

UNIVERSITY OF KWAZULU-NATAL

Education and Training in the Pension Fund Industry

**Education and Training to Intermediaries to reduce Consumer Claims to the
Ombudsman**

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**Education and Training in the Pension Fund Industry:
Education and Training to Intermediaries to reduce Consumer Claims
to the Ombudsman**

By

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DECLARATION

This research has not been previously accepted for any degree and is not being currently considered for any other degree at any other university.

I declare that this Dissertation contains my own work except where specifically acknowledged

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Intermediaries in the Pension Fund industry

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ABSTRACT

The South African pension industry has been regulated by the Financial Advisory and Intermediary Services Act (FAIS,2002) and numerous claims have recently been brought forward by consumers of pension funds. The question arises, and the main reason for the research, is to investigate whether there is a lack of training and education on pension funds by intermediaries, and if in fact it holds true to say that claims that end up at the Ombudsman are in fact due to the lack of education and training by intermediaries. With a regulated Financial Services industry the primary function would be to advise consumers on a needs basis as first priority, and to make sure that they are up to speed with how pension funds work, the rules, and policy contracts. Pension funds should be made easier to understand and there should be no hidden clauses that will lead to consumer complaints.

The research methodology was of a quantitative and qualitative nature in order to grasp the reality of the pension industry, to gather data from the intermediaries themselves on whether they lack education and training, and if intermediaries are in fact providing the appropriate training and education to consumers. Critical training was able to assist the researcher to find out what knowledge intermediaries and consumers did have about pension funds and where the gap for training could be found. Franchise Agency group based in KwaZulu-Natal of a multi-national Financial Service Provider was researched using a survey questionnaire approach. Semi-structured interviews from the same group were conducted. Critical training with a group of intermediaries and existing pension fund members on products and rules and benefits of funds was conducted. A training session with an intermediary conducting a presentation to propose a new pension fund was observed. A focus group session of five intermediaries was taped and an array of questions posed to them outlining their views on education and training in the pension industry and assessing their knowledge.

Qualitative findings from focus groups indicate that there needs to be more education and training given to intermediaries and consumers. Observation analysis of training by intermediaries illustrated that members do have some understanding of pension funds despite the technical layout of the presentation. A critical training outlined that rules and definitions are difficult to explain and more training is needed. From a quantitative analysis point of view it depicts that intermediaries have some basic understanding of pension funds, but they definitely agree that members and consumers are not knowledgeable about pension funds, lack knowledge, and are not fully aware of the FAIS Act and its requirements. A recommendation by the researcher is to have a larger respondent rate in other areas of distribution of pension funds, for example brokers, as this research depicts a small percentage of agents. Agents should be trained on more technical pension information, and Financial Service Providers should have a driving approach to educate the consumer. It is further recommended to segment the age group that is wanting to enter the pensions fund markets and to perhaps provide more training.

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Most Service Providers in the Pension Fund industry find that their existing book of Pension Funds experience numerous problems and are often difficult to solve purely due to the lack of education of intermediaries and staff on the products. This problem is not specific to just a particular Service Provider but to the entire Pension Fund industry. Most regulatory boards offer education and training but they do not relate to a Service Provider's product and the rules of their funds. The training these boards provide are often to do with legislation changes in the Pension Fund industry.

The method of solving the problem would be to investigate what intermediaries experience with regards to the education and training provided by Service Providers and if this will in fact curb the number of claims that end up at the Ombudsman's office or Pension Fund Adjudicator. The consequences of the lack of education and training to Service Providers can bring losses and lack of credibility to them. There is scope for this study and the availability of information is vast. Service Providers should be training intermediaries, trustees of Pension Funds, Independent Brokers and Bank Brokers on a step-by-step training plan that will alleviate improper advice to the consumer. Due to the lack of intermediary advice, consumers also lack knowledge and therefore, instead of educating and training just intermediaries, Service Providers should also take on a full education and training drive aimed at consumers or existing Pension Fund employers and employees that will assist the Pension Fund Adjudicator. Again, members of Pension Funds are often not educated on what their funds are invested in or when they can access their money from their funds.

This problem statement of the effectiveness of training and education by service providers to intermediaries on pension products and the effect on service quality to their consumers will assist regulatory bodies to overcome their dilemma and most importantly, assist Service Providers in the short and long term planning. This is a problem, and most intermediaries, staff of Service Providers, consumers and regulatory boards will concur that lack of education and training of the product is a problem, and the research will bring out some of these problems and assist all parties concerned to a

Dictionaries used were Wikipedia and Oxford English Dictionary. South African Government websites and financial institution websites were used. Primary literature sources were collected from reports and theses extracted from the University of KwaZulu-Natal website. Government publications were sourced from Pension Fund administrators websites and the intranet. The Pension Funds Act from the South African Treasury was used. Unpublished manuscript sources from Pension Lawyers Association. Journal articles were extracted from the internet on the websites of JSTOR, Cambridge University, Emerald Library, Oxford University, Blackwell-synergy.com, persfin.co.za, findarticles.com, sars.co.za, irf.org.za. Tertiary literature sources were collected through a matrix with the acknowledgement of relevant authors. Indexes, abstracts and conclusions of publications for the University of KwaZulu-Natal were used. In this chapter, themes and concepts analysed from the review of articles are discussed. A Concept Matrix (see Addenda) was first introduced to record themes and concepts, eighty articles were read to form the basis of this literature review. The next chapter will be a development of research questions and a chapter conclusion

2.1 Pension Funds

2.1.1 Define Pension funds

Pension plans can ensure a comfortable retirement, as it is a payment rewarded to a retired person in consideration of past services. Pensions are the responsibility of the individual, the employer and government (Blair, n.d.). Blair (n.d) has proposed several reforms that could revitalize the current Spanish pension system. The Spanish Pension reform is of critical importance to compare with the South African pension system since the Spanish have the most expensive and unstable government run pension plan in a developed world. Blair (n.d) proposes rising the retirement age which will increase the population of contributors and decrease population of pensioners. The Spanish system according to Blair (n.d.) is to introduce incentives for over 65 year olds to remain in the workforce and to extend their retirement dates. Blair (n.d) mentions promoting more mandatory private pension plans to relieve the stress of the public system in the future. Pensions are provided both publicly and privately. Pension funds may be defined as a form of institutional investor, which collect, pool and invest funds contributed by

sponsors and beneficiaries to provide for the future pension entitlements of beneficiaries (Davis, 1996). Individuals are to accumulate savings over their working life so as to finance their consumption need in retirement either by means of a lump sum through a provident fund or by provisions of an annuity (Davis, 2000).

According to the South African Life Insurers pension funds are affected by financing patterns owing to the differences in consumer behaviour. The South African Pension Funds Act No.24 of 1956 Second Amendment Act promulgated in 2001 on surplus apportionment does not allow employers to retire their employees and provide pensions wholly as a matter of discretion or to determine pension payouts on years of service. Insurers offered a method of guaranteed retirement benefits by the use of annuities. Pension systems enable the employer to early retire its employees rather than to retain them in declining usefulness at proportionately high salaries.

The 401K plan in the United States can be a powerful tool in promoting financial security in retirement. The 401K plans are defined contribution plans that are cash or deferred arrangements for retirement (US Dept of labour, 2006). Many people reach retirement without adequate provision for retirement. Due to the notable lack of cost-efficient vehicles to meet the retirement funding needs of the lower and middle income consumers, the South African government has indicated in their pension reform papers of an introduction of a compulsory savings plan for lower income consumers. Pension benefits became a standard part of compensation packages and diffused from large employers to small employers via competition for labour through private industry and public industry.

A pension is a steady income given to a person usually after retirement. Pensions are typically payments made in the form of a guaranteed annuity to a retired employee (Wikipedia, 2006). Pensions are created by the employer for the benefit of their employees. The growth of pension funds is driven by the growing demand of the ageing population around the world (Davis, 2000). Pension funds have the possibility of *international investment which improves diversification of pension assets and the fund*

is then not only dependent on domestic portfolios of investments. Mimicking of private insurance policies or retirement plans does not typically extend to the handling of assets inside the plan (Robson, 1997). Canada's retirement fund system conforms very closely to the pillars framework. The pillars framework around the world makes use of a metaphor of three pillars in describing a comprehensive system to guard against destitution in old age, a mandatory employment related system to replace income and a voluntary system to reduce double taxation savings Robson (n.d). A retirement pension at the retirement age of 65, starts at roughly one quarter of covered earnings, widow and orphan benefit, disability benefits and a small death benefit (Robson, 1997).

2.2 Intermediaries

2.2.1 Types of intermediaries

According to Colenutt (1979) there are five alternative channels in the United Kingdom of Insurance Sales Systems. There are brokers, part-time agents, home service agents, full time company sales staff and direct with the Insurer. South Africa holds very similar channels of sales distribution except for added distributions channels which are Call Centre agents, franchise agents and bank agents. The five channels vary considerably among different consumers and different classes of insurance (Colenutt, 1979). Some of the criticisms of intermediaries arise out of the shortcomings in remuneration systems (Colenutt, 1979). Financial intermediaries are subject to complex systems of legal regulations (Clark, 1976). In the Canadian Pensions industry, Financial Service Providers who act as administrators or trustees of Pension Funds will have to supervise and monitor intermediaries or agents and validate their qualifications.

According to Colenutt (1979) criticisms arise more directly out of the lack of regulation on the establishment and conduct of intermediaries. Any person or organisation has been able to adopt the title 'insurance broker' regardless of lack of skill, competence, knowledge or even integrity (Colenutt, 1979). Where intermediaries have committed errors, omissions, negligent acts or even fraud, or suffered financial failure, clients had no guarantee that they would receive compensation (Colenutt, 1979). The British Insurance Broker Council was formed to consider in detail how arrangements might be

made for a self-regulatory body to determine appropriate standards for insurance brokers, to draw up a code of conduct, to control admission and maintain discipline (Colenutt, 1979). Brokers are not employed by the insurers but their primary activity is to sell insurance. They offer a high level of technical skill and offer impartial advice. Agents or Direct Agents are employed by large insurers and their titles vary from insurer to insurer.

The task of the agent is to sell the whole range of products offered by the Financial Services provider. In the United Kingdom part-time agents and home-service agents are not employed by the insurer but act on behalf of the insurer. They offer opportunities to sell insurance. Most often, part-time agents comprise of accountants, travel agents and motor garage proprietors. The home-agents on the other hand are employed by Industrial Life assurance companies and their task is the collection of premiums at the home of the policy owner (Colenutt, 1979).

The greatest absurdity is that since commissions in the United Kingdom are determined on a cost-plus basis, brokers and others have every incentive to recommend the most expensive cover to the consumer (Colenutt, 1979). According to South African reform there are more regulations set on commission disclosures for intermediaries. Intermediaries are not free in any real sense as the whole population pays for them through premiums higher than would otherwise be necessary (Colenutt, 1979). An introduction of the Insurance Brokers Registration Act No. 22 of 1977 of the United Kingdom will improve the professionalism of registered brokers and point to financial developments related to deregulation (Hoffman and Santomero, 1998). Improved information provided via technological advances and financial innovations have reduced transaction costs and improved investor information. Intermediaries provide investment advice based on their knowledge and confidence in allocated portfolios.

Prior to the Policyholders Act no.75 of 1975 or the Insurance Brokers Act no.22 of 1977 of the United Kingdom, intermediaries were not subjected to any significant regulation or control. Insurance was and is sold through a wide variety of channels with varying

degrees of professionalism (Colenutt, 1979). The rapid growth of pension funds in many countries and the stimulus they are providing to the growth of capital markets both suggest that their activities as financial intermediaries merit considerable attention (Davis, 2000). Pension Funds may be internally or externally managed by administrators and even asset managers are administrators of funds.

2.3 Training and Knowledge

Chan and Stevens (2003) mention that most people know little about their pension plans and that only a minority of the population are well informed, but this is changing rapidly in South Africa. Availability and self administrative pension data provided by Chan and Stevens (2003) provide a unique opportunity to quantify the extent to which individuals lack information. The work of Gustman and Steinmeier (2001a; 2001c) using the HRS sets the stage for work, examining knowledge of social security, and private pensions.

This lack of knowledge is evident and it links to the behaviour of the individual. Consumers do not collect information about their pensions until retirement date or withdrawal. Employers focus on providing information to beneficiaries on their pension programs and focusing mainly on variables that are disseminated by Financial Services Providers. The Myners Review in the United Kingdom is a major contribution to our knowledge and understanding of the operation of the Pension Fund Industry (Mayer, 2001). A low wage, uneducated or disadvantaged worker has undue difficulty in obtaining pension information.

Significant gaps in worker knowledge of pension characteristics would cast doubt on these roles for company sponsored pensions (Mitchell, 1988). The Mitchell (1998) findings have found that workers in defined contribution funds plans are less informed about their pensions than their colleagues in defined benefit funds. Workers information regarding contributions is not always correct. Educated and senior workers are more rather than less likely to have missing data when it comes to knowledge of early retirement requirements and this perverse education effect is robust to the inclusion of age and tenure interaction (Mitchell, 1988). Good information appears more prevalent

among union employees than higher income workers and senior employees or directors. There should be knowledge change amongst consumers by receiving basic education at a level where financial products and services can be understood. Private pensions require that government and citizens be well informed about financial matters (Barr, 2002). A virtual community strategy for many financial services organizations may be to opt to amalgamate on-line with other providers and intermediaries in order to offer a broad financial service to consumers who are able to compare products and services. In most developing countries, an extensive training program would be needed to raise the professional standard of regulators and to help develop experienced professionals (Vittas, 1995).

Mitchell's (1988) research in the United States demonstrated that ethnic minority employees had less knowledge than white counterparts of different types of pension and early retirement provisions (Blake and Board, 2000). Regulatory authorities are attempting to improve transparency on charges and costs. The pension fund industry should review pension plan charges that will be better understood by consumers. A Pension Fund adjudicator calls on financial services providers to provide policyholders with documents that are clearly written and understandable. Workers are put on notice that departure too early or too late breaks the contract and therefore triggers pension penalties (Ippolito, 1992). More research is needed on the best and least cost mechanisms of generating more pension information, but it seems clear that better pension data would to some degree benefit less advantaged workers (Mitchell, 1988). Myner's (2004) review is a major contribution to our knowledge and understanding of the operation of the pension fund industry. Research over time has shown that consumers lack the understanding of the features and risks of financial products and most often do not know which products to purchase and which meet their needs, especially for retirement purposes. Previous work provides some guidance as to what factors should determine an individual's level of pension knowledge (Chan and Stevens, 2003).

Consumers should be able to understand the key features of what they purchase in a product and the product should not be confusing or misleading. Bruce Cameron (Cameron, B.(2006) of Personal Finance writes that members should be knowledgeable about the new pension reform and the rewriting of the Pension Act with the pension reform stating an annual pension opposed to a provident lump sum. Members lack information on this rewrite by Baron Furstenburg, a senior member of the National Treasury (Cameron, B. (2006). They believe they may resign before retirement and that they will be able to access their savings in a lump sum, and if they retire they will not be allowed to access their cash. Employees do not have knowledge of investments to make sound choices and some may not wish to do so (Gupta and Lehmann, 2005).

2.4 Consumers are key role players in the Pension Fund industry

The user base of the internet expands on-line 'virtual communities' and may have the potential to become the key customer-'informed intermediaries' (Barnatt, 1998). With a more transparent consumer approach a delivery channel of information sharing will foster long-term customer relationships and prove successful for financial service providers to provide key rules and information about their pension products. "The Financial Services Authority in the United Kingdom and the Sandler report argue that there should be a greater transparency over adviser remuneration with a view to encouraging consumers to make better informed choices" (Clark, 2006). Key feature documents or policy rules for investments of pension fund monies and rule summaries of Financial Services Providers must contain standardized information about their products and should aim to show the consumers how it works and the full disclosures of costs, expenses and key features of the product.

The advantages of consumer sovereignty assume that the individual is well informed (Barr 2002). The cut of retirement fund tax, commission and overall cost on retirement products by the National Treasury restores regulatory certainty and consumer confidence. Consumers are more at peace using retirement products of life companies. Consumers take responsibility for their financial future and decisions and acquire information that enables them to make considered decisions. Consumers must make

behaviour changes to plan appropriately for their retirement and manage their debt effectively. Consumer education reduces fraudulent activities. Business should do what is right for the consumer by realigning their business objectives with the needs of consumers.

Financial Service Providers should be open to consumers' complaints. Clients are looking to reduce complexity and still want the choice of different types of investment portfolios. The exchange of 'word of mouth' experience can prove critical in the customer evaluation of many services owing to their intangible nature (Barnatt, 1998). A firm could offer a standard defined contribution pension to all employees regardless of status which would have the advantage of treating all employees as equal whatever their task and functions, building solidarity and commitment around teams of individuals committed to the long term growth of the firm (Clark, 2006). A pension commission chaired by Adair Turner was set up in the United Kingdom to review the private pension schemes and the term savings plans, there was a first, second and final reports published looking into the UK pension system and its policies. The Turner solution is, moreover, entirely social democratic, by arguing for greater significance to be attached to an enhanced State pension sustained by a longer career, the Turner Report would both reduce the relative significance of supplementary pensions and would provide an institutional structure whereby the provisions of supplementary pensions is a government responsibility not an employer responsibility (Clark, 2006).

Customised products require specialised knowledge and information (Freedman and Goodlet, 1998). The issue of who 'owns' the customer and the information related to the customer's financial activities has become very important for Financial Services Providers (Freedman and Goodlet, 1998). Market oriented businesses seek to understand customers expressions and attend to needs, and develop superior solutions to those needs (Slater and Narver, 1999). If consumers do not make informed choices or their intermediaries do not make sufficiently informed recommendations, they may lose out by not buying the best value products on offer or not buying products that are suitable to their needs. Consumers do not shop around when the perceived costs of

doing so are greater than the perceived benefits. Competing forces offer comparative tables to consumers to make their decisions clear and concise. Consumers should read before signing on the dotted line. The Sandler review states that the challenge is to ensure that the benchmark products remain relevant in a changing market. Major trust banks and life insurance companies, which are trustee bodies of pension funds, declared that they would implement active policies as shareholders, including execution of voting rights, and there is an increase of market value of consumer's asset from pension funds (Suto, 2000). To restore confidence in the financial service industry is to place the consumer first by providing properly structured and cost effective schemes.

2.5 Ombudsman Regulatory Bodies

Funds registered in terms of the Pensions Fund Act No.24 of 1956 ("the Act") are subject to the regulation and under supervision of the Registrars of Pension Funds managed by the Financial Services Board. State employees belonging to the South African government employee's pension funds, the Telkom and Transnet pension funds, are excluded from this regulation and have no recourse to the Pension funds adjudicator. The registrar ensures good governance standards. The United Kingdom and Ireland have recently chosen new retirement fund regulators apart from their single financial services regulator. Effective regulation of financial markets is essential for private pensions (Barr, 2002).

Some of the strategic problems that regulators still encounter are that the regulatory regimes collapse or are ineffective, and the regime becomes State owned or the management and regulations of pension funds crowd out other demands for scarce human resources. Private pensions require that the government and its consumers of pensions be well informed on financial matters. Regulation of insider misconduct by intermediaries attempts to protect against major risk, moral and fiduciary failure that is not significantly reduced by anti-competitive regulation, or portfolio regulation (Clark, 1976). Regulators are there to discipline irresponsible financial service providers in order to provide a more stable financial market and a controlled regulatory environment. The United Kingdom was not the first country to introduce a single

financial services regulator (Briault, 1999). The *Finansinspektionen* was created in Sweden in July 1991 in response to actual and prospective market developments, including increasing integration both among different types of financial institutions and across borders (Briault, 1999).

There has been a reconsideration of regulatory structures in some other countries as a result of factors such as: greater integration among financial services firms; financial sector fragility in the form of the failure of financial institutions or other financial market disruptions; a change in central bank responsibilities; potential economies of scale and scope; and, the interest shown elsewhere in the creation of the Financial Services Authority in the United Kingdom and the earlier moves by Norway, Denmark and Sweden (Briault 1999). "There is a clear need for regulatory oversight of a financial conglomerate as a whole, since there may be "risks arising within the group that are not adequately addressed by any of the specialised prudential supervisory agencies that undertake their work on a solo basis" (Goodhart, 2001). Countries around the globe still follow the lead regulator approach. Some countries have shifted to a single national financial service regulator or have consolidated into two or three regulators. With the growth in the multiple functions firms, the need for communication, co-ordination, co-operation and consistency across specialist regulatory bodies have become increasingly acute and difficult to manage efficiently.

The main economic reasons for pension fund regulation are asymmetric information, monopoly power and certain non-market failure based reason, such as ensuring tax subsidies are directed to retirement income provisions (Davis, 2000). The types of regulation differ between defined benefit and defined contribution. The best practice or pitfalls for occupational and personal pensions in the UK pension are dealt with separately. There remains inadequacies in the regulatory regime for personal pensions, as the widespread mis-selling of such plans indicate, although attempts have been made to improve regulation of sales (Davis, 2000). Outstanding regulatory issues for occupational defined benefit funds include controls on internal transfer within defined benefit funds (Davis, 2000). Historically the rules adopted for occupational funds in the

Services Authority is committed to a cost benefit analysis of the implications of regulations. However, analysis undertaken on the effectiveness of financial regulation suggests that the banks are more likely to focus on the needs of the regulator rather than the needs of the customer as the regulators act in the customer's interest at all times.

