

ENABLING
AN AGE OF
CONFIDENCE



Insights Report



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2025

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Editor's Note

Mologadi Makwela

Head: Marketing and Communication
Sanlam Corporate



The 2025 Sanlam Benchmark research is more than simply releasing research results.

It is a reckoning.



For decades, we've spoken about retirement, financial planning, and economic resilience in charts, tables, and technical terms. But behind every data point is a person – a Night Owl, a Care Giver, an Early Riser – navigating the weight of expectation, the pressure of provision, and the quiet hope for a better future.

The 2025 Sanlam Benchmark event, - which took place on 19 June at the Sandton Convention Centre, opened with a story.

A performance. A mirror. One performer, two states of being – confusion and confidence – to reflect the emotional spectrum of South Africa's workforce. It's a reminder that achieving positive retirement and health outcomes is not just a spreadsheet problem. It's a human one.

This year's theme, **Enabling the Age of Confidence**, is not a slogan. It's a mindset. It's the shift from surviving to planning, from silence to strategy. It is a rallying cry for all of us across the industry – decision makers, employers, advisors, administrators and legislators – to recommit to delivering tools and solutions that empower members with the courage and confidence to look at their finances without fear, to retire with dignity, and to make decisions based on insight, not anxiety.

This year, we also confront a deeper truth: South Africa is ageing. And while we are living longer, we are not necessarily living healthier. The healthspan – the years lived in good health – is not keeping pace with our lifespan. Chronic illness is rising, healthcare costs are escalating, and the systems meant to support us in later life are under immense strain. The Benchmark health research calls for a bold shift: from reactive care to proactive, value-based models that prioritise prevention, integration, and dignity in ageing.

The research you'll find in this booklet is grounded in rigorous data. But it's also rooted in empathy. It reflects the lived realities of millions – the 42% who believe they are on track to retire with enough savings, the 44% who've dipped into emergency savings to stay afloat, the 13 million who make up South Africa's labour force and carry the dreams of their families (and I dare say, the dreams of our nation) on a single payslip.

These aren't just statistics.
They are signals. They echo the findings of previous **Benchmark reports**, which highlighted the growing intersection of health, wealth, and self-care – and the urgent need for integrated solutions.

This year's event also unfolds at a pivotal moment, as South Africa prepares to host the G20 Summit for the first time on African soil. With global economic governance under strain, the summit represents a rare opportunity for South Africa to shape the global agenda around solidarity, sustainability, and inclusive growth. In this context, the Sanlam Benchmark's call for confidence and collaboration feels not only timely, but essential.

Our role at Sanlam Corporate is not just to present the numbers, but also to humanise them.

To offer tools, not miracles.

To provide real advice, not just options. And to remind every member, advisor, and decision maker that confidence is not reserved for the privileged few – it is a goal we can all aim for and ultimately claim, with the right support.

As you turn these pages, I invite you to read not just with your head, but with your heart. Because the 2025 Sanlam Benchmark report isn't just research.

It's a call to action.

FOREWORD: Enabling the Age of Confidence

Kanyisa Mkhize
Chief Executive Officer
Sanlam Corporate



In his book *Outlive*, Dr Peter Attia reminds us that longevity is not just about adding years to life, it's also about adding life to those years. He speaks of a "Centenarian Decathlon" – a vision of growing older with strength, clarity, and purpose. It's a powerful metaphor, not just for individuals, but for institutions too. Because what good is a long life – or a long-standing organisation – if it doesn't serve people meaningfully?



That message feels especially urgent today and permeates this year's Sanlam Benchmark research.

The insights from the 2025 survey are a call to action. They remind us that behind every data point is a person: a mother trying to stretch her salary to cover school fees and groceries, a young professional navigating debt and dreams, retirees wondering if their income will last the month, ordinary citizens looking for accessible, efficient and affordable healthcare. These are not just statistics. They are stories of real people with real challenges. They are stories we can all relate to, personally or through the experiences of those we know.

The report paints a picture that is both sobering and inspiring. At Sanlam we call this the Age of Confidence.

It supports insights from our internal data, released earlier this year, which showed that most South Africans will need to work until the age of 80 to retire comfortably. Our 2025 Sanlam Benchmark research supports this showing that 44% of members have dipped into emergency savings just to make ends meet, many still don't understand the benefits available to them, and many more rely on Google for financial advice.

But the research also tells us something else. With 64% stating that financial education is very important, it tells us people are adapting. They're learning. They're showing up. And they're asking for more: more clarity, more support, more tools to help them plan, protect, and prosper.

At Sanlam, we believe that when we work together – as leaders, employers, policymakers, and partners – it is possible to enable confidence for the millions who make up the South African workforce and who look to us for solutions.

To do that, we must be willing to change. To rethink. To reimagine.

Adapting for the future: Reinventing for resilience

One of the most powerful examples of transformation comes from an unlikely place: the circus. Cirque du Soleil is often cited as a masterclass in reinvention. It took a fading industry and turned it into a global phenomenon – not by doing more of the same, but by doing something entirely different.

It removed animals, elevated storytelling and blended performance and theatre into a premium experience. It didn't just disrupt an industry, it created a new one.

Cirque du Soleil's journey highlights the power of adaptability, creativity under pressure, collaboration across disciplines, and the courage to reinvent—especially in times of hardship. There's much for us to learn, as an industry and as a nation, from this kind of thinking.

Despite the idea of retiring comfortably at 65 becoming more of a fiction for many South Africans, and nearly half of the people surveyed confirming they've dipped into their savings to survive, an encouraging 68% said they would contribute more to their retirement savings if they could. This is not resignation – it is resilience.

But resilience needs support. While the Two-Pot System offers flexibility, it also demands better education and guidance. Too many people still cash out all of their available savings when they change jobs. Too few understand the long-term impact of those decisions, or the associated tax implications.

The lack of financial literacy doesn't only affect retirement outcomes – it also has serious implications for our health.



Financial stress is a health risk

It is an open secret that while we are living longer, we're not necessarily living healthier. Chronic illness is rising, with Medscheme reporting that 13% of people under age 50 now face chronic diseases. This trend is driving healthcare costs up, especially as many lack adequate medical coverage and the public healthcare system remains under pressure.

While healthcare costs continue to climb, research shows that many individuals lose their medical cover just when they need it most. Vulnerable groups, particularly the elderly, are hit hardest, especially under current economic conditions. In 2025, the average medical scheme premium rose by 11%, ranging from R1 400 to R10 000. These costs are unaffordable for many South Africans, with coverage often diminishing after retirement.

This situation underscores the urgency of investing in simpler, more affordable healthcare solutions. We are committed to this cause. Recently, Sanlam announced it had entered into a partnership with Fedhealth for it to be its exclusive medical aid provider. This is a move that supports the group's strategy to provide a complete health offering as part of its overall financial services value proposition. This collaboration demonstrates our commitment to providing accessible healthcare and reinforces our outlook to encourage our clients to live confidently and healthily and resiliently build wealth. Because we believe that health is not a luxury – the connection between health and wealth is undeniable. Financial stress adversely affects all aspects of life, including sleep, relationships, productivity, and long-term health. By supporting individuals financially, we contribute to their overall wellness.

Our approach goes beyond products. We believe that to enable the age of confidence, we must support our members to build lasting confidence through integrated support: advice, protection, and rewards that empower them through every step of life's journey. This is key to building both financial confidence and long-term well-being.

Enabling confidence: Advice, protection, and meaningful rewards

Confidence doesn't come from having all the answers. It comes from knowing where to turn when you don't. Yet too many people are making life-changing financial decisions alone, or worse, with only ChatGPT or a search engine to guide them.

That's why we're embedding advice into everything we do. Our benefit counsellors now handle over 300 calls a month. When people have access to real guidance, they make better choices. And they feel less alone.

We're also helping members achieve positive outcomes through smarter investment strategies. Lifestage portfolios are helping people transition from growth to protection, but we must do more to ensure those final years before retirement are future-ready.

Insurance, too, must evolve. With critical illness claims rising and more employers offering cover, understanding these benefits is more important than ever. Yet only 47% of members feel confident in their understanding of their risk benefits. We must simplify, educate, and integrate so that cover becomes comfort, not confusion.

We also know that financial security is not just about protection, it's also about motivation. When people feel rewarded for making good choices, they're more likely to stay engaged, informed, and confident in their financial journey.

Through innovation and holistic engagement approaches that seek to meet members where they are, we're using a behavioural approach to make employee benefits engaging, accessible, and even joyful. Because when people feel seen and supported, they make better choices for themselves and their families.

Our research confirms it: when people are supported with education, advice, and meaningful rewards, they thrive. Our Wealth Bonus Lifestyle programme has helped members save nearly R13 million. That's rent paid. That's food on the table. That's breathing room. For many of us, rewards aren't perks – they are lifelines.

We, at Sanlam Corporate, remain committed to investing in holistic solutions: from retirement, investment and insurance advice and counselling, and digital tools to wellness programmes and healthcare partnerships. We're not just managing funds. We're enabling confidence now, and into the future



The Age of Confidence starts with us

We won't fix everything overnight. We can't promise perfect retirements or perfect health. But we can promise this: we will keep showing up. We will keep listening. We will keep deepening our understanding of what matters most to our members and clients. We will keep building systems that are simpler, provide advice that is clearer, benefits that are fairer, and partnerships that are stronger.

Because confidence isn't a destination, it's a decision. A decision to believe that with the right tools, the right support, and the right people beside us, we can do better. For ourselves. For our families. For the generations to come. This is the Age of Confidence we should all strive for.

We remain deeply grateful to those who make this research possible. To everyone who participated in this year's Sanlam Benchmark study – members, consumers and our valued clients (employers, trustees and intermediaries) – your insights are not just data points. They are the foundation of everything we do.

Your continued support is vital for this research to thrive and contribute meaningfully to the sector. Thank you for your trust and collaboration.

A trusted barometer of South Africa's retirement and employee benefits landscape

Temba Mvusi
Sanlam Group Chairman



The 2025 Sanlam Benchmark is a flagship event that has, for more than four decades, served as a trusted barometer of South Africa's retirement and employee benefits landscape.

This year's theme, Age of Confidence, is not just a reflection of where we are – it is also a call to where we must go.



The world is in significant transition with the global economy under pressure. Geopolitical tensions are reshaping alliances. And here at home, we are navigating a complex policy environment – from the implementation of the Two-Pot System to the ongoing debate on National Health Insurance, to government considerations around directing retirement savings toward capital investment in national infrastructure. These shifts are not abstract. They affect how people live, work, retire, and plan for the future.

However, amid this uncertainty, there is also opportunity – and resilience.

In just a few months, South Africa will host the G20 Summit – the first ever on African soil. It is a moment of immense pride, but also of immense responsibility. In 2010, when we hosted the FIFA World Cup, the mood was one of celebration – a unifying crescendo of song, sport, and shared identity. Today, the tone is more complex. The G20 is not a celebration. It is a negotiation. A test of leadership, of credibility, and of vision.

And yet, in both moments – then and now – South Africa stands poised to redefine its place in the world.

At Sanlam, we understand that confidence is not born from comfort. It is forged in uncertainty. It is built through clarity, through strategy, and through the courage to face hard truths – and act on them.

That is what the Sanlam Benchmark research is about.

Similar to previous years, this year's research does not shy away from those truths. It tells us of the many South Africans (59%) who cannot afford or access healthcare in old age and of the 44% who have had to dip into their emergency savings pot just to stay afloat. And that many will need to work well into their 70s or 80s to retire with dignity. The research also tells us something else – something powerful.

It tells us that South Africans are not standing still. Many are taking on side hustles to supplement their income. Some are actively engaging with their retirement plans and report feeling confident about their future. And a growing number are finding real comfort and security in employer-provided benefits like group insurance, retirement counselling, and wellness support.



These are not just numbers. They are stories of resilience, of the indomitable South African “gees” – a nation made of people that plan. Of families holding each other up. Of employers and every stakeholder in this industry stepping in to offer more than just a payslip – a pathway to dignity too.

At Sanlam, we are proud to be part of that journey. We are a purpose-led organisation with a history spanning more than a century. Today, Sanlam is the largest non-banking financial services group on the continent, with operations in 28 African countries and a growing presence in Asia and other emerging markets. We manage over R1.4 trillion in assets, including R803 billion in sustainable investments – a reflection of our commitment to long-term value creation.

But our impact is not measured in numbers alone. It is also measured in lives changed, futures secured, and dignity restored. That is why sustainability is not a side project at Sanlam – it is central to our strategy. We are committed to building a world where people live with financial confidence and dignity, where businesses grow responsibly, and where communities thrive.

Our partnerships and strategic moves continue to position us for inclusive, sustainable growth.

In February 2025, we announced a partnership with Fedhealth, establishing them as our single open medical scheme provider. This follows our 2023 investment in AfroCentric and forms part of our broader strategy to deliver a holistic, differentiated healthcare offering to South Africans. We are committed to supporting the development of affordable, high-quality health solutions that meet the evolving needs of our people.

In 2023, we also launched a joint venture with Allianz, creating the largest insurance group on the continent outside of South Africa. In its first year, Sanlam Allianz made significant progress – completing major integrations, delivering strong financial performance, and expanding our reach. We’ve since transferred our Namibian business into the joint venture, and Allianz has exercised its option to increase its shareholding to 49%.

In September 2024, we acquired Assupol for R6.6 billion – a move that strengthens our presence in the retail mass market. The integration is well under way, and as of early 2025, the Assupol executive team has joined Sanlam’s Retail Mass cluster. We are focused on preserving customer value and are confident that the full integration of the business and its people will be completed this year.

These developments are not just about scale – they are also about purpose. They reflect our commitment to building a financial services ecosystem that is inclusive, resilient, and responsive to the needs of our clients.

Looking ahead, we are confident about the outlook for the 2025 financial year. All of our businesses are enjoying strong momentum, and economic conditions are improving across many of the markets in which we operate.

And with South Africa hosting the G20 and B20 this year on behalf of the African continent, we believe the growth focus these forums bring – shaped by Africa’s own economic realities – will add further impetus to our ambitions. Sanlam is proud to support this initiative and to contribute to a future where Africa’s voice is not only heard but also heeded. In particular our role as Chair – through Paul Hanratty – of the Employment and Education workstream is not symbolic – it is strategic. Because we know that one of the most urgent challenges facing our country is youth unemployment, which stood at a staggering 44.6% in the fourth quarter of 2024.

This is not just a statistic – it is also a signal. A signal that we must do more to create pathways to opportunity, to equip young people with the skills and support they need to thrive, and to ensure that economic growth is not only inclusive, but also intergenerational.

At the heart of all of this is our purpose: to empower generations to be financially confident, secure, and prosperous. This purpose guides our strategy, our operations, and our culture. It reminds us to think long-term, to create solutions that unlock potential, and to deliver value not just for today – but also for generations to come because the work we do has the power to shape lives and enable confidence.

Beyond trust to purpose through collaboration

Nzwa Shoniwa

Managing Executive: Sanlam Umbrella Solutions
Sanlam Corporate



Last year, I presented at the Benchmark conference and shared a hard truth: our retirement industry was facing a trust deficit. Governance challenges, economic strain, and regulatory shifts had left many South Africans uncertain about their financial futures. But today, we move forward. We ask not just how we rebuild trust, but also how we achieve a shared purpose through collaboration.

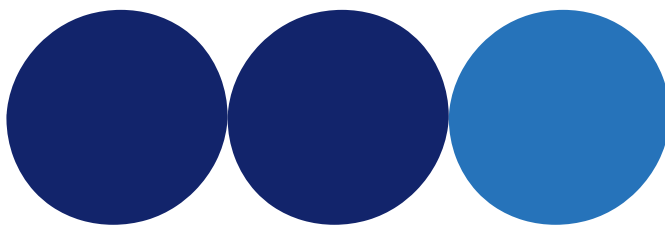


The 2025 Sanlam Benchmark research reveals not only the depth of the challenge, but the opportunities for meaningful collaboration too. The insights compel us to move from diagnosis to action. Because the truth is, no single stakeholder – government, employer, administrator or advisor – can solve this issue alone. It will take all of us, working together, guided by data and driven by a common mission, namely to enable the **Age of Confidence**, to empower every South African to retire with dignity, confidence, and choice.

Guiding every step: Empowering members through education and advice. This year the Sanlam Benchmark survey expanded its reach, interviewing 74 Employer Funds, 168 Participating Employers in umbrella funds (up from 100 in 2024) and 506 consumers here refer to those who are employed and who belong to an employer-sponsored retirement fund). One common theme echoed across every group: **education and communication are important!**

We believe this is a key area where stakeholders can collaborate to make a meaningful impact.

- Forty-nine per cent (49%) of employer funds and 58% of umbrella fund participants believe targeted communication can improve retirement outcomes.
- Nearly 50% of employer funds and 40% of umbrella fund participants support introducing retirement planning into the school curriculum.
- There is also a call in general for more communication.
- Seventy per cent (70%) of employer funds and 62% of participating employers would support investing in projects or businesses that create positive change while delivering financial returns – particularly in job creation and education/skills development.
- And over 90% of consumers confirmed the importance of receiving educational info/communication on retirement benefits.



But here's the challenge: Too many members are still not provided with adequate financial advice when making important financial decisions. Many members still rely on online sources such as Google for financial advice. Too many cash out all or some of their benefits when changing jobs. And despite **68%** of respondents **expressing a desire to save more** in a difficult economic environment, many simply can't afford to do so. This is not surprising. We know members are struggling and failing to increase their allocation to retirement contributions.

This is where collaboration becomes critical to ensure that education, communication, and professional financial advice are woven into the fabric of our system – not as afterthoughts, but as core pillars. The data is clear: education and advice are key to improving retirement outcomes.

But education alone can't fix a system that's too complex to navigate. If we want members to act with confidence, we must also make the system easier to understand and navigate. So, what role do each of the stakeholders in the industry play in this regard?

Policy with purpose: Government

The Financial Sector Conduct Authority (FSCA) has outlined priorities for the next three years to advance consumer financial education, as detailed in the recently released Financial Education Plan (FEP). The FEP targets vulnerable and high-impact groups such as students, SMMEs, and grant beneficiaries, and includes measures like:

- advancing digital financial literacy;
- promoting a consumer-centric regulatory approach; and
- boosting thought leadership and outreach to vulnerable groups.

The FSCA is positioning itself not just as a regulator, but as a collaborative partner in building financial literacy and education. Industry stakeholders must partner with the FSCA as it shifts focus towards leveraging digital tools and innovative technologies to help consumers navigate increasingly sophisticated fintech products and services.

But we must go further. The need for education and clarity has been underscored by the roll-out of the Two-Pot Retirement System. While awareness has grown significantly – from 59% in 2024 to 92% in 2025 – many members still express concern and confusion:

- Only 36% of consumers have accessed their emergency pot since the legislation took effect on 1 September 2024.
- Forty-three per cent (43%) believe early access to retirement savings could harm long-term outcomes.
- Seventy-three per cent (73%) now understand the impact of emergency withdrawals.
- Seventy-seven per cent (77%) are aware of the tax implications – an encouraging sign of growing financial literacy.

These figures reflect both progress and opportunity. The foundation is being laid – but more must be done to ensure awareness translates into the momentum needed for informed, confident decision making.

While efforts to improve financial literacy are commendable, the broader system continues to face mounting pressure – from rising costs to implementation challenges. These also demand a more coordinated and sustainable response.

Policy with purpose: The cost of complexity

As we continue to assess the impact of recent reforms, it's clear that the implementation of the Two-Pot System has introduced both opportunity and strain. The FSCA estimates the one-off cost of implementing the Two-Pot System at R1.6 billion. This could explain the increased administration fees, with employer fund fees rising from 0.51% to 0.71%, the highest since 2016. In contrast, umbrella fund fees have remained stable at approximately 0.61% since 2018, likely due to economies of scale. This cost evolution may explain why over 50% of standalone funds are considering converting to umbrella funds.

Importantly, funds and participating employers felt that more time should have been given to implement systems effectively and educate members properly to make informed decisions prior to implementation.

The roll-out – as it happened – has had an impact on ensuring members are fully equipped to make informed decisions, especially regarding tax implications and long-term outcomes.

The financial pressure is not limited only to retirement funds but is compounded by rising risk benefit costs. When comparing current costs to pre-COVID levels in 2019:

- Increase in the number of employer funds that have opted for approved risk benefits – 37% (2019) → 46% (2025)
- An expected increase in the total cost of death benefits under the fund (as a % of salary) – Employer funds 1.44 (2019) → 1.64 (2025) and umbrella funds 1.29% (2019) → 1.60% (2025)
- An increase in the total cost of disability income benefits (PHI) – Employer funds 1.00 (2019) → 1.11 (2025) and umbrella funds 0.99% (2019) → 1.36% (2025)

- Decrease in the average level of death benefits offered by umbrella funds – 3.12 x salary (2019) → 2.80 x salary (2025)
- Decrease in the average level of lump-sum disability benefits offered by both employer funds 2.64 x salary (2019) → 2.11 x salary (2025) and umbrella funds – 2.79 x salary (2019) → 2.35 x salary (2025).

Another notable trend is the rise in critical illness claims. Sanlam Group Risk's 2024 analysis shows:

- Tumours and circulatory diseases (heart attacks, strokes) account for over half of all claims.
- Cancer-related claims have increased across all disability product lines:
- Income Disability: 12.41% (2023) → 16.87% (2024)
- Critical Illness: 52.23% → 56.28% (44% in 2022)
- Lump-sum Disability: 8.15% → 13%.

As a result, it came as no surprise that there has been a clear increase in the number of employer funds (5% in 2019 and 33% in 2025) and umbrella funds (8% in 2019 and 49% in 2025) that now offer critical illness benefits, with the most common benefit being a multiple of one times annual salary.

These developments highlight the growing complexity and cost pressures facing retirement funds. As we navigate this evolving landscape, it's clear that reforms must be accompanied by sufficient time, resources, and support to ensure members are not only protected but also empowered to make informed decisions. And this is where administrators have a pivotal role to play – not just in implementing policy, but in translating it into meaningful, member-focused solutions too. The shift from service provider to strategic partner is no longer optional, it's essential.

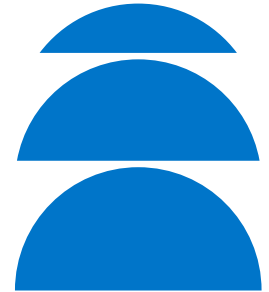


From providers to strategic partners: Administrators

Simplifying and enacting policy with purpose is one side of the coin. The other is how we – the administrators – deliver policy provisions as partners who don’t just manage funds but also actively empower members to thrive. The feedback has remained consistent regarding what employer-provided benefits members value most. The majority of respondents indicated that their top requirement within a holistic employer offering is **education services** – including sourcing bursaries and funding for children – as well as **money management** and **budgeting tools**. These are not just nice-to-haves – they are essential tools for financial empowerment.

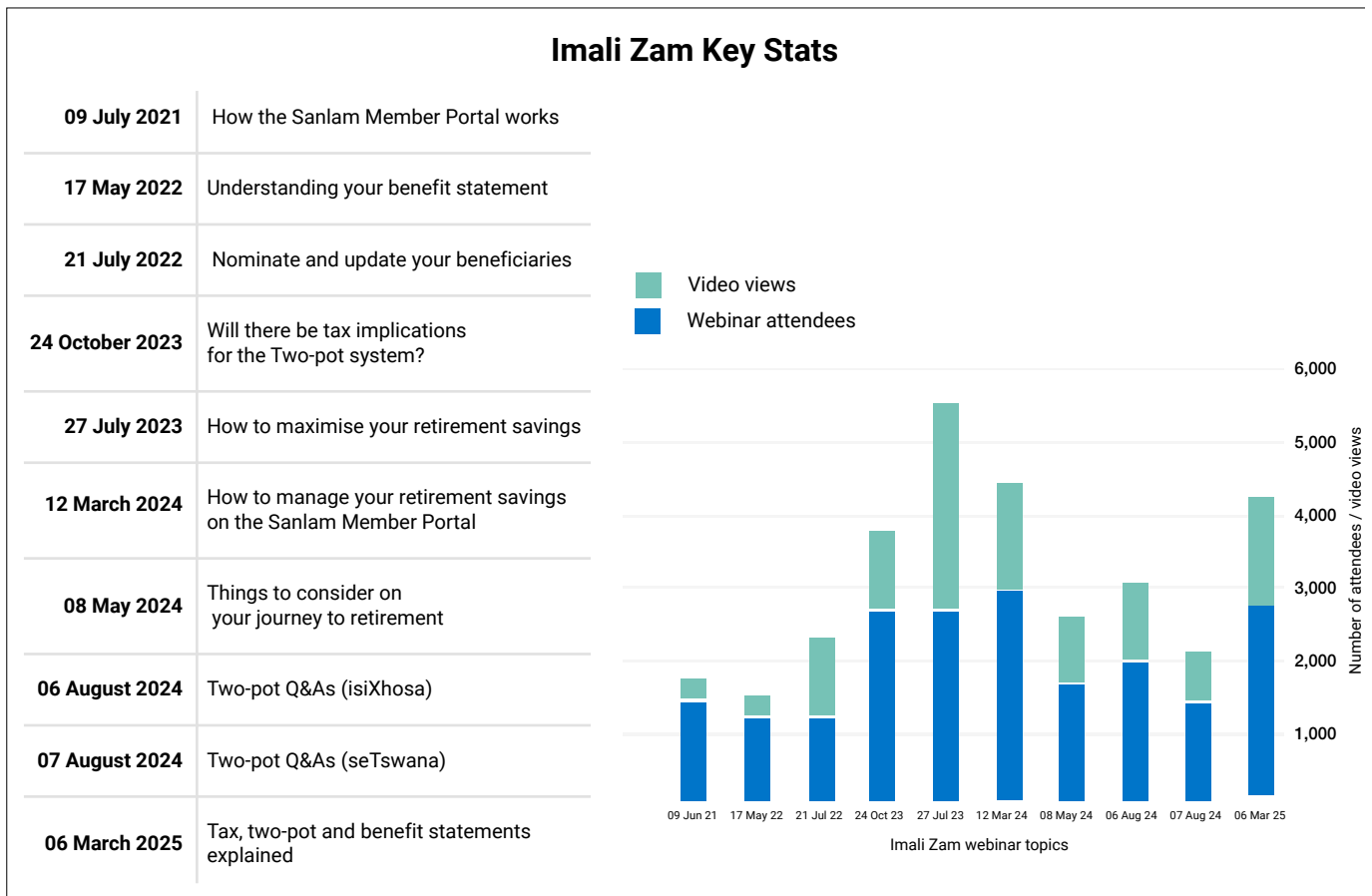
These sentiments reaffirm the need for administrators and employers to work together to unlock the full value of holistic solutions. Together, we can support the employee value proposition through benefits such as:

1. Medical Aid and Health
2. Salary and Income
3. Retirement and Pension
4. Financial advice and Debt support
5. Education and Training



Over 57% of consumers prefer a one-stop shop for financial needs, which explains the evolution of umbrella funds offering value-added benefits. We strongly believe that the more successful umbrella or retirement funds over the next decade will be those that are able to seamlessly integrate meaningful benefits into the existing Employee Value Proposition.

