

RETIREMENT INSIGHTS 2024

Understanding the South African
retirement market & their needs

Summary of our quantitative research

JUST.

RETHINK RETIREMENT



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 February 2024
- 395 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

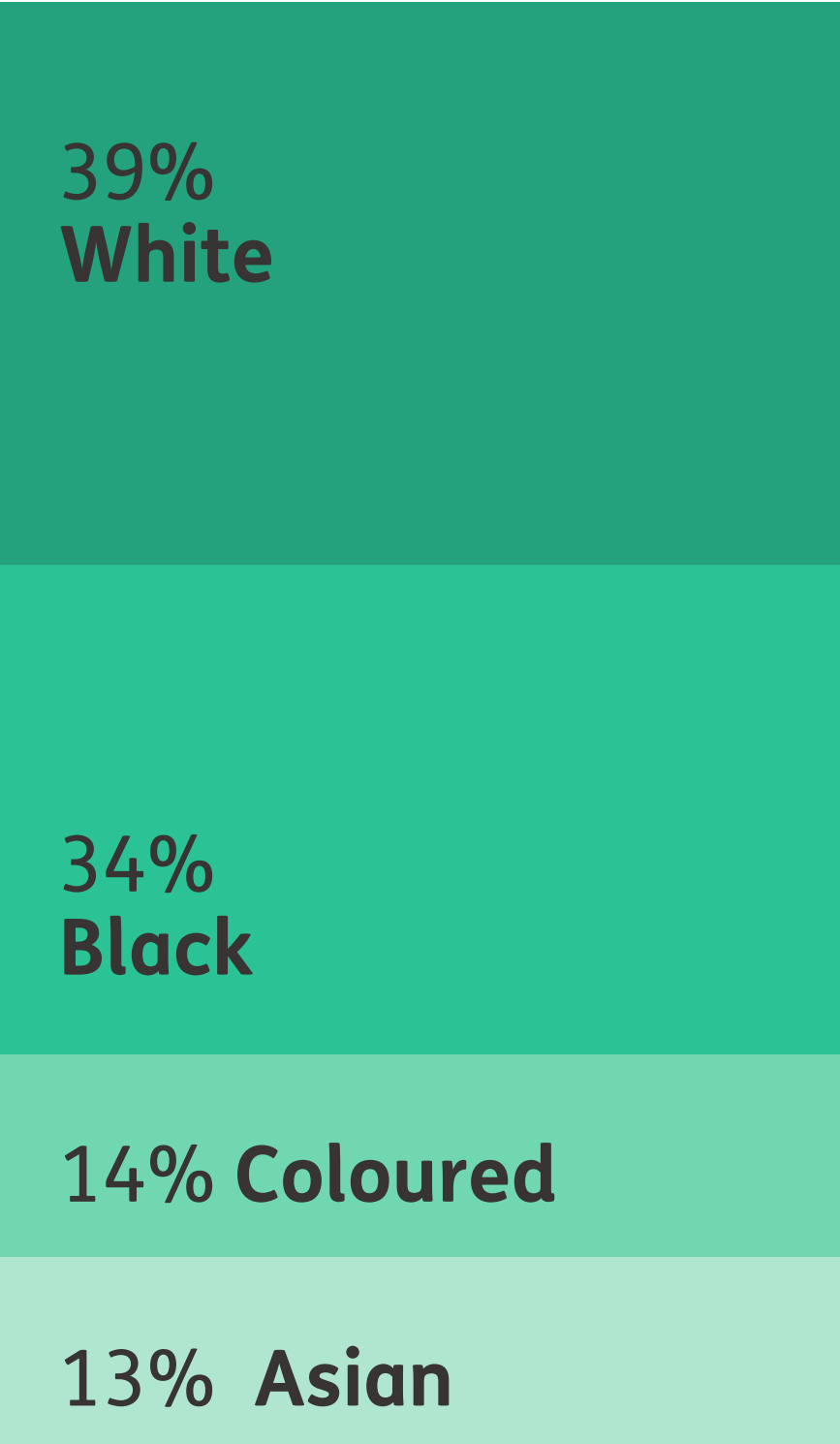
Frequency:

- 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 specifically assess the impact of COVID-19 on retirement planning
- A full tracking study was conducted in 2022 and most recently in 2024

