



ACRAVEST®

## QUOTING SECTION OF REVIEW:

THE EMPLOYER HAS A RESPONSIBILITY TOWARD THEIR EMPLOYEES TO MAXIMIZE RETIREMENT SAVINGS OUTCOMES

### Aim of review process



#### Structure your fund with the end in mind!

This ensures that more money is saved from contributions, giving members a better chance to be able to afford retirement



We need to analyse the costs deducted from contributions to ensure they are necessary and productive  
**e.g. risk cover - does a member with no dependents need 5 x life cover?**



The more members save, the more they will be able to receive as a monthly income upon retirement



Because retirement is far in the future, the expected salary at retirement should be used to calculate retirement goals. This puts the savings goal in perspective as **retirement income needs to replace maximum part of the salary at that point**

### Volatility of Variables

Key variables used in modelling retirement outcome is volatile. You are therefore working towards a moving target.

Variables are:



Expected salary growth (linked to inflation & employee performance)



Expected insurance cover needs (linked to composition of dependents)



Expected return on investment (also linked to inflation and unforeseen events)

### Using Contributions Wisely



#### What are you "buying"? Risk insurance/Retirement income?

The main aim should be retirement income: risk insurance needs to protect in case of disability/death  
**The right cover at the right price is needed to maximise that part of the contributions that is allocated to retirement savings**



#### How do I maximise the savings portion of member contributions?

Determine the employees' need for insurance cover. Not over-insuring employees enables them to spend less on risk benefits  
**The AcraVest scenario planning tool allows you to tailor your fund**



#### At what price are you buying?

**Risk insurance:** This is a commodity that needs to be re-priced in the market annually (part of annual review)

**Investment management:** Annual comparison with market-related management fees & performance (investment committee reviews quarterly)

**Administration:** Annual comparison with market rates, service levels & other value adds

### Employee Training



Employees need to understand the **structure of their fund** and what can be done to **enhance their savings**.

Employees should **analyse their own retirement saving gap** using the calculator tools on the AcraVest app. This should be done at least annually.