

**JUST.**

RETHINK RETIREMENT

# JUST RETIREMENT INSIGHTS *LITE*

Understanding the South African  
retirement market & their needs

Quantitative Research 2020  
Summary of Results

# WHAT IS JUST RETIREMENT INSIGHTS?

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A tracking study to understand the South African retirement market and their retirement needs:

Online and Telephonic interviews with target market respondents in Cape Town, Durban and Gauteng:

- Fieldwork was managed by an independent data collection company, 1DCS (Data Collection Services)
- Fieldwork was conducted in August & September 2020
- 307 respondents

Target market respondents:

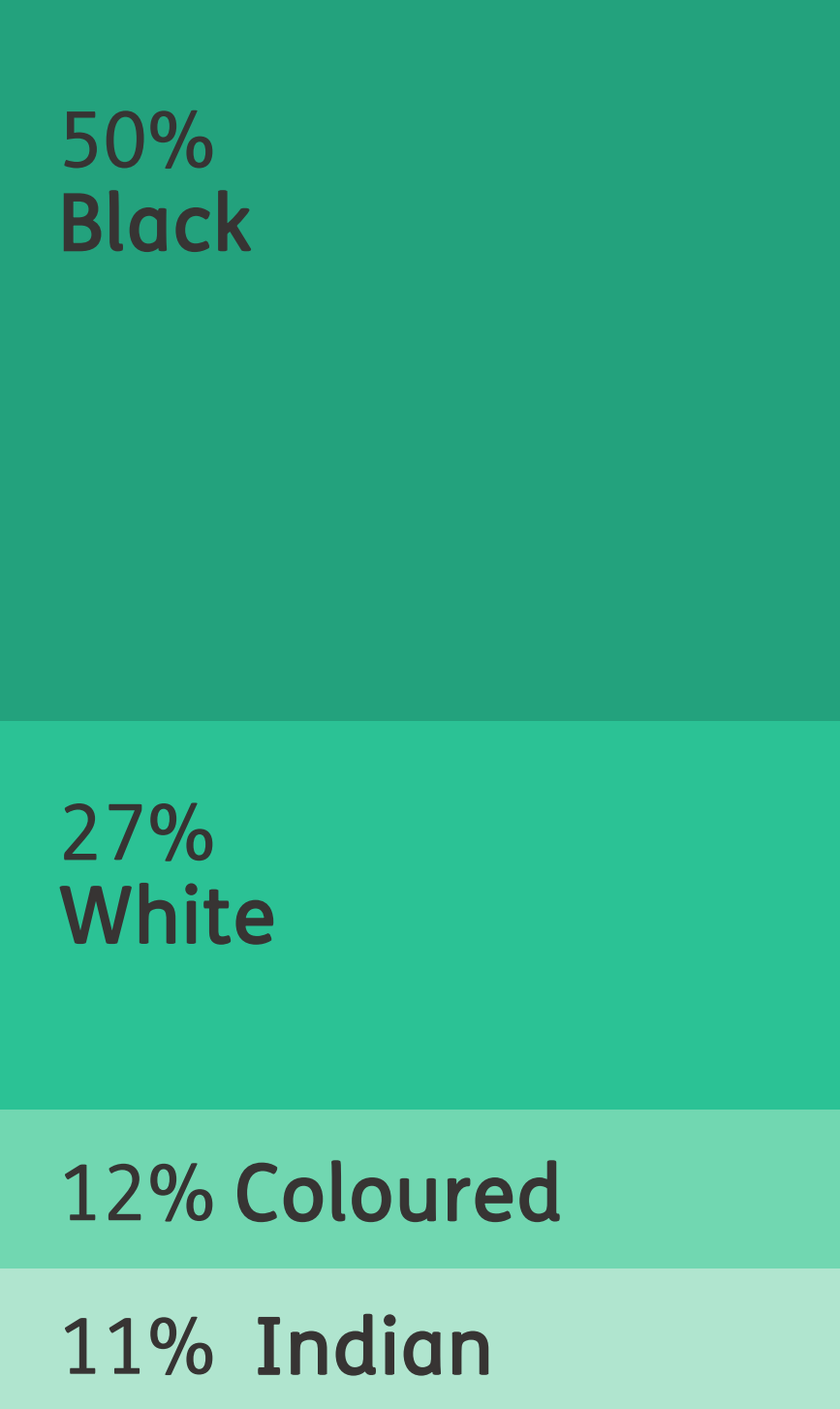
- Pre-retirees and retirees
- Between the ages of 50 and 85 years
- Target quotas specified for Area, Race, Gender, Age and Monthly Household Income

Frequency:

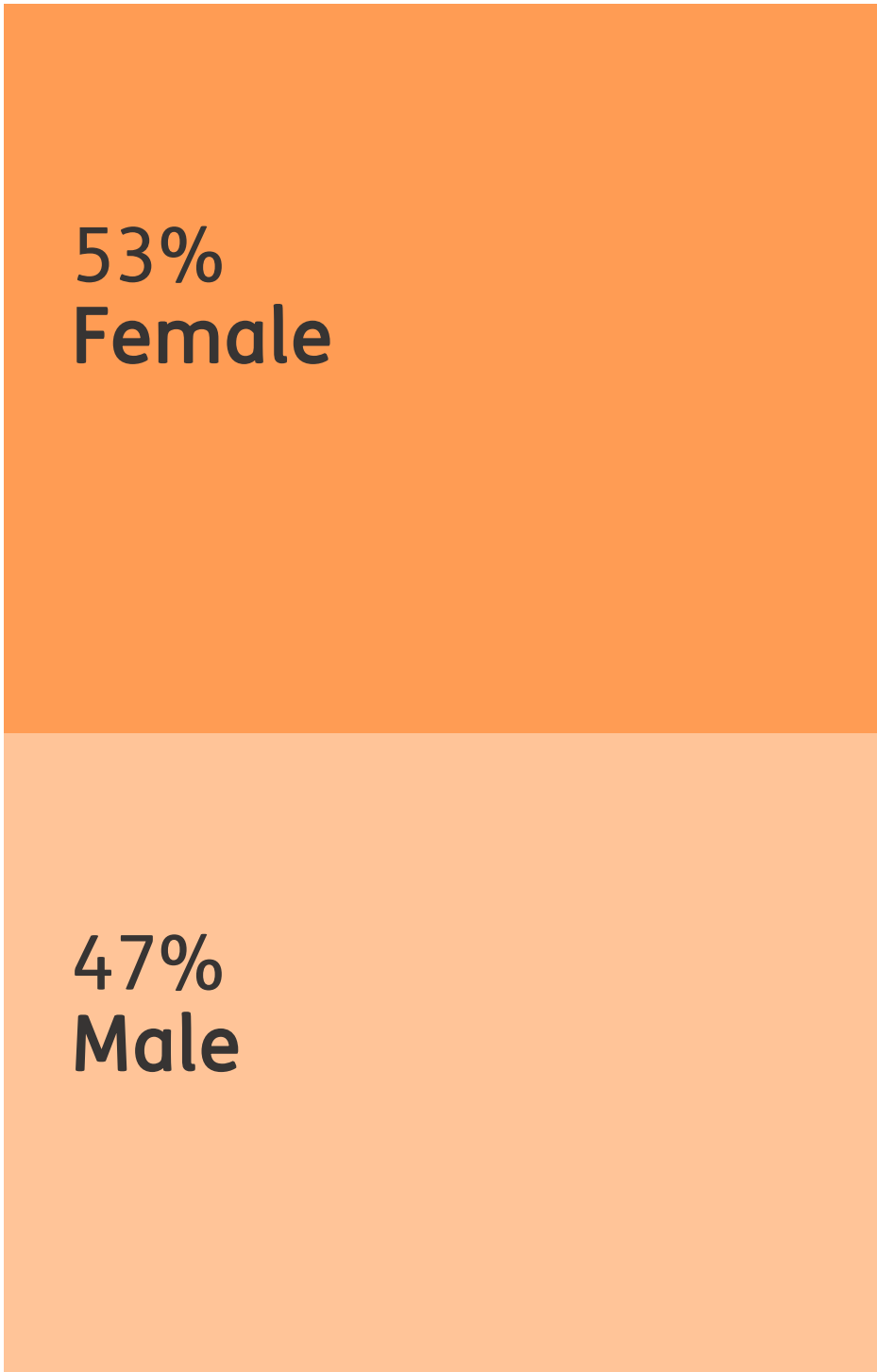
- The study was first conducted in 2015
- We re-launched the study in 2018, with a follow-up in 2019
- **Just Retirement Insights *Lite* was conducted in 2020 to assess the impact of COVID-19 on retirement planning**