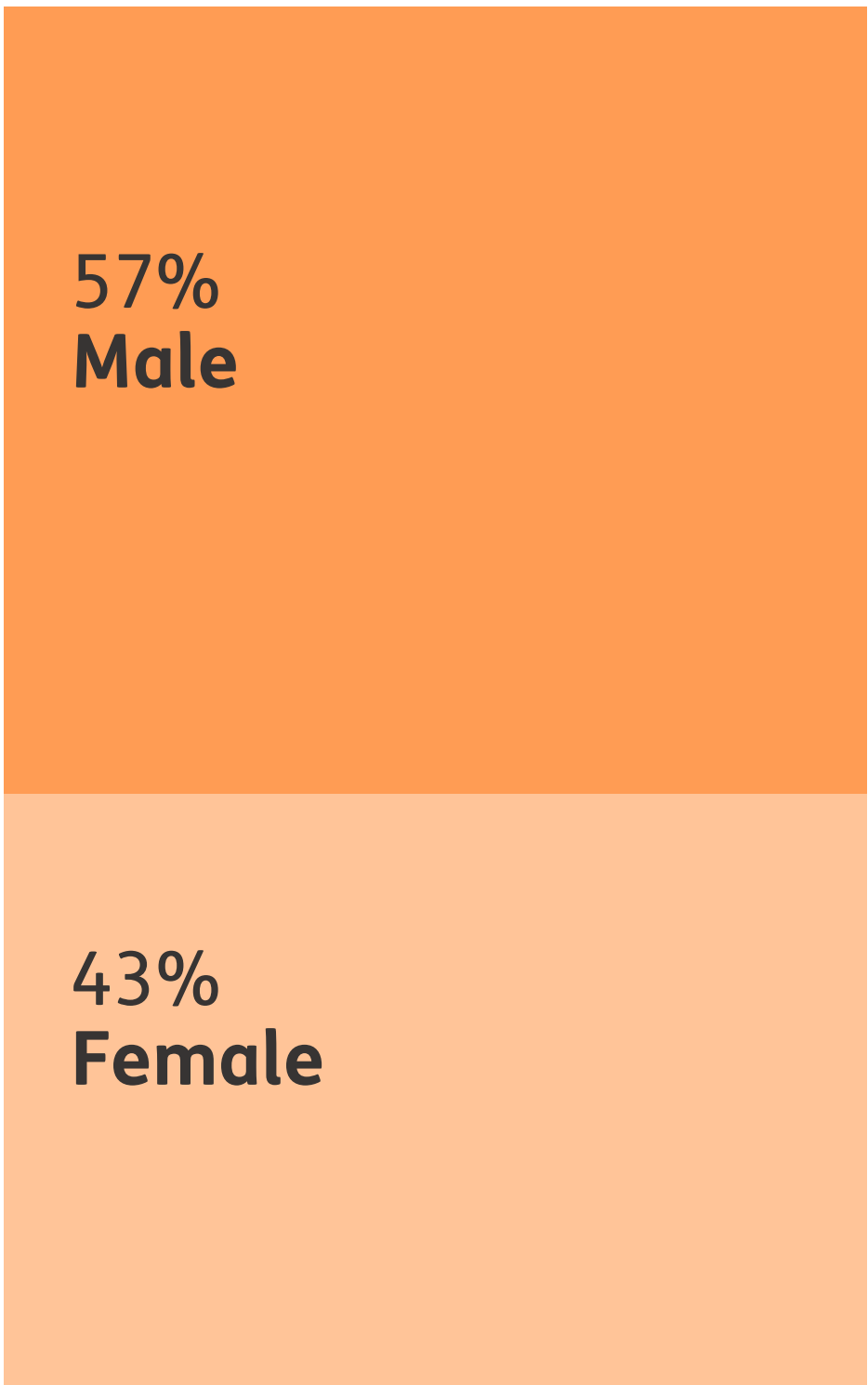
SAMPLE

Demographics and profile

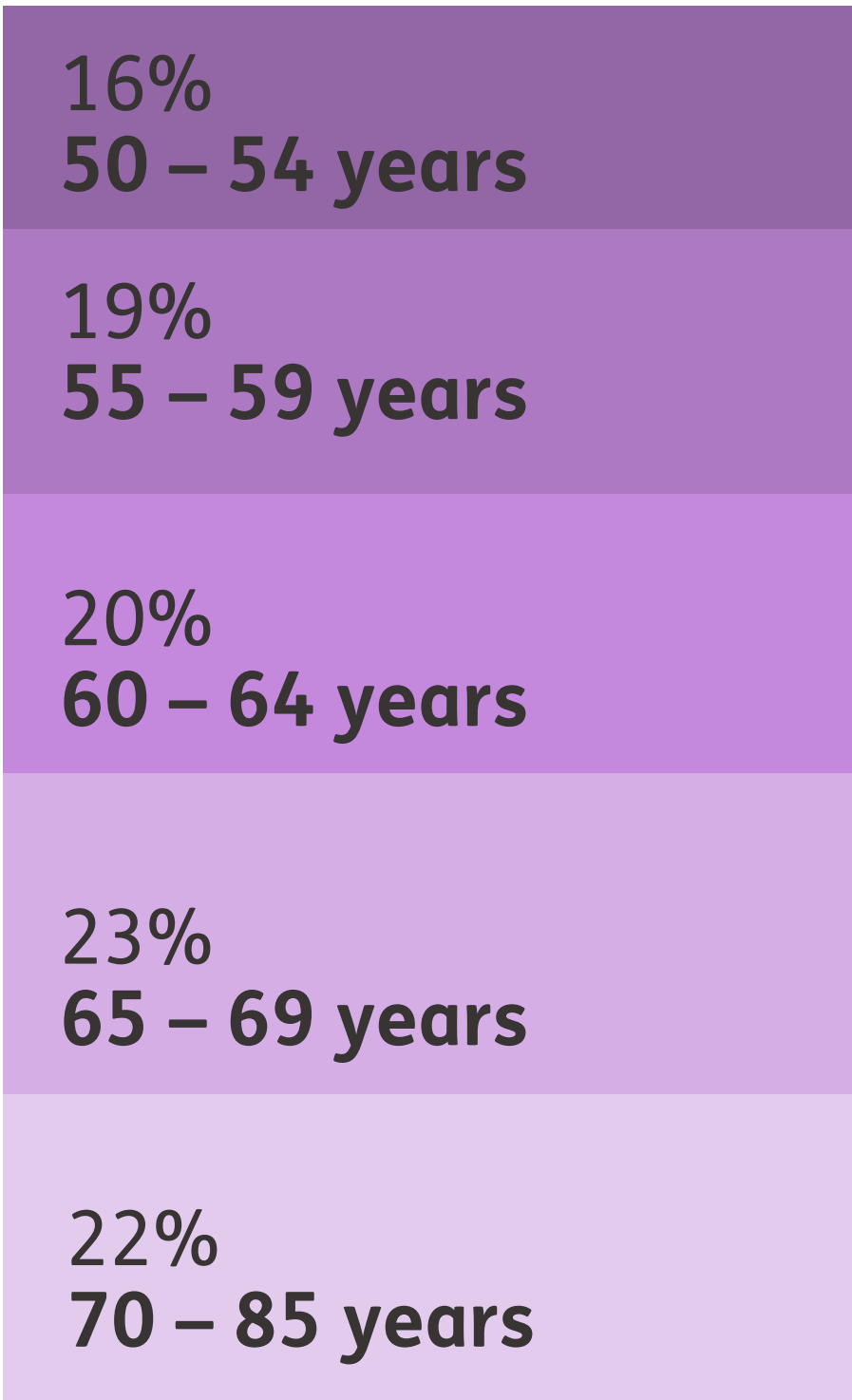
RACE



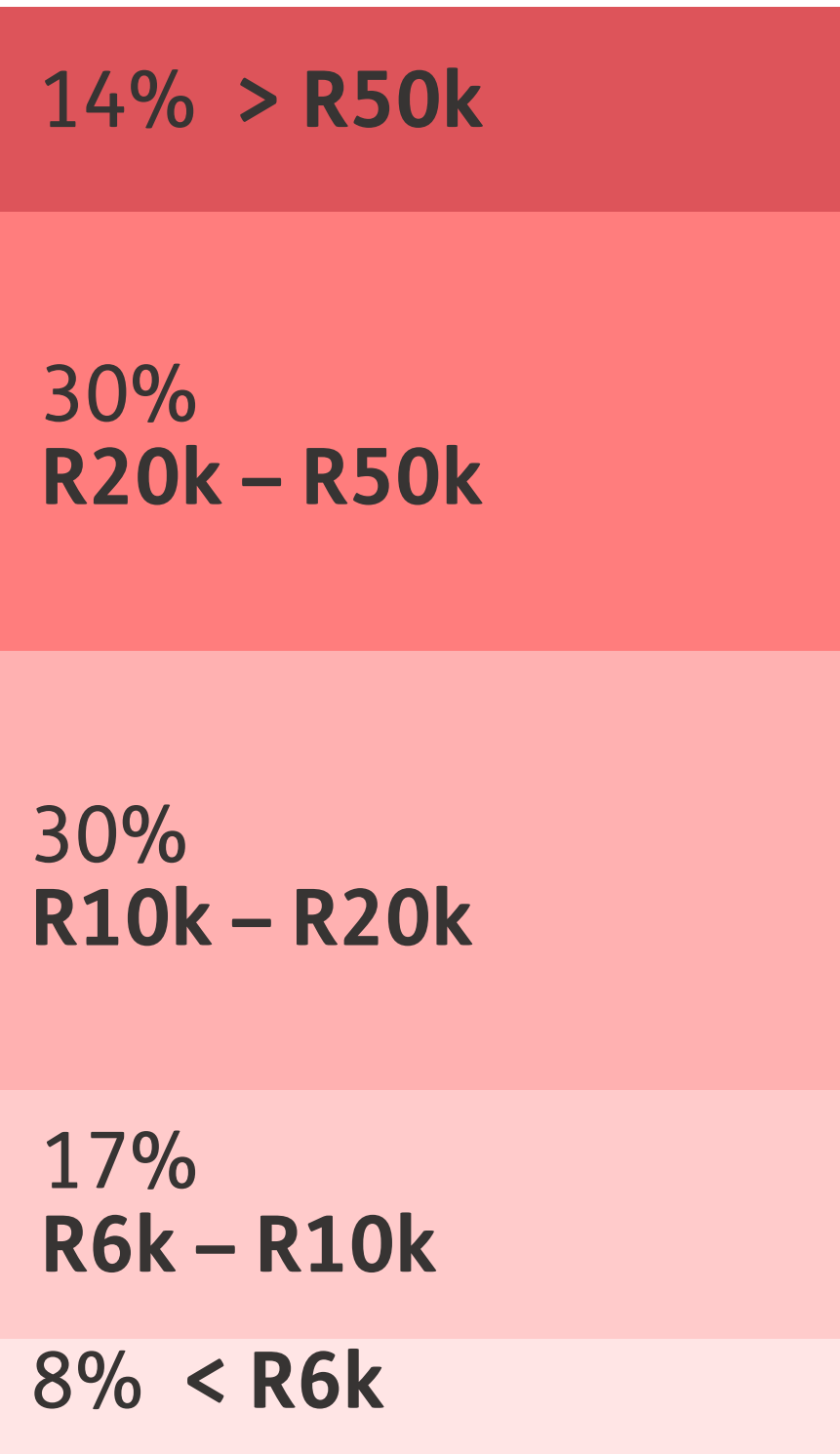
GENDER



AGE

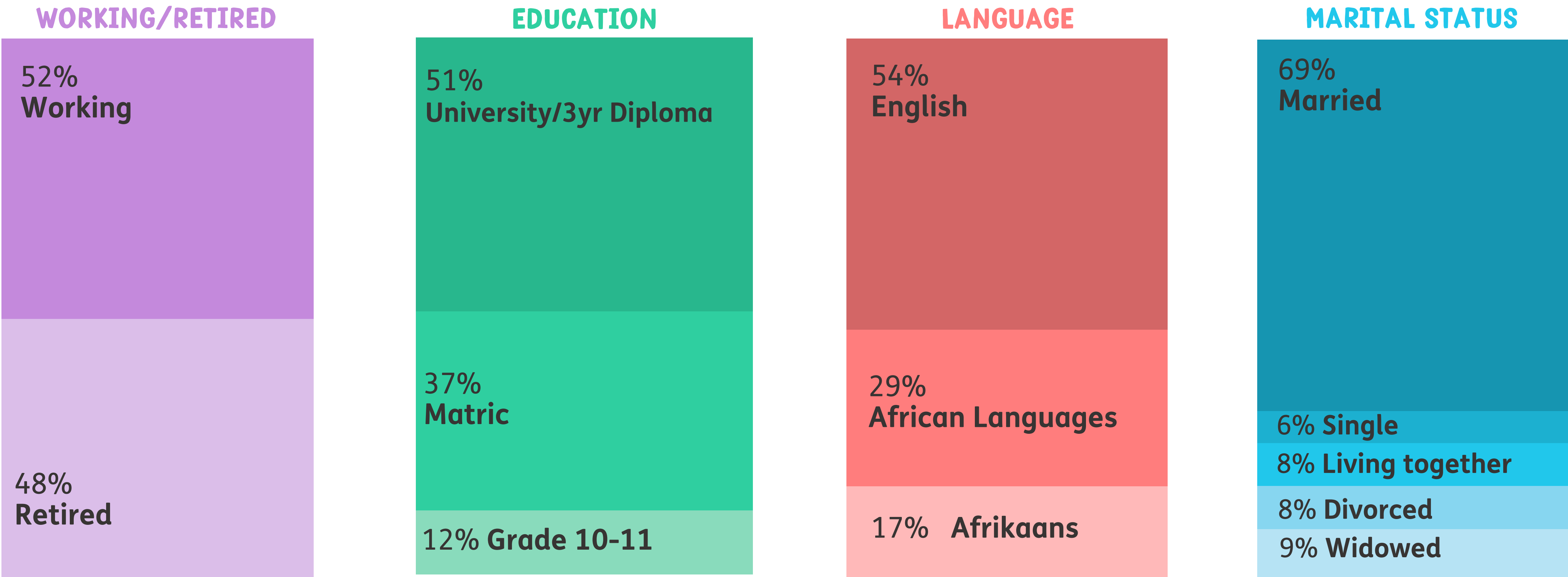


MONTHLY HOUSEHOLD INCOME



SAMPLE

Natural fallout in terms of other demographics



JUST.

RETIREMENT INSIGHTS

Themes for 2024

**SELF
CONFIDENCE**

**RETIREMENT
CONFIDENCE**

**CONTEXTUAL
CONFIDENCE**

SECTION 1

SELF-CONFIDENCE

Attitude about your skills and abilities