Another reason for the underdevelopment of investment funds in Japan is regulatory constraints on pension funds (Suto, 2000). Institutional reform of the pension fund system is one of Japan's most urgent problems. The reform plan introduced in Japan focused on the liberalization of fund management and strengthening of disclosures towards more efficiency and more transparency (Suto, 2000). The Ombudsman for Financial Services Providers in South Africa, Charles Pillai, states in the personal finance (2006) that the FAIS Act No. 37 of (2002), despite some of its weaknesses, is starting to bite hard and makes it clear to intermediaries that they must give appropriate advice, and if they fail to do so, they will be held personally responsible. The Deputy Ombudsman in South Africa said it was unacceptable that financial service providers recommend only one product to clients based on the size of commission. He further mentions that financial service providers fail to provide proper advice and solutions to the consumer, and most often commission is the determining factor. Warnings have been issued by the Ombudsman's office to the effect that those companies that offer the consumer products at high costs and penalty ridden products and inflexibility, will bear the brunt of most claims.

2.6 Planning for Retirement

Serious economic problems continue to plague the majority of older people in the USA and other countries. Chan and Stevens (2002) investigated the responsiveness of individuals' retirement decisions to forward looking measures of pension accumulation. There must be a repeated observation of an individual's subjective expectations of continuing work. Proper retirement planning will alleviate the expectations of individuals continuing to work after retirement date. The South African government want employees and employers to save for their own joy in retirement and government has removed retirement Fund tax on pension funds. There are other incentives included

to allow South Africans to save for retirement.

Financial planning tools should be used to save more, for consumers to work longer or reduce retirement expectations. Understanding how long you have to retirement is very important. Many South Africans are educated on what the financial service provider products offer but remain under-insured and often do not have enough money to see them through to retirement. A real pension nightmare is not only in a pension's coverage but in a pension's adequacy. Memberships of pension schemes at the second pillar remain voluntary and are highly worrying for reasons of myopia and moral hazard (Blake, 2000). Compulsory contributions are some of the measures used by the South African national treasury to deal with the retirement problem in South Africa. Myopia arises because individuals do not recognize the need to make adequate provision for retirement when they are young, but regret this when they are old, by which time it is too late to do anything about it (Blake, 2000). Moral hazard arises when individuals deliberately avoid saving for retirement when they are young because they know the State will feel obliged not to let them live in dire poverty in retirement (Blake, 2000). The South African government conducts means testing at retirement.

Many providers change their charging structures on a regular basis and make it very difficult to compare schemes over time. It raises a few questions as to whether particular charging structures and changes to them are used to conceal the impact of the costs and to confuse the consumers even further. To better provide for old age in the future, people must save more during their working years, and/or they must develop institutions which transfer from the working population to each succeeding generation of retired or semi-retired aged with the required amount of income. Given these theories and the oft-voiced goal of maximizing individual freedom, it is very easy to see the retirement income problem as the individual's problem. How long it will take the thousands of smaller companies and the less 'enlightened' companies with pension plans to solve the retirement income problem is not known. To ensure that retired workers have sufficient funds for their old age and to avoid the risk of outliving their savings, either the purchase of suitable annuities should be mandated or withdrawals

internet channels to offer the wide range of products which were available only through traditional channels. The most common way of organizing pensions are through funded schemes, where pensions are repaid from a fund built over a period of years from the contributions of its members and are based on accumulation of financial assets and pay as you go schemes where pensions are paid by the State.

Funded pension systems are also important financial institutions in their own right (Clark, 2006). As calibration of the future costs of employer-sponsored pension benefits has become a recognised industry both South Africa and abroad, and as the actuarial profession has become more attuned to the market price of those future benefits, financial markets have become wise to the otherwise previously hidden costs of defined benefit pensions (Clark, 2006). There remain significant efficiency costs for British society in holding in place private sector defined pension obligations just as there are likely to be significant equity costs with unfunded public sector pension plans (Clark, 2006). In any event, competition for labour resources was such that attracting and retaining labour through defined pensions was believed consistent with a firm's interest. Pension contracts have a very long time span of up to sixty years, forty years in active employment and twenty years in retirement (Vittas, 1995). Many countries have favourable tax treatment of pension funds which exempt pension savings from tax on contributions and assets. Pension saving is generally treated more favourably than other institutional saving, thus leading to greater flows of saving being directed through this channel (Davis, 2000).

The growth of pension funds in the UK is driven by growing demand arising from the population ageing (Davis, 2000). Only the larger funds, with more sophisticated management and staff organization, have been able to diversify their holdings through mortgage, private placements and securities off the beaten path (Gies, 1962). In the United States there are a few conduct of business rules and capital requirements that are restricted to certain classes of financial institutions, such as brokers and insurance companies (Myner, 2004). In recent years equity investments and index investing have become a favoured strategy for retirement savings (Gupta and Lehmann, 2005).

2.8 Pension Complaints

It would be misrepresentation when professional advisers, in soliciting mandates to give advice, profess to possess but in fact lack the requisite qualifications, knowledge, expertise and experience to furnish the kind of advice sought by their customers

(Nienaber, 2005). The UK Ombudsman's office considers complaints against subscribing members and their agents to the exclusion of complaints involving independent intermediaries. The complainants own negligence, for instance, in not withdrawing from the bad investment at the earliest reasonable opportunity, has to be taken into account in the delicate balancing act of finding the fairest and most expedient solution (Nienaber, 2005).

In the United Kingdom, the member decides whether the complaint is appropriate for reference to the Commissioner. Life Assurance companies may be heading for another showdown with regulators after a landmark ruling on a complaint involving a smoothed bonus product (Mafu, Business Report, 2006). Government is concerned with the high costs that are related to saving for retirement.

Rusconi (2004) highlighted high costs and unfair life assurance contracts that include confiscatory penalties. Financial advisers are trained by the industry to sell and not advise on the merits of the product. Living annuities are mis-sold on poor investment advice from financial service providers and intermediaries. Pillai (2006) alerted compliance officers to the most common areas of non-compliance with the Financial Advisory and Intermediary Services FAIS Act (Personal Finance, 2006). Some areas of non-compliance detected are, not keeping proper records about advice to consumers, failing to comply with requests from consumers especially investments, failing to obtain adequate and appropriate disclosures and not providing overall proper advice. Financial Service Providers receive similar complaints and do nothing to address the cause of complaints.

Pillai (2006) says his office has received hundreds of queries and complaints that could

have been avoided if the provider had simply explained a product or feature of a product more clearly (Cameron, 2006). Hidden charges comes from a survey of fund management fees by (Blake, 2000) indicating some fund managers did not report their full set of charges (Blake, 2000). Regulators police insurers and agents' sales and underwriting activities to make sure they adhere to certain standards and claims are handled according to the provisions of the insurance contract (Klein, 1995).

The market practice regulation objective is to prevent abusive practices of false sales illustration or failure to pay legitimate claims on a timely basis that would take unfair advantage of consumers (Klein, 1995). Most regulatory departments have established two-free hotlines and special consumer service units to handle complaint against insurers and agents (Klein, 1995). The market conduct of life insurers in the United States has received increased regulatory scrutiny as severe abuses have been uncovered with intermediaries in their sales process. Intermediaries in USA have been found guilty of misrepresenting a life insurance product as a retirement or savings plan. The office of the Ombudsman has had some complaints about new products with the emphasis on functional impairment rather than occupational disability (Swiss Re Forum, 2004). As pointed out by the Ombudsman's office such a policy or provisions should not be ambiguously worded.

2.9 Pension Trustees

2.9.1 Trustees to act in good Faith

Service Providers could influence trustees on umbrella funds to keep risk, investment and administration of funds inhouse. Trustees should at all times gather information to determine costs. In the Canadian Pension case *Hembruff v. Omers*, the adjudicator found the Board had failed to "act in good faith" and had failed to treat all members fairly and equitably (Player, 2005). Conflict of interest may occur were trustees act on behalf of umbrella funds, which the sponsoring company are and appoint trustees associated with the sponsoring company.

All pension fund trustees in South Africa are required by law to sign off their funds' financial reports. Trustees must be aware of the risk they run. They must stop the plunder of retirement funds, includes umbrella funds, retirement annuity fund and preservations funds. Trustees of every fund are held responsible by virtue of their fiduciary duties. Retirement funds are under increasing pressure to be involved in socially responsible investments. Trustees are wrestling with the dilemma of drawing the line between maximum returns and risking below par returns. Trustees act as guardian angels. As the industry has become considerably sophisticated since its origins in the UK, and despite the support of pension fund managers and investment consultants, successive United Kingdom governments have attempted to improve the integrity of pension fund management, particularly through strengthening the role of external auditors and through initiating the Myners review (Kakabadse and Kakabadse, 2004).

United Kingdom pension fund trustees are required to act as "prudent person" to act with due diligence and skill (Kakabadse and Kakabadse, 2004). Trustees manage pension fund assets and regular fund contributions for beneficiaries' interest. Trustees oversee the operation of the fund by using actuaries and investment fund managers. Pension fund trustees may be capable individuals but they are not familiar with administration of public pensions and sometimes have little knowledge of managing a pension fund. It is better to replace the lay person trustee, namely the independent or company or union representative with a professional trustees who are better able to support pension fund managers to pursue their investment, and who are in turn more able to scrutinise and be vigilant. The Myners Report (2004) states that trustees should set objectives not related to their peers, choose appropriate performance, risk and time benchmarks for fund managers, and to ensure that the fund board is willing to pay for appropriate advice. Trustee plans are more apt to be used by smaller firms and this discriminates against these smaller firms to afford their own investment manager (Gies, 1962).

2.10 Problems in the retirement Industry

Pension Fund administrators live like parasites on these funds, thus reducing the pay-outs of those retired and robbing these funds of further monies for investments. General George Marshall's favourite advice was "don't fight the problems, solve it" (Orszag, 2000). Product is the second problem which indicates the lack of product that match consumer's needs and income flexibility. Process is the third problem where there is inadequate distribution and marketing processes. Policy is the fourth problem that allows individuals to purchase an annuity by age 75 and thereafter surrender their capital at death. The Spitzer investigation alleges the overriding of commissions which were not disclosed to clients which service providers may take secret profits.

Problems encountered by funds with respect to faulty maintenance orders. According to Fiona Renton (2005) in her report on maintenance order cases are in fact High Court matters and these cases have not conferred additional powers on maintenance courts to issue attachment orders in respect of future maintenance. High potential cost of mistaken choice, imperfect information creates an efficiency justification for stringent regulation to protect consumers in an area where they are not well enough informed to protect them (Barr, 2002). Various risks and uncertainties facing pensions under the Pay-as-you-go and funded schemes are vulnerable to macroeconomic shocks. These schemes depend wholly on the effectiveness of the government and vulnerable to political shocks.

In a defined contribution scheme, two people with the same salary history may end up with very different pensions due to the investment risk that defined contributions are exposed to by the individual member. There are annuities market risks, where a person who retires when interest rates are low will receive a lower annuity. The additional administrative costs of a decentralized system absorb about 20 percent of the value of a pension accumulation over a 40 year career (Orszag, 1999). Administration is a fixed cost and thus bears most heavily on smaller pension schemes. "Critics of the welfare state tend to consider its costs without taking account of its benefits" (Barr, 2002). It is argued that poor countries should buy low risk Western assets, offset by an inflow of

Western capital able to accommodate high risk investments (Barr, 2002). If the move from an unfunded to a funded pension system is recognized as being desirable, there is a major transitional problem to solve (Barr, 2002).

Existing pensioners in an unfunded scheme will still have to be paid. In an unfunded scheme system, pensions are paid from the contributions of those still working. A funded system on the other hand is contributions from those in work will be invested in a fund and will no longer be available to pay pensioners to those that remain in an unfunded scheme. Personal private pensions have been introduced in Chile called "Chile's Private Pension system" and the problem with implementing this system are the large fixed costs associated with the transition of their old system to their new system (Clark, 1976).

Private Pension funds are not ordinarily governed by a need criterion, and price restraints on life insurance companies, private pension funds, and investment companies are non-existent, weak, or not oriented to institutional safety (Clark, 1976). A significant number of public sector employees participate in under-funded or unfunded pensions scheme that are better understood as old fashioned pay-as-go-pension systems than as viable stand alone financial institutions which, suggests that the United Kingdom crisis of occupational pensions is not just a private sector phenomenon (Clark 2006). The Turner Report states that its supplementary savings regime may be so limited in terms of warranted costs and consequent investment options that it becomes isolated from the never ending quest for financial innovation in the global marketplace (Clark, 2006). To develop an actuarial model to estimate transition costs and one of the most difficult and often intractable questions is the estimation of the costs of transition from a pay as you go to a multi-pillar scheme with a fully funded component (Vittas, 1995).

One of the claimed benefits of social security and pension reform is the promotion of well managed funded schemes that will be able to cope with the problems of progressive demographic aging (Vittas, 1995). There is considerable validity in such claims, funding by itself cannot provide a full answer to the problems caused by aging (Barr, 1992). Asset managers should be perfectly monitored and their contracts drawn

up should be foolproof as most asset managers may act in their own interest or in the interest of the financial institution (Davis, 2000).

Funds change their charging structures on a regular basis, which makes it difficult to compare funds over time and raises the questions as to whether particular charging structures, and changes to them, are used to conceal the true impact of charges or whether the changes are actually in the client's best interest (Blake and Board 2000).

In a recent survey of European fund managers it was found that some fund managers do not report their full set of charges (Blake, 2000). Members of personal pension schemes can find themselves investing in a poorly performing fund and facing very high costs of transferring to a better performing fund (Blake and Board 2000). Blake and Board (2000) stated that it would be useful for consumers to determine whether there is any relationship between charges and performance. Blake and Board (2000) have revealed a number of key issues confronting the pension industry in the United Kingdom. Consumers have been confused and unable to assess whether the scheme they have participated in offers value for money due to the charging structures which are too complex, disguised and front loaded. Penalties tend to be too high for early exit and the lapse rates high as well. Financial Service providers are not required to disclose their lapse rates, paid up policies terms or to disclose their charges for policies that have been carried to maturity.

Measures of the value added that involves projections of above-average investment performance into the distant future are likely to be highly misleading (Blake and Board, 2000). The difficulty that retail customers have with understanding reduction in yield suggests that the alternative reduction in contribution might be more appropriate measure of value add (Blake and Board 2000). The pension industry has undergone a massive transformation in terms of the level and structure of its charges. The Ombudsman for Pension funds in South Africa has mentioned that the benefit illustration which shows future values is the biggest source of uncertainty for consumers of pension funds.

Actuaries understand the technical term more than the ordinary consumer. If the pension penalises workers who break the long term contract by retiring “too late”, the question naturally arises whether it penalizes workers who retire “too early” (Ippolito, 1992). More work needs to be done to determine whether and why the nature of pension contract varies across firms and over time (Ippolito, 1992). Implicit pension savings rates and pension quit rate must be separated according to firms, industry, and labour force as their characteristics differ (Ippolito, 1992). Pension plan terminations impose capital loss on workers exactly like losses absorbed by quitting the firm (Ippolito, 1992). Pension misinformation and missing information is quite widespread, with information deficiencies being the most severe for provisions relating to the requirements for early retirement (Mitchell, 1988).

Employers, employees and the financial institutions should get away from the concept that a pension plan can provide ironclad financial guarantees and should recognize that it is essentially a co-operative effort to accumulate old age saving reserves (Howell, 1958). Misrepresentation consists of a false statement of fact and when professional advisers solicit mandates to give advice and they profess to possess, but in fact lack the required qualification, knowledge, expertise and experience to furnish the kind of advice sought by consumers (Nienaber, 2005). Misrepresentation is pre-contractual and relates to the qualities of the intermediary and mis-selling on the other hand is post-contractual and relates to the actual advice.

The Myrers Review appears to lend ammunition to the claim, finding trustees lack expertise required to perform sophisticated risk return analyses and they are unduly influenced by conservative actuaries and are highly reliant on fund managers who pursue herd like and short term investment strategies (Myner, 2004). Whenever there are rules amendments done on a current fund, members need to be notified of the change. Members should even have access to the copy of the rules and that the correct rule has been applied. Some of the reasons for a reform in the pension sector in India, is the growing burden of civil service pension, pension liabilities of the state owned enterprises and liberalization of the insurance sector (Gupta and Lehmann, 2005).

Today's pension problem arises largely from the rise in pension benefits, and has nothing to do with funding arrangements (Gupta and Lehmann, 2005). If India privatized their pension industry, some benefits would have to be funded by the members themselves.

2.11 Financial Services Providers

The Pensions Fund adjudicator called on Life Assurance companies to provide policyholders with documents that were written in clear and understandable language (Mafu, business report 2006). Pensions Funds Adjudicator Vuyani Ngalwana has called for increased regulations of the saving industry in order to force companies to better disclose policy terms to their customers (Business Day, 2006). The Pension Funds Adjudicator has called on Life Assurance Companies to provide policyholders with documents that were written in clear and understandable language (Business Day, 2006). Freedman and Goodlet (1998) examine some important issue facing the pensions industry and its regulators. Changes discussed include the way services are provided, the instruments used to provide services and the nature of the Financial Service Provider (Freedman and Goodlet, 1998).

The Financial Service Industry from 2006 onwards is experiencing new developments on the legislative framework. There are rapid changes in the way Financial Services providers deliver products and services, and the way in which they are regulated is

expected to be a lasting feature in this industry. Financial Service providers should be committed to fair treatment and provide appropriate information to their customers. The removal or weakening of barriers to entry and of restrictions on diversification and on various types of ownership structure, innovation and technological progress, greater competition and internationalisation should be considered (Briault, 1999). It also reflects the result of financial service firms extending through internal growth into new areas for example insurance companies owning banks and selling investment products and banks setting up securities and fund management. New Financial services sector are retailers that choose to offer a range of financial services from banking to pensions

to general insurance. The “emergence of financial conglomerates has challenged traditional demarcations between regulatory agencies” (Goodhart, 2001) and the “boundaries between regulators simply no longer reflect the economic reality of the industry” (Taylor, 2002).

Financial Services Providers are using virtual community as an interface gateway to existing products and services, the middleware software of the internet may also be able to effectively replace the middleman (Barnatt, 1998). For example, in the financial service industry, the independent financial advisors could be “replaced” as the gatekeepers between customers and financial service providers by open-access online virtual communities (Barnatt, 1998). Restricted access areas of a Financial Service Provider’s virtual community will be used to supply constant updated policy documentation and claims advice. Consumers with an interest in financial services may continually visit such company specific on-line communities. Administrators of pension schemes should be required to offer the same terms and conditions on all workers through the purchase or establishment of appropriate group policies (Vittas, 1995). The providers of personal pension plans, such as life offices, extract charges both from the contributions they receive from policyholders and from the value of the fund accumulated from investing these contributions (Blake and Board, 2000). The current complex and often disguised charging structures used by providers is a source of consumer confusion (Blake and Board, 2000). Any suitable charging method must improve the incentive for providers to secure the long-term commitment of their policyholders and penalize underperformance as well as reward out performance (Blake and Board, 2000).

2.12 Research Questions

The literature review presented above reveals that no referenced articles of this type of study have been undertaken to specifically assess the impact of education and training of Pension Fund products. Research projects should have a ground breaking theory that will lead to a whole new way of thinking. The Pension Fund industry has a particular setting within a set group of intermediaries with the same problem. The purpose of the

research proposal is to organise ideas, contract with the client, and to find ways of eliminating possible problems related to the topic. General focus Research Questions used are:

1. What information is needed to ensure that intermediaries better understand pension products?

The research questions above aims to collect information through questionnaires to assess if intermediaries have the basic knowledge of pension funds. At what level should the information be disseminated either at basic or technical level.

2. In what way does the lack of training and knowledge on pension funds affect the number of claims submitted to the Financial Services Board?

This question aims to assist the Financial Service Board to assess the amount of claims that reach their offices due to the lack of knowledge and training by consumers and intermediaries.

Questionnaires and semi-structured interviews will ask appropriate questions to assess knowledge and training of these intermediaries.

3. What are the strategies that intermediaries should adopt with regard to education and training that will ensure fewer claims to the ombudsman's office?

Accountability of self training and that of experts to gain maximum knowledge on pension fund products. Make sure Financial Service Providers simplify their wordings in their policy contracts and pension fund contracts

4. In what way does education and training of pension products assist consumers to become knowledgeable in the industry?

With a questionnaire survey it can be easily deduced if consumers lack the knowledge and whether they understand the FAIS Act. Consumers better understand what they are sold and having knowledge allows for fewer petty claims to the Ombudsman.

5. In what way does the intermediary use the knowledge of pension products provided by Financial Service Providers to assist in Fit and Proper advice as set out by the FAIS Act No.37 of (2002) to consumers?

