

2. Who are the members?

Member Watch was introduced in 2006. The sample size has grown from 320 000 members belonging to 460 employer clients in 2006 to over one million members belonging to over 2 500 employer clients at 31 March 2019.

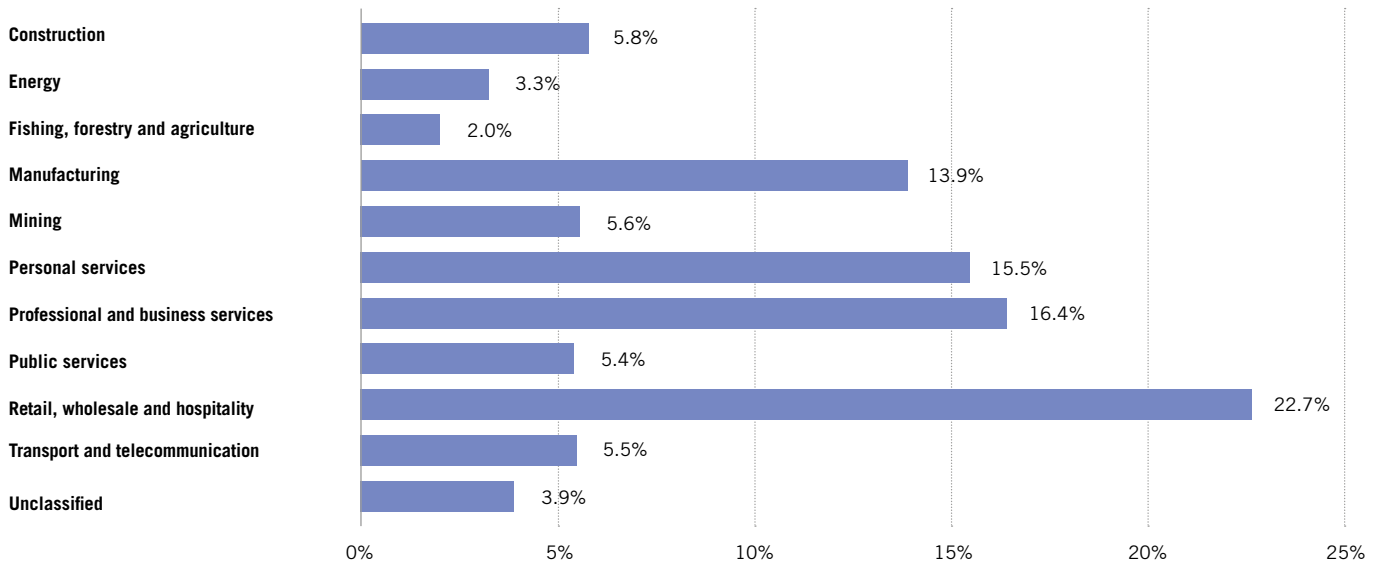
Member Watch uses data from all the South African retirement funds that Alexander Forbes administers. This means that Member Watch has the biggest membership and employer groupings data sample of all the retirement fund surveys available in South Africa.