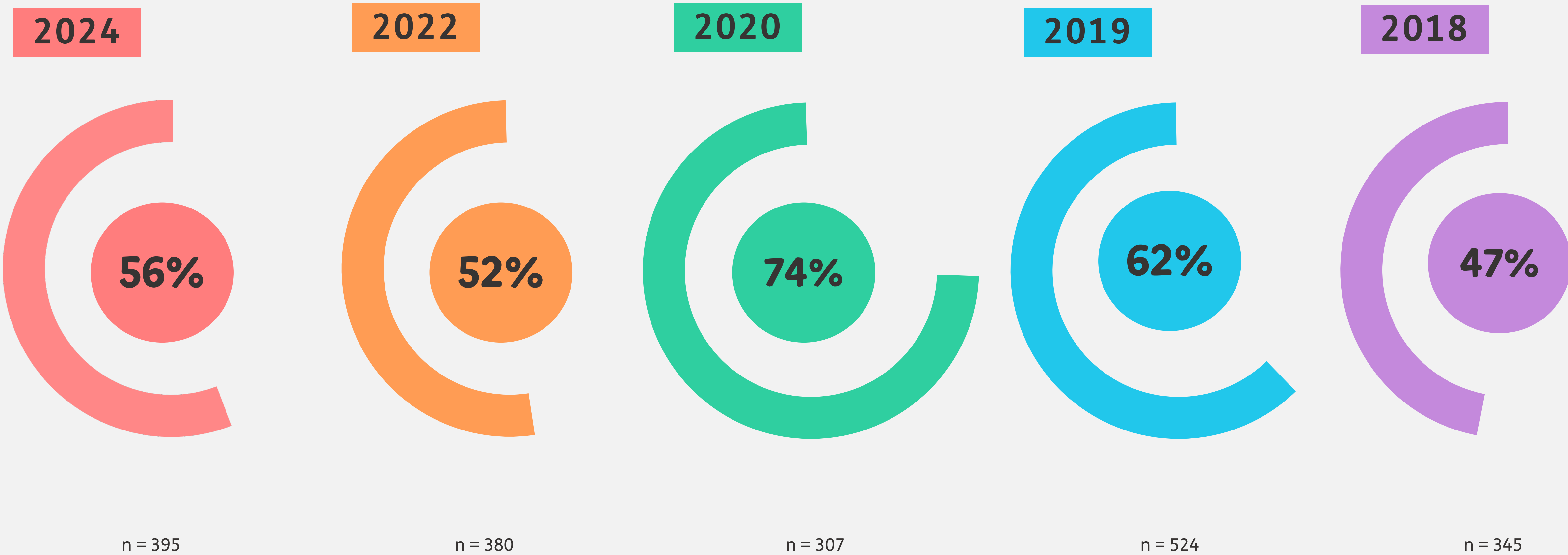
IMPORTANCE OF SETTING RETIREMENT OBJECTIVES



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.

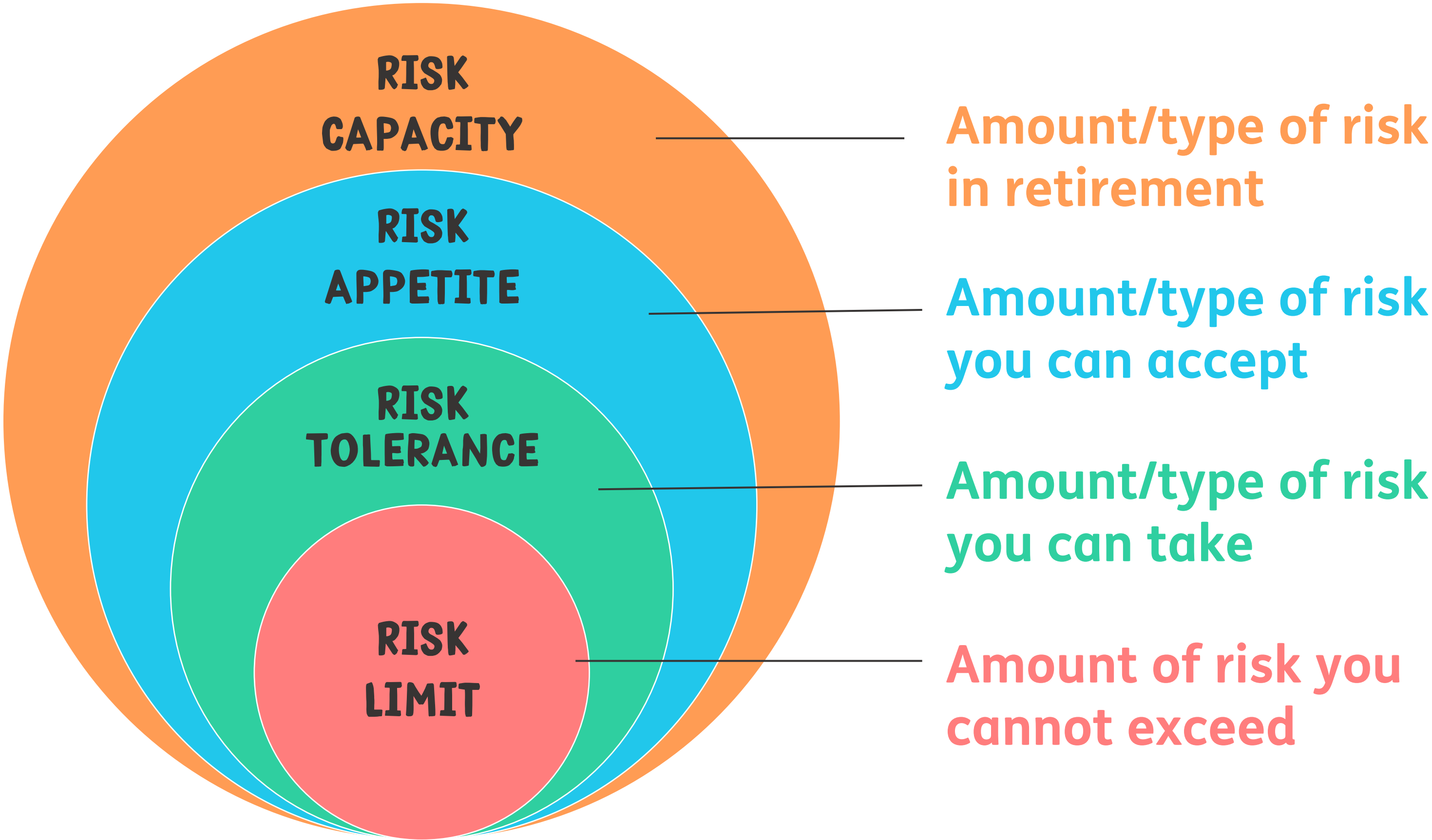
Mean Score: Strongly agree = 5, Somewhat agree = 4, Neither agree nor disagree = 3, Somewhat disagree = 2, Strongly disagree = 1

MAJORITY CLAIM TO SAVE & PLAN



Those who **disagreed** with statement: I do not save much or plan for the future; I prefer to spend money when I have it.