Are intermediaries conducting proper needs analysis to their consumers? Questionnaire survey will assess whether consumers understand individual investments choice and if

correlation between the researcher and other researchers that there is a need for more regulation in the industry and for consumers to become more aware and better educated on pension products. Researchers have shown a need for a clearer understanding of pension fund policies and rules. (Chan and Stevens, 2003) mention that most people know little about their pension which confirms the researcher views is similar to that of other researchers. Researcher (Mitchell, 1988) demonstrated that ethnic minority employees had less knowledge than their White counterparts. Blake and Board (2000) mention that regulatory authorities are attempting to improve transparency on charges and costs. Consumers are not fully aware of the charges and costs associated with pension funds which lead to the lack of knowledge. Barr (2002) commented that private pensions require that government and citizens be well informed about financial matters. Gupta and Lehmann (2005) commented that employees do not have knowledge of investments to make sound choices and some may not wish to do so. Financial intermediaries are subject to stringent regulatory requirements in order to do their job. The bank brokers form part of the FAIS Act and provide regulatory advice as well. Pension Funds are sold through a wide distribution channel and compliance on all areas has to comply with what is set out by the Ombudsman's office.

2.15 Value

The value of this literature review will assist in changing the pension industry so that intermediaries will place more emphasis on education and training that will enhance intermediaries reputation within the industry. Further, intermediaries will be able to provide correct, quality advice that is required by the FAIS Act and customers will in turn reap the benefit of this correct advice and the transparent nature of service providers. There have recently been reports in the newspapers on controversial issues surrounding Service Providers and intermediaries for giving improper advice and other related malpractices. Regulatory boards will impose penalties if service providers cannot furnish proof of proper education plans for their intermediaries. This will change the consumers behaviour in planning appropriately for their retirement, knowing the transparency of what was sold to them. This will assist regulatory boards and consumer review committees to bring about appropriate programmes to assist intermediaries and

consumers on what information is lacking out there. Instead of only targeting life assurance and short term assurance, they will plan for the pension fund programmes.

2.16 Next Chapter

A deductive testing theory approach may be used to conduct this research. It is proposed that this research will follow the use of qualitative and quantitative research methods of data collection. Use is made of empirical and non-empirical studies. The empirical studies will consist of:

1. Participant observation studies
2. Case study
3. Participatory research/action research (PAR)
4. Field/natural experimental designs
5. Secondary data analysis

The non-empirical studies will consist of literature reviews. Purposive or judgmental sampling will be used using a real live experience in the pension industry. The research aims to assist intermediaries and Financial Service Providers to overcome the lack of education and training in the Pension Fund industry, find ways to assist consumers to become more knowledgeable, and research how Financial Service Providers can assist intermediaries. In this study the researcher aims to understand how intermediaries perceive the pension product industry, how they advise their clients, and the required assistance needed by intermediaries in the area of education and training on pension reform and products. Semi structured interviews, observations, self memos and survey questionnaires will be employed to conduct research with intermediaries. Data collection will be based in stages. The strength of the qualitative method will study people and give an insider's perspective through observations and semi-structured interviews. The quantitative method will give a more statistical analysis.

CHAPTER THREE

Research Methodology

3. Introduction

Hypotheses were derived from existing theories and other empirical studies used in the literature review. The literature review had to be conducted to ensure that the research

does not replicate existing research and will make a contribution to the Pension Fund industry. Qualitative and quantitative research method of data collection used. Use is made of empirical and non-empirical studies. Empirical instruments used to measure the key variables were as follows:

1. Observation studies
2. Case study
3. Participatory research/action research (PAR)
4. Field/natural experimental designs
5. Secondary data analysis

The non-empirical studies will consist of literature reviews. Purposive or judgmental sampling will be used. Using a real live experience in the pension industry for this study the researcher will try to understand how intermediaries understand the pension product industry, how they advise their clients, and what the required needs are in the areas of education and training. The research will employ semi-structured interviews, observations, self memos and survey questionnaires to intermediaries and Financial Service Providers. Data collection will be based in stages.

3.1 Population of Research

The research will be conducted in Kwa Zulu-Natal amongst franchise agents from a Financial Service Provider. The sample size of the group is forty eight agents. Both qualitative and quantitative research methods are drawn from the group.

3.2 Objective of the Study

Using a real experience in the pension industry, the researcher will attempt to understand how intermediaries understand the pension product industry and how they advise their clients. The research aims to assist intermediaries and Financial Service Providers to overcome the lack of education and training in the Pension Fund industry, to find ways to assist consumers to become more knowledgeable, and how Financial Service Providers can assist intermediaries. Individual structured interviews, observations, and survey questionnaires to intermediaries will be conducted. Data collection will be based in different stages. Data collection was based on the following stages:

Stage 1: Survey on intermediaries' knowledge

Sampling techniques used will be a survey questionnaire to a group of franchise agents based at a Financial Service Provider in Kwa Zulu-Natal. The sample size is forty eight franchise agents. A quantitative approach is used for the survey questionnaires for this group. At this stage of the research proposal a questionnaire to intermediaries on requirements of education, training, knowledge and understanding in the Pension product industry will be collected using a short formatted questionnaire. This stage will address the first key research question.

From Stage 2 to Stage 4 a qualitative data analysis will be used.

Stage 2: Experience survey, critical lesson and Focus group with Intermediaries

At this stage of the research proposal intermediaries who have encountered a similar situation and who are knowledgeable about the situation have been interviewed and their discussions taped. Discussions were held with five intermediaries to record their knowledge of education and training. Interpretation and opinions of intermediaries about products and services was conducted. The participatory techniques have provided data about biographical, gender and industry background of the participants. This stage related to the third research question.

Stage 3: Observation on education and training sessions with consumers (employers and members of Pension funds) conducted by intermediary

Observation of education and training held with an employer and member proposing a new pension fund and conducted by an intermediary. The purpose of this study was to examine the explanation and advice on retirement benefits and the best retirement vehicle for members of a fund and to observe what Pension Fund members understand about the workings of their fund. Participatory techniques provided rich data about what is required by consumers for education and training in the pension industry. Training enhanced services to members/consumers to obtain best possible returns in the pension industry. An observation schedule was completed by using a coding schedule to code event frequencies and event duration using an individual sampling strategy. This stage relates to research question 4 and 6.

Stage 4: Individual interviews: Discussions of timelines, Observation of training, case study analysis, and semi-structured interviews and critical training

At this stage individual semi-structured interviews were conducted to understand and explore intermediaries identities and how they related to their field of work. Various parts of the research study were combined and theorised. Observation and note taking of what intermediaries require from Financial Service Providers with regards to rules and product specification was noted as well as how much they understand in a presentation and question presentation of Financial Service Providers products. In an individually structured interview an intermediary's concerns of the lack of training and education in the Pension Fund industry were noted. The use of timeline to signify events and experiences in the life of the intermediary.

3.3 Research Instrument

3.3.1 Description and Purpose

Field or natural experimental designs will be used. A quantitative study by nature, with questionnaires set with descriptive and causal questions. Mathematical and statistical methods were used to analyse data. Guidelines were developed with own coding schedule for observation research. Data was collected through observation which may

be relatively sketchy and may not be that reliable and valid. Observational research involves making observations of behaviour and recording those observations in an objective manner (Stangor, 1998: 117). A condition for suitable observation was a natural setting and only behavioural data was needed and noted. A case study scenario pertains to a limited number of units of analysis. Case studies provide weak scientific conclusions but provide ideas for future research using more controlled settings (Huysamen, 1994). Focus groups are relatively cheap and inexpensive and information is generated in a short space of time.

The focus sessions are aimed at obtaining respondents' impressions (Sekaran, 2000: 256). Interpretations and opinions about the pension industry relating to education and training were discussed. The research questions were set out and discussed with the group of intermediaries and their knowledge in the industry was observed and questioned. Individual semi-structured interviews to understand and explore intermediary's identities and how they related to their field of work were conducted. Various parts of the research study were combined and theorised. Observation and note taking of what intermediaries require from Financial Service Providers with regards to rules and product specification was done.

3.3.1.1 Construction of the Instrument

An empirical study of evaluation research will be used. A multiple methods way of data collection will also be conducted. The utilising of all available modes of observations, structured questionnaires, timeline scales, focus groups, individual interviews. Combination of qualitative and statistical methods of analysis is being utilised for this research proposal.

3.3.2 Not Validated

Due to the franchised group being on leave it was not possible to get to all franchise agents to validate and complete more questionnaires. The focus group was not too exposed to pension funds but instead more to life business. The individual structured interview was a good source of information of what the intermediary is experiencing in

the field. A few more of these semi-structured interviews will give a good indication of what can be done to overcome the problem.

3.3.3 Administration of the Questionnaire

The handing out of questionnaires to franchise agents within the area of the research study. Asking voluntary participation and awaiting collection .

3.4 Statistical Analysis of the Data

The use of a data analysis programme to generate results of the quantitative data through the intermediary survey questionnaires. Descriptive and inferential statistics will be used. Tabular and graphical presentation of the data will be featured . Inferential statistics through the use of a bivariate Correlation and the Pearson correlation will be displayed in this report. Visual representation of data through pie charts, bar graphs and statistical tables to describe results of survey. Analysing significant correlations either negative skewing or positive skewing.

3.5 Statistical Analysis of the Questionnaire

Hypothesis testing and alternate hypothesis used in this questionnaire. The scatter diagram indicating the scores will be revealed . On two variables co-vary (Huysamen, 1998). Perfect positive relationships will be analysed. Questionnaire's to be recorded in SPSS database. The use of a variable view and data view to be analysed. The three types of measurement scalar, ordinal and nominal measurement can be used. Leedy (1993) indicates that descriptive statistics is a branch of statistics that describes what data looks like. Leedey states that statistics take small samples of population and from those samples make inferences by estimating and predicating the general characteristics of a population.

3.6 Conclusion

Numerous problems encountered due to time constraints and availability of intermediaries in the franchise agencies to complete more survey questionnaires. With 48 franchise agents to be surveyed, more than eighty % questionnaires were completed. Guidelines developed own coding schedule for observation research. Collection of data through observation may be relatively sketchy and may not be that reliable and valid. Observational research involves making observations of behaviour and recording those observations in an objective manner (Stangor, 1998: 117). Condition for suitable observation was a natural setting and only behaviour data needed and noted. A case study scenario pertains to a limited number of units of analysis. Case studies provide weak scientific conclusions but provide ideas for future research using more controlled settings (Huysamen, 1996). Focus groups are relatively cheap and inexpensive and information is generated in a short space of time. The focus sessions are aimed at obtaining respondents' impressions (Sekaran, 2000: 256). Interpretations and opinions about the pension industry relating to education and training were discussed. The research questions were set out and discussed with a group of intermediaries to gain their knowledge in the pension industry. The collection of individual semi-structured interviews to understand and explore intermediary's identities and how this relates to their field of work. Various parts of the research study were combined and theorised. Observation and note taking of what intermediaries require from Financial Service Providers with regards to rules and product specification. How much they understand in a presentation and question in a live presentation of Financial Service Providers.

CHAPTER FOUR

Presentation of Results

4. Introduction to a Qualitative and Quantitative analysis

The previous chapter set out the research methodology that guided the empirical part of this study. This chapter summarizes the empirical findings of the survey conducted based on an analysis of data gathered from the intermediaries through questionnaires. Data collected in the Pension Industry research is presented two fold. Various data techniques were used to enable the qualitative analysis. The quantitative data analysis was effectively recorded under the SPSS software programme and a visual representation of data was depicted through pie graphs, tables and bar graphs. The use of Descriptive Statistics and Inferential Statistics was analysed in this research. The quantitative data analysis shows descriptive frequency statistics, comparison descriptives of gender, age, and ethnic groups of this research. A central tendency of statistics was also interpreted. The quantitative analysis showed inferential statistics of the Cronbach Alpha test, T test, Anova and correlations. The T test and Anova gives biographical differences and those are analysed and interpreted. The correlations study the questions and statements collected. The central tendency statistics analyse respondents with different opinions.

The qualitative analysis used descriptive research using behavioural measures. The goal was not to test hypotheses but to develop a more naturalistic research. The field research was conducted under natural circumstances and to assist a more credible outcome. It focused on the process of implementation in its natural setting rather than a quantifiable outcome. Empowerment evaluation is the use of evaluation concepts, techniques and findings to foster improvement and self-determination (Fetterman,1998). A conceptualisation mode of reasoning is used through an inductive and theoretical link of assumptions. Naturalistic evaluation by Patton (1990) and fourth generation) evaluation (Guba and Lincoln , 1989) gives the research interpretive meta theories. The

qualitative research included observations, critical training, focus groups and semi-structured interviews. Although a case study was to be used to understand the uniqueness of this particular research and all its complexity, it was excluded from the research. A discourse and conversational analysis was used in the qualitative analysis of data through observation of intermediary education and training. A case study would have been a weak support for drawing of scientific conclusions but it would have been useful for providing ideas for future research.

4.1 Demographic description of the sample

The sample was collected from a group of franchise agents at a Financial Service Provider in KwaZulu-Natal. All franchise agents are based in KwaZulu-Natal.

4.2 Quantitative Analysis

4.2.1 Introduction to Quantitative analysis

The purpose of the data analysis is to have an overall perception of respondents in the pension fund industry. The statistical analysis will assist the researcher in making an analysis and interpretation from the data collection of whether in fact there is a lack of education and training by intermediaries in the pension industry. It will assist the researcher to conclude if there is sufficient training and knowledge of intermediaries and if rules and policy contracts are too difficult to understand, which are often not explained to consumers of pension funds and therefore lead to claims submitted to the Ombudsman. Descriptive and inferential statistics are presented and were conducted using SPSS. The results of this quantitative analysis will assist the researcher to interpret and make recommendations and conclusions for the next chapter.

4.2.2 Descriptive Frequency Statistics

A biographical analysis of respondents was completed. The statistics analysed whether the agents liked being in the life assurance industry and if they wanted to enter the pension fund industry.

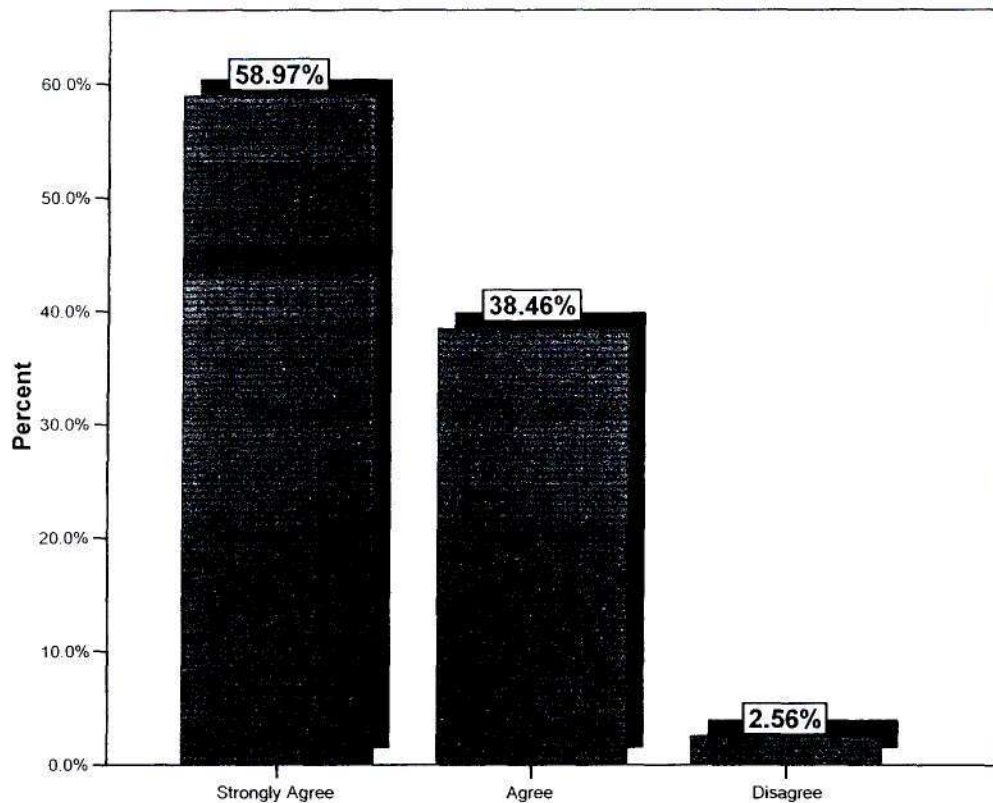
P1.1: I like being in the Life Assurance industry

P1.1	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	23	59.0	59.0	59.0
Agree	15	38.5	38.5	97.4
Disagree	1	2.6	2.6	100.0
Total	39	100.0	100.0	

Table P1.1 above illustrates a respondent rate of 59 % strongly agree and 38.5% agree enjoy the life assurance industry. Only 2.6 % disagree that they like being in the industry. The graph below illustrates the respondents reply to P1.1 I like being in the Life Assurance industry. Overall analysis is that the researcher noted that most of the respondents like being in the life assurance industry.

Graphical Representation

P1.1 I like being in the Life Assurance industry

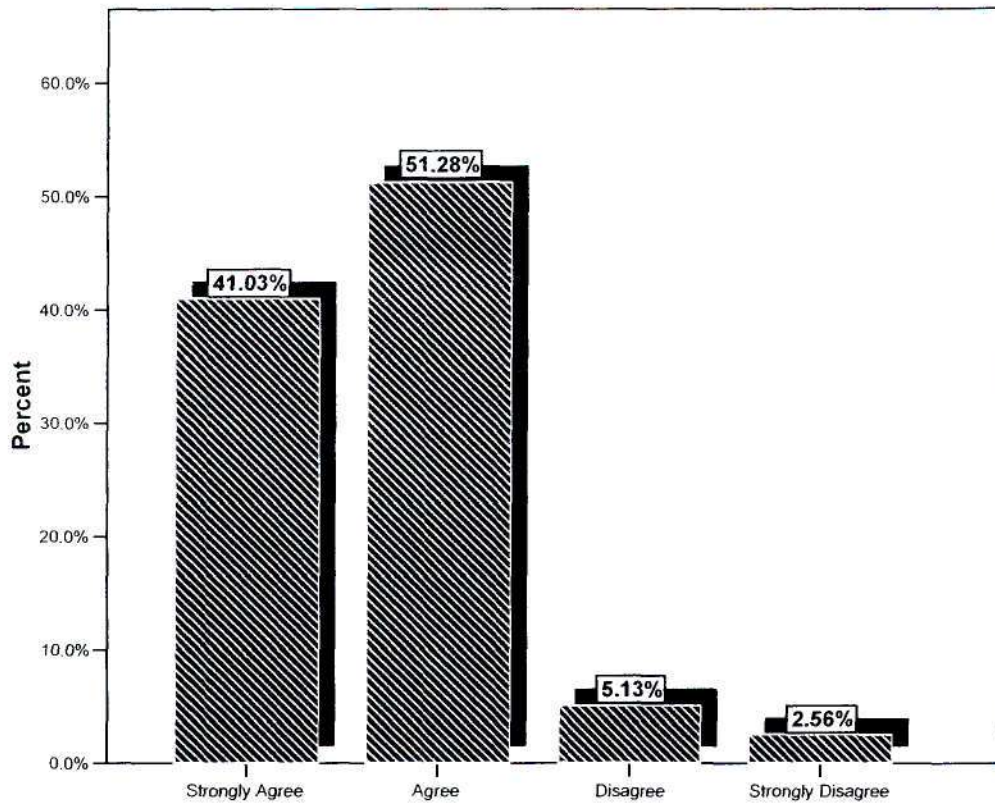


P1.2: The Pension industry is the industry I would like to get into

P1.2	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	16	41.0	41.0	41.0
Agree	20	51.3	51.3	92.3
Disagree	2	5.1	5.1	97.4
Strongly Disagree	1	2.6	2.6	100.0
Total	39	100.0	100.0	

Table P1.2 above illustrates respondents in the franchise agency division wanting to get into the pension industry. 41% strongly agree, 51.3% agree, 5.1% disagree and 2.6% strongly disagree. The graph below illustrates the number of respondents wanting to enter the pension industry and who would like to be part of the pension industry or

make a positive move into more pension business. The researcher also notes that these respondents are not likely to change their field and some commitment for training in the pension fund is significant.