2.1 Economic sectors

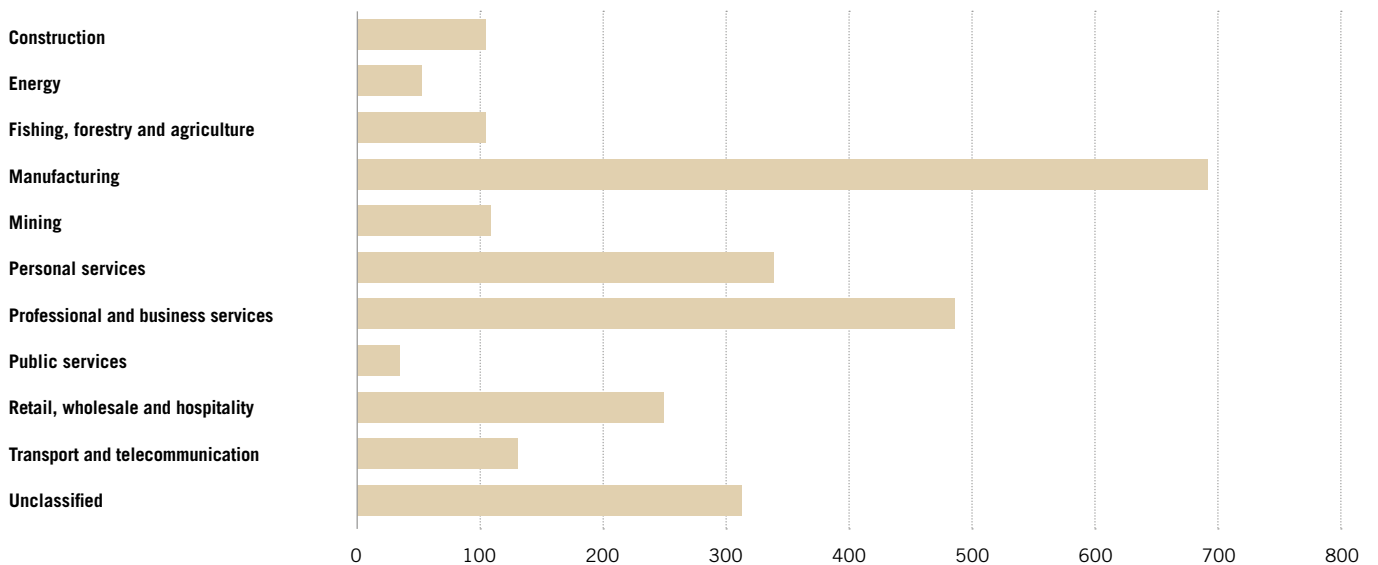
This graph shows the proportion of fund members in each economic sector. This can help trustees, employers and management committees identify issues that the fund may be facing as a result of conditions within a particular sector grouping.

The largest sector with 22.5% of fund members is the retail, wholesale and hospitality sector, followed by 16.4% of fund members in the professional sector. Where funds or employers fall into more than one sector classification or none of the sectors, they are referred to as 'unclassified' in the graph.

Proportion of members per sector (2019)



Number of funds or participating employers per sector (2019)

