone funds and

8% for umbrella funds

Member contribution rates, on the other hand, have continued to decline in line with prior-year results, with rates for both standalone and umbrella funds hovering around 6%. This may be an indication of cautious confidence in retirement outcomes among both employers and members, driven by financial pressures and/or concerns about whether decisions are being made in their best interests.

In terms of service provider oversight, the Benchmark™ Survey highlighted that

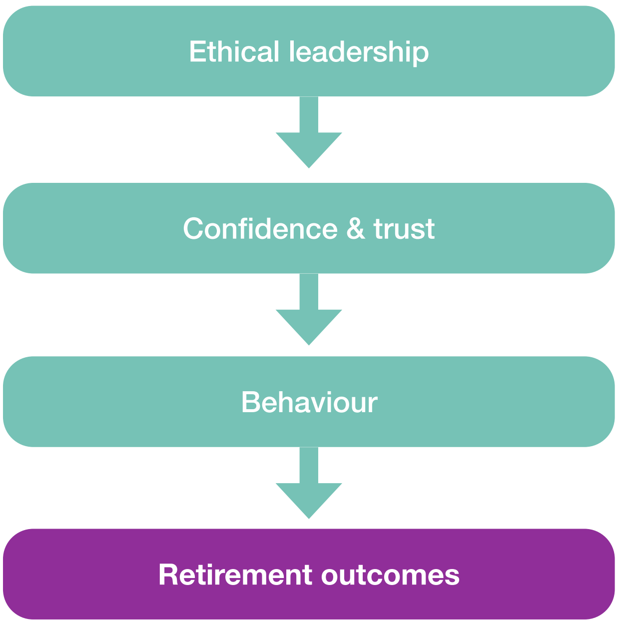
12% of standalone funds have never reviewed their retirement fund administration service provider and 4% have never reviewed their investment providers. In contrast, 17% of participants in umbrella funds indicated that they have never reviewed their retirement fund service providers.

The remaining respondents have reviewed their service provider arrangements every three years for standalone funds and every 2,6 years for umbrella funds. This gap in governance oversight is concerning and raises questions about whether members are receiving value for money. The findings call on retirement funds to place greater focus on performance, transparency, and member outcomes.

As part of the Benchmark™ Survey, respondents made up of fund trustees, principal officers, key fund representatives and retirees were interviewed about retirement readiness. Among standalone funds,

71% indicated that they have a stated target pension within their funds, compared with 51% of sub-funds.

When asked why some do not have a stated target pension, respondents indicated that it is difficult to calculate (9% of standalone funds and 12% of umbrella funds), while others indicated that it was difficult to understand (7% of standalone funds and 21% of umbrella funds). This suggests that communication and financial education offered to members may not be adequate, which creates a broader leadership challenge for trustees, namely building confidence through clearer communication. Communication campaigns should be centred on members' needs. Funds should assess the performance of their service provider arrangements regularly, actively monitor member rates, and ensure transparent disclosures around investment performance and fees.



Trust and ethical leadership matter more than ever

Trustees of retirement funds, who are seen as protectors of member benefits, play an important role in ensuring fund sustainability and member well-being. The Financial Sector Conduct Authority (FSCA), recognising the fiduciary role of trustees, has long advocated for the appointment of trustees who are skilled, experienced and independent. As early as 2010, Kobus Hanekom highlighted in the Benchmark™ Report the weight of statutory responsibility trustees hold in respect of retirement funds and their members, as well as its impact on member retirement outcomes. This responsibility has not diminished; if anything, it has intensified with the enactment of the King V Code of Good Practice in October 2025 and the expected promulgation of the COFI Bill later in 2026. These regulatory developments further echo the call for ethical leadership by trustees, the adoption of standards of honesty, integrity, and the avoidance of conflicts of interest in decision-making, given the scale of assets trustees steward, their impact on financial ecosystems, and members' long-term financial security.

Confidence influences behaviour

While regulatory developments continue to expose systemic weaknesses across industries, they also reinforce why ethical leadership remains essential. The Benchmark™ Survey revealed that members are aware of how retirement funds govern, communicate, and make decisions.

Members increasingly expect funds to be

transparent

responsive to their needs

and to act in their best interests across different life stages.

According to the Benchmark™ Survey, two thirds of respondents indicated that they require additional support from their retirement funds throughout their retirement journey, and not only at retirement, especially when it comes to financial advice and benefit counselling.

What would have helped members more	Members %
Earlier access to in-person financial advice	33%
Earlier access to retirement benefit counselling	33%
More education through workshops, roadshows, and seminars	30%
Earlier intervention that I was not saving enough	27%
Video content explaining my options	3%
Employer to make all my retirement decisions for me	3%
Employer should not have allowed me to borrow from my fund	3%
None	33%

Furthermore, respondents stated that their main considerations when making retirement decisions were the level of guaranteed monthly pension they would receive at retirement and the amount they had accumulated in retirement savings.

Factors influencing retirement decisions	Members %
Wanted a guaranteed monthly income for life	53%
How much I had in retirement savings	50%
My health status at retirement	37%
If my income would increase with inflation	33%
How much I need as a monthly income	27%
How much tax I had to pay	27%
Flexibility and control over retirement savings	23%
My debt levels at retirement	17%
Provision for family members on death (e.g. spouse's pension)	13%
Living annuity so that capital reverts to my estate on death	10%
Fees and charges associated with the annuity product	7%
How long I expect to live	3%

Confidence shapes behaviour across life stages. Members approaching retirement seek reassurance that retirement fund governance structures are protecting their interests and maintaining the adequacy of their savings. At each of the life stages, trustee decisions relating to communication, administration fees, service provider oversight and investment governance have a direct bearing on member behaviour and retirement outcomes.

Communication still comes too late.

If behaviour shapes retirement outcomes, then communication must do more than inform, it must build understanding early and consistently. The Benchmark™ Survey revealed that standalone funds make use of advisers who are paid for or subsidised by the fund to provide financial advice to members. Umbrella funds, by contrast, tend to make use of the administrator and/or an advisor who is also paid for or subsidised by the fund. Regarding benefit counselling, the Benchmark™ Survey found that

72% of standalone funds and

66% of umbrella funds provide benefit counselling on request.

While the findings confirm that members have access to financial advice and benefit counselling, it may still tend to be too late and/or too narrow, with support concentrated around key exit events rather than channelled throughout a member's retirement journey.

Methods of counselling	Employer funds %	Umbrella funds %
We offer in-person counselling on request	72%	66%
We offer telephonic counselling	67%	65%
Paper-based counselling or information	41%	25%
Members can email questions to a counsellor	38%	44%
We refer members to an advisor to provide counselling or advice	36%	56%
Other (WhatsApp, SMS, group sessions, information on the website)	3%	2%

When counselling is provided	Employer funds %	Umbrella funds %
At retirement	80%	86%
At retrenchment	61%	54%
On joining the fund/ sub-fund	55%	57%
At resignation/ dismissal	54%	60%
When a Two-Pot withdrawal is requested	21%	38%
Five years prior to retirement	16%	8%
On demand	3%	5%
Other (1, 3, 6, 7, 8, 10, 15 years before retirement, every year, throughout their career)	13%	11%

Written communication remains the dominant source of retirement information, with

60% of members indicating that they rely on written material received from retirement funds and/or the employer.

Interestingly roadshows, workshops and seminars also appeared to be a preferred source of retirement information.

Information sources members rely on	Members %
Written information from retirement fund/employer	60%
Written information (letters/leaflets) from my bank	30%
Retirement benefit counsellors	27%
Workshops/roadshows/seminars by fund/employer	20%
General information search on the internet (Google)	17%
Websites of financial companies/ annuity providers	10%
Social media (YouTube, Facebook, etc.)	7%
Specialist financial magazines (Financial Mail etc.)	7%
Can't remember	3%

Retirement funds should therefore be asking whether members are being engaged effectively on their changing retirement needs and whether that engagement is consistent throughout the retirement journey. Addressing this question can strengthen member-first leadership and improve communication. Members can then be better informed of the benefits of receiving unbiased financial advice and appropriate benefit counselling.

The Benchmark™ Survey findings further suggest that the future role of trustees will increasingly involve creating confidence-building ecosystems that combine good governance, effective communication, financial education and advice throughout the member's retirement journey, rather than engaging members only shortly before retirement. Retirement funds led by ethical, member-centric leaders help drive transparent, accurate and trustworthy engagement. They ensure governance decisions made today influence not only operational effectiveness, but also how members engage with retirement savings in the future.

Finally, *Confidence through the Ages* is not built through communication initiatives and campaigns alone, but through consistent leadership behaviour, and accountable governance and decisions that place member retirement outcomes first. It has been seen that when member confidence wanes, member engagement declines and decision-making can become reactive and short-term focused.

Ethical leadership therefore extends beyond compliance and governance. It is a critical influence on member behaviour and helps drive improved retirement outcomes across every stage of the retirement journey.

How smart is your investment strategy?

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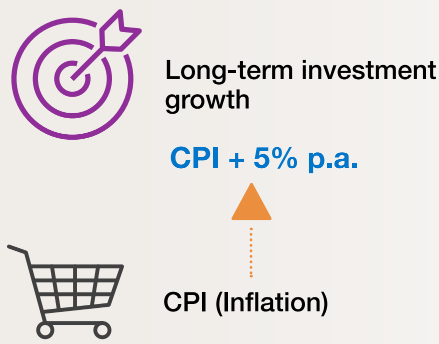
Setting a suitable investment strategy for a retirement fund is one of the most important responsibilities entrusted to retirement fund trustees. For many retirement fund members, their retirement assets form the bulk of their lifetime wealth, meaning that decisions taken by trustees have a direct and lasting impact on members' financial security and retirement outcomes.