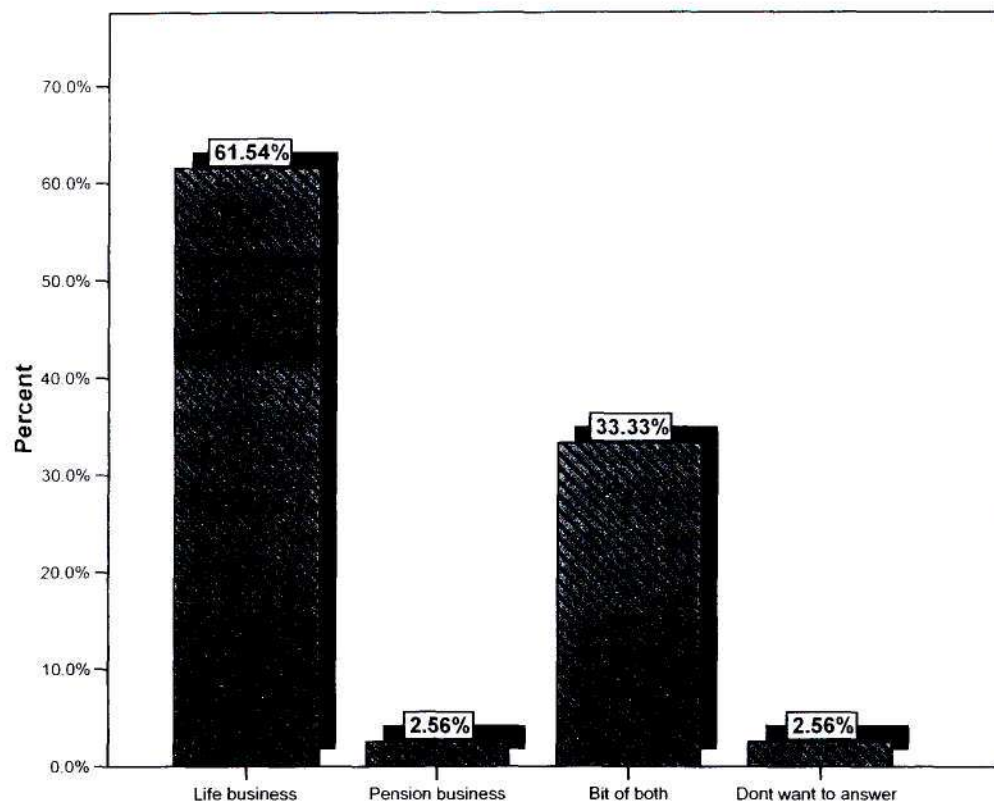
P1.5		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agent	39	100.0	100.0	100.0

The above table P1.5 I am agent or broker. This represents a 100% frequency response rate of agents.

P1.6	Frequency	Percent	Valid Percent	Cumulative Percent
Life business	24	61.5	61.5	61.5
Pension business	1	2.6	2.6	64.1
Bit of both	13	33.3	33.3	97.4
Dont want to answer	1	2.6	2.6	100.0
Total	39	100.0	100.0	

The above table P1.6 illustrates 61.5 % of respondents sell more life business and 2.6% sell pension business. A 33 % rate sells a bit of both. Only 2.6% did not want to answer.

The graph below shows a graphical representation of the respondents towards P1.6



P2.9: There has to be an employer and employee relationship in order to start a Pension fund. This is the basic knowledge of pension funds.

P2.9	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	19	48.7	48.7	48.7
Agree	13	33.3	33.3	82.1
Disagree	6	15.4	15.4	97.4
Dont want to answer	1	2.6	2.6	100.0
Total	39	100.0	100.0	

The above table results for P2.9 shows a 48.7% strongly agree, 33.3% agree, 15.4% disagree and 2.6% do not want to answer. This table indicates the basic knowledge of the respondents to the question.

P2.10: The disability wordings and definitions which form part of retirement funds are difficult and confusing

P2.10		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Agree	8	20.5	21.1	21.1
	Agree	20	51.3	52.6	73.7
	Disagree	10	25.6	26.3	100.0
	Total	38	97.4	100.0	
Missing	System	1	2.6		
Total		39	100.0		

The table above for P2.10 shows 20.5% strongly agree, 51.3% agree, and 25.6% disagree that disability wording and definitions of retirement funds are difficult and confusing. This is an indication of more training on the risk benefits attached to pension funds.

P2.11: The Income Tax allows the sole proprietor himself to join the Pension Fund. This is the basic knowledge of pension funds

P2.11		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly Agree	3	7.7	8.1	8.1
	Agree	8	20.5	21.6	29.7
	Disagree	12	30.8	32.4	62.2
	Strongly Disagree	7	17.9	18.9	81.1
	Dont want to answer	7	17.9	18.9	100.0
	Total	37	94.9	100.0	
Missing	System	2	5.1		
Total		39	100.0		

The above table results for P2.11 show a 7.7% of respondents strongly agree, 20.5 % agree, 30.8% disagree and 17.9% strongly disagree. A large percentage also did not want to answer. A larger percentage of the group of respondents seem to have disagreed and strongly disagreed. It shows some basic knowledge but is a concern for 17.9% that do not want to answer.

P2.13: Members understand the tax implications of Pension or Provident Funds

P2.13	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	2	5.1	5.1	5.1
Agree	9	23.1	23.1	28.2
Disagree	16	41.0	41.0	69.2
Strongly Disagree	11	28.2	28.2	97.4
Dont want to answer	1	2.6	2.6	100.0
Total	39	100.0	100.0	

The above table for P2.13 shows a 5.1% strongly agree, 23.1% agree, 41% disagree, 28.2 % strongly disagree, and 2.6% do not want to answer. A strong show of disagree and strongly disagree that members understand tax implications. It shows that more training needs to be given to members on taxation.

P2.14: Members of retirement funds understand more than we think

P2.14	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	1	2.6	2.6	2.6
Agree	4	10.3	10.3	12.8
Disagree	23	59.0	59.0	71.8
Strongly Disagree	10	25.6	25.6	97.4
Dont want to answer	1	2.6	2.6	100.0
Total	39	100.0	100.0	

The above table for P2.14 shows 2.6% strongly agree, 10.3% agree, 59% disagree and 25.6% strongly disagree. 2.6% do not want to answer. A large percentage lean towards disagree and strongly disagree. This shows more training and knowledge to members of retirement funds.

P2.15: Intermediaries understand how approved and unapproved risk benefits work

P2.15	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	2	5.1	5.1	5.1
Agree	19	48.7	48.7	53.8
Disagree	12	30.8	30.8	84.6
Strongly Disagree	3	7.7	7.7	92.3
Dont want to answer	3	7.7	7.7	100.0
Total	39	100.0	100.0	

The above table for P2.15 shows 5.1% strongly agree, 48.7% agree, 30.8 % disagree, 7.7% strongly disagree and 7.7% do not want to answer.

P2.16: Employers and employees fully understand the exclusive and inclusive costing on Pension Funds

P2.16	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	4	10.3	10.3	10.3
Disagree	25	64.1	64.1	74.4
Strongly Disagree	8	20.5	20.5	94.9
Dont want to answer	2	5.1	5.1	100.0
Total	39	100.0	100.0	

The above table for P2.16 shows 10.3% agree, 64.1% disagree, 20.5% strongly disagree and 5.1% do not want to answer.

P2.17: Financial Service Providers always have new product launches and give detailed training on their new product

P2.17	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	4	10.3	10.5	10.5
Agree	15	38.5	39.5	50.0
Disagree	14	35.9	36.8	86.8
Strongly Disagree	3	7.7	7.9	94.7
Dont want to answer	2	5.1	5.3	100.0
Total	38	97.4	100.0	
Missing System	1	2.6		
Total	39	100.0		

The above table for P2.17 shows 10.3% strongly agree, 38.5% agree, 35.9% disagree and 7.7% strongly disagree.

P3.19: Financial Service Providers should be educating members and not the intermediaries

P3.19	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	4	10.3	10.3	10.3
Agree	13	33.3	33.3	43.6
Disagree	13	33.3	33.3	76.9
Strongly Disagree	6	15.4	15.4	92.3
Dont want to answer	3	7.7	7.7	100.0
Total	39	100.0	100.0	

The above table for P3.19 shows 10.3% strongly agree, 33.3% agree, 33.3% disagree and 15.4% strongly disagree.

P3.21: When advising an employer on a Pension Fund a completed needs analysis is done first

P3.21	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	17	43.6	43.6	43.6
Agree	15	38.5	38.5	82.1
Disagree	6	15.4	15.4	97.4
Dont want to answer	1	2.6	2.6	100.0
Total	39	100.0	100.0	

The above table for P3.21 shows 43.6% strongly agree, 38.5% agree, 15.4% disagree.

P3.20: Consumers know everything about pension funds and do not require assistance

P3.20	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	1	2.6	2.6	2.6
Disagree	13	33.3	33.3	35.9
Strongly Disagree	24	61.5	61.5	97.4
Dont want to answer	1	2.6	2.6	100.0
Total	39	100.0	100.0	

The above table P3.20 shows 2.6% agree, 33.3% disagree and 61.5% strongly disagree.

P3.23: Members receive education and training at least twice a year

P3.23	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	4	10.3	10.3	10.3
Disagree	18	46.2	46.2	56.4
Strongly Disagree	11	28.2	28.2	84.6
Dont want to answer	6	15.4	15.4	100.0
Total	39	100.0	100.0	

The above table for P3.23 shows a 10.3 % agree, 46.2 % disagree, 28.2% strongly disagree members receive education and training at least twice a year.

P3.24: Consumers are fully aware of the FAIS Act

P3.24	Frequency	Percent	Valid Percent	Cumulative Percent
Agree	8	20.5	20.5	20.5
Disagree	21	53.8	53.8	74.4
Strongly Disagree	10	25.6	25.6	100.0
Total	39	100.0	100.0	

The above table for P3.24 shows 20.5% agree, 53.8 % disagree and 25.6% strongly disagree that Consumers are fully aware of the FAIS Act

P3.25: Pension rules and risk policy contracts are extremely difficult to explain to consumers

P3.25	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	7	17.9	17.9	17.9
Agree	15	38.5	38.5	56.4
Disagree	14	35.9	35.9	92.3
Strongly Disagree	2	5.1	5.1	97.4
Dont want to answer	1	2.6	2.6	100.0
Total	39	100.0	100.0	

P1.6 : What do you sell more * P1.3: Your age group Cross tabulation

% of Total

P1.6/P1.3		P1.3: Your age group				Total
		20 - 30	31 - 40	41 - 50	51 - 60	
P1.6 : What do you sell more	Life business	8.1%	29.7%	18.9%	2.7%	59.5%
	Pension business				2.7%	2.7%
	Bit of both	16.2%	13.5%		5.4%	35.1%
	Dont want to answer	2.7%				2.7%
Total		27.0%	43.2%	18.9%	10.8%	100.0%

In the above table statistics shows that pension business is sold more between age group 51-60 than any other age group. There is 16.2% of age group 20-30 that sell a bit of life and pension funds. A 13.5% of age group 31-40 sell a bit of both.

P1.1: I like being in the Life Assurance industry * P1.3: Your age group Cross tabulation

% of Total

P1.1/P1.3		P1.3: Your age group				Total
		20 - 30	31 - 40	41 - 50	51 - 60	
P1.1: I like being in the Life Assurance industry	Strongly Agree	8.1%	27.0%	16.2%	8.1%	59.5%
	Agree	18.9%	16.2%	2.7%		37.8%
	Disagree				2.7%	2.7%
Total		27.0%	43.2%	18.9%	10.8%	100.0%

The above table for P1.1/P1.3 illustrates a 8.1 % in age group 20-30 strongly agree ,27% between age group 31-40 strongly agree,16.2 % strongly agree in age group 41-50 and 8.1% in age group 51-60 strongly agree I like being in the life assurance industry.

P1.2: The Pension industry is the industry I would like to get into * P1.3: Your age group Cross tabulation

% of Total

P1.2/P1.3		P1.3: Your age group				Total
		20 - 30	31 - 40	41 - 50	51 - 60	
P1.2: The Pension industry is the industry I would like to get into	Strongly Agree	8.1%	18.9%	8.1%	5.4%	40.5%
	Agree	18.9%	21.6%	8.1%	2.7%	51.4%
	Disagree		2.7%	2.7%		5.4%
	Strongly Disagree				2.7%	2.7%
Total		27.0%	43.2%	18.9%	10.8%	100.0%

The above table P1.2 /P1.3 shows 18.9% in the age group 31-40 strongly agree that they would like to get into the pension industry. 21.6% in the same group agree as well.

P2.9: There has to be an employer and employee relationship in order to start a Pension fund * P1.3: Your age group Cross tabulation. Basic knowledge

% of Total

P2.9/P1.3		P1.3: Your age group				Total
		20 - 30	31 - 40	41 - 50	51 - 60	
P2.9: There has to be an employer and employee relationship in order to start a Pension fund	Strongly Agree	8.1%	27.0%	13.5%		48.6%
	Agree	13.5%	10.8%	2.7%	5.4%	32.4%
	Disagree	5.4%	5.4%	2.7%	2.7%	16.2%
	Dont want to answer				2.7%	2.7%
Total		27.0%	43.2%	18.9%	10.8%	100.0%

The above table P2.9/P1.3 illustrates 27 % age group 31-40 strongly agree they have the basic knowledge. In the age group 41-50 there is a 13.5% strongly agree. The age group 20-30 a 13.5% agree they have basic knowledge

P2.13: Members understand the tax implications of Pension or Provident Funds * P1.3: Your age group Cross tabulation

% of Total

P2.13/P1.3		P1.3: Your age group				Total
		20 - 30	31 - 40	41 - 50	51 - 60	
P2.13: Members understand the tax implications of Pension or Provident Funds	Strongly Agree		5.4%			5.4%
	Agree	10.8%	5.4%	5.4%		21.6%
	Disagree	5.4%	21.6%	10.8%	2.7%	40.5%
	Strongly Disagree	10.8%	10.8%	2.7%	5.4%	29.7%
	Dont want to answer				2.7%	2.7%
Total		27.0%	43.2%	18.9%	10.8%	100.0%

The above table P2.13/P1.3 illustrates a 21.6% of age group 31-40 disagree and in the same age group 10.8% strongly disagree that members understand tax implications.

4.2.5 Comparison descriptive statistics on Ethnic group

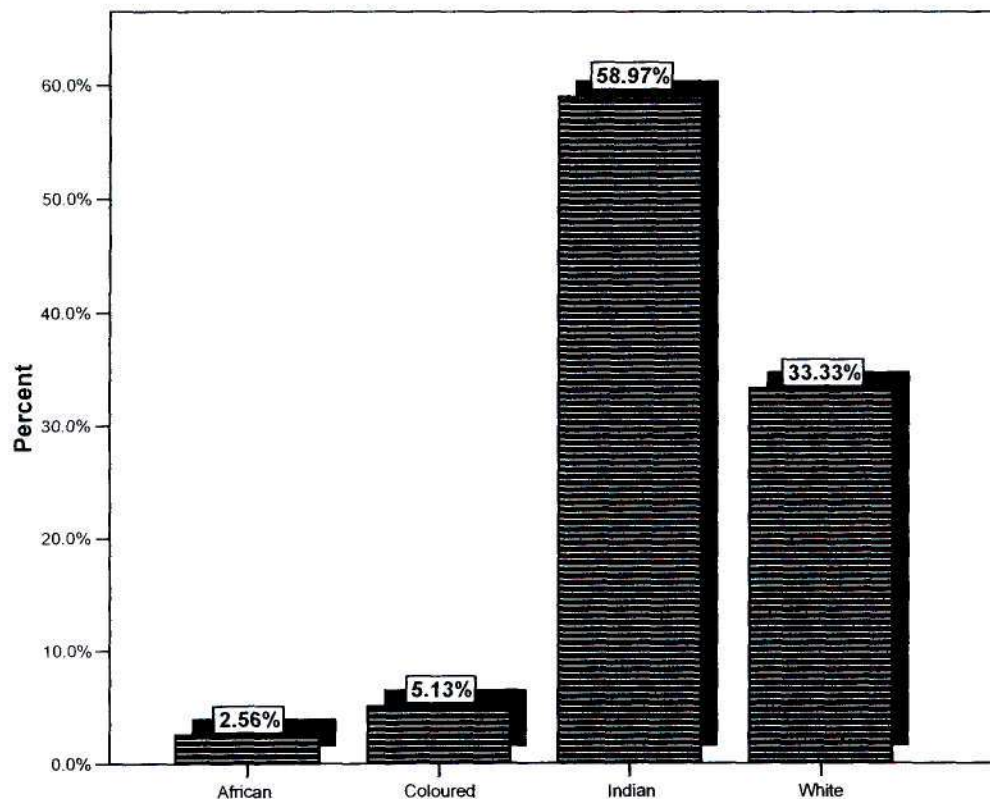
P1.3: Your age group * P1.7 : Your Ethnic group Cross tabulation

% of Total

P1.3/P1.7		P1.7 : Your Ethnic group				Total
		African	Coloured	Indian	White	
P1.3: Your age group	20 - 30		2.7%	8.1%	16.2%	27.0%
	31 - 40		2.7%	21.6%	18.9%	43.2%
	41 - 50			18.9%		18.9%
	51 - 60	2.7%		8.1%		10.8%
Total		2.7%	5.4%	56.8%	35.1%	100.0%

In the above table P1.3/P1.7 there is a 35.1% white ethnic group of respondents that completed the questionnaires and 56.8% Indian ethnic group with a 16.2 % white in the age group of 20 30 years old and a 21.6 % of Indian in the 31-40 year old group. There were only 2.7% African and 5.4 % coloured respondents. A graphical representation of the Ethnic Group is illustrated below

P1.7 Ethnic Group



P1.6 : What do you sell more * P1.7 : Your Ethnic group Cross tabulation

% of Total

P1.6/P1.7	P1.7 : Your Ethnic group				Total
	African	Coloured	Indian	White	
P1.6 : What do you sell more					
Life business		5.1%	43.6%	12.8%	61.5%
Pension business			2.6%		2.6%
Bit of both	2.6%		10.3%	20.5%	33.3%
Dont want to answer			2.6%		2.6%
Total	2.6%	5.1%	59.0%	33.3%	100.0%

In the above table P1.6/P1.7 there is 20.5% of the white ethnic group sell both life and pension. 10.3% of the Indians group sell a bit of both. Only 2.6% sell pension business only in the Indian group

P1.1: I like being in the Life Assurance industry * P1.7 : Your Ethnic group Cross tabulation

% of Total

P1.1/P1.7	P1.7 : Your Ethnic group				Total
	African	Coloured	Indian	White	
P1.1: I like being in the Life Assurance industry					
Strongly Agree		5.1%	43.6%	10.3%	59.0%
Agree			15.4%	23.1%	38.5%
Disagree	2.6%				2.6%
Total	2.6%	5.1%	59.0%	33.3%	100.0%

In the above table P1.1/P1 43.6%of Indians,10.3 % Whites,5.1% coloured and nil African strongly agree they like being in the life assurance industry. 15.4% Indian,23.1% and nil in the coloured and African group agree with the statement. 2.6% African group disagree with the statement.

P1.2: The Pension industry is the industry I would like to get into * P1.7 : Your Ethnic group Cross tabulation

% of Total

P1.2/P1.7	P1.7 : Your Ethnic group				Total
	African	Coloured	Indian	White	
P1.2: The Pension industry is the industry I would like to get into					
Strongly Agree			25.6%	15.4%	41.0%
Agree		5.1%	28.2%	17.9%	51.3%
Disagree			5.1%		5.1%
Strongly Disagree	2.6%				2.6%
Total	2.6%	5.1%	59.0%	33.3%	100.0%

In the above table P1.2/P1.7, 25.6% Indian, 15.4% White, and nil African and Coloured group strongly agree with the statement. 28.2% Indian, 17.9% White, 5.1% Coloured agree with the statement. 5.1% Indians disagree and 2.6% strongly disagree.

4.2.6 Central Tendency Statistics

There are three measures of central tendency which are mean, median and mode. The measures of dispersion include the range, variances and standard deviation for this data collection

		P1.1	P1.2	P2.9	P2.10	P2.11	P2.12
N	Valid	39	39	38	38	30	35
	Missing	0	0	1	1	9	4
Mean		1.00	2.00	2.00	2.00	3.00	3.00
Median		1.00	2.00	2.00	2.00	3.00	3.00
Mode		1	2	1	2	3	4
Std. Deviation		.552	.694	.745	.695	.935	.900
Variance		.305	.482	.555	.484	.875	.810
Range		2	3	2	2	3	3
Minimum		1	1	1	1	1	1
Maximum		3	4	3	3	4	4

The above table results reveal central tendency stats results of P1.1, P1.2, P2.9, P2.10, P2.11, and P2.12.

The measurement scale code interpreted as 1 = Strongly Agree

2 = Agree

3 = Disagree

4 = Strongly Disagree

□ Mean

The P1.1 study variable has a mean value of 1.00, which reveals that the respondents who have participated in this project have articulated an average perception which is **strongly agree** towards the above mentioned statement.

The P1.2, P2.9, P2.10 study variables have a mean value of 2.00, this reveal that the

respondents who participated in this project have articulated an average perception which is **agree** towards the above mentioned statements.

The P2.11, P2.12 study variables have a mean value of 3.00, this reveals that the respondents who participated in this project have articulated an average perception which is **disagree** towards the above mentioned statements.

☐ **Median**

The P1.1 study variable has a median value of 1.00, this indicates **strongly agree** is the median perception of respondents towards the above statement.

The P1.2, P2.9, P2.10 study variables have median value 2.00, this indicates **agree** is the median perception of respondents towards the above statements.

The P2.11, P2.12 study variables have median value 3.00, this indicates **disagree** is the median perception of respondents towards the above statements

☐ **Mode**

The P1.1, P2.9 study variables have mode value 1.00, this indicates **strongly agree** is mode perception of respondents towards the above statements.

The P1.2, P2.10 study variables have mode value 2.00, this indicates **agree** is mode perception of respondents towards the above statements.

The P2.11 study variable has mode value 3.00, this indicates **disagree** is mode perception of respondents towards the above statement.