The Sanlam Umbrella Fund is being built with this vision in mind – designed to empower members with confidence in all aspects of their lives. We offer budgeting tools, education and information sessions, as well as access to retirement benefit counsellors. Our Knowledge-base platform and Imali Zam webinars have seen significant engagement rates, with our live webinars growing in traction since being launched in 2021. Topics that attract the most engagement are those that focus on improving retirement outcomes.



The shift – **from transactional service to strategic partnerships** – is how we begin to rebuild trust. Not just in the system, but in the everyday financial decisions members make. But trust alone isn’t enough – especially in a world where financial pressure is constant. To truly change behaviour, we must also rethink how we motivate and reward it.

Incentivising better futures: The power of rewards

In a tough economic climate, incentives matter. Loyalty programmes are increasingly used to influence behaviour and improve financial outcomes. Given the financial pressures that members are under, it came as no surprise that

- 43% of respondents don't have an emergency fund;
- 33% confirmed using their withdrawal benefits to cover debt or living expenses; and,
- consistent with past surveys, a **majority of members (44%)** believe debt causes financial stress and should be paid off quickly.

Debt is not just a financial issue – it's a psychological one too. Members understand that debt can lead to stress, which in turn affects mental health and overall well-being. In our survey, members shared a range of debt philosophies:

- Forty-four per cent (44%) say debt causes financial stress;
- Forty-three per cent (43%) believe it should be paid off quickly;
- Forty-two per cent (42%) feel it can be managed with discipline; and
- Thirty-two per cent (32%) see it as a burden that blocks financial freedom.

This paints a clear picture: members are under pressure, and they're looking for support – not just in managing debt, but also in building financial resilience.

This is why rewards, including cash incentives, debt relief, and savings boosts, are rising in popularity and becoming an increasingly important part of holistic employee benefit solutions. In this economic climate, rewards are no longer just perks, they are lifelines as well.

“The Wealth Bonus Lifestyle for SC programme is a prime example – members saved R12,9 million through benefits that came at no extra cost. These savings changed spending habits and improved cash-flow management.” – K. Mahlalela

To ensure these programmes deliver real value, ongoing measurement is essential. This is the power of behavioural design. And it's a tool we must use more intentionally.

But while administrators and service providers can provide these value-added benefits, incentives are most effective when they're part of a broader support system – one where employers and advisors are equipped to guide, inform, and lead from the front.



Employers and intermediaries: The front-line of financial confidence

Employers and intermediaries are uniquely positioned to influence outcomes. They are often the first point of contact for members making critical financial decisions, and the ones best placed to guide those decisions with empathy, clarity, and relevance.

They can offer cost-effective, relevant benefits.

They can help guide members to advice – before it's too late.

And they can help members navigate complex decisions with confidence.

One area where this guidance is especially important is in the use of default investment and retirement strategies. While 90% of Sanlam Umbrella Fund members are in a default strategy, highlighting their trust in Trustees and Joint Forums, 49% of members are unaware of their annuity choices at retirement. This reveals a clear communication gap.

Lifestage strategies are the most common default investment approach, used by 3 in 4 funds. We also see that employer funds continue to favour a multi-managed structure for their Trustee default portfolios.

Employers want trustee-endorsd annuity strategies that offer:

- longevity protection;
- inflation-linked income; and
- cost-effectiveness (especially for employer funds).

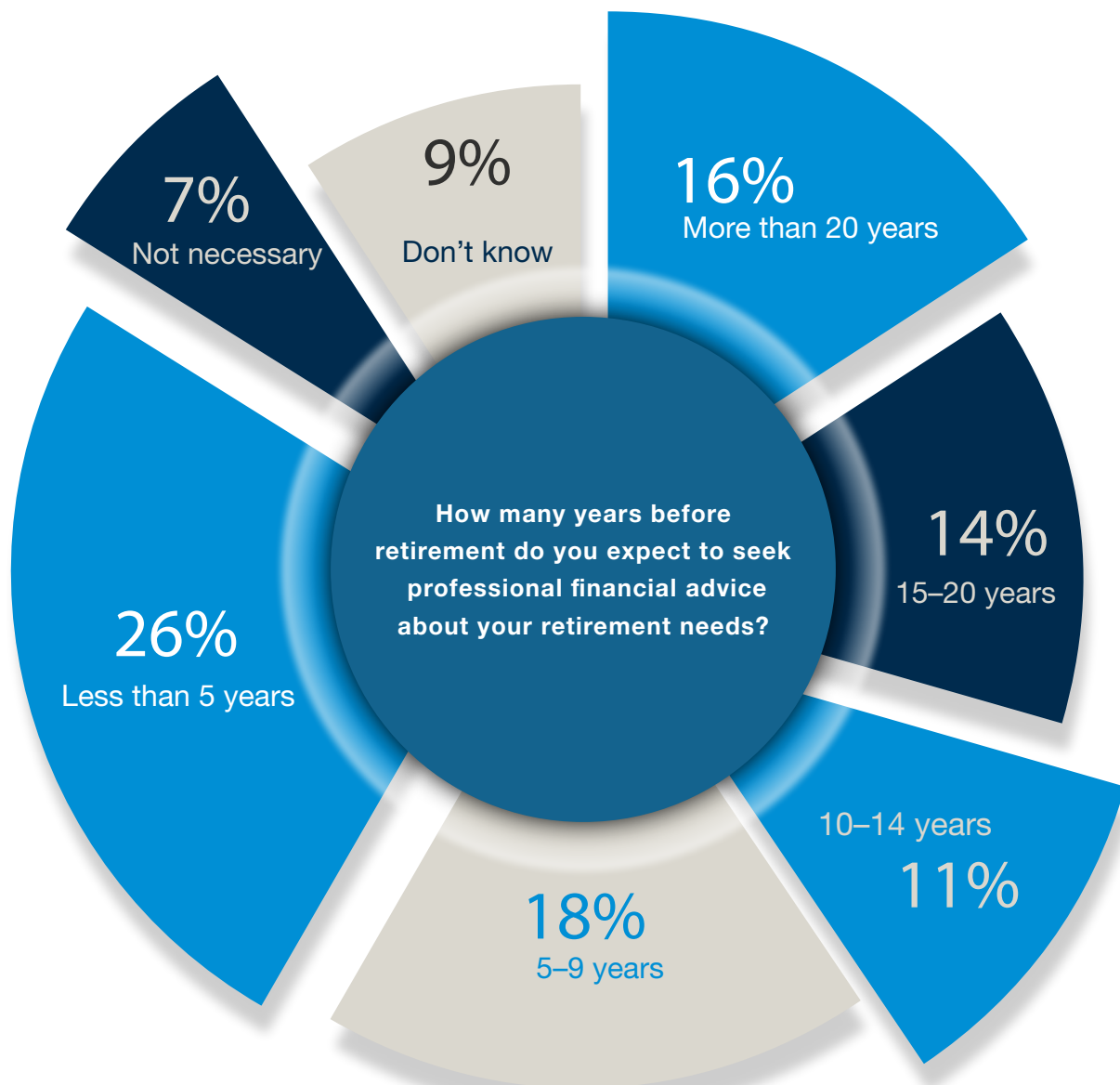
And we are seeing a positive shift. The use of trustee-endorsd annuities has increased from 24% → 38% among employer fund retirees and from 35% → 46% among retirees of participating employers in umbrella funds.

These trends reinforce the critical role employers and intermediaries play – not just in offering benefits, but also in helping members make sense of them. The earlier this guidance is provided, the better the outcomes for members. This is especially critical as most members confirmed that they only seek advice within nine years of retirement, which is far too late. This is where strategic partnerships and data-driven insights are key to empowering employers and advisors to intervene earlier and more meaningfully, including facilitating early access to professional financial advice.

As we look ahead, we must harness the power of collaboration, strategic partnerships, and data-driven insights to empower employers and advisors to intervene earlier and more meaningfully.

We must also consider the expectations of a new generation – one that demands digital-first, personalised engagement to enable confidence in making informed choices for their future.

How early is “Early Enough” for retirement planning?



The rise of the engaged member: From default to informed choice

There is reason to be optimistic about the future. Results of the Consumer Survey in which 506 economically active South Africans participated, reveal encouraging signs of member accountability and engagement:

- Fifty-seven per cent (57%) of members hold themselves accountable for their retirement decisions, while an additional 33% share the accountability with their financial advisors.
- Seventy-four per cent (74%) feel confident that they understand the retirement benefits offered by their employer.
- Even more encouraging is that nearly 60% reported to have reviewed their employee benefits in the past 12 months – a strong indicator of growing awareness and involvement.

This level of engagement may, in part, be driven by the implementation of the Two-Pot System, which has prompted members to engage with their employee benefits. Regardless of the trigger, this level of interaction is certainly what we aim for through our communication and education efforts.



These results suggest that the industry's collective investment in financial education is beginning to bear fruit. However, there is still work to be done, particularly in reaching members who are most vulnerable. Many members, especially those earning below R10,000 – and who also represent the largest group making Two-Pot withdrawals – continue to cash in when they leave their jobs and are failing to preserve benefits. They also don't seek financial advice when making important financial decisions.

In the Sanlam Umbrella Fund, we've seen the value of accessible support. Our benefit counsellors handle an average of 100 calls per month, with noticeable spikes during key reform periods such as the lead-up to the implementation of the Two-Pot System. This shows that when members have access to guidance, they use it. Interestingly, the engagements with counsellors have remained elevated and closer to 300 calls monthly since the implementation of the Two-Pot System.

Importantly, more than **50% of Sanlam Umbrella Fund active members are millennials**. As digital natives, they expect digital-first, intuitive communication. They trust default strategies, but they also want to understand their options. This reinforces the need for modernised, personalised engagement strategies that meet members where they are.

The data also highlights the need to expand education across all benefit categories – not just retirement:

- Only 68% of members feel confident in understanding their medical aid benefits.
 - To help close this gap, earlier this year Sanlam announced a partnership with Fedhealth to be its exclusive medical aid provider. A move that supports the Sanlam Group's strategy to provide a complete health offering as part of its overall financial services value proposition. This partnership is about more than business – it's about making a meaningful difference in the lives of all South Africans. Since that announcement, a lot of behind-the-scenes work has been done and is happening to launch a next-generation medical aid solution that is designed to be simpler, more transparent, and better aligned with the needs of modern members. This rebooted offering will prioritise affordability, flexibility, and digital engagement, making it easier for members to understand and manage their healthcare benefits. The launch is scheduled for 1 October.
- Understanding group risk benefits is even lower, with only 47% of members reporting that they feel confident in their understanding of the group risk benefits offered by their employer.

The message is clear: we must sharpen our focus on educating members about risk and medical aid benefits. Together, these insights highlight the need to take deliberate steps to ensure that every member – regardless of income or benefit type – has the tools, knowledge, and support to make confident, informed decisions about his or her financial future.



The average retirement age has remained at 64 for a decade, but only 4 in 10 funds believe this is sufficient to maintain living standards in retirement.

Conclusion

The average retirement age has remained at 64 for a decade, but only 4 in 10 funds believe this is sufficient to maintain living standards in retirement. A majority of members (58%) do not believe they are on track to accumulate enough capital for retirement. Our Sanlam Umbrella Fund data confirms these numbers, showing that most of South Africa's workforce may need to work until 80 to retire comfortably.

But underlying the 2025 Sanlam Benchmark insights is a picture of an industry ready to lead – and a moment ripe for transformation.

The data paints a clear picture: while challenges persist, there is a growing appetite for reform, innovation, and collaboration. These trends underscore the need for a coordinated response. There is also a call for National Treasury to develop a clear plan to achieve optimal retirement outcomes. While Treasury has consistently emphasised consolidation and improved governance, all stakeholders must collaborate to introduce legislation that enhances efficiency and reduces administrative costs – with these savings ultimately passed on to members.

Because when we collaborate with courage and clarity, we don't just change outcomes – we also change lives.

But let's be honest: this won't happen overnight. Nothing in our industry does.

We are not here to flip a switch. We are here to lay foundations. To make steady, deliberate progress. To build a system that will serve not just today's members – but also the next generation, and the one after that.

Yes, the road ahead is long. But the direction is clear.

We have the data. We have the insight. We have the will.

Now we need the discipline. The partnerships.

And the long-term commitment to do the hard work – together.

**Purpose Meets Performance:
The Confident Investor's Impact
Strategy Integrating ESG risks, seizing
opportunities, and creating measurable
social and environmental value.**

Ashley Daswa

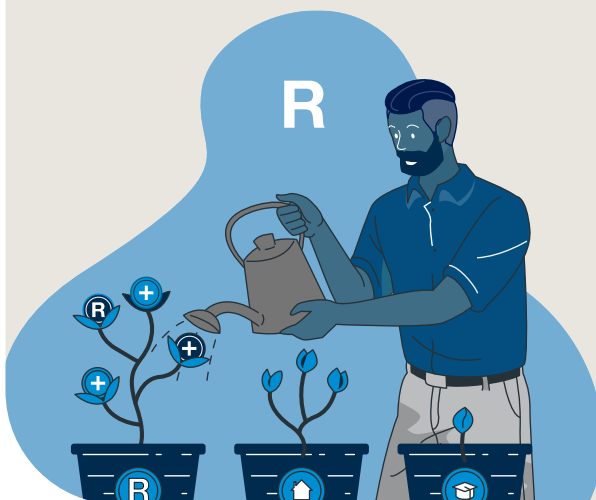
Senior Investment Specialist
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Matimu Ngobeni

Actuarial Specialist
Sanlam Corporate Investments



We are living in what we call the *Age of Confidence* – a time when individuals, institutions, and investors alike are asking not just *how much* investment return can be earned, but also *what kind* of social and environmental benefits are generated. And nowhere is this more crucial than in the world of retirement funds. According to the Financial Sector Conduct Authority (FSCA), South Africa's retirement fund industry assets was estimated to be at least R5.8 trillion in 2023.



For many South Africans, the fear of outliving their retirement savings is real. In fact, the latest Sanlam Benchmark Survey reveals that 58% of individuals are concerned about their savings not lasting long enough. At the same time, survey respondents highlight that retirement fund investors are increasingly supportive of investments that go beyond the bottom line and generate measurable social and environmental impact **without sacrificing financial returns.**

This is where **impact investing** comes in. Global Impact Investing Network (GIIN) define it as investments made with the intention to generate positive, measurable social or environmental impact alongside a financial return.

Why Impact Investing Matters Now

We are facing major challenges in South Africa: people are living longer in line with global demographic trends, but not saving enough, and remain exposed to a high unemployment rate, social inequality, and economic shocks. **Retirement funds have an opportunity to not only grow their members' retirement savings** but also to shore up the societies to which their members belong.

Impact investing is no longer a "nice to have," but a way to secure both financial and social returns by addressing South Africa's urgent "triple challenges": unemployment, inequality, and poverty. Impact investments can deliver competitive financial returns while generating a positive, measurable social or environmental impact. In South Africa, this means financing inclusive businesses, supporting township economies, expanding access to quality education and healthcare, and driving infrastructure development - **solutions that not only uplift communities but also create resilient, future-fit investment portfolios.**

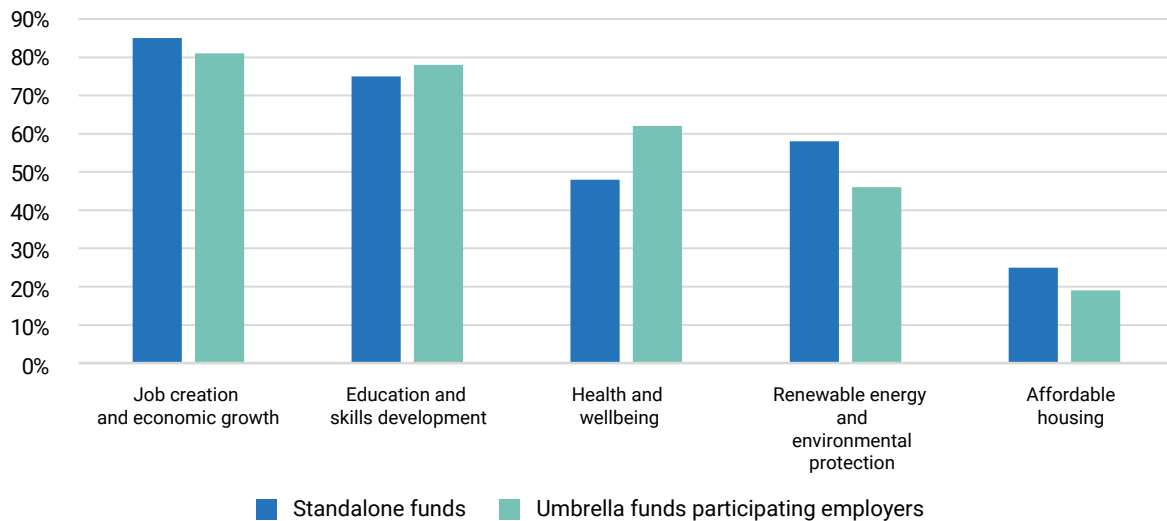
"When we collaborate with courage and clarity, we don't just change outcomes: we also change lives."

There is a cycle of **continuous benefits taking shape**: impact investing into infrastructure enables business formation and expansion, which in turn create new measurable investment opportunities for institutional investors, including retirement funds. In fact, national policy supports this outlook: **Operation Vulindlela** spearheaded by the National Treasury highlights infrastructure as a key driver of inclusive growth, and the **2025 Budget outlines over R1 trillion in planned infrastructure expenditure over the medium term**. This signals a strong and investable pipeline for impact-focused capital to play a transformative role. Impact investing allows us to address systemic risks by financing solutions for affordable housing, renewable energy, healthcare access, and education – strengthening communities and securing long-term returns.

Insights from the Sanlam Benchmark Survey

According to the 2025 Sanlam Benchmark Survey, retirement fund decision makers are increasingly incorporating impact considerations in stewarding member assets. Approximately 70% of standalone funds and 62% of umbrella funds participating employers would support their funds investing in projects or businesses that aim to create positive change while still delivering risk-adjusted financial returns. The following graph shows the top areas funds deem important. This strong demand reflects a growing belief that measurable financial security and societal progress are not trade-offs, they are interlinked. Additionally, the top areas funds want to focus on Sanlam's priority Sustainable Development Goals (SDGs), notably decent work and economic growth (SDG 8), quality education (SDG 4), good health and well-being (SDG 3), and climate action (SDG 13).

Areas Most Important to Focus on



Impact Isn't just Philanthropy - It's Futureproofing

Impact investing isn't just generosity, it's an innovative long-term strategy that delivers both social progress and financial resilience. By channelling capital into projects aligned with South Africa's development goals – whether that's township retail revitalisation or waste-to-energy innovation – we bolster community well-being and create sustainable long-term returns. In doing so, retirement funds strengthen the very societies on which their members depend, ensuring sustainable growth and stability for decades to come.

Sanlam has demonstrated leadership in impact investing through initiatives that combine social impact with consistent returns, including:

- Sanlam's Property Impact Fund supports township retail development like Kwagga Plaza, creating jobs and access to services while delivering consistent financial performance.
- The Waste-to-Energy project in KwaZulu-Natal transforms landfill waste into energy, reduces over 345 000 tons of CO² emissions, and provides employment for over 100 local workers, all while generating attractive returns.
- Sanlam Investments launched the R2,25 billion Investors' Legacy range – three impact funds aimed at preserving and creating jobs by financing South African businesses hit by COVID-19. Targeting SMEs to large corporates, the initiative supports sustainable recovery.

This is impact investing in action: helping meet South Africa's development goals, including the **National Development Plan (NDP) and United Nations Sustainable Development Goals (SDGs)**, while protecting and growing retirement savings.

From Belief to Reality: Growing the Impact Investment Market

To make real progress, we must scale the **supply**, **demand**, and **measurement** of impact capital.

1. Supply of Impact Capital

We need more capital flowing into impact-aligned strategies across all asset classes – from traditional asset classes such as bonds and equity to infrastructure and private markets. Sanlam is already **seeding multi-billion-rand impact funds** focused on sustainable real estate for the South African by increasing access to affordable housing, student accommodation, healthcare and education facilities, while also supporting the development of rural and township retail infrastructure. Albeit industry's take-up is low now, more needs to be done in the industry to increase the quantum of impact capital across the full return spectrum, from concessionary to market-rate returns.

2. Demand for Impact

On the other side of the coin, we must also nurture a strong pipeline of businesses and projects that can deliver both social outcomes and solid returns. Think small businesses offering affordable healthcare in rural areas, or tech start-ups revolutionising access to education. These are the engines of inclusive growth – and retirement funds can help power them.

3. Impact Measurement and Management

You can't manage what you don't measure. That's why reliable impact data is key. According to the GIIN, impact investment assets under management are approaching \$1,6 trillion, and the industry needs to develop better analytical methods to make the most of every penny. By embedding robust impact metrics, such as number of jobs created, amount of emissions reduced, into investment analysis, trustees can make informed decisions for both financial and non-financial outcomes.

Better **impact reporting** helps funds stay accountable and supports a new kind of fiduciary responsibility – one that includes not only financial security but also social cohesion and long-term sustainability.

Building a Better Retirement Future

The Age of Confidence challenges us to redefine what it means to be a "successful" investor. It's no longer just about the investment returns on a member statement – it's also about impact in the world.

Retirement funds hold immense power. They are long-term, patient investors. And they have the ability to direct capital towards solving the challenges that threaten those very futures – be they unemployment, inequality, or climate change.



Care and protect: Without the breadwinner the entire social structure crumbles

Reiner van Gijzen

Head: Pricing and Governance
Sanlam Corporate: Group Risk



The employee benefits industry is filled with dedicated professionals who shoulder the immense responsibility of shaping the financial futures of millions of South Africans. This thesis covers a topic that is deeply personal, profoundly structural, and urgently actionable:
THE BREADWINNER

This study delves into the life of Lwandile, a husband, a father, and one of South Africa's 13 million employed citizens. Like many breadwinners, he supports not just his immediate family, but, in a country of nearly 65 million people, he also supports on average, four others – through love, labour, and sacrifice. Through his taxes, he helps build roads, fund schools, and contributes to social protection. But what will happen when Lwandile is no longer there to provide?

For Lwandile, financial confidence means living a life that allows him to:

- retire comfortably at a reasonable age - not at 80;
- support his family and empower them not be dependent on him (nor he on them) in retirement;
- protect his family if he is no longer around to care and provide for them; and
- preserve their entire social system so that everybody in his circle can live with confidence.

As key players in the employee benefits industry, we carry a profound responsibility. The solutions we design and deliver – across investment, healthcare, retirement and risk benefits – must be built to protect those who need it most. Because behind every policy, every claim and every benefit there is a Lwandile.

Delays that hurt

I want to share with you a worrying trend that we observed when analysing all our member mortality benefits, and that is when tragedy strikes. The system meant to protect these breadwinners and their families is faltering.

In particular, mortality claims are now taking much longer to finalise than before. This is consistent for both member funeral and unapproved death benefits.

I am limiting my paper to these two types of claims, as other claims – like approved death and non-member funeral benefits – are payable to known entities (the fund in respect of approved death and the member in respect of other funeral claims).



The Benchmark research analysed over 30 000 member claims over a period of six years, representing 30% of the market (according to the SwissRe group volume survey). We found that across funeral and unapproved death benefits, on average, these claims now take more than **twice as long** from the date of death to finalisation than they did just a few years ago. This isn't just a delay in paperwork – it's a delay in dignity. A delay in closure. A delay in survival for families like Lwandile's.

So, why is this happening?

Our analysis points to three main causes, each affecting funeral or unapproved death benefits or both.

