

BUSINESS

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FEATURE

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FOR PROFESSIONALS
SINCE 1941

S&PI

The game-changer advisers cannot ignore: PPS's S&PI benefit

By Wimpie Mouton, PPS Life Solutions CEO

As financial advisers, you know the importance of planning for the future, especially when it comes to protecting your clients' most valuable asset: **their ability to earn an income**. Life is full of surprises, some positive and others less so. While clients may anticipate career milestones or personal achievements, they can also face unexpected challenges like illness, injury or financial setbacks. These risks can impact anyone but for graduate professionals, their ability to work is their primary asset. That is why it is essential to consider how best to protect this asset from life's "what ifs" and turn them into "what is".

UNDERSTANDING THE RISKS

The numbers speak for themselves. According to the World Health Organisation (WHO), 1.3 billion people globally live with significant disabilities, with many of these arising from accidents. Workplace and road accidents are some of the most common causes. WHO estimates that every year, between 20 and 50 million people suffer non-fatal injuries in road crashes, many resulting in disabilities. Additionally, the WHO reports that approximately 374 million people globally are affected by workplace accidents annually.

These statistics highlight the risks that individuals face every day and it is critical to consider how prepared they are for the financial implications of such setbacks. An accident or illness may leave an individual unable to work but it is not just catastrophic events we need to worry about. Even something as common as the flu can disrupt income generation for those relying on consistent productivity.

THE IMPORTANCE OF FINANCIAL PROTECTION

While clients often insure tangible assets like cars and homes, protecting their financial well-being during illness is frequently overlooked. Even if they continue earning an income while ill, their financial security could still be at risk. It is crucial to protect their financial well-being during illness to ensure that both their immediate needs and long-term goals are not compromised.





This is where the PPS Sickness and Permanent Incapacity (S&PI) benefit comes into play. Tailored specifically for graduate professionals, this benefit ensures that if an individual finds themselves sick for seven days or longer, they will continue to receive financial support, allowing life to go on uninterrupted despite the unexpected.

WHY THE PPS S&PI BENEFIT IS THE RIGHT CHOICE

Even if your client continues to receive an income, they will still receive the benefit to ensure their financial well-being, with minimal hassle. The PPS S&PI benefit is designed with the needs of graduate professionals in mind, offering:

- **Comprehensive protection:** Support during temporary illness (from as little as seven days) or permanent incapacity, covering clients for as long as necessary, even until retirement.
- **Flexible options:** Cover that extends beyond traditional retirement ages, offering peace of mind for clients throughout their careers.
- **Global reach:** Unrestricted cover worldwide, with payouts starting after seven continuous days off work and paid retroactively from the first day of illness.
- **No income loss required:** Clients can receive payouts even if their illness does not cause income loss, such as those with sick leave benefits or those in professions where a locum can cover their work during recovery.
- **Extreme sports:** Full cover for

hazardous activities like scuba diving and motor racing, with no extra premiums.

- **Supplementary income:** This benefit ensures clients' lifestyles remain unchanged during recovery, providing financial support alongside their regular income.

These features make the PPS S&PI benefit especially valuable to clients in professions like law, medicine, engineering and IT, where specialised risks require equally specialised solutions.

MORE THAN INSURANCE: BUILDING FINANCIAL RESILIENCE

PPS goes beyond providing insurance – it operates on the principle of mutuality, sharing its returns with members through the PPS Profit-Share Account™*. This is an important benefit for your clients because, even when they need to claim, they continue to qualify for allocations to this account. The Profit-Share allocations often make up a substantial portion of members' retirement benefits, helping to ensure their long-term financial well-being.

WHY ADVISE YOUR CLIENTS TO CHOOSE PPS?

The goal is simple: to ensure that graduate professionals feel prepared, protected and supported. With the PPS S&PI benefit, your clients can face life's uncertainties with confidence, knowing that their income, lifestyle and independence remain secure. By protecting their earning potential, they are not just planning for life's

challenges – they are future-proofing their success.