# SAMPLE DEMOGRAPHICS AND PROFILE

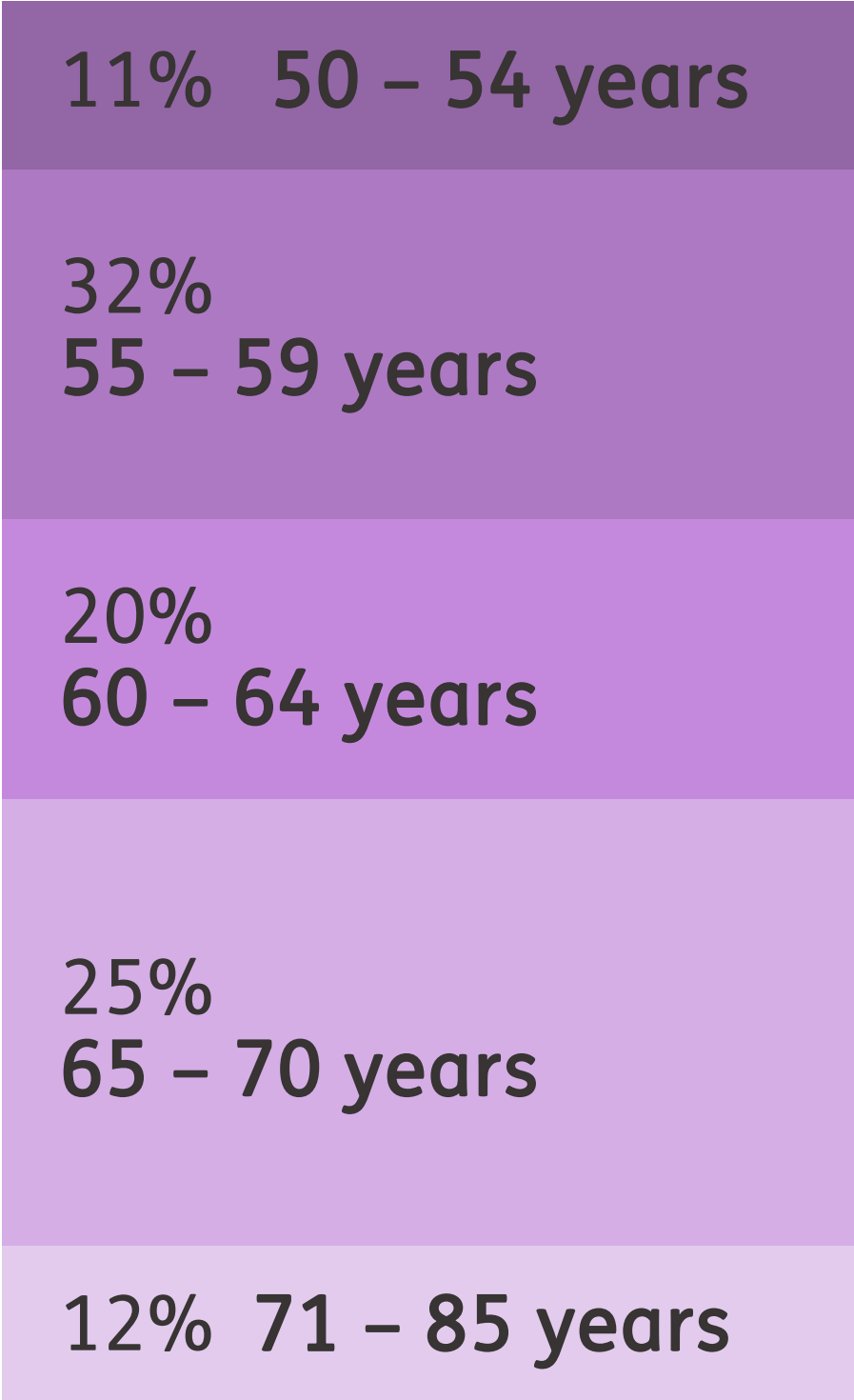
## RACE



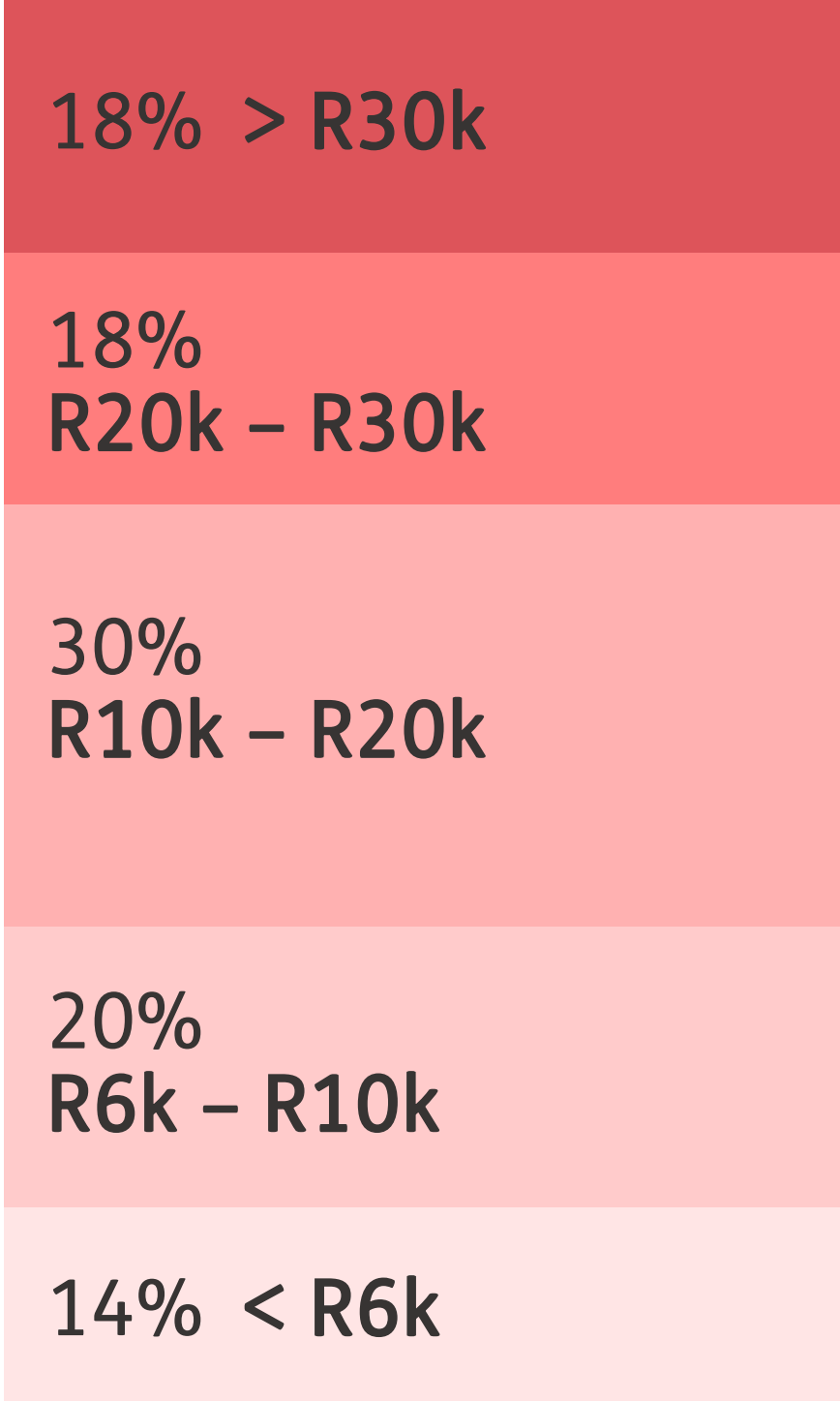
## GENDER



## AGE



## MONTHLY HOUSEHOLD INCOME



n = 307

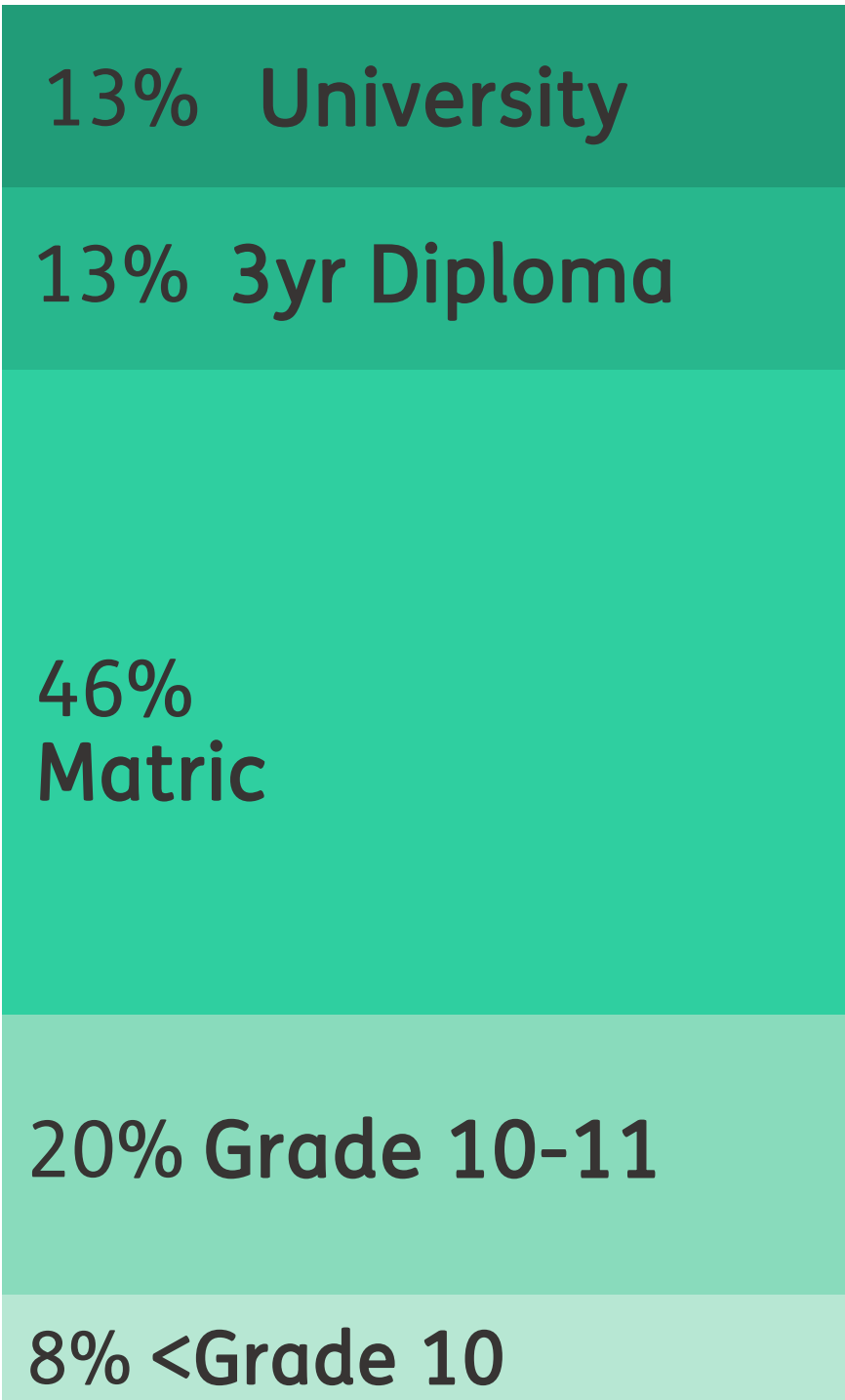
Minimum quotas were imposed in line with Just’s current and potential retiree population.