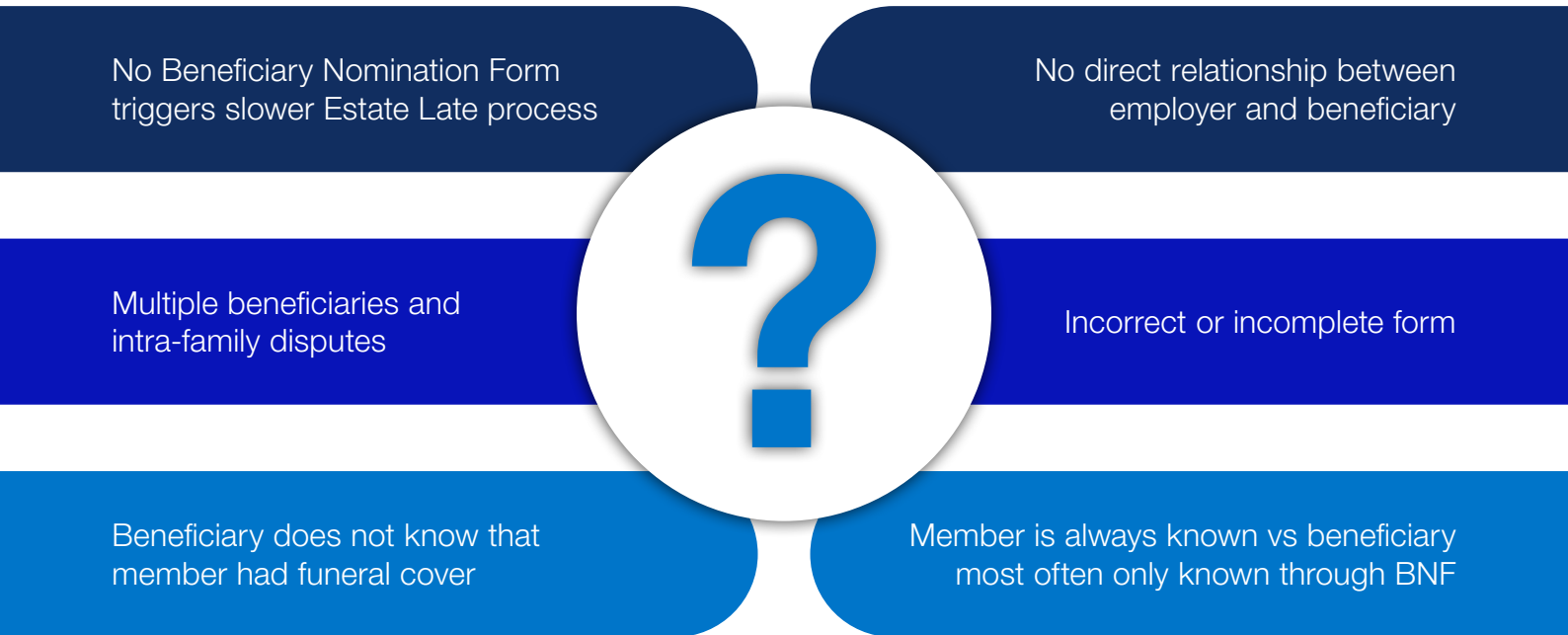


Figure 1

1. Incomplete submissions

When claims are submitted with the required information or documents, the process slows down considerably. Insurers must first identify what's missing, request the outstanding items, and then review and process the new information once it's received. Each of the steps adds significant delays in the overall process.

In fact, from the data in *figure 2* it is evident that only 1% of claims are submitted with all the required documents upfront, these are finalised 25% faster than the average claim. Nearly 20% of claims require multiple requests for information, these take 13% to 35% longer to finalise.

2. Payments of Unapproved benefits to deceased estates

Claims paid to estates take significantly longer to process.

While incomplete submissions are a common issue across both funeral and unapproved death benefits, the similarities don't end there. You can also see from *figure 4* on the next page that these similarities extend to whether claims are paid to beneficiaries or the estate of the deceased (in the absence of a nominated recipient).

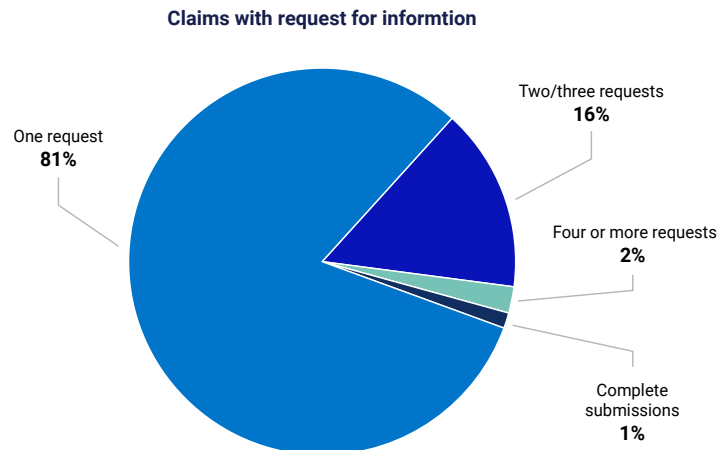


Figure 2

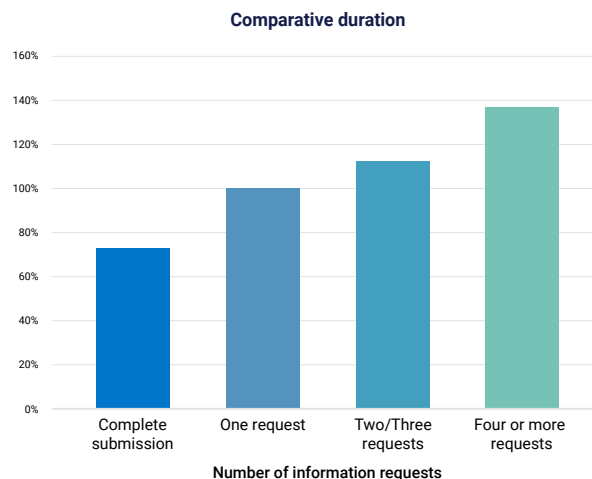
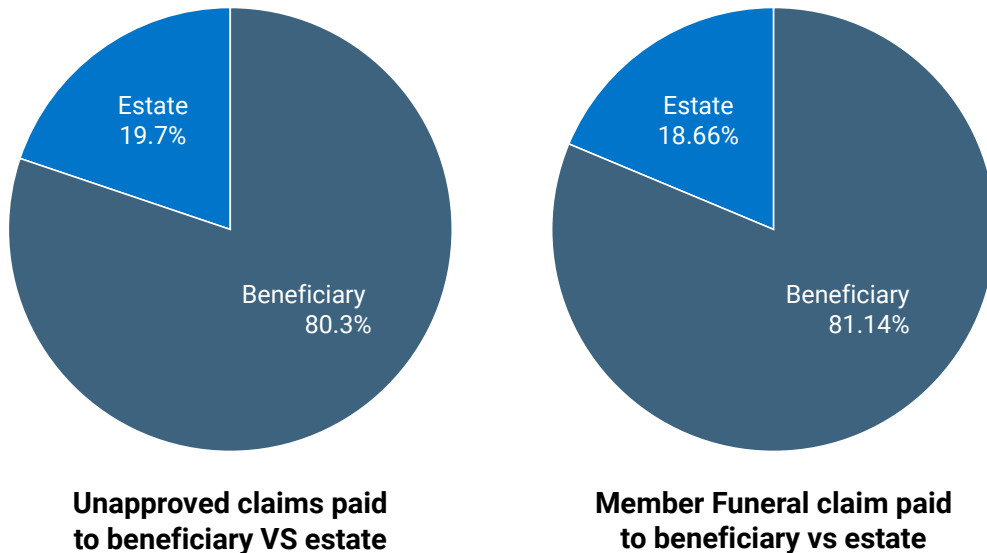


Figure 3

Member claims paid to deceased estates*Figure 4*

In both cases, over the last three periods, about 80% of claims were paid to nominated beneficiaries, while the remaining 20% of claims were paid to deceased estate accounts

During the first three years of the analysis period, the payment of unapproved death benefits into deceased estates fluctuated between 4.5% and 9.5%.

In both cases, over the last three periods, about 80% of claims were paid to nominated beneficiaries, while the remaining 20% of claims were paid to deceased estate accounts.

In contrast, paying funeral claims into an estate was virtually unheard of at less than a quarter of a per cent - 0.25% - before the Beneficiary Nomination requirements became effective.

This is not a critique of the regulatory changes. On the contrary, Sanlam Group Risk fully supports the Regulator's objectives to protect members and their dependants as well as to enhance governance across the industry. This requires taking every measure to eliminate the risk of exploitation, abuse and outright criminality, through tighter controls including Treating Customers Fairly, Policyholder Protection Rules and Beneficiary Nomination Forms, which are all aimed at protecting the vulnerable.

In our country, with its high levels of funeral fraud (as exposed in the ASISA research) and much-publicised "murder for money" scandals, this regulation serves an important purpose, and we have amended our processes accordingly. As a result, we've seen a doubling in Group Life Assurance (GLA) claims paid to estates, and funeral claims payable to estates have aligned with these elevated levels.

The increased estate claims naturally correspond to an increase in the total process duration of these claims. The analysis shows that the change on the group life, which already had a higher number of estate claims, is far less material than on the funeral.

In fact, the average total claim duration of the **20% of funeral claims paid to estates is 4.5x longer** than the equivalent average claim duration where beneficiaries have been nominated. As a result, nominated beneficiaries not only have a reduced risk (since there is no risk of estate fraud) but they also have a vastly superior client experience and financial wellness outcome. Our experience shows that estate payments hugely contribute to the immediate financial challenges that dependants experience.

3. Multiple beneficiaries

Verifications and engagements associated with multiple recipients also take significantly longer to process.

However, we shouldn't just focus on the 20% but also consider what impacts the other 80%. In South Africa, the average breadwinner supports more than four people. If you look at *figure 5* closely, you will notice that more than half of the unapproved claims have two or more beneficiaries, and nearly a fifth have four or more nominated beneficiaries. This isn't just a statistic – it's a reflection of our social reality.

When a breadwinner like Lwandile passes away, the impact ripples far beyond a single household. It can affect siblings, parents, and even extended family members who rely on that income.

Members nominate multiple beneficiaries not just as a financial decision but as an expression of Ubuntu, of shared responsibility and legacy.

In some South African cultures, there's a powerful saying: "Lehu la gao le tla mphedisa" ("Your death will give me life").

It speaks to the hope that a breadwinner's life insurance or retirement benefit will lift their loved ones out of poverty. It is a solemn, sacred trust.

Group life claims by number beneficiaries

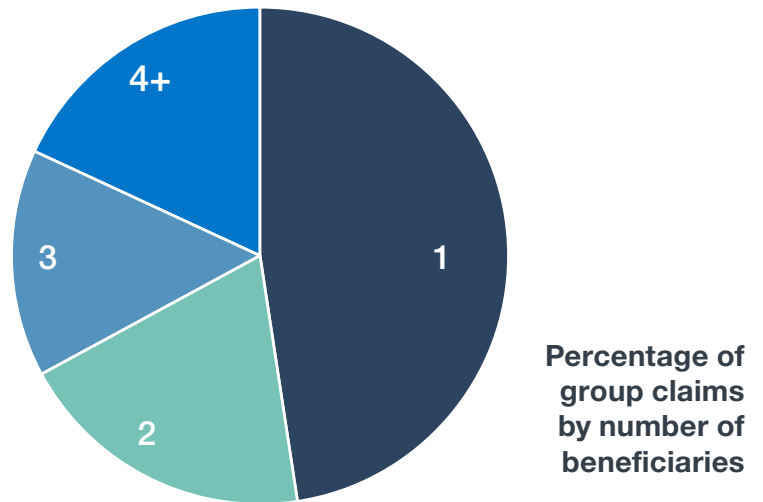


Figure 5

Comparative process time by numbers of beneficiaries

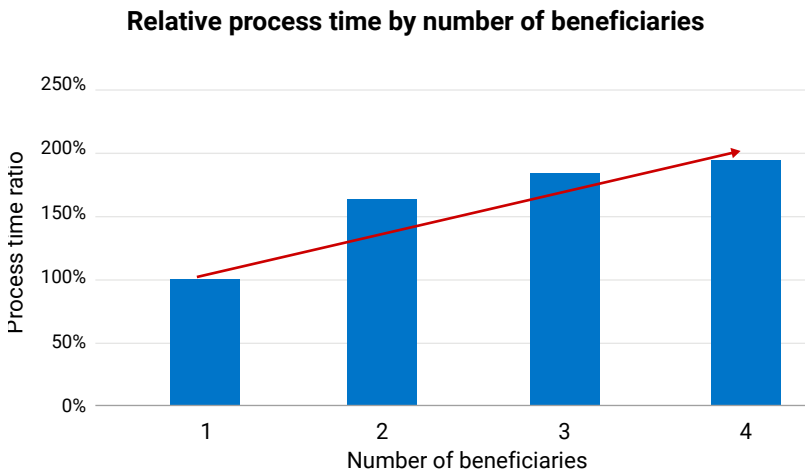


Figure 6

But while this is deeply meaningful, it also introduces complexity. Each additional beneficiary means more verification, more documentation, and more time (as demonstrated by the sharp increasing trend in *figure 6*). And when time is what grieving families don't have, we must find ways to honour both the "cultural" intent and the need for efficiency.

The impact

Lwandile relies on our industry the most at the time of a life-changing event and if we don't step up:

- families face financial hardship during their most vulnerable moments;
- breadwinners' legacies are compromised; and
- trust in the system erodes.

We – as an industry and as recognised by the Regulator – have a responsibility to be there for the family by enabling an expedited resolution of unapproved death and funeral benefit claims.

How do we solve these claims process challenges?

At Sanlam Group Risk, we hold ourselves accountable for solving this problem and for protecting the rights of beneficiaries.

With more than 30% of claims following a process that takes nearly twice as long, it is clear that the industry must find more efficient mechanisms to deal with the increased administrative complexity.

This must be done without compromising the critical screenings, bank verifications, etc. in order to comply with the main objective of the Regulator, which is to protect the legal rights of beneficiaries and ensure that their immediate and long-term financial needs are provided for as intended by the member.

So, what have we done?

It's no use pointing out problems without acting on finding solutions. And that's what we – at Sanlam Group Risk – are doing:

- Extensive and continued education and communication to members and employers, highlighting the challenges and importance of regulatory requirements.
- Consistent investment in technological solutions, driving process improvements such as AI-assisted processing of claim submissions, immediate clearance of funeral payments, as well as embedded verification and screening.
- Availability of simplified claim forms and multi-channel completion facilities to ensure members' wishes are easily recorded and readily conveyed.

While these interventions play an important role and the use of technological solutions has already delivered some improvements more needs to be done.

We can't do this alone

In our experience, it requires a collaborative effort, partnering with employers, funds and brokers to educate members, implement remediation programmes and drive completion.

One area that is a game changer is Beneficiary Nomination Form interventions. We believe this has the potential to make an immediate and meaningful difference in people's lives. However, despite our efforts - including client and member education, as well as targeted email and SMS campaigns – we have not seen the desired uptake. In a recent drive specifically for this purpose, we reached out to 1 000 members over a six-month period. Only 37 newly completed forms were submitted.

BUT when we partnered with intermediaries and employers – meeting members where they are – at shift changes and salary collection time – we saw 100% (or close to 100%) completion rates. Similarly, another scheme reported a nearly 100% completion rate thanks to a targeted approach where forms were completed during the member education sessions.

The lesson is that proximity, partnership, and presence matter.



Our continued commitment to our valued clients and our breadwinners

- Ongoing education and awareness – to encourage increased use of existing platforms and develop new repositories to record, store and efficiently access this data.
- We also wish to propose standardised forms – to simplify the claims submission process that enables the transfer of existing nominations between insurers when business is transferred between them, to reduce the need for new nominations to be completed for every policy change.
- Deliver a one-touch claim process – using technology to simplify and enhance both the ease of claims management and processing.

At Sanlam Group Risk, we take seriously the responsibility and need to protect the rights of our members and their nominated beneficiaries in their time of need.

We also have a role to play in managing insurance benefits and costs in a manner that allows all members to retire with confidence. At the same time, the industry's purpose is to comply with the main objective of the Regulator: to protect the legal rights of beneficiaries and ensure that their immediate and long-term financial needs are provided for as planned by the member.

Stronger together

There's a proverb that says: "When elephants fight, it is the grass that suffers."

As it currently stands, in our industry, the "elephants" are our struggles with systems, processes and regulations or even well-meaning stakeholders pulling in different directions. But the "grass" is the members, the families, the Lwandle's of our country. They are the ones who suffer when we don't collaborate to deliver efficient solutions.

Every delay, every missing form, every miscommunication is not just an administrative issue. It is a moment of pain, of uncertainty, of financial vulnerability for the people we are here to serve.

Industry stakeholders like employers and intermediaries who have real influence at the coalface, we invite you to partner with us to solve this challenge together. Let's co-create solutions that deliver speed, dignity, and security to every member we serve.

Together, we can build a future where no family is left waiting, no breadwinner's legacy is lost, and every South African can retire with confidence.

That is what it means to enable an age of confidence!

From flying to retiring Getting to the destination safely is key

Danie van Zyl,
Head: Smoothed Bonus Centre of Excellence
Sanlam Corporate Investments



I started mapping my thoughts on this year's Benchmark Survey while flying back to Cape Town. As the pilot and crew started making preparations for landing and we began our descent, the stormy weather in Cape Town ensured that we were in for a rough ride. This experience made me reflect on a retirement fund member's journey to retirement, specifically how we can help ensure that he or she can retire with confidence.



There are a number of similarities between flying and saving for retirement. While a pilot focuses on getting passengers to their destination and preserving their lives, as an industry we focus on getting members to their retirement destination while preserving their wealth. The most critical part of a flight, from a technical perspective, is the landing. While take-offs can be exciting, it is the precise and controlled descent and touchdown that determine the success of any flight. In the same way it is managing the final years of saving and then converting your retirement savings into an income for life that determine a successful retirement.

For a pilot, every landing is different because there are so many variables to contend with – turbulence, visibility, wind speed, temperature, and last-minute changes from traffic control. In the retirement savings' environment, the variables that we need to contend with include market volatility, inflation, interest rate changes, and changes in regulation and legislation. Most of these can be very confusing for the average retirement fund member, which is why retirement funds are required to offer a default investment option to assist members who either don't want to or feel they cannot make their own investment decision.

Default investment strategies

The 2025 Benchmark Survey once again highlighted that trustees of retirement funds favour lifestage strategies for their default / trustee choice investment strategy, with 77% of funds utilising a lifestage strategy. For retirement funds with more than 500 members, the percentage is over 80%. Similarly, in the case of participating employers in umbrella funds with more than 500 members, more than 70% of follow a lifestage strategy. A lifestage strategy aims to meet a member's savings requirement by working towards a target retirement date. Initially a member is invested aggressively to maximise growth and later, closer to retirement, more focus is placed on capital protection.

For a lifestage strategy to be successful, it is crucial to get the selection of the end stage before retirement right.

The reasoning behind this is that, in the years just prior to retirement, a member has accumulated a significant fund value and often has one or more needs at this point of their retirement journey. They may wish to:

- Protect their fund value: Members have worked hard for many years to build up their fund value and do not want to risk seeing their savings decrease due to market downturns.
- Preserve their ability to secure a required income in retirement.
- Ensure that their investment keeps pace with inflation.

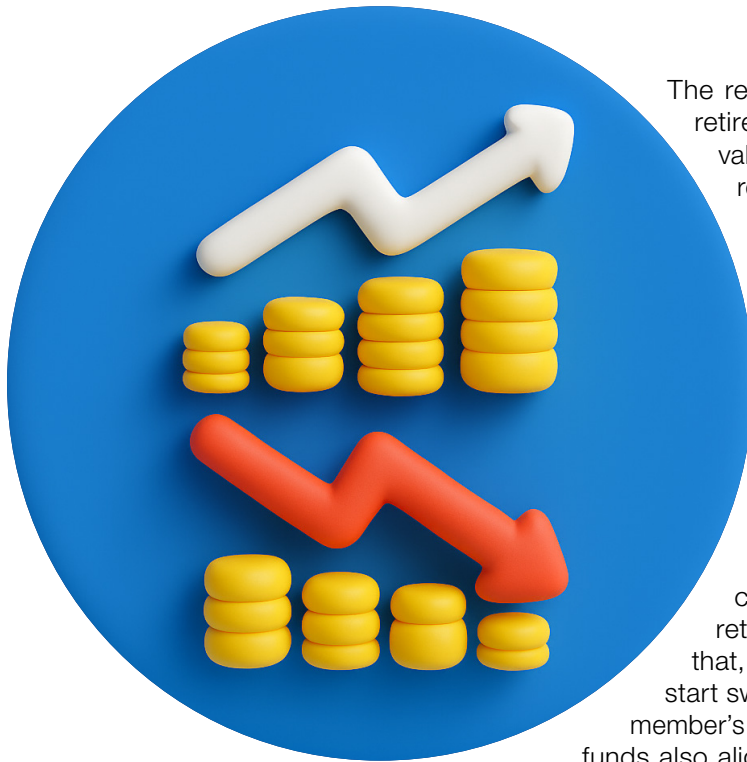
For a lifestage strategy to be successful, it is therefore crucial to get the selection of the end stage before retirement right. The 2025 Benchmark Survey showed that, on average, retirement funds with a lifestage strategy start switching members to the end phase six years before the member's retirement date. Around three quarters (77%) of retirement funds also align their end stage with their trustee-endorsd annuity strategy, up from 30% in 2016.

What is concerning, however, is that 34% of participating employers in the umbrella fund survey indicated that their final stage consisted of cash. While cash can protect a member's capital, it is unlikely to keep pace with inflation over a six-year period (when funds start switching to their end phase). This may well be a case of funds being "recklessly conservative" – they think they are being conservative by protecting the rand value of their members' savings; however, they may be reckless in not ensuring that the savings keep pace with inflation. The corresponding figure for standalone retirement funds using cash in the end stage of their lifestage strategy is 19.2%, but even this seems too high!

It is surprising that only 16.5% of participating employers utilise a smoothed bonus portfolio in the end stage – a type of portfolio that combines smoothing and protection while still providing exposure to equities, bonds and international assets. Members can therefore get the benefit of not having to worry about market downturns before retirement but also benefit from historically better-than-inflation returns over any multi-year period.

A good landing requires a good approach

A good landing starts with a good approach. Pilots learn to prepare for a landing by establishing a stable approach, maintaining the correct speed and altitude, and judging the descent rate to ensure a smooth landing. If we as an industry want to ensure that members can retire with confidence, we need to learn from pilots and ensure members are on the right approach to retirement during the end stage of their lifestage strategy.



Bridging the Retirement Gap: From Awareness to Action

Karen Wentzel,
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In the 2024 Benchmark article “Overcoming the Default Paradox,” we highlighted a critical disconnect in the retirement journey: while pre-retirement investment defaults provide structure and security, retirees are often left to navigate the post-retirement landscape alone. Despite the availability of trustee-endorsd annuity options – designed to offer cost-effective, secure, and inflation-aware income – most retirees fail to take advantage of them.



The question now is:

How do we move from awareness to action?

1. From Passive to Proactive: Empowering Member Decision Making

The first step is shifting the mindset. For decades, members have been guided by default investment strategies. At retirement, however, they must become active participants in their financial future. This transition requires:

- **Targeted education campaigns** well before retirement age
- **Simplified communication** that demystifies annuity products
- **Interactive tools** that allow members to model different retirement income scenarios.

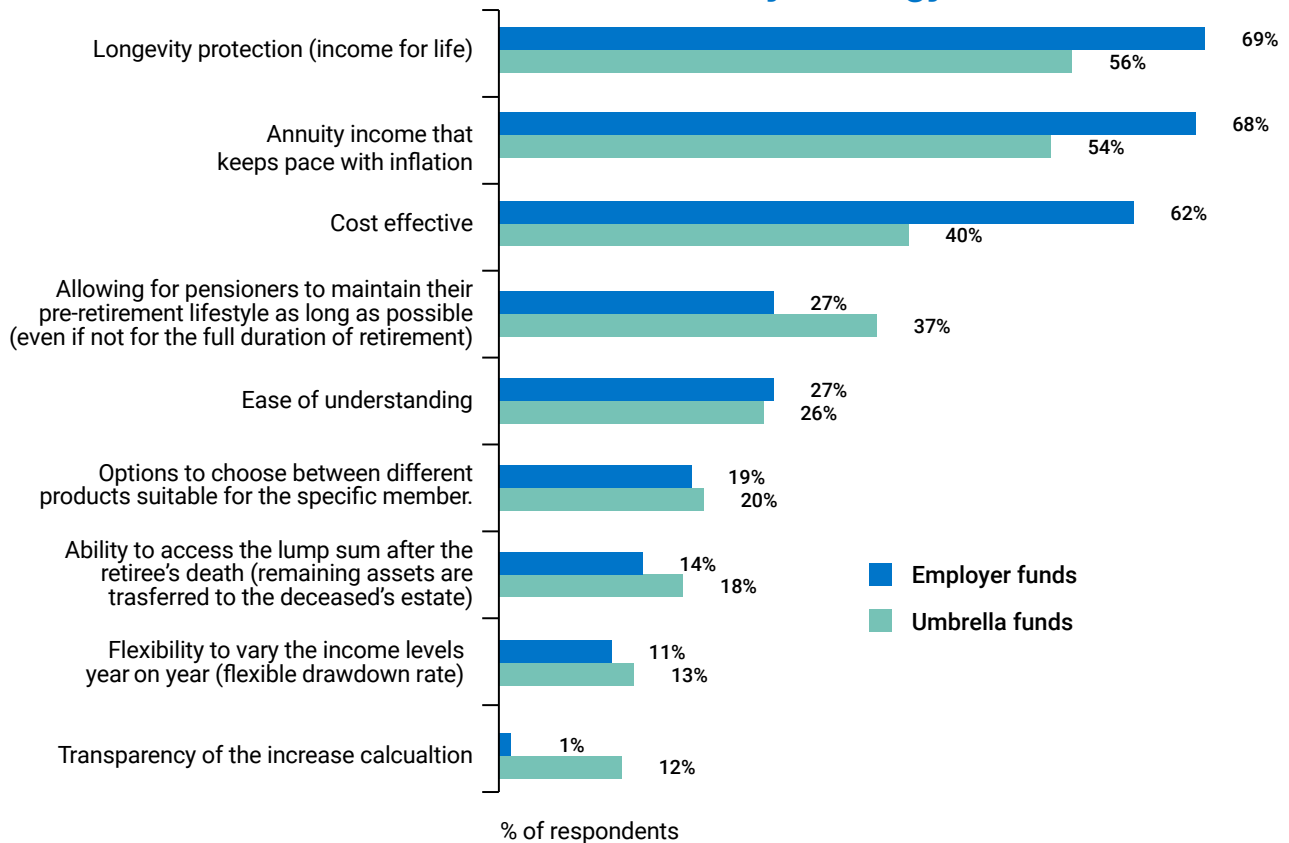
Trustees and fund administrators must collaborate to ensure members understand not just what options exist, but why they matter.