In today's unpredictable world, it is more important than ever to take steps to protect your clients' financial well-being. With PPS as a partner, graduate professionals can focus on building their careers and enjoying life, knowing they are prepared for life's what-ifs. As an adviser, you have the opportunity to offer this peace of mind to your clients and help them navigate life's uncertainties without compromising their long-term success.

* Members holding qualifying life-risk products share in the profit and the loss of PPS through the notional PPS Profit-Share Account™ and past performance is not necessarily indicative of future performance.



Wimpe Mouton

2025: A year of risk, reward and strategic evolution

By David Crosoer, PPS Investments Chief Investment Officer

As the first quarter of 2025 unfolds, investors face a significantly different landscape than expected at the start of 2024. Predictions of aggressive interest rate cuts, particularly in the US, were replaced with a more cautious approach, with the first rate reduction only occurring in September 2024 and the total cut for the year staying below 1%.

According to the Bank for International Settlements, this shift has allowed economies like South Africa to ease their monetary policies, with more than 75% of central banks adjusting rates in the past six months.

At the same time, the second Trump presidency has shifted focus from interest rates to deregulation and corporate tax cuts, fuelling optimism for US equities. In response, PPS Multi-Managers closed its global equity underweight and cautiously increased exposure to South African equities, following the formation of the Government of National Unity.

The impact of US President Donald Trump's policies remains uncertain. While they may benefit the US economy in the short term, the rollback of climate regulations and potential import tariffs could disrupt global trade. As always, balancing risk and opportunity in this evolving market remains essential.

CLIMATE REGULATION: THE COST OF INACTION

According to the Network for Greening the Financial System (NGFS), the avoidable costs of climate change

could amount to 9% of cumulative gross domestic product by 2050, compared to the 2% cumulative cost of mitigating it. Consequently, withdrawing from climate regulations could make catastrophic climate change much more likely and more expensive in the long run.

Similarly, while it is equally hard to gauge the eventual impact of Trump's planned tariffs on the global economy and how they will be implemented, global growth could be 0.8% lower in 2025 and 1.3% lower in 2026, based on modelling by the International Monetary Fund. This could potentially hurt US consumers as well.

However, markets have largely ignored any potential long-term consequences and quickly rated Trump's victory as positive for the US equity market and negative for US debt and non-US equities. While this trade might still have legs, the US equity market is already trading at elevated valuations and unexpected negative news from the US (or positive news elsewhere) might upset the status quo.

In its portfolios, PPS Multi-Managers has not increased its allocation to global equities from a neutral position following the US election. However, the team did rebalance its global small-cap exposure back to target after a period of significant underperformance. Heading into 2025, PPS Multi-Managers will likely maintain this neutral stance, relying on its active international equity managers, particularly US ones, to identify and capitalise on available opportunities.

PPS Multi-Managers have also implemented selective exclusions in its largest global equity portfolio and will target a weighted carbon intensity somewhat less than the



“Balancing risk and opportunity in this evolving market remains essential.”

benchmark. These changes, of course, are insufficient to prevent climate change but will help better manage the risk and add a new dimension to how certain managers can be mandated going forward (exclusions have not been implemented before).

Since May 2024, PPS Multi-Managers has maintained its tactical overweight in South African equities relative to its strategic asset allocation. This approach favours potential local economic recovery through equities rather than bonds, where the stance remains neutral. Given the valuation advantage of South African equities over global equities and the strong performance of appointed managers in 2024, this position is expected to continue through much of 2025.

With US equity valuations appearing less attractive over a ten-year period than global bonds, PPS Multi-Managers has been shifting towards an overweight global bond position. If economic conditions underperform market expectations, this asset class could serve as a key diversifier.

A DIVERSIFIED VIEW

In the PPS Profit-Share Account™, nearly 10% is now allocated to South African hedge funds, with selective additions to private equity, particularly in education-focused investments. These alternative assets offer diverse return sources and provide some protection during equity market downturns.