The P2.12 study variable has mode value 4.00, this indicates **strongly disagree** is mode perception of respondents towards the above statement.

☐ **The Standard Deviation**

The P1.1, P1.2, P2.9, P2.10, P2.11, P2.12 study variables have standard deviation from 0.552 to 0.935, it reveals these variables have **variation** in respondent's perception.

☐ **Variance**

The P1.1, P1.2, P2.9, P2.10, P2.11, P2.12 study variables have variance from 0.305 to 0.875, it reveals these variables have **difference** in respondent's perception.

☐ **Range**

The P1.1, P1.2, P2.9, P2.10, P2.11, P2.12 study variables have range values 2, 3 and it indicates these variables have difference in respondent's perceptions and respondents have expressed all types of opinions towards study questions.

☐ **Minimum**

The P1.1, P1.2, P2.9, P2.10, P2.11, P2.12 study variables have minimum value 1 and it indicates respondents have articulated minimum perception is **strongly agree** towards the above mentioned study variables.

☐ **Maximum**

The P1.1, p2.9, p2.10 study variables have maximum value 3 and it indicates respondents have articulated maximum perception is **disagree** towards the above mentioned study variables.

The P1.2, P2.11, P2.12 study variables have maximum value 4 and it indicates respondents have articulated maximum perception is **strongly disagree** towards the above mentioned study variables.

Knowledge of Pension Funds of Intermediaries and consumers

		P2.13	P2.14	P2.15	P2.16	P2.17	P2.18
N	Valid	38	38	36	37	36	31
	Missing	1	1	3	2	3	8
Mean		3.00	3.00	2.00	3.00	2.00	3.00
Median		3.00	3.00	2.00	3.00	2.00	3.00
Mode		3	3	2	3	2	3
Std. Deviation		.868	.689	.735	.567	.809	.599
Variance		.754	.475	.540	.321	.654	.359
Range		3	3	3	2	3	2
Minimum		1	1	1	2	1	2
Maximum		4	4	4	4	4	4

☐ **Mean:**

The P2.13, P2.14, P2.16 and P2.18 study variable has mean value 3.00, this reveals the respondents participated in this project have articulated average perception is **disagree**

☐ **Minimum**

The P2.13, P2.14, P2.15, P2.17, study variables have minimum value 1 and it indicates respondents have articulated minimum perception is **strongly agree** towards the above mentioned study variables except for P2.16 and P2.18 a study variable minimum value 2 which is **agree**.

☐ **Maximum**

P2.13, P2.14, P2.15, P2.16, P2.17, P2.18 study variables have maximum value 4 and it indicates respondents have articulated maximum perception is **strongly disagree** towards the above mentioned study variables.

Consumer Education in the Pension Fund industry

		P3.19	P3.20	P3.21	P3.22
N	Valid	36	38	38	31
	Missing	3	1	1	8
Mean		3.00	4.00	2.00	3.00
Median		3.00	4.00	2.00	3.00
Mode		2	4	1	3
Std. Deviation		.906	.547	.732	.653
Variance		.821	.299	.536	.426
Range		3	2	2	3
Minimum		1	2	1	1
Maximum		4	4	3	4

☐ **Mean**

The P3.21 study variables have mean value 2.00, this reveal the respondents participated in this project have articulated average perception is **agree** towards the above mentioned statements.

The P3.19, P3.22 study variables have mean value 3.00, this reveal the respondents participated in this project have articulated average perception is **disagree** towards the above mentioned statements.

The P3.20 study variables have mean value 4.00, this reveal the respondents participated in this project have articulated average perception is **strongly disagree** towards the above mentioned statements.

☐ **Median**

The P3.21, study variables have median value 2.00, this indicates **agree** is the median perception of respondents towards the above statements.

The P3.19, P3.22 study variables have median value 3.00, this indicates **disagree** is the median perception of respondents towards the above statements.

The P3.20 study variables have median value 4.00, this indicates **strongly disagree** is the median perception of respondents towards the above statements.

☐ **Mode**

The P3.21 study variables have mode value 1.00, this indicates **strongly agree** is mode perception of respondents towards the above statements.

The P3.19 study variables have mode value 2.00, this indicates **agree** is mode perception of respondents towards the above statements.

The P3.22 study variable has mode value 3.00, this indicates **disagree** is mode perception of respondents towards the above statement.

The P3.20 study variable has mode value 4.00, this indicates **strongly disagree** is mode perception of respondents towards the above statement.

☐ **The Standard Deviation**

The P3.19, P3.20, P3.21, P3.22 study variables have standard deviation from 0.547 to 0.906, it reveals these variables have **variation** in respondent's perception.

☐ **Variance**

The P3.19, P3.20, P3.21, P3.22 study variables have variance from 0.299 to 0.821, it reveals these variables have **difference** in respondent's perception.

☐ **Range**

The P3.19, P3.20, P3.21, P3. study variables have range values 2, 3 and it indicates these variables have difference in respondent's perceptions and respondents have expressed all types of opinions towards study questions.

☐ **Minimum**

The P3.19, P3.21, P3.22 study variables have minimum value 1 and it indicates respondents have articulated minimum perception is **strongly agree** towards the above mentioned study variables.

P3.20 has a minimum value of 2 and it indicates respondents have articulated minimum perception is **agree** towards the above mentioned study

☐ **Maximum**

The P3.21 study variables have maximum value 3 and it indicates respondents have articulated maximum perception is **disagree** towards the above mentioned study variables.

The P3.19, p3.20, p3.22 study variables have maximum value 4 and it indicates respondents have articulated maximum perception is **strongly disagree** towards the above mentioned study

Consumer and Member education

		P3.23	P3.24	P3.25
N	Valid	33	39	38
	Missing	6	0	1
Mean		3.00	3.00	2.00
Median		3.00	3.00	2.00
Mode		3	3	2
Std. Deviation		.650	.686	.835
Variance		.422	.471	.698
Range		2	2	3
Minimum		2	2	1
Maximum		4	4	4

☐ **Mean**

The P3.25 study variables have mean value 2.00, this reveal the respondents participated in this project have articulated average perception is **agree** towards the above mentioned statements.

The P3.23, P3.24 study variables have mean value 3.00, this reveal the respondents participated in this project have articulated average perception is **disagree** towards the above mentioned statements.

☐ **Median**

The P3.25 study variables have median value 2.00, this indicates **agree** is the median perception of respondents towards the above statements.

The P3.23, P3.24 study variables have median value 3.00, this indicates **disagree** is the median perception of respondent towards the above statements.

☐ **Mode**

The P3.23, P3.24 study variables have mode value 3.00, this indicates **disagree** is mode perception of respondents towards the above statements.

The P3.25 study variables have mode value 2.00, this indicates **agree** is mode perception of respondents towards the above statements.

☐ **The Standard Deviation**

The P3.23, P3.24, P3.25 study variables have standard deviation from 0.650 to 0.835, it reveals these variables have **variation** in respondent's perception.

☐ **Variance**

The P3.23, P3.24, P3. study variables have variance from 0.422 to 0.698, it reveals these variables have **difference** in respondent's perception.

☐ **Range**

The P3.23, P3.24, P3.25 study variables have range values 2, 3 and it indicates these variables have difference in respondent's perceptions and respondents have expressed all types of opinions towards study questions.

☐ **Minimum**

The P3.25 study variables have minimum value 1 and it indicates respondents have articulated minimum perception is **strongly agree** towards the above mentioned study variables

The P3.23, P3.24 study variables have minimum value 2 and it indicates respondents have articulated minimum perception is **agree** towards the above mentioned study variables.

□ Maximum

The P3.23, P3.24, P3.25 study variables have maximum value 4 and it indicates respondents have articulated maximum perception is **strongly disagree** towards the above mentioned study.

4.3 Inferential Statistics

The use of descriptive statistics and analysis of univariate distributions.

4.3.1 Cronbach Alpha Test (Reliability Test)

Case Processing Summary

		N	%
Cases	Valid	34	87.2
	Excluded	5	12.8
	Total	39	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.742	19

Reliability analysis for the questionnaire continuous study variables reveal Cronbach's alpha value is **0.742**, this is above 0.7, and it indicates this research instrument's (Questionnaire) continuous study variables have internal consistency and reliability.

4.3.2 T Test

The researcher is interested in whether two groups are different from each other on a variable. Females and males indicate whether they want to be in both life and pension industry. It looks at any significant differences in means for the two groups.

T – Test: Gender

1. If **p** value is less than or equal **$p \leq 0.05$** , statistically there is significant difference between groups.

2. If **p** value is greater than **p>0.05**, statistically there is **NO** significant difference between groups.

Note: p indicates probability value

		t	df	Sig. (2-tailed)
P1.1	Equal variances assumed	-.235	37	.815
	Equal variances not assumed	-.248	17.245	.807
P1.2	Equal variances assumed	1.100	37	.278
	Equal variances not assumed	1.054	14.586	.309
P2.9	Equal variances assumed	.698	36	.490
	Equal variances not assumed	.606	12.762	.555
P2.10	Equal variances assumed	.285	36	.777
	Equal variances not assumed	.265	12.015	.796
P2.11	Equal variances assumed	-.166	28	.869
	Equal variances not assumed	-.193	13.053	.850
P2.12	Equal variances assumed	.480	33	.634
	Equal variances not assumed	.489	11.821	.634

Results

The above T-test results (P1.1 to P2.12) reveal, the **p** significance values are 0.815, 0.278, 0.490, 0.777, 0.869, 0.634 for P1.1, P1.2, P2.9, P2.10, P2.11, P2.12 and above **0.05**. It discloses statistically there is **NO significant difference** between gender groups.

		t	df	Sig. (2-tailed)
P2.13	Equal variances assumed	-.620	36	.539
	Equal variances not assumed	-.662	18.069	.516
P2.14	Equal variances assumed	.501	36	.619
	Equal variances not assumed	.461	13.816	.652
P2.15	Equal variances assumed	1.307	34	.200
	Equal variances not assumed	1.003	11.004	.337
P2.16	Equal variances assumed	1.263	35	.215
	Equal variances not assumed	.961	10.934	.357
P2.17	Equal variances assumed	-.202	34	.841
	Equal variances not assumed	-.221	20.058	.827
P2.18	Equal variances assumed	2.272	29	.031
	Equal variances not assumed	2.711	6.867	.031

The above T-test (P2.13 to P2.18) results reveal, the **p** significance values are 0.539, 0.619, 0.200, 0.215, 0.841, for P2.13, P2.14, P2.15, P2.16 and P2.17 and above **0.05**. It discloses statistically there is **NO significant difference**. However, the **p** significance values are 0.31 for P2.18 and less than **0.05** and statistically there is significance difference.

		t	df	Sig. (2-tailed)
P3.19	Equal variances assumed	.887	34	.381
	Equal variances not assumed	.964	19.614	.347
P3.20	Equal variances assumed	1.085	36	.285
	Equal variances not assumed	1.246	17.208	.229
P3.21	Equal variances assumed	-.052	36	.959
	Equal variances not assumed	-.049	14.125	.962
P3.22	Equal variances assumed	1.327	29	.195
	Equal variances not assumed	1.414	20.963	.172

The above T-test (P3.19 to P3.22) results reveal, the **p** significance values are 0.381, 0.285, 0.959, 0.195 for P3.19, P3.20, P3.21 and P3.22 and above **0.05**. It discloses statistically there is **NO significant difference**.

4.3.3. Anova

Anova indicates if there is a significant mean difference in dependent variable between two groups or more groups. Anova has a total variation between the groups variation and within group variation. Anova shows only differences in the mean and the Anova results will not show where the difference is.

Tests that do show the difference are Scheffe's test or Turkey's Test.

Anova Test:

1. If **p** value is less than or equal **$p \leq 0.05$** , statistically there is significant difference between groups.
2. If **p** value is greater than **$p > 0.05$** , statistically there is **NO** significant difference between groups.

Note: p indicates probability

Age groups

ANOVA

		Sum of Squares	df	Mean Square	Sig.
P1.1	Between Groups	1.374	3	.458	.218
	Within Groups	9.707	33	.294	
	Total	11.081	36		
P1.2	Between Groups	.451	3	.150	.834
	Within Groups	17.279	33	.524	
	Total	17.730	36		
P2.9	Between Groups	2.719	3	.906	.191
	Within Groups	17.281	32	.540	
	Total	20.000	35		
P2.10	Between Groups	1.587	3	.529	.357
	Within Groups	15.163	32	.474	
	Total	16.750	35		
P2.11	Between Groups	.429	3	.143	.933
	Within Groups	24.881	25	.995	
	Total	25.310	28		
P2.12	Between Groups	1.418	3	.473	.658
	Within Groups	25.310	29	.873	
	Total	26.727	32		

Results

The Anova test results(P1.1 to P2.12) reveal **statistically there is NO significant difference** in perceptions of different age groups respondents towards the study statements P1.1, P1.2, P2.9, P2.10, P2.11, P2.12 because these statements p significance values are 0.218, 0.834, 0.191, 0.357, 0.933, 0.658 and above **0.05** (This means different age groups respondents have almost similar perceptions towards these statements and there is no huge difference in different age groups respondents' opinions towards these study statements).

ANOVA

		Sum of Squares	df	Mean Square	Sig.
P2.13	Between Groups	1.698	3	.566	.549
	Within Groups	25.274	32	.790	
	Total	26.972	35		
P2.14	Between Groups	2.075	3	.692	.219
	Within Groups	14.231	32	.445	
	Total	16.306	35		
P2.15	Between Groups	.300	3	.100	.919
	Within Groups	18.171	30	.606	
	Total	18.471	33		
P2.16	Between Groups	.160	3	.053	.925
	Within Groups	10.583	31	.341	
	Total	10.743	34		
P2.17	Between Groups	2.249	3	.750	.358
	Within Groups	20.133	30	.671	
	Total	22.382	33		
P2.18	Between Groups	.412	3	.137	.784
	Within Groups	10.362	27	.384	
	Total	10.774	30		

The Anova test results(P2.13 to P2.18) reveals statistically there is **NO significant difference** in perceptions of different age groups respondents towards the study statements P2.13, P2.14, P2.15, P2.16, P2.17, P2.18 because these statements **p** significance values are 0.549, 0.219, 0.919, 0.925, 0.358, 0.784 and above **0.05**.

ANOVA

		Sum of Squares	df	Mean Square	Sig.
P3.19	Between Groups	2.485	3	.828	.422
	Within Groups	25.750	30	.858	
	Total	28.235	33		
P3.20	Between Groups	.401	3	.134	.734
	Within Groups	10.302	33	.312	
	Total	10.703	36		
P3.21	Between Groups	2.032	3	.677	.293
	Within Groups	16.718	32	.522	
	Total	18.750	35		
P3.22	Between Groups	2.575	3	.858	.110
	Within Groups	9.631	25	.385	
	Total	12.207	28		

The Anova test results(P3.19 to P3.22) reveals statistically there is **NO significant difference** in perceptions of different age groups respondents towards the study statements P3.19, P3.20, P3.21, P3.22 because these statements **p** significance values are 0.422,0.734,0.293,0.110 and above **0.05** .

ANOVA

		Sum of Squares	df	Mean Square	Sig.
P3.23	Between Groups	.147	3	.049	.958
	Within Groups	13.322	28	.476	
	Total	13.469	31		
P3.24	Between Groups	1.228	3	.409	.466
	Within Groups	15.529	33	.471	
	Total	16.757	36		
P3.25	Between Groups	3.661	3	1.220	.104
	Within Groups	17.561	32	.549	
	Total	21.222	35		

The Anova test results (P3.23 to P3.25) reveals statistically there is **NO significant difference** in perceptions of different age groups respondents towards the study statements P3.23, P3.24, P3.25 because these statements **p** significance values are 0.958,0.466,0.104 and above **0.05**.

Anova: Ethnic groups**ANOVA**

		Sum of Squares	df	Mean Square	Sig.
P1.1	Between Groups	4.386	3	1.462	.001
	Within Groups	7.204	35	.206	
	Total	11.590	38		
P1.2	Between Groups	5.860	3	1.953	.003
	Within Groups	12.448	35	.356	
	Total	18.308	38		
P2.9	Between Groups	.708	2	.354	.541
	Within Groups	19.844	35	.567	
	Total	20.553	37		
P2.10	Between Groups	1.587	3	.529	.361
	Within Groups	16.308	34	.480	
	Total	17.895	37		
P2.11	Between Groups	1.206	2	.603	.518
	Within Groups	24.161	27	.895	
	Total	25.367	29		
P2.12	Between Groups	.870	2	.435	.598
	Within Groups	26.673	32	.834	
	Total	27.543	34		

The Anova test results (P1.1 to P2.12) reveals statistically there is **NO significant difference** in perceptions of different age groups respondents towards the study statements P2.9, P2.10, P2.11, P2.12 because these statements **p** significance values are 0.541, 0.361, 0.518, 0.598 and above **0.05**. However, there is significant difference in perceptions between P1.1 and P1.2 and the p significance values are 0.001 and 0.003.

ANOVA

		Sum of Squares	df	Mean Square	Sig.
P2.13	Between Groups	.363	2	.181	.795
	Within Groups	27.532	35	.787	
	Total	27.895	37		
P2.14	Between Groups	.047	2	.024	.954
	Within Groups	17.532	35	.501	
	Total	17.579	37		
P2.15	Between Groups	.574	2	.287	.601
	Within Groups	18.315	33	.555	
	Total	18.889	35		
P2.16	Between Groups	.307	3	.102	.825
	Within Groups	11.260	33	.341	
	Total	11.568	36		
P2.17	Between Groups	3.612	3	1.204	.134
	Within Groups	19.277	32	.602	
	Total	22.889	35		
P2.18	Between Groups	.328	2	.164	.649
	Within Groups	10.446	28	.373	
	Total	10.774	30		

The Anova test results(P2.13 to P2.18) reveals statistically there is **NO significant difference** in perceptions of different age groups respondents towards the study statements P2.13,P2.14,P2.15,P2.16,P2.17,P2.18 because these statements p significance values are 0.795,0.954,0.601,0.825,0.134,0.649 and above **0.05**

ANOVA

		Sum of Squares	df	Mean Square	Sig.
P3.19	Between Groups	3.548	3	1.183	.233
	Within Groups	25.202	32	.788	
	Total	28.750	35		
P3.20	Between Groups	.771	3	.257	.477
	Within Groups	10.308	34	.303	
	Total	11.079	37		
P3.21	Between Groups	.914	2	.457	.437
	Within Groups	18.901	35	.540	
	Total	19.816	37		
P3.22	Between Groups	.173	1	.173	.533
	Within Groups	12.601	29	.435	
	Total	12.774	30		

The Anova test results(P3.19 to P3.22) reveals statistically there is **NO significant difference** in perceptions of different age groups respondents towards the study statements P3.19, P3.20, P3.21, P3.22 because these statements **p** significance values are 0.233, 0.477, 0.437, 0.533 and above **0.05**.

ANOVA

		Sum of Squares	df	Mean Square	Sig.
P3.23	Between Groups	.665	2	.332	.469
	Within Groups	12.850	30	.428	
	Total	13.515	32		
P3.24	Between Groups	1.249	3	.416	.463
	Within Groups	16.649	35	.476	
	Total	17.897	38		
P3.25	Between Groups	2.735	3	.912	.277
	Within Groups	23.080	34	.679	
	Total	25.816	37		

The Anova test results (P3.23 to P3.25) reveals statistically there is **NO significant difference** in perceptions of different age groups respondents towards the study statements P3.23, P3.24, P3.25 because these statements **p** significance values are 0.469, 0.463, 0.277 and above **0.05**.

4.3.4 Correlations

To depict a bivariate distribution through the use of a scatter diagram indicates how the scores of two variables co-vary. Perfect positive relationships and positive relationships are associated with high scores on one variable with high scores on another variable. Perfectly negative relationships and negative relationships have an indirect relationship occurring when high scores on one variable occur jointly with relatively low scores on another variable.

Interpretation rule

The Sig. value (p value) $P \leq 0.05$ than there is statistically significance correlation.

Pearson correlation co efficient (r) values starts from -1 to +1.

If - means negative correlation (If one variable increases other variable will decrease).

If + means positive relationship. (If one variable increases other variable will also increase).

- or + indicates direction of relationship between two variables.