2. Personalisation at Scale: Tailoring the Retirement Conversation

Every retiree’s situation is unique. While trustee-endorsd options offer broad benefits, they must be presented in a way that resonates with individual goals and circumstances.

From the Benchmark research the three most important features of trustee-endorsd strategies are longevity protection, inflationary increase, and cost effectiveness.

Important Features of a Trustee-Endorsed Annuity Strategy



Base: Employer funds (n=74), Umbrella funds (n=168)

A call to action for trustees to:

- Offer personalised retirement readiness reports.
- Provide access to financial advice—either digitally or through human advisors.
- Use data analytics to segment members and tailor messaging accordingly.

3. Timing is Everything: Capitalising on Market Conditions

The current high-interest rate environment still presents a great opportunity. Life annuities are more attractively priced, offering higher guaranteed incomes for the same capital outlay. Funds should:

- Highlight the time-sensitive nature of these opportunities.
- Encourage members to act while conditions are favourable.

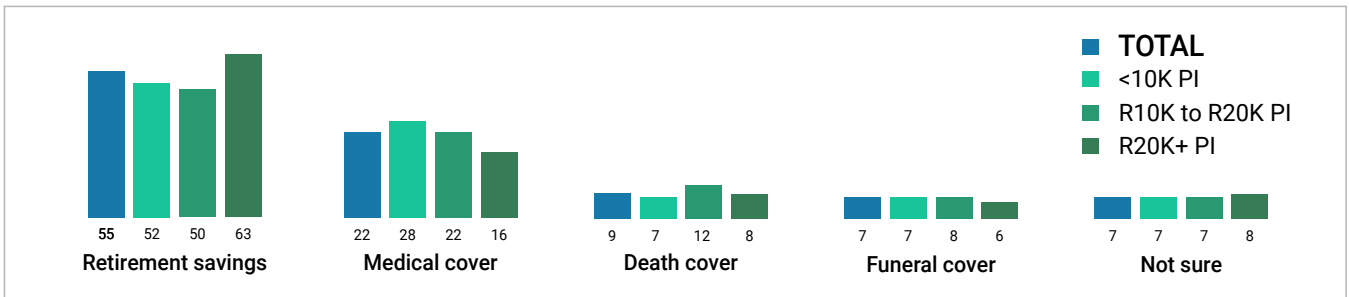
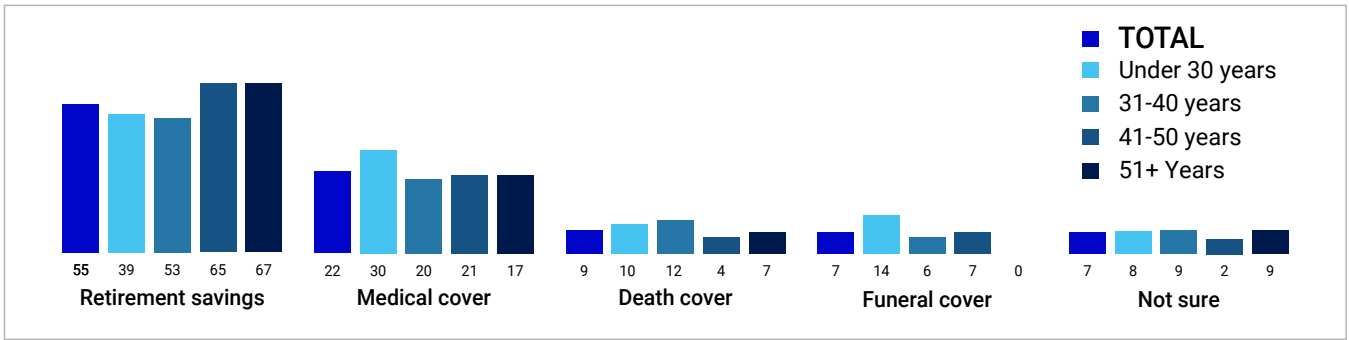
4. Reinforcing Trust: The Role of Trustees and Employers in Retirement

Trustees and employers are uniquely positioned to guide members through this transition. Their endorsement carries weight, but only if members are aware of it. To strengthen this trust:

- Trustee-endorsed options should be **prominently featured** in retirement packs, as respondents indicated in the Benchmark survey that retirement savings are their biggest need from employers.
- Trustees should **communicate directly** with members, explaining their role and the rationale behind the endorsed options.
- Funds should **track and report uptake** to identify gaps and improve engagement.

Biggest need from Employer

Which do you feel is your biggest need from your employer right now?



Base: All respondents (n=506)

5. A Call to Action: Making the Invisible Visible

The data is clear: two out of three members are **missing out on institutionally priced annuities**. This is not just a missed opportunity – it’s a call to action. **By making trustee-endorsd options more visible, accessible, and understandable, we can help retirees make better decisions and secure more stable financial futures.**

The Default Paradox doesn’t have to end in confusion. With the right tools, timing, and trust, we can transform retirement from a daunting decision into a well-supported transition.

How much is Enough? Breaking down Retirement Contributions and Costs

Meghna Batohi
Actuarial Specialist
Sanlam Corporate Investments



For many South Africans, the commonly accepted retirement age of between 60 and 65 is becoming more of a dream than a reality. Sanlam's research has revealed that the age at which people will be able to retire to ensure they are able to make ends meet is 80. Sanlam's goal is to help members avoid this, and to make the dream of retiring between 60 and 65 a reality.



We want members to retire with the confidence that they will be able to support themselves and their loved ones. Although many factors affect members' ability to achieve this dream, this article will focus mainly on the level of contribution to retirement funds. .

For the majority of retirement fund members, the contribution to the fund consists of both employer and employee contributions, based on their pensionable salary. Pensionable salary is the income used by an employer to calculate a member's retirement fund contribution. This will typically include any fixed remuneration, such as salary or wages, but may exclude variable amounts such as commission, bonuses or overtime. For ease of comparison, all figures in this article refer to pensionable salary (also known as PEAR).

Is the normal retirement age reasonable?

When considering increases in life expectancy, 53.5% of umbrella funds in the 2025 Benchmark Survey said they did not think normal retirement age is a reasonable age for members to build up enough retirement savings over their working lifetime to maintain their standard of living in retirement. 38.7% said normal retirement age is a reasonable age by which to accumulate enough savings but only if members have high enough contribution rates.

Employer and employee contributions

The average employer and employee contribution for standalone funds, as a percentage of salary, was 10.21% and 7.02% respectively. Although employer contributions have increased, employee contributions have decreased, causing total contributions to standalone funds to stay roughly similar from 2024 to 2025.

Contributions to umbrella funds have decreased for both employers and members from 2024 to 2025. Once again, total contributions to umbrella funds remain lower than those to standalone funds.

However, when comparing umbrella funds to standalone funds of different sizes, we see that the total contributions to umbrella funds in 2025 (13.86%) are more in line with those to standalone funds with more than 10 000 members (14.86%).

	Umbrella funds		Standalone funds		Standalone funds with fewer than 500 members	Standalone funds with more than 10 000 members
	2025	2024	2025	2024	2025	2025
Employer contributions	7,59%	8,53%	10,21%	10,00%	9,22%	8,95%
Member contributions	6,27%	7,14%	7,02%	7,30%	7,33%	5,61%
Member contributions	13,86%	15,67%	17,23%	17,30%	16,55%	14,56%

Administration costs

54.1% of standalone fund and 57.7% of umbrella fund participants expressed their administration expenses as a percentage of a member's salary – this high proportion is a continuing trend year on year. Only 36.5% of standalone fund and 23.2% of umbrella fund participants opted for a fixed cost per member per month, and only 2.7% of standalone funds expressed their administration expenses as a percentage of the fund's assets.

The different administration cost bases each have an impact on member outcomes. A fixed-amount-per-member approach results in the lowest level of cross-subsidy between members. This is because this approach causes a larger percentage reduction in small salaries and, vice versa, a smaller percentage reduction in large salaries. Thus, funds that use the fixed-amount-per-member approach lose any administration expense cross-subsidy between higher-paid and lower-paid workers, which is present in the percentage-of-salary approach. Sanlam prefers cross-subsidisation in this instance.

Although the model of administration expenses as a percentage of a fund's assets is currently in the minority, it is more in line with the charging model in the retail savings market.

For standalone funds that deduct a percentage of salary for administration costs, the average deduction amounted to 0.71% – the highest deduction since 2016. It is also a huge increase from 0.51% in 2024.

The average fixed fee per member for standard members amounted to R75,04, reflecting a 12.6% increase from 2024. Four funds indicated that they pay more than R90 per member per month. As in previous years, members of very large funds (more than 10 000 members) benefit from economies of scale and pay a lower administration fee (0.6%) compared to members of smaller funds (fewer than 500 members) who pay on average 0.65%.

Overall, the administration fees of standalone funds have shown an increasing trend, while umbrella fund fees have remained stable.



Total provision for retirement

Combining the employer and employee contribution rates, less the administration and group risk costs, the net provision for retirement amounted to 13.77%, as reported in the 2025 Sanlam Benchmark Survey. This excludes any additional costs, like consulting fees.

Seeing as this figure can vary greatly from year to year, the table below shows the average provision for retirement over the past three and five reported years, which is a better representation of long-term trends.

Very large funds (with more than 10 000 members) had a lower total provision for retirement over the past three reported years relative to smaller funds (with fewer than 500 members), resulting mostly from lower employer contributions. Smaller funds, despite having higher administration costs, and thus greater deductions, had a higher total provision for retirement.



	Average over past three surveyed years			Average over past five surveyed years
	All standalone funds	Funds with 10 000+ members	Funds with fewer than 500 members	All standalone funds
Employer contributions	10.22%	8.95%	9.71%	10.30%
Employee contributions	7.13%	6.78%	6.96%	6.93%
Deduction for life cover	-1.57%	-1.46%	-1.56%	-1.53%
Deduction for disability cover	-1.18%	-1.10%	-1.23%	-1.15%
Deduction for administration costs	-0.56%	-0.52%	-0.69%	-0.56%
Total provision for retirement	14.05%	12.66%	13.18%	14.00%

Group risk costs

46% of employers provide risk benefits (group life and disability cover) via their retirement funds (referred to as “risk benefits”), while 23% provide these benefits under a separate scheme (referred to as “unapproved benefits”). The remaining 31% of employers provide benefits via both the retirement fund and a separate scheme. The average deduction to cover the cost of life cover within the retirement funds was 1.64% of pensionable salary.

46.1% of respondents believe that, given the increase in life expectancy, retiring at the normal retirement age will not allow members to build up enough retirement savings over their working lifetime to maintain their standard of living in retirement. While this is a large percentage, it is a decrease from 2024’s figure of 54%. With Sanlam’s retirement saving strategies, this figure should continue to decrease, enabling more people to retire with the confidence that their savings will enable them to maintain their standard of living.

Empowering Employee Knowledge and Wellness Through Member-Led Outcomes

Koketso Mahlalela
 Head: Member-led Outcomes
 Sanlam Corporate



In his 2025 State of the Nation Address, the President of South Africa cast a spotlight on one of the country’s most persistent challenges: the labour market crisis. With the unemployment rate climbing to 31.9% in the final quarter of 2024, and time-related underemployment affecting 4.6% of the population, the message was clear – South Africans are still struggling to find meaningful, sustainable jobs.

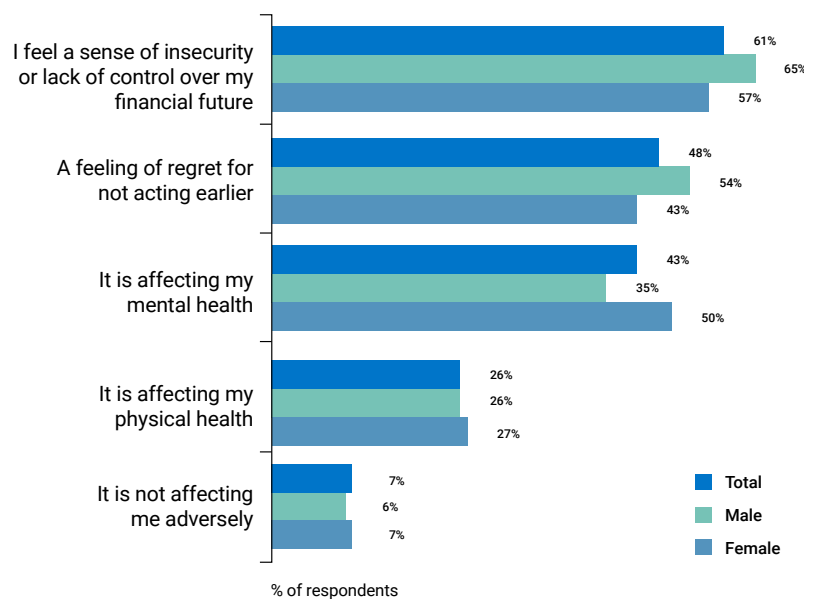


This economic reality puts immense pressure on the workforce and demands innovative, people-centred solutions. Among the most powerful of these is education – equipping employees with the tools, knowledge, and support they need to thrive in a rapidly evolving world of work.

The Hidden Cost of Financial Stress

The 2024 Benchmark Survey revealed a troubling trend: financial stress is not only widespread, but it’s also deeply personal. For many, it manifests as a looming sense of insecurity about the future. A significant number of respondents admitted they wished they had made better financial decisions earlier in life. The emotional toll of this stress is profound, affecting not just financial well-being but also overall health and productivity. The results are further captured below:

How is stress affecting you?



Base: Currently feeling financial stress (n=423 respondents)

This dual burden of economic instability and personal financial anxiety has created a perfect storm for South Africa’s workforce. It’s a storm that employers can help calm.

The Employer's Role: From Benefits to Empowerment

This article explores how employers can become catalysts for change by leveraging employee benefits to empower their people. It also highlights the importance of wellness-driven, member-focused programmes that go beyond traditional offerings.

With Sanlam at the helm of the B20 Employment and Education Taskforce, there is a unique opportunity to influence policy and practice, placing education and empowerment at the heart of workforce development.

Unlocking the Power of Employee Benefits

A major barrier to empowerment is the lack of understanding around employee benefits. Too often, employees are unaware of the full range of support available to them. These benefits are more than just perks, they are lifelines. They offer protection, retirement savings, access to healthcare, educational tools, and other resources that can significantly improve financial outcomes.

Yet, wellness remains under threat. Absenteeism in South Africa ranges from 3.5% to 6%, translating to 8–15 days lost per employee each year. This absenteeism costs the economy between R12 and R16 billion annually as noted by Occupational Care South Africa. Addressing this issue requires a holistic approach, one that integrates wellness with the very fabric of the workplace.

A Stronger Workforce Starts Here

When employees are supported, the results are transformative:

- Organisational goals are met more effectively.
- Industry growth is accelerated.
- Employee well-being improves.
- Productivity and economic output rise.

Member-Focused Programmes: Tailored for Impact

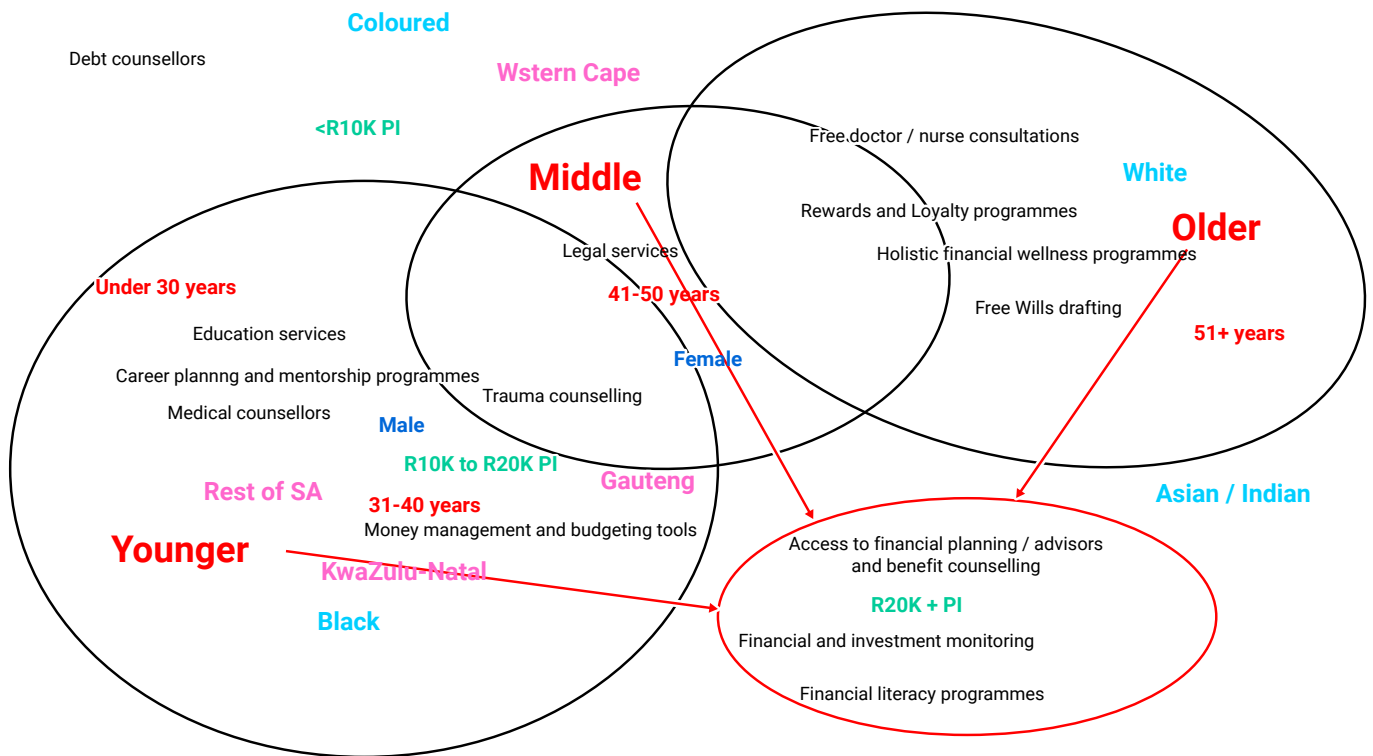
Member-focused programmes are designed to drive better financial outcomes by meeting employees where they are. These initiatives use omni-channel strategies to deliver accessible, product-agnostic education that empowers members to make informed decisions.

Key components include:

- Retirement benefit counselling: providing information to members to consider beyond exit from the employer. This is so they are well informed to make the right choices in continued growth of their retirement savings.
- Rewards and loyalty programmes: focusing on changing member behaviours to yield better financial outcomes.
- Financial education (FinEd) initiatives: increasing member knowledge, particularly with regard to their finances.



Financial solutions you would be interested in



The 2025 Benchmark Survey revealed that different age groups value different benefits. This is summarised in the figure above.

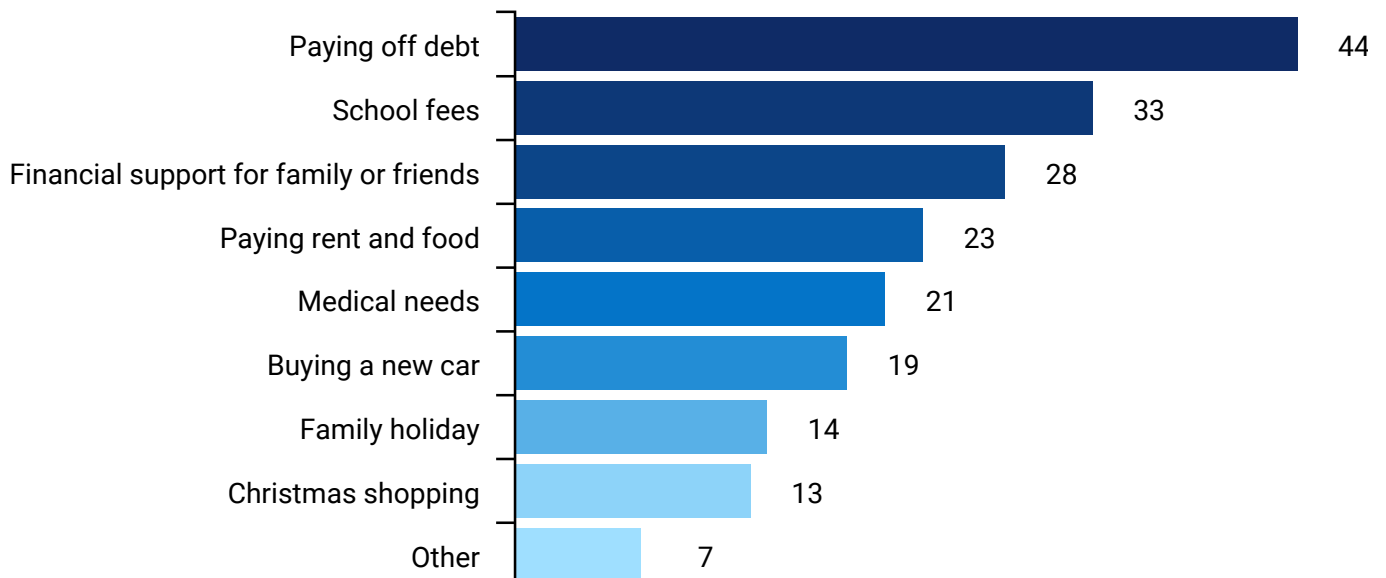
- Under 30s: Educational services, career planning, mentorship, medical and trauma counselling
- Ages 41–50: Legal services
- Ages 51+: Free medical consultations (doctor or nurse consultations), loyalty programmes, holistic financial wellness, and free will drafting.

Across all age groups, there was a strong demand for financial planning, benefit counselling, investment monitoring, and financial literacy programmes.

The Two-Pot System and Member-Led Outcomes

The roll-out of the Two-Pot Retirement System in September 2024 marked a significant shift in how South Africans manage their savings. The 2025 Benchmark research showed that members used their savings for a variety of needs, highlighting the importance of guidance and support.

These needs are summarised below:



Leveraging the member-led outcomes programme encourages members to consider the use of alternatives, financial rehabilitation provided through financial wellness programmes, smart-funding programmes provided by the employer for reduced school fees (where applicable), and leveraging rewards programmes to unpack additional savings.

Further 2025 research shows that rewards providing money (e.g., cashbacks), debt relief, and added savings particularly resonated with respondents in income segments earning less than R20k per month, highlighting the benefit to a financially strained group of individuals.

Income Group	Most Mentioned Rewards	Key Drivers
<R10K	Money, Debt Relief, Savings, Family	Financial Pressure, Daily Survival
<R10K-R20K	Money, Family, Debt Relief, Lifestyle Treats	Security, Progress, Small Pleasures
<R20K+	Money, Discounts, Lifestyle, Recognition	Sophistication, Dignity, Autonomy

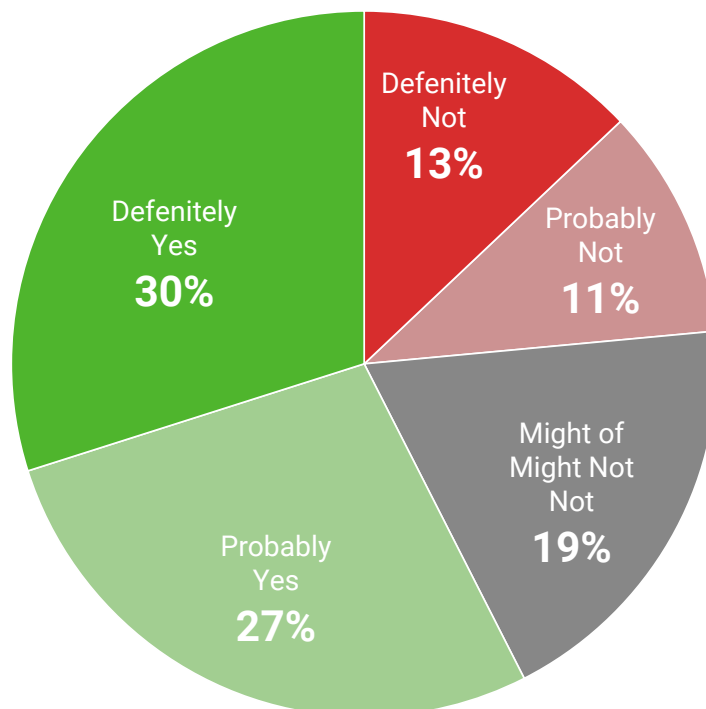
Wellness as a Cornerstone

Access to medical aid and virtual healthcare services ensures that employees can prioritise their health. These value-added services, such as virtual nurse and doctor consultations, are essential for maintaining a healthy, productive workforce.

Contracted financial advisors also offer financial wellness, enabling members to connect with products fulfilling their needs. An appeal for a one-stop advice network is noted below, highlighting that advice provided also needs to be comprehensive to cover the full scope of a member’s needs.

One-Stop-Shop for all financial needs appeal

Do you want to have a one-stop-shop for all your financial needs including your retirement benefits i.e. information/ advice, products and financial education?