# SAMPLE NATURAL FALLOUT IN TERMS OF OTHER DEMOGRAPHICS

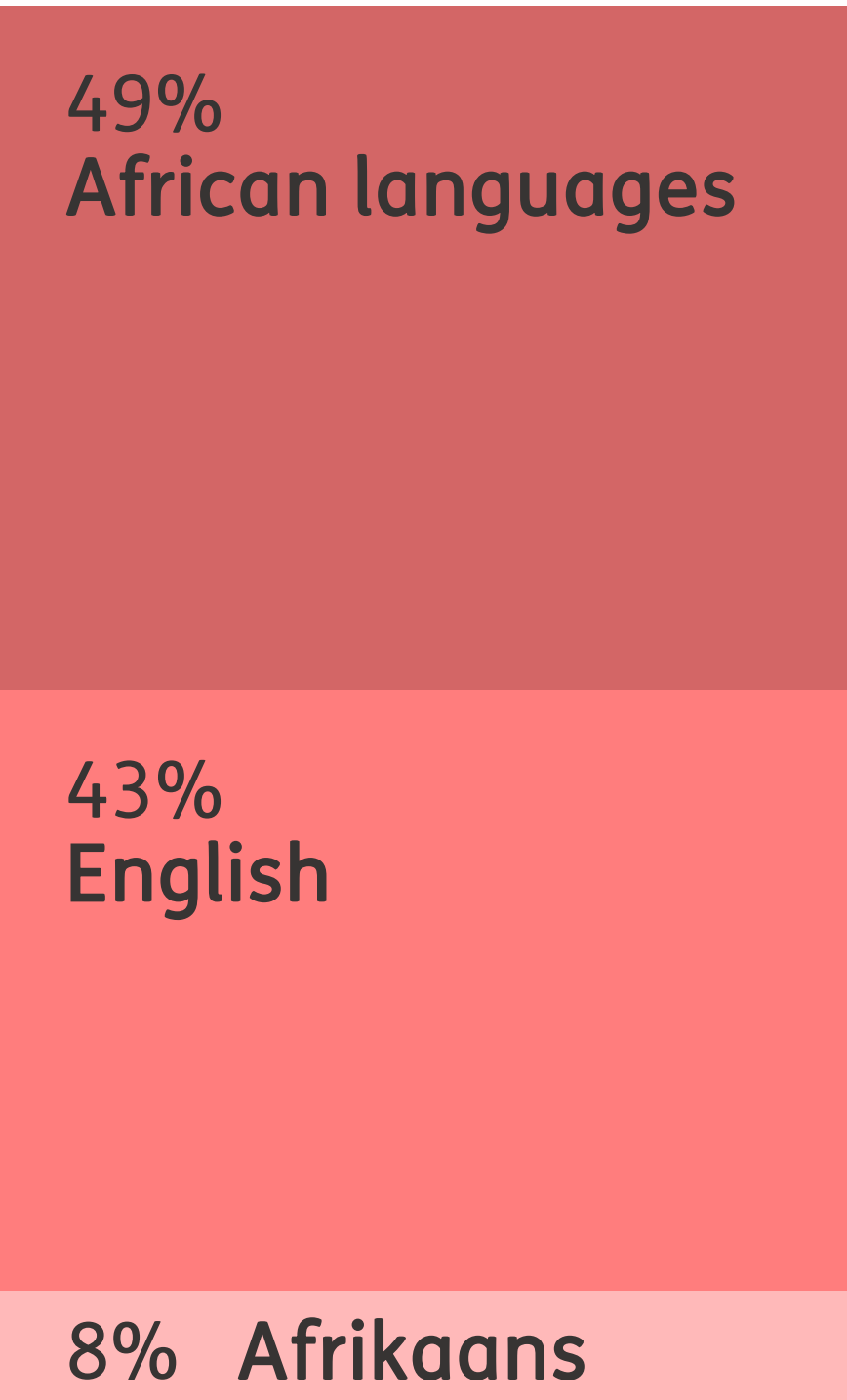
## WORKING/RETIRED



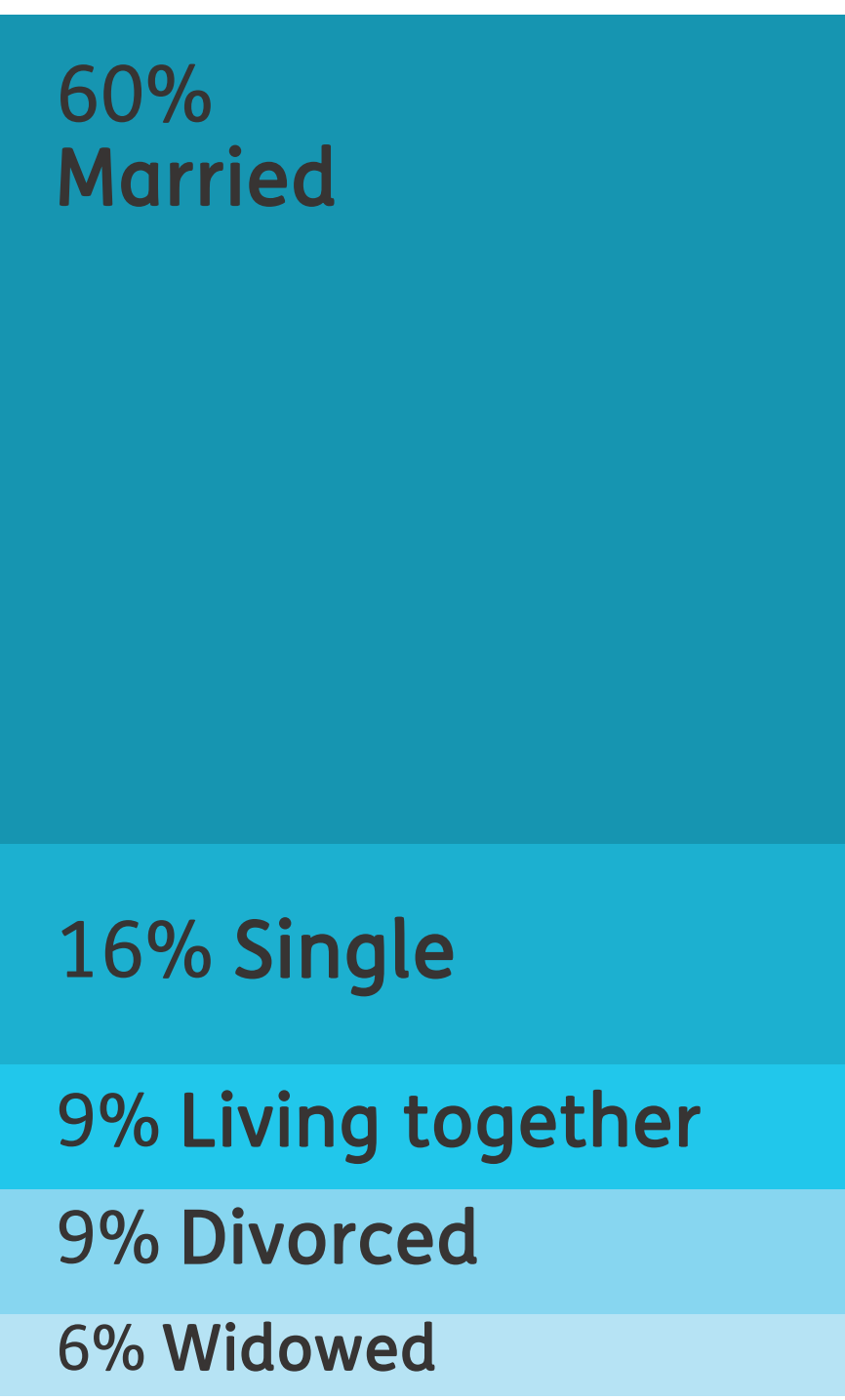
## EDUCATION



## LANGUAGE



## MARITAL STATUS



n = 307

Minimum quotas were imposed in line with Just's current and potential retiree population.