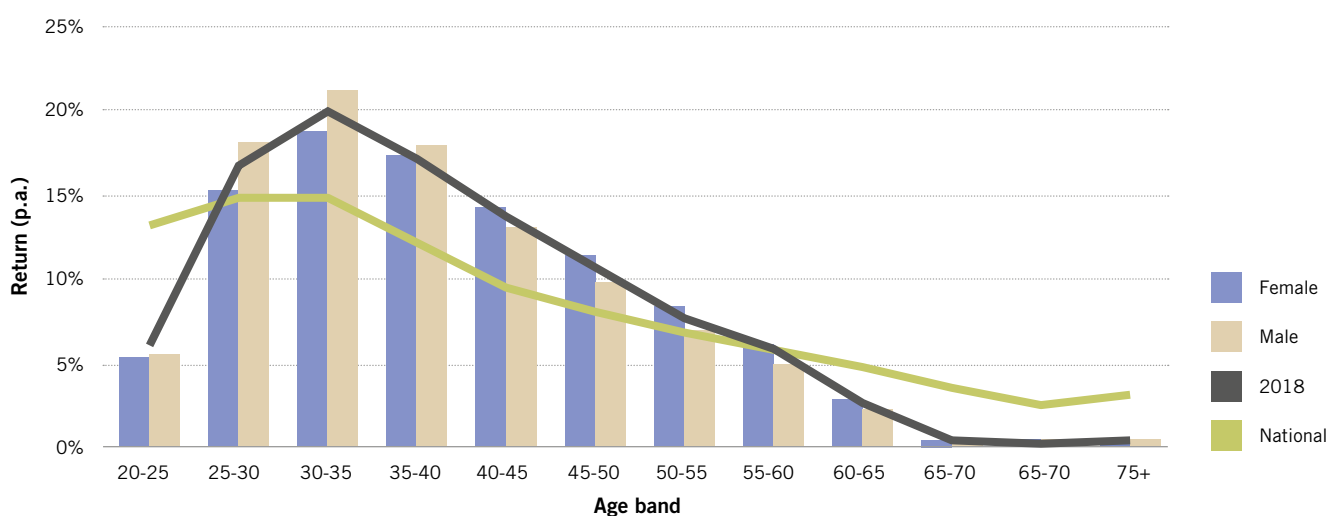


2.2 Age distribution

This graph presents the membership profile by age (compared with the 2018 Member Watch results and 2019 national population statistics)¹. The age profile of the members in the Member Watch survey has remained stable since 2018. The age of the members ranges from 17 to 73 years old. The median age is 37, which means that half of the membership is below the age of 37.

About a quarter of all members are below the age of 30, which shows a significant influx of younger entrants. The young membership tends to have lower salaries, higher turnover and high average projected replacement ratios because most members still have most of their years of service ahead of them. However, later sections of Member Watch show that the outcomes for younger members are lower than expected.

Proportion of members by age and gender

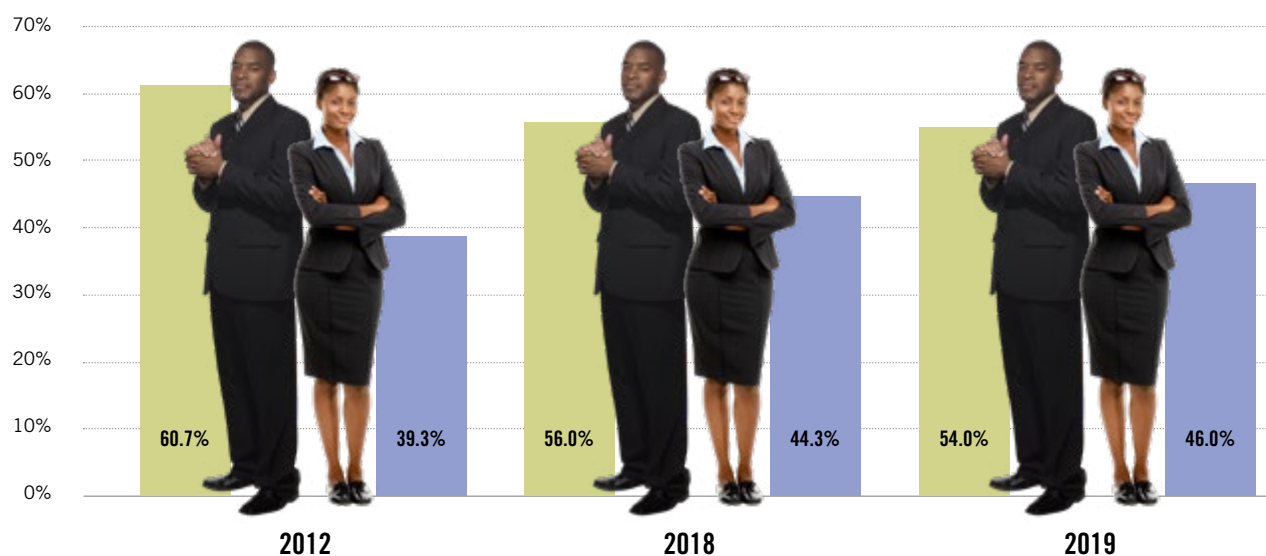


2.3 Gender

This graph illustrates the proportion of members by gender.

There are more male than female members, which is consistent with the statistics published for people employed in the formal sector by Statistics South Africa in its Quarterly Labour Force Survey. The proportion of female members has increased by 17% since 2012 from 39.3% to 46.0% in 2019. South Africa, like the rest of the world, aims to target a 50/50 workforce ratio and while we have a long road ahead of us, there are steps being taken to achieve this outcome.

Proportion of members by gender



¹ Statistics South Africa. 2019. Mid-year Population Estimates (online).

