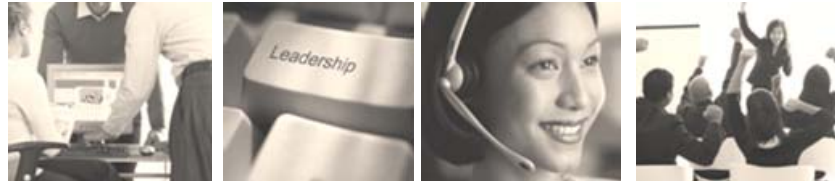


Who is Crue Consulting?

At Crue Consulting, we are passionate about helping employers offer the best group benefit solutions to their people. Our aim is to design solutions for our client companies including retirement funding, group risk cover and healthcare benefits. By really getting to know your company and your people, our team is able to assist you in identifying your employee benefit needs. Once we understand your specific needs and objectives, we will develop, design, implement, manage and monitor your employee solution for you.



What is an Employee Benefit Plan?

A typical employee benefits plan includes one or more of the following:

1. **A retirement fund** This usually takes the form of a pension or a provident fund and is aimed at assisting employees to save for their retirement years.
2. **Group assurance** This benefit normally includes life and disability cover for employees and their families in the event that the employee is injured, becomes ill or passes away prior to reaching retirement.
3. **Healthcare** This involves providing an appropriate medical aid for the employees of the company to assist them to pay for their and their families medical expenses.

1 Retirement Funds

It's common knowledge that less than 6% of South Africans have sufficient savings to provide them with a financially secure retirement. At Crue Consulting, we understand that the need for employers to provide a cost-effective retirement solution to their employees is more important than ever before. The retirement funding environment is a complex one, especially in light of the ever-changing regulatory environment and the onerous fiduciary duties of employer and boards of trustees. For many employers, especially small to medium size businesses, finding appropriate retirement funding solutions for their staff can be daunting, not to mention the fact that most employers do not have in-house expertise in the area of retirement funding. The traditional retirement funding model, the primary relationship is between the employer and the fund consultant. The fund consultant then has a relationship with the insurance company, who provides asset management, group risk cover and trustee services. The fundamental flaw in this model is that there is no independence or accountability built into the model, and there is very little transparency or flexibility. In addition, the following problems are inherent in this traditional model:



- (i) **Trustee governance** Increased expectations and duties placed on boards of trustees may in some instances be more onerous than those expected of corporate directors. Without appropriate governance policies and procedures trustees may be exposing themselves and their funds to unacceptable levels of risk.
- (ii) **Investment matters** Trustees are required to formulate a suitable investment strategy for the fund which includes selecting appropriate

investment managers, providing clear mandates to investment managers and monitoring investment performance against pre-determined and appropriate benchmarks. In many cases inappropriate benchmarks are being used to monitor investment performance — increasing the risk that returns fail to match or exceed reasonable investment return expectations.

(iii) **Member investment choice** Many retirement funds do not provide members with ade-

quate or timeous education and communication to assist them in making appropriate investment decisions. A major risk in a member choice environment is that the member may be asked to make investment decisions without understanding the options provided. Very few funds have mechanisms in place to assess or test the level of member understanding of investment matters.

What is the Model of Independence?

At Crue Consulting, our retirement funding solution is referred to as the “**model of independence**” because it breaks with tradition by allowing the retirement fund committee to select best-of-breed service providers, including asset managers, benefit consultants and risk underwriters, and provides access to a freedom of choice and flexibility that has been previously unavailable in the retirement funding environment. The “model of independence” puts the trustees and the fund committee in control of the entire retirement funding delivery process and gives them the flexibility to change service providers in the event of under-performance with the minimum of inconvenience. Traditionally the investment advisor has acted as a buffer between the retirement fund and the asset managers assisting with asset manager selection and helping to develop investment benchmarks for the retirement fund.

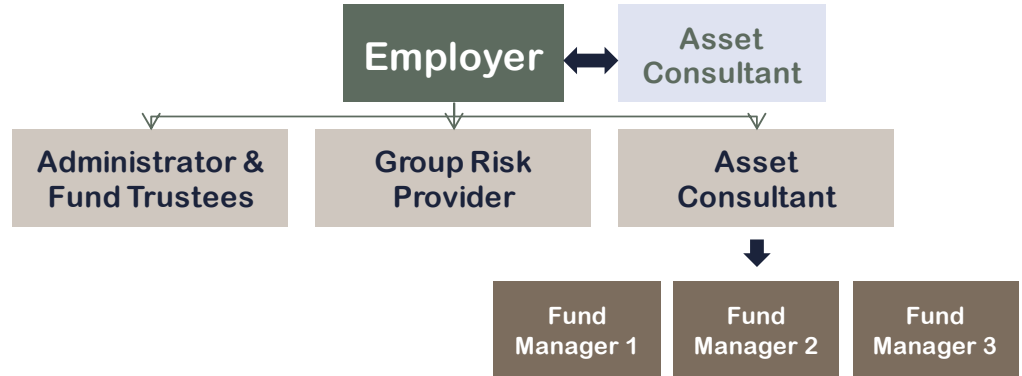
Inevitably these benchmarks have more relevance to manager peer performance than to the needs of the fund. Typically, asset managers have had a relatively free rein when implementing investment strategies. Their focus unfortunately shifts from performance, linked directly to the retirement fund's objectives, to relative investment performance, typically measured against their peers.

Our view is that the investment advisor plays a critical consulting role not just in strategy development but also implementation. If the investment advisor does not consult on both aspects, there is a high risk that the investment strategy developed is unrealistic, inappropriate or poorly implemented.

Our solution involves strategic partnership between the investment consultants, benefit consultants and actuaries. This ensures coherence between the retirement fund's objectives and the implementation of the investments strategy resulting in the investment advisor

The Model of Independence

The model of independence, depicted diagrammatically to the right, means that the employer can choose the best administrator, group risk provider and asset consultant based on actual performance. It ensures a flexible solution and freedom of choice.



2 Group risk assurance

Life assurance, capital disability, income protection, dread disease cover and funeral insurance provide benefits for employees and their families which act as a financial cushion when unfortunate events occur. At Crue Consulting, we constantly re-evaluate the quality of the underwriters we recommend and the competitiveness of their rates to ensure that your employees have the most cost-effective risk benefits available in the market.



3 Healthcare

Providing a sustainable and cost-effective medical aid for one's employees is an integral part of any employee benefit solution. Crue Consulting has vast experience in providing workable healthcare solutions for companies, understanding that many companies need to provide medical aid solutions that cover a broad range of employees, from executives to blue collar workers. Crue Consulting performs regular analyses of the country's top open medical schemes, and is able to provide organisations with sound advice on the most appropriate healthcare solution, as well as advice on medical aid structuring, subsidies and related tax issues.

Ongoing service

There is little point in having a well designed and managed employee benefits solution if the employees do not understand it or appreciate its value. At Crue Consulting, we firmly believe in empowering our clients to take charge of their own financial affairs. And the best way to achieve this is to keep educating our clients through ongoing training and communication. Our services include annual training sessions on the employer's retirement fund, group risk benefits and medical aid, as well as regular newsletters on financial planning and healthcare.



*Give us a call on (021) 530 8500 or come and visit us at Crue House, 5 Long Place, Pinelands.
Come and have a cup of coffee with us.
We'd love to help you plan your employee's benefits.*