# 2020 RETIREMENT INSIGHTS

**01**

**IMPACT OF  
COVID-19 &  
LOCKDOWN ON  
RETIREMENT**

**02**

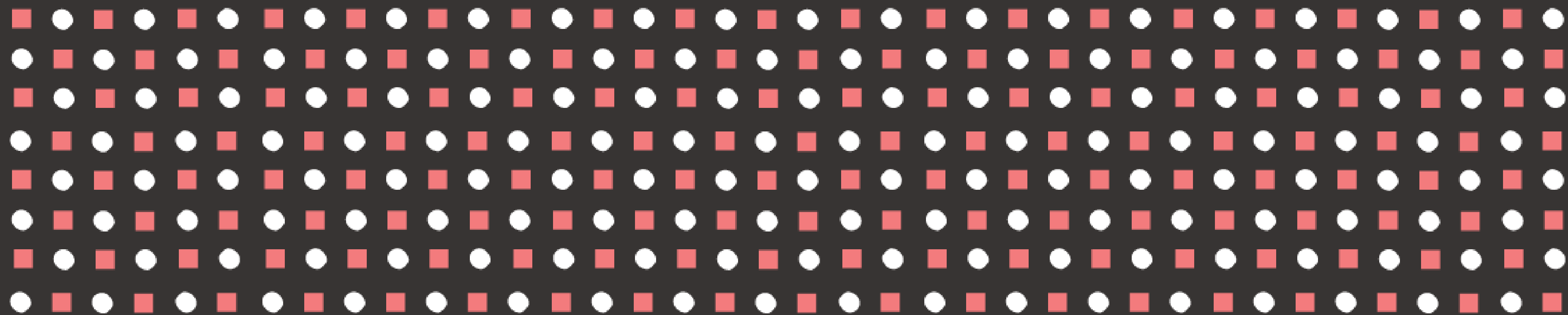
**LACK  
CONFIDENCE  
& SEEK  
SECURITY**

**03**

**RISK  
EVALUATION  
& APPETITE**

SECTION 1

# IMPACT OF COVID-19 AND LOCKDOWN ON RETIREMENT



**INSIGHTS  
& TRENDS**

**Almost 9 out of 10 people say they plan their finances**

But many *still* affected financially during the COVID-19 pandemic and regulated lockdown

# SET GOALS AND OBJECTIVES BASED ON RETIREMENT NEEDS

Seemingly even more thought going into retirement planning than before

2020

68% ↑

Strongly agree

18%

Somewhat agree

4,44  
Mean Score ↑

2020 n = 307

2019

60%

Strongly agree

23%

Somewhat agree

4,27  
Mean Score

2019 n = 524

2018

40%

Strongly agree

27%

Somewhat agree

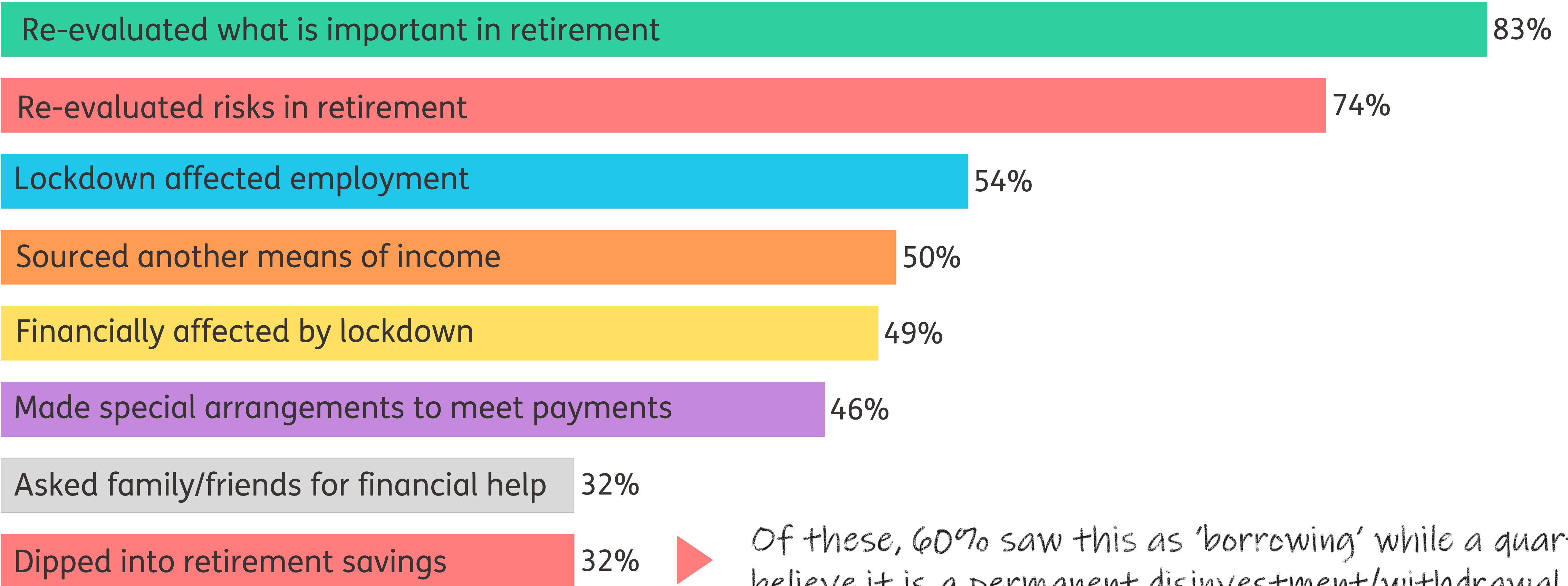
3,83  
Mean Score

2018 n = 345

Please tell me to what extent you agree or disagree with the following statement about financial planning: I plan my finances. I set goals that I want to achieve and work towards that.  
Mean Score: Strongly agree = 5, Somewhat agree = 4, Neither agree nor disagree = 3, Somewhat disagree = 2, Strongly disagree = 1



# THE IMPACT OF COVID-19



Of these, 60% saw this as 'borrowing' while a quarter believe it is a permanent disinvestment/withdrawal.

Total n = 307

Please tell me whether you agree or disagree with each of the following statements about how the Covid-19 pandemic and regulated lockdown has affected you?  
% of respondents who agreed with the statement

48%

Strongly agree

25%

Somewhat agree

4,01

Mean Score

n = 307

## HOW DID LOCKDOWN AFFECT RETIREES SPECIFICALLY?

(Those who said they have retired/are no longer working)

- 66% of retirees stated that the COVID-19 lockdown affected them financially
- 70% re-evaluated what was important in retirement
- **Half** said they had to find other means of income and had to make special arrangements to cover payments
- Over 30% asked for assistance from family or friends
- Almost 62% said they looked more closely at their risks

n = 83

SECTION 2

# LACK CONFIDENCE & SEEK SECURITY



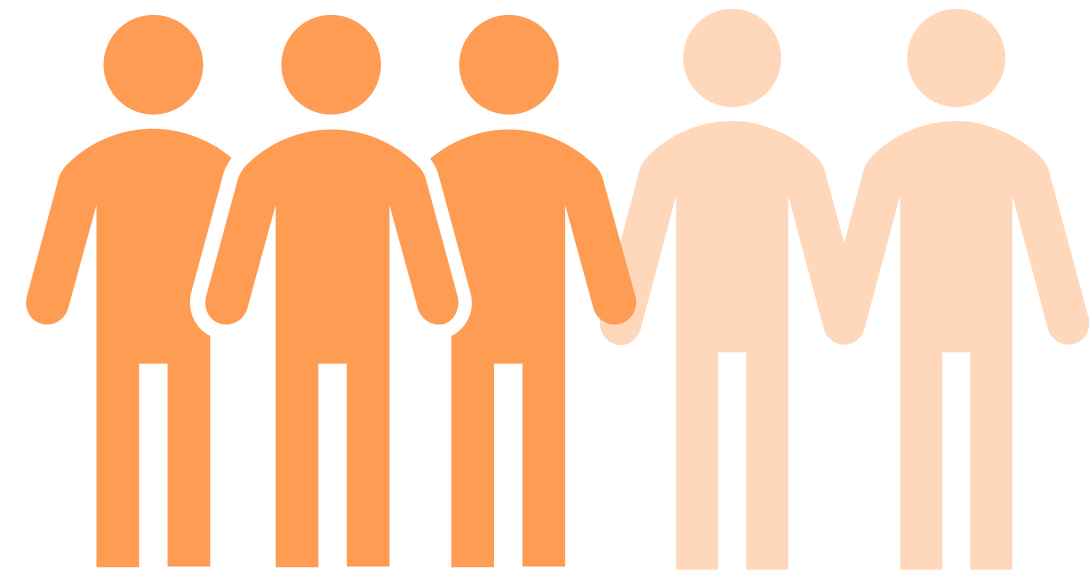


**INSIGHTS  
& TRENDS**

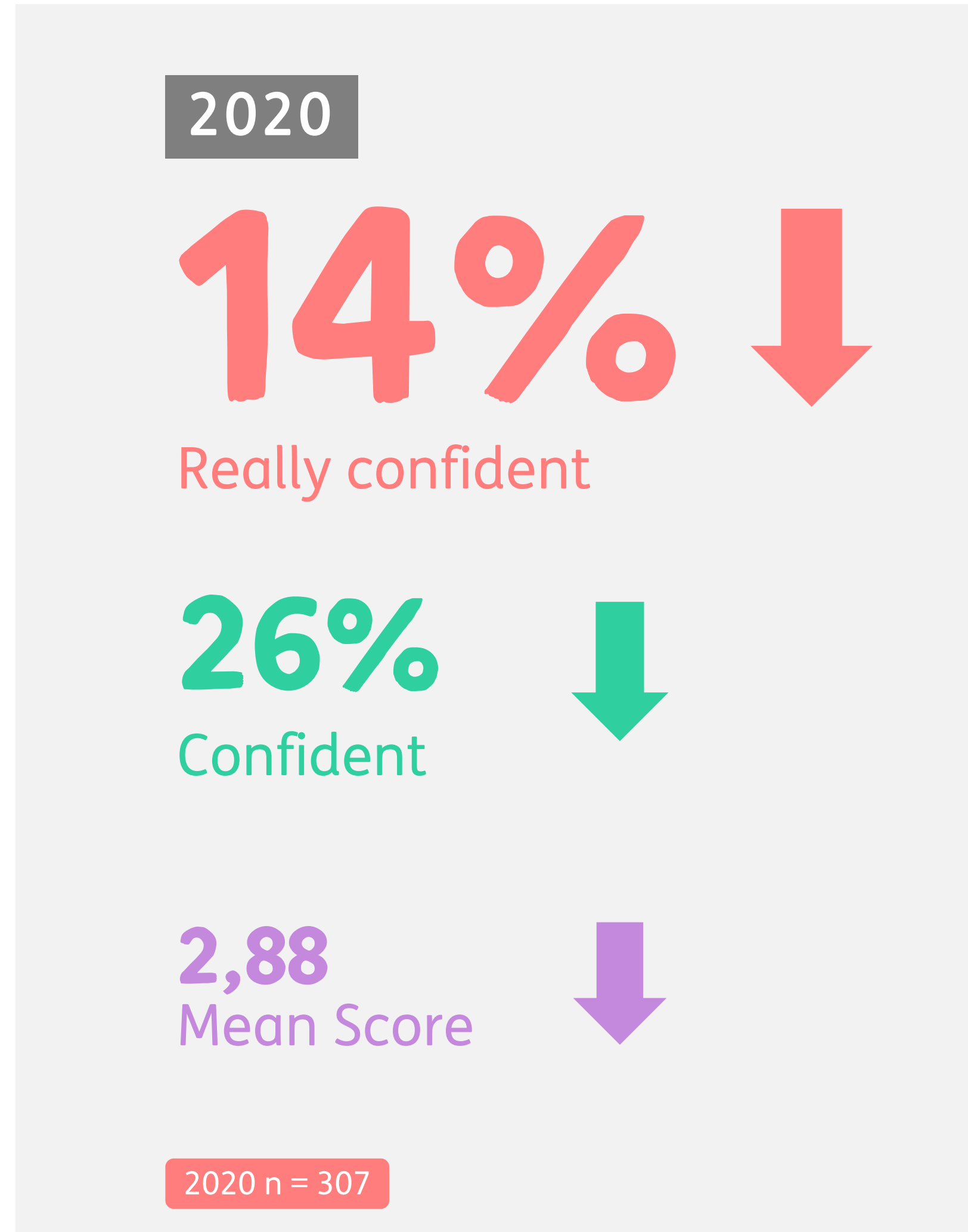
# Big drop in confidence that savings will cover expenses in retirement