Backing its manager research process, PPS Multi-Managers is introducing several partnership strategies in 2025, focusing on specialised mandates. Some of these will be integrated into new post-retirement solutions set to launch in the first half of the year, tailored to the needs of graduate professional members and their longevity risk.

The team is also actively engaging with appointed asset managers – especially in South Africa – on inclusion, transformation and climate risk to align solutions with member preferences, particularly younger cohorts.

PPS Multi-Managers continues to refine its approach to meet member needs while navigating an unpredictable market. With skilled active managers adept at capitalising on opportunities and market shifts, the strategy remains focused on balancing risk and opportunity – aiming to be approximately right rather than precisely wrong in an ever-changing landscape

** Kindly note that this does not constitute financial advice the information provided is purely informational. In terms of the Financial Advisory and Intermediary Services Act, an FSP should not provide advice to investors without an appropriate risk analysis and thorough examination of a client's particular financial situation. The information, opinions and communication from the PPS Group or any of its subsidiaries, whether written, oral or implied, are expressed in good faith and not intended as investment advice, nor do they constitute an offer or solicitation in any manner.*



David Crosoer

Beyond the premium: Unlocking the power of insurance for good

By Izak Smit, PPS Group Chief Executive Officer

Imagine a future where insurance goes beyond financial protection to actively shape a safer, more resilient, and happier society. We should strive for this vision – insurance as a cornerstone of global well-being, not just a safety net.

In the years ahead, the insurance sector has the potential to transform society, not only by mitigating risks but by fostering empowerment, education and sustainability. At PPS, we see this vision unfolding. But it requires rethinking our approach – moving beyond the traditional role of risk hedging into one that shapes a more equitable, resilient world for generations to come.

GOING BEYOND RISK HEDGING: SHAPING TOMORROW'S FINANCIAL LANDSCAPE

The insurance industry has the power to drive positive societal change by empowering individuals to make informed financial decisions. Graduate professionals – often overlooked in financial education – are particularly vulnerable to protection shortfalls due to a lack of personal finance

knowledge. Our experience at PPS is that, although professionals are highly educated in their various fields, many face the same educational gaps in personal finance as the rest of society. At PPS, we are committed to bridging this gap through accessible education. The future of insurance should protect and educate, developing financial literacy to help individuals navigate life's uncertainties with confidence.

PREVENTION OVER CURE: A NEW ERA OF PROACTIVE RISK MANAGEMENT

At PPS, we believe the future of insurance will focus more on prevention than ever before. The principle of “prevention is better than cure” is already evident in programmes promoting healthier lifestyles, safer driving and improved infrastructure.

Looking ahead, insurers could actively prevent risks before they occur, collaborating with clients to minimise losses. Innovations like wearable tech and smart home devices mark the start of this shift. By integrating proactive risk management into daily life, insurers can reduce claims, cultivate resilience and benefit society with potentially lower premiums.

MUTUALS AND COOPERATIVES: THE HEARTBEAT OF COMMUNITY RESILIENCE

The cooperative and mutual insurance model is a powerful tool for addressing global challenges. With a focus on long-term sustainability and community support, mutuals prioritise members' needs over short-term profits. These organisations are uniquely positioned to tackle issues like financial inclusion and the United Nations's (UN) Sustainable Development Goals. Recognising their potential, the UN has declared 2025 the Year of Cooperatives (which includes mutual insurance businesses), highlighting the need for regulatory environments that support mutuals and cooperatives in driving positive change, from reducing financial exclusion to promoting environmental sustainability.

EDUCATION: THE KEY TO UNLOCKING SUSTAINABLE CHANGE

Education will continue to play a central role in transforming the insurance sector. Whether it is educating individuals about the risks they face or supporting broader social initiatives through corporate social responsibility, insurers can drive long-term change.



