INSIGHT 6

Where employers can add value

Structured effectively, compulsory savings, when coupled with employers' ability to provide institutional costs, can be converted into a guided financial planning framework. We used a case study in *Benefits Barometer 2016* to see if this combination of compulsory savings and employer-assisted funding could replicate the hugely successful Singapore model of employee benefits in its Central Provident Fund. The results were a surprise, even to ourselves.

To find out more about better compulsory savings models.

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We found that this combination (without any additional cost to employers) allowed employees to solve for their funding needs for housing, education of two children, healthcare, emergency savings and risk coverage **– all while still achieving a 50% replacement ratio – with only 40% income contribution. What made this an impressive achievement was that if we calculated how much of an employee's income would typically be required to address those needs in the retail space, the answer was 86% of their yearly income!**

WHERE EMPLOYERS CAN ADD VALUE

Structured effectively, compulsory savings, when coupled with employers' ability to provide institutional costs, can be converted into a guided financial planning framework.

1 Funding for housing, education, health, risk and retirement can consume 86% of annual income.

2 An integrated employer offering can reduce this to 40%.