RETIREMENT RISK UNIVERSE



FINACIAL RISKS IN RETIREMENT



LONGEVITY RISK

Outliving your retirement savings



INFLATION RISK

Income needs to grow to meet same expenses a year later



INVESTMENT RISK

Insufficient returns to sustain income.

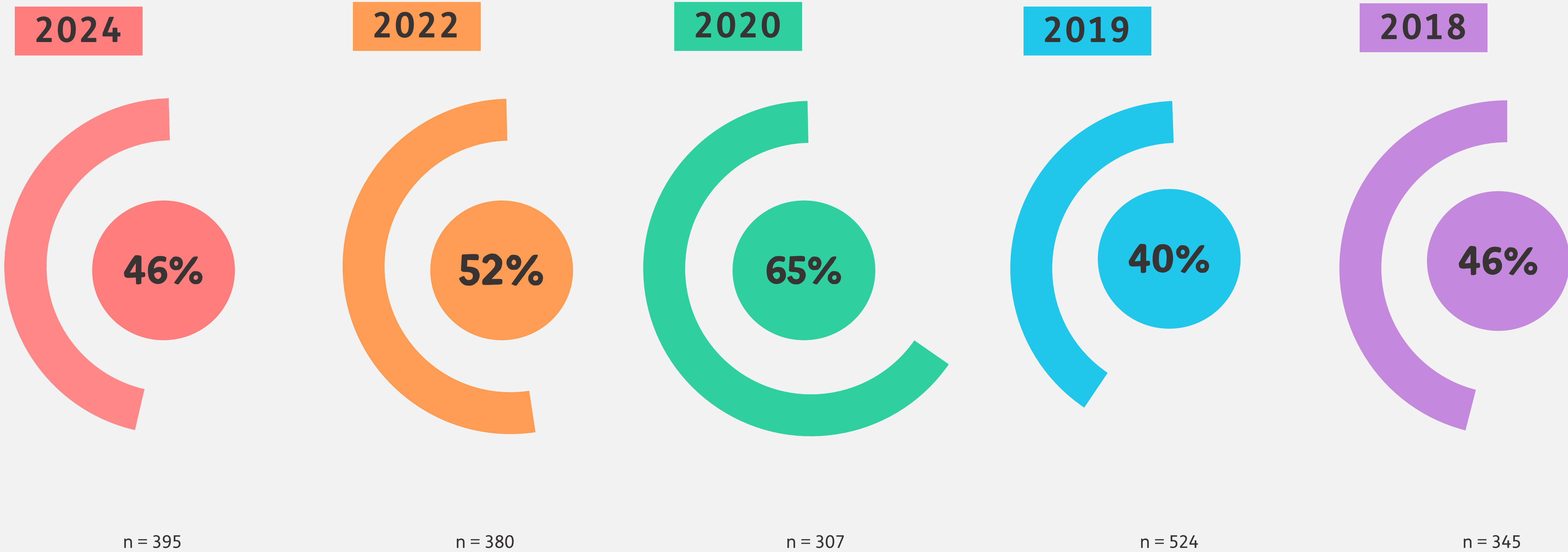


BEHAVIOURAL RISK

Spending more than you earn.

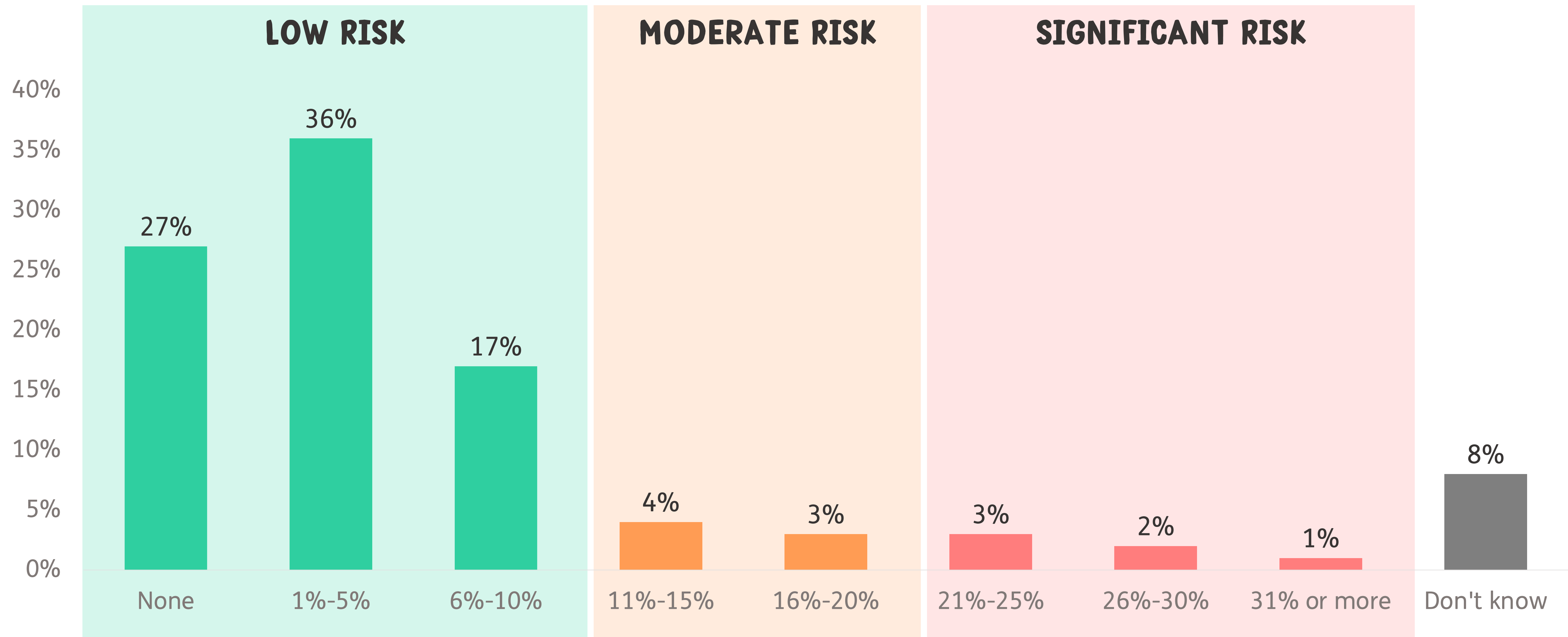
RETIREEES MAINTAIN A LOW-RISK APPETITE

Less than half don't want to take any risks in retirement



Those who **disagreed** with statement: I do not mind taking risks with my money for saving or investment purposes

VERY FEW WILL TOLERATE FINANCIAL LOSSES



n = 395

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?

AVERAGE VALUE OF RETIREMENT SAVINGS

12

Average savings of respondents has gradually increased over the years, but how much is enough?

- People should ideally save **25x** annual income for a sustainable retirement
- Average annual household income is around **R300 000**
- Meaning they should save over **R7m** for a sustainable retirement
- But have only saved about **60%** of the sustainable target



SECTION SUMMARY

UNJUSTIFIED SELF-CONFIDENCE

An unwarranted sense of certainty that could lead to poor decision-making or overestimation of financial resources.

Just over **50%** plan ahead for retirement, but only **3 in 10** seek professional advice.