At PPS, we are already taking steps to educate our members and communities about risk management, financial planning and insurance. But looking forward, this needs to go further. Insurance companies must become trusted sources of knowledge, guiding people toward sustainable financial decisions that benefit both their personal futures and the world at large.

TACKLING THE ENVIRONMENTAL CRISIS: INSURANCE AS A FORCE FOR GLOBAL GOOD

While not a major contributor to carbon emissions, the insurance sector plays a crucial role in addressing the environmental crisis – through the deployment of the investments that they manage and their influence on risk management behaviour. By funding green projects and renewable energy initiatives, insurers can drive sustainability. They can also incentivise eco-friendly behaviour through adjusted premiums for clients adopting sustainable practices. In the future, the insurance sector will be key in supporting sustainable development and the transition to a low-carbon economy, helping mitigate climate change and other environmental challenges, and building a more resilient world.

PUBLIC-PRIVATE PARTNERSHIPS: BUILDING A STRONGER TOMORROW TOGETHER

Looking ahead, public-private partnerships will become increasingly important in achieving the vision of a more sustainable and resilient world. Governments play a crucial role in creating the regulatory frameworks that guide the insurance industry, but it is up to the private sector to innovate and bring those frameworks to life. Governments create the playing fields; businesses and society are the players who ultimately deliver the products and services.

By working together, insurers, regulators and governments can create competitive, transparent markets that deliver high-quality services and solutions to communities around the world. In emerging markets, these partnerships will be essential for delivering financial inclusion and reducing poverty.

LOOKING AHEAD: THE NEXT TEN YEARS

The insurance sector will experience rapid change in the next decade, driven by technology, innovation and a growing demand for sustainability. To meet the challenges ahead, the insurance industry must continue

to evolve. By lowering barriers for mutuals and cooperatives, embracing digital innovation and fostering a culture of education, insurers can close protection gaps and build a more resilient world.

The future of insurance is not just about covering risks – it is about transforming society, empowering individuals and addressing the most pressing challenges of our time. The journey ahead may be complex but with bold action and collaboration, we can create a safer, more sustainable world for all.



Izak Smit

Smarter, faster, easier: Upgrading the way you do business

The Life Insurance Future Transformation (LIFT), is designed to improve the onboarding process for you, our valued advisers. This platform has recently been updated as part of our ongoing efforts to enhance your experience and simplify doing business. These enhancements will further streamline our application processes and build on the journey we started in 2024. LIFT remains in its pilot phase as we continue to refine and improve it.

The latest update will allow you to quote and apply for existing members. This means that you will be able to quote for both new and existing members. These updates include the following features:

1. *Increase or reduce cover amounts:* Cover levels can be increased or decreased via the New Onboarding platform.

2. *Modify S&PI waiting period and/or expiry age:* Tailor the waiting period and expiry age to suit your client's unique situation, all in one place.
3. *Change premium pattern or policy term:* Easily modify the premium pattern (level or age-related) or cease age of the policy, depending on the client's needs.
4. *Add or remove rider and/or accelerator benefits:* Seamlessly add or remove optional rider and accelerator benefits, based on the member's needs, to personalise their cover.
5. *Add new standalone policies:* Provide comprehensive cover for members and greater choice and flexibility, based on their needs.
6. *Adviser appointment and member linking:* Easily link a member to your profile.
7. *E-mail notifications for online application submissions:* A streamlined process where you no longer need to e-mail PPS the accepted application process.

NB: LIFT will allow you to quickly compare PPS quotes across different

scenarios, allowing you to evaluate and select the optimal benefit structure for your client with ease.

The ability to make these changes online will result in faster processing and a smoother experience, helping you to manage and personalise your clients' policies more effectively.

WE VALUE YOUR FEEDBACK

If you are part of the pilot group testing this platform, we would appreciate your feedback as we continue to refine the system to meet advisers' needs. Please send us any comments on the system to support@pps.co.za. You are also welcome to use this e-mail if you would like to find out more about it.

Be sure to keep your eyes open for the official release of this platform in due course.





