

# Value proposition for employee benefits aimed at professional industries

As independent advisors at FinBofs.com we are part of a change in the employee benefits market, driving down the costs for pension and provident funds. We have partnered with new entrants into this market like Allan Gray Sygnia and others, to create solutions specially tailored for professional firms.

The reason we tailor group benefits for professional firms are:

- Cost saving which enhance retirement benefits are exaggerated where the average employee salaries are higher, which is the case in the professional industry.
- Professionals appreciate the clarity of our fees and benefits more readily when they are explained.
- Since the average education level is higher across the company, we are able to achieve lower risk costs when compared with industries where education is greatly varied.
- By engaging with professionals as employees and clients, we tend to reduce their overall insurance and retirement funding cost. Many are over insured as a result of a separation in planning between the collective group and the individual members. Alternatively they often supplement their pension/provident contributions with personal retirement annuities. By getting pension benefits at institutional rates, as well as lowering the admin costs, increasing their contribution into the group fund can lower their overall investment costs and allow a greater percentage of contributions to be invested.

In our experience and in almost every situation professional companies are able to benefit in one or both of the following ways:

- Reduced, transparent **investment** costs mean a greater percentage of the current contributions are invested for retirement.
- Reduced **risk** costs allow additional contributions to be directed to retirement savings while maintaining the same risk benefits. Since insurance is kept separate from investment, it is reviewed annually to ensure the most competitive rates in the market without effected retirement savings. For example, risk benefits could be placed with Liberty one year then Momentum, then Sanlam etc without effected the retirement portfolios.
- The alternative to the above two benefits is that the company can reduce its human resource expense without reducing the retirement funding or risk benefits at all.

For some of our clients, combining the two benefits above have resulted in a mid-level professional investing R1000-R3000 **more** a month toward retirement without costing him or the company any extra. Over a 20 year period this translates into millions more for retirement.