Only 40% are content that they have enough to last for their retirement timeline

# DROP IN CONFIDENCE THAT SAVINGS WILL COVER MONTHLY EXPENSES IN RETIREMENT

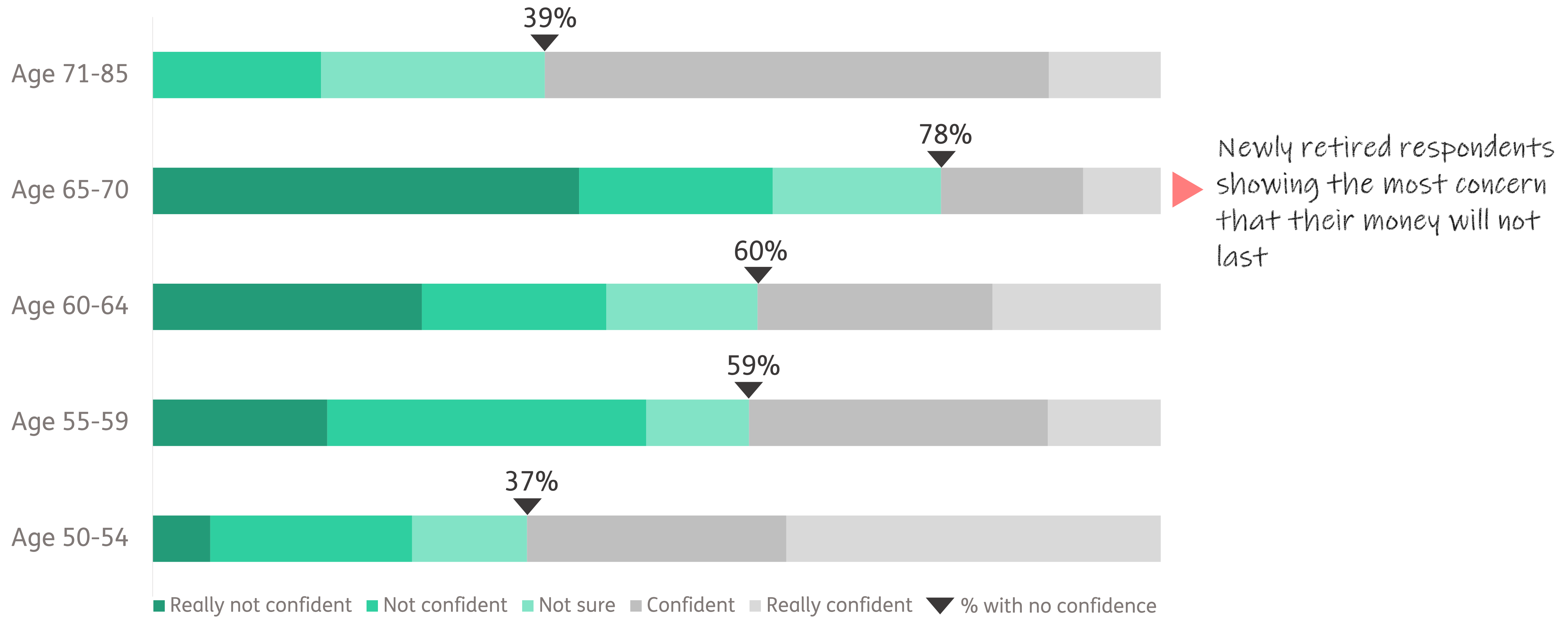


3 in 5 are not confident their savings will last



Please rate your level of confidence that your income (money) will cover your monthly expenses in retirement if you reach the age of 100, allowing for inflation.  
Mean Score: Really confident = 5, Confident = 4, Not sure = 3, Not confident = 2 & Really not confident = 1

# CONFIDENCE HAS TAKEN A KNOCK, ESPECIALLY FOR THOSE IN TRANSITION

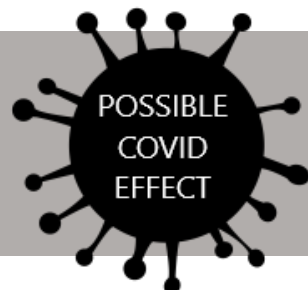
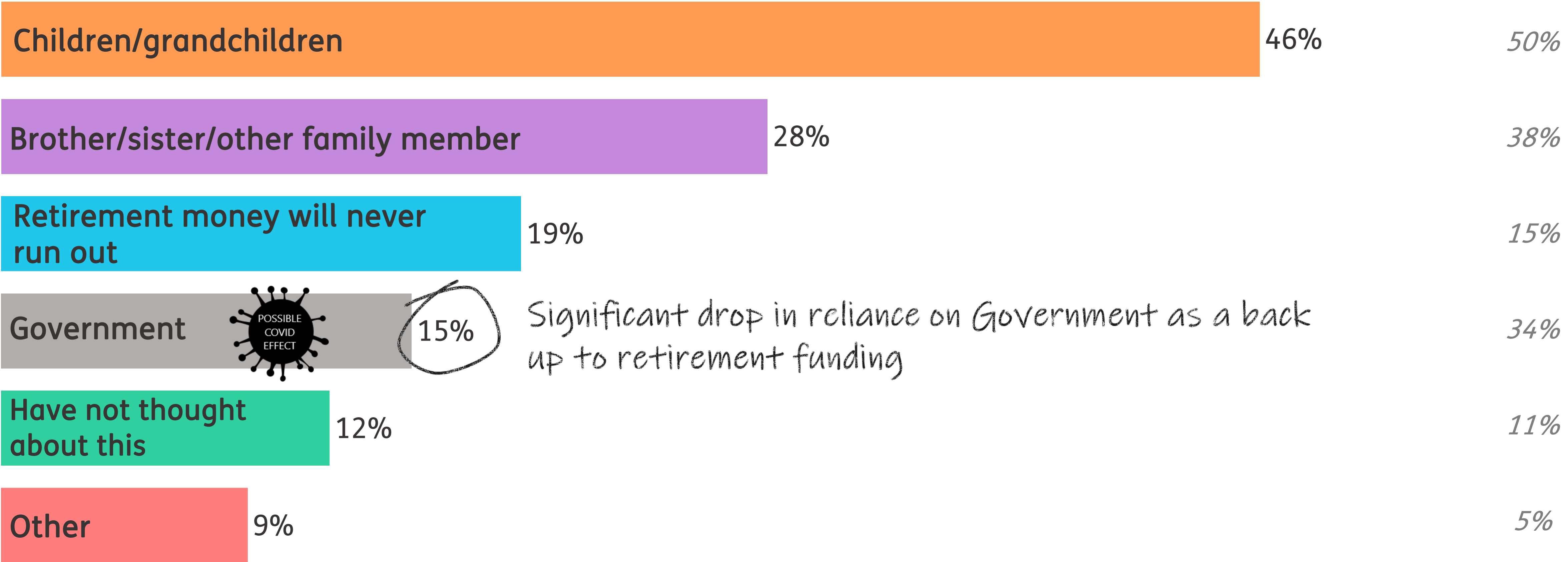


Please rate your level of confidence that your income (money) will cover your monthly expenses in retirement if you reach the age of 100, allowing for inflation.  
Mean Score: Really confident = 5, Confident = 4, Not sure = 3, Not confident = 2 & Really not confident = 1

Total n = 307

# AND OVERALL ARE LESS LIKELY TO RELY ON GOVERNMENT OR OTHERS TO SUPPORT THEM

2019



15%

Multiple response n = 307

If your retirement money is enough for now, but may run out in the future, who will you rely on to provide support?