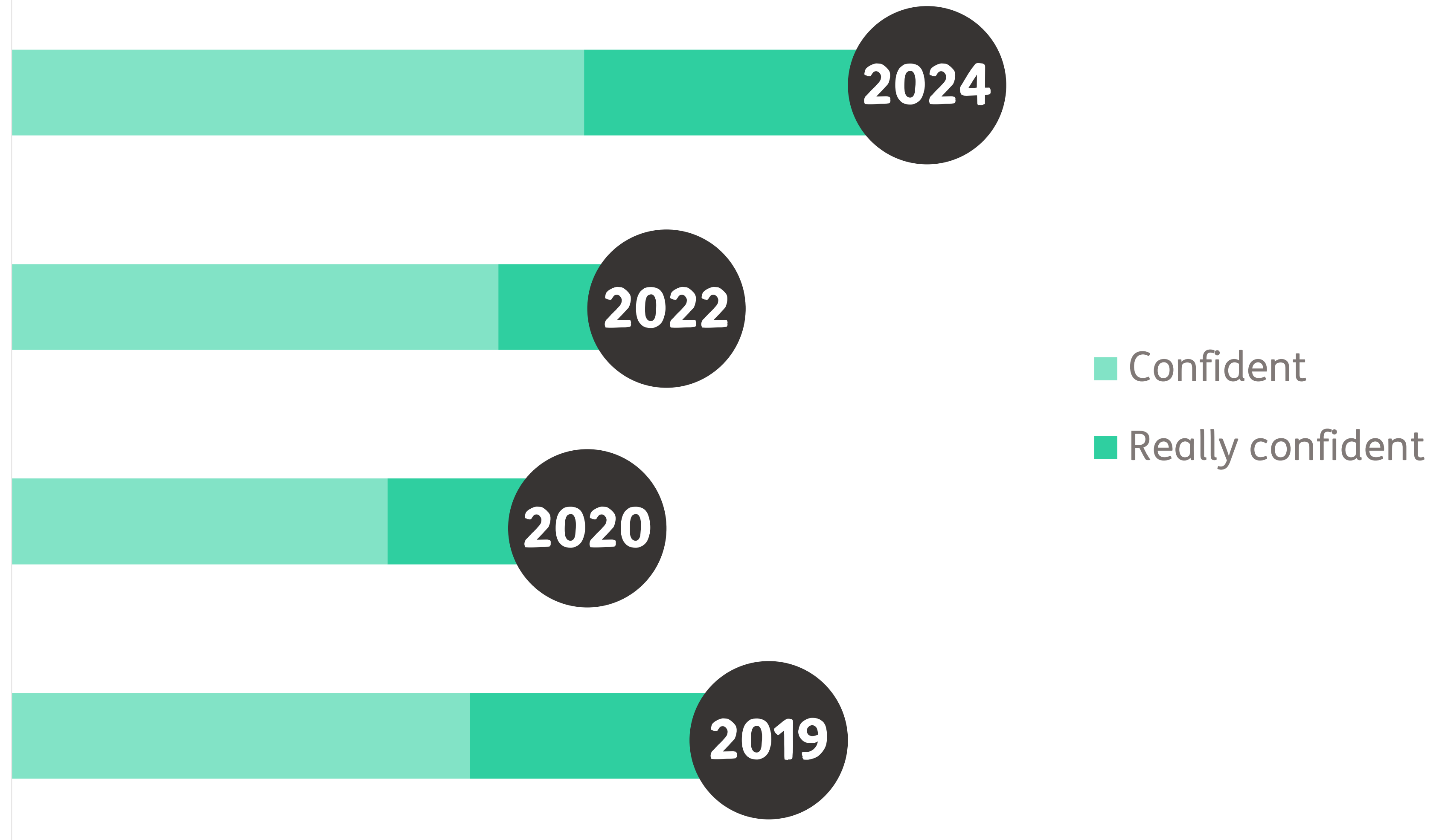
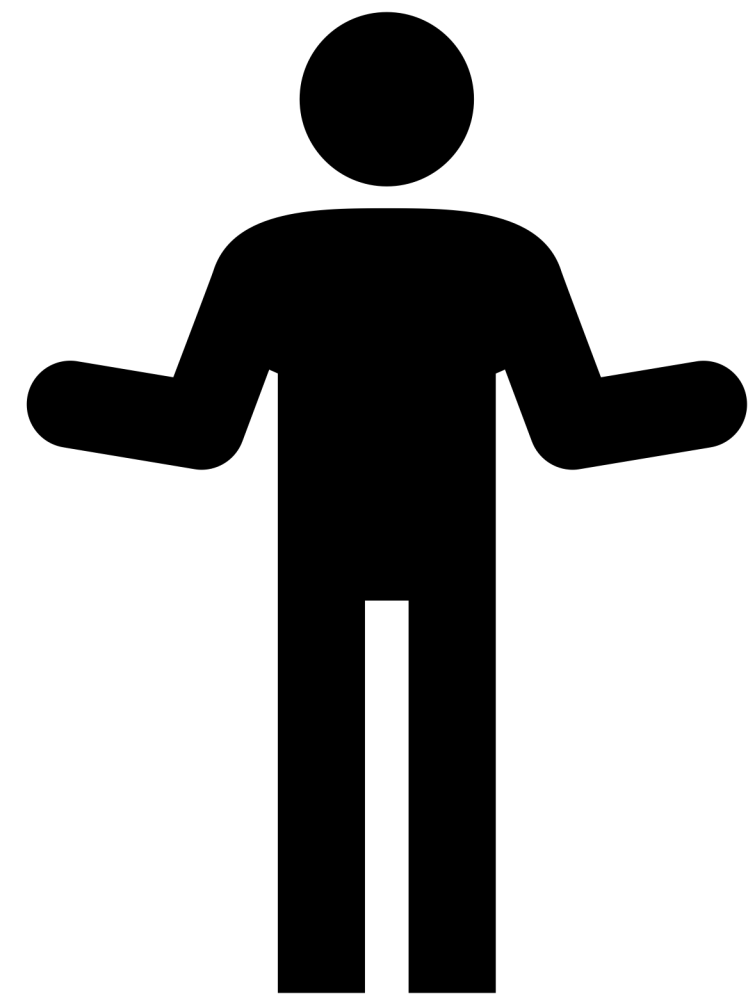
SECTION 2

RETIREMENT CONFIDENCE

Feeling prepared and ready for retirement



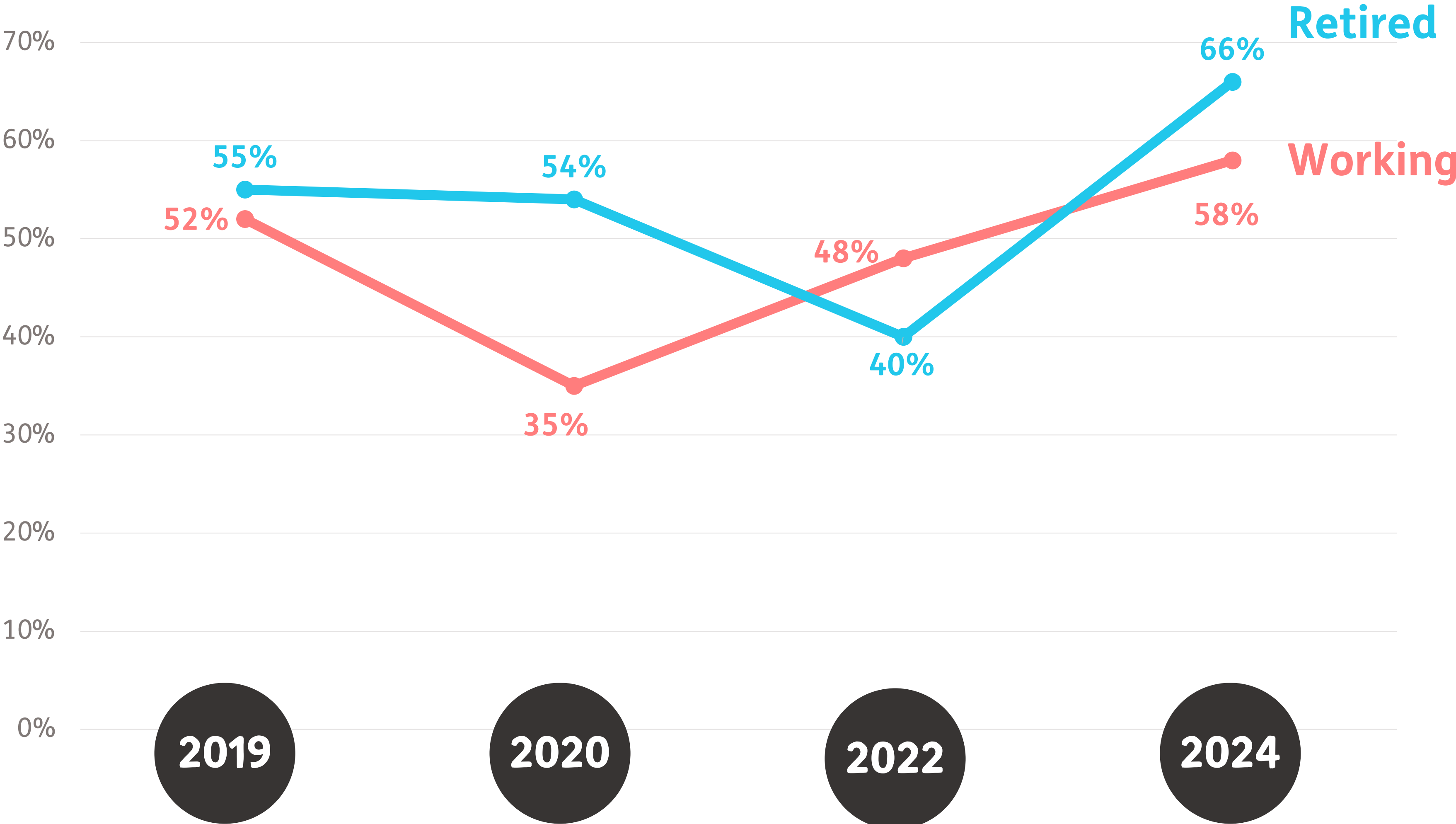
RETIREMENT CONFIDENCE: HAVE YOU SAVED ENOUGH?



