

- I cannot get sick pay. I have six children. Can you tell me why this is?
- This is my eighth child. What are you going to do about it?
- Mrs R has no clothes and has not had any for a year. The Clergy have been visiting her.
- In reply to your letter, I have already co-habited with your office, so far without result.
- I am forwarding my marriage certificate, and two children, one of which is a mistake, as you see.
- Sir, I am glad that my husband, reported missing, is now dead.
- Unless I get my husband's money, I shall be forced to lead an immortal life.



- I am writing these lines for Mrs G who cannot write herself. She expects to be confined next week and can do with it.
- Please find out if my husband is dead, as the man I am now living with won't eat or do anything until he is sure.
- I am sending you my marriage certificate and six children.
- In answer to your letter, I have given birth to a little boy weighing ten pounds. Is this satisfactory?
- In answer to your letter, I have given birth to a little boy weighing ten pounds. Is this satisfactory?
- You have changed my little girl into a little boy. Will this make any difference?
- Please send my money as I have fallen into errors with my landlord.



- I have no children as my husband is a bus driver and works all day and night.
- In accordance with your instructions, I have given birth to twins in the enclosed envelope.
- I want my money as quick as you can send it. I have been in bed with my doctor all week and he does not seem to be doing me any good.
- Milk is wanted for my baby as the father is unable to supply it.
- Re your enquiry. The teeth in the top are all right but the ones in my bottom are hurting horribly.



Member Communication: Cat food or Caviar?

**1st Quarter Breakfasts – Port Elizabeth; Durban; Pretoria;
Johannesburg & Cape Town: 16 - 18 March 2011**

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How can you retire comfortably?





I don't mean this...

How can you retire comfortably?

- Preserve your benefits on withdrawal
- Contribute as much as you can
- Save for as long as you can
- Choose the right annuity
- Have the right investment strategy



The difference...



- If your Fund is able to communicate in a way that actually reaches members' minds and empowers them to make good choices, it can make all the difference...



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- 1. The need for effective communication**
- 2. What is effective communication?**
- 3. What does this mean for you?**





1. The need for effective communication

2. What is effective communication?

3. What does this mean for you?



The impact of poor choices

- Meet Joe Bloggs
 - Age 35; salary R5,000; accumulated credit R100,000; NRA 65

- Conservative Investment Strategy (CPI + 2%)
 - Replacement Ratio: **44%**
 - R2,199 per month in today's money

- Moderate/Aggressive Investment Strategy (CPI + 5%)
 - Replacement Ratio: **78%**
 - R3,904 per month in today's money



The impact of poor choices

- Meet Joe Bloggs
 - Age 35; salary R5,000; accumulated credit R100,000; NRA 65
- Keep the assumption of 5% real return
 - Replacement Ratio: **78%**
 - R3,904 per month in today's money
- What if his accumulated credit was 0 at age 35?
 - Replacement Ratio: **57%**
 - R2,857 per month in today's money



The impact of poor choices

- Members destroy significant value every month with the choices they make
 - In that example, the capital impact of an inappropriate investment choice was in excess of R350,000 → more than R10,000 per year.
- Assume:
 - 1,000 members
 - Communication could impact 10% of them to make better choices
 - Impact of R5,000 per year per member
- Total impact: R500,000 per year

The context we live in



- Information overload
 - People spend over 700 billion minutes per month on Facebook
 - More than 30 billion pieces of content shared each month on Facebook
- Low education levels & financial literacy
 - Daily Sun: Readership of 5 million
 - Business Day: Readership of 118,000
- “Instant gratification” society



The numbers...



- 2010 Old Mutual Retirement Fund Survey:
 - Only 17% of respondents believe members have a good understanding of the communication they receive
 - Only 13% believe that members act on the information they receive
- Old Mutual Retirement Monitor (survey of members)
 - Only 24% of members knew where their assets were invested
 - Only 15% of members voted for their Trustees
 - Scary: 43% of members thought they could do a better job of investing than the Trustees

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The law...



- Section 7D of the Pension Funds Act
 - Trustees must ensure that adequate and appropriate information is communicated to the members of the Fund informing them of their rights, benefits and duties in terms of the rules of the Fund.
- Regulation 24(d) of the Act
- Circulars PF 86, PF90 and PF130
- Consumer Protection Act...

The law...



- Pravin Gordhan's recent budget:
 - Improved disclosure and information to members; improved benefit statements.
 - “Chilean experience indicates that the statements should contain an optimal amount of information, since members tend not to read very detailed information.”
 - “Such disclosure enables members to take more informed decisions, including whether to supplement their retirement savings or to increase their contributions.”





1. The need for effective communication
- 2. What is effective communication?**
3. What does this mean for you?



What is effective communication?

- It's about the right stuff
- It's understandable
- It's consistent
- It reaches members minds
- It equips members to make good choices

About the right stuff



- Is it important to the member?
- Does it help with one of the following aims?
 - Creating Awareness about the Fund
 - Informing members about the Benefits offered by the Fund
 - Helping members know their own Status
 - Equipping members to make good Choices
- Have we filtered out the irrelevant information?
- Is it accurate?
- Have we got the volume and frequency right?

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Understandable



- Keep it simple
- What language?
- Layers...



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Consistent



- Consistency...
 - Keeping the focus on what's important
 - Consistent message from all parties
 - Options and forms consistent with the message you give



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Reaching member's minds

- The right medium
- Connecting with members
 - [Emotion...](#)



Equipped to make good choices

- The ultimate aim of our communication:
 - To **encourage action**
 - To **overcome apathy**
 - To equip members **to make good choices**





1. The need for effective communication
2. What is effective communication?
- 3. What does this mean for you?**

What does this mean for you?



- Budget appropriately for communication
- Spend time and effort
- Get help
 - Communication consultant?
 - Printing, design, etc?
 - Member education?
- Communication strategy
 - Go beyond the minimum!





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Thank you!

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