**INSIGHTS  
& TRENDS**

# Increased desire for income security, possibly heightened by uncertainty

Research also reveals more people impacted by and concerned about poor recent investment market returns

Important across all demographic groups that retirement income must continue for as long as they live



# PREFERENCE FOR KNOWN & RELIABLE INCOME

Higher in times of uncertainty

2020

70% ↑

Strongly agree

16%

Somewhat agree



4,46  
Mean Score



2020 n = 307

2019

60%

Strongly agree

21%

Somewhat agree

4,30  
Mean Score

2019 n = 524

2018

58%

Strongly agree

21%

Somewhat agree

4,22  
Mean Score

2018 n = 345

To what extent you agree or disagree with each of the following statements about financial planning: I prefer a secure, guaranteed monthly income in retirement over an income that might be more or less, depending on investment returns. Mean Score: Strongly agree = 5, Somewhat agree = 4, Neither agree nor disagree = 3, Somewhat disagree = 2 & Strongly disagree = 1

# STRONG PREFERENCE FOR INCOME SECURITY AND CERTAINTY

88%

want to know exactly how much money they will get each month/year

- Significantly higher among those with lower household incomes (less than R30k per month)
- The more financially stable (those who did not have to dip into their retirement savings), the more likely to want to know how much they will get each month/year in retirement

n = 307

Which statement do you prefer? Knowing exactly how much money I will get each month/year or not knowing exactly how much I will get each month/year, but knowing it could be more (or it could be less, depending on market conditions) than the previous month/year



**INSIGHTS  
& TRENDS**

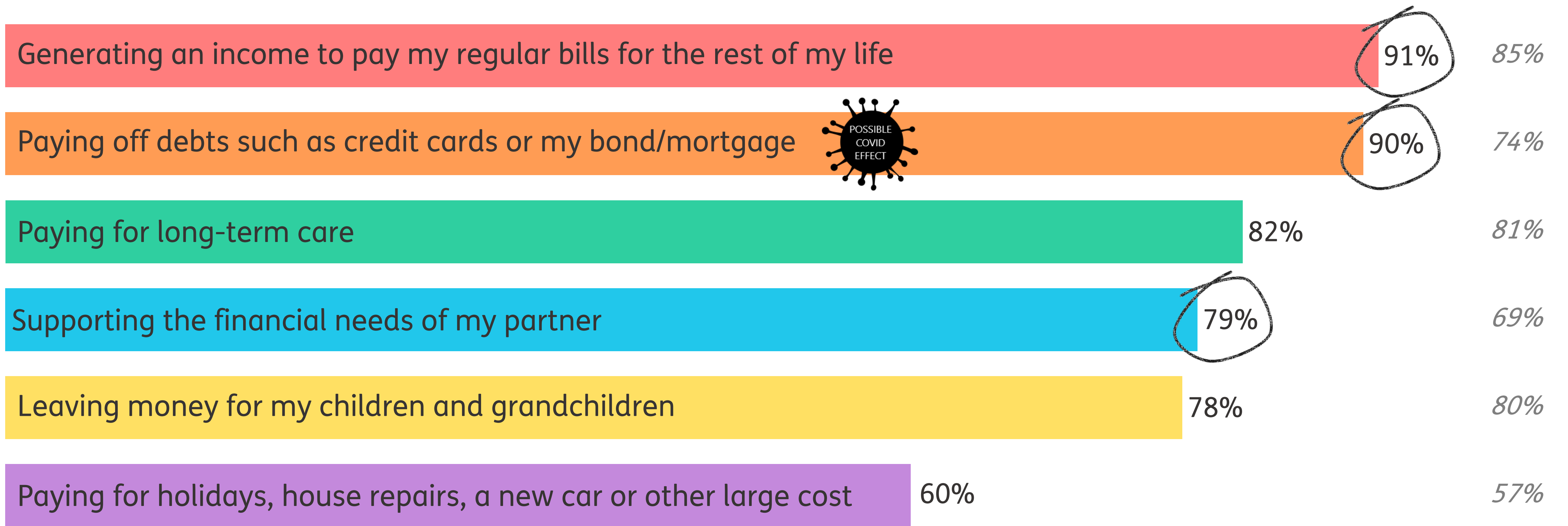
## More importance placed on ability to guarantee income in retirement

Significant increase from 2019 in importance of paying off credit card debts and/or mortgages

Growing importance to support the financial needs of their partners

# IMPORTANCE OF RETIREMENT FUND MONEY

2019



Those expressing extremely and very important indicated above

Total n = 307


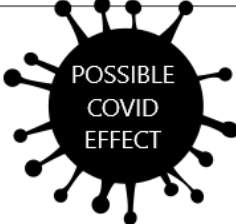

Please rate the importance of each of the following in terms of how you will use the money you will get from your retirement savings when you retire?  
(1 – Not important; 2 – Slightly important; 3 – Moderately important, 4 – Very important; 5 – Extremely Important)

**INSIGHTS  
& TRENDS**

**Retirement money should (at least)  
last as long as they do**

And flexibility is more important than before

# IMPORTANCE OF RETIREMENT FUND MONEY

Statements	2020	2019	2018
My retirement income must continue for as long as I live	1	1	1
I must have flexibility in deciding how much income to draw each year	 2	5	4
My retirement income must keep up with inflation every year	3	4	3
My retirement income must not be affected by what happens in investment markets	4	3	5
My retirement income must cover frail care and medical bills 	 5	2	6
My retirement income must continue to meet my family's needs after I pass away	6	6	2
I am happy for my retirement income to be higher when investment markets are strong and lower when they are weak	7	7	7
	n = 307	n = 524	n = 345

I am going to read you various preferences with regards to your retirement income. Please tell me how important each of these are to you? All statements were deemed important when it comes to retirement income, and are shown here from most to least important.

SECTION 3

# RISK EVALUATION & APPETITE



**INSIGHTS  
& TRENDS**

# Many retirees are at risk of not having a sustainable income for life

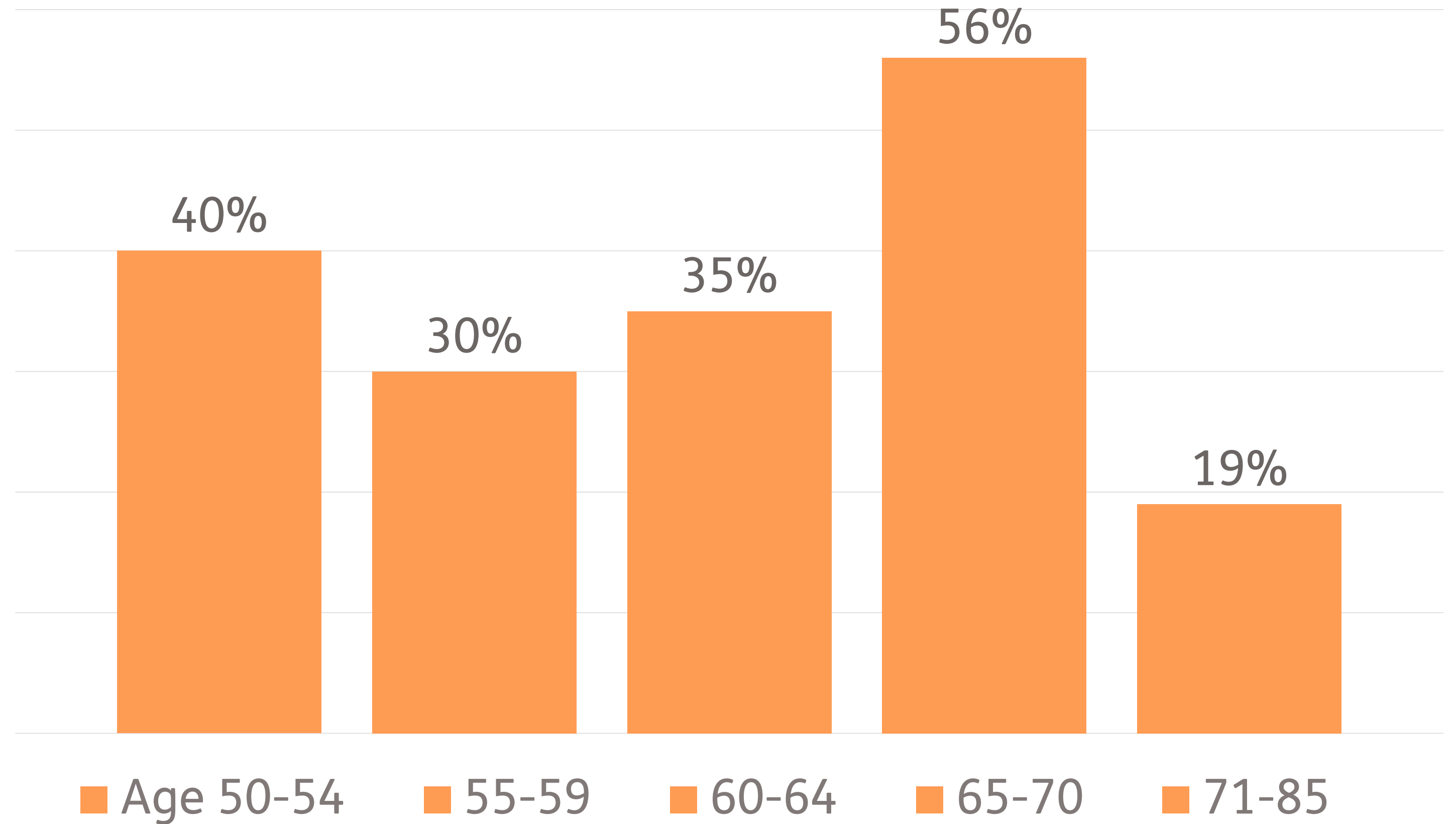
Living in an environment where investment markets crashed, and retirement savings were significantly reduced