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

RETIREMENT CONFIDENCE: HAVE YOU SAVED ENOUGH?



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.
Showing those who are Really confident and Confident



SECTION SUMMARY

REGAINING RETIREMENT CONFIDENCE IN A POST-PANDEMIC ENVIRONMENT

But over-confidence can prevent people seeking help when they really need it.

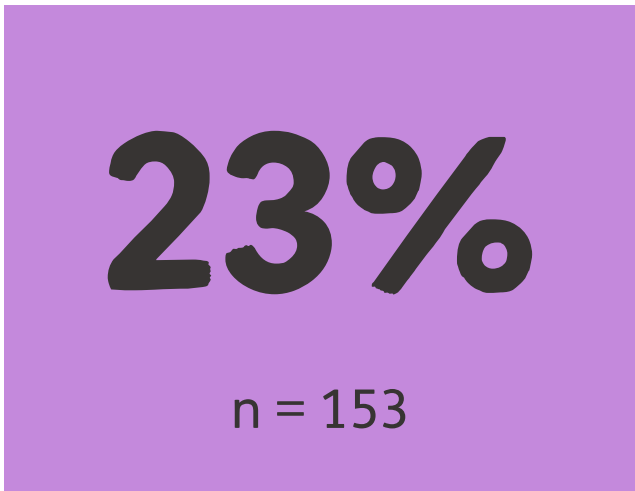
OVER A THIRD HAVE NO FINANCIAL RETIREMENT PLANS

NO RETIREMENT CALCULATIONS

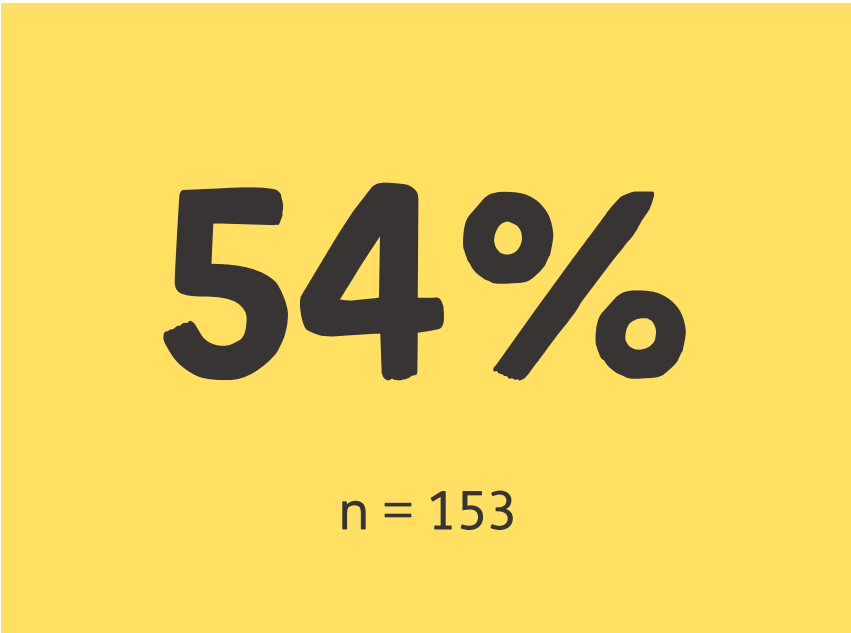
39%

n = 395

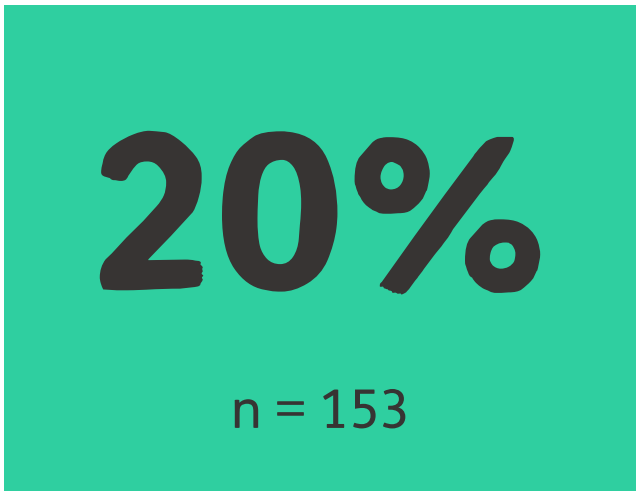
WHY NOT?



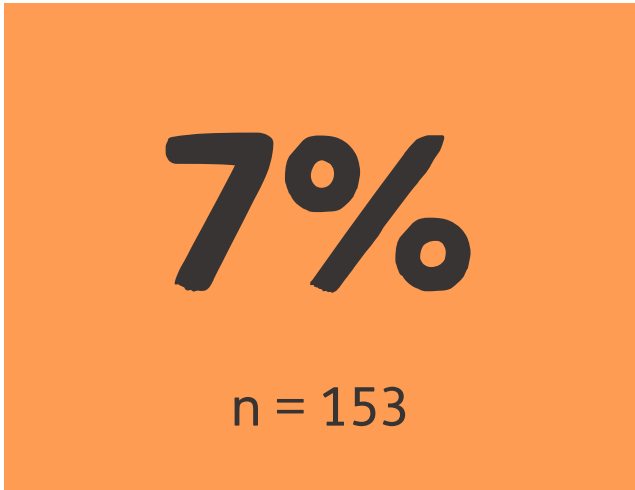
Will do so closer to retirement



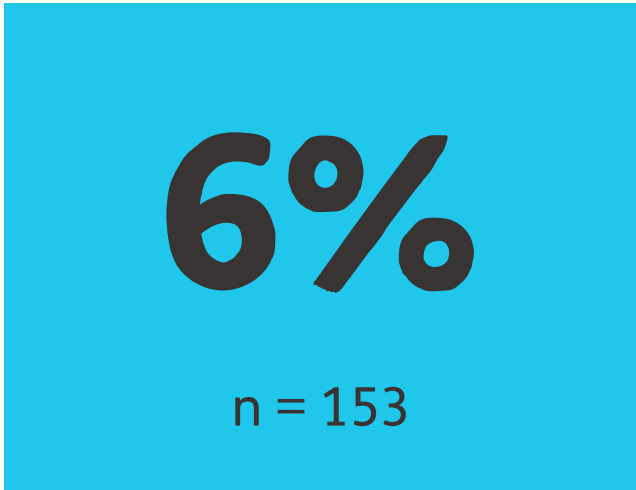
Don't know how



Don't have enough to plan properly



Say children will provide for them



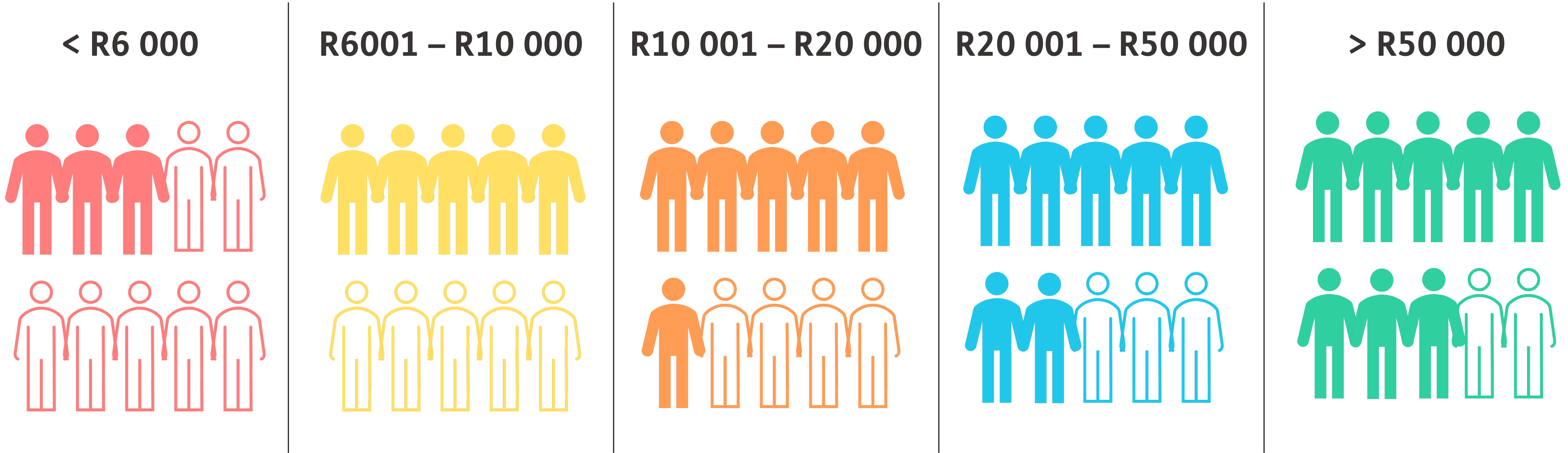
Will rely on spouse/partner

n = 153

Thinking of your retirement, have you made any calculations in terms of how much money you would need per year? (n=395); What are the main reasons for not yet doing any planning for your money in retirement?