Strength relationship:

$r = .10$ to $.29$ or $-.10$ to $-.29$ small (moderate) correlation

$r = .30$ to $.49$ or $-.30$ to $-.49$ medium correlation

$r = .50$ to 1.0 or $-.50$ to -1.0 large (strong) correlation

Correlations

		P2.14	P2.15	P2.16	P2.17	P2.18
P2.9	Pearson Correlation	-.033	.274	-.044	-.080	-.016
	Sig. (2-tailed)	.843	.105	.800	.647	.932
	N	38	36	36	35	31
P2.10	Pearson Correlation	-.252	-.169	-.237	-.176	-.396*
	Sig. (2-tailed)	.132	.331	.163	.311	.028
	N	37	35	36	35	31
P2.11	Pearson Correlation	-.263	-.323	.000	.329	-.006
	Sig. (2-tailed)	.161	.087	1.000	.087	.977
	N	30	29	29	28	26
P2.12	Pearson Correlation	.085	-.358*	.118	-.189	.136
	Sig. (2-tailed)	.629	.041	.515	.300	.483
	N	35	33	33	32	29
P2.13	Pearson Correlation	.506**	.492**	.475**	.339*	.148
	Sig. (2-tailed)	.001	.002	.003	.046	.428
	N	38	36	36	35	31

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The above correlation results reveals

The statement P2.9 (the employer and employee relationship to start a pension fund as part of the basic knowledge), with P2.14 (with members knowledge), P2.15 (with intermediaries more technical knowledge), P2.16 (employers knowledge), P2.17 (Financial Service Providers training), P2.18 (intermediaries knowledge on investments) has p values 0.843, 0.105, 0.800, 0.647, 0.932, these p values are above **0.05**, it discloses the P2.9 with 0.843, 0.105, 0.800, 0.647, 0.932 **does not have statistically significant correlation.**

The P2.13(intermediaries technical knowledge) with P2.14 with members knowledge, P2.15, with intermediaries more technical knowledge, P2.16, (employers knowledge P2.17 (Financial Service Providers training have **p** values 0.001, 0.002, 0.003, 0.046, these **p** values are less than **0.05**, it discloses the P2.13 with P2.14, P2.15, P2.16, P2.17 **have statistically significant correlation**. The +Ve sign in front of P2.14, P2.15, P2.16, P2.17 indicates positive correlation. Pearson product correlation coefficient **r** values 0.506 indicates strong correlation, 0.492, 0.475, 0.339 indicates medium correlation .

The P2.13(intermediaries technical knowledge with P2.18(intermediaries knowledge on investments) has **p** value 0.428, this **p** value is above **0.05**, it indicates the P2.13 with P2.18 does **not have statistically significant correlation**.

Correlations

	P2.9	P2.10	P2.11	P2.12	P2.13	P2.14	P2.15	P2.16	P2.17	P2.18
P2.9 Pearson Correlation	1	-.056	-.308	-.168	.222	-.033	.274	-.044	-.080	-.016
Sig. (2-tailed)		.742	.098	.335	.180	.843	.105	.800	.647	.932
N	38	37	30	35	38	38	36	36	35	31
P2.10 Pearson Correlation	-.056	1	.255	-.124	-.420**	-.252	-.169	-.237	-.176	-.396*
Sig. (2-tailed)	.742		.183	.484	.010	.132	.331	.163	.311	.028
N	37	38	29	34	37	37	35	36	35	31
P2.11 Pearson Correlation	-.308	.255	1	.387*	.073	-.263	-.323	.000	.329	-.006
Sig. (2-tailed)	.098	.183		.038	.701	.161	.087	1.000	.087	.977
N	30	29	30	29	30	30	29	29	28	26
P2.12 Pearson Correlation	-.168	-.124	.387*	1	-.025	.085	-.358*	.118	-.189	.136
Sig. (2-tailed)	.335	.484	.038		.886	.629	.041	.515	.300	.483
N	35	34	29	35	35	35	33	33	32	29
P2.13 Pearson Correlation	.222	-.420**	.073	-.025	1	.506**	.492**	.475**	.339*	.148
Sig. (2-tailed)	.180	.010	.701	.886		.001	.002	.003	.046	.428
N	38	37	30	35	38	38	36	36	35	31
P2.14 Pearson Correlation	-.033	-.252	-.263	.085	.506**	1	.262	.407*	.097	.292
Sig. (2-tailed)	.843	.132	.161	.629	.001		.122	.014	.578	.111
N	38	37	30	35	38	38	36	36	35	31
P2.15 Pearson Correlation	.274	-.169	-.323	-.358*	.492**	.262	1	.286	.257	.244
Sig. (2-tailed)	.105	.331	.087	.041	.002	.122		.091	.136	.202
N	36	35	29	33	36	36	36	36	35	29
P2.16 Pearson Correlation	-.044	-.237	.000	.118	.475**	.407*	.286	1	.075	.257
Sig. (2-tailed)	.800	.163	1.000	.515	.003	.014	.091		.663	.178
N	36	36	29	33	36	36	36	37	36	29
P2.17 Pearson Correlation	-.080	-.176	.329	-.189	.339*	.097	.257	.075	1	.107
Sig. (2-tailed)	.647	.311	.087	.300	.046	.578	.136	.663		.589
N	35	35	28	32	35	35	35	36	36	28
P2.18 Pearson Correlation	-.016	-.396*	-.006	.136	.148	.292	.244	.257	.107	1
Sig. (2-tailed)	.932	.028	.977	.483	.428	.111	.202	.178	.589	
N	31	31	26	29	31	31	29	29	28	31

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

The above correlation results reveal as follows:

Knowledge of Intermediaries and Consumers

The statement P2.9 with P 2.10, P2.11, P2.12, P2.13, P2.14, P2.15, P2.16, P2.17 and P2.18, these **p** values 0.742, 0.98, 0.335, 0.180, 0.843, 0.105, 0.800, 0.647, 0.932 are above **0.05**, it discloses the P2.9 **does not have statistically significant correlation.**

The statement P2.10 with P 2.9, P2.11, P2.12, P2.14, P2.15, P2.16 ,P2.17, these **p** values are 0.742, 0.183, 0.484, 0.132, 0.331, 0.163, 0.311, above **0.05**, it discloses the P2.9 **does not have statistically significant correlation.**

The statement P2.10 with, P2.13, P2.18, these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation.** The -Ve sign in front of P2.13, P2.18, indicates negative correlation. One variable increases the other will decrease.

The statement P2.11 with, P2.9, P2.10, P2.13, P2.14, P2.15, P2.16, P2.17, P2.18 these **p** values are above **0.05**, it discloses it does not **have statistically significant correlation.**

The statement P2.11 with P2.12, these **p** values are less than **0.05**, it discloses it does **have statistically significant correlation.** The -Ve sign in front of P2.12 indicates a negative correlation.

The statement P2.12 with P 2.09, P2.10, P2.13, P2.14, P2.16, P2.17 and P2.18, these **p** values 0.335, 0.484, 0.886, 0.629, 0.515, 0.300, 0.483 are above **0.05**, it discloses P2.12 **does not have statistically significant correlation.**

The statement P2.12 with ,P2.11, P2.15, these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation.** The -Ve sign in front of P2.11, P2.15, indicates negative correlation. One variable increases the other will decrease.

The statement P2.13 with P2.09, P2.11, P2.12, P2.18, these **p** values 0.180, 0.701, 0.886, 0.428 are above **0.05**, it discloses P2.13 **does not have statistically significant correlation**.

The statement P2.13 with, P2.10, P2.14, P2.15, P2.16, P2.17, these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P2.10, P2.14, P2.15, P2.16, P2.17 indicates negative correlation. One variable increases the other will decrease.

The statement P2.14 with P 2.09, P2.10, P2.11, P2.12, P2.15, P2.17, P2.18 these **p** values 0.843, 0.132, 0.161, 0.629, 0.122, 0.578, 0.111 are above **0.05**, it discloses P2.14 **does not have statistically significant correlation**.

The statement P2.14 with, P2.13, P2.16 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P2.13, P2.16, indicates negative correlation. One variable increases the other will decrease.

The statement P2.15 with P 2.09, P2.10, P2.11, P2.14, P2.16, P2.17, P2.18 these **p** values 0.105, 0.331, 0.087, 0.122, 0.091, 0.136, 0.202 are above **0.05**, it discloses P2.15 **does not have statistically significant correlation**.

The statement P2.15 with, P2.12, P2.13 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P2.12, P2.13, indicates negative correlation. One variable increases the other will decrease.

The statement P2.16 with P2.09, P2.10, P2.11, P2.12, P2.15, P2.17, P2.18 these **p** values 0.800, 0.163, 1.000, 0.515, 0.091, 0.663, 0.178 are above **0.05**, it discloses P2.16 **does not have statistically significant correlation**.

The statement P2.16 with ,P2.13, P2.14 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P2.13, P2.14,

indicates negative correlation. One variable increases the other will decrease.

The statement P2.17 with P 2.09, P2.10, P2.11, P2.12, P2.14, P2.15, P2.16, P2.18 these **p** values 0.647, 0.311, 0.087, 0.300, 0.578, 0.136, 0.663, 0.589 are above **0.05**, it discloses **P2.17 does not have statistically significant correlation.**

The statement P2.17 with, P2.13, these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation.** The -Ve sign in front of P2.13 indicates negative correlation. One variable increases the other will decrease.

The statement P2.18 with P 2.09, P2.11, P2.12, P2.13, P2.114, P2.15, P2.16, P2.17 these **p** values 0.932, 0.977, 0.483, 0.428, 0.111, 0.202, 0.178, 0.589 are above **0.05**, it discloses **P2.18 does not have statistically significant correlation.**

The statement P2.18 with P2.10, these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation.** The -Ve sign in front of P2.10 indicates negative correlation. One variable increases the other will decrease.

Correlations

		P3.19	P3.20	P3.21	P3.22	P3.23	P3.24	P3.25
P3.19	Pearson Correlation	1	.023	-.247	.371*	.144	-.034	-.347*
	Sig. (2-tailed)		.894	.153	.048	.432	.843	.038
	N	36	35	35	29	32	36	36
P3.20	Pearson Correlation	.023	1	-.210	.257	.574**	.380*	-.022
	Sig. (2-tailed)	.894		.211	.170	.000	.018	.896
	N	35	38	37	30	33	38	37
P3.21	Pearson Correlation	-.247	-.210	1	-.170	-.385*	.016	.104
	Sig. (2-tailed)	.153	.211		.359	.027	.925	.540
	N	35	37	38	31	33	38	37
P3.22	Pearson Correlation	.371*	.257	-.170	1	.340	.424*	-.326
	Sig. (2-tailed)	.048	.170	.359		.071	.017	.073
	N	29	30	31	31	29	31	31
P3.23	Pearson Correlation	.144	.574**	-.385*	.340	1	.451**	.018
	Sig. (2-tailed)	.432	.000	.027	.071		.008	.919
	N	32	33	33	29	33	33	33
P3.24	Pearson Correlation	-.034	.380*	.016	.424*	.451**	1	-.042
	Sig. (2-tailed)	.843	.018	.925	.017	.008		.803
	N	36	38	38	31	33	39	38
P3.25	Pearson Correlation	-.347*	-.022	.104	-.326	.018	-.042	1
	Sig. (2-tailed)	.038	.896	.540	.073	.919	.803	
	N	36	37	37	31	33	38	38

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The statement P3.19 with P 3.20, P3.21, P3.23, P3.24 these **p** values 0.894, 0.153, 0.432, 0.843, are above **0.05**, it discloses **P3.19 does not have statistically significant correlation.**

The statement P3.19 with P3.22, P3.25 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation.** The -Ve sign in front of P3.22, P3.25 indicates negative correlation. One variable increases the other will decrease.

The statement P3.20 with P3.19, P3.21, P3.22, P3.25 these **p** values 0.894, 0.211, 0.170, 0.896, are above **0.05**, it discloses **P3.20 does not have statistically significant correlation.**

The statement P3.20 with P3.23,P3.24 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P3.23, P3.24 indicates negative correlation. One variable increases the other will decrease.

The statement P3.21 with P3.19, P3.20, P3.22, P3.24, P3.25 these **p** values 0.153, 0.211, 0.359, 0.925, 0.540 are above **0.05**, it discloses P3.21 **does not have statistically significant correlation**.

The statement P3.21 with P3.23 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P3.23 indicates negative correlation. One variable increases the other will decrease.

The statement P3.22 with P3.20, P3.21, P3.23, P3.25 these **p** values 0.170, 0.359, 0.071, 0.073 are above **0.05**, it discloses P3.22 **does not have statistically significant correlation**.

The statement P3.22 with P3.19, P3.24 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P3.19, P3.24 indicates negative correlation. One variable increases the other will decrease.

The statement P3.23 with P3.19, P3.22, P3.25 these **p** values 0.432, 0.071, 0.919 are above **0.05**, it discloses P3.23 **does not have statistically significant correlation**.

The statement P3.23 with P3.20, P3.21, P3.24 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P3.20, P3.21, P3.24 indicates negative correlation. One variable increases the other will decrease.

The statement P3.24 with P3.19, P3.21, P3.25 these **p** values 0.843, 0.925, 0.803 are above **0.05**, it discloses P3.24 **does not have statistically significant correlation**.

The statement P3.24 with P3.20, P3.22, P3.23 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P3.20, P3.22, P3.23 indicates negative correlation. One variable increases the other will decrease.

The statement P3.25 with P3.20, P3.21, P3.22, P3.23, P3.24 these **p** values 0.896, 0.540, 0.073, 0.919, 0.803 are above **0.05**, it discloses 3.25 **does not have statistically significant correlation**.

The statement P3.25 with P3.19 these **p** values are less than **0.05**, it discloses it does **have statistically significance correlation**. The -Ve sign in front of P3.19 indicates negative correlation. One variable increases the other will decrease.

Correlations

		P1.1	P1.2
P2.9	Pearson Correlation	.229	.013
	Sig. (2-tailed)	.166	.938
	N	38	38
P2.10	Pearson Correlation	.007	-.080
	Sig. (2-tailed)	.965	.635
	N	38	38
P2.11	Pearson Correlation	-.011	-.214
	Sig. (2-tailed)	.954	.257
	N	30	30
P2.12	Pearson Correlation	-.039	.213
	Sig. (2-tailed)	.822	.220
	N	35	35
P2.13	Pearson Correlation	-.076	-.092
	Sig. (2-tailed)	.650	.584
	N	38	38

The statement P2.9 with P1.1,P1.2 these **p** values 0.166,0.938 are above **0.05**, it discloses P2.9 **does not have statistically significant correlation**.

The statement P2.10 with P1.1, P1.2 these **p** values 0.965, 0.635 are above **0.05**, it discloses P2.10 **does not have statistically significant correlation**.

The statement P2.11 with P1.1, P1.2 these **p** values 0.954, 0.257 are above **0.05**, it discloses P2.11 **does not have statistically significant correlation**.

The statement P2.12 with P1.1, P1.2 these **p** values 0.822, 0.220 are above **0.05**, it discloses P2.12 **does not have statistically significant correlation**.

The statement P2.13 with P1.1, P1.2 these **p** values 0.650, 0.584 are above **0.05**, it discloses P2.13 **does not have statistically significant correlation**.

How do Intermediaries feel about the Pension Fund Industry with knowledge

Correlations

		P1.1	P1.2
P2.14	Pearson Correlation	-.046	.165
	Sig. (2-tailed)	.785	.323
	N	38	38
P2.15	Pearson Correlation	.061	.182
	Sig. (2-tailed)	.723	.288
	N	36	36
P2.16	Pearson Correlation	.112	.083
	Sig. (2-tailed)	.509	.625
	N	37	37
P2.17	Pearson Correlation	.310	.073
	Sig. (2-tailed)	.066	.673
	N	36	36
P2.18	Pearson Correlation	-.052	.133
	Sig. (2-tailed)	.783	.476
	N	31	31

The statement P2.14 with P1.1, P1.2 these **p** values 0.785, 0.323 are above **0.05**, it discloses P2.14 **does not have statistically significant correlation**.

The statement P2.15 with P1.1, P1.2 these **p** values 0.723, 0.288 are above **0.05**, it discloses P2.15 **does not have statistically significant correlation**.

The statement P2.16 with P1.1, P1.2 these **p** values 0.509, 0.625 are above **0.05**, it discloses P2.16 **does not have statistically significant correlation**.

The statement P2.17 with P1.1, P1.2 these **p** values 0.066, 0.673 are above **0.05**, it discloses P2.17 **does not have statistically significant correlation**.

The statement P2.18 with P1.1, P1.2 these **p** values 0.783, 0.476 are above **0.05**, it discloses P2.18 **does not have statistically significant correlation.**

Correlations

		P1.1	P1.2
P3.19	Pearson Correlation	-.052	.194
	Sig. (2-tailed)	.765	.258
	N	36	36
P3.20	Pearson Correlation	.118	-.024
	Sig. (2-tailed)	.481	.885
	N	38	38
P3.21	Pearson Correlation	.175	-.066
	Sig. (2-tailed)	.294	.694
	N	38	38
P3.22	Pearson Correlation	-.220	-.016
	Sig. (2-tailed)	.235	.932
	N	31	31
P3.23	Pearson Correlation	.003	.189
	Sig. (2-tailed)	.987	.293
	N	33	33
P3.24	Pearson Correlation	.078	.034
	Sig. (2-tailed)	.635	.837
	N	39	39
P3.25	Pearson Correlation	-.112	-.225
	Sig. (2-tailed)	.503	.175
	N	38	38

The statement P3.19 with P1.1, P1.2 these **p** values 0.765, 0.258 are above **0.05**, it discloses P3.19 **does not have statistically significant correlation.**

The statement P3.20 with P1.1, P1.2 these **p** values 0.481, 0.885 are above **0.05**, it discloses P3.20 **does not have statistically significant correlation.**

The statement P3.21 with P1.1, P1.2 these **p** values 0.294, 0.694 are above **0.05**, it discloses P3.21 **does not have statistically significant correlation.**

The statement P3.22 with P1.1, P1.2 these **p** values 0.235, 0.932 are above **0.05**, it discloses P3.22 **does not have statistically significant correlation.**

The statement P3.23 with P1.1, P1.2 these **p** values 0.987, 0.293 are above **0.05**, it discloses P3.23 **does not have statistically significant correlation.**

The statement P3.24 with P1.1, P1.2 these **p** values 0.635, 0.837 are above **0.05**, it discloses P3.24 **does not have statistically significant correlation**.

The statement P3.25 with P1.1, P1.2 these **p** values 0.503,0.175 are above **0.05**, it discloses P3.25 **does not have statistically significant correlation**.

4.4. Qualitative Analysis

4.4.1 Qualitative research

Qualitative in nature and the aim was to use a small group of intermediaries and key research question. Exploratory and descriptive questions used a participant observation study with no hypothesis and using ideas and expectations as a guide. The observation source of data was through participant observation, individual structured interviews and even individual and focus groups. Limitations were too time consuming and a non-standardised measurement was used.

4.4.2 Participatory research /Action Research

This study involved the insight into life worlds of the intermediaries and most participants were committed to the changes and respond freely. To investigate through education and training in a classroom type scenario, if this in fact is a need and therefore lacks in the industry. The mode of reasoning was to emphasis on the participants and their views of the industry. The analysis was viewed as a collaborative effort between the researcher and the participants. Some limitations were a small number of cases and an overall generalisation. A strong causal and structural explanation were used .

4.4.3 Evaluation research: implementation process evaluation

This analysis was used on the individual interview data collection. The evaluation of the individual interview was based on biographical information of an intermediary. The researchers aim was to find a similar synopsis of the quantitative analysis. The intermediary portrayed in house training and education. No support from Financial Service Providers on education and training of pension funds. Analysis of members not

acknowledged and the terminology is not easy to understand. The traditional way of training is more acceptable than internet. There should be more training to trustees and more workplace training to consumers. Consumer and intermediaries must be fully informed and aware of all changes.

4.4.4 Evaluation research: Qualitative naturalistic and empowerment evaluation

This research method used to describe and evaluate the performances of the programmes in their natural settings. The focus was on the process of implementation rather than a quantifiable outcome the design types used are more specialised fourth generation evaluation (Guba and Lincoln, 1989), Naturalistic evaluation (Patton, 1990), and empowerment evaluation (Fetterman, 1998). The mode of reasoning was inductive and theoretical which linked assumptions and participation. The strengths were an established rapport and trust with the research subject and a high construct validity. An insider perspective of the research was highly possible.

4.5 Conclusion

This chapter presented a qualitative and quantitative analysis of data collection by using statistical analysis and descriptive research by the use of behavioural measures collected from a financial service providers franchise agency unit based in KwaZulu-Natal. Specific questions reflected through the descriptive frequency. A central frequency was applied to determine one or different opinions of respondents. A Mean was used to analyse an average feeling. Standard Deviation was applied to any differences between persons and to variations of opinions. The inferential Statistics applying the T test for same type opinion with two groups. The Anova shows results for opinion of more than two groups. Correlation statistics were used to analyse the scores or distribution of two variables. The Cronbach's Alpha was used to test the questionnaire's variables and reliability using Cronbach's Coefficient Alpha. Reliabilities and consistency of the research will be used in the next chapter to make a constructive conclusion and recommendation. Conclusions and recommendations on the descriptive statistics will be made in the next chapter. Qualitative will form part of the conclusions as well.

CHAPTER FIVE

Recommendations and Conclusions

5.1 Introduction

The analysis for this research topic allowed the researcher the opportunity to analyse a qualitative and quantitative approach to the research. The descriptive percentage statistics interpreted that there was a strong agree response from the Franchise agents that they like to be in the Life assurance industry and with a cumulative 92.3% wanting to get into the pension industry. The Cronbach Alpha test that tested for reliability in the questionnaires for continuous study variables revealed the Cronbach alpha value to be 0.742 and which is above 0.7 which indicates the research questionnaires continuous study variables had internal and reliability. The qualitative analysis assisted to confirm what the results of the quantitative produced. In addition, for the researcher, the observation's critical training and focus groups described similar feedback to the quantitative approach. The qualitative data collection through focus groups and individual interviews analysed that in fact there is a lack of training and education in the pension fund industry and that members are not knowledgeable, and the products and policy contracts are not easy to understand. Although the quantitative outlined that intermediaries had basic knowledge of pension funds, the qualitative seem to analyse differently. There has been limited research completed by other researchers in the field of education and training on pension products. Researchers (Chan and Stevens, 2003) article was most helpful to gain some comparison for this research proposal. They state knowledge is of vital importance and ongoing training and education will assist consumers to better understand pension funds. The researcher conducted literature reviews from both South African referenced articles and international sources. There has been no previous model or approaches to draw a direct comparison between the study and existing models. This has been a unique research proposal.