What is body mass index?

Body mass index (BMI) is a medical screening tool used to estimate the amount of body fat an individual has by using their height and weight measurements. It assists in assessing risk factors for certain health conditions. BMI is calculated by using weight in kilogrammes divided by the square of height in meters.

In most individuals, BMI correlates to body fat. The higher the number, the more body fat they may have. BMI alone does not diagnose health. Therefore, PPS uses BMI and other tests to assess health status and risks.

In the insurance industry, the BMI score determines whether an applicant belongs to the low- or high-risk category and proposes a premium amount accordingly. An outside normal range of weight, whether low or high, usually translates to a BMI outside the normal range of 18.5 to 24.9.

WHAT IS PPS'S VIEW ON BMI?

Underwriting

The application form requires a member to input their weight, height and waist circumference. Some applicants may be asked to have a short medical report done by a nurse who will then measure their height, weight and chest and waist circumference. PPS underwriters will work out the member's BMI. If it is

raised above a certain level, a loading will be placed on the policy. The cover may be declined if it is very high or if a member has significant co-morbid conditions.

Claims

Members do not claim for obesity but rather for its complications. They are likely to claim for cardiovascular disease, e.g., heart attack, stroke and musculoskeletal conditions, such as knee osteoarthritis requiring joint replacement. Obesity is also a risk factor for conditions such as gallstones and type 2 diabetes. There is also an increased risk of complications following surgery, e.g., infection.

EXAMPLES

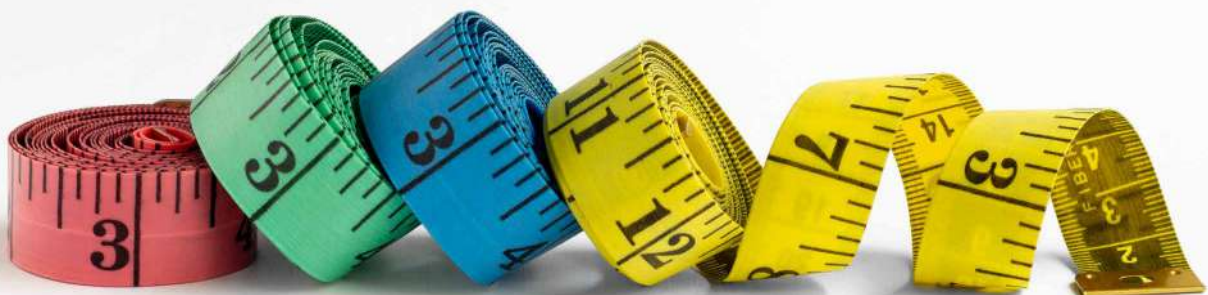
Example 1

A 45-year-old male, working as a managing director, has been a PPS member since 1 June 2015, with the PPS Sickness and Permanent Incapacity benefit as well as Critical Illness Cover. At the time of

underwriting, he had a BMI of 35 and well-controlled hypertension, which resulted in a loading being placed on his benefits. In April 2024, he suffered a heart attack and successfully claimed from both his Sickness benefit and Critical Illness Cover, demonstrating the value of his cover during a critical time.

Example 2

A 32-year-old female nurse became a PPS member on 1 April 2019, with a PPS Sickness and Permanent Incapacity benefit in place. At the time of underwriting, she had a BMI of 36, which led to a loading being applied to her cover. On 5 August 2023, she was diagnosed with gallstones and underwent a cholecystectomy. Following the surgery, she developed wound sepsis, requiring an extended period of wound care. Fortunately, she had a successful sickness claim, providing her with the support needed during this challenging time.



glu

Financial
Togetherness™

Financial services.
The ubuntu way.

Plan, Insure, Invest with us.

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The financial adviser's guide to thriving in a digital-first world

“The future of financial services is no longer just about keeping up with digital trends; it is about setting the pace for what is to come.”