Base: All respondents (n=506)

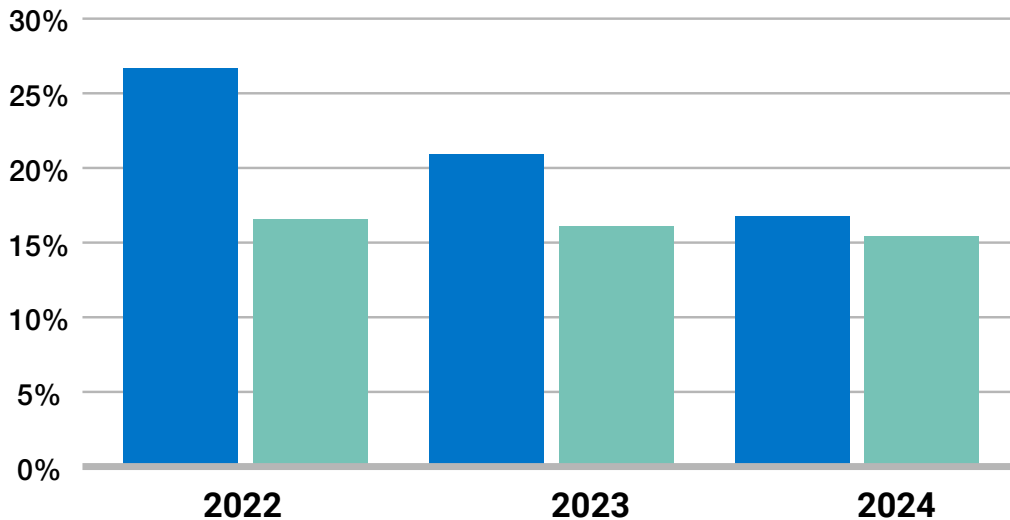
Measuring What Matters

To ensure these programmes deliver real value, ongoing measurement is essential. The Wealth Bonus Lifestyle for SC programme is a prime example – members saved R12.9 million through benefits that came at no extra cost. These savings changed spending habits and improved cash-flow management.

Retirement benefit counselling continues to yield positive outcomes, with counselled members demonstrating greater confidence and making more informed decisions. The image below illustrates a decline in the proportion of fund credit withdrawn as cash, following counselling sessions. This trend reflects a meaningful shift in behaviour, with an increasing number of members choosing to annuitise after receiving guidance from a retirement benefits counsellor. We do note a reduced gap over time, which is mainly driven by economic pressures, hence highlighting the need for early education being essential in driving better retirement savings and financial confidence over time.

Sanlam Umbrella Fund:

Cash Portion taken of Fund Credit for Retirements by IMS Counselling



The Ripple Effect of Empowerment

When employee benefits are used effectively, the impact is far-reaching:

- 1. Increased Productivity** – Empowered employees are more engaged and motivated.
- 2. Innovation and Creativity** – A confident workforce is more likely to generate new ideas and solutions.
- 3. Higher Job Satisfaction and Retention** – Satisfied employees stay longer, reducing turnover.
- 4. Economic Stability** – A secure workforce contributes to a stable, growing economy.
- 5. Skill Development** – Continuous learning ensures adaptability and long-term resilience.

Empowering employees through knowledge, wellness, and member-led outcomes is not just a strategy – it's a necessity. In a country grappling with economic uncertainty, this offers a path forward. Through the transformation of workplaces into ecosystems of support, resilience, and growth it provides an opportunity where every employee has the tools to thrive.

Retiring with confidence: How Early Planning, Preservation and Smart Investment Strategies can Secure South Africa's Retirement Future

Marie du Plessis

Head: Umbrella and Pooled Investments
Sanlam Corporate Investments

Solly Tsie

Head: Investment Strategy
Sanlam Corporate Investments



Retiring with confidence means having the knowledge that you have saved enough, made the right financial decisions and engaged in thorough planning by envisioning life after work.

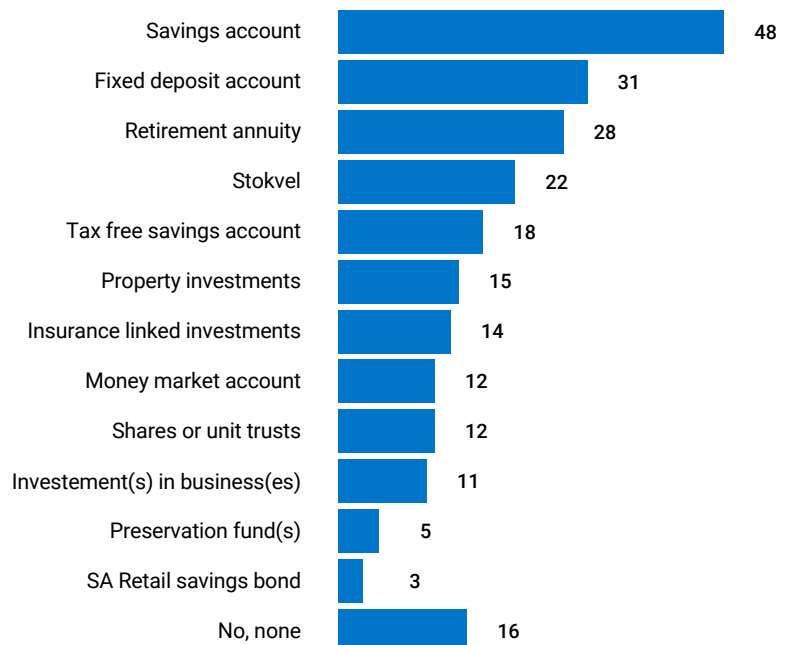
For many South Africans, however, the low level of retirement savings remains of great concern. Various factors influence the level of retirement savings, including income, age at which a member retires, employment status, contributions towards retirement savings, and the ability to preserve withdrawal benefits when resigning from a job. Understanding these elements and combining them with a well-structured investment strategy are essential to achieving your retirement goals.

The Reality of Retirement Savings in South Africa

According to the Sanlam Benchmark Survey 2025, many South Africans cannot rely solely on their proceeds from retirement funds to which they belong to sustain them in retirement. Some have sought to supplement their retirement savings with additional investments outside retirement funds as shown in the graph below.

Percentage of people with the additional investments beyond their company retirement fund

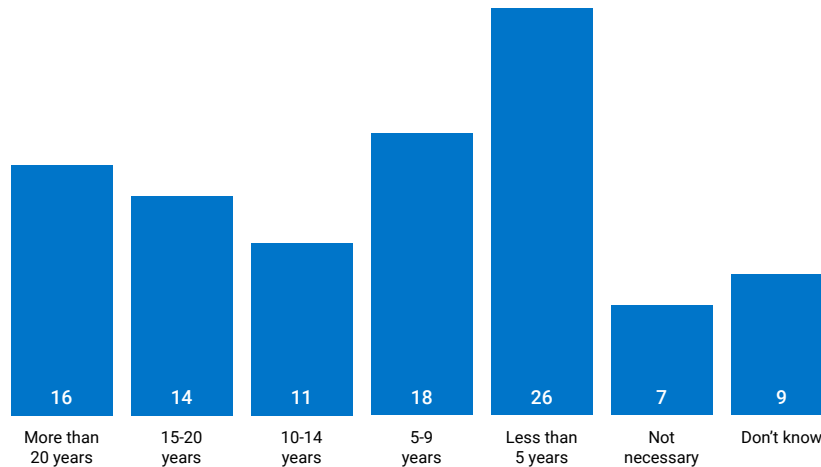
Apart from your company retirement fund(s), do you use any other savings or investment vehicles as a means of saving towards an income in retirement?



How Early is Early Enough for Retirement Planning?

Forty-four per cent (44%) of the respondents to the survey hold the view that 9 years or less is early enough to plan for retirement, while more than 15% either claim that planning for retirement is not necessary or do not know when to start planning.

How many years before retirement do you expect to seek professional financial advice about your retirement needs? (% of respondents)



This data underscores a critical issue: [how early is early enough for retirement planning?](#)

The answer is simple – planning should start from day one of employment. The longer the investment horizon, the better the chances of accumulating sufficient savings. Early financial planning allows individuals to ride out market fluctuations and benefit from the power of compound interest, which can significantly boost retirement savings over time.

While 44% of respondents believe planning for retirement should start within 9 years, over 15% remain unsure – yet the data is clear: starting from day one offers the greatest financial advantage.

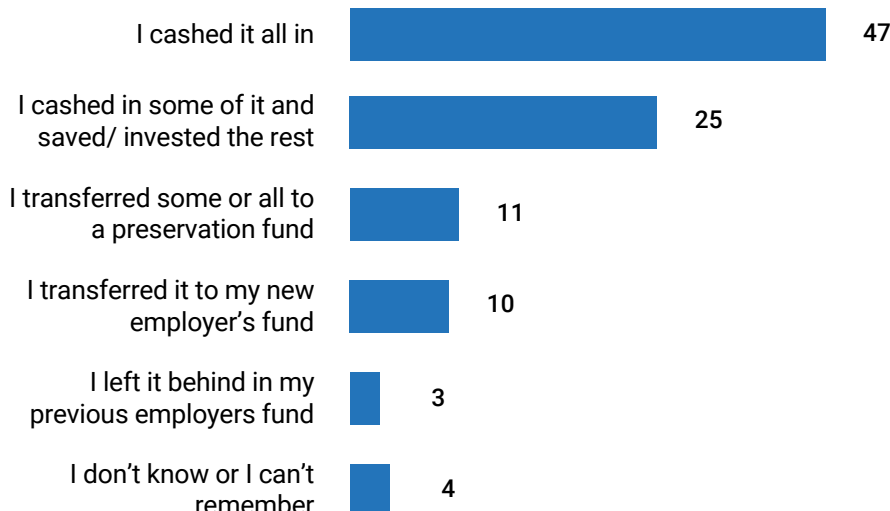
The New Normal: Retirement Age and Financial Preparedness

Given the survey results, it is no surprise that many individuals are not able to retire with enough savings at typical retirement ages but would have to work and contribute longer, effectively moving the retirement age towards 80 years.

Preservation of Retirement Savings: A Critical Concern

A worrying finding from the survey is the high percentage of people cashing in their retirement savings upon resigning. Nearly 47% of respondents confirmed that they had no choice but to cash in their retirement fund savings when resigning. For the year 2024, 55% of members in the Sanlam Umbrella Fund took their withdrawal benefits in cash. This practice greatly hampers the growth potential of retirement savings, as cashing out early stops the compounding growth of invested capital.

When you left the company what did you do with your withdrawal benefit at the time? (% of respondents)

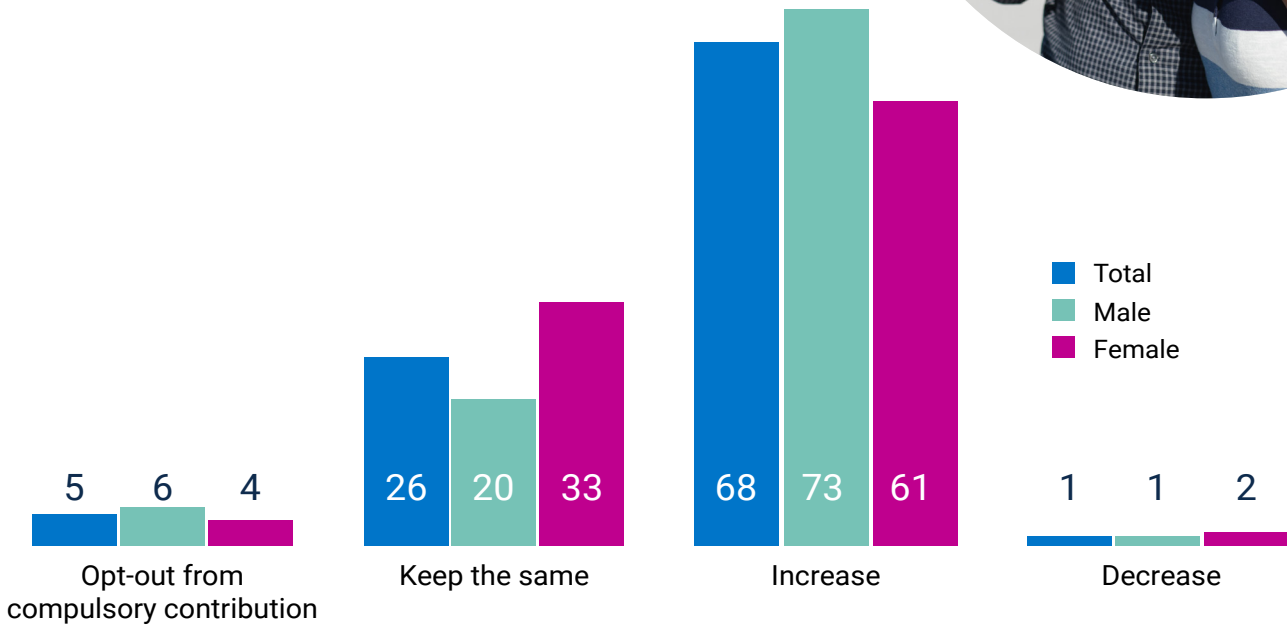




Increasing Contributions: A Positive Outlook

Even though the number of members cashing in their retirement fund benefit when switching jobs is concerning, when survey respondents were asked what they would do if they could change their retirement contributions, an overwhelming 68% indicated that they would increase their contribution rate. This awareness is encouraging and highlights a growing recognition of the importance of consistent and increased saving for retirement.

If you could change the current contribution you make to your retirement fund, what would you do?



The introduction of the Two-Pot System in South Africa has seen retirement fund members access their savings pots, with high withdrawal rates experienced in September 2024 and March 2025.

While this system provides flexibility, it may serve as an incentive for individuals to increase their contributions to ensure their retirement pot remains substantial. An article¹ by Riaan Botha, Head of Benefit Consulting at Simeka Consultants and Actuaries, suggests that early access to retirement savings can positively influence retirement savings growth despite concerns about early withdrawals. The reason is that individuals may be more comfortable contributing more to retirement funds without being worried about accessing funds when they need to, like in case of an emergency.

In this article, Botha cites a four-year study by UK's National Employee Savings Trust (NEST) and Harvard University on a trial run where five large employers with 80 000 participating employees were allowed to have early access to their retirement savings. The study showed additional pension contributions rising by 2.5% to 3.5% after 18 months. It demonstrated that early access can encourage savings habits and greater engagement with retirement planning. Additionally, saving through a retirement fund enabled access to investment without making any complex financial decisions on what products to invest in.

The Importance of a Well-Structured Investment Strategy

A well-constructed investment strategy is one of the key elements required to improve retirement fund outcomes for members. The five largest commercial umbrella funds in South Africa predominantly use a lifestage strategy as their main Trustee-approved default or as an alternative option. In fact, 77% of employer funds that responded to the survey use a lifestage strategy for their default.

¹Riaan Botha. Nov 5, 2023. Two-Pot Retirement System – a buffer for financial hardship

What is a Lifestage Strategy?

A lifestage strategy gradually shifts a member's retirement savings from an aggressive, higher-risk portfolio to a more conservative one as the member approaches retirement. This process, known as derisking, aims to protect members' savings from market volatility during the critical years before retirement.

- In younger years: Members typically have a longer time horizon and higher risk tolerance. Their portfolios are more aggressive, with significant exposure to equities, private markets, hedge funds, and property – assets expected to deliver higher long-term returns.
- Closer to retirement: The ability to recover from market losses diminishes, so the portfolio shifts to more conservative investments to safeguard accumulated savings. The Sanlam Umbrella Fund uses smoothed bonus portfolios for derisking in its lifestage strategies. These portfolios reduce volatility by smoothing returns over time and provide guarantees on benefit payment at retirement. This approach protects members from sudden losses in their retirement savings in the event of a market crash, offering peace of mind as they transition into retirement.

Conclusion: Building Confidence for a Secure Retirement

Retiring with confidence in South Africa requires early and consistent planning, preserving retirement savings, increasing contributions where possible, and adopting a well-structured investment strategy. The Sanlam Benchmark Survey 2025 revealed that many South Africans face significant challenges but that there are promising signs of increased awareness and willingness to improve retirement readiness.

Starting retirement planning early – ideally from the first day of employment – leverages the power of compound interest and mitigates risks associated with market volatility. Avoiding premature cash-outs and increasing contributions can dramatically enhance the growth potential of retirement funds.

Finally, a lifestage investment strategy that adjusts risk according to age and proximity to retirement is essential for protecting savings and ensuring a smoother transition into retirement life. With these ingredients in place, South Africans can look forward to a more confident and financially secure retirement.



Retiring with Confidence and Dignity: Why Women Still Face an Uphill Battle

Oletilwe Ramashala

Head: Business Development & Strategic Partnerships
Sanlam Corporate



Throughout my professional journey working with employers, trustees and members across the country, one truth continues to echo: South African women are the backbone of our communities. They nurture families, drive transformation in workplaces, and lead change in boardrooms. Yet, when it comes to retirement, too many women are still at a disadvantage, through no fault of their own.



The Numbers Tell a Clear Story

The **Sanlam Benchmark 2025 Consumer Study** confirms what many of us have witnessed for years: women are not saving enough for retirement, and they know it.

- Only **8% of female fund members** feel very confident that they will be able to retire comfortably.
- **46% of women** believe they will never have enough saved to retire.
- While **51% of male respondents** are likely to feel financially secure in retirement, **only 33% of women** share that sentiment.

These statistics are more than numbers, they reflect a quiet and deep anxiety many women live with daily. And yet, beneath this anxiety lies an untapped determination and resilience.

Why Are Women Still Falling Behind?

The Benchmark study and Sanlam's Age of Confidence Report both highlight the key detractors for women:

- **Interrupted earnings** due to maternity leave or caregiving responsibilities.
- **Historic educational and skills disparities** from gendered differences in fields of study limit access to higher-paying or in-demand jobs resulting in women being more likely to be employed informally or part-time.
- **Lower wages** over a lifetime, due to persistent gender pay disparities.
- **Prioritisation of others**, especially children or extended family—over their own financial futures.
- **Limited engagement with financial advice**, often due to lack of time or confidence, not lack of interest.

Women are more likely to delay financial planning or withdraw from their retirement savings to meet immediate family needs. These are deeply human, compassionate decisions, but they come at a long-term cost.

The Shift Must Begin with Us

As much as this is a structural issue, it is also a personal one. If we are going to change the narrative, we must equip women not just with knowledge, but with agency.

This means **women must be empowered to take action:**

- Start saving earlier, even if in small amounts, compound growth is a powerful ally.
- Engage with advisors and financial tools, confidence grows with understanding.
- Avoid early withdrawals unless absolutely necessary, as the future you is counting on today's decisions.
- **Be bold in financial conversations and educate yourselves whether in households or boardrooms.**

The Role of Employers in Partnership with Sanlam Corporate

Employers have a critical role to play in creating an ecosystem that supports financial wellbeing, especially for women. At Sanlam Corporate, we're not just retirement fund specialists, we're partners in building a more financially inclusive society.

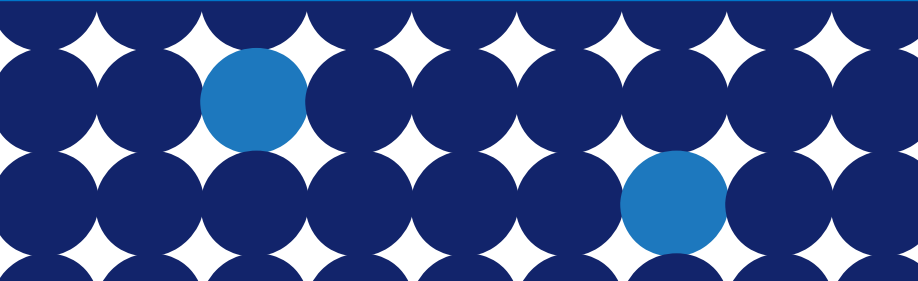
We bring to the table a comprehensive value proposition:

- Umbrella Fund solutions that are flexible, well-governed, and backed by deep advice support.
- Group Risk benefits that ensure families are protected through life's unexpected turns.
- Health Care solutions that support members' physical and mental wellbeing, recognising that financial health is not isolated.
- Personalised member engagement, driven by data and empathy, that helps women take meaningful steps toward securing their futures.

We're using digital tools like our Age of Confidence calculator, targeted education, and behavioural nudges to bring members, especially women, closer to their retirement goals.

We must move beyond seeing retirement as a distant, technical topic.

It's a deeply emotional and personal issue, one about freedom, dignity, and choice.



A Call to Courage and Action

To the amazing woman reading this: you are worth the investment in your future. You deserve a confident retirement marked by dignity, freedom, and comfort. Getting there means acting now—no matter where you start from, your confident retirement is possible with Sanlam.

To our valued partners, employers and fund trustees, now is the time to double down on inclusive employee benefit design, personalised member engagement, and proactive financial education. The women in your workforce are not just employees, they are pillars of families and society.

At Sanlam Corporate, we remain committed to walking this journey with you. With the right tools, advice, and partnerships, we can close the retirement gap and help every member—especially women—retire with confidence.

Because when women retire well, we all rise!



Research Overview

Umbrella Funds

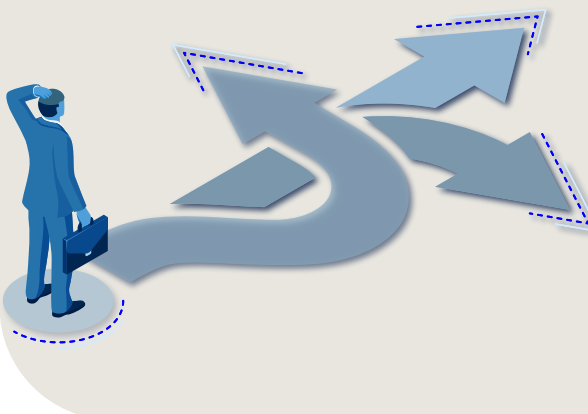
Anna Siwiak

Head: Product Development Sanlam Umbrella Solutions
Sanlam Corporate



Now in its 17th year, this survey continues to provide valuable insights into the evolving landscape of umbrella funds in South Africa.

The 2025 edition marks a significant expansion, with participation increasing to 168 employers – up from the historical average of 100. This broader base has enhanced the diversity of perspectives. The rise in umbrella fund participants also aligns with the recent shift from standalone to umbrella structures.



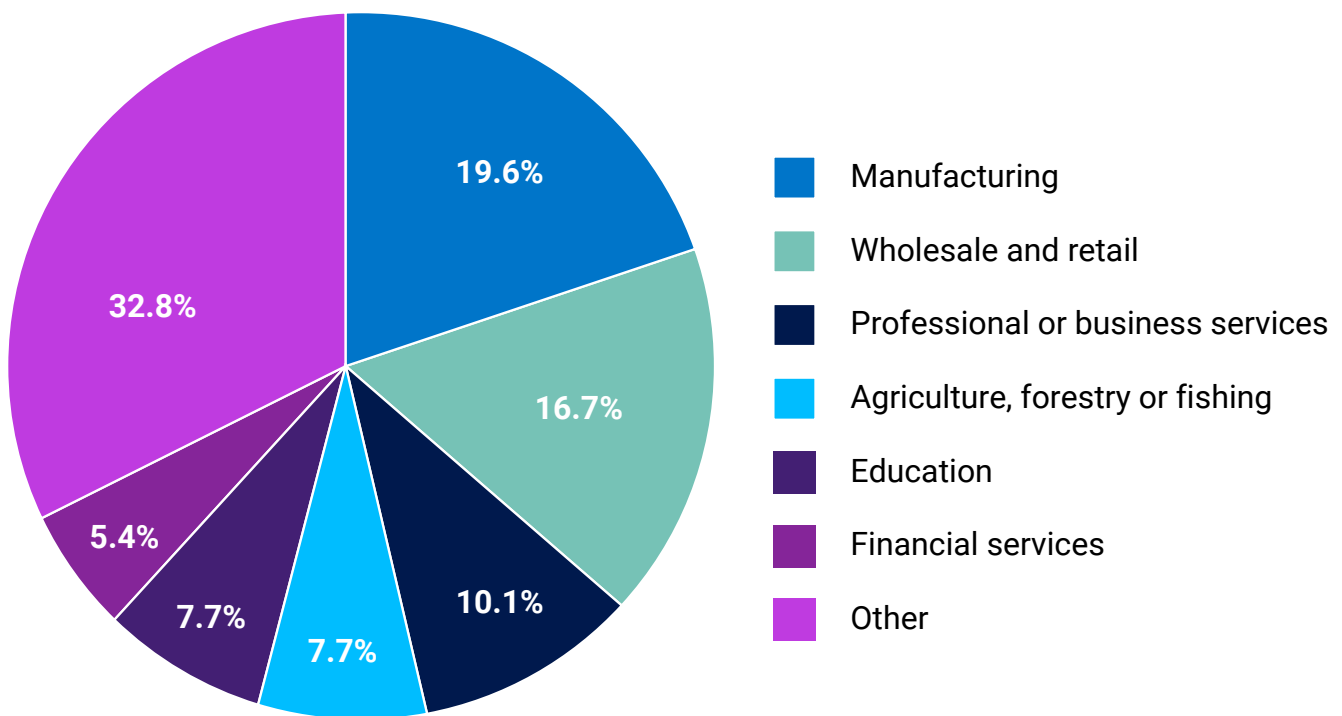
Executive Summary

- **Participating Employers Surveyed** - The data reflects dynamic shifts in sectoral engagement, with increased representation from sectors such as education and professional services. These changes are possibly influenced by economic conditions, regulatory changes, or evolving employer priorities regarding retirement benefits.
- **Contributions** - The data highlights a concerning trend of declining retirement adequacy, largely driven by reduced employee and employer contribution rates compared to previous years. The total contribution towards retirement has declined from 14.2% of salary in 2017 to 10.3% in 2025.
- **Investments** - The proportion of employers offering member investment choice dropped from 53% in 2024 to 42% in 2025, with a higher percentage of employers providing a trustee-approved default strategy with no member choice. Use of lifestage strategies as the default dropped from 74% in 2024 to 61% in 2025, indicating a move towards more diversified or alternative default structures. ESG considerations are gaining traction, with 46% of employers requiring responsible investment principles and 62% supporting impact investments that generate both financial returns and positive societal outcomes.
- **Lifestage Investment Strategies** - In the final year before retirement, there's a gradual shift towards bonds and smoothed bonus options. Moderate risk allocations are rising slightly, while aggressive strategies remain minimal.
- **Trustee-Endorsed Annuity Strategies** - Most employers (71%) do not differentiate annuity strategies by member category. Use of combination and living annuities has declined, while guaranteed and inflation-linked options are gaining ground, with longevity protection and inflation tracking remaining top priorities.
- **Insured Benefits** - The data reflects a trend towards more integrated and diversified risk benefit offerings, with a focus on maintaining core protections while introducing new benefits like critical illness cover. However, slight reductions in death and funeral benefits may signal a need to monitor adequacy going forward.

