

# THE FUTURE OF EMPLOYEE BENEFITS

## *Part 1: The retirement landscape*

*by Dimeon van Rooyen*

**Few** industries have received as much attention from government in recent times as social security. On the healthcare side, the Government Employees Medical Scheme (GEMS) has placed existing medical schemes under pressure and the proposed National Health Insurance (NHI) will have an even more dramatic effect. On the retirement benefits side, legislation has given more power to the consumer, while the proposed National Social Security Fund (NSSF) will also change the landscape, upon implementation.

Pieter Cronjé, a director at the Financial Intermediaries Association of Southern Africa, says, "Various statistics show that there are between 7 000 and 13 000 retirement funds active, but I believe the figure is around 9 000 active funds. In an article, Selwyn Jehoma of the Department of Social Development (DSD) says we are the country with the most active funds. Jehoma believes this increases the cost of delivering retirement benefits to members.

“THERE ARE AROUND  
9 000 ACTIVE FUNDS IN  
SOUTH AFRICA”

“In the last few years, government has released a number of papers specifically about reforming social security and retirement funds. Looking at these papers, one realises the face of the industry is definitely going to change. If government implements the proposed NSSF, many current members of the 9 000 funds will move to the government fund. Reducing the number of members participating in funds will reduce the number of funds.”

When this happens smaller funds will collapse altogether, while many bigger ones will collapse into other funds – either into existing umbrella funds, the proposed new government fund or new sectoral funds.



Pieter Cronjé