Setting a long-term investment objective is an important first step

An investment strategy should ultimately be judged on whether it helps members achieve sustainable retirement outcome, not just short-term returns. Funds, guided by their investment consultants, establish suitable long-term investment objectives designed to deliver sustainable retirement income outcomes. These objectives are set having regard to contribution levels and the period over which members contribute.

While some retirement funds may meet their objectives through investing in off-the-shelf pre-designed portfolios from investment managers, this article focuses on cases where trustees elect to build a tailored investment strategy specifically designed to reflect the unique characteristics of their funds. It explores how the use of modern investment approaches can add value to an investment strategy and consequently benefit members' long-term investment outcomes.



A common approach is to target returns that exceed inflation over time – for example, aiming to achieve

CPI + 5%

per annum over the long term.

Long-term strategic asset allocation (SAA) is a major driver of long-term investment outcomes

Once an investment objective has been established, trustees set long-term strategic asset allocation. The allocation represents a broad mix of asset types needed to achieve the objective at acceptable levels of risk.

In practice, this means allocating to:

- growth assets, such as equities and property for long-term growth;
- bonds and cash for stability and income;
- offshore assets to provide diversification and access to broader global opportunities beyond the local market; and
- alternatives assets, such as private markets and/or hedge funds, for diversification.

To implement the long-term strategic allocation, trustees can take advantage of modern investment approaches to enhance their members' investment outcomes while optimising their investment governance budget. These approaches are outlined below.

When deciding on an asset strategy, it is useful to consider both indexation and active strategies

The discussion has evolved from whether actively managed strategies are better than indexation strategies, to how retirement funds can optimally blend both types. Actively managed strategies provide opportunity for excess performance and management of downside risks, while indexation strategies can provide a useful anchor to benchmarks in a cost-effective manner. By combining the two, retirement funds can build portfolios that are both cost efficient and capable of generating excess returns, with indexation forming a stable core and actively adding value where it is most likely to succeed.

However, the Sanlam Benchmark™ Survey shows indexation remains underutilised, with only 6% of umbrella funds using it.

Leveraging portable alpha to strengthen portfolio construction beyond traditional active and indexation approaches

Portable alpha strategies enable funds to enhance returns by combining efficient market exposure with targeted outperformance generation. These are established strategies that allow trustees to maintain cost-effective market exposure, often through derivatives, while separately accessing additional return opportunities through specialised, uncorrelated strategies.

For example, a fund can hold a global equity index for market exposure, while allocating to a reliable excess return generator (often called the excess return engine). In this way, portable alpha improves diversification, capital efficiency, and risk-adjusted returns, making it a valuable tool within a smart investment strategy.

Alternatives can provide further diversification and act as an impact lever

Alternative investments offer access to additional return drivers beyond traditional markets. These include investment in asset classes such as:

- unlisted equity;
- unlisted debt;
- infrastructure debt;
- infrastructure equity; and
- hedge funds.

They enhance diversification and can also act as an impact lever, supporting economic development while targeting returns.

According to the Sanlam Benchmark™ Survey, just over half of standalone funds (53%) allocate to alternative assets.

The primary motivation is return enhancement (89%), although some funds also allocate to support the South African economy (35%), generate social impact (33%), or improve diversification (23%).

For those that do not invest in alternatives, several barriers remain. These include the operational burden of due diligence, contracting, and ongoing monitoring (45%), high minimum investment requirements (26%), the complexity of private market investments (23%), illiquidity (19%), and, in some cases, reliance on investment managers to make allocation decisions (19%). Funds should explore innovative solutions in the market that have been designed to address these barriers and democratise access to alternative investments as a result.

Smoothing and capital protection mechanisms can reduce volatility while allowing funds to meet their targets

Smoothing and capital protection mechanisms can be used as:

- a standalone allocation;
- a portfolio building block;
- a derisking tool near retirement; and/or
- a building block in post-retirement member investment strategies, where volatility of negative returns has an adverse impact on members' retirement income, say on living annuity solutions.

The Sanlam Benchmark™ Survey indicates that these strategies remain relatively underutilised, with only 14% of umbrella funds and 7% of standalone funds making use of them.

Their primary role is to reduce volatility and protect accumulated savings from market shocks, leading to more stable and predictable outcomes over time.

Responsible investing has become a key part of modern portfolio construction

By integrating responsible investing, including Environmental, Social and Governance (ESG) factors, funds can better identify long-term risks and opportunities, supporting more sustainable and resilient returns. Funds also have an opportunity to create measurable impact through their investments, whether in listed or unlisted investments. The key is for funds to be able to measure impact and develop strategies on how desired impact can be driven.

The Sanlam Benchmark™ Survey shows widespread use of multiple investment managers (or multi managed portfolios) when implementing investment strategies

Having multiple investment managers is particularly suitable for retirement funds as it:

- improves diversification across investment managers and investment styles;
- reduces reliance on a single investment manager, as no single investment manager can outperform all the time; and
- enhances consistency of outcomes.

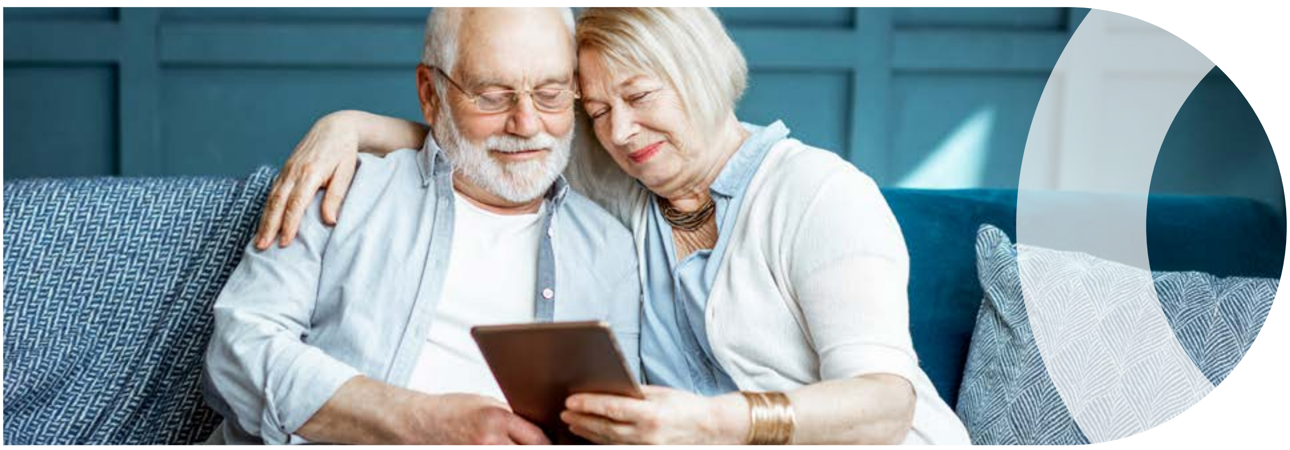
For trustees, this leads to more stable returns and improved alignment with long-term objectives.

Building a smart investment strategy is not about relying on any single approach, but about bringing together a series of deliberate, well-aligned decisions.

Conclusion

The true measure of a successful strategy is not how sophisticated it is, but how effectively it is aligned with the needs of members and the realities of the fund. By combining investment approaches geared for growth, diversification, risk management, and impact, trustees can build portfolios that are not only robust across market cycles, but also better positioned to deliver sustainable retirement outcomes.

Ultimately, a smart investment strategy is one that is purpose-driven, well-governed, and continuously refined, with a clear focus on improving the financial security of members at retirement.



Beyond the 60/40:
Why private market and indexation strategies are redefining retirement portfolio construction

Duma Mxenge
Head: Business and Market Development
Satrix
and

Ashley Daswa
Senior Investment Specialist
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The Sanlam Benchmark™ Survey reveals a telling divide. Just over half of standalone funds allocate 89% to alternative assets for return enhancement, a third for South Africa's economic development, and a third for social impact. Private market investments are being asked to do more than generate alpha; they are being asked to help build a country. And yet nearly half of standalone funds still do not allocate at all.

The barriers are telling:

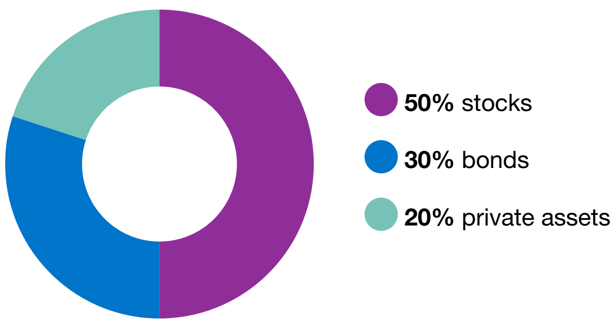
- **45% are deterred by the due diligence and monitoring burden,**
- **26% by high minimum investment thresholds,**
- **23% by complexity, and**
- **19% by illiquidity concerns.**

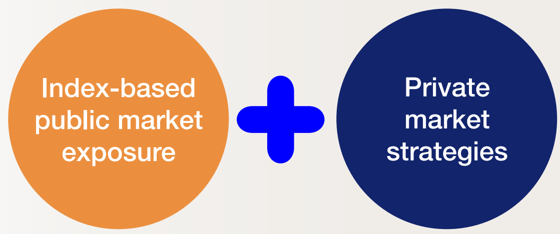
These are not irrational objections; they are the honest operational realities of funds that lack the scale or governance infrastructure to access private markets independently. This is the central tension in South African retirement fund investing today, and it is one that thoughtful portfolio construction can resolve.