- **Retirement** - While the retirement age remains static, there is growing recognition that it may not support adequate working years to support sufficient contributions towards retirement savings. The decline in formal target pension strategies is concerning, though the improved alignment of investment strategies with retirement goals is a positive development.
- **Special Topics** - The special topic covered this year was the implementation of the Two-Pot System.

Understanding the Participating Employers Surveyed

Sector Analysis



The majority of the Participating Employers were active in the following sectors: Manufacturing, accounting for 19.6% of employers, a slight increase from 19% in the previous year; Wholesale and Retail, also representing 16.7%, down from 19% in 2024; Professional or business services at 10.1%, an increase from 7% in 2024; Education increased from 2% last year to make up 7.7% in 2025; Agriculture, forestry, or fishing, comprising 7.7% of the total, down from 9%; and Financial Services, which saw a significant decrease to 5.4% from 10%.

Insight

Manufacturing remains the dominant sector. This suggests continued or growing interest in umbrella funds from this sector, possibly due to stable employment bases or increased awareness of retirement benefits. A noticeable decline in the Wholesale and Retail sector was noted. This could reflect economic pressures in the retail sector, consolidation of businesses, or a shift in benefit structures. The Education sector saw a sharp rise in participation, possibly reflecting policy changes, increased private education sector involvement, or a shift from standalone to umbrella funds.

Membership analysis

The average membership per employer surveyed was 863 (2024: 846), with 65% (2024: 48%) of the participating employers having a membership of between 20 and 300. The remaining 35% (2024: 52%) employers had more than 300 members.

The average value invested in an umbrella fund by a participating employer was R397 million (2024: R496 million), with 33% (2024: 31%) of employers having less than R50 million invested.

Insight

This shift indicates a growing participation from smaller employers, which aligns with the broader reach of the survey this year (168 employers vs. 100 previously).

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.

Insight

Total contributions declined from 17.3% in 2017 to 13.9% in 2025, indicating reduced retirement savings provision. Death benefit premiums have remained relatively stable but have increased slightly in 2025 to 1.6%, matching the highest levels seen in the past decade. Disability benefit premiums (PHI) have also risen to 1.4%, the highest in the period under review. These increases suggest a growing cost burden associated with risk benefits, potentially due to demographic shifts or changes in underwriting practices.

Operating costs have remained consistent, fluctuating between 0.6% and 0.8%, with 2025 at 0.6%. This indicates effective cost containment in fund administration.

	2025	2024	2022	2021	2019	2018	2017	2016	2015	2014
Employee contributions	6.3%	7.1%	6.3%	6.3%	7%	5.5%	7.3%	7.1%	6.4%	5.6%
Employer contributions	7.6%	8.5%	8.3%	9.4%	9%	8.4%	10%	9.5%	8.8%	8.5%
Total contributions	13.9%	15.6%	14.6%	15.7%	16%	13.9%	17.3%	16.6%	15.2%	14.1%
Death benefit premiums	(1.6%)	(1.6%)	(1.4%)	(1.2%)	(1.3%)	(1.5%)	(1.3%)	(1.3%)	(1.3%)	(1.6%)
Disability benefit premiums (PHI)	(1.4%)	(1.3%)	(1.1%)	(1.1%)	(1%)	(1.1%)	(1.1%)	(1.1%)	(1.2%)	(1.2%)
Operating costs	(0.6%)	(0.7%)	(0.6%)	(0.6%)	(0.7%)	(0.6%)	(0.7%)	(0.7%)	(0.8%)	(0.8%)
Total provision for retirement	10.3%	12%	11.5%	12.8%	13%	10.7%	14.2%	13.5%	11.9%	10.5%

The data highlights a concerning trend of declining retirement adequacy, driven by reduced contribution rates and increasing costs of risk benefits. While operating costs remain stable, the overall retirement savings contribution has diminished. This underscores the need for renewed focus on contribution strategies and cost management to ensure long-term sustainability and adequacy of retirement outcomes.

Investments

In the recent survey, it was observed that 41% employers (compared to 53% in 2024) provide their members with the option to choose their investments by providing member investment choice. For 16% (2024: 18%) investment choice is determined by membership category. In terms of this approach, members within certain categories may not have the freedom to choose their investments, while those from different categories under the same employer do.

When asked to describe the investment portfolio of the Trustee choice/Default portfolios, 61% (2024: 74%) described it as a lifestage strategy as opposed to a single portfolio 35% (2024: 26%). Of the Singleportfolio respondents, 36% (2024: 35%) describe the structure of the default as multi-managed.

Nearly half (46%) of respondents require investment managers to incorporate responsible investment principles, such as ESG, into their decision making. A notable 62% would support their fund investing in projects or businesses that aim to create positive change – such as expanding access to education, healthcare, or clean energy – while still earning a financial return. When asked about areas that are most important to focus on, only 48 respondents indicated Renewable energy and environmental protection, 84 indicated Job creation and economic growth, 81 Education and skills development and 64 Healthcare and well-being.



Insight

Investment choice availability seems to be less of a priority, shifting away from member-directed investment flexibility, possibly due to a combination of administrative complexity, cost control or a preference for simplified default strategies to guide members. Employers offering member choice see limited uptake, which perhaps reinforces the trend towards simplified, trustee-approved defaults.

A strong 62% support investing in projects that create positive social or environmental impact while still generating returns – highlighting a growing interest in impact investing. The top areas of interest reflect a strong alignment with South Africa’s socio-economic development goals, particularly in employment and education.

Lifestage Investment Strategies

Lifestage investment strategies are explicitly aligned with the trustee-endorsed annuity strategy for 72% (2024: 65%) of the respondents. A significant portion of respondents, 19%, remain uncertain about the alignment of their lifestage model with the trustee-endorsed annuity strategy post-retirement. This figure reflects a decrease from 28% in 2024.

Insight

The decreasing levels of uncertainty indicate that communication and education regarding retirement strategies seem to be working. It suggests that trustees should continue ensuring that retirement strategies are well understood and effectively integrated with the annuity strategies. This will impact the effectiveness of retirement planning for individuals.

The table below presents a portfolio allocation strategy for the final year before retirement, showing a shift in investment preferences over time.

Allocations that best describe the portfolio in the final year before retirement	2025	2024	2022	2021	2019	2018
Conservative risk (<40% equity)	38%	38%	51%	42%	53%	51%
Cash (100%)	34%	34%	29%	31%	38%	28%
Bonds (100%) (there is a capital guarantee)	21%	14%	7%	12%	17%	4%
Smoothed bonus	17%	11%	18%	11%	11%	13%
Moderate risk (40%-65% equity)	17%	14%	9%	15%	6%	9%
Aggressive risk portfolio (66%+ equity)	5%	7%	4%	6%	0%	2%

Insight

The data reflects a gradual evolution in lifestage strategy design, with a clear trend towards diversification of conservative options. While capital preservation remains the priority, there’s increasing use of bonds with guarantees and smoothed bonus portfolios to balance safety with modest growth. The slight uptick in moderate risk allocations also suggests that some funds are re-evaluating the trade-off between risk and return even in the final year before retirement.

Trustee-endorsed annuity strategy

A growing majority of employers (71% in 2025, up from 65% in 2024) do not differentiate annuity strategies across member categories. Only 18% use demographic profiling (age/income), and 11% 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	2025	2024*	2021*	2019*
Combination of different annuities	22%	25%	44%	20%
Living annuity	19%	26%	19%	61%
Guaranteed annuity (level or increasing at a fixed percentage)	16%	22%	11%	14%
Inflation-linked annuity	14%	19%	6%	14%
With-profit annuity	8%	9%	7%	11%
Other	15%	-	-	-
Unsure	6%	22%	-	-

*The survey prior to 2025 allowed for participants to select more than one option.

Insight

The use of a combination of annuities has declined from 44% in 2021 to 22% in 2025, suggesting a move away from hybrid strategies.

Living annuities have also dropped significantly from 61% in 2019 to 19% in 2025, possibly due to concerns over longevity risk, market volatility and resulting sequence-of-returns risk. It is possible that some funds initially implemented a living annuity in 2019 to align with default regulation requirements and have since reassessed its suitability in meeting the evolving needs of their members.

Guaranteed annuities and inflation-linked annuities have gained modest traction, reflecting a growing interest in income stability and inflation protection.

With-profit annuities remain a niche choice, with minimal change over the years.

The proportion of employers uncertain about the default annuity strategy declined markedly compared to the previous period, suggesting increased awareness of the fund's default options.

Regarding the key attributes of a trustee-endorsed annuity strategy, employers most frequently cited longevity protection, ensuring income for life, at 56% (2024: 69%), and the ability of the annuity income to track inflation, at 54% (2024: 64%). While 41% (2024: 34%) prioritised cost-effectiveness, and 37% (2024: 36%) valued maintaining pensioners' pre-retirement standard of living for as long as feasible, these features were less emphasised.

On average, employers believe that 46% (2024: 35%) of retiring members use the trustee-endorsed annuity strategy offering.

Insight

The data reflects a trend towards simplification and refinement in annuity strategies. While traditional concerns like longevity and inflation remain central, cost and accessibility are becoming more prominent. The increased uptake of trustee-endorsed options suggests that members are increasingly comfortable relying on guided retirement income solutions.

Insured Benefits

A growing majority of employers (63% in 2025, up from 55% in 2024) now provide risk benefits as part of the umbrella fund package. Provision via separate schemes declined to 17% (from 21%), and combined approaches dropped to 13% (from 24%), indicating a consolidation of benefits within umbrella structures.

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

Benefit	2025	2024	2022	2021	2019
Approved Death Benefit	2.8	3	3.1	3	3.1
Unapproved Death Benefit	3.1	3.5	3.5	3.5	3.1
Lump-sum Disability Benefit	2.4	2.4	2.3	2.3	2.8
Income Disability Benefit (replacement ratio)	75.5%	74.8%	76.3%	76.3%	77.5%
Critical Illness (dread disease)	1.7				
Funeral Cover	25,612	26,323			

Insight

The data reflects a clear trend towards integrating risk benefits within umbrella fund packages, reducing reliance on separate or hybrid schemes. While some core benefits like death and disability have seen slight reductions or remained stable, the introduction of critical illness cover marks a notable enhancement. The slight dip in funeral cover and income replacement ratios may warrant attention to ensure adequacy and member protection. Reductions in death and lump-sum disability benefits may reflect growing cost pressures on employers and members, and may be aimed at offsetting declining overall contributions and preserving retirement savings.

Retirement

The average normal retirement age for new entrants remains at 64, unchanged from 2024. However, only 42% of employers allow continued membership beyond this age, down from 51% last year, suggesting a tightening of post-retirement participation policies.

A growing number of employers are questioning the adequacy of the current retirement age: 54% believe age 64 is not sufficient for members to accumulate enough savings, down from 66% in 2024. This reflects ongoing concerns about longevity risk and the sustainability of retirement income.

Only 35% of participating employers have a stated target pension that trustees actively work towards, a sharp decline from 61% in 2024.

This may indicate a shift away from defined benefit-style planning or a lack of clarity in long-term retirement goals.

For those participating employers that do have a target, the replacement ratio remains at 70%, consistent with 2024.

Encouragingly, 81% of these funds align their default investment strategy with this target, up significantly from 44% in 2024, suggesting improved integration between investment design and retirement outcomes.

Insight

The data reveals a growing disconnect between retirement age and retirement readiness, with fewer employers allowing post-retirement fund participation and more than half questioning whether age 64 is sufficient. The sharp decline in participating employers with a defined target pension – or awareness thereof – is concerning. However, the improved alignment of investment strategies with members' retirement objectives is a welcome development. These trends highlight the need for more structured retirement planning frameworks and greater flexibility in retirement age policies.

Two-Pot System

Despite initial concerns in 2024 about readiness for the Two-pot System, the average processing time for savings account withdrawals is now just 5 days, indicating a strong operational response and efficient implementation by administrators.

When asked what could have been done differently since the system's launch on 1 September 2024, 55% of respondents had no comment, suggesting either satisfaction with the roll-out or a lack of engagement with the system's finer details. Only 10% of respondents highlighted the need for clearer information on cost and tax implications, and 8% emphasised the importance of educating clients on the disadvantages of early withdrawals. This could highlight a gap in member education and financial literacy, which could impact long-term retirement outcomes if not addressed.

Since two-pot withdrawals are based on individual member choices, it is pertinent to also examine the insights gathered from our Benchmark Consumer Survey 2025 on the topic.

The Benchmark Consumer Survey gained responses from 506 economically active South Africans. Forty-four per cent (44%) of the consumers surveyed confirmed that they supplemented their income from other sources, outside of their monthly salary, with 36% of these members indicating they supplement their income with a side hustle, and an additional 36% receive income by renting out a portion of their property, or a separate rental property.

Eighty-one per cent (81%) of consumers also confirmed that they have a savings plan outside of their retirement fund with their employer, either monthly or from time to time.

It was therefore interesting to note that despite a large number of consumers surveyed confirming they have additional income streams and additional savings, 36% of these consumers also confirmed that they had made two-pot withdrawals since 1 September 2024, with a further 12% confirming that they might have if they were eligible or had sufficient savings. This in particular is noteworthy given the tax implications associated with accessing the emergency savings pot, even though 77% of consumers confirmed that they understood the tax implications of withdrawing from the emergency savings pot. This suggests that behavioural finance factors warrant closer examination – particularly to understand why members with external savings still opt to access their emergency savings, despite the significantly higher tax implications.



Ageing in the age of confidence

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“The medical scheme population is ageing”.

We often hear this in the context of managing medical scheme financial exposure, but we do not spend enough time contemplating the impact to the broader health system and how the country’s demographics impact medical schemes. As public health, hygiene, medicine, education, and economies improve, people are living longer.



The World Health Organization (WHO) estimates that globally by 2030, 1 in 6 people will be aged 60 and above and by 2050 two-thirds of the population above 60 will be in low- and middle-income countries (LMIC) (World Health Organization, 2024). Put differently, populations in LMIC are ageing three times faster than higher income countries (Solanki, et al., 2019). The challenge for those of us working in the private healthcare system is often posed as how do we attract the young to manage the risk caused by an ageing population. We suggest that view may be short sighted and assumes that there is a younger eligible population to attract. The challenge is bigger, how do we as a country better manage a sick and ageing population, design a future proof health system in a complex disease burden, and promote healthy ageing. We propose a recommitment to **primary health** and **value-based care** as the mechanisms to achieve this while leveraging our collective capabilities to address social determinants of health.

The age of ageing

South Africa is technically still considered a relatively youthful population at a median age of 28 (2022), up from 22 in 1996, but it is ageing (Statistics South Africa, 2025). A median age less than 20 is considered young, 20-29 intermediate and 30 and above, old (Statistics South Africa, 2025). Of concern is that the two most economically active provinces, Western Cape and Gauteng, are officially old with a median age of 31 and 30 respectively. All population groups are ageing (median above 30) except for black South Africans who lag at a median age of 27, up from 21 in 1996 (Statistics South Africa, 2025). The population aged 60 and above has increased from 7% in 1996 to 9.6% in 2022 and projected to reach 16.4% by 2050 (Statistics South Africa, 2025; United Nations, Department of Economic and Social Affairs, Population Division, 2024). Conversely the population aged 0-14 has decreased from 34.3% in 1996 to 26.4% in 2022 and we now have a population bulge at 15-59 (63.8% in 2022) (Statistics South Africa, 2025). These population changes are a result of decreased fertility rates, decreased mortality in the under 5, improved life expectancy and selective migration of people aged 15-49 into the country (Statistics South Africa, 2025).

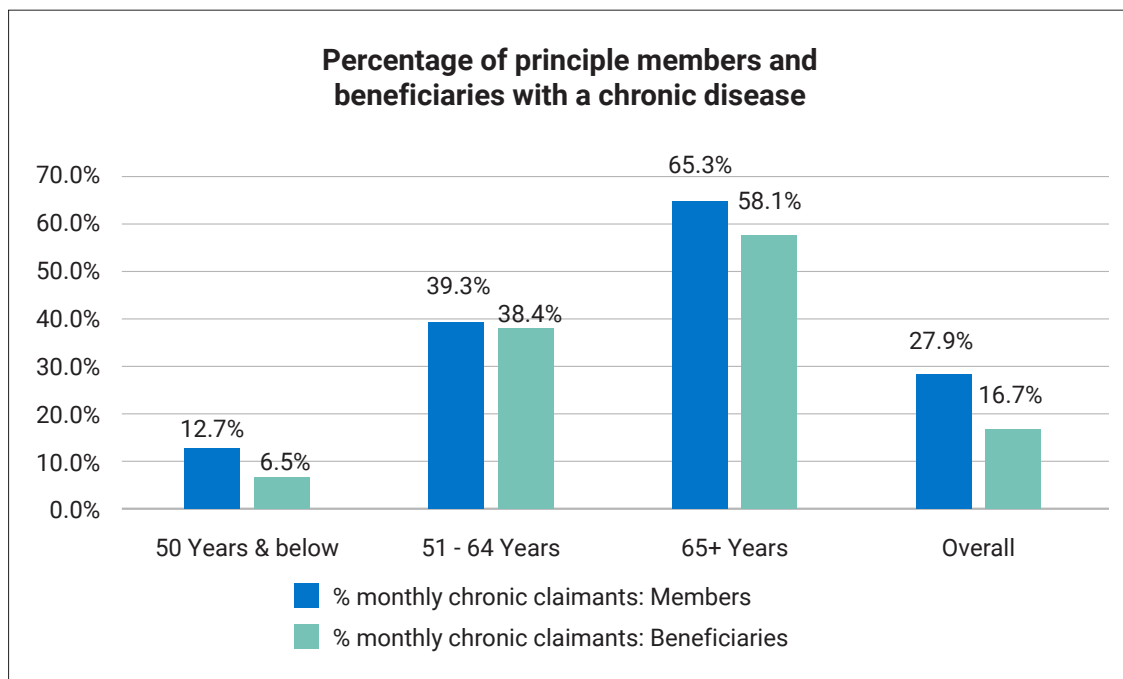
The private healthcare environment is a unique microcosm of South Africa as the wealthier employed segment of the population tends to belong to a medical scheme. The average age of a medical scheme member is 34 years, 36 for open and 31 for restricted schemes with 9.4% of beneficiaries aged 65 and above (pensioner ratio) in 2023, an increase from 9.2% the previous year (Council for Medical Schemes, 2024).

If we accept that we are heading into or are already in an era of ageing, the question is are we ageing well and the consensus is, no.

Lifespan vs Healthspan

Globally the proportion of years lived healthy has not changed despite increased life expectancy, meaning the latter part of life is lived in poor health (World Health Organization, 2024). Life expectancy has increased by approximately 19 years in the last 60 years but the “proportion of life spent in poor or moderate health has not changed” at 50% (Broom, 2022). There are various reasons for this; the biology of ageing, health inequity and health system challenges.

Biologically, ageing comes with an increased propensity for chronic disease as body cells start to decline in function. Combining this with factors such as genetics and lifestyle, we experience disease formation. Globally we are seeing less communicable or infectious diseases and a growth in non-communicable diseases (NCD's) like diabetes, cancer, heart disease, stroke and lung disease. NCD's account for 74% of global deaths with three-quarters of these being in LMIC (World Health Organization, 2025).



South Africa is unique in that we have a quadruple burden of disease; communicable disease (HIV and TB), NCD's, maternal and child health and trauma and injury. This burden results in an increased prevalence of comorbidities and convergence of communicable with NCD's, especially as people age. South Africans over 60 are five (5) times more likely to develop a chronic condition and 7.6 times more likely to develop multiple chronic conditions (Solanki, et al., 2019). The costs also increase with age and chronicity, impacting the health systems ability to deliver holistic care. People over 60 with a chronic condition cost the health system 3.17 times higher than those over 60 without a chronic condition. This increases to 5.52 times with multimorbidity (Solanki, et al., 2019). This finding is corroborated by the Council for Medical Schemes (CMS) data indicating that 62.59% of costs were incurred on members aged 45 and above yet they make up a third of the population (Council for Medical Schemes, 2024). Medscheme data further shows that 28% of members have a chronic disease accounting for 76% of health expenditure. The graph to the right shows the percentage of principle members and beneficiaries with a chronic disease by age band. Chronic prevalence increases to 65% for members over 65.

Health systems are also not structurally equipped to support healthy ageing throughout the course of life given the focus on vertical disease-based programmes with poor coordination of care across the different levels of care. Only 2.8% of OECD country health budgets go to prevention and health promotion (Broom, 2022). The South African public system is overburdened and struggles to provide efficient quality health care especially to the poor and those in rural areas while the private sector spends 63% of its health expenditure on hospitals and specialists (South African Government, 2019; Council for Medical Schemes, 2024). Additionally, chronic conditions are diagnosed late and are not well controlled. South Africa's focus on vertical programmes has promoted HIV management to the detriment of other diseases as shown by a study in Kwa-Zulu Natal where 76.3% of patients with HIV were controlled, whereas 40% of those with elevated blood pressure, 33% of those with TB and 6.9% of those with elevated glucose were controlled (Modjadji, 2021).

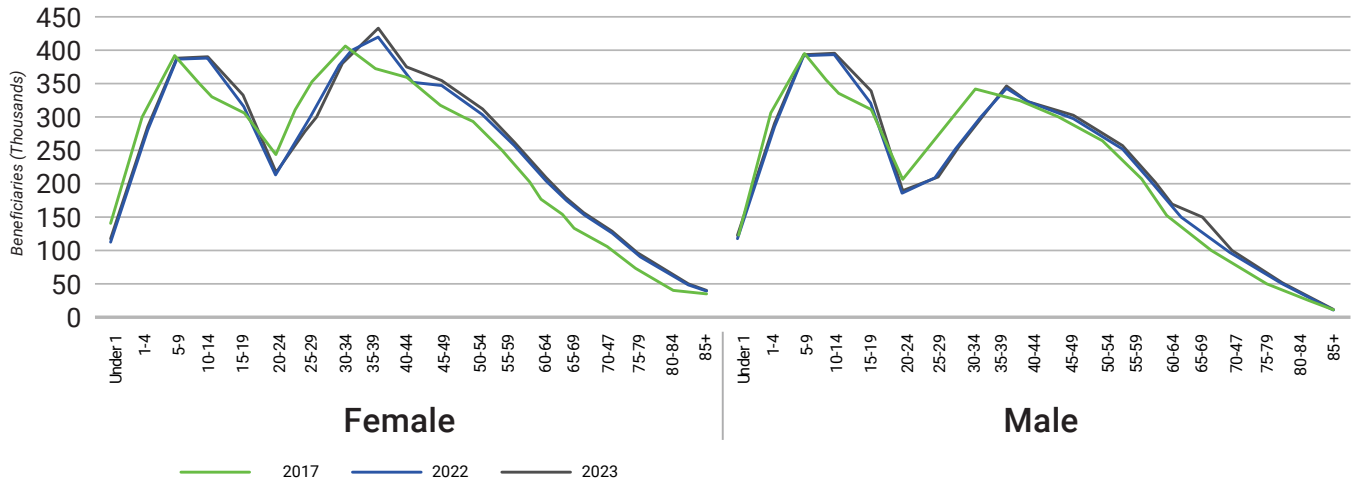
South Africa's relatively youthful population has not protected it from NCD's. Instead, people are being diagnosed with NCD's younger propelled by social determinants of health like lack of education, food insecurity, unsafe neighborhoods prohibiting healthy lifestyles, high levels of trauma and violence increasing stress and concomitant communicable disease like HIV which increases risk of developing a chronic disease or exposes people to medication side effects resulting in chronic disease (Modjadji, 2021). This is evident in Medscheme data where 12.7% of those less than 50 have a chronic disease. These biological and health system challenges increase health expenditure and out of pocket spend by individuals as medical schemes are unable to offer truly comprehensive cover and the public sector is unable to keep pace with demand. Unfortunately, the most vulnerable in our society, such as the elderly, are the most impacted by these challenges and the macro economics of South Africa have not set them up to absorb these financial strains.

Retire with confidence?

According to Sanlam, despite the official retirement age being 65, many need to work till 80 to retire comfortably (Mkhize, 2025). This has implications for individuals, households, the health system and broader society. In 2022 the old age dependency ratio for South Africa increased to 10 (Statistics South Africa, 2025). This means for every 100 working-age adults, 10 elderly people need support. There is broad variation by population with black South Africans remaining consistently at 7 while all other populations increase with increasing median age, the highest old age dependency being in the white population at 33 (Statistics South Africa, 2025). It is projected that the old age dependency ratio will increase to 17 by 2050 (United Nations, Department of Economic and Social Affairs, Population Division, 2024).

80% of people over 60 are not economically active with less than 15% holding some form of employment (Statistics South Africa, 2025). They are also reliant on pension and social grants especially among female-headed homes and families are unable to save for unforeseen situations (Statistics South Africa, 2025; Sanlam, 2025). 14% of South Africans have medical scheme membership and approximately 23% of this population is people over 60 years but this decreases dramatically after 65, especially for males, see graph below (Council for Medical Schemes, 2024; Mntambo, 2025).





Age and gender distribution of beneficiaries (2017, 2022 and 2023)

(Image taken from the Council for Medical Scheme The Medical Schemes Industry in 2023 report, 2024)

The average medical scheme premium increased by 10.5% in 2025 with premiums ranging from R1 400 to R10 000 (Mntambo, 2025). These figures not only highlight the unaffordability of medical schemes for the average South African, corroborated by Sanlam Benchmark survey respondents as a barrier to accessing medical schemes, but the decline in medical scheme cover once one retires.

