Ethical leadership helps shape member confidence

Joelene Moodley
Principal Officer
Sanlam Umbrella Fund

Confidence in retirement outcomes is built over time and depends on factors such as adequate contribution rates, investment strategies adopted, access to information, and sound governance. As retirement systems grow more complex and member choices expand, ethical leadership is emerging as a decisive factor in whether members trust the system enough to preserve, participate and plan for the long term. Ethical leadership should therefore not only be viewed through a governance lens, but also through the lens of impact: how trustee decisions shape member confidence throughout every stage of the retirement journey.

The 2024 Benchmark™ Survey findings highlighted that member confidence is closely linked to

trust

trust in funds, whether standalone or umbrella funds

trust in government

trust in decision-making

and **trust** that trustees and other retirement fund role players are acting in members' best interests.

Within the South African retirement landscape, where more than R5,8 trillion in assets is held for the benefit of over 18,6 million members, ethical leadership is no longer an abstract principle. It is a fundamental safeguard for members' long-term financial security. Members are required to make decisions based on the financial information provided to them, and those decisions influence confidence and behaviour – from setting appropriate contribution rates early in one's career, to maintaining healthy contribution rate behaviour while working and ultimately achieving retirement readiness later in life.

Members face difficult decisions

Early Benchmark™ Surveys placed the spotlight on good governance and trustee independence. Today, however, we are seeing the conversation deepen, to the growing relationship between ethical leadership and member confidence, in an environment defined by more choice, more complexity, and growing pressure on household finances. The narrative has thus evolved from what constitutes good governance to how governance behaviours influence member confidence and decision-making.

The 2026 Benchmark™ Survey revealed that employer contribution rates have remained static over the years at

10,69% for standalone funds and **8% for umbrella funds**

Member contribution rates, on the other hand, have continued to decline in line with prior-year results, with rates for both standalone and umbrella funds hovering around 6%. This may be an indication of cautious confidence in retirement outcomes among both employers and members, driven by financial pressures and/or concerns about whether decisions are being made in their best interests.

In terms of service provider oversight, the Benchmark™ Survey highlighted that

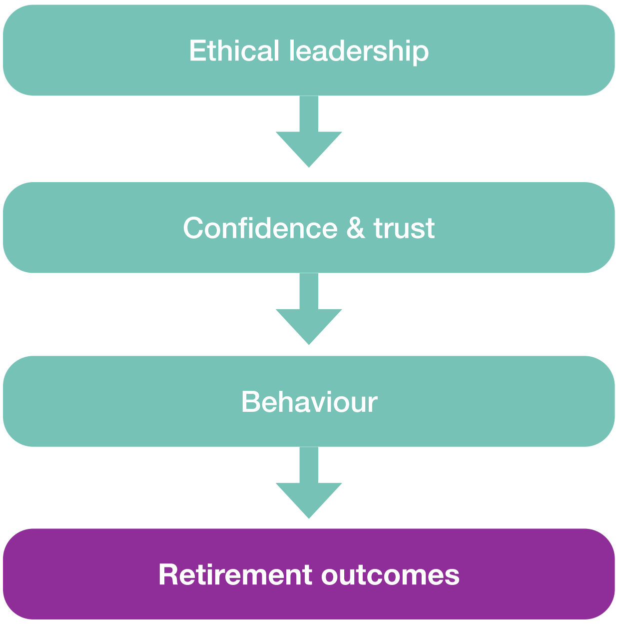
12% of standalone funds have never reviewed their retirement fund administration service provider and 4% have never reviewed their investment providers. In contrast, 17% of participants in umbrella funds indicated that they have never reviewed their retirement fund service providers.

The remaining respondents have reviewed their service provider arrangements every three years for standalone funds and every 2,6 years for umbrella funds. This gap in governance oversight is concerning and raises questions about whether members are receiving value for money. The findings call on retirement funds to place greater focus on performance, transparency, and member outcomes.

As part of the Benchmark™ Survey, respondents made up of fund trustees, principal officers, key fund representatives and retirees were interviewed about retirement readiness. Among standalone funds,

71% indicated that they have a stated target pension within their funds, compared with 51% of sub-funds.

When asked why some do not have a stated target pension, respondents indicated that it is difficult to calculate (9% of standalone funds and 12% of umbrella funds), while others indicated that it was difficult to understand (7% of standalone funds and 21% of umbrella funds). This suggests that communication and financial education offered to members may not be adequate, which creates a broader leadership challenge for trustees, namely building confidence through clearer communication. Communication campaigns should be centred on members' needs. Funds should assess the performance of their service provider arrangements regularly, actively monitor member rates, and ensure transparent disclosures around investment performance and fees.



Trust and ethical leadership matter more than ever

Trustees of retirement funds, who are seen as protectors of member benefits, play an important role in ensuring fund sustainability and member well-being. The Financial Sector Conduct Authority (FSCA), recognising the fiduciary role of trustees, has long advocated for the appointment of trustees who are skilled, experienced and independent. As early as 2010, Kobus Hanekom highlighted in the Benchmark™ Report the weight of statutory responsibility trustees hold in respect of retirement funds and their members, as well as its impact on member retirement outcomes. This responsibility has not diminished; if anything, it has intensified with the enactment of the King V Code of Good Practice in October 2025 and the expected promulgation of the COFI Bill later in 2026. These regulatory developments further echo the call for ethical leadership by trustees, the adoption of standards of honesty, integrity, and the avoidance of conflicts of interest in decision-making, given the scale of assets trustees steward, their impact on financial ecosystems, and members' long-term financial security.