# MOST TRANSITIONAL OR EARLY STAGE RETIREES CAN'T AFFORD TO LOSE ANY VALUE

38%

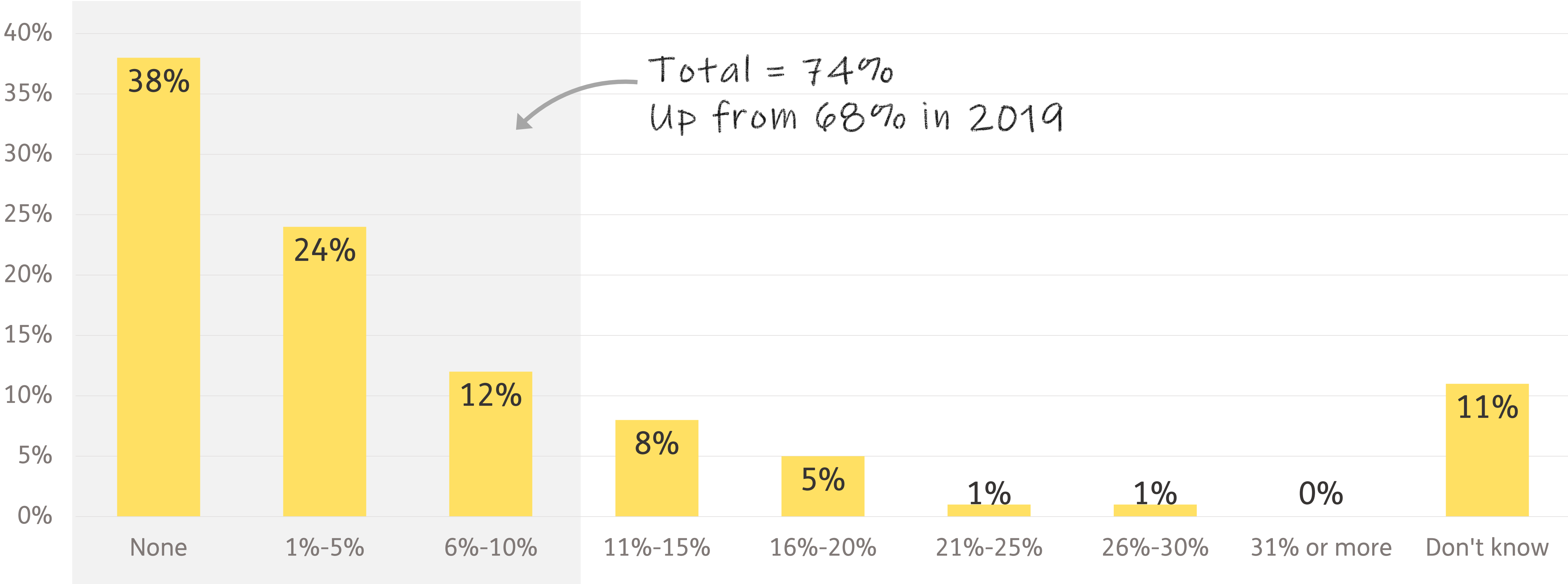
cannot afford to lose any money



n = 307

If you have control over how your retirement fund money is invested, what percentage do you think you could afford to lose in a market crash before it seriously impacts on your retirement plans?

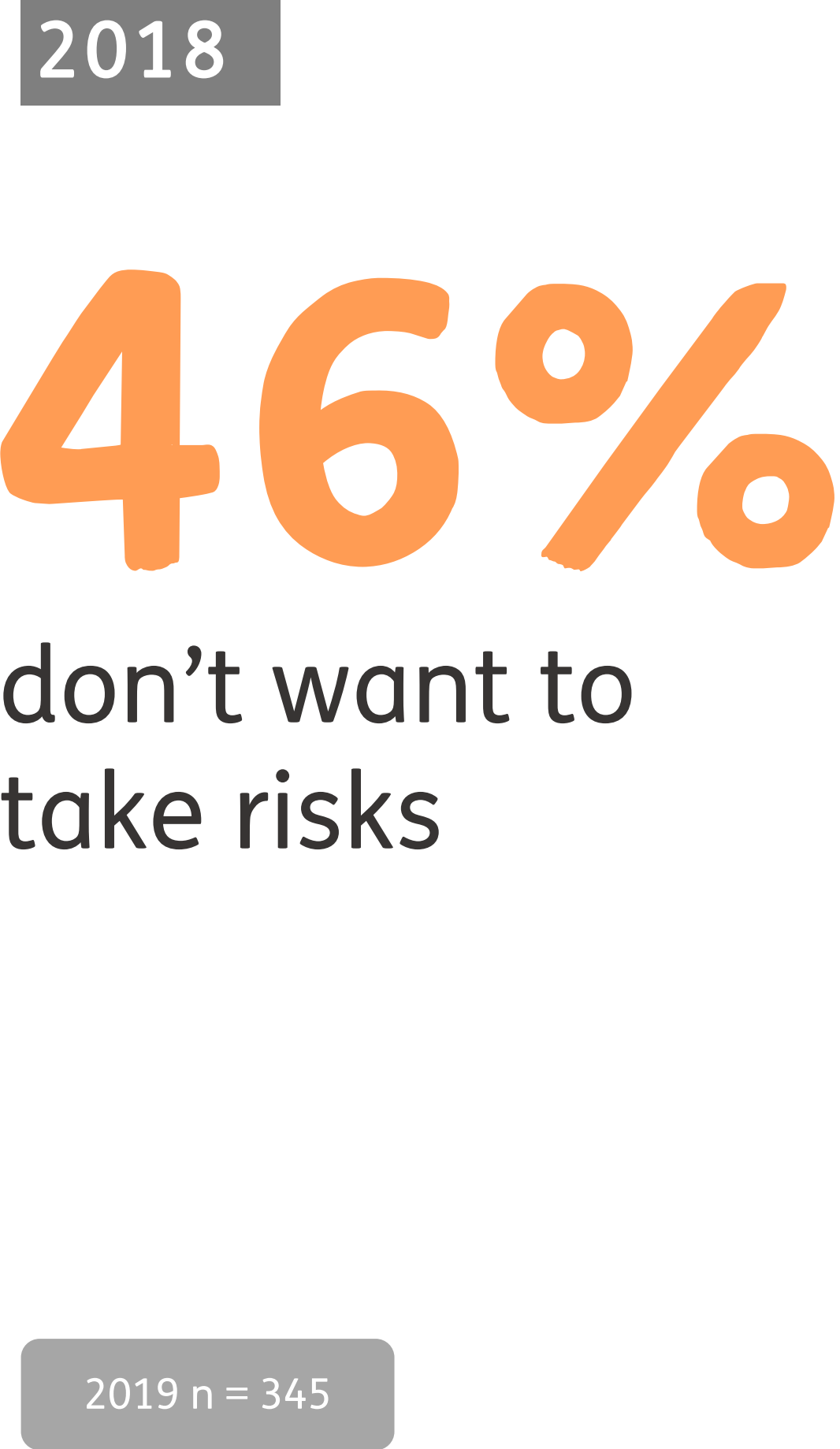
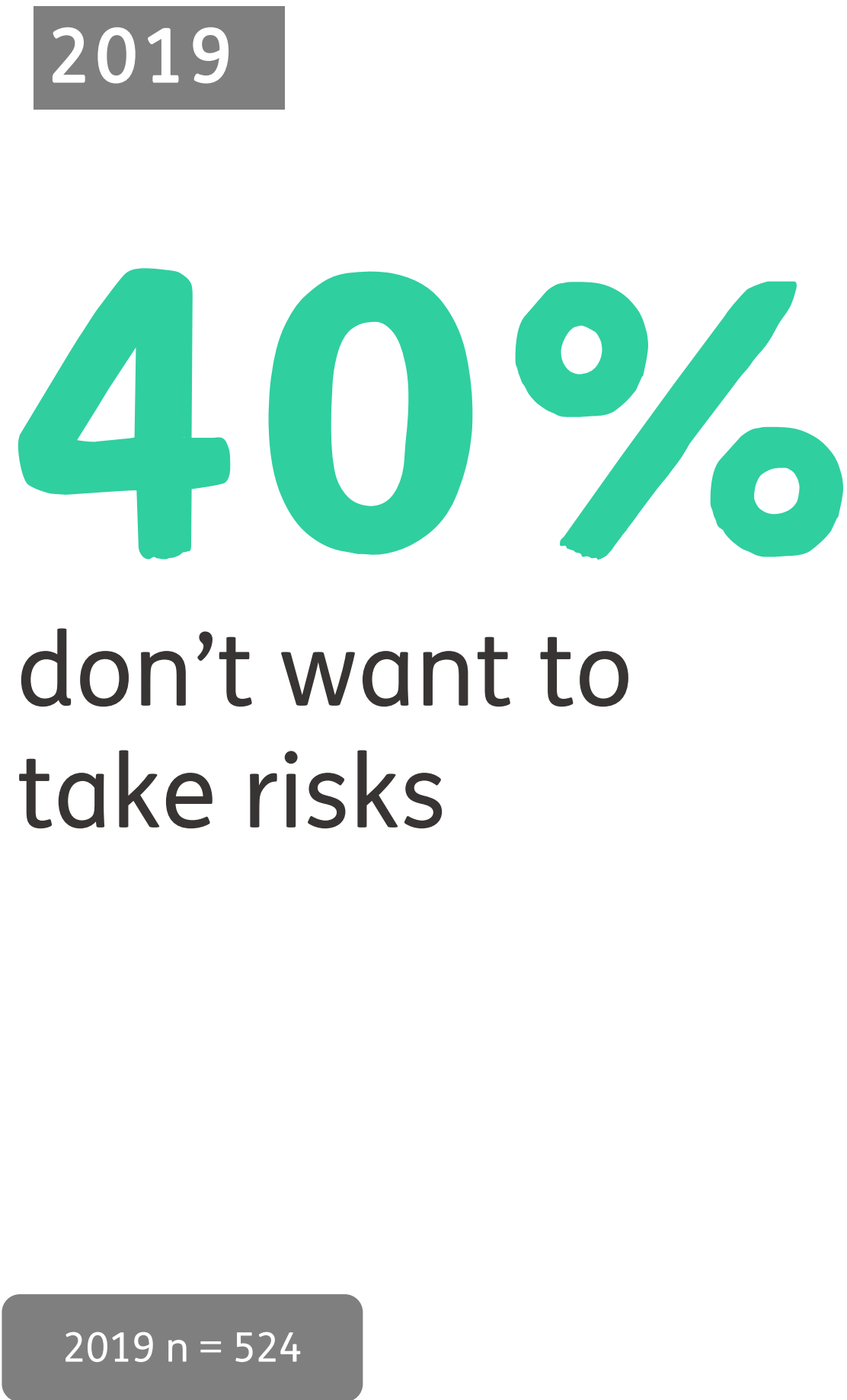
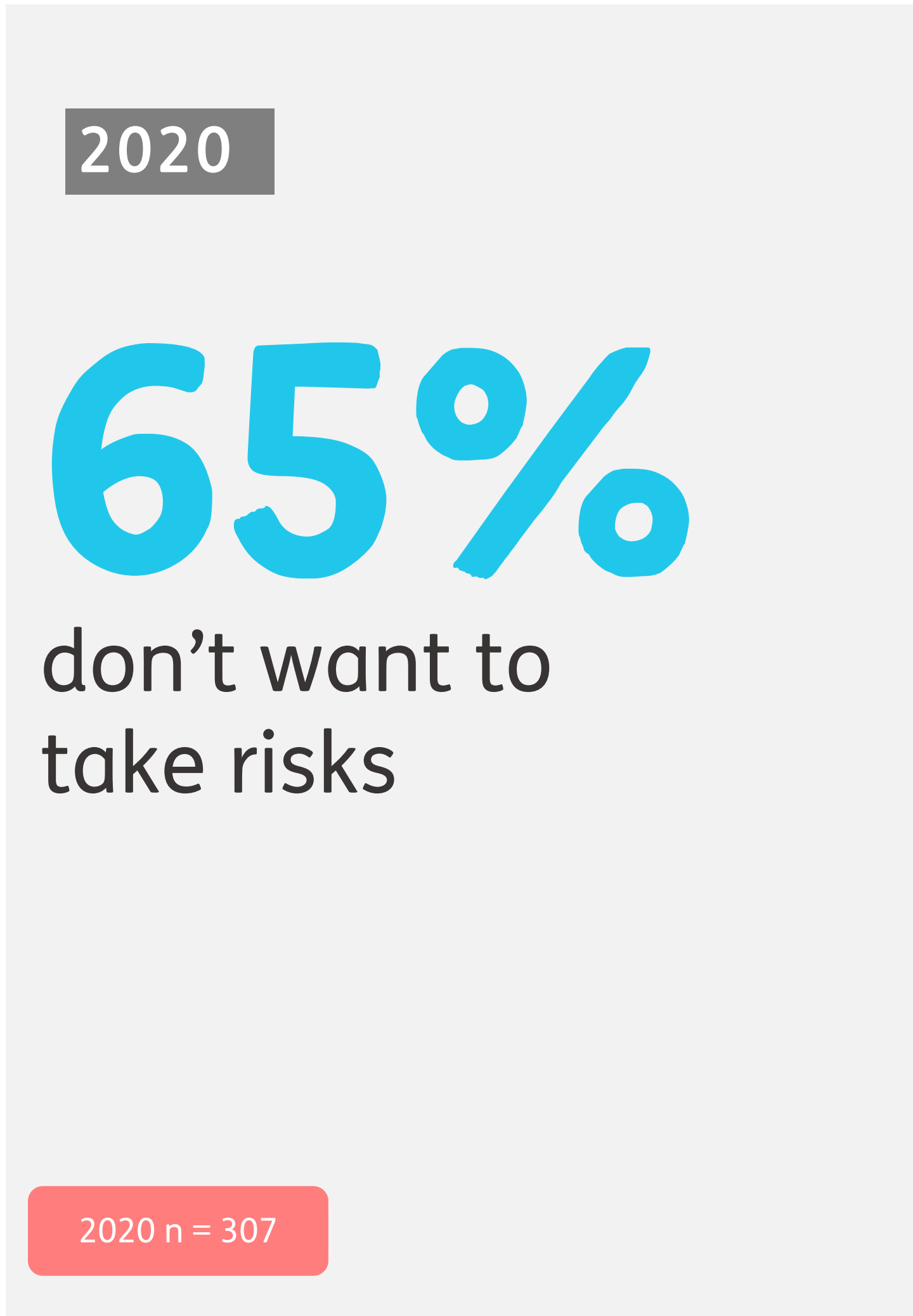
# 3/4 OF PEOPLE COULD BE SERIOUSLY AFFECTED BECAUSE MARKETS DECLINED BY OVER 10% EARLIER IN THE YEAR