5.2 Recommendations for Future Research

The current study researched an homogenous group of franchise agents with similar backgrounds. The current study looked at a homogenous population and sample with similar backgrounds and most agents being FAIS approved to give advice. A truly representative sample would look at a heterogenous sample comprising a number of different intermediaries at different Financial Service Providers on a national basis. A national study of all the different channels of intermediaries will assist the Ombudsman's office to alleviate unnecessary claims that end up in his office. Financial Service Providers, Consumers and Intermediaries will play a vital role to make sure they have all the necessary training and education on Pensions. To study more pension brokers that are regularly involved in pension funds would have reported differently.

Dispersion Statistics for age group 51 to 60 wanting to sell pension funds. Could it be that they are tired of the industry or is it lack of knowledge that steers them away? Should it not be an opportunity of recurring income if they are marketing pension funds. There is a good indication that the younger age group are selling both Life and Pension funds. This is an indication the Financial Service Providers should conduct intensive training to newcomers and prime them for future pension business. More training in the age group of 31-40 should occur as they have indicated that disability wordings are difficult and confusing as it seems they are more *au fait* with pension funds or have been more exposed. The age group 31-40 is more focused to assess whether members lack knowledge or not. There is a fair percentage of Whites and Indians in the franchise agency but it seems to lack the presence of Coloured and African agents. A focus to promote females to sell or get involved in Pension funds is needed.

There are a number of focus areas that this study was unable to examine and for further consideration the following topics could be considered:

- ☐ Effectiveness of Education and Training by Financial Service Providers;
- ☐ Internet training and education will alleviate the consumer education problem or the traditional methods;
- ☐ Empowerment and the Pension Industry;

- ☐ How to drive this education and training to the consumer.

5.3 Specific Recommendations Relevant to study

Problems identified were due to limited time. The lack of education and training is a problem to most members of pension funds. More often they do not understand how their benefits work. Intermediaries' focus is more on selling as opposed to the need and therefore distortion of information is given to consumers. Further, Financial Service Providers' technical jargon in their rules or policy contracts makes it difficult for intermediaries and consumers to fully understand. A solution is to have more education awareness sessions at employers offices and key focus areas. More workshops run by different role players. A standardised system of pension funds, so this alleviates different sets of rules and contracts. Standardise the industry with one set of rules and policy contracts with similar offerings, or if not, the information given to intermediaries should be the same as given to consumers. Let the consumer know the industry and this will also alleviate some of the myths they may perceive.

5.4 Management Guidelines

5.4.1 Agency Participation to market Pension Funds

The descriptive frequency analysis illustrates a 41% strongly agree and 51.3 % agree they want to get into the Pension fund industry. This is an indication that more training and knowledge sharing should take place amongst these agents. A skills training programme documented for agents to complete. A roll out of a point system to achieve the basic training and advanced training programmes.

5.4.2 Basic knowledge of pension funds

The quantitative questionnaire P2.9, P2.11 illustrates the respondents have the basic knowledge of pension funds. Ongoing support with basic training and maybe a bit more technical training is required. Train the new recruits immediately to think pension funds. An online national guide with pension information shared every week and even an SMS system to inform respondents about the basic knowledge of pensions. There should a monthly training school to train the managers and agents. An idea bank that

will allow agents to store pension knowledge and retrieve when needed.

5.4.3 Product understanding

The respondents have clearly shown they agree that disability wordings and definitions are difficult and confusing to understand. There should be easier understanding of the disability definitions and clear wordings. Introduce a programme for regular training on product specifications, especially disability definitions. Pension rules and the Pension Funds Act made easily available to members. There should be an in depth training to technical consultants.

5.4.4 Consumer Knowledge and Understanding

The respondents strongly disagree and disagree on P2.13 and P2.14 of the questionnaire that indicates member should be educated and trained. There should be programmes for members and employers on an ongoing basis. A similar research conducted with members and employers to gather the depth of the training. Review of the FAIS Act to consumers to understand the compliance requirements. There should be an ongoing programme member benefit statement training. The implementation of a regular customer group discussions and in-depth interviews that will add value. A monthly training school for consumers which will alleviate the lack of knowledge but will also promote new business as well for the other areas of business.

5.4.5 Product launches

At least half of the respondents have shown that there are insufficient new product launches and detailed training. Product should be tested first. Consumer needs taken into account before designing products. Consumer should be interviewed for the reason of unsold funds and product alternative for terminated funds.

5.4.6 Ethnic Group, Gender and Age group

Based on the statistics there is a lack of recruitment of more African and Coloured agents. There seems to be more males than females. More females should be recruited. The age group 20-30 years have a bigger percentage than any of the other age groups that sell a bit of both. The age group 31-40 want to get into the pension fund industry more than any other age group.

5.5 Aims and Objectives

The data collected supports what this research set out to achieve and that is lack of training and education leads to consumer claims at the Ombudsman office'. The franchise agency group indicated that they have the basic knowledge of pension funds but need more technical assistance. They have statistically stated that consumers do not understand pension funds and therefore more education should be conducted amongst consumers. Further, to this statistically the respondents find wordings and policy contracts to difficult to understand. Therefore the aim was to confer if in fact Financial Service Providers need to simplify their wordings of their products which is easily understood by the consumer which in turn will alleviate consumer claims. There has been a swing of more agents wanting to get into pension funds and a need for the Financial Service Provider to grow their database of intermediaries.

5.6 Conclusion

Whether there is a lack of education and training to intermediaries in the pension fund industry that leads to claims at the Ombudsman was the research question. Data collected and analysed through the qualitative and quantitative analysis conferred with the researcher's research question and brings to light that in fact there is a lack of education and training and that intermediaries have some basic knowledge but that this is not enough for intermediaries to take out and educate their consumers. The data collection assisted in segmenting training and education in certain age groups and is a good plan for the franchise agency unit. The survey questionnaire completed showed a correlation between the questions asked and agents indicated great relevance to their understanding of pension funds. This research conducted to a larger group of

intermediaries will provide more substantial statistics for this research questions and would have resulted in a more favourable and larger response to this research questions problem. Although the researcher conducted the research amongst a smaller group of franchise agents, it proved positive reasons for what the researcher wanted to achieve from this research problem. By statistical evidence it proved a lack of knowledge and training in certain areas of pension funds. This research also statistically proved that policy rules and wordings are extremely difficult to understand. The research surveyed amongst members of pension funds will provide a more positive evidence of what the researcher set out to achieve. (Chan and Stevens, 2003) mention that most people know little about their pension which confirms the researcher views is similar to that of other researchers.

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Addenda

Ethical Clearance

UNIVERSITY OF KWAZULU-NATAL

**ETHICAL CLEARANCE APPLICATION FORM
(HUMAN AND SOCIAL SCIENCES)**

Nov 2006

Inquiries:

Ms Phumelele Ximba

Tel: 260 3587

Email: ximbap@ukzn.ac.za

PLEASE NOTE THAT THE FORM MUST BE COMPLETED IN TYPED SCRIPT; HANDWRITTEN APPLICATIONS WILL NOT BE CONSIDERED

SECTION 1: PERSONAL DETAILS

- 1.1 **Full Name & Surname of Applicant** : Shamladevi Pather
1.2 **Title (Ms/ Mr/ Mrs/ Dr/ Professor etc)** : MRS
1.3 **Student Number** (where applicable) : 201512151
Staff Number (where applicable) : n/a
1.4 **School** : GSB Westville
1.5 **Faculty** : Graduate School of Business
1.6 **Campus** : Westville
1.7 **Existing Qualifications** : Postgraduate Diploma in Business Management
1.8 **Proposed Qualification for Project** : University Level qualification
(where applicable)
2. **Contact Details**
Tel. No. : 031 3666242(office) 7082689 (home)
Cell. No. : 083 3752831
e-mail : shamla@pcnet.co.za or shamla.pather@liberty.co.za
Postal address (in the case of students and external applicants) : P.O.Box 987 , Westville , 3630

3. SUPERVISOR/ PROJECT LEADER DETAILS

NAME	TELEPHONE NO.	EMAIL	DEPARTMENT / INSTITUTION	QUALIFICATIONS
3.1 Prof Sam Lubbe	260 7280	Slubbe@ukzn.ac.za	Information Technology	
3.2				
3.3				

SECTION 2: PROJECT DESCRIPTION

Please do *not* provide your full research proposal here: what is required is a short project description of not more than two pages that gives, under the following headings, a brief overview spelling out the background to the study, the key questions to be addressed, the participants (or subjects) and research site, including a full description of the sample, and the research approach/ methods

2.1 Project title

Education and Training in the Pension Fund Industry: Education and Training to intermediaries to reduce Consumer Claims to the Ombudsman?

2.2 Location of the study

At the offices of intermediaries that provide advice on Pension Products in Kwa Zulu Natal. Offices of employers of pension funds to observe intermediaries in the education process.

2.3 Objectives of and need for the study

The objective and need for the study is there have been too many claims sent to the Ombudsman by consumers due to the lack of proper training and education either from intermediaries or the Financial Service Provider. This research study hopes to address this by using a qualitative and quantitative approach to identify how to assist intermediaries to better understand pension products and how intermediaries can assist regulatory bodies to overcome this lack of education and training. The objective of this research study is to highlight a qualitative, micro-level analysis of the education and training of pension products, and aims to explore how to manage the education and training of pension products to intermediaries who in turn who will be better able to educate the consumer. Critical questions that need to be addressed are: How are intermediaries educating consumers on pension product? Are intermediaries well educated and knowledgeable to advise their clients appropriately? How can Financial Service Providers assist to help intermediaries better understand the pension products? These questions formulate my area of interest, motivation and rationale for doing this research. The theoretical approach to this research will be a descriptive framework which relies on prior experience and what is expected to occur. A combination of inductive and deductive approach to develop a theoretical

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2.4 Questions to be answered in the research

1. What information is needed to ensure that intermediaries better understand pension products?
2. In what way does the lack of training and knowledge on pension funds affect the number of claims submitted to the Financial Services Board?
3. What are the strategies that intermediaries should adopt with regard to education and training that will ensure fewer claims to the ombudsman office?

4. In what way does education and training of pension products assist consumers to become knowledgeable in the industry?
 5. In what way does the intermediary use the knowledge of pension products provided by Financial Service Providers to assist in Fit and Proper advice to consumers?
 6. How can further training enhance services to consumers to obtain the best possible returns in the pension industry?
 7. How can Financial Service Providers assist intermediaries to better understand pension products?
-

2.5 Research approach/ methods

In this research I will be using the qualitative and quantitative research method of data collection. The use of empirical and non –empirical studies. The empirical studies will consist of;

1. An ethnographic research: participant observation studies.
2. An Ethnographic research: case study.
3. Participatory research/action research (PAR)
4. Field/natural experimental designs
5. Secondary data analysis

The non-empirical studies will consist of Literature reviews. Purposive or judgemental sampling will be used. Using a real live experience in the industry I represent. My research aims to assist intermediaries and Financial Service Providers to overcome the lack of education and training in the Pension Fund industry and find ways to assist consumers to become more knowledgeable and how Financial Service Providers can assist intermediaries. In this study I will understand how intermediaries understand the pension product industry and how they advise their clients and the need required in which areas of education and training. I will employ semi structured interviews, observations, self memos and survey questionnaires to intermediaries and Financial Service Providers. Data collection will be based in the following stages;

Stage 1: Survey on intermediary's knowledge

In this stage of the research proposal a questionnaire to intermediaries on requirements of education, training, knowledge and understanding in the Pension product industry will be collected using a short formatted questionnaire (refer to appendix H). This stage will address the first key research question

Stage 2: Experience survey, critical lesson and Focus group with Intermediaries

In this stage of the research proposal to question intermediaries who have encountered a similar situation and who are knowledgeable about the situation being discussed. Discussions with 5 intermediaries to record their knowledge of education and training. Interpretation and opinions of intermediaries about products and services. The participatory techniques will provide data about biographical, sexual and industry background of the participants. This stage will relate to the third research question.

Stage 3: Observation on education and training sessions with consumers (employers and members of Pension funds) conducted by intermediaries

Observation of education and training held with four employers and members of funds conducted by intermediaries. The purpose of this study is to examine the explanation and advice on retirement benefits and the best retirement vehicle for members on a fund. To observe what Pension Fund members understand about the workings of their fund. Participatory techniques will provide rich data about what is required by consumers for education and training in the pension industry. In depth training and education of rules and product specifications (refer to Appendix F) how can

further training enhance services to members /consumers to obtain best possible returns in the pension industry. Using a coding schedule to code event frequencies and event duration. Using an individual sampling strategy. This stage relates to research question 4 and 6

Stage 4: Individual interviews: Discussions of timelines, Observation of training, case study analysis, and semi structured interviews and critical training

At this stage individual semi –structured interviews to understand and explore intermediary's identities and how it relates to their field of work. Various parts of the research study will be combined and theorised. Observation and note taking of what intermediaries require from Financial Service Providers with regards to rules and product specification. How much they understand in a presentation and question in a live presentation of Financial Service Providers products (refer Appendix E and G). In this semi structured interview the research question of what is required to assist intermediaries to better understand pension funds. Timeline to signify events and experiences in the life of the intermediary. This relates to research question 5 and 7

Access Issues

The very first stage for data collection is to get permission and informed consent from the Financial Services Board to conduct research amongst intermediaries. Permission from intermediaries ,members of pension funds and employers of Pension Funds that are willing to participate in discussions, observations, individual compilation of timeline ,case scenario analysis, critical training ad experience survey. Observation and copies of presentation obtained. The survey questionnaire should not pose any problems as this is one way of finding out what is lacking in the education and training of pension products. Refer to appendix A, B C and D for permission

Ethical Issues

All participants will be fully informed about my participatory techniques and purpose of my observations. I will need to assure them confidentiality and anonymity. Participants will be reassured that their participation is entirely voluntary and that they are free to withdraw from the research study at any point of the research. Refer appendix A, B, C and D

2.6 Proposed work plan

Set out your intended plan of work for the research, indicating important target dates necessary to meet your proposed deadline.

STEPS	DATES
Ethics Submission	15 Nov 2006
Collection of data	Nov 2006
Analysis of data	Nov /Dec 2006
Report writing	Dec 2006
Completion of thesis due to being a pipeline MBA student of Howard college	Deadline date from UKZN 15 Dec 2006 My deadline 3 Dec 2006

SECTION 3: ETHICAL ISSUES

The UKZN Research Ethics Policy applies to all members of staff, graduate and undergraduate students who are involved in research on or off the campuses of University of KwaZulu-Natal. In addition, any person not affiliated with UKZN who wishes to conduct research with UKZN students and / or staff is bound by the same ethics framework. Each member of the University community is responsible for implementing this Policy in relation to scholarly work with which she or he is associated and to avoid any activity which might be considered to be in violation of this Policy.

All students and members of staff must familiarize themselves with AND sign an undertaking to comply with the University's "Code of Conduct for Research".

QUESTION 3.1

Does your study cover research involving:	YES	NO
Children		✓
Persons who are intellectually or mentally impaired		✓
Persons who have experienced traumatic or stressful life circumstances		✓
Persons who are HIV positive		✓
Persons highly dependent on medical care		✓
Persons in dependent or unequal relationships		✓
Persons in captivity		✓
Persons living in particularly vulnerable life circumstances		✓

If "Yes", indicate what measures you will take to protect the autonomy of respondents and (where indicated) to prevent social stigmatisation and/or secondary victimisation of respondents. If you are unsure about any of these concepts, please consult your supervisor/ project leader.

QUESTION 3.2

Will data collection involve any of the following:	YES	NO
Access to confidential information without prior consent of participants		✓
Participants being required to commit an act which might diminish self-respect or cause them to experience shame, embarrassment, or regret		✓
Participants being exposed to questions which may be experienced as stressful or upsetting, or to procedures which may have unpleasant or harmful side effects		✓
The use of stimuli, tasks or procedures which may be experienced as stressful, noxious, or unpleasant		✓
Any form of deception		✓

If "Yes", explain and justify. Explain, too, what steps you will take to minimise the potential stress/harm.

QUESTION 3.3

Will any of the following instruments be used for purposes of data collection:	YES	NO
Questionnaire	✓	
Survey schedule		
Interview schedule	✓	
Psychometric test		
Other/ equivalent assessment instrument		

If “Yes”, attach copy of research instrument. If data collection involves the use of a psychometric test or equivalent assessment instrument, you are required to provide evidence here that the measure is likely to provide a valid, reliable, and unbiased estimate of the construct being measured. If data collection involves interviews and/or focus groups, please provide a list of the topics to be covered/ kinds of questions to be asked.

QUESTION 3.4

Will the autonomy of participants be protected through the use of an informed consent form, which specifies (in language that respondents will understand):	YES	NO
The nature and purpose/s of the research	✓	
The identity and institutional association of the researcher and supervisor/project leader and their contact details	✓	
The fact that participation is voluntary	✓	
That responses will be treated in a confidential manner		
Any limits on confidentiality which may apply	✓	
That anonymity will be ensured where appropriate (e.g. coded/ disguised names of participants/ respondents/ institutions)	✓	
The fact that participants are free to withdraw from the research at any time without any negative or undesirable consequences to themselves	✓	
The nature and limits of any benefits participants may receive as a result of their participation in the research	✓	
Is a copy of the informed consent form attached?	✓	

If not, this needs to be explained and justified, also the measures to be adopted to ensure that the respondents fully understand the nature of the research and the consent that they are giving.

QUESTION 3.5

Specify what efforts been made or will be made to obtain informed permission for the research from appropriate authorities and gate-keepers (including caretakers or legal guardians in the case of minor children)?		
<p>Letters to intermediaries, members of pension funds, employers of pension funds outlining the main purpose of the research study and requesting permission to collect data</p>		

QUESTION 3.6

How will the research data be secured, stored and/or disposed of?

Data Collected will be stored securely at the GSB for a period of 5 years.

QUESTION 3.7

In the subsequent dissemination of your research findings – in the form of the finished thesis, oral presentations, publication etc. – how will anonymity/ confidentiality be protected?

Abide by the confidentiality of the university and its policies. The finished thesis and any articles published from this research will ensure anonymity of the participants.

QUESTION 3.8

Is this research supported by funding that is likely to inform or impact in any way on the design, outcome and dissemination of the research?

YES

✓ NO

If yes, this needs to be explained and justified.

SECTION 4: FORMALISATION OF THE APPLICATION APPLICANT

APPLICANT

I have familiarised myself with the University's Code of Conduct for Research and undertake to comply with it. The information supplied above is correct to the best of my knowledge.

NB: PLEASE ENSURE THAT THE ATTACHED CHECK SHEET IS COMPLETED

.....
SIGNATURE OF APPLICANT

.....
DATE

SUPERVISOR/PROJECT LEADER

NB: PLEASE ENSURE THAT THE APPLICANT HAS COMPLETED THE ATTACHED CHECK SHEET AND THAT THE FORM IS FORWARDED TO YOUR FACULTY RESEARCH COMMITTEE FOR FURTHER ATTENTION

DATE:

SIGNATURE OF SUPERVISOR/ PROJECT LEADER :

RECOMMENDATION OF FACULTY RESEARCH COMMITTEE/HIGHER DEGREES COMMITTEE

FULL NAME : (CHAIRPERSON)

DATE :

SIGNATURE :

RECOMMENDATION OF UNIVERSITY RESEARCH ETHICS COMMITTEE (HUMAN AND SOCIAL SCIENCES)

FULL NAME : (CHAIRPERSON)

DATE :

SIGNATURE :

**UNIVERSITY OF KWAZULU-NATAL
RESEARCH OFFICE**

ETHICAL CLEARANCE : HUMAN AND SOCIAL SCIENCES

CHECK SHEET FOR APPLICATION

	PLEASE TICK
1. Form has been fully completed and all questions have been answered	✓
2. Questionnaire attached (where applicable)	✓
3. Informed consent document attached (where applicable)	✓
4. Approval from relevant authorities obtained (and attached) where research involves the utilization of space, data and/or facilities at other institutions/organisations	✓
5. Signature of Supervisor / project leader	✓
6. Application forwarded to Faculty Research Committee for recommendation and transmission to the Research Office	✓

Appendix A: Letter to Financial Services Board

The Research Officer
Pretoria

Dear Sir / Madam

I am studying towards my Master Degree in Business Administration at the Graduate School of Business, University of KwaZulu-Natal. I wish to undertake a research project examining the knowledge and training of Pension Products to intermediaries and to find out in what way does the intermediary use the knowledge of pension products provided by Financial Service providers to assist in Fit and Proper advice to consumers. What information is needed to ensure that intermediaries better understand pension products? The primary aim of my research project is to understand if there is a lack of education and training of pension products and what can be done to provide more information to intermediaries to better understand the pension products and how this will assist consumers to better understand which in turn will curb the number of claims to the ombudsman.