The case for combining public and private markets

The Johannesburg Stock Exchange has evolved into a more concentrated, high-quality market of approximately 251 listed companies – offering investors efficient, liquid exposure to South Africa's most established businesses. The listed market is naturally concentrated among its largest constituents, though index methodologies such as the FTSE/JSE Capped ALSI actively address this by limiting the weight of any single company, ensuring pension funds maintain regulated, diversified exposure across the broader market. Yet the listed market represents only a fraction of the broader economy; over 80% of economic activity and job creation happens in unlisted businesses. Public and private markets are therefore complementary, not competing – each capturing a different dimension of economic value. As Larry Fink noted in his *2025 BlackRock Annual Letter*, the future standard portfolio may look more like 50/30/20 – stocks, bonds, and private assets.

The future standard portfolio





By pairing index-based public market exposure with private market strategies, pension funds can access the

full breath of the economy,

not just the visible tip.

The origination premium: more than illiquidity

According to the Hamilton Lane 2025 Market Overview, private credit has outperformed public markets for 23 consecutive years, while private infrastructure has done so for 12 straight years. Over a 10-year horizon, private equity has delivered significantly better returns than global public indices, with private infrastructure outperforming handily across the same period. But this return premium is not simply compensation for illiquidity; it is an **origination premium**, earned by providing bespoke capital for long-dated, complex projects that public markets cannot service. A public market manager can only buy what already exists; a private markets manager must originate what it structures. While recent US public market returns have been driven by a narrow group of large-cap, AI-focused companies not represented in private portfolios, Hamilton Lane notes this concentration makes the case for diversification into private markets more compelling, not less. As Basel III has made long-dated illiquid lending increasingly unattractive for commercial banks, the opportunity set for private capital continues to expand. Specialist asset managers have stepped in to fill the gap and South African retirement funds, with the right governance structure, are well-positioned to benefit.

Highlights

23 years of private credit outperformance

12 years of private infrastructure outperformance

Higher 10-year returns than global public indices

Origination premium, not just illiquidity premium

Private managers create opportunities rather than simply buying existing assets

Basel III has expanded opportunities for private capital

South African retirement funds can benefit with the right governance structure

Sequencing the solution: governance, diversification, and access

The January 2023 Regulation 28 amendments raising the infrastructure limit to 45% and the private equity limit to 15% provide the regulatory headroom to act. But regulatory permission alone does not solve the operational and governance challenges the Sanlam Benchmark™ Survey respondents identified. This is where **a multi-manager programme management approach** becomes essential.

Investing in private markets through a dedicated programme manager – one that conducts ongoing due diligence – builds a diversified portfolio across asset classes, geographies, vintages, and managers, and provides consolidated governance reporting that directly addresses the barriers that keep funds on the sidelines. Rather than trustees attempting to evaluate multiple private market managers independently, the programme manager assumes that fiduciary burden, delivering a robust governance framework, genuine diversification across the private market spectrum, and a material reduction in operational complexity.

Five layers working together to democratise private market investing

This approach is further strengthened by pairing the private market allocation with a low-cost, indexation investment strategy and/or index-tracking ETF sleeve providing broad, liquid market exposure at significantly lower cost, with fee savings offsetting private market management fees and the liquid sleeve acting as a structural buffer for capital calls, member inflows, and cash drag.

Critically, a **life wrapper** structure removes the final barrier: minimum investment size. Through a life wrapper, even smaller pension funds can access a fully diversified, Regulation 28-compliant portfolio combining passive public market efficiency with a multi-manager private market programme with no prohibitive minimum threshold. This is what democratising access to private markets looks like in practice. The two-pot retirement system, effective 1 September 2024, further strengthens the case: by ring-fencing short-term member liquidity in a defined savings pot, the retirement pot is now structurally better suited to tolerate the illiquidity that private markets require.

A dual mandate the industry is already embracing

The Sanlam Benchmark™ Survey makes it clear that South African pension funds are not only asking whether alternatives can enhance returns, but they are also asking whether they can do so while contributing to national development. Infrastructure investments in renewable energy, water, and telecommunications directly address South Africa's most pressing development priorities. Private credit to SMEs creates jobs. Private equity in mid-market South African businesses builds local ownership and resilience.

For principal officers, asset consultants, and boards of trustees, the path is clear: the governance, diversification, and access barriers that have historically prevented participation can now be addressed deploying capital where it matters most – into the infrastructure, businesses, and communities that define South Africa's economic future.

Sources:
- *FSCA 2023 Pensions Statistical Report*
- *Hamilton Lane Guide to Private Markets 2025*
- *Larry Fink (BlackRock) Annual Chairman's Letter 2025*
- *National Treasury Regulation 28 Amendment, 2022*
- *Sanlam Benchmark™ Survey 2025*
- *Thinking Ahead Institute Global Pension Assets Study 2025.*

From responsible investing to measurable impact:

Closing the gap between intent and outcomes

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The South African retirement fund industry has moved decisively beyond the question of whether responsible investing matters. Today, the focus is no longer on intent, but on execution. Across the market, retirement funds increasingly recognise that integrating environmental, social and governance (ESG) considerations enhances investment decision-making and strengthens long-term outcomes.

The 2026 Sanlam Benchmark™ Survey confirms that this conviction is firmly established. Among retirement funds that explicitly require responsible investment principles, **there is near-universal agreement that ESG integration improves investment decisions**. However, the data also reveals an important structural reality: while belief is widespread, implementation varies significantly depending on resourcing and readiness.

Standalone employer retirement funds are far more likely to require their asset managers to incorporate responsible investment principles

with 57% doing so (and as high as 76% among superfunds)

compared to just 22% of umbrella sub-funds

The remainder largely defer these decisions to their asset managers. This divergence highlights a key insight: the main barrier is not philosophical resistance, but differences in readiness and resourcing. Many retirement funds continue to defer these decisions to their asset managers as a result.

From intent to measurement

Responsible investing reflects intent; the associated measurement reflects execution outcomes and their long-term impacts. Encouragingly, measurement itself is not the constraint. The Sanlam Benchmark™ Survey shows that:

99% of employer funds and

94% umbrella fund participants

measure their investments across,

return **risk** and/or **impact dimensions**

Measurement is therefore already embedded as standard industry practice.

However, a deeper look reveals an important imbalance in what is being measured, with most funds (across both employer and umbrella funds) measuring

investment return

followed by

risk

but a significantly fewer number look at

impact

at all.

This highlights a familiar pattern: while financial metrics are well established, standardised, and consistently applied, impact metrics remain less mature and less consistently embedded into the investment process. This is not a finding unique to South Africa. Evidence from a review of the environmental, social and governance reporting among global pension plans and a proposed reporting framework, presented by Anderson et al. At the Actuarial Society of South Africa’s 2024 Convention, highlights that impact monitoring remains underdeveloped across most jurisdictions. Funds continue to face challenges in demonstrating real-world outcomes and in embedding monitoring across the full investment value chain, from portfolio construction and asset manager behaviour through to broader societal impact. This distinction between measurement and monitoring is becoming increasingly important.

Measuring impact is a necessary step. Monitoring it and using that information to inform decisions is where true progress lies.

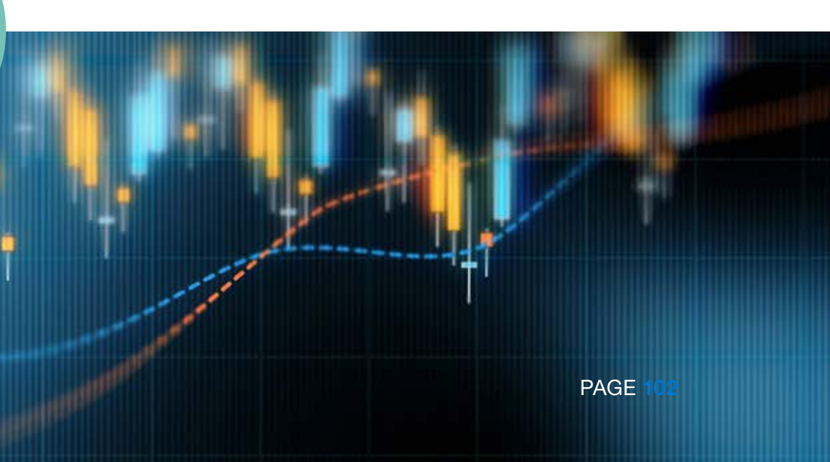
Impact as the third dimension of investment performance

Historically, investment frameworks have been rooted in the principles of the Efficient Market Hypothesis (EMH) or focused exclusively on the relationship between risk and return. This approach has shaped decision-making and portfolio construction, emphasising performance metrics that prioritise financial outcomes while largely excluding other dimensions such as impact.