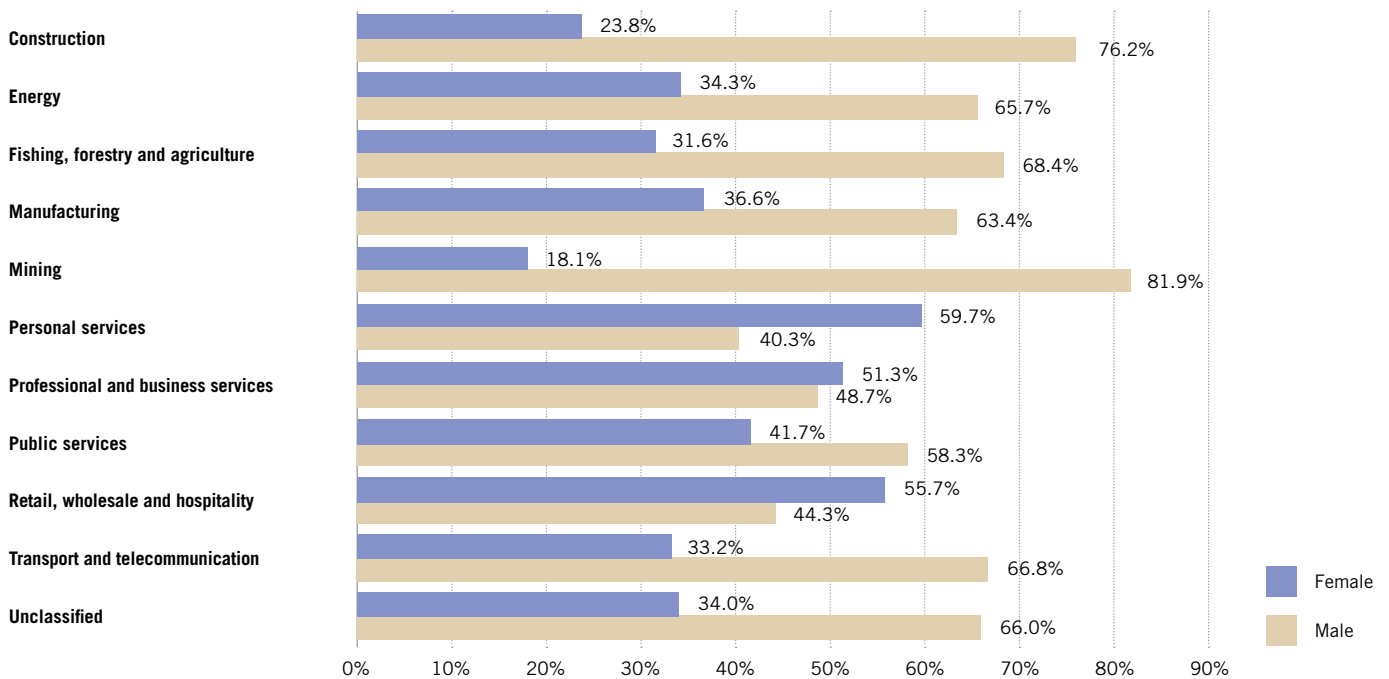
2.3.1 Portion of members by gender per sector

These graphs show the proportion of members by sector in 2018 and 2019.