Confidence influences behaviour

While regulatory developments continue to expose systemic weaknesses across industries, they also reinforce why ethical leadership remains essential. The Benchmark™ Survey revealed that members are aware of how retirement funds govern, communicate, and make decisions.

Members increasingly expect funds to be

transparent

responsive to their needs

and to act in their best interests across different life stages.

According to the Benchmark™ Survey, two thirds of respondents indicated that they require additional support from their retirement funds throughout their retirement journey, and not only at retirement, especially when it comes to financial advice and benefit counselling.

What would have helped members more	Members %
Earlier access to in-person financial advice	33%
Earlier access to retirement benefit counselling	33%
More education through workshops, roadshows, and seminars	30%
Earlier intervention that I was not saving enough	27%
Video content explaining my options	3%
Employer to make all my retirement decisions for me	3%
Employer should not have allowed me to borrow from my fund	3%
None	33%

Furthermore, respondents stated that their main considerations when making retirement decisions were the level of guaranteed monthly pension they would receive at retirement and the amount they had accumulated in retirement savings.

Factors influencing retirement decisions	Members %
Wanted a guaranteed monthly income for life	53%
How much I had in retirement savings	50%
My health status at retirement	37%
If my income would increase with inflation	33%
How much I need as a monthly income	27%
How much tax I had to pay	27%
Flexibility and control over retirement savings	23%
My debt levels at retirement	17%
Provision for family members on death (e.g. spouse's pension)	13%
Living annuity so that capital reverts to my estate on death	10%
Fees and charges associated with the annuity product	7%
How long I expect to live	3%

Confidence shapes behaviour across life stages. Members approaching retirement seek reassurance that retirement fund governance structures are protecting their interests and maintaining the adequacy of their savings. At each of the life stages, trustee decisions relating to communication, administration fees, service provider oversight and investment governance have a direct bearing on member behaviour and retirement outcomes.

Communication still comes too late.

If behaviour shapes retirement outcomes, then communication must do more than inform, it must build understanding early and consistently. The Benchmark™ Survey revealed that standalone funds make use of advisers who are paid for or subsidised by the fund to provide financial advice to members. Umbrella funds, by contrast, tend to make use of the administrator and/or an advisor who is also paid for or subsidised by the fund. Regarding benefit counselling, the Benchmark™ Survey found that

72% of standalone funds and

66% of umbrella funds provide benefit counselling on request.

While the findings confirm that members have access to financial advice and benefit counselling, it may still tend to be too late and/or too narrow, with support concentrated around key exit events rather than channelled throughout a member's retirement journey.

Methods of counselling	Employer funds %	Umbrella funds %
We offer in-person counselling on request	72%	66%
We offer telephonic counselling	67%	65%
Paper-based counselling or information	41%	25%
Members can email questions to a counsellor	38%	44%
We refer members to an advisor to provide counselling or advice	36%	56%
Other (WhatsApp, SMS, group sessions, information on the website)	3%	2%

When counselling is provided	Employer funds %	Umbrella funds %
At retirement	80%	86%
At retrenchment	61%	54%
On joining the fund/ sub-fund	55%	57%
At resignation/ dismissal	54%	60%
When a Two-Pot withdrawal is requested	21%	38%
Five years prior to retirement	16%	8%
On demand	3%	5%
Other (1, 3, 6, 7, 8, 10, 15 years before retirement, every year, throughout their career)	13%	11%

Written communication remains the dominant source of retirement information, with

60% of members indicating that they rely on written material received from retirement funds and/or the employer.

Interestingly roadshows, workshops and seminars also appeared to be a preferred source of retirement information.

Information sources members rely on	Members %
Written information from retirement fund/employer	60%
Written information (letters/leaflets) from my bank	30%
Retirement benefit counsellors	27%
Workshops/roadshows/seminars by fund/employer	20%
General information search on the internet (Google)	17%
Websites of financial companies/ annuity providers	10%
Social media (YouTube, Facebook, etc.)	7%
Specialist financial magazines (Financial Mail etc.)	7%
Can't remember	3%

Retirement funds should therefore be asking whether members are being engaged effectively on their changing retirement needs and whether that engagement is consistent throughout the retirement journey. Addressing this question can strengthen member-first leadership and improve communication. Members can then be better informed of the benefits of receiving unbiased financial advice and appropriate benefit counselling.

The Benchmark™ Survey findings further suggest that the future role of trustees will increasingly involve creating confidence-building ecosystems that combine good governance, effective communication, financial education and advice throughout the member's retirement journey, rather than engaging members only shortly before retirement. Retirement funds led by ethical, member-centric leaders help drive transparent, accurate and trustworthy engagement. They ensure governance decisions made today influence not only operational effectiveness, but also how members engage with retirement savings in the future.

Finally, *Confidence through the Ages* is not built through communication initiatives and campaigns alone, but through consistent leadership behaviour, and accountable governance and decisions that place member retirement outcomes first. It has been seen that when member confidence wanes, member engagement declines and decision-making can become reactive and short-term focused.

Ethical leadership therefore extends beyond compliance and governance. It is a critical influence on member behaviour and helps drive improved retirement outcomes across every stage of the retirement journey.