Consequently, the industry has traditionally depended on established, standardised approaches to evaluate risk and monitor returns, maintaining these as fundamental criteria for determining investment performance. Impact enhances this framework by incorporating an additional dimension: it considers the broader effects that investments have on the economy, the environment, and individuals' lives.

This shift is already visible in portfolio` construction. According to the Sanlam Benchmark™ Survey, just over half of stand-alone funds allocate to alternative assets primarily to enhance returns, but also to support broader economic and social outcomes. These investments introduce additional complexity such as illiquidity, longer time horizons, and more intensive due diligence.

The challenge is not whether to pursue impact, but how to measure it consistently.



Rethinking risk and return

Return

Return remains the primary objective, and impact is not a substitute for performance, but an additional dimension of value. Rather than accepting lower financial yields, responsible investing aims to generate competitive, risk-adjusted returns while measuring tangible benefits to society and the planet. Long-term financial performance ultimately depends on stable environmental and economic systems, making responsible investing a driver of fundamental economic value.

Risk

At the same time, the concept of risk is being reframed. Traditional risk metrics such as volatility, duration, and credit exposure remain essential, but they are no longer sufficient on their own. Investments linked to real economic outcomes such as infrastructure, renewable energy, and social assets introduce additional layers of complexity, including execution risk, regulatory dynamics, and measurement challenges. However, they also offer structural advantages: diversification benefits that are less correlated with public markets, inherent inflation protection through contractual or tariff-linked revenues, and the potential for stable, long-term income streams.

Importantly, these characteristics can strengthen portfolio resilience.

By anchoring returns in real economic activity rather than purely financial market movements, such investments could enhance downside protection while aligning capital with broader developmental objectives. The result is not a departure from fiduciary discipline, but an evolution of it – one that integrates return, risk, and impact into a more holistic framework for long-term value creation.

Measuring impact is not simply about reporting. It strengthens decision-making, validates intent, and improves accountability.

The industry already has the foundation in place.

Conclusion

The shift towards impact is not a departure from fiduciary duty, but an extension of it. Retirement funds that can measure what matters, alongside what performs, will be best positioned to deliver resilient, long-term outcomes.

This journey begins with the development of a robust impact measurement and monitoring framework, supported by current data, appropriate tools, and clear governance processes. Such a framework should be embedded within portfolio management practices and integrated into the oversight responsibilities of relevant investment committees.

A growing range of data-driven tools is available to support this process, enabling the integration of sustainability, ESG, and responsible investment metrics, the consolidation of data across multiple systems, and the generation of multidimensiona insights aligned with investment objectives and relevant global standards.

The opportunity now is for the retirement fund sector to execute on their convictions with greater clarity and consistency.

The next step is to refine and standardise approaches so that impact can be assessed as rigorously as risk and return.

This will help narrow the gap between the prevailing responsible investing intent and the comprehensive execution needed to capture its broader effects.

Sources: Sanlam Benchmark™ Survey 2026

Anderson, J., Devlin, P., Leicht, C., Probst, C., Das, K., Durgaparsad, K., & Dokie, Y. (2024). *A review of the environmental, social and governance reporting among global pension plans and a proposed reporting framework.* Presented at the Actuarial Society of South Africa's 2024 Convention.

Navigating the next phase of sustainable finance and the imperative for measurable impact

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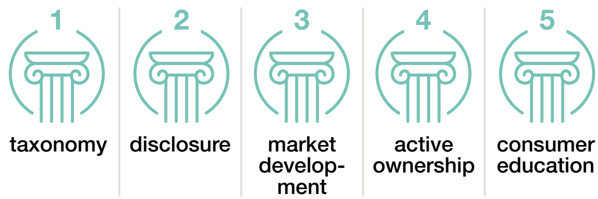
South Africa's sustainable finance agenda is entering a more mature and consequential phase. The Financial Sector Conduct Authority (FSCA) is moving the market beyond principles into **implementation, measurement and supervisory oversight.** At the same time, global evidence suggests that while awareness of environmental, social, and governance standards (ESG) is widespread, actual disclosure, measurement and integration remain uneven and incomplete.

This tension between ambition and reality defines the current moment for trustees, advisers and asset owners.

Building the architecture for sustainable finance

The FSCA Sustainable Finance Programme of Work began in 2023 to align the country's financial system with global environmental, social, and governance standards as well as national climate commitments. The goal is to integrate ESG considerations into mainstream financial decision-making, enabling credible capital flows into sustainable activities. (Financial Sector Conduct Authority, 2026)

Structured around five pillars – taxonomy, disclosure, market development, active ownership and consumer education – the initiative is now progressing into practical implementation, with increasing expectations for transparency, governance and accountability.



This progression mirrors global trends. Research shows that **regulatory intervention is the single most important driver of consistent ESG disclosure**, with voluntary adoption alone proving insufficient to scale reporting quality (Anderson, Devlin, Leicht, Probst, Das, Durgaparsad, & Dokie, 2024; Global Impact Investing Network, 2023; Organisation for Economic Co-operation and Development, 2022).

It was important for South Africa to design its own framework, one that is nuanced for our local realities and geography. The FCSA has also taken a more consultative and supervisor-driven approach coupled with a gradual roll-out. Clearly incorporating lessons from other countries, most notably the EU, where the implementation of sweeping sustainability regulations had to be adjusted to provide more time and guidance and ensure clarity and feasibility (European Commission, 2024).

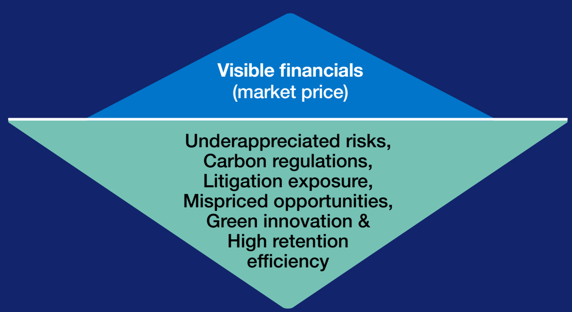
Investing reframed: risk, return and *impact*

The evolution of sustainable finance is fundamentally about expanding the investment framework. Traditional investment models focus on risk and return, but investors are increasingly asking that impact and externalities be incorporated.

Evidence from global pension fund research highlights several critical gaps (Anderson *et al.*, 2024):

- **Climate risks are still not fully priced into global equity valuations**, creating misaligned asset pricing.
- **ESG ratings are highly inconsistent**, with correlations between providers ranging only from **0,38 to 0,71**.
- **Most investment strategies still operate within a narrow risk/return paradigm**, failing to fully incorporate systemic sustainability risks.

These findings reinforce a central point: sustainable investing is not about sacrificing returns, but about better recognising risks and opportunities that are currently underappreciated or mispriced.



Moreover, all investment has a real-world impact, yet this impact is often opaque and poorly measured, limiting investors' ability to influence outcomes (Anderson et al., 2024).

Measurement and monitoring: the industry's largest gap

Within global disclosure and reporting practices, the foremost challenge confronting sustainable finance today is the issue of measurement. The Sustainability Reporting Index provides valuable insight into how pension funds globally are performing. The results are instructive – and concerning (Anderson *et al.*, 2024):

- The **average overall sustainability reporting score is just 37%**,
- **Climate change disclosure** at a median score only **27%**,
- **Nature and biodiversity** effectively absent at **1%**, and
- **Governance and strategy at 48%**, indicating partial but inconsistent integration.

Even more striking is the lack of depth behind reported policies:

- While ESG policies are often present, evidence of monitoring effectiveness is largely absent.
- Impact monitoring scores are low globally, suggesting difficulty in demonstrating real-world outcomes.
- Scenario analysis and stress testing – critical for systemic risks such as climate change – are rare outside leading markets.

Without credible measurement and monitoring, sustainable investing risks remain aspirational rather than actionable. This directly aligns with the FSCA's focus on disclosure, reporting and assurance as a critical pillar.

The Green Finance Taxonomy: progress with practical challenges

South Africa's Green Finance Taxonomy represents a foundational development in addressing these challenges. By defining what constitutes "green" economic activity, it aims to improve comparability, reduce greenwashing, and support capital allocation.

The FSCA-led pilot has highlighted practical realities:

- **Data constraints and system limitations** are major barriers to implementation.
- Financial institutions face challenges in applying criteria such as **"Do no significant harm"** and social safeguards.
- Early adopters, however, are strengthening governance and improving reporting readiness (Anderson et al., 2024).

These findings are mostly consistent with global experience. The research shows that **lack of data, skills and standardisation** is a core reason why ESG is not yet fully embedded in investment decision-making (Anderson *et al.*, 2024).

Nevertheless, certain practical challenges must be addressed within specific contexts, such as South Africa's concerns with the EU-based principles of "Do no significant harm" and "Minimal Social Safeguards." Such adaptations are foreseeable and can be effectively addressed.

Once refined, the taxonomy will therefore play a critical role, not as a compliance exercise, but as a **common language for capital allocation and accountability** – anchoring our domestic market and benchmarking it against the international market while ensuring local development objectives and priorities for a just transition.

Market development and active ownership: influence beyond allocation

The FSCA's work also extends into shaping market structure and behaviour.

Global evidence underscores the importance of asset owners in driving change. Retirement funds are influential asset owners that can set the tone for the investment value chain. This means using their rights as an investor – through engagement, voting and oversight – to influence companies to manage risks better and deliver stronger long-term outcomes. Their approach to ESG directly influences corporate governance, disclosure and capital allocation practices (Anderson et al., 2024).