Not only are we ageing, getting sicker and having to spend more on health, but we also need to work longer to ensure sufficient savings for retirement, yet our health does not enable this. We also lack the medical coverage that could ease the burden on the strained public health system instead we may be shifting the responsibility to employers and society. Medical schemes looking to attract the young to manage their age risk only manage their short-to-medium risk, whether they look to the existing private sector or the uninsured population. It is more prudent to cast a longer-term view that looks at managing health needs differently, as there won't be many young to attract in time, especially given our unemployment crisis shrinking the pool of economically active individuals and an aging in the overall population. We propose that an investment in primary health care (PHC) and value-based care (VBC) while leveraging existing resources will make the health system more sustainable and lead to healthier ageing.

The case for primary health care and value-based care

The United Nations has named 2021- 2030 the Decade of Healthy Ageing and aims to bring together governments, civil society, private sector, academia, media and professionals to collaborate on improving the lives of older people, their families and the communities in which they live throughout the course of life (World Health Organization , 2024). This is a whole of health view and not health merely as the absence of disease. It also aligns to the need to tackle social determinants of health if we are to achieve the Sustainable Development Goals and

make healthcare sustainable, the goal of universal health care (UHC).

PHC has long been seen as the model to achieving UHC and a global priority since 1978 through the Alma Ata Declaration (Hanson, 2022). PHC has different meanings depending on the user; a healthcare delivery approach that focuses on community based care opposed to hospital based specialist care; coordination of care across the healthcare value chain from community care, hospital care, longer term care and other public health interventions like health promotion; a benefits package based on cost effectiveness or a combination of all the above (Hanson, 2022).

Implementing PHC can protect families from financial risk especially where it is free but even if paid for, by averting the need for more expensive care that may require higher amounts of out of pocket spend. PHC enables chronic disease prevention and can be instrumental in addressing social determinants of health and healthcare expenditure. In LMIC it is projected that investing in PHC could avert 64 million deaths and save health systems costs e.g. an integrated women's and children's health programme could generate monetary and health benefits 11.3 times the cost (Hanson, 2022). PHC is also an expressed need of many South Africans with over 90% accessing a PHC facility (public or private) as the first point of care when ill (Statistics South Africa, 2024). Additionally, South African households spend 1% of their household expenditure on health and 89.5% of that goes to funding out-patient care services (37.5%) and medicines and health products (52%). Despite the obvious benefits of PHC, global implementation has fallen short of the mark due to lack of investment, a continued focus on hospicentric care, inequitable access and poor-quality care. The hospicentric Prescribed Minimum Benefits (PMB) in the private healthcare system that have not been reviewed in over 10 years is a good example of the challenge to implementing PHC in South Africa.

As already alluded to, providing PHC without focusing on quality is detrimental. The Lancet Global Health Commission found that 8 million people died in LMIC from treatable conditions because of poor quality of care (Kruk, et al., 2018). They note that poor quality of care is a “bigger barrier to reducing mortality than insufficient access” and influences utilisation of care by driving people away from PHC into higher levels of care or spending out of pocket, negating the financial protection that was intended (Kruk, et al., 2018; Nguyen, et al., 2023). This is evident in South Africa where officially only 14% of South Africans having access to medical schemes yet 22% of South Africans visit a private doctor or private clinic first, meaning a fair amount are spending out of pocket to avoid the public health system. VBC can be viewed as a mechanism or vehicle to achieve improved quality of care in primary care and beyond.

The overarching goal of healthcare delivery should be achieving high value for patients with value defined as health outcomes relative to cost (Porter, 2010). This implies among other things that VBC is patient centric, improves efficiencies in the system and delivers health outcomes while managing costs. Of note VBC looks at cost not as a single event or line item billed but total cost of care throughout the cycle of care for a patient. Outcomes likewise should be measured longitudinally, from the patient perspective and reported publicly. We can easily miss the revolutionary thinking VBC brings if we limit it to changes in reimbursement of providers. VBC is a whole system shift that requires all stakeholders to reorientate their approaches; meaningful public engagement to ensure we provide health services and measure outcomes that matter most to patients, policy makers and funders must rethink cost management approaches and encourage innovation, a change in how costs are calculated from unit based to outcomes based, provider reimbursement models that reimburse for value instead of fee for service, health technology systems able to capture a robust range of metrics, data analytics that gives true insights and not merely statistics, health benefit design aligned with healthcare need, a commitment to stop funding non-value adding health services and a health system invested in continuous deep learning. An investment in PHC and reorientation to VBC is not an easy shift but in there lies the opportunity for the private sector to really deal with the risks it faces from an ageing population, within and without. A pragmatic response to our health challenges acknowledges that addressing direct health issues alone will not get us where we need to go. We need to leverage our collective resources to address social determinants of health more holistically.

The social compact

The WHO defines social determinants of health as “non-medical factors that influence health outcomes. They are the conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life” (Scott , et al., 2017). Five domains are classically described; education access and quality, economic stability, social and community context, neighborhood and built environment and health access and quality (U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion, n.d.).

In the 2017 South African Health Review, Scott et al identify poor housing, inadequate water and sanitation, neoliberal policy resulting in unaffordable healthy food, alcohol and

substance abuse, social exclusion, gaps in education, job insecurity and urban environments not conducive to exercise as being key social determinants of health leading to premature death in South Africa (Scott , et al., 2017). These are not all issues any health system can address alone but need the whole of society and other sectors to collaborate, a social compact. This is a role we believe the private sector through insurers, medical schemes and health administrators, can step into. Some practical examples include:

Data sharing across the value chain to inform solutions, develop tailored workplace benefits, risk-rated health interventions, and more accurate financial planning. This will further enable all parties to compete in the market on value rather than price

Using strategic procurement to encourage providers to invest in closing broader health system infrastructure gaps such as rural development and elder social housing in state

Reducing duplication of health expenditure by better mapping where insurance and medical schemes may be duplicating costs for a cohort, within the confines of existing legislation

Using market dominance and influence to advocate for public health policy that enhances access to a healthy affordable food basket and changes in outdated legislation like the PMB’s

Using rewards programmes to address food insecurity and increase health benefits

Using corporate social responsibility for projects that directly strengthen the health system such as infrastructure support (facilities, housing), water and sanitation projects or improving the availability of green spaces in lower income neighborhoods

Allocating skills development spend to increase human resources for health training and getting involved even at the level of basic education to support health literacy

The private health system exists as part of the broader health system. It cannot afford to continue solving private sector problems in isolation of the public sector. There is an interdependency we must encourage as medical schemes and private sector sustainability depend on broader society health and the broader society needs the capital and innovation the private sector can provide. An ageing medical scheme environment is an opportunity for the private sector to develop new scalable outcomes based PHC and VBC models that can be applied to the broader health system to promote healthy ageing throughout the course of life. The private sector must not relegate their role to growing individual businesses and medical schemes but must embrace a growth mindset that seeks to grow the whole system to truly reach an age of confidence.

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Workplace burnout and financial stress A holistic approach to employee health and retirement well-being

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Workplace burnout and financial stress have emerged as critical challenges in organisations, affecting employees' well-being, engagement, and long-term retirement security.

This paper explores the interrelated nature of chronic conditions caused by these stresses and their long-term impacts, and offers a holistic framework to enhance overall employee health and retirement well-being.

Burnout Trends

Sanlam Corporate Wellness 2024/2025 data shows that burnout is primarily driven by personal stressors such as stress, anxiety, partner/spouse issues, and bereavement, as well as workplace challenges. High workloads, combined with presenteeism and work dissatisfaction, leave employees with little opportunity to rest and recover. This excessive workload makes them feel as if they have no control, leading to mental disengagement, growing negativity and cynicism, which ultimately intensify exhaustion and erode the joy of working.

Burnt-out employees reported a range of negative outcomes, including diminished creativity and innovation, increased errors due to reduced attention, and heightened conflict and cynicism in interpersonal interactions. They also experienced lower productivity, suffered from poor physical and mental health, faced disruptions in personal and family life, encountered financial strain from inadequate support, and often neglected their own personal needs.

Financial Stress as a Compounding Factor

Financial stress amplifies workplace dissatisfaction and overall well-being issues. It contributes to mental health decline, fuelling anxiety, depression, and sleep disorders – triggering physical ailments such as hypertension and heart disease. Moreover, it reduces productivity by diverting focus from work and heightening absenteeism, which exacerbates retirement insecurity by undermining financial planning and savings.

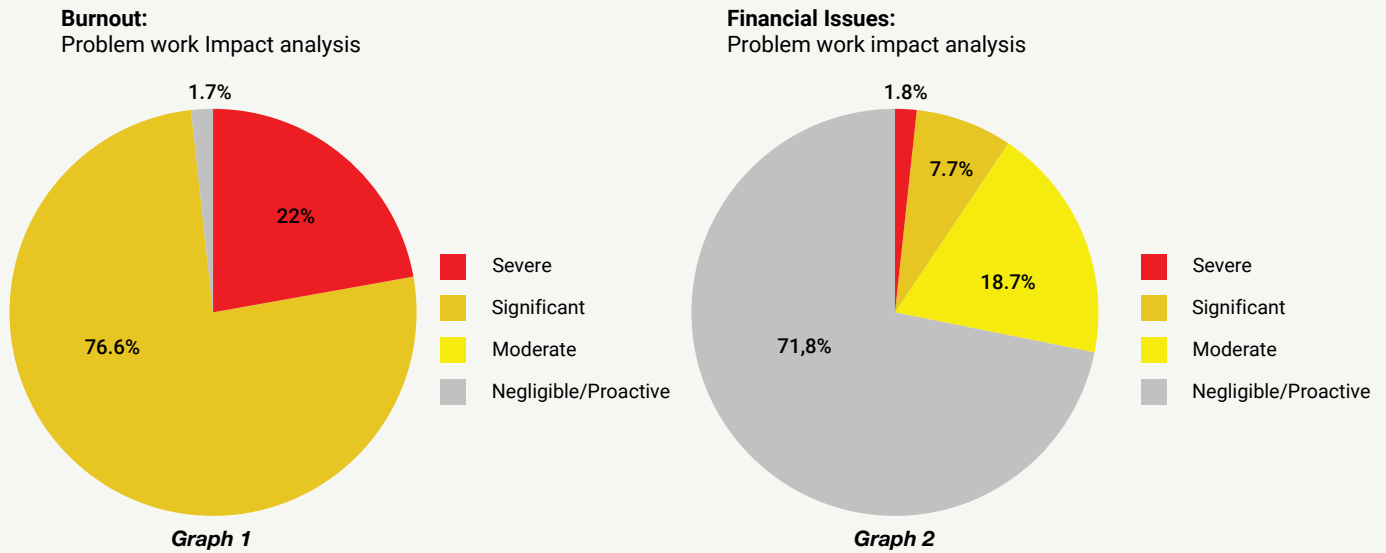
Burnt-out employees reported a range of negative outcomes, including diminished creativity and innovation, increased errors due to reduced attention



Corporate Wellness data analyses reveal a stark contrast between burnout and financial stress

According to Graph 1, 98% of burnout issues have a severe-to-significant impact on productivity, affecting individual well-being, as well as team performance and overall organisational success.

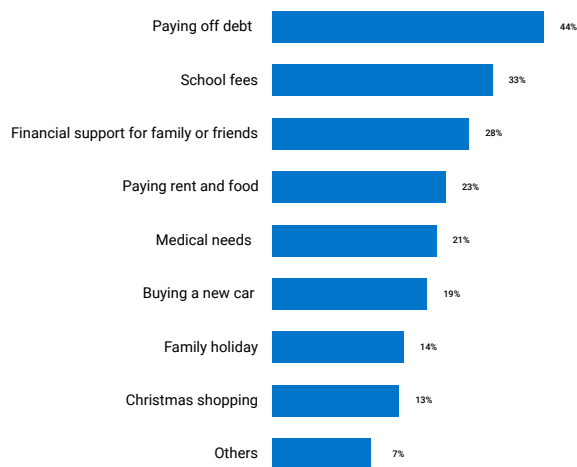
In contrast, Graph 2 illustrates that 91% of financial issues are rated as having only a moderate-to-negligible impact on productivity. However, financial stress still led to significant personal challenges. These included low self-esteem, despair, insomnia, depression, anxiety, relationship difficulties, social withdrawal, various medical concerns, and unhealthy coping mechanisms, such as high alcohol consumption.



Thriving at work defined as growing, developing, and feeling energised, depends on removing obstacles that hinder meeting basic needs. Financial problems, particularly debt, adversely impact mental health by fostering anxiety, depression, and reduced resilience, especially when employees face constant pressure from collectors. Moreover, the burden of debt can make accessing mental healthcare more challenging, leading to untreated disorders. Although managing debt is difficult, seeking both emotional and financial support can improve one’s mental state and lower the risk of suicidal thoughts.

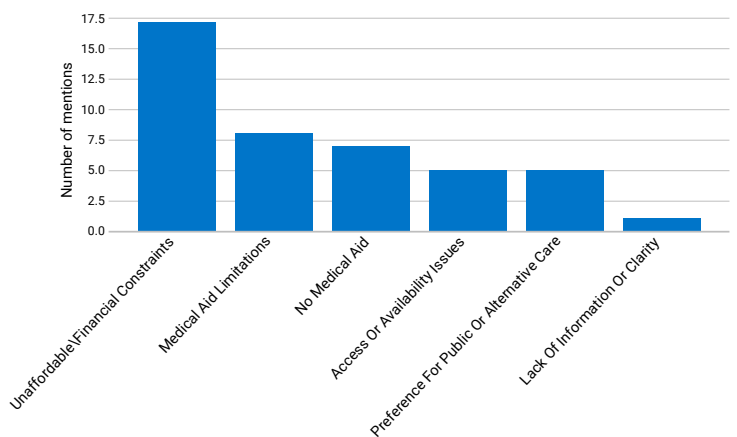
The Sanlam Corporate 2025 consumer study also reflects a concerning financial burden trend among the participants, citing a high number of participants using their Two-Pot emergency savings withdrawals to pay off debt. This is an indication that debt remains a priority burden for members, as can be seen in Graph 3 below. While financial stress is a health hazard, participants were opting out of medical aid citing affordability as the main reason (see Graph 4).

Top financial priorities of South African employees



Graph 3

Barriers to accessing preferred healthcare services



Graph 4

The Intersection of Burnout and Financial Stress

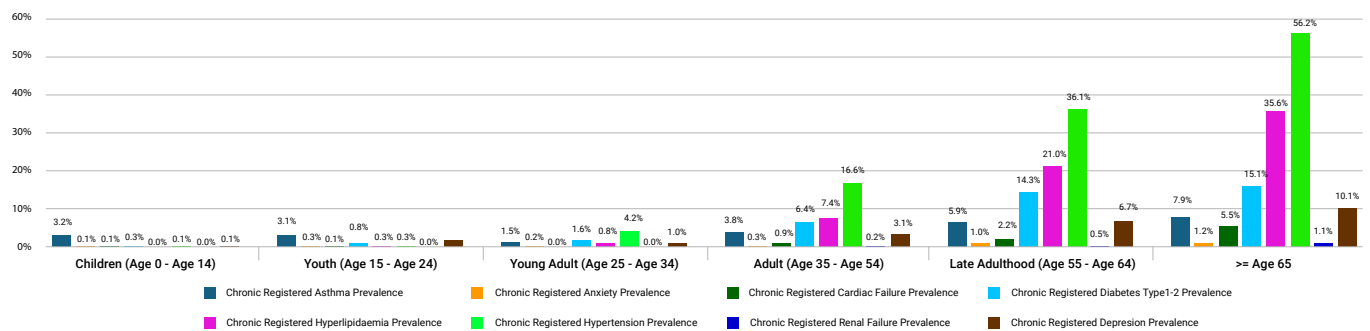
When workplace burnout combines with financial stress, the impact on employee well-being is severe. This dual strain makes employees feel trapped in unsustainable work environments, depleting their energy to combat burnout. Consequently, organisations face increased turnover, lower employee engagement, and accelerated deterioration in physical and mental health, all of which drive up costs and reduce overall productivity.

Chronic workplace burnout and financial stress can lead to a range of both mental and physical health conditions. Some of the key chronic conditions and issues that have been linked to these stresses include mental health disorder, cardiovascular diseases, metabolic issues, musculoskeletal disorders and immune system dysfunction.

Medscheme’s Medical Scheme data analysis to investigate the potential impact of burnout and financial stress on the population, highlights that the age group 35-54 has the largest increase in chronic prevalence, and in the age group 65 and over, 3 out of 4 individuals have a chronic disease.

Graph 5 indicates that although hypertension is most common in individuals over 65, many cases begin during the key working years (ages 25-34 and 35-54). This suggests that workplace burnout and financial stress may significantly contribute to the development of hypertension over the course of one’s career.

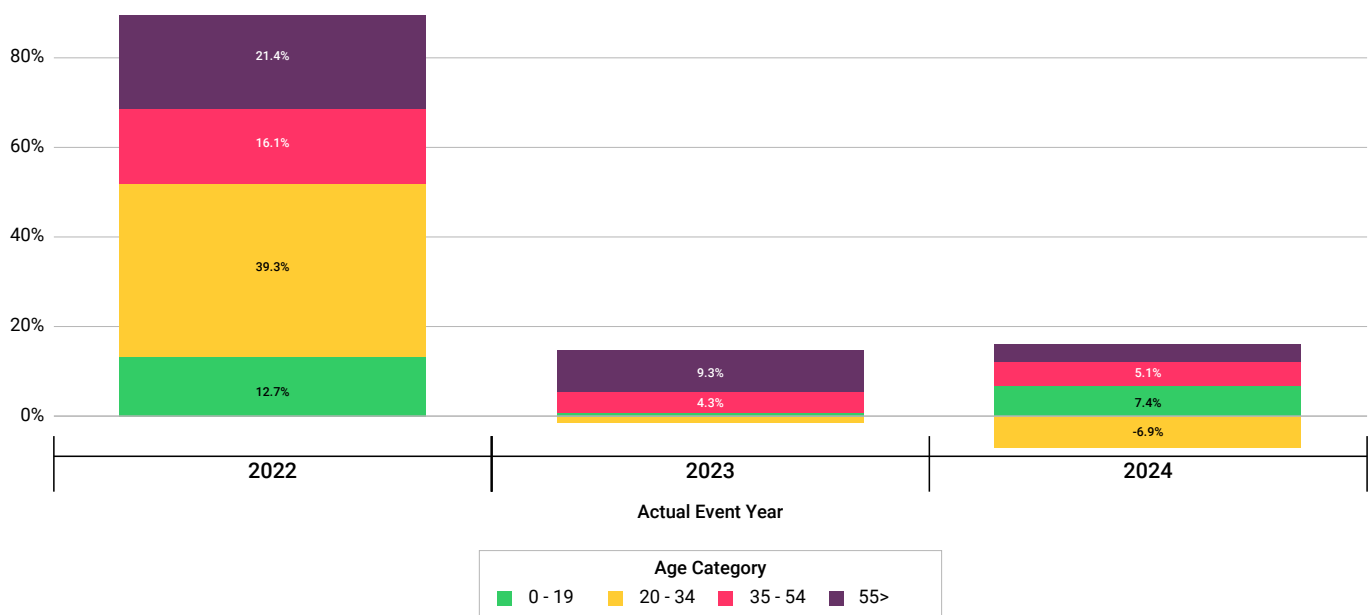
Chronic profile



Graph 5

For chronic individuals between the ages of 55 and 64, 50% of this population have had a chronic condition for longer than five years. What is more interesting is that when focusing on the work-life stage 34-44, 31% have had a chronic condition for longer than five years.

Post-Covid observations indicate that stroke admissions have risen notably in the 20-34 and 35-54 age groups, likely due to the compounded effects of the Covid-19 aftermath, workplace, and financial stress. Among main members aged 20-34, there was a substantial spike in stroke events post-Covid-19, with only a slight decrease in 2023 and 2024, suggesting sustained stress impacts even in populations without traditional chronic conditions. Meanwhile, the 35-54 age group has experienced consistent growth in stroke rates, with a 5.1% increase in 2024, emphasising that stroke events can act as catalysts for developing chronic conditions. (See Graph 6.)



Graph 6

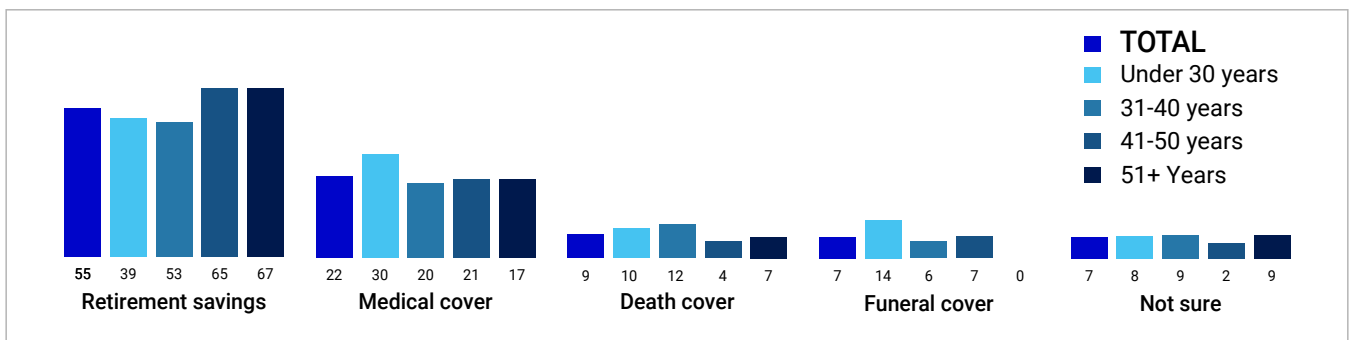
A Holistic Approach: Strategies for Enhancing Employee Health and Retirement Well-Being

A holistic approach to bolstering employee health and retirement well-being requires tackling both the symptoms and root causes of stress and burnout. This strategy involves financial wellness initiatives, mental health and stress management, organisational culture and systemic change and integration of health and financial benefits. Together, these measures create a supportive environment that addresses both immediate needs and long-term well-being.

Implications for Retirement Well-Being

Workplace burnout and financial stress keep the body in constant “fight or flight” mode, exposing it to prolonged levels of stress hormones that damage various bodily systems over time. This not only reduces quality of life but also undermines long-term retirement well-being. Addressing these issues is essential for both immediate health improvements and for preventing chronic conditions in the future.

According to the Sanlam consumer study of 2025, participants across all age and income groups identified retirement savings as their top need from their employer, with medical cover coming in a close second. (See Graph 7.)



Graph 7

Organisations that invest in comprehensive wellness strategies demonstrate a commitment to the long-term prosperity of their workforce, which is crucial for attracting and retaining top talent. A holistic approach integrating mental health support, physical well-being strategies, and financial literacy can mitigate these risks. Such a strategy not only boosts current employee health, but also encourages proactive retirement planning, helping employees save and maintain the health needed for a productive post-retirement life. In doing so, both employees and organisations stand to benefit from a more engaged, resilient, and financially secure workforce. By addressing these issues in unison, organisations can create a supportive work environment that not only mitigates present challenges but also fosters long-term well-being and retirement readiness.

Developing effective Healthcare Partnerships

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The South African healthcare landscape in 2025 is anything but predictable. With significant changes unfolding daily, stakeholders across the sector are navigating complex challenges, from policy shifts to economic pressures. The implementation of the National Health Insurance (NHI) system looms ahead, adding uncertainty to an already evolving industry.



At the same time, the Government of National Unity is making bold moves with young doctors struggling to find employment, while hospitals remain understaffed and South Africans face a rising cost of living that impacts their ability to access and afford healthcare.

Globally, decisions made outside our borders are also affecting us. As an example, the United States' withdrawal from the World Health Organization (WHO) and its funding cuts for global healthcare programmes have serious implications for South Africa's health initiatives, particularly within the public sector.

The Importance of Strong Partnerships

In times of such flux, the need for strong, innovative partnerships in healthcare has never been greater. While forward-thinking collaboration is essential, it is equally important to reflect on past partnerships, drawing valuable lessons that can shape sustainable, effective healthcare alliances.

From my experience, successful healthcare partnerships – whether large-scale or small – must be built on clear strategic objectives, following a thorough planning, strategy-setting, and gap analysis process. Below are key considerations when evaluating potential partners, whether public-private or private-private partnerships or simply partnerships between smaller entities:

1. Synergies: Aligning Strengths for Greater Impact

- Identify partners who can complement your expertise and fill knowledge gaps.
- Ensure their values and market positioning align with yours.
- Assess whether they can enhance your efforts and help realise your value proposition.
- Check for alignment with your strategic objectives.

2. Culture: A Shared Commitment to Quality Care

- Determine whether the patient or member experience is a core priority for them.
- Assess their culture of accountability – do they follow through on commitments and prioritise delivery?
- Consider their approach to innovation. Are they forward-thinking, or do they adopt a fast-follower model? Are they conservative in new models? Review which approaches best align with your needs.
- Is there a focus on ethics?

3. Outcomes: A Focus on Value-Based Care

- Look for partners committed to holistic and specifically measurable outcomes.
- Ensure that they prioritise value-based care, balancing financial, clinical, and patient experience outcomes as required for the initiative.
- Determine whether they already have some measurable results to indicate a proven track record.

4. Technology and Digital Health as an Enabler

- Evaluate how they have embraced and utilise digital health solutions.
- Review their data and analytics capabilities. If developed enough, do they utilise these effectively for data-driven decision making?

5. Sustainability and Long-term Impact

- Is this partnership financially sustainable, based on financial standing and alignment of both entities?
- Are appropriate registrations and regulatory compliance in place?

As South Africa's healthcare sector navigates significant transformation, the power of strong, strategic partnerships cannot be overstated. Whether through digital health innovations or public-private partnerships, effective partnerships have the potential to reshape the industry for the better.

