

POOR HEALTH INCREASES MONTHLY INCOME FOR PENSIONERS

With World Diabetes Day on 14 November, we are reminded of the profound impact the illness has on South Africans. The latest report of the International Diabetes Federation (IDF) shows that the number of South Africans who suffer from diabetes is on the

increase, where approximately 15% of South Africans above the ages of 50 to 79 suffer from the disease in retirement. However, pensioners are able to receive a higher monthly income if they suffer from ill health.

This is according to Just Retirement, a subsidiary of the UK-listed JRP Group Plc. Pensioners can undergo medical underwriting by simply answering a few questions about their health and lifestyle over the phone that may qualify them for a higher income in retirement.

“It is costing the government approximately R12 350 in healthcare per patient (IDF report) who suffers from diabetes. It is understandable then that Minister Gordhan will be levying a 20% sugar tax on sugar-sweetened beverages from 1 April 2017. With medical inflation at approximately 10 to 12% – far above general inflation – it stands to reason that more and more pensioners are feeling it in their pockets,” says Deane Moore, CEO of Just Retirement.

“Furthermore, we found that South Africans at retirement age, without enough retirement savings, prefer a guaranteed income for life. In fact, 86% of respondents surveyed as part of the recently released Just Retirement survey findings preferred having a guaranteed income for life,” says Moore.

The research surveyed pensioners between the ages of 55 and 85 in the major metropolitan areas.

Forty four percent of South Africans surveyed could not afford to lose any of their savings during retirement. Many think that opting for low-risk investments with low equity exposure is an appropriate strategy, but that will limit the long-term growth potential and is no substitute for a guaranteed income for life.

This is in line with international research in the UK (International Longevity Centre Fit for purpose report, January 2015) that found that the majority of pensioners prefer a stable income for life rather than taking risks in managing a pool of assets and choosing how much income to draw down. The sentiments were echoed in Australia where 90% of people over age 50 believe that ‘money’ that lasts my lifetime’ is very important (FSI retirement fund report, December 2013).

Moore explains: “It is clear that pensioners across the globe want and need a solution with a guaranteed income for life that increases more or less in line with inflation.

“We believe the solution to the problem for pensioners who have not saved enough for retirement is to purchase a guaranteed with-profit annuity that will maximise their income for life. A with-profit annuity provides pensioners with more exposure to growth assets by smoothing out the market volatility over a period of time and declares increases that target inflation-beating returns.

“Furthermore, if pensioners undergo underwriting upfront, retirement income can be enhanced by up to 30%. The good news is that about 40% of the population qualifies for an increase in their retirement income as a result of ill health, lifestyle and socioeconomic factors.

“This, I believe, will ensure that retirement solutions serve South Africans better and address the very issue that is at the heart of the old-age poverty problem,” concludes Moore.

Notes:

- The Just Retirement survey research was done in 2016 and surveyed 367 respondents in the major metropolitan areas.

Press release
November 2016



Author: Lisette Lombard, Just Retirement South Africa

For further information, please contact:

Lisette Lombard

Independent Communications Consultant

Tel: +27 (0)82 836 8036

Email: LLombard@mweb.co.za

Web: www.justsa.co.za