However, the research also reveals that ESG integration is often **only disclosed where legally required**.

The FSCA's emphasis on **active ownership and stewardship** is therefore critical in shifting markets from passive compliance to **active influence**.

The South African picture: progress with significant gaps

Benchmarking results from the 2024 Sustainability Reporting Index for South and Southern Africa specifically demonstrate the importance of the FSCA's programme:

- South Africa ranks highest in the region, reflecting stronger governance frameworks.
- However, **overall disclosure levels remain low**, with most areas showing significant room for improvement.
- **Climate change and biodiversity disclosures are consistently weak**, with minimal evidence of integration into decision-making.
- Crucially, **monitoring and effectiveness measurement are largely absent**, even where policies exist (Anderson *et al.*, 2024).

Perhaps most concerning is that there is **no evidence that climate risks are incorporated into actuarial valuations or funding projections**, reflecting a material blind spot, given the long-term nature of pension liabilities (Anderson *et a*l., 2024).

This directly reinforces the FSCA's "climate-first" approach to disclosure and the need for **integration into financial models, not just reporting frameworks**.

The Prudential Authority's guidance on climate-related disclosures for retirement funds and insurers, along with the implementation of a corporate sustainability disclosure requirement in alignment with IFRS S2 for large, listed entities (FCSA, 2026), signals clear and constructive steps towards establishing essential regulatory direction.

The above, together with the phasing-in of disclosure expectations over time, reflects vital prudence and measure to the implementation.

What trustees and advisors should be looking for

In this evolving landscape, trustees and advisors must move beyond surface-level ESG assessments. Key focus areas include:

1. **Substance over policy**
   The presence of ESG policies is no longer sufficient. Evidence of implementation, monitoring, and measurable outcomes is critical.

2. **Alignment with emerging standards**
   Funds should demonstrate alignment with IFRS S1 and S2, TCFD and emerging TNFD frameworks, and the South African Green Finance Taxonomy.

3. **Measurement frameworks**
   Given that the average reporting score is only 37%, robust measurement frameworks are a differentiator. Trustees should look for clear KPIs and targets, portfolio-level impact metrics, and transparent reporting on outcomes.

4. **Scenario analysis and resilience**
   The limited use of scenario analysis globally highlights a key opportunity. Funds should stress test portfolios against climate scenarios, as well as integrate these insights into asset-liability management.

5. **Active ownership credibility**
   Evidence of engagement strategies, voting behaviour, and outcomes achieved is becoming central to fiduciary responsibility.

From disclosure to insight-driven decision-making

The FSCA's road map marks a critical inflection point for sustainable finance in South Africa. The direction is clear: **greater standardisation, deeper measurement, and stronger accountability.**

However, global evidence shows that the industry still has much ground to cover despite progress, and ESG risks are not fully priced. In the market, disclosure is still inconsistent, impact is poorly measured, and systemic risks are under-integrated. The next phase must therefore focus on **turning data into useful insights that drive decision-making.**

For trustees and advisors, the mandate is evolving. It is no longer sufficient to ask whether ESG is considered. The question is now: **Is sustainability meaningfully embedded in how risk is assessed, capital is allocated, and outcomes are delivered?**

Those who can answer this convincingly will not only meet regulatory expectations, but will also be better positioned to deliver resilient, long-term outcomes in an increasingly complex investment landscape.

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Anderson, J., Devlin, P., Leicht, C., Probst, C., Das, K., Durgaparsad, K., & Dokie, Y. (2024, November 20–21). *A review of the environmental, social and governance reporting among global pension plans and a proposed reporting framework.* Paper presented at the Actuarial Society of South Africa's 2024 Convention, Cape Town International Convention Centre, Cape Town, South Africa.

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Organisation for Economic Co-operation and Development, 2022.

Why more institutions are turning to Outsourced Chief Investment Officer partnerships

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Sanlam Corporate: Investments
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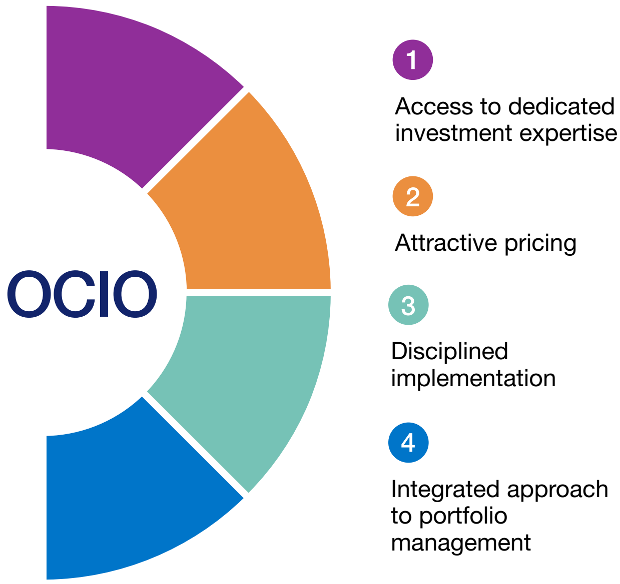
Preanka Naidoo
Head: Corporate Investment Solutions
Sanlam Investments Multi-Manager

For institutions managing complex portfolios, investment success depends on more than returns alone. Boards, trustees, and investment committees must also navigate governance obligations, regulatory demands, oversight of asset managers' strategies and long-term accountability to beneficiaries. This is why the Outsourced Chief Investment Officer, or OCIO, model is gaining traction: it offers institutions access to dedicated investment expertise, attractive pricing, disciplined implementation, and a more integrated approach to portfolio management.



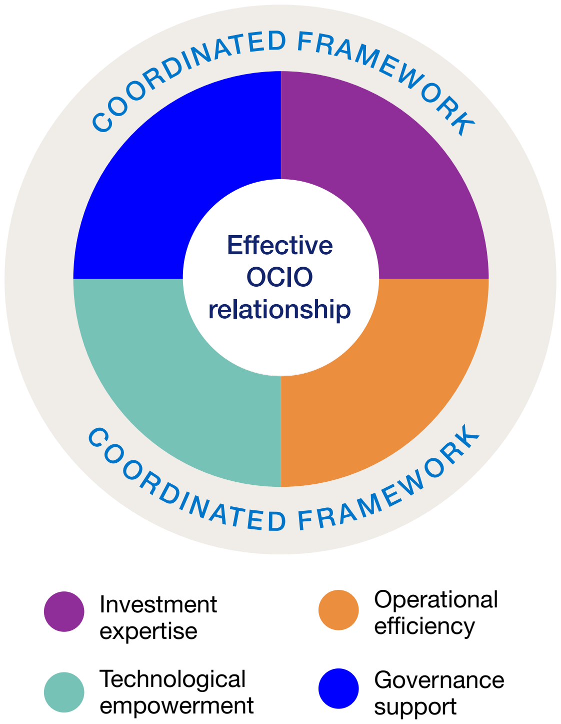
Within **Sanlam Corporate Investments**, the OCIO capability is positioned as a dedicated investment management solution for institutions seeking a deeper partnership.

The model enables organisations to define their mandate and governance requirements while delegating selected investment responsibilities to an experienced partner with the research depth, portfolio construction capability, and governance discipline needed to manage evolving institutional portfolios.

The growing case for the OCIO model

Institutional investing carries significant responsibility. Committees are expected to make sound asset allocation decisions,appoint and monitor managers, evaluate risk, remain alert to market changes, and demonstrate sound governance practices at every stage of the investment decision-making process. As these demands increase, many institutions find that the traditional governance model can become stretched, particularly when internal time, specialist skills, and operational capacity are limited.

An effective OCIO relationship helps address this challenge by combining investment expertise, operational efficiency, technological empowerment, and governance support within a coordinated framework.



Rather than replacing institutional oversight, it is designed to strengthen it.

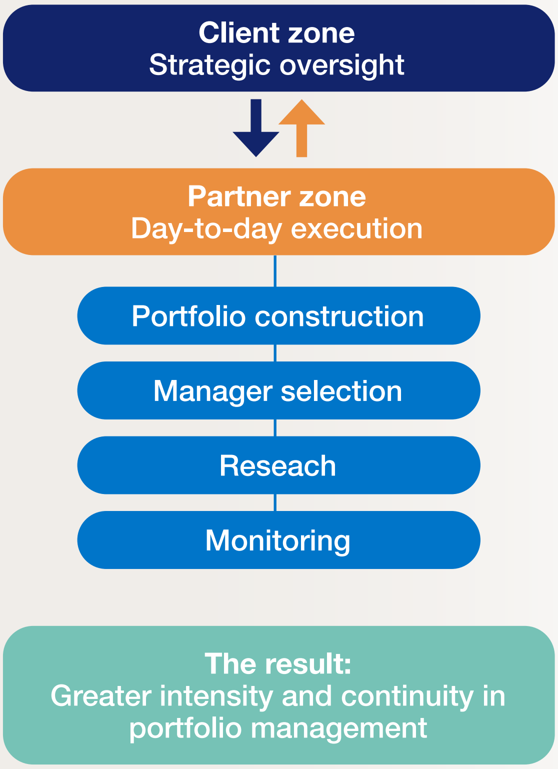
The institution retains strategic accountability and control over mandate design, while the OCIO partner supports ideation, execution, monitoring, reporting, and ongoing portfolio evolution.

