

Government workers as a market for financial planning – an overview

In his presentation at the [Glacier Public Sector Summit 2021](#), in partnership with Sanlam, Masale Godfrey Selematsela, President of FEDUSA, defined public sector employees as workers at all levels of government, including local government and state-owned enterprises.

In the first quarter of 2017, an estimated 2.8 million people across all categories of work were government employed .

With this vast, diverse employee base, Selematsela outlined some of the unique challenges in the public sector and how these could present opportunities for financial advisers.

It's a matter of scope

A wide spectrum of levels of work performed in the public sector, from farm labourers to career politicians, and everything in between. A sizeable chunk of this employee base is made up of Civil servants such as teachers, health care workers, law enforcement officers and defence staff.

Opportunities for engagement by intermediaries in this sector exist but choosing a niche that is accessible presents the biggest challenge.

What is the size of the wallet in the middle market

The average salary that South Africans earn is around R21 432 per month, and it has increased from R20 859 at the end of the first quarter of 2018. This equates to approximately R257 184 per year.

It is estimated that in the public sector the average annual salary is between R352 000 and R393 000 according to data from Stats SA's quarterly employment survey.

Selematsela notes that teachers, who make up almost a third of the public service, form the largest number of recipients of salaries.

What does this mean for intermediaries?

Authorised and Qualified financial intermediaries are best-placed to provide financial education to public sector employees.

This enable public sector employees to make informed financial and investment decisions. Anecdotal evidence shows us:

- Public sector employees don't think about their pension funds until six months before retirement
- The differences between provident and pension funds are not understood
- The need for gap cover for disability beyond what employers offer, was not always obvious
- Financial goalsetting was hardly considered

Gaps in pre- and post-retirement planning and financial risk management are spaces financial intermediaries can fill. FEDUSA is eager to advance the relationship between the public sector, Glacier and Sanlam.

It's up to intermediaries to step up and fill the gap.

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