LOWER INCOME HOUSEHOLDS LESS INCLINED TO PLAN FOR RETIREMENT

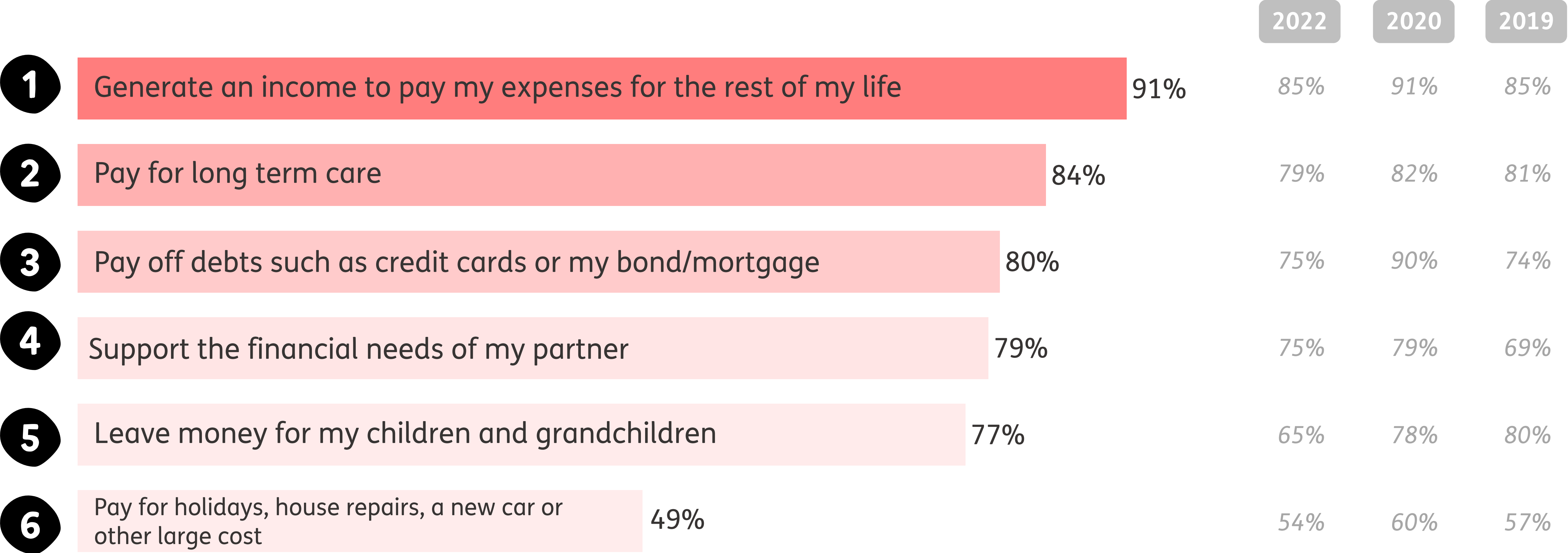
Propensity to plan across monthly household income brackets



Have you made any calculations in terms of how much you would need per year?

INTENDED USE OF RETIREMENT SAVINGS

20




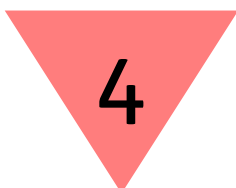
Those expressing extremely and very important indicated above

n = 395

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)

SELF PRESERVATION: CERTAINTY OVER FLEXIBILITY

Needs remain largely unchanged

Statements	2024	2022	2020	2019
My retirement income must continue for as long as I live	1	1	1	1
My retirement income must cover frail care and medical bills	2	2	5	2
My retirement income must keep up with inflation every year	 3	4	3	4
My retirement income must not be affected by what happens in investment markets	 4	3	4	3
I must have flexibility in deciding how much income to draw each year	5	5	2	5
My retirement income must continue to meet my family's needs after I pass away	6	6	6	6
I am happy for my retirement income to be higher when Investment markets are strong and lower when they are weak	7	7	7	7
	n = 395	n = 380	n = 307	n = 524

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 SUMMARY

DEPENDABLE LIFETIME INCOME IS A CRITICAL RETIREMENT PLANNING GOAL

Retirement confidence is not just for the financially savvy — it is a **must** no matter the size of your savings or the complexity of your financial situation.

Yet almost **4 in 10** haven't done any calculations for retirement, mainly because they don't know how to.

SECTION 3

CONTEXTUAL CONFIDENCE

How circumstances dictate confidence levels



OPTIMISTIC EXPECTATIONS ABOUT HEALTH

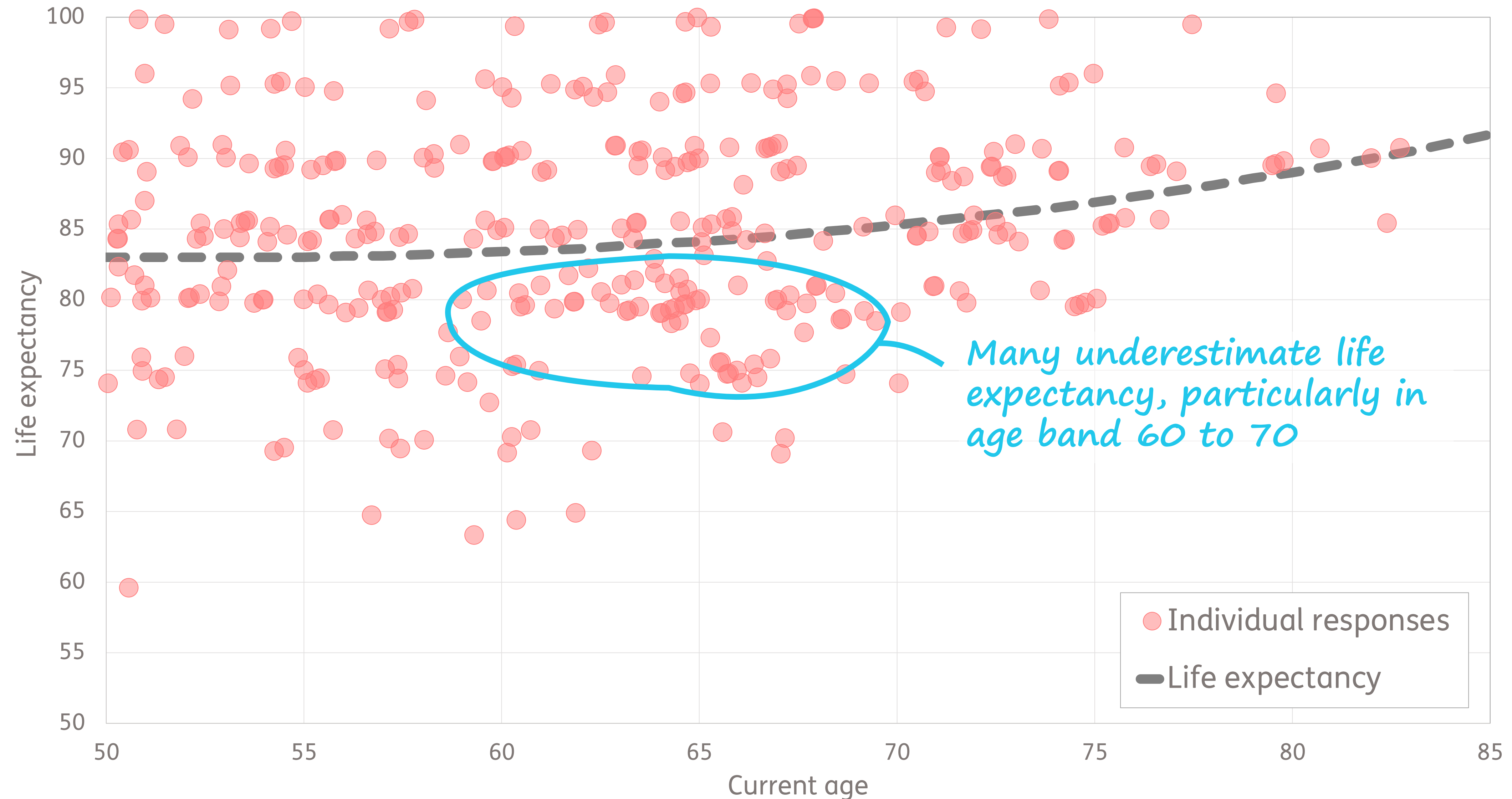


Only **3 IN 10** respondents have thought extensively about planning for cognitive decline, like Alzheimer's or Dementia