At its core, the OCIO model is about enabling better decisions through expertise, structure and alignment.

Sanlam Corporate Investments is partnering with Sanlam Investments Multi-Manager, which has a strong track record of managing OCIO mandates. The Sanlam Investments Multi-Manager investment approach draws on extensive skills in investment strategy, manager research and selection, market research, and portfolio construction to create bespoke solutions aligned with specific client needs. The OCIO framework is aligned with the team's strengths: identifying high-quality asset manager strategies, combining them effectively, and structuring portfolios around clearly defined outcomes.

What does it mean in practical terms for a Board of Trustees?

This means an institution can set the mandate, objectives, and governance framework, while the OCIO partner takes responsibility for implementation within those agreed boundaries. The result is a model in which strategic oversight remains with the client, but day-to-day portfolio construction, manager selection, research, and monitoring are handled with greater intensity and continuity. This is especially valuable for institutions that want a partner capable of operating as an extension of the investment committee. Instead of relying on episodic input, they gain access to a more continuous research and decision-support process that can respond to market developments, governance priorities and portfolio risks in real time.



The Benchmark™ Survey of 2026: key findings

89% of Retirement Fund Boards of Trustees appoint an external investment consultant, and 64% of standalone funds prefer to develop their own investment solutions with an investment consultant.

This clearly indicates that institutions rely on an advisor's expertise. The OCIO model is well positioned to meet this need by combining strategic advice with implementation capability, enabling institutions to develop investment solutions tailored to their specific requirements in collaboration with their trusted advisor.

7 in 10 standalone funds' investment portfolios are on an investment platform that consolidates investment administration and reporting.

The majority of clients prefer simplifying, especially from a governance and compliance perspective. Again, the OCIO model, coupled with the governance, compliance, and strength of the Sanlam balance sheet, meets this demand from Boards of Trustees.

Just over half of standalone funds (53%) allocate to alternative assets – mainly to enhance returns, but also to drive impact and diversification.

The survey also revealed that institutions that do not allocate to alternative assets are deterred by the work involved in due diligence, contracting and monitoring (45%), the high minimum assets required (26%), the complexity of private markets investments (23%), the fact that private markets are illiquid (19%), or because their investment managers make the decisions (19%).

Through an OCIO model housed in a Sanlam Life policy, funds of any size can access less liquid assets (including private markets, hedge funds, and portable alpha strategies) more easily – with reduced trustee governance burden, appreciation that a comprehensive due diligence has been performed and the ability to access these offerings due to pooling across investors.

The majority of standalone funds in South Africa allocate to alternatives

– and the OCIO model makes this easier by simplifying access to private markets and supporting performance objectives while enabling measurable positive ESG impact in South Africa.

What defines the approach?

Adaptive

Institutional environments do not stand still; a well-designed OCIO solution must respond to changing market conditions, funding realities, risk budgets, and stakeholder priorities without losing sight of the long-term mandate.

Disciplined

Strong outcomes depend on rigorous market and manager research, careful portfolio construction, and repeatable decision-making frameworks. This discipline helps institutions move beyond ad hoc responses and towards a more consistent investment process grounded in evidence and accountability.

Srategic

Long-term vision matters, but so does practical implementation. An effective OCIO partner helps institutions translate purpose, objectives, and governance requirements into workable portfolios that align with the intended outcomes.

Supportive

Governance and reporting are not peripheral to institutional investing; they are central to it. Transparent reporting, clear service models, and structured oversight help simplify complexity and provide boards and committees with the information they need to make confident decisions while maintaining accountability. Sanlam Investments Multi-Manager has a dedicated team with years of experience and a proven track record to support investors.

Impactful

Diversified institutional portfolios should aim not only for strong risk-adjusted returns but also for alignment with broader sustainability, transformation, and inclusive growth objectives. In this sense, impactful investing is not separate from disciplined investing; it is part of how long-term value is created and protected.

Ultimately, portfolios are only as strong as the expertise and governance discipline behind them. A credible OCIO partner therefore needs both investment insight and the organisational infrastructure to translate that insight into sustainable, risk-aware outcomes.

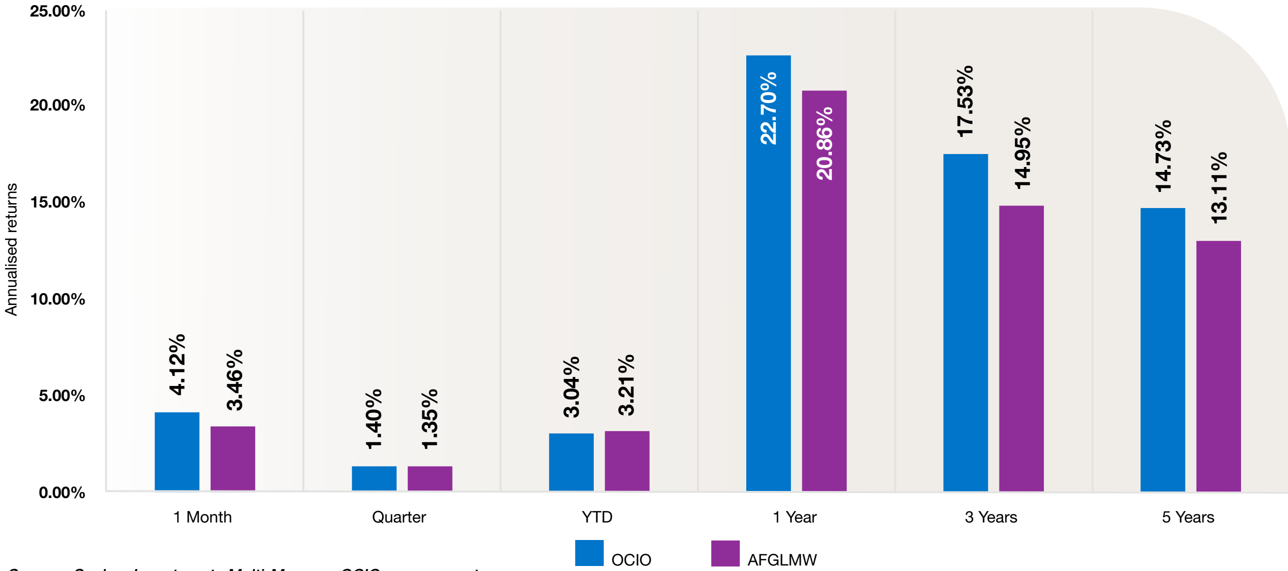
Customisation remains central. Each solution should be designed around the institution's specific mandate, preferences and governance framework rather than fitted into a generic product set. This is one of the defining promises of the OCIO approach: a partnership model shaped around the client's needs, not the other way around.

Confidence through structure, expertise and partnership

Institutional investing is becoming more demanding. For many organisations, the OCIO model offers a practical way to meet complexity with stronger research, better implementation support, and more structured governance. By combining manager research, portfolio construction, and oversight capabilities, Sanlam Corporate Investments and the Sanlam Investments Multi-Manager team will work in partnership with the client's trusted advisor to deliver tailored investment thinking and disciplined execution.

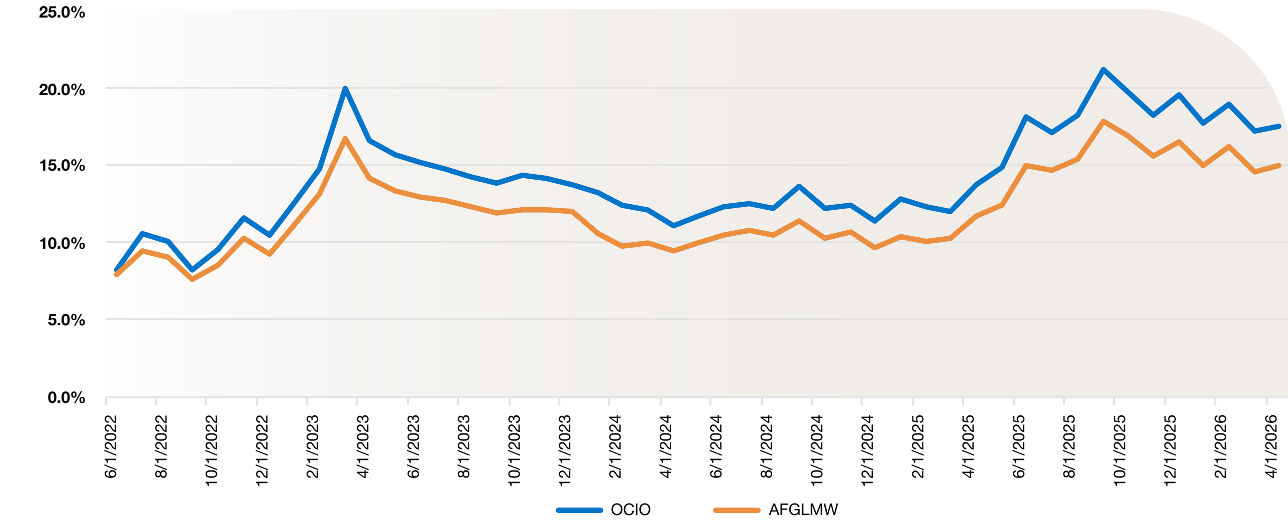
The Investment Performance comparison (April 2026) below illustrates just this:

Performance (gross of fees)



Source: Sanlam Investments Multi-Manager OCIO arrangement

Rolling 3-years annualised performance



Source: Sanlam Investments Multi-Manager OCIO arrangement

Making investment plain sailing

Danie van Zyl
Head: Smooth Bonus Centre of Excellence
Sanlam Corporate: Investments

During May this year, the Cape lived up to its nickname, the "Cape of Storms", as it was battered by a succession of severe weather systems and intense cold fronts. The stormy conditions led to port closures and forced commercial vessels navigating the Cape Sea Route to push further out to sea or drastically reduce speed to safely navigate the volatile passage.