Success lies in aligning with partners who share a vision for sustainable, patient-centric, and value-based care. By prioritising synergies, cultural fit, measurable outcomes, and long-term impact, healthcare stakeholders can build collaborations that endure beyond policy shifts and economic challenges.

Now more than ever, collaboration is not just an option but a necessity to ensure sustainable, adaptable, and robust healthcare initiatives to better the health of all.



A Strong and Evolving Partnership in Arthroplasty Global Fee Programmes

Since 2013, Medscheme has partnered with Improved Clinical Pathway Services (ICPS) and JointCare- leading suppliers of Arthroplasty Global Fee Programmes. When global fees were new to the funder space, these partners helped shape, refine, and scale their impact.

These programmes optimise patient care through structures that include:

- Pre-operative patient optimisation in consultation with the operating surgeon
- Managing authorisations
- Coordinating reimbursements
- Monitoring and reporting on outcomes.

Key Outcomes

- National provider network serving members across multiple schemes
- Excellent clinical results: near-zero specialised bed use, low complication and readmission rates, and a 2,5-day average length of stay
- Financial efficiency, with carve-outs below 2%
- Predictable costs and savings for schemes
- 94% of members surveyed indicated they would recommend the service (PREMS: Patient Reported Experience Measures).

Ongoing Innovation

This partnership has introduced same-day arthroplasty procedures and a revision global fee model, and has expanded into day facilities. A unified provider network further streamlines care. With a solid track record, this collaboration is now supporting the development of new value-based care models in other clinical areas.

Coordinated Care: How Oncology Care Coordination Optimises Member Outcomes and Contains Costs

Dr Nicholas Downey
Medical Advisor Medscheme
Afrocentric



Cancer’s toll extends far beyond the ledger. Its economic burden is matched by profound social costs. The 2023 Council for Medical Schemes (CMS) industry report listed treatable breast cancer as the third most costly Drug Treatment Pair (DTP) condition, costing South African medical aid schemes R2,6 billion.



Effective oncology care hinges on timely diagnosis, seamless coordination of benefit entitlements, and judicious use of resources. Evidence to date supports an association between the timely commencement of cancer treatment and improved survival, with delayed initiation of treatment indirectly driving up costs (Lindhorst, 2021). However, a key challenge to timeous care is access to care and benefit illiteracy.

The 2025 Benchmark Consumer Survey reveals that lower-income members (< R 10 000/month) are more likely to be not covered or only partially covered, and only one third reported a clear understanding of their plan benefits. (See Tables 1 and 2.) These gaps can translate into delayed benefit registration, underutilisation of in-basket services, and unplanned inpatient admissions.

Survey Snapshot: Coverage and Benefit Literacy

Monthly Net Income	Not Covered	Partially Covered	Fully Covered
< R10 000	28%	40%	32%
R10 000-R20 000	16%	35%	49%
> R20 000	8%	38%	54%

Table 1: Coverage by income band, Benchmark Consumer Survey 2025.

Monthly Net Income	Good Literacy	Fair Literacy	Poor Literacy
< R10 000	34%	58%	9%
R10 000-R20 000	49%	50%	1%
> R20 000	66%	31%	3%

Table 2: Self-assessed benefit literacy by income band, Benchmark Consumer Survey 2025.

The 2019 Health Market Inquiry (HMI) report, published by the Competition Commission, concluded that many members of South African medical schemes do not fully understand the product they are purchasing. Contributing factors to consumers' problematic understanding of the current benefit option environment were a lack of transparency and unnecessary complexity. When access to information is problematic, either because information on price and quality parameters is not available, is insufficient, or because there is a significant gap between the information available on one side of the market compared to the other, there is a danger of the market not providing competitive outcomes but rather providing outcomes that, on balance, benefit the supplier.

In this article, we describe how structured care-coordination services, offered in some form under most medical aid schemes, bridge these gaps, unlocking Prescribed Minimum Benefit (PMB) entitlements efficiently and reducing overall oncology spend.

The Oncology Benefit

The oncology benefit typically covers diagnosis, active treatment, and post-treatment care, but it is split into two components:

- **PMB Benefit:** Unlimited cover for Diagnosis Treatment Pairs (DTPs) officially recognised as PMB, provided the cancer is "treatable" under the Medical Schemes Act and the therapy is considered PMB level of care (i.e. aligns with public sector protocols or is broadly available).
- **Non-PMB Benefit:** Annual limit that is replenished each year, varying by plan tier. Once this limit is reached, PMB-eligible claims continue to be fully covered, while non-PMB treatments require co-payment or discretionary funding.

Lower-tier plans offer only PMB benefits, whereas higher-tier options include both PMB and non-PMB entitlements. Some schemes also allow cost-effective exceptions, partially funding certain non-PMB treatments to extend access with a co-payment.

Adding to the benefit illiteracy is the complexity brought about by PMB determination of the cancer itself. This involves multiple steps:

1. **Confirming a DTP condition** –The diagnosis must match a formally approved Diagnosis Treatment Pair, for example "malignant melanoma of the skin – treatable".
2. **Verifying treatability** – Solid-organ cancers qualify only if they meet the Medical Schemes Act's criteria (no adjacent-organ invasion, no distant metastases, no irreversible organ damage, or a demonstrated five-year survival > 10%).
2. **Matching the therapy** –The requested treatment, such as surgery, radiotherapy, or chemotherapy, must be listed as a PMB therapy and align with public or locally accepted guidelines.

This complexity can confuse members and providers alike, making it difficult to access benefits promptly. This is where oncology care coordination can be of benefit.

Oncology Care Coordination

Care coordination is defined as deliberately organising patient care activities and sharing information among all of the participants concerned with a patient's care to achieve safer and more effective care. This means that the patient's needs and preferences are known ahead of time and communicated at the right time to the right people, and that this information is used to provide safe, appropriate, and effective care to the patient (McDonald, 2007). Published evidence demonstrates that oncology care coordination results in measurable cost savings.

A nursing-centre analysis found that care-coordinated patients experienced a mean monthly cost reduction of **US\$429** per patient compared to non-coordinated controls, with savings ranging from **US\$209 to US\$708** per patient per month, driven primarily by reduced inpatient visits (Nursing Center). A broader review reported that care coordination programmes achieved a 4 percent reduction in total cost of care, alongside a **4 percent** lower rate of emergency department visits and a **2 percent** lower rate of hospital admissions (National Navigation Roundtable). By guiding members through covered services and minimising high-cost inpatient episodes, care coordination preserves clinical quality while containing scheme spend and improving the patient's journey.



An example of how care coordination can transform the patient's journey is seen in medical schemes where coordinators can assist members from registration and authorisation of treatment to monitoring of outcomes.

Programme Registration: Ensuring early enrolment on the scheme's oncology programme.

Authorisation Management: Liaising with providers and schemes to fast-track diagnostics and treatment approvals.

Network Navigation: Directing members to in-network specialists and facilities to maximise in-basket cover.

Treatment Monitoring: Tracking each member's pathway, flagging deviations from PMB protocols, and initiating appeals for off-basket therapies when clinically justified.

Recording patient-reported outcome measures (PROMs): PROMs are a critical component of assessing whether clinicians are improving the health of patients. For example, patients might be asked to assess their general health, ability to complete various activities, mood, level of fatigue, and pain. In coming years, patient-reported measures are expected to play a more prominent role in assessing performance and determining the comparative effectiveness of different treatments, in part because of a growing emphasis on patient-centred care and value-based payment approaches. The benefits of utilising patient-reported outcomes were demonstrated by Rocque et al. (2022) where remote symptom monitoring (RSM) was compared to control. Remote symptom monitoring was shown to be durable and resulted in fewer hospitalisations (22% of participants in the RSM group versus 35% of participants in the control group at 6 months), as well as Intensive Care Unit (ICU) admissions (1% of participants in the RSM group versus 5% of participants in the control group) over the 6-month study period. Care coordinators monitor symptoms, are alerted to any deterioration and guide the member through the appropriate management pathway aligned with their benefit option, improving survival and reducing costs. (See Figure 1.)

How care co-ordination improves patient outcomes and contains cost

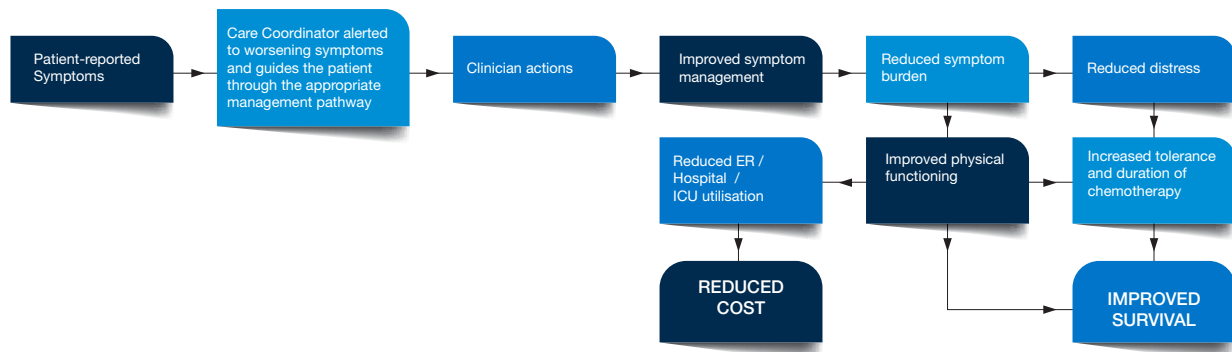


Figure 1: Outcomes of utilising and acting on patient-reported outcome measures (PROMs). Adapted from Rocque (2024).

The 2025 Benchmark Survey reveals that lower-income respondents face significant coverage gaps and low benefit literacy. This is not unique to these respondents but is a broader health system challenge that results in delayed access to oncology care. By transforming dense policy documents into clear, personalised action plans, care coordination breaks down these barriers, prevents unnecessary inpatient admissions, and keeps treatment aligned with scheme entitlements. When fully embraced, coordinated care not only bridges the literacy gap but also drives measurable cost savings and improves member outcomes.

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Medical Schemes Industry Growth, youth and a pandemic

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After a long delay caused by changes to accounting standards and some system gremlins, the Council for Medical Schemes (CMS) recently released the 2023 financial performance details of the industry.



The pandemic's pent-up demand cycle

The industry's overall relevant healthcare expenditure ratio (contributions vs claims paid) deteriorated again between 2022 to 2023 from 93.85% to 95.88%, and the still steeper-than-usual 2025 contribution increases took many by surprise, but they had been a long time coming.

The pandemic created a bubble of pent-up demand. While COVID-19 related hospital admissions surged in 2020, overall costs for hospitals (-8.4%), surgical specialists (-7.3%), anaesthetists (-5.6%), medical specialists (-2.2%), GPs (-10.1%) and dentists (-7.2%) declined as patients avoided elective medical procedures, day-to-day healthcare, and preventative screenings along with potential exposure.

The overall reduction in claims led to a sharp increase in scheme reserves. Schemes aiming to provide members some financial relief due to COVID's economic impact, implemented reduced, delayed and/or staggered contribution increases. A few schemes implemented CMS-exempted partial or full contribution holidays, and Medihelp even reduced its contributions by 0.45% to assist members.

This contribution reduction in 2022 eventually led to Medihelp's contribution increase of 15.97% in 2024. The increase was needed to rebalance the scheme's falling reserves and surging claims in the face of pent-up post-COVID demand. Medihelp reported experiencing a surge in HIV and oncology cases during 2023, but it was not alone.

Several schemes reported claims increases for the treatment of conditions whose prevention, early detection and adherence to treatment were susceptible to interruption during the pandemic. Mental health was another condition that deteriorated during and since the pandemic, yet the telemedicine solutions that gained traction during the pandemic remain attractive for their more flexible and confidential setting.

Fortunately, Medihelp's 10.8% average increase for 2025 shows a return to industry averages, with the scheme having noted its increased managed care activity to manage high-cost claims events.

Growth amid consolidation

Although the number of schemes in the industry nearly halved over the last 20 years to 71 schemes, the number of lives covered increased by 36% to 9,1 million over the same period.

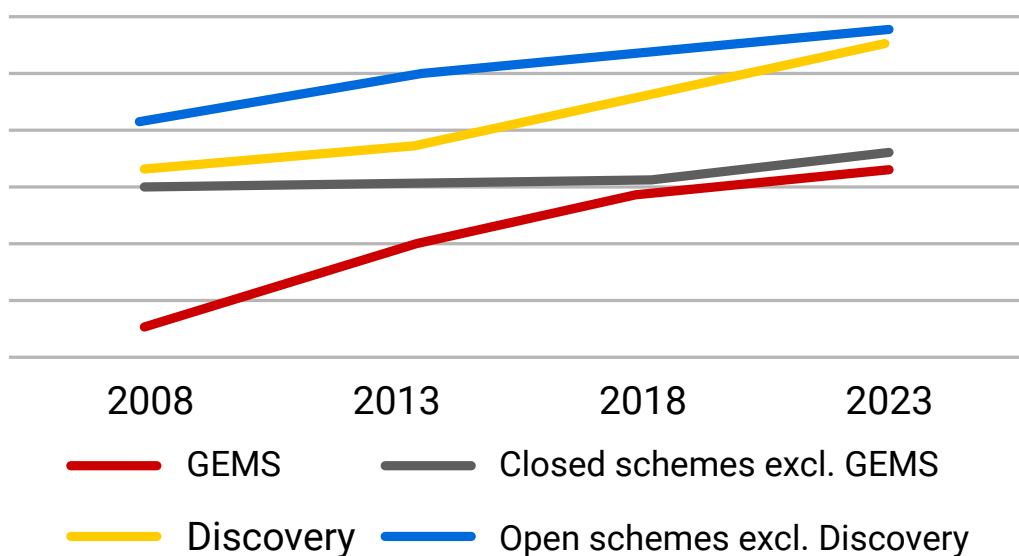
Discovery Health Medical Scheme (Discovery) started its growth path in the mid-1990s, but it's the growth in the Government Employees Medical Scheme (GEMS), a restricted scheme launched in 2006, that has had the biggest impact on expanding the industry's overall membership.

The GEMS growth trajectory has been buoyed by a generous contribution subsidy provided by government for its employees electing to join GEMS. The subsidy prompted the migration of government employees from open schemes as well as those employees previously without medical aid cover to GEMS. See table for industry impact.

Beneficiaries (lives) covered	All open schemes	Discovery (open)	All restricted schemes	GEMS (restricted)	Total
2003	4,7 million	1,4 million	1,95 million	Started 2006	6,7 million
2023	4,8 million	2,8 million	4,3 million	2,3 million	9,1 million

GEMS single-handedly drove the 2023 year-on-year industry expansion with an increase of 131 422 beneficiaries compared to the overall industry growth of only 88 194 (including the GEMS increase).

Average age (beneficiaries)



Time waits for no-one

What a difference 20 years can make. Both GEMS and Discovery initially grew with great fanfare and attracted lots of young and healthy lives over the years. The migration had quite an impact on the demographics of especially open schemes.

In 2023 Discovery's average age was 36,08 years – still slightly less than the open scheme average of 36,27, but above the overall industry average of 34,17. Discovery's 2024 annual financials report an average age of 37,59. Father Time has impacted even Discovery.

GEMS by contrast is a sprightly 31,34 years old on average, but its higher dependant ratio of 1,66 (vs Discovery's 0,88) helps GEMS stay youthful.

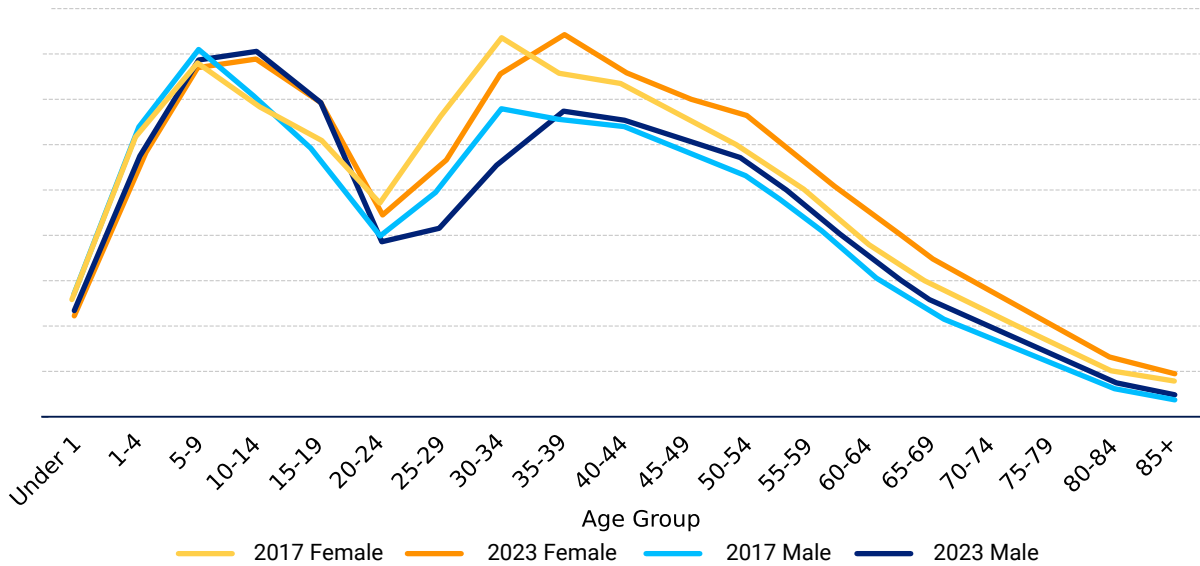
The average age of a medical scheme risk pool is a key metric to monitor as is the average cost per annum (which was R26 404,79 per beneficiary in 2023) is exceeded on average by those over the age of 44, climbing rapidly to an average of R49 379,22 per beneficiary aged 60 to R90 000,50 per average beneficiary per annum for those aged between 80 and 84 years

Affordability

The graph below shows some interesting trends. Most notable is the dip in membership between the late teens and the resurgence in membership in what's affectionately known as the pregnancy bump. More female than male adults have medical aid coverage, indicative of greater healthcare needs during pregnancy, but this trend persists until an advanced age although to a lesser degree.

Since 2017 there has been a notable increase in older children covered; however, it's the growing delay in seeking medical aid cover between 2017 and 2023 for those between the ages of 25 and 40 that contributes to ageing risk pools.

Age and gender on medica aid



Source: CMS Industry Report 2023

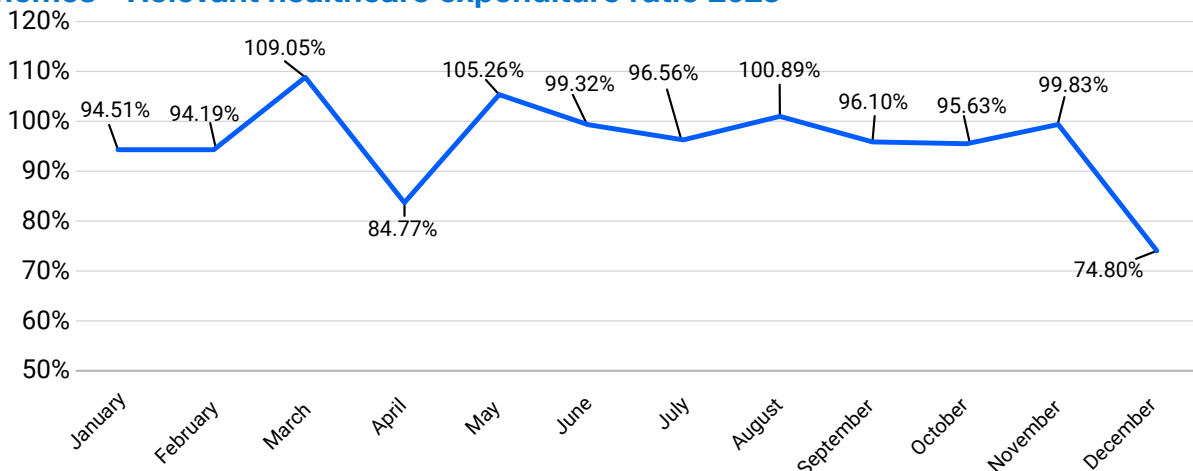
The recommendations of the Competition Commission's Health Market Inquiry outlined several factors impacting affordability in the medical schemes industry, from supplier-induced demand to instances of market concentration, as well as regulatory constraints such as the Prescribed Minimum Benefits, which create a high price-point floor for entry.

Two policy documents were recently released for comment, i.e. draft regulations for the collective determination of tariffs, coding, formularies, etc. in the healthcare sector, as well as the Low-Cost Benefit Option (LCBO) report. These are being hotly debated. There's never a dull moment in the medical schemes industry.

Migration habits of the lesser spotted surgeon

On a lighter note, sometimes medical schemes industry stats can reveal surprising trends. Ask yourself, when would be the best time to run into surgeons on the beach?

All schemes - Relevant healthcare expenditure ratio 2023



Source: P23 of CMS Financial Performance Industry Report 2023

Easter and December holidays! Aren't stats interesting.

Launch of *Health Rewards by Sanlam* for Fedhealth Members

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March 2025 marked an exciting milestone with the launch of *Health Rewards by Sanlam* for Fedhealth Medical Aid members – a Health and Wellness-focused new rewards programme tailored exclusively and offered for free to Fedhealth members. This initiative, born from a partnership between Medscheme and Sanlam Fintech, represents a significant step forward in offering members a market-competitive, health-focused engagement platform.



Health Rewards combines essential elements of wellness education, incentivisation of key health activities, and gamification to deliver a rewards programme that is effective and engaging for members. Early feedback indicates that members are responding positively – proof that the concept is already delivering on its promise.

In South Africa's current competitive medical scheme industry, a compelling health rewards programme is a key element in offering members a holistic experience. In fact, the 2025 white paper by Truth and BrandMapp revealed that 82% of South Africans participated in loyalty programmes in 2024 – a 6% increase from the previous year. Such programmes not only enhance member retention but also alleviate financial pressures amid rising living costs.

A main driver behind a medical scheme offering a rewards programme is that it contributes greatly to member engagement. This, in turn, facilitates the collection of valuable health data, enabling the early identification of high-risk individuals and their referral to appropriate disease management programmes. Health Rewards is also strategically designed to promote positive behavioural change and engage younger, digitally engaged members who will improve the scheme's demographic profile and long-term sustainability. Furthermore, the programme enables positive and frequent touch points with members, helping them keep health and wellness top of mind. By promoting healthier lifestyles, the programme helps reduce healthcare costs, improve outcomes, and increase member engagement – aligning directly with the goals of Managed Care.

Accessible, Engaging, and Effective

Health Rewards has been integrated directly into the Fedhealth Member App, ensuring ease of access for all eligible members at no additional cost. Since the start of 2025, Fedhealth has already recorded an uptick in app downloads – a promising sign of growing engagement.

The platform is intentionally easy to use, with no complex tiering or points systems. As of May 2025, more than 4 200 Fedhealth members are already actively engaging with the platform – a steadily growing figure that confirms the strong demand for a relevant, user-friendly rewards solution. Notably, the FlexiFED Savvy option (with an average beneficiary age of 27) has emerged as the most engaged, highlighting the programme’s appeal to younger members.

As it currently stands, the programme consists of four main categories:

 <p>Weekly Wellness Rewards</p> <p>Fun, weekly wellness quizzes will motivate you to stay on track and earn the chance to spin the wheel and win vouchers from top brands.</p> 	 <p>Annual Health Rewards</p> <p>Earn a R400 voucher to spend at any of our qualifying partners by completing just four important health activities within a year.</p> 	 <p>Always On Benefits</p> <p>Once registered for Health Rewards, you will have access to discounts on entertainment, travel and gym brands.</p> 	 <p>Sanlam Product Deals</p> <p>Members will also have access to discounts on Sanlam financial and health insurance products.</p> 
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Weekly Wellness Rewards

Every week, members have the opportunity to complete a short, dynamic, health-focused quiz, based on topical educational content, for a chance to spin the digital rewards wheel and win vouchers from popular retailers like Bootlegger, Dis-Chem, and Mr D. The platform uses gamification techniques such as a visible completion streak to encourage ongoing participation and encourage healthy habits.

Annual Rewards

Members have the calendar year to complete four key health activities, namely a Smoking Pledge, Mental Health Questionnaire, Lifestyle Questionnaire, and Health Risk Assessment (HRA). Upon completion of the four activities, members qualify for a guaranteed R400 voucher from their choice of partner, including Dis-Chem, Sportsmans Warehouse, and Cape Union Mart. According to Truth and BrandMapp, South Africans prefer tangible, cashback-style rewards – a sentiment echoed by the Fedhealth members who redeem a high 90% of their Annual Rewards.

An HRA is a screening tool that helps members identify and understand their health risks and monitor their health status over time. An HRA usually includes questions in the following areas: demographic characteristics, lifestyle behaviours (exercise, eating habits, alcohol and tobacco use), emotional health and physical health. Historically, HRA participation among Fedhealth members has been low. The introduction of Health Rewards has reversed this trend – comparing the year-to-date number of HRAs completed in 2024 versus 2025, a 117% increase can already be observed. More members who proactively engage in health checks is an essential step towards preventive care.

Mental health remains a prominent priority for medical schemes. The CMS Industry Report for 2023 reported a 13.48% increase in mental health admissions from 2022 to 2023. Health Rewards directly addresses this concern, with the Mental Health Questionnaire helping to identify at-risk members for referral onto appropriate care programmes. Encouragingly, mental health assessments have seen a notable uptick post-launch.

Always On Benefits and Sanlam Deals

Health Rewards members also have access to discounts from selected large travel, entertainment, and fitness brands. Discounts on selected Sanlam financial and health insurance products are available too, further enriching the member value proposition.

The Road Ahead

This is only the beginning. The long-term vision for Health Rewards extends beyond member incentives. Future developments include transforming the platform into a personalised, goal-driven engagement platform, offering tailored, experiential rewards for specific member cohorts. These envisioned continued enhancements will ensure the platform remains on top of digital health innovation.



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