NOT GOOD AT ESTIMATING OWN LIFE EXPECTANCY

25

A wide distribution of estimates when predicting longevity



INCREASE IN STATING RELIANCE ON GOVERNMENT FOR SUPPORT

Approximately three-quarters of the population reach retirement age without a funded pension benefit, and hence rely on a government social assistance

		<u>2022</u>	<u>2020</u>	<u>2019</u>
Government	46%	27%	15%	34%
Children/grandchildren	39%	57%	46%	50%
Retirement money will never run out	25%	9%	19%	15%
Other family members	17%	42%	28%	38%
Have not thought about this	11%	10%	12%	11%
Friend/ Community	5%	14%	9%	5%

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

RETIREES UNDER STRAIN FROM INFLATION

27

84%

said retirement income should
keep pace with inflation each year

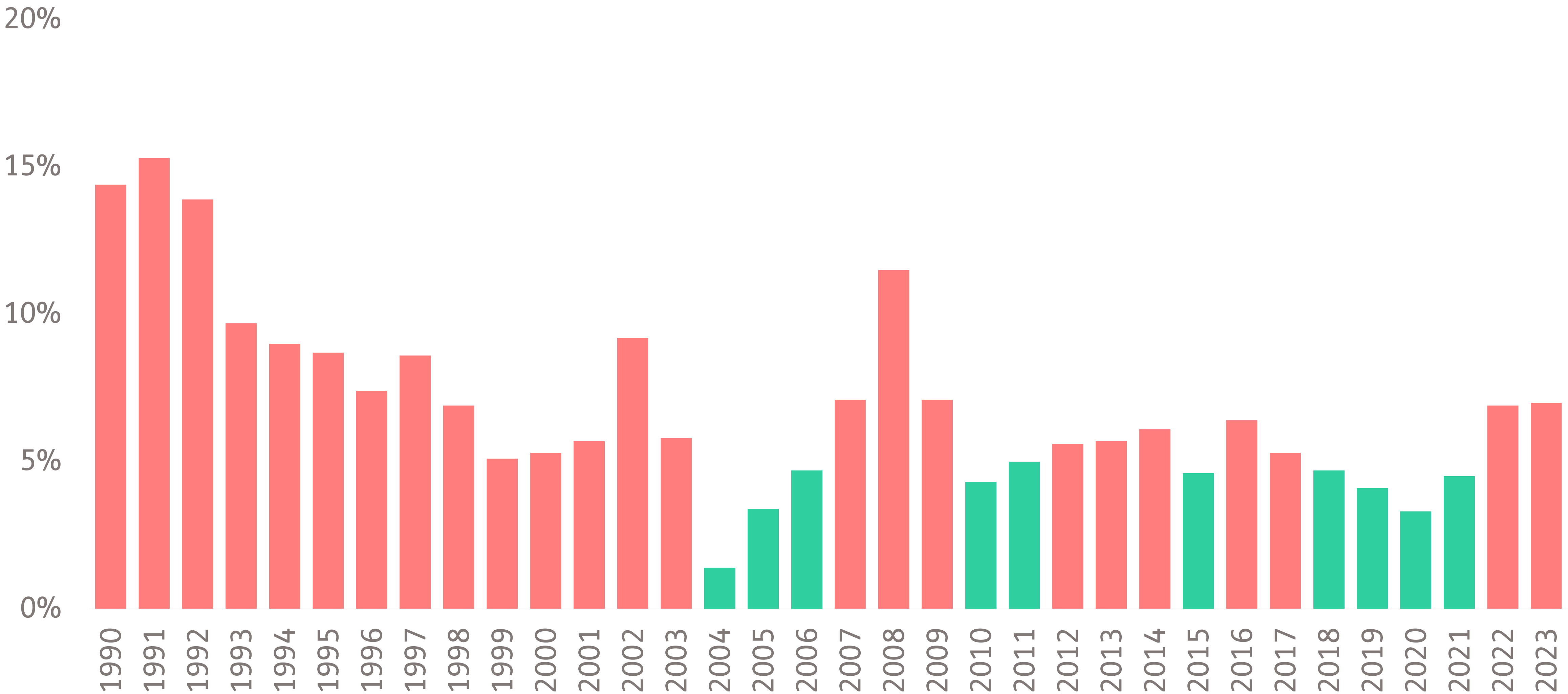


n = 395

How important is it for your retirement income to keep up with inflation each year? (Those who said very important and extremely important)

BECAUSE INFLATION IMPACTS RETIREMENT

History shows that SA inflation has been below 5% for only 10 calendar years over the last 33 years



Source: Just SA



SECTION SUMMARY

THE ECONOMIC AND POLITICAL ENVIRONMENT WEIGHS ON RETIREMENT SAVERS

Many are electing retirement options backed by bonds,
with no inflation protection

But how do they secure a diversified balance of
guarantees, inflation protection and growth?

SECURE A SUSTAINABLE INCOME

Finance more life for your years



THERE IS MORE THAN ONE TYPE OF LIFE ANNUITY...

But in all instances income is certain, secure and will be paid for the rest of your life



	LEVEL ANNUITY	FIXED ESCALATION ANNUITY	INFLATION-LINKED ANNUITY	INVESTMENT-LINKED ANNUITY
Description	A fixed guaranteed income every month, for the rest of your life.	Income will increase every year by a chosen percentage, which you agree upfront (usually between 1 and 10%).	Income will increase in line with inflation each year and matches the percentage of each year's Consumer Price Index.	Increases are linked to smoothed investment performance, typically of a balanced fund, which determines the increase amount.
Pros	It will never decrease or run out for as long as you live.	Increasing by a set percentage each year can, but not always, help protect against inflation, depending on the selected rate.	You are protected against inflation each year.	Over the long term, these generally provide higher overall increases in income compared to fixed escalation or inflation-linked annuities.
Cons	Income level doesn't change and doesn't increase with inflation. This significantly reduces purchasing power over time.	You cannot change the percentage increase each year. So, if inflation is higher than the fixed escalation percentage, you run the risk of not being able to afford certain things.	You will not know in advance what the increase will be. It is an expensive option as starting income is low relative to the other types of life annuities.	Annual increases are not known in advance (but can never be less than zero). Increase could be lower than inflation in some years when market performance is consistently poor.
Inflation protection	★☆☆	★★★	★★★	★★★

OVERCOME CONFLICTING FEATURES AND COMBINE IT

32

Benefits of including a life annuity as a portfolio *inside* a blended living annuity



Including a life annuity *inside* a living annuity improves income sustainability



You decide how much to secure to cover essential expenses and provide a safety net *within* the living annuity



It allows for adoption of a more aggressive investment strategy for other assets



It allows an optimal balance between income security, flexibility, and capital legacy

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**

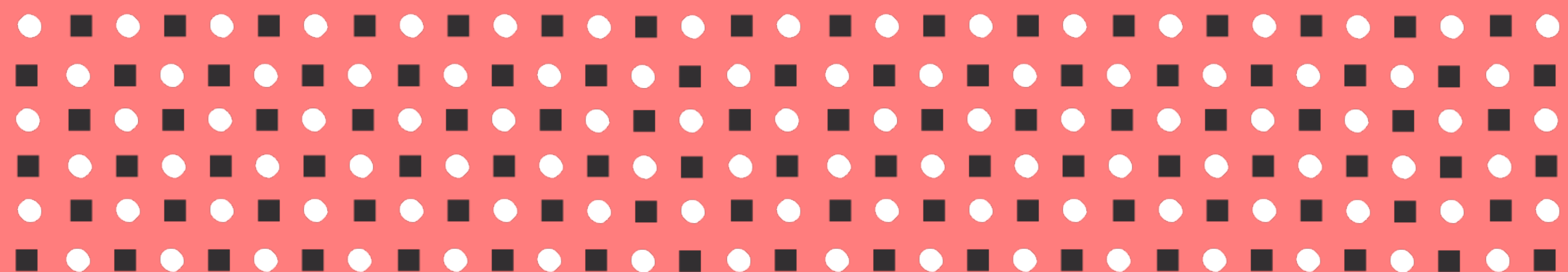


RETHINK RETIREMENT

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Just SA focus on addressing the widespread, recognised problem of people outliving their money in retirement.

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



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