The financial services landscape is evolving rapidly, with technology rewriting the rules and members demanding solutions that reflect their dynamic lives. Research by Debtbusters reveals that 75% of South Africans experience financial anxiety, affecting their personal and professional well-being. For advisers, this means there is a growing need to deliver more than traditional advice. Now more than ever, customers expect solutions that are not only efficient but also empowering, alleviating the anxiety associated with financial decision making. It is no longer only about offering products; it is about leveraging innovative digital solutions to provide an engaging and convenient experience.

Enter **glu**, a new division within PPS, launched on 30 January. Designed to extend the mutuality-driven benefits of PPS to more South Africans, glu combines a compelling value proposition with innovative technology to provide members with an empowering experience and peace of mind. glu has redefined the role of financial advisers, positioning them not just as advisers but as trusted financial partners and long-term advocates of collective prosperity.

REDEFINING EXPERIENCES WITH INNOVATION AND MUTUALITY

At the heart of glu lies a simple truth: advisers thrive when their members do. PPS's mutuality model has always been about shared success, a philosophy that glu intends to spread far and wide. glu is designed for middle-upper income individuals aged 25 to 55 with a minimum household income of R30 000 per month. Ideally, they have a diploma or degree or a connection to an existing PPS member. By expanding access, glu creates opportunities for more people to experience the benefits of mutuality and a digitally enhanced customer experience.

glu's platform empowers advisers with the tools they need to streamline administrative tasks, from applications to compliance checks and policy management. glu's intuitive policy administration system, including an agent portal, simplifies processes for advisers. This frees up time to focus on what truly matters – building meaningful, trust-based relationships with members. By guiding them through their financial journeys

with confidence, you help create a mutually beneficial ecosystem.

glu have designed its systems and processes to be engaging and intuitive and will continuously improve or add to functionality as it grows and receive valuable feedback from our partner network and members.

MUTUALITY MEETS DIGITAL

With the world's endless distractions always fighting for real estate in people's minds, advisers need the headspace to focus on what they do best: offering tailored advice that builds trust and lasting relationships. glu's product suite, which includes life insurance, fiduciary services, short-term insurance and investment solutions, is designed to address members' needs holistically. This will ensure that their financial goals are met seamlessly and effectively.

Going digital means more time for members, more room for strategic thinking and less energy spent chasing the clock. It is not just about making life easier; it is about

building something bigger together through mutuality.

THE FUTURE IS MUTUAL

The future of financial services is no longer just about keeping up with digital trends; it is about setting the pace for what is to come. glu is positioning advisers as the leaders of this new era – where financial advice is personalised, accessible and driven by mutual benefit. glu represents a new way of thinking about the relationship between advisers and members.

In a world increasingly dominated by digital transformation, glu offers advisers an opportunity to lead with innovation and purpose. The future is not only digital – it is mutuality to more people. And with glu, that future starts now.

To find out more on how to become a glu-accredited financial adviser, please contact Adele Roodt at adeler@glumutual.co.za or visit www.glumutual.co.za



IMPORTANT: PPS Contact Centre number change

Our contact centre has a *new number!*
You can now reach us at **010 085 3820**.

Please note that our *toll-free number*
0860 123 777 remains the same.

For any queries, we are just
a call away!



SHORT-TERM
INSURANCE



HOW SHORT-TERM INSURANCE SECURES YOUR VALUABLE ASSETS



PROTECT YOUR HOME

Cover for damages caused by natural disasters, theft and accidental incidents.

THE PROCESS

STEP 1:

Incident occurs (e.g., damage or theft).



SECURE YOUR VEHICLE

Insurance for car accidents, theft or damage, ensuring peace of mind on the road.

STEP 2:

File a claim with your insurer.



COVER FOR GADGETS AND MORE

Safeguard your electronics and personal items against theft, damage or loss.

STEP 3:

Reimbursement or repair ensures minimal disruption.

WHY CHOOSE SHORT-TERM INSURANCE?



Flexible cover options.



Financial security for unexpected events.



Quick claims process and support.