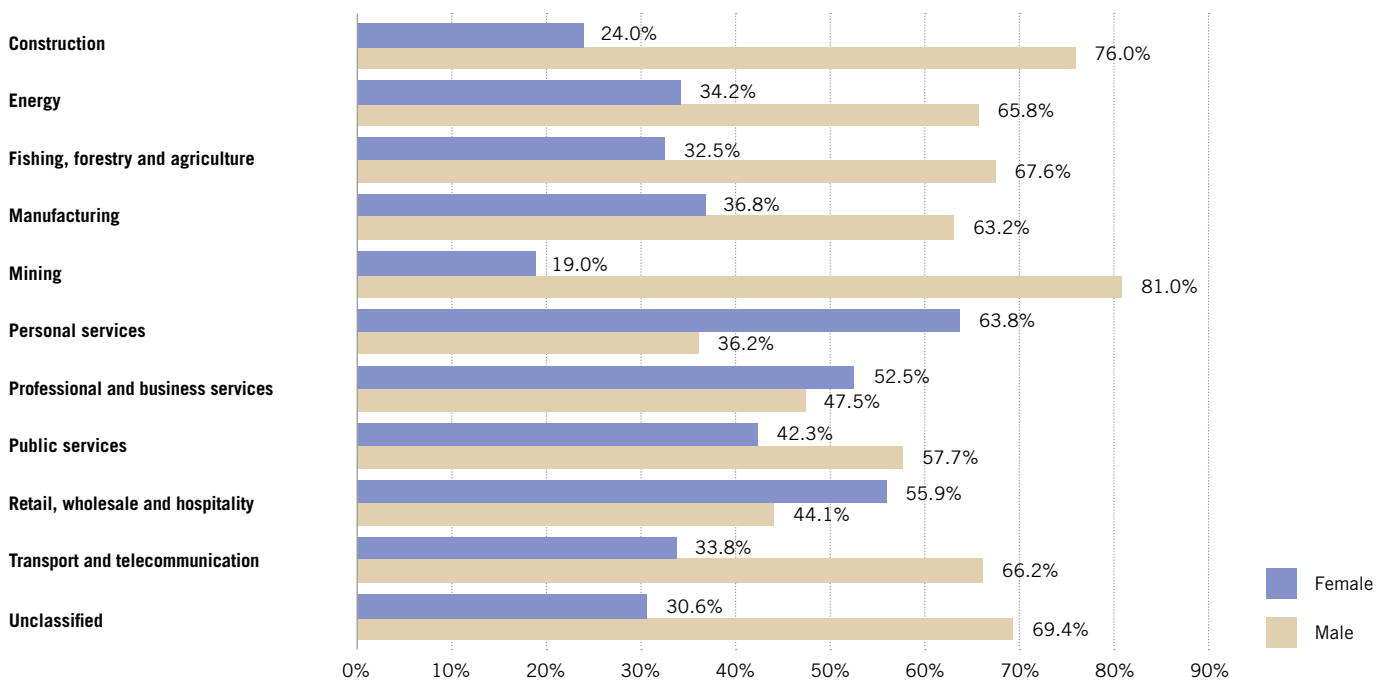
The proportion of members by industry has not changed significantly. The gender split per sector does vary quite a bit between sectors with the personal services sector having the

highest proportion of female members at 63%. The personal services sector showed the highest increase in female membership by 4%. Even though female membership in the professional and business sector has increased by 1.3%, the proportion of females in managerial positions has not changed that much according to Statistics South Africa².

Proportion of members by gender per sector (2018)



Proportion of members by gender per sector (2019)



² Statistics South Africa. 2017. *Women in power: what do the statistics say?* (online).

2.4 Projected pensions

2.4.1 Projected replacement ratios

The average projected replacement ratio is 40.5%. In 2012, the average replacement ratio was 41.6%. Only around 6% of the total membership can expect a replacement ratio above 75% of pensionable salary.

Member Watch only takes into account money invested in the fund. The outcomes for members may be better if they have preserved their retirement savings over their lifetime outside the fund. Low preservation rates, however, suggest that these savings are unlikely to be significant for most members.

The projection uses the actual fund credit and pensionable salary of members and also relies on a set of assumptions about future investment returns and inflation, as set out in section 11.

2.4.2 Projected replacement ratios by age

The graph below displays the distribution of projected replacement ratios for fund members by age.

The group aged between 20 and 30 includes members aged between 17 and 20 years.

Members aged 60 and above have the worst projected outcomes. Only 3.3% of those members have a projected replacement ratio of above 75%. For many older members, low projected replacement ratios are likely to be a result of insufficient contributions and not preserving when changing jobs.

A total of 55.5% of members aged between 20 and 30 are expected to have a replacement ratio below 60% of pensionable salary. This is likely to be because parameters like contribution rate towards retirement savings, normal retirement age and pensionable salary set by funds or employers are not sufficient for members to achieve a replacement ratio of 75% or more at retirement. Where flexible contribution rates are offered, it may be that employees (particularly younger employees) choose lower contribution rates to increase their take-home pay.

Distribution of member projected replacement ratios