PROJECT TITLE: EDUCATION AND TRAINING IN THE PENSION FUND INDUSTRY: EDUCATION AND TRAINING TO INTERMEDIARIES TO REDUCE CONSUMER CLAIMS TO THE OMBUDSMAN.

I request that I be allowed to complete my research study with intermediaries in Kwa Zulu Natal as participants in my study. It will involve at least 20 intermediaries who advise on Pension Products, Employer and Employees of Pension Funds.

I wish to unequivocally state that the parties mentioned above their participation in this study is entirely voluntary and they are free to withdraw from participating in the study at any time they wish to. At all times, I will protect the anonymity of parties participating in this research study and treat all information confidentially. Moreover, I assure you that data collected from this research study will only be used for purposes of my Masters Degree and may be used for other purposes only after I have obtained permission from the participants in this study.

This project is being conducted with the full knowledge of my supervisor, Prof. S Lubbe who is based at the University of KwaZulu-Natal, Westville Campus.

If you would like to consider this request, and if the purpose and nature of the research are clear to you, please read and complete the section below.

Thanking you in anticipation.

Yours sincerely,

Ms Shamla Pather
(Researcher)

Tel: 031- 708 2689 (home)
Tel: 031 -3666242 (work)

Prof Sam Lubbe
(Supervisor)

Tel: 031- 260 7280 (WORK)
email:Slubbe@ukzn.ac.za

Consent from Financial Service Board

I _____ hereby confirm that I understand the purpose and nature of this research project and I

☐ **agree**

☐ **disagree**

That this research project can be undertaken at the above institution.

Signature of FSB:.....

Date:

Ms Shamla Pather
(Researcher)

Prof S Lubbe
(Supervisor)

Tel: 031-7082689 (home)
031-3666242 (work)

Tel: 031-260 7280 (work)
email:Slubbe@ukzn.ac.za

Appendix B: Letter to Employer of Retirement Funds in Kwa Zulu Natal

Employer:

Dear Sir / Madam

I am studying towards my Master Degree in Business Administration at the Graduate School of Business, University of KwaZulu-Natal. I wish to undertake a research project examining the knowledge and training of Pension Products to intermediaries and in what way does the intermediary use the knowledge of pension products provided by Financial Service Providers to assist in Fit and Proper advice to consumers. What information is needed to ensure that intermediaries better understand pension products? The primary aim of my research project is to understand if there is a lack of education and training of pension products and what can be done to provide more information to intermediaries to better understand the pension products and how this will assist consumers to better understand which in turn will curb the number of claims to the Ombudsman. How can further training enhance services to consumers to obtain the best possible returns in the Pension industry?

PROJECT TITLE: EDUCATION AND TRAINING IN THE PENSION FUND INDUSTRY: EDUCATION AND TRAINING TO INTERMEDIARIES TO REDUCE CONSUMER CLAIMS TO THE OMBUDSMAN

I request that I be allowed to complete my research study at your office using members as participants in my study. It will involve members who are current members of the fund.

I wish to unequivocally state that member's participation in this study is entirely voluntary and that members are free to withdraw from participating in the study at any time they wish to. At all times, I will protect the anonymity of the members participating in this research study and treat all information confidentially. Moreover, I assure you that data collected from this research study will only be used for purposes of my Masters Degree and may be used for other purposes only after I have obtained permission from the participants in this study.

This project is being conducted with the full knowledge of my supervisor, Prof.S Lubbe, who is based at the University of KwaZulu-Natal, Westville Campus.

If you would like to consider this request, and if the purpose and nature of the research are clear to you, please read and complete the section below.

Thanking you in anticipation.

Yours sincerely,

Ms Shamla Pather
(Researcher)

Tel: 031- 708 6937 (home)
031-3666242 (work)

Prof S Lubbe
(Supervisor)

Tel: 031-260 7280 (work)
EMAIL:slubbe@ukzn.ac.za

Consent from Employer

I _____ hereby confirm that I understand the purpose and nature of this research project and I

☐ agree

☐ **disagree**

That this research project can be undertaken at the above office.

Signature of Employer: Date:

Ms Shamla Pather
(Researcher)

Tel: 031-7086937 (home)
031-3666242 (work)

Prof S Lubbe
(Supervisor)

Tel: 031-260 7280 (work)
email: Slubbe@ukzn.ac.za

Appendix C: Letter to Intermediaries

Dear colleague

I, Shamladevi Pather, have requested permission from the Financial Services Board to conduct a research project as part of my Master Degree in Business Administration.

I wish to undertake a research project examining the knowledge and training of Pension Products to intermediaries and in what way does the intermediary use the knowledge of pension products provided by Financial Service Providers to assist in Fit and Proper advice to consumers. What information is needed to ensure that intermediaries better understand pension products? The primary aim of my research project is to understand if there is a lack of education and training of pension products and what can be done to provide more information to intermediaries to better understand the pension products and how this will assist consumers to better understand which in turn will curb the number of claims to the ombudsman.

PROJECT TITLE: EDUCATION AND TRAINING IN THE PENSION FUND INDUSTRY: EDUCATION AND TRAINING TO INTERMEDIARIES TO REDUCE CONSUMER CLAIMS TO THE OMBUDSMAN

In order to access information on intermediary's experiences, I will be asking you, as a participant, to complete a survey on education and training in the Pension Fund industry, construct a timeline, analyses scenarios observe at least three critical training sessions and participate in a semi-structured interview. I also request permission to observe training of your teachings about Pension Fund education. I assure you that any written, audio or video recordings collected from this research project will only be used for my Masters and will only be used for other purposes after I have obtained permission from you, as a participant. I wish to emphasis the following points: your participation in this research study is entirely voluntary, all information you provide will be treated as strictly confidential, your anonymity will be protected and that you are free to withdraw, at any time, from participating in the research or refuse to answer questions or perform tasks. Your withdrawal will not result in any form of disadvantage. I hereby request your permission to participate in the study.

If you would like to consider this request, and if the purpose and nature of the research are clear to you, please read and complete the declaration below.

This study is being conducted with the permission of the Financial Services Board and my supervisor, Prof. S. Lubbe at the University Of Kwa Zulu Natal , Westville Campus.

Thanking you in anticipation.

Yours sincerely,

Ms Shamla Pather
(Researcher)

Prof S Lubbe
(Supervisor)

Tel: 031-7086937(home)
031-3666242 (work)

Tel: 031-2607280(work)
email:SLubbe@ukzn.ac.za

Declaration by Intermediary

I _____ (full name of participant) hereby confirm that I understand the purpose and nature of this research project, and I consent to participating in this research project.

I understand that I my participation is voluntary, all information I give will be treated confidentially, my anonymity will be protected, that I am at liberty to withdraw from the research project at any time, should I so desire. I understand that my decision to withdraw or not to participate will not result in any form of disadvantage. I am willing to complete the Survey Questionnaire, Timeline, Scenario Analysis and observation of critical training. I hereby grant permission for my training session lessons to be observed and to be used as part of the analysis.

Signature of Participant /Intermediary

Date

Ms Shamla Pather
(Researcher)
Tel: 031-7086937 (home)
031 - 3666242 (work)

Prof S Lubbe
(Supervisor)
Tel: 031-2607280 (work)
email: SLubbe@ukzn.ac.za

Appendix D: Letter to Members of Pension Fund

Dear Member

I, Shamladevi Pather, have requested permission from your Employer to conduct a research project as part of my Master Degree in Business Administration. I wish to undertake a research project examining the knowledge and training of Pension Products to intermediaries and in what way does the intermediary use the knowledge of pension products provided by Financial Service Providers to assist in Fit and Proper advice to consumers. What information is needed to ensure that intermediaries better understand pension products? The primary aim of my research project is to understand if there is a lack of education and training of pension products and what can be done to provide more information to intermediaries to better understand the pension products and how this will assist you as consumers to better understand which in turn will curb the number of claims to the ombudsman.

PROJECT TITLE: EDUCATION AND TRAINING IN THE PENSION FUND INDUSTRY: EDUCATION AND TRAINING TO INTERMEDIARIES TO REDUCE CONSUMER CLAIMS TO THE OMBUDSMAN

In order to access information on pension fund member's experiences, I will be asking you, as a participant, to allow me to observe a critical training session conducted by an intermediary. To participate in a semi-structured interview. I assure you that any written information collected from this research project will only be used for my Masters and will only be used for other purposes after I have obtained permission from you, as a participant. I wish to emphasize the following points: your participation in this research study is entirely voluntary, all information you provide will be treated as strictly confidential, your anonymity will be protected and that you are free to withdraw, at any time, from participating in the research or refuse to answer questions or perform tasks. Your withdrawal will not result in any form of disadvantage. I hereby request your permission to participate in the study. If you would like to consider this request, and if the purpose and nature of the research are clear to you, please read and complete the declaration below.

This study is being conducted with the permission of the Financial Services Board and my supervisor, Prof. S. Lubbe at the University Of Kwa Zulu Natal, Westville Campus.

Thanking you in anticipation.

Yours sincerely,

Ms Shamla Pather
(Researcher)

Prof S Lubbe
(Supervisor)

Tel: 031-7086937(home)
031-3666242 (work)

Tel: 031-2607280(work)
email:SLubbe@ukzn.ac.za

Declaration by Member

I _____ (full name of participant) hereby confirm that I understand the purpose and nature of this research project, and I consent to participating in this research project.

I understand that I my participation is voluntary, all information I give will be treated confidentially, my anonymity will be protected, that I am at liberty to withdraw from the research project at any time, should I so desire. I understand that my decision to withdraw or not to participate will not result in any form of disadvantage. I am willing to allow an observation of a critical training session by an intermediary. I hereby grant permission.

Signature of Participant

Date

Ms Shamla Pather
(Researcher)
Tel: 031-7086937 (home)
031 - 3666242 (work)

Prof S Lube
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Appendix E: Discussion with Intermediaries

Introduction

Thank you for your interest in and agreeing to participate in this research study. The main purpose of this discussion is to clearly outline the methods of data collection and what will be required of you. I assure you that all information you provide will be treated with strict confidentiality. Your anonymity will be protected and information you provide will be altered or removed when writing up the report to prevent anyone from identifying you as a participant. Data collected will not record your name on it. I will observe and take notes of our conversations during the discussion and semi-structured interviews, so that I have a record of what was said, to assist with analysis later.

1. Timeline

The main purpose of the timeline is to **record the significant events and experiences in your life in chronological order**. Decision of how far back you wish to begin your timeline, for example, when were you born, when did you start your career in the pension industry. You can draw your timeline across an A4 page (landscape) as follows:

----->
1967 1971

Fill in the significant years at the bottom of the timeline (if you remember the dates, you can include them as well, although this is not compulsory). For each significant year, write the event or experience above the timeline.

2. Scenario Analysis

Read the following Scenarios and write out your responses to the questions that follow:

Scenario One:

Mr P Bhesengile is unhappy about receiving only R 4000 from the fund as a withdrawal benefit. He worked for a long time at Hartebeestfontein Gold Mine and left on the 4th of December 1999 and left Bosasa Catering on the 31 October 2003. Mr Bhesengile's concern is the calculation of the withdrawal benefit (Determination in terms of Section 30 M of the Pensions Act 24 of 1956 ('the Act'): P Bhesengile v Bosasa Provident fund case extracted from the Pension Funds Adjudicator)

Questions based on scenario one

1. The Pension funds adjudicator dismissed the case on the basis of the facts well known to the parties. Do you believe the adjudicator made the right decision to close the case due to the lack of knowledge by the member?
2. How do you feel about Mr Bhesengile's complaint?
3. If Mr Bhesengile was your client how would you have dealt with his enquiry?

Scenario two

M Cele's complaint concerns the transfer of his pension benefit to another fund without his consent. The complaint relates to how the fund is being administered and the fact that they have not received

answers to queries raised in respect of administration of the fund. (Determination in terms of Section 30 M of the Pensions Act 24 of 1956 ('the Act')): M Cele v Loungefurn Gomma Gomma (pty) Ltd (the employer) and Gomma Gomma Provident Fund and Alexander Forbes Financial Services (the administrator) case extracted from the Pension Funds Adjudicator

Questions based on scenario two

1. M Cele states that pension monies have been moved from administrators and they never agreed to these transfers that took place and without supporting evidence alleged that there is "fraud and corruption between employer and all the fund administrators. Do you think M Cele should have received a letter indicating the movement of administrators?
2. Do you think his complaint was justified. Was there a lack of communication?
3. What advice would you have given M Cele in such a case?

Scenario Three

TJ Domingo is dissatisfied with the calculation of the capital lump sum disability as reflected in the annual benefit statement as at 29 February 2000 as being R 631 178, the fund has treated Domingo unfairly by paying an amount of R 267 432. (Determination in terms of Section 30 M of the Pensions Act 24 of 1956 ('the Act')): TJ Domingo v Old Mutual Employee Benefits case extracted from the Pension Funds Adjudicator

Questions based on scenario three

1. The fund states the benefit statement reflecting the amount of R 631 432 was issued in error by Old Mutual Employee Benefits (the administrator). Do you believe improper records and calculations leads to lack of knowledge and training?
2. Do you think a if quote should have been produced before paying out the actual benefits?
3. Do you think TJ Domingo is justified in the complaint?

Scenario Four

David started a new job at DB Engineering on the 1st of November 2005. David had previously been ill and had a heart bypass. When he joined the Company it was compulsory for him to belong to their Pension scheme that has risk benefits and retirement. The fund had a free cover limit and David was below the free cover limit, so he was not required to provide evidence of health.

Questions based on Scenario Four:

1. David admitted that he did not know much about Pension Funds or Risk scheme, but his HR Manager on joining the Company explained to him what benefits he will enjoy. Explain to David the pre-existing conditions of joining the scheme and the limitations to him?
2. Do you think there is some form of non-disclosure from David by not disclosing his health conditions? Or was it lack of knowledge of what was expected of him or the Employer was not notified by the intermediary to ask leading questions or to educate employees of such conditions? Give reasons for your answer.
3. What would happen if David died in the first month of joining the fund?

Scenario Five

Thuli has been employed in the Life Assurance industry for 20 years and has accumulated a wealth of experience in the industry for time. In 1994, the FAIS Act (Financial and Intermediary Service Act) was introduced requiring intermediaries to adhere to being fit and proper to give advice. Thuli was a representative for one of the major insurers and left them a year ago. He applied for his financial service provider licence in order to operate as an independent broker. He applied for the life contracts and short term. He did not at that stage do pension funds, so he did not indicate Long Term C with Pension to the Financial Service Board.

Questions based on Scenario Five:

1. Thuli was asked by a business friend to do a Pension scheme for his staff of fifty members. Do you think Thuli can sell the Pension fund or is he contravening the Act as he does not have the licence to sell Pension funds?
2. Has Thuli complied by the Fit and Proper advice?
3. Explain how intermediaries can become more knowledgeable to understand the licencing process to market Pension Funds and the product specification of pension funds. What does Thuli lack and can this be overcome?

Scenario Six

Mike worked at the Dockside and was part of a Company that canned fish and exported overseas.

Mike was given the opportunity to join the new Pension scheme introduced to him and his colleagues. Mike worked hard and most of cash was used to feed his family and when the Pension Fund was introduced to him, he thought it was a good idea to put away some money for the "rainy day". He was under the impression he could withdraw the money for any cash strap situations. After six months on the fund, he wanted to use some of the money to pay for his son's school fees. He was told by the administrator of the pension fund, that he could only have 80% of the surrender value of his pension money for a housing loan and there was no personal loan's allowed. Mike was upset and felt he was not advised appropriately on his fund.

Questions based on Scenario Six:

1. Do you agree that there was a lack of education and training provided to Mike on what he was allowed and what he was not allowed to do on his fund? Give ways of how this could be avoided?
2. Do you believe the intermediary was not informed by the Service Provider? Mike indicates the Pension Funds Act states such a clause and should be advised by the intermediary and not the duty of the Service Provider? Do support his statement?
3. Do you believe Mike should have asked questions in his member communication from the intermediary? Or should the intermediary outline the salient points from the Pension Funds Act or policy conditions of the Financial Service Provider? Justify?
4. What would you do to overcome this being another claim that reaches the Ombudsman desk? Do you believe that intermediaries should have formatted copy of the Pension Funds Act pinned on the member's notice board? Explain the best possible way to overcome lack of education to members?

5. Critical training session

Select THREE critical training sessions or lessons that have shaped the way you train or educate consumers on Pension Products. The critical sessions could include your most successful and least

successful training lessons with reasons to justify. Write a paragraph (about half a page) on EACH Critical lesson. You will be shown the final dissertation before printing and publication, to ensure that you are satisfied.

4. Presentation Observation Schedule

I would like to observe , videotape and take notes of at least two or three presentations of your training and education about pension funds either in the your offices or in the Employers office with members being present. Observation Schedule (See Appendix 6)

5. Semi-structured Interview

See Appendix 7

The timeline, scenario analysis, critical sessions, presentation observation and semi-structured interviews will be analysed and used as part of my Masters study, the main purpose of which is to explore ways that intermediaries use the knowledge of pension products to assist consumers to better understand. To assist Financial Service providers to implement plans for training and education in certain areas and whether the route should be intermediary first and then member or members and intermediaries simultaneously.

Appendix F: Presentation Observation Schedule

Presentation Area: _____

Topic: _____

Presentation outcome: _____

Presentation Resources:

Intermediary Activities

Discussing/Explaining	Monitoring Activities	Demonstrating	Questioning	Presentation skills	Discipline / Disruptions

Member Activities

Taking notes	Asking questions	Recommendations	Individual / Group views	Knowledge of what's presented	Interest shown

NOTES

Appendix G: Interview Schedule for Intermediaries

Introductory comments

Thank you for accepting to take part in this interview and being part of my master's research study. I would like to assure you that all information and records will be treated with the strictest confidentiality and your anonymity will always be protected. I will tape record the focus group and interviews to assist me with analysis later. Please remember that your participation is **voluntary** and that you are at liberty not to respond to any question/s that you are not comfortable with. You are also free to withdraw from the study at any time, if you wish to do so. I appeal to you to be as honest and open as possible and do not hesitate to speak your mind and air your views.

1. When were you born and where?
2. When did you start in the insurance industry? Which was your first company?
3. Tell me about your parents? Did they believe in insurance?
4. What work did your father and mother do?
5. Do you have tertiary qualifications?
6. Did your parents have an insurance consultant?
7. Do remember if you saved your pocket money?
8. Why did you decide to follow a career in the financial field?
9. Where did you study to become accredited in the field?
10. Tell me about the study material if it was clear and precise?
11. Where did you pick up most of your experience in this field?
12. Describe your first member communication you did?
13. What were some of challenges experienced while marketing pension funds?
14. Have you considered leaving the financial field and entering another profession? Briefly explain.
15. Tell me have you received enough training to market pension funds?
16. Do you have copy of the Pension Fund's Act?
17. Do you conduct a lot of member communication? What do you tell them?
18. Tell me about the workshops and seminars you attended as part of your professional development?
19. Have you incorporated teaching about the Income Tax Act, Labour Relations Act and Pension Funds Act to your clients in your presentations? Briefly explain what topics you have educated clients about.
20. Do you feel confident about marketing Pension funds? Why?
21. Have you received any support from Financial Service Providers to assist with educating and training of pension funds? Tell me about this support.
22. How do your members react when you present the concept of pension funds? Give me a few examples.
23. What are some of the resources you have used to assist in educating your client?
24. Do you believe the terminology is easy to understand?
25. Do you think a big drive towards internet education and training of pension products will assist consumers to understand better than the traditional way? Why?
26. What do you recommend to improve the education and training of Pension funds?

Appendix H: Questionnaire on Intermediaries knowledge

Introductory comments

Thank you for agreeing to complete this questionnaire and being part of this research study. I would like to assure you that all information and records will be treated with the strictest confidentiality and your anonymity will always be protected. Please remember that your participation is **voluntary** and that you are at liberty not to respond to any question/s that you are not comfortable with. You are also free to withdraw from the study at any time, if you wish to do so. I appeal to you to be as honest and open as possible.

Please respond to the following questions by answering True, False or Don't Know.

1. There has to be an employer and employee relationship in order to be part of a pension fund.
2. The disability benefit wordings in group risk policy which forms part of the retirement funds are extremely difficult to understand and often confusing.
3. The Income Tax Act allows the sole proprietor himself to be on a pension fund.
4. Members of pension funds are allowed personal loans from their funds.
5. Investment choice allows members to invest more than 15 % offshore.
6. Members understand the tax implications of pension and provident
7. Intermediaries can sell Pension funds with no accreditation
8. Financial Service Providers always have new product launches and give full detail training on the new product.
9. FAIS and FICA are the same.
10. The Act allows for Employers portion on withdrawal due to theft?
11. Members understand more than we think.
12. Defined contribution funds are better than defined benefit funds.
13. Fringe benefit charged to members for unapproved benefits.
14. Intermediaries understand how to calculate free cover limits.
15. Employers and members under the exclusive and inclusive costing on a fund.