



No fund is an island – building a holistic employee value proposition

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No man is an island, entire of itself; every man is a piece of the continent, a part of the main. If a clod be washed away by the sea, South Africa is the less, as well as if a promontory were, as well as if a manor of thy friend's or of thine own were: any man's death diminishes me, because I am involved in mankind, and therefore never send to know for whom the bell tolls; it tolls for thee –
John Donne

No fund is an island. It exists as part of the bigger ecosystem- the broader company, the industry, the community and the economy. Understanding how each separate part plays a role in this mutually beneficial ecosystem can unlock true value for all stakeholders.

National Treasury's retirement reforms are changing the responsibility of trustees and service providers – and the way we as an industry have been operating in the employee benefits space.

Default preservation and annuity proposals will extend trustee mandates beyond the member's life in the fund and this necessitates a paradigm shift toward a more holistic way of seeing employee benefits.

Reforms – an enabler or hurdle?

The proposals will create an opportunity for a focus on better member on-boarding, while ensuring improved profitability and less leakage, allowing members to seamlessly transfer between group and individual products. As a result, this reduces the number of members who cash out. This is achieved by shifting the duty of care of a service provider from the fund to members which will become problematic as no contractual relationship exists between these parties.

Our current landscape creates a burden on the state as low income workers depend on grants and state healthcare benefits. Middle and higher income individuals are covered through their pension fund or self funding. Not an ideal situation for beneficiary or provider as cover is insufficient, expensive and inefficient.

The magic exists in the overlaps

Currently, the level of provision by an employer is driven by the benefit they expect to gain from providing the benefit to an employee. We need to find a solution that talks to the interests of each party (member, fund and employer) by delivering meaningful benefits where funding is shared across all beneficial stakeholders. We therefore want to get employers to see value in benefit programs – in the hope that they will provide more - but also be cognisant of where their behaviour impacts on the costs, particularly of insuring member lives.

Enter the holistic employee value proposition – where health, insurance and reward programmes are collectively built to ensure cover is sufficient, savings are maximised and reward and wellness programmes drive the right behaviour toward creating happier and healthier employees.

When this eco system is fully functional the member will benefit from real value as a result of informed decisions on cover, cost efficiencies from shared funding and reward programme incentives. The fund will benefit from a shared cost structure, potentially lower risk premiums and better claims experience as a result of healthier members. The employer will enjoy being an employer of choice due to the comprehensive employee value proposition which has a knock on effect for productivity as a result of a healthier and more motivated workforce. The employer also benefits from reducing occupational health risks.

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