

New Old Mutual campaign shocks, inspires consumers on SA's retirement savings crisis

Old Mutual recently released the results of their social experiment that aims to teach South African families and individuals about the harsh reality of the nation's retirement-savings crisis and inspire them to take action.



Source: [Family supermarket photo created by drobotdean - www.freepik.com](https://www.freepik.com)

Malusi Ndlovu, director of large enterprises at Old Mutual Corporate, said that as part of the company's ongoing commitment to helping South Africans obtain an adequate retirement investment, the social experiment was initiated to be a stark reminder of the true cost of retirement.

In addition, the campaign also wanted to highlight to decision makers such as employers the benefits of a good retirement fund for their employees. Under-saving for retirement remains an issue in South Africa, with National Treasury estimating that 94% of South Africans cannot afford to retire at age 65.

On the back of this conundrum, Old Mutual Corporate launched the social experiment.

The exercise recorded eight South African families from across section of society who were asked to fill a shopping trolley with all the groceries they needed in a month. What they did not know was that it was a simulation of shopping when they would be retired, and that prices and incomes were adjusted to what they would be when the breadwinner retires.



The findings were a rude awakening to not only the participants but for broader South African society. Some families were over budget – ranging between 100% and 800%. This means that families would need to increase their savings by up to nine times based on what they currently had invested and the number of years they had before retiring.

“The rationale for the social experiment is to raise awareness with individuals about taking responsibility for their retirement outcomes. We used groceries to demonstrate how something as basic as monthly shopping can be affected by a person’s pension cover,” said Ndlovu. “It’s safe to say our participants were astounded by the reality of their financial situation in relation to retirement.”

Campaign mechanics

The eight families were carefully chosen to accurately reflect the South African demographic and became willing subjects after being vetted on social media but were not told who was behind the campaign. They were asked to share their current income; current pension-fund savings; monthly pension savings contribution; grocery expenses; years to retirement and typical monthly shopping list.

A grocery store was staged and stocked with what the families would typically buy on a monthly basis, and they then were asked to fill their trolleys with the goods that their family would need every month.

The families had no idea that the prices were inflated, in line with CPI to reflect what they would pay for those items when at retirement.

As each family arrived at the checkout, they were met with the harsh reality that they had overspent between 100% to 800%. based on the information provided - Old Mutual actuaries had calculated their projected income available at retirement.

The participants then had to choose the items to remove until they reached a maximum of 100% of the grocery budget portion of their pension income.

Financial literacy the key

Ndlovu said it was vital to improve financial literacy to help individuals and families gain financial freedom.

“We are humbled to be working with such incredible people on this campaign who trusted us enough to share their personal stories. By giving us an intimate portrait into their financial lives they are playing a powerful and informative role in empowering South Africans to become financially savvy and prosperous,” he said. “We hope that by showing real stories in such a relatable way, it will motivate others to start this process of changing their futures for the better.

“While every family or individual’s financial situation is unique, this is a campaign that will resonate with every South African family. We believe that it will have a significant impact on our nation’s financial literacy and savings culture,” Ndlovu concluded.