

Opinions divided over state-sponsored pensions

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South Africans without a pension or provident fund surprised industry analysts when two thirds said they liked the idea of being auto-enrolled into a pension fund.



Old Mutual's Craig Aitchison says he was surprised by the positive response that emerged from a survey into legislation that everyone should contribute to a retirement fund. Image: [FANews](#)

One of the proposals on the table - implementation is still a fairly long way off as a paper on Treasury is still awaited - is for legislation that will make it compulsory for every employee who currently does not belong to a fund, to belong to a government-sponsored fund.

Other proposals are for a mandatory employer fund or for a national pension fund, to which everyone belongs. Debate continues to rage whether people should be allowed to opt out or not.

The survey was conducted by Old Mutual across a sample of 809 workers who are not members of a pension or provident fund. As many as 69% said they liked the idea of the implementation of a compulsory fund into SA's retirement landscape. But when asked which fund they would like to join, 49% selected an employer-sponsored fund and only 15% chose the government-sponsored option.

The respondents were divided on whether a government-sponsored fund should be compulsory.

Analysts 'surprised' by answers

However, Old Mutual Corporate General Manager for Corporate Solutions, Craig Aitchison said he was "pleasantly" surprised that as many as 51% of respondents said they should not be allowed to opt out of the choice they make. The National Union of Mineworkers recently threatened to embark on industrial action if retirement changes prevented people from accessing their money.

Aitchison said more South Africans were aware they were not doing enough to save for retirement, but were struggling to contribute more.

While one third of consumers said they should be contributing more than 15% of their salary to a pension fund, only 10% felt they were in a financial position to make this commitment.

Aitchison said that the research highlighted consumers' strong interest in having a say and some control over their fund, with 66% of respondents stating that the employee and employer should jointly decide on fund investments.

Source: BDPro via I-Net Bridge

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