

MOMENTUM: Expert Opinions: Edition July / September 2019

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Meaningful employee financial literacy

requires going beyond default
regulations.

So argues Ronelle Kind, the Momentum Corporate GM for member engagement solutions.

Kind . . . breakthroughs

The default retirement-fund regulations introduced in March are aimed at supporting members of retirement funds to make better decisions at various points during their working lives. An important enabler is the introduction of compulsory benefit counselling services which need to be offered to members by their fund.

While it's still early days, simply ticking regulatory blocks is not enough. For example:

- Nearly 25% of members don't know they can preserve their retirement-fund benefit when changing employers;

- Two out of every five people surveyed are unfamiliar with investment terms.

A key driver of continued vulnerability is lack of financial literacy. The longer consumers' personal finances remain under pressure, the harder it will be to recover. Momentum Corporate launched a first of its kind in South Africa, face-to-face member conference.

Our industry must go beyond the legislative requirements meaningfully to address the illiteracy issues. To do this, benefit counselling needs to take the form of a multi-channel approach that caters for a changing workforce.

We've developed a multi-channel strategy to maximise benefit counselling for our FundsAtWork Umbrella Fund members. Our objective is effectively to partner with members, their employers and financial advisers on the members' journey to financial success.

A core component of the omni-channel strategy, and one which supports members' need for face-to-face engagement, is the FundsAtWork Umbrella Funds Member Conference. Six face-to-face conferences were held in Durban, Johannesburg and Cape Town. Members unable to attend could tune into the live webcast.

Topics included dying without a valid will and how this impacts your family, choosing the best annuity for your needs and how to start planning for retirement, even if you start later than expected. The highly interactive forum gave members an opportunity to ask questions and engage with various presenters throughout the sessions.

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A key component of our strategy is the role of the benefit counsellor in relation to the scheme's financial adviser. The role of a benefit counsellor should be to help members better understand their financial situations including their FundsAtWork benefits. This will ensure improved outcomes for members over the long term.

Once members are well-informed and need to make financial decisions, they should then speak to their financial adviser. This will ensure that the scheme's financial adviser focuses on providing best-advice solutions at group level while having the peace of mind that members are being supported to make smart financial choices during key phases of their working lives.

A multi-channel benefit counselling approach further improves employee engagement and financial literacy. It also ensures that employees understand and appreciate the benefits available. Over time this will reduce employee apathy. We want members to have the right information at the right time to

make the right decision.

Getting our model right has meant really understanding who we're talking to. This has resulted in our multi-faceted communication approach – digital, face-to-face and telephonic. When looking at employee benefits, we have to apply a generational filter to understand the different dynamics and how each generation wants to consume the information we want to share.

We've spent a lot of time understanding the changing workforce and the issues at play. This journey has begun. It's rewarding to see the impact we've already had since the default retirement fund regulations were introduced.

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