



Old Mutual Savings & Investment Monitor 2014

KEY FINDINGS Summary

KEY TAKE –OUTS

1. 51% of working metro moms consider themselves to be single moms. (76% in the less than R6k household income category).
2. Sandwich Generation = 23% (34% in the 31 – 39 year age category).
3. 63% believe that they will need to support family members in future. (70% in black households).
4. 6.5 out of 10 for satisfaction with current financial situation (same level as 2013), but the gap between satisfaction of lower and upper income levels is widening.
5. 9% claim to be “living comfortably”, with 30% “doing all right”.
6. 44% believe that their financial situation will improve in the next 6 months (this is down from 50% in 2013).
7. Consumption/living expenses account for 65% of income (this is the higher since inception of SIM), with lowest levels of saving (14%).
8. 29% claim to be saving more than they were a year ago.....this is down from 33% in 2013.
9. Savings objectives: decline in saving for property related objectives: both home improvements and deposits for homes.
10. Saving for funeral expenses has increased from 30% (2013) to 37% (2014).
11. Also a decline in savings for children’s education, especially in lower income groups
12. Approximately 1 in 4 have an RA.
13. Improvement in % of those who have some sort of retirement provision – 1 in 3 still do not have any form of retirement savings.
14. For Baby Boomers, approximately one third have no formal retirement provision.
15. 45% of Black households contribute to at least one stokvel per month. This is highest for the R14k – R19 999 income category where it is 53%.
16. On average a black household contributes R685 to a stokvels per month. This stands at R1279 for those with household incomes of R40k + per month. For lower income households, the value is R405 per month.
17. Highest level of Unit Trust/Mutual Funds/ETF’s in this measure at 6%. This is 18% (highest over history of SIM) for R40k+ households.

18. About 1 in 4 property owners expect to rely in the value of their primary residence as part of their retirement funding.
19. Incidence of having a store card marginally up to 65% (from 62% in 2013), but at 2010 levels.
20. Also, incidence of having a credit card is up slight from 29% (2013) to 33% (2014), and back at 2010 and 2011 levels.
21. Personal loan from a financial institution is at 20% (2014), up slightly from 2013 which was at 17%. Biggest increase is in the R20k to 39 999 household income category.
22. Hire purchase increased from 13% (2013) to 17% (2014) for those with household incomes of less than R6k. Also increased significantly for R14k – R19 999 household income from 11% in 2013 to 18% in 2014.
23. 80% want to learn more about how to save.
24. 50% believe that death, funeral and disability cover is more important than saving for retirement.
25. 52% feel confident with the SA economy – lowest level – same as in Nov 2012. Baby Boomers have lowest level at 47%
26. 39% believe that their children should look after them when they are old. Increasing trend since 2009. Baby Boomers have highest level at 46%.
27. Confidence in making financial decisions has slipped from 7.2 out of 10 (in 2013) to 6.9 (2014). Most marked drop in households earning less than R6k per month.
28. 34% say bank consultant is primary source of information and word of mouth 20%.
29. 1 in 5 claim to have a relationship with a financial adviser (strongly correlated with higher income categories). Amongst those that do not have a relationship, the main reason given is “I don’t feel like I have enough money”.
30. How do they keep track of their finances in their main transactional account? 71% check balances, 20% compare slips against statements, 46% regularly check incoming and outgoing transactions, 22% look out for suspicious or unusual transactions and 16% compare spending between one month and another. 10% do nothing.
31. Almost one third do not do budgeting.
32. Only 20% are happy to buy financial products online. Gen Y more willing.
33. You get a windfall equivalent to a month’s salary, what would you do? 74% would spend it (part or all), 35% would pay off short/medium debt, 29% would invest in shorter term savings and investments. Those that would spend it, would buy clothes (36%), food and groceries (35%), household durables (26%), personal luxuries (21%), on home and property (20%), school fees/uniforms (19%), etc.
34. You get a windfall equivalent to a year’s salary, what would you do? Spend it (part or all) (67%), invest in long term or retirement savings (45%), invest in shorter term savings and investments (37%), pay off short/medium term debt (25%), etc. Which ONE would be most important: Put into bond and pay off debt. Those who would

spend, would spend it on home and property (36%), household durables (34%), car/vehicles (27%), clothes (24%), etc

GENERATIONAL SPLIT

- **X generation: (1965 – 1979)**
- **Y generation: (1980 and up)**
- **Baby Boomers – (Born between 1946 and 1964)**

18% Baby boomers are saving for childrens education,
38% x gen saving childrens education
26% y gen saving childrens education

57% Baby boomers support dependents (children - theirs or others),
86% x gen support dependents (children – theirs or others) and
50 % y gen support dependents (children – theirs and others)

76% Baby boomers single mums
46% x gen single mums
49% y gen single mums

79% Baby boomers save for funeral policies,
79 % x gen save for funeral policies and
61 % y gen save for funeral policies

37% Baby boomers save for RAs
28% x gen save for RAs
14% y gen save for RAs

17% Baby boomers personal loans from financial institutions
23% x gen personal loans from financial institutions
18% y gen personal loans from financial institutions

16% Baby boomers parents with education policies
32% x gen parents with education policies
23% y gen parents with education policies

41% Baby boomers finances will improve in 6 months
41% x gen will improve in 6 months
49% y gen will improve in 6 months

46% Baby boomers children will take care of them
43% x gen
32% y gen

34% Baby boomers government will take care of them

31% x gen
33% y gen

Want to learn to save
75% Baby boomer
81% X gen
82% Y gen

Confidence in SA economy
2014- 52%
2013 - 55%

Stokvel Savings (Black households)
Contribute to as least one stokvel per month
Baby Boomers 39%
X Gen 53%
Y Gen 38%

34% of sample have neither pension/provident /RA
less than 6k 58%
6k-13 999k 39%
14k-19 999' 25%
20k-39 999k 16%
40k+ 12%

Sandwich generation
16% Baby boomers ,
30% X Gen,
19% Y Gen
27% 40 - 49 years old,
16% 50+ years

Dependency on childrn (remember this is household income)
R40k + 29%
R20-39 999k 28%
R14-19 999k 33%
R6k-13 999k 48%
Less R6k 47%

Dependency on government (remember this is household income)
R40k + 17%
R20-39 999k 19%
R14-19 999k 26%
R6k-13 999k 39%
Less R6k 47%

Debt- have personal loans for financial institutions
R40k + 19%
R20-39 999k 22%
R14-19 999k 24%
R6k-13 999k 23%

Less R6k 14%

Property
(2013) - 41% own property
% 2014 - 42%

80% want to learn more about how to save (2013) Also 80% in 2014

OTHER GENERAL FINDINGS

If the youth are our future...then why do 43% of them not have any formal financial retirement plans?

Are you wedged in a sandwich of financial dependency? 23% of total sample are in Sandwich Generation

If expert advice helps you plan better for your future, why have approximately one third of working metro households never seen a financial adviser

Isn't it worrying that 26% of our 18 – 30 year olds believe that saving for the future is not a priority right now?

Isn't it worrying that 39% of the working metro households believe that their children should look after them when they are old

Isn't it great that 49% of our 18 – 30 year olds believed their financial situation will improve in the next six months?

32% of parents with dependent children are saving for their childrens education,

80% of working South Africans want guidance and to learn how to save better