



BANKSERVAFRICA



5-YEAR PRIVATE PENSIONS REVIEW IN SOUTH AFRICA

2013 - 2018 REPORT BY BANKSERVAFRICA

KEY POINTS

ABOUT THE PRIVATE PENSIONS INDEX

The BankservAfrica Private Pensions Index, a **first of its kind** in the world, is a time-series on private pensions paid into bank accounts.

BankservAfrica and Economists.co.za started tracking private pension payments into bank accounts via its payment system in 2012.

WHAT IS EXCLUDED?

Pension payments above R100 000 are not included as these are more likely to be once-off pay-outs as people start to go on pension.

FAST FACTS

South Africa has over 16.6 million pension fund accounts, the 5th largest when compared to Gross Domestic Product

BankservAfrica captures 75% of private pension payments

The Private Pensions Index provides a monthly view of private pensions' performance and trends in SA



GROWTH IN PRIVATE PENSIONS

The value of the average private pension pay-outs increased by **50.1%** between **January 2013 and February 2018** in nominal terms and **15.2%** in real terms.

In February 2018 the typical private pension pay-out was **R4 780** per month.

Over time, private pensions have proven to be a very resilient inflation beater.

"The average take-home pay showed practically no growth above the rate of inflation in the five-year period"

Shergeran Naidoo, Head of Stakeholder Engagement, BankservAfrica

ARE PENSION EARNERS BETTER OFF?

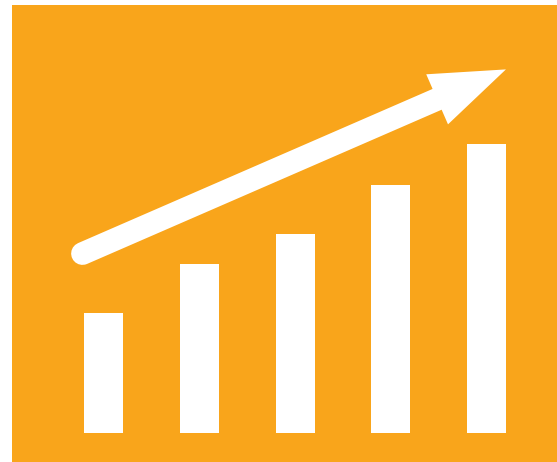
"Certainly, pensioners are not rich nor are they able to spend as much as people earning salaries. They are also unlikely to have retirement annuities, home and school fee expenses, and have slightly less money to spend on monthly groceries. With rising unemployment, many pensioners are having to provide for younger people in their families".

Mike Schüssler, Chief Economist, Economists.co.za



HOW THE NUMBERS COMPARE

SHARE OF PRIVATE PENSIONS PAID	JANUARY 2013	FEBRUARY 2018	
Below R4000	59.1%	43%	↓
R4000 - R10 000	30%	34%	↑
R10 000 - R25 000	9.8%	20.5%	↑
R25 000 - R50 000	0.8%	2.1%	↑
Above R50 000	0.3%	0.4%	↑



CONCLUSION

When the BankservAfrica Private Pension Index was launched in 2015, performance in the first months wasn't as positive. However, over time, private pensions have shown sustained growth despite inflationary movements. The growth in private pensions seems to have grown by 7% over the period. However, the retired population of 60 years and older is growing at a rate of 3.4% a year. This is a cause for concern as people may have not saved enough for their pensions.

While the number of private pensioners grows, the total pensionable population is growing faster resulting in an increased need for government's social assistance.

This creates some isolation for private pensioners although 43% get less than R4000 per month, which is below the threshold for being eligible to receive state grants.

More effort should be directed at private pensions, which has shown strong growth over the past five years, and holds great value for the South African economy for now and in the years to come.



BANKSERVAFRICA

CONTACT US

TEL 011 497 4000

EMAIL info@bankservafrika.com

WEB www.bankservafrika.com