

HOW MUCH IS JUST ENOUGH TO ENSURE HEALTH FOR ALL?

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Giving people access to healthcare without the prospect of financial hardship is the key message behind World Health Day that is celebrated on 7 April every year. The World Health Organisation (WHO) wants countries to invest in ‘Health for All’, which is their theme for 2018. By investing in health care and financial protection, someone’s health (and hence life expectancy) and lifestyle can improve.

Better health for all and financial protection should not only be the responsibility of government, but also the responsibility of public and private sector partnerships to ensure that the elderly and those in poor health are assisted with the problems of unaffordable health care and financial hardship in retirement. This is according to Justine Wyatt, Legal and Compliance Executive at Just, who says that human dignity, equality and financial freedom for all South African citizens should form the cornerstone of any retirement strategy.

“A key risk in retirement is that retirees have not saved enough for retirement and end up in the wrong annuity strategy where they will most probably deplete their assets and see their income fall dramatically in the final years of their lives. It is already difficult to live within your means at retirement and even more so if you suffer from ill health and have additional medical expenses to pay,” says Wyatt. “Not only should retirees have a retirement strategy that addresses the basic need of a lifetime income, but if they are suffering from health issues they should be underwritten to receive an enhanced income. Pensioners who suffer from heart conditions or have had a stroke and who were underwritten by Just enhanced their retirement income on average by 6.79% and 4.95% respectively.”

The tables below are actual examples of clients who qualified for an enhanced annuity income by being underwritten by Just:

Heart condition					
Gender	Age	Monthly Annuity Income	Enhanced %	Enhanced Rand Amount	Enhanced with-profit annuity income
Female	64	R6 716	5.79%	R413	R7 129
Male	67	R12 991	7.2%	R1 005	R13 996

Stroke					
Gender	Age	Monthly Annuity Income	Enhanced %	Enhanced Rand Amount	Enhanced with-profit annuity income
Female	62	R3 234	5.5%	R188	R3 422
Male	67	R4 433	16.4%	R868	R5 301

Heart conditions and strokes are leading causes of death in adult South Africans – more than four times the number of people who are murdered annually. This is according to statistics released by StatsSA at the end of last year which show that 49 people were murdered in South Africa (2014 – 2015) every day. According to the Heart and Stroke Foundation, 225 people die of heart disease every day.

Just found that 90% of clients applied to be underwritten. Twelve percent of those who were underwritten had a heart condition and the average age of these clients was 66.

The average life expectancy of people who retire at age 65 is 18 years for a male and 22 years for a female. This is an average, which means that 50% will live longer than this.

“It is therefore beneficial that retirees who are purchasing an annuity income at retirement (or those who are already receiving an annuity income from a living annuity) are underwritten to

determine whether they may qualify for a higher monthly income in retirement,” continues Wyatt.

According to Wyatt, underwriting can be a long cumbersome process, but at Just the underwriting process is only a short call to the client by an experienced underwriter unless the client prefers to complete a brief health profile questionnaire instead.

Wyatt concludes: “Just has developed an innovative way in which to combine the best features of both living and guaranteed annuities to help you cover your basic living expenses while still having flexibility with your discretionary income. Retirees may be underwritten to ensure that they are treated fairly by determining whether they qualify for an enhanced income because of illness or lifestyle factors. It is best when reaching retirement to meet with a financial adviser who will be able to help you choose the right options for your circumstances.”

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**For more information or to set up an interview,
please contact:**

Lisette Lombard

Firefly PR

Independent Communications Consultants

Tel: +27 (0)82 836 8036

Email: info@fireflypr.co.za