Financial markets behave in a similar way. They naturally move through periods of calm and turbulence, and at times experience severe "storms", such as the recent disruption linked to the Strait of Hormuz. However, volatility does more than affect portfolio returns – it also affects investor behaviour. As markets become more volatile, investors tend to feel more uncertain, become more risk sensitive, and are more likely to make emotionally driven decisions rather than disciplined long-term ones. As a result, focus often shifts from long-term retirement goals to short-term performance.

In this year's Benchmark™ Survey, more than 70% of umbrella fund clients indicated that stable investment returns that protect against market volatility are important for members – consistent with the 2024 result.

Why smoother returns matter in volatile markets

Returning to the storm analogy, investing through volatile markets can feel like being on a small boat in rough, choppy seas: every rise and fall feel sharp and unsettling, making it difficult to navigate and increasing the risk of going off course at the wrong moment. In these conditions, it becomes harder to stay balanced and committed to the journey.

By contrast, a long, smooth rolling swell still rises and falls, but the movement is more stable, predictable, and easier to ride. This steadier experience helps one remain calm and continue progressing towards the destination.

Smoothing investment returns works in a similar way. It does not remove market fluctuations altogether, but it helps reduce the impact of short-term shocks on the investment journey.

From a client perspective, smoother returns can therefore add value beyond performance alone. They can create a more stable investment experience, reduce the likelihood of emotionally driven decisions, and support better long-term outcomes, especially for investors nearing retirement or drawing an income, where the timing of losses matters more.

In other words, smoothing does not make the sea flat – it makes the waves more navigable. In calmer conditions, progress is steadier and more predictable, improving the likelihood of reaching your financial destination.

How retirement funds can mitigate emotional decision-making

Well-crafted default investment strategies can help reduce the variability of member outcomes, particularly for “decision avoiders” who may feel overwhelmed by complex choices.

1 Align the journey with the outcome

Position and frame the investment strategy as part of a clear journey towards retirement.

In the Benchmark™ 2026 Survey, 85% of standalone funds indicated that their life-stage strategy is explicitly aligned with a trustee-endorsed annuity strategy (up from 41% in 2017).

By clearly linking the investment strategy to the end goal – a sustainable income in retirement – members are more likely to remain focused and less distracted by short-term market noise.

2 Provide meaningful milestones

Regular progress indicators can reassure members that they are on track, or highlight where adjustments may be needed. The value of reassurance, particularly during volatile periods, should not be underestimated.

3 Incorporate smoothing where appropriate

The psychological safety that comes with smoother investment returns removes the urge to panic-sell during market downturns and helps members stay invested and stick to their long-term plan – all of which are critical to achieving better retirement outcomes.

Conclusion

Market volatility does not only affect returns – it also affects behaviour. When markets become choppy, retirement fund members may become anxious and react emotionally, often making decisions that undermine long-term outcomes.

This is why smoothing can be so valuable. The difference between rough, choppy seas and a steady ocean swell is not the absence of movement, but the ease of navigating it. In the same way, smoother returns can help investors stay calm, stay invested, and stay on course, ultimately enabling more members to retire with confidence.

Retirement reality check: Why one income strategy is no longer enough

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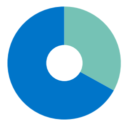
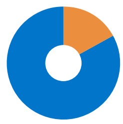
Retirement is often associated with reduced spending, but healthcare tells a very different story. As people age, medical needs increase and, unlike discretionary expenses, healthcare cannot simply be scaled back. It becomes one of the largest and least flexible components of retirement spending. Yet many retirement income strategies still assume all expenses behave in the same way and, increasingly, that assumption is proving costly.

Sanlam Benchmark™ Survey 2026 data highlights the consequences already unfolding:

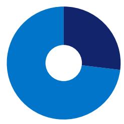
Thirty-three per cent (33%) of retirees remain on the same level of private medical cover.



Seventeen per cent (17%) downgrade their cover.



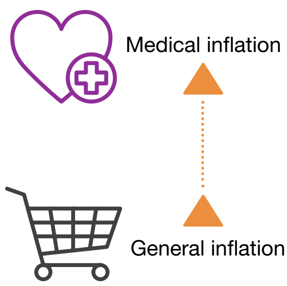
Twenty-seven per cent (27%) abandon private cover and rely on the state.



The remainder depend on a partner's plan or has never had cover at all.

This is not merely a behavioural shift; it reflects a growing financial constraint.

At the same time, medical inflation in South Africa continues to outpace general inflation by between **3%** and **6%** per year.



Over time, this gap compounds significantly, placing increasing strain on retirement income.

Medical aid contributions frequently increase by 10% or more annually and can double roughly every five years at higher escalation rates. Over a multi-decade retirement, healthcare costs can come to dominate overall spending.

The capital required to sustain this is substantial, often requiring several million rand to fund lifetime medical aid contributions.

A couple retiring at ages 60 and 55, for example,

may need between R3,5 million and R4,5 million just to cover medical aid premiums over their lifetime, assuming a monthly medical aid contribution of

R5 000

This creates a structural challenge that is frequently underestimated: healthcare inflation follows a very different trajectory to other living costs, yet most retirement income strategies do not.

The traditional approach, a single escalating life annuity, remains popular for good reason. It is simple, predictable and easy to understand. However, it rests on a critical assumption: that all expenses increase at roughly the same rate.

In reality:

- **Basic living costs** tend to track general inflation.
- **Healthcare costs** rise materially faster.

This mismatch develops gradually. In the early years of retirement, income appears sufficient and spending remains manageable. Over time, however, healthcare costs begin to consume a disproportionate share of income. The result is a subtle but persistent erosion of financial flexibility, ultimately placing pressure on a retiree's standard of living.

A more effective strategy recognises that different expenses behave differently and aligns income accordingly. This requires moving beyond a single income stream towards a structured combination that matches income growth with specific expense types:

- **Core income** to support essential living expenses;
- **Healthcare-linked income** that keeps pace with above-inflation medical costs; and
- **Flexible income** to absorb shocks and accommodate lifestyle needs.

This structured approach better reflects real-world spending patterns and creates a more sustainable framework for long-term financial security.

Beyond financial efficiency, this approach delivers meaningful behavioural advantages by introducing clarity and purpose into retirement income planning. When each income stream is clearly defined, retirees can more easily understand and manage their finances, distinguishing between income that covers everyday living and income that is specifically allocated to healthcare. This clarity encourages stronger financial discipline, reducing the likelihood of overspending or misallocating funds. It also alleviates emotional stress, as knowing that healthcare costs are specifically provided for creates greater confidence, control, and peace of mind. This transforms a complex financial concept into a practical and easy-to-follow strategy.

The split annuity strategy therefore offers distinct advantages over a single escalating life annuity. It provides more targeted protection against real-world cost pressures, particularly rising medical inflation, which a combined approach does not adequately address. In addition, it improves long-term tax and income sustainability by moderating overall income growth, delaying entry into higher tax brackets, and better aligning income increases with actual cost drivers. This helps preserve purchasing power and reduces the risk of declining living standards over time.

As an additional benefit, the strategy is typically more capital efficient, requiring less upfront investment while delivering more effective outcomes, ultimately enhancing flexibility and supporting greater resilience throughout retirement.

It is not only about running out of money. It is also about running out of the right kind of income at the time it is needed most. The implication is clear: a one-size-fits-all income strategy is no longer fit for purpose.

In 2026, the real test of retirement planning is no longer how much income you have, but whether that income is structured for the realities of how you will spend it.

Healthcare cover: Finding the right balance

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Healthcare – and the cover that supports it – is expected to function seamlessly, especially when it is needed most. Yet, at times, accessing care can feel more complicated than expected, with what may seem like unnecessary "red tape."

Much of this complexity exists behind the scenes. It reflects ongoing efforts by healthcare funders and administrators to balance high-quality access with affordability and long-term sustainability. While not always visible or fully understood, these structures play an essential role in ensuring that the system remains effective – not only for individuals, but for the wider membership base.

This article unpacks that complexity, offering insight into why these structures exist and how a better understanding can make navigating healthcare cover simpler and more predictable.

For many, healthcare cover is just one part of a broader set of life pressures, particularly financial ones, driven by rising living costs, employment uncertainty, and the responsibility of supporting dependants. At the same time, there is the ongoing challenge of planning for the future, balancing unknown healthcare needs with financial realities.

Ageing adds another layer. While longevity is a privilege, it brings important questions, particularly as retirement approaches.

What will future healthcare needs look like, and will the required level of cover remain affordable when income is limited or fixed?

What matters most when it comes to healthcare benefits?

At first glance, the expectation is simple: healthcare should just "work" when needed, and as expected, without unnecessary stress or unexpected costs.