n = 307

If you have control over how your retirement fund money is invested, what percentage do you think you could afford to lose in a market crash before it seriously impacts on your retirement plans?

# LESS LIKELY TO TAKE RISKS



Please tell me to what extent you agree or disagree with each of the following statements about financial planning? I do not mind taking risks with my money for saving or investment purposes (Strongly agree = 5, Somewhat agree = 4, Neither agree nor disagree = 3, Somewhat disagree = 2 & Strongly disagree = 1 )

# MORE LIKELY TO DO FINANCIAL PLANNING

2020

74%

plan ahead

2020 n = 307

2019

62%

plan ahead

2019 n = 524

2018

47%

plan ahead

2019 n = 345

Those who strongly or somewhat disagreed with statement: I do not save much or plan for the future; I prefer to spend money when I have it.  
(Strongly agree = 5, Somewhat agree = 4, Neither agree nor disagree = 3, Somewhat disagree = 2 & Strongly disagree = 1)

# BUT DON'T NECESSARILY KNOW HOW TO PLAN APPROPRIATELY

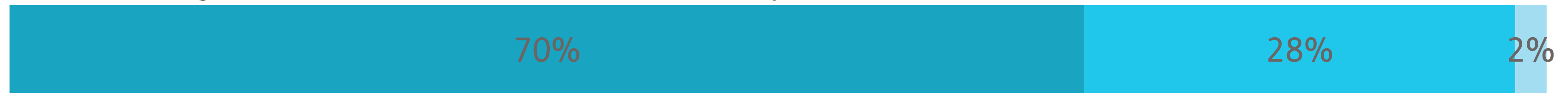
Choosing the best product/solution for retirement income



Determining at what age one can afford to retire



Calculating how much is needed to cover expenses in retirement



■ More difficult    ■ The same    ■ Easier

% of respondents who claimed it has become more difficult, remained the same or has become easier

n = 307

Compared to life before COVID-19, how would you rate each of the following in terms of whether it has now become more difficult, remained the same or has become easier?

# PRACTICAL STEPS FOR RETIREMENT



# RETIREEES ARE MORE RISK AVERSE IN UNCERTAIN TIMES

The effect of COVID-19 has heightened risks and increased the need for certainty

## Risks in retirement are increasing

- Risk that people live longer than expected
- Risk that people outlive their savings
- Risk that people under-consume in retirement

Note: 65% don't want to take risks - up from 40% in 2019



**INSIGHTS  
& TRENDS**

# Uncertainty makes it more difficult to plan

Different risks require different tools





**HISTORICALLY RETIREMENT  
INCOME PRODUCTS WERE LIMITED  
TO A CHOICE BETWEEN  
AN INVESTMENT PRODUCT  
OR  
AN INSURANCE PRODUCT**

## Insurance Product: LIFE ANNUITY

Convert retirement savings into regular income

- Guaranteed monthly income for life
- Death benefit options for partner & dependants
- Never decreases
- Various ways to protect against inflation



Life Annuity

## Investment Product: LIVING ANNUITY

Investment strategy determines your income

Self-manage drawdown rate to

- sustain living annuity income for life
- leave some capital for beneficiaries



Living Annuity

**INSIGHTS  
& TRENDS**

**But retirees are seeking  
income security *and* flexibility**

High market volatility has highlighted the  
importance of a **guaranteed income**

With **flexibility** to transfer over time

## Best of Both: BLENDED ANNUITY

With a blended annuity, you can choose to

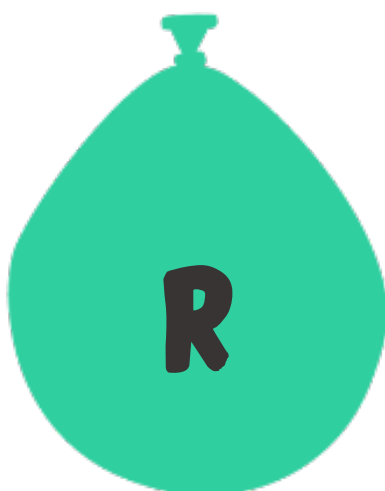
- Provide a more sustainable income, without completely giving up the flexibility
- Mitigate the risk of running out of money
- Allow for more consumption with less risk
- Invest in an alternative diversifying asset class to improve retirement outcome



**Blended Annuity**


*A blended annuity allows you to "dial" up the guarantee to where you feel comfortable*

# BUT RETIREMENT IS NOT NECESSARILY AN AUTOMATIC QUALIFICATION TO...

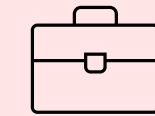
**1**   
Manage an optimal investment portfolio

**2**   
to deliver a sustainable income

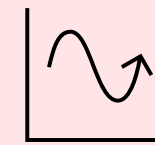
**3**   
and protect against inflation

**4**   
for life

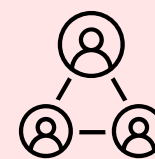
## SUBJECT TO CONSTRAINTS



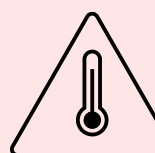
May not be in formal employment



Unable to reduce consumption (e.g. medical)



Limited resources



Risk averse/low risk tolerance

## DO YOU NEED ADVICE ?

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### It is worth considering advice from a qualified financial adviser

- If you need help understanding your options – life, living and blended annuities
- If you want to take account of your personal financial circumstances
- If you are considering how your retirement savings can be used with other savings and investments to meet your financial needs
- If you need to consider the tax implications of your choices

**Contact Just or visit our website for more information,  
or for details of independent financial advisers in your area**

# VISIT [JUSTSA.CO.ZA](https://www.justsa.co.za)

Just focuses on addressing the widespread, recognised problem of people outliving their assets in retirement.

We rethink retirement, offering an innovative range of income options that allow retirees to select an income structure that meets their needs.