This includes easy access to

- healthcare professionals without unnecessary hurdles
- broader support services such as mental healthcare
- general wellness
- chronic condition management,
- confidence that healthcare will remain affordable over time
- and timely access to effective treatments, including newer and often more costly options.

These expectations are not only reasonable and widely shared – they are central to the core objective of healthcare systems.

Simplicity lies in the need; complexity lies in the solution.

Why doesn't it always feel simple?

In the private sector, cover operates on a "pooled" model. Member contributions are combined into a shared fund, which is used to meet the healthcare needs of all members – not on a purely individual basis.

This pool is not unlimited and must be carefully managed, particularly as healthcare costs continue to rise. Contributing factors include higher service costs, increased demand, advances in medical technology, and an ageing population with more complex healthcare needs.

While annual medical aid contribution increases help absorb some of these pressures, there are limits to what small, incremental adjustments can achieve. These increases must strike a careful balance, supporting sustainability while remaining affordable for members. This is where the balancing act comes into play: maintaining meaningful access to care while keeping cover within reach.

From a member perspective, this balance can sometimes cause "friction". Processes may seem unnecessarily complex, access may feel delayed or limited, and benefits may not always align with expectations.

Scheme rules, benefit design, and different benefit options allow for flexibility across healthcare needs, financial circumstances, and life stages. At the same time, mechanisms such as clinical guidelines, benefit limits, and pre-authorisation processes help ensure care is appropriate and resources are used responsibly. Rather than acting as barriers, these structures serve as safeguards, supporting fairness, protecting access, and maintaining long-term sustainability. Without them, trade-offs would be unavoidable, including higher contributions, reduced benefits, or increased strain on the system.

While these mechanisms may be necessary within the system, the resulting complexity should not be experienced as a burden by members. This places a clear focus on managing and reducing complexity through well-designed processes, supporting tools, and differentiated care pathways that simplify access and navigation.

How can healthcare be navigated more effectively?

While the system may not always feel simple, and some funding decisions may be a "bitter pill to swallow", there are practical ways to navigate it more effectively:

Choosing and reviewing cover

- Choose a benefit option that aligns with both healthcare needs and financial circumstances.
- Seek professional advice to support informed decision-making, where appropriate.
- Review healthcare cover regularly, as changes in life stage, healthcare needs, and finances may affect whether the current option remains suitable.

Understanding how benefits work

- Understand what is covered, including benefit allocations, limits, and entitlements, to avoid unexpected costs and make effective use of available benefits.
- Work within scheme rules and networks by using designated providers, where possible, to optimise benefits and reduce out-of-pocket expenses.
- Monitor benefit usage throughout the year, tracking limits to support better planning and avoid shortfalls.

Engaging early and making informed decisions

- Clarify uncertainties upfront with your healthcare provider, scheme, or advisor to minimise confusion and avoid delays.
- Discuss treatment options and associated costs early, including confirming coverage with your scheme.
- Plan ahead for major procedures by confirming required authorisations and understanding expected costs.

Taking a proactive approach to health

- Register on relevant disease management programmes, such as chronic medication benefits, where applicable, to support access to appropriate treatment and coordinated care.
- Adhere to prescribed treatment and care plans to support effective disease management and improved health outcomes.
- Make use of preventive benefits, including screenings, wellness programmes, and health tools, to support long-term health.

Knowing where to get support

- Stay familiar with available support channels, including call centres, mobile apps, and member portals, so that help is always within reach when needed.

While healthcare systems are inherently complex – balancing affordability, sustainability, and the realities of rising healthcare costs – the shared expectation remains clear: healthcare cover should be simple, seamless, predictable, and reliable. This calls for ongoing agility in process design to better support the member experience.

At the same time, a greater understanding of how the system works enables more confident navigation and reinforces the importance of choosing cover that aligns with both current needs and the often unpredictable demands of the future.

QALY of life in retirement

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A QALY (not a typo) is an interesting thing. A Quality-Adjusted Life Year or QALY for short, is a standard health metric used to measure both the quantity and the quality of life lived. If your QALY is zero, you are unfortunately no longer with us. One QALY equals one year in perfect health, but 2 years in 50% health also equals 1 QALY.

Quality of life

x

Years lived

= **1 QUALY**

A QALY is typically used as a way of summarising and evaluating a healthcare treatment's outcome. For example, the cancer treatment extended the patient's life, but did it also improve the quality of his or her life? This is where it gets even more interesting.

Living long AND healthy

Longevity has been getting a lot of research attention lately. The exploration of picturesque Blue Zones with their quirky centenarians has captured the imagination on Netflix, while scientific research has illuminated everything from the impact of lifestyle on the incidence of cance and chronic diseases to scientifically proven anti-ageing skin care and the blossoming field of aesthetics.

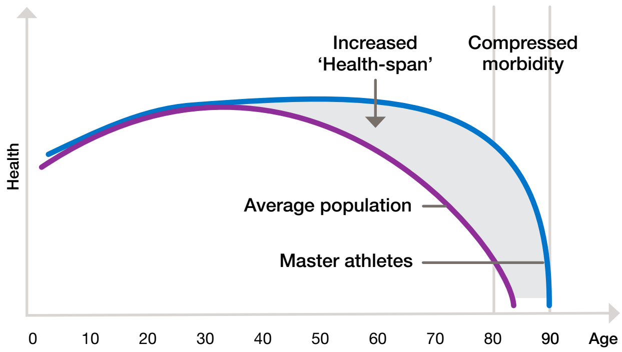
It's become clear that it may be one thing to live a long life, but the years spent in good nick could be another matter entirely.

A new term has become popular – healthspan. Compared to lifespan, healthspan tends to be de-fined as the number of years spent in good health, i.e. free from chronic disease, disability, and cognitive decline.

A key retirement question is: How do you want to live the remaining years of your life? No longer just from a financial perspective, but from a health one as well.

Traditional medicine has increased longevity significantly, but spending the last 10 years of one's life in ill health has become a more common prospect, which is why increasing healthspan has become a compelling field to explore.

The message inherent in simplified versions of the graph below from World Masters Athletics is intriguing and has been popping up in popular books and media. Increased longevity and compressed morbidity, in other words a reduced time spent in ill health at the end of life, are appealing. But this original graph also begs the question – do we need to be athletes to achieve such a feat? Sneak preview: The answer is no, but effort in the right direction can pay big dividends.



Source: *How to grow old like an athlete* | World Economic Forum

Boosting health in retirement

Retirement is a wonderful time to spend in good health, and additional free time can be utilised to great effect to enhance one's quality of life, but we need to be intentional about it.

Dr Dean Ornish's Intensive Cardiac Rehabilitation programme is funded by Medicare in the US. The programme has an easy-to-understand approach (read more about it in his book Undo It!), which summarises not only the path to potentially reversing chronic disease, but also how to ensure good health in general:


Stress less


Move more


Eat well


Love more

The last one sounds odd, but it emphasises the need for community in the face of the global loneliness epidemic and becomes especially important once the workplace no longer provides a ready source of interaction.

Fortunately, retirement inherently ensures less time-pressure stress, and more time to take walks and socialise. The temptation to eat out more can add a lot of unintended calories and invisible unhealthy ingredients, but retirement brings more time to make healthy living a hobby where you can prepare your own delicious healthy meals. Not only can you control what goes into your meals more effectively at home, but it is also more cost effective, which is an important consideration during retirement.

Living on your own terms

Firstly, having good medical cover is essential. Few of us keel over as quickly as those athletes in the graph seem to do, but even they will need good cover. As anyone close to a person who's never been ill will tell you, they are a handful when they do get sick.

Common chronic conditions can be treated very effectively these days and denying yourself the opportunity to live well because of a lack of medical cover is not smart. Too often people underinsure because they do not realise that in the case of medical cover you tend to get what you pay for. The Prescribed Minimum Benefits cover most of life's major health events, but they tend to come with strings attached, such as network limitations. Rather choose the limitations you can live with than discover them as you need the cover.

Avoid the debt caused by death

In his book *Being Mortal*, Dr Atul Gawande highlighted that the most expensive week of one's life, from a healthcare perspective, is usually one's last.

Healthcare funding systems around the world often have as a primary objective to avoid financial catastrophe due to medical bills. Besides the financial impact, the emotional impact of not being able to fund care for a loved one can leave a long legacy. It's essential to have good medical cover when the time comes to protect both yourself and your loved ones.

This spectre also raises another question most of us tend to avoid, but which can make an enormous difference later on to the quality of our own lives and those we love.

Quality at the end

The full title of Dr Gawande's book is *"Being Mortal: Medicine and What matters in the End"*.

The book quotes a study the results of which showed that "those who saw a palliative care specialist stopped chemotherapy sooner, entered hospice earlier, experienced less suffering at the end of their lives – and they lived 25% longer".

Most of us prefer to avoid thinking about the end, but we can save ourselves and our loved ones much anguish by considering this question.

Hospital rooms can be filled with bustle and constantly beeping machines. What if there is the option of passing in a more peaceful setting, maybe at home, surrounded by family and loved ones? Compassionate palliative care is possible in so many cases.

Dr Gawande highlights that the sick and aged have priorities beyond merely being safe and living longer.

These are important conversations to have beforehand – with family, friends, and maybe even your financial advisor. A Living Will and having your wishes known can bring dignity to you and your family during a difficult time and avoid default decision that is not in line with your preferences.

Living well to the very end. A worthy topic to consider.

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