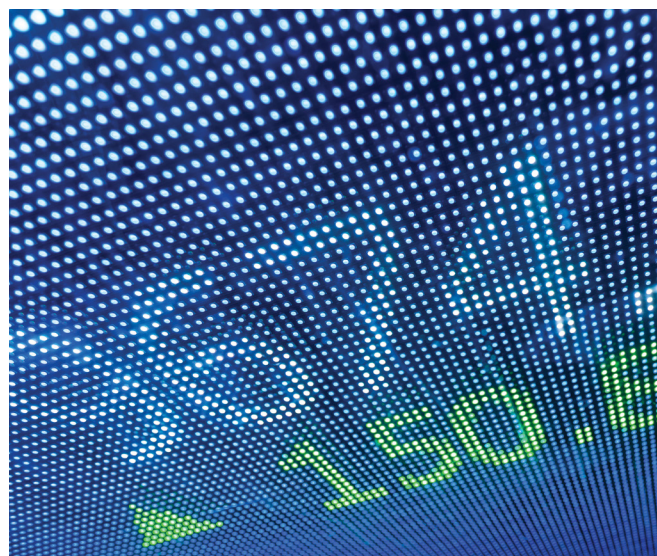
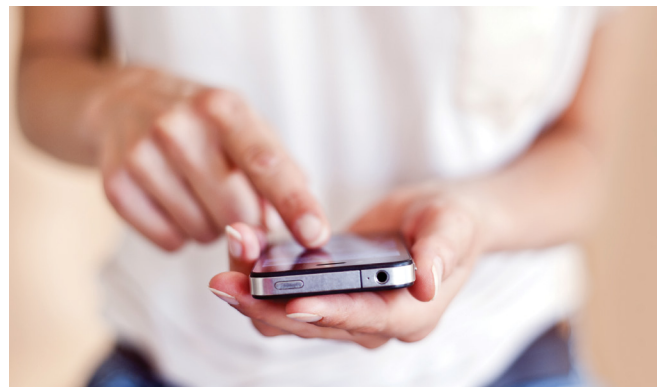


Reimagining the participant experience for a digital world





The retirement industry is in a period of upheaval. Several trends are converging at once, prompting retirement providers to rethink their business model and approach to participant engagement.

The World Economic Forum reports that the U.S. retirement savings gap could reach as high as \$137 trillion by 2050¹. As many as five separate generations now participate in the workforce. By 2025, it's estimated that 3.7 billion people worldwide will access the internet exclusively through their smartphones². Meanwhile, new regulations like the Department of Labor (DOL) e-delivery "Safe Harbor" proposal are only just catching up to digital consumer habits. Through all this change, lower fees, tighter competition and calls for greater transparency continue to squeeze margins and put tremendous pressure on costs.

Now, it is no longer enough to send a printed enrollment book and mail a quarterly statement. For today's plan sponsor and their participants, it's about engaging in new ways, leveraging digital

capabilities, data and analytics to drive transformative change. With the power of the right digital marketing platform, you can create personalized journeys, at scale, that inspire participants to achieve their unique retirement goals.

Sometimes executing on the promise of digital transformation is not as easy as it looks. Disparate data sources, legacy systems and manual processes create serious hurdles for plan providers and recordkeepers. However, recent advances in technology, cloud-based marketing automation, managed services and data management promise a new era, enabling plan providers to deliver a reimagined digital experience that boosts retirement readiness for the participant and drives operational savings for the plan providers. More effective engagement empowers recordkeepers to adhere to fiduciary obligations and help participants achieve their retirement goals.

In this report, we examine the trends driving change and provide practical strategies for reimagining the participant experience in a digital world.

TRENDS POWERING A NEW DIGITAL EXPERIENCE FOR RETIREMENT PLAN PARTICIPANTS

Four converging trends give plan sponsors and retirement providers new opportunities to transform static, one-size-fits-all retirement communications into personalized digital communications that guide participants and drive better outcomes.

1. THE EVOLUTION OF MARKETING TECHNOLOGY

Marketing technologies have undergone a radical transformation in the last decade. In 2011 there were approximately 150 different marketing technology solutions. Fast forward to 2020. There are more than 7,000 unique marketing platforms on the market³.

In the first Golden Age of Martech, the key decision points were selecting best-of-breed technology or suite of software, software vs. services and build vs. buy. But in the Second Golden Age of Martech, technology decisions have evolved. There are new platform ecosystems, blended models of software and services, and custom apps and operations on a common core.

	FIRST GOLDEN AGE OF MARTECH	SECOND GOLDEN AGE OF MARTECH
Ecosystems	suite. vs. best-of-breed	platform ecosystems
Experts	software vs. services	blended models of software vs. services
Engineers	build vs. buy	custom apps & ops on a common core

Marketing Technology Landscape Supergraphic (2019), chiefmartec.com <https://chiefmartec.com/2019/04/marketing-technology-landscape-supergraphic-2019/>

Where traditionally, retirement plan providers and recordkeepers sought to build in-house technology platforms, leading recordkeepers are now taking advantage of outsourced marketing services. Marketing as a service (MaaS) has emerged because it can be too costly and time consuming to build in-house capabilities. There are too many platforms to choose from and organizations want the flexibility to quickly adapt and evolve as technologies change. Plus, most recordkeepers don't have the in-house expertise needed to execute complex campaigns at scale.

2. THE ALWAYS-ON DIGITAL CONSUMER

Companies like Amazon, Apple and Capital One are transforming what it means to put the customer at the center of the experience. And it's only possible because customers are constantly connected in a digital world. We all know it and live it every day, but some of the statistics about mobile devices are truly astonishing. Consider that there are almost 10 billion mobile devices currently in use⁴.

- 77% of Americans have smartphones⁵
- 47% of US smartphone users say they couldn't live without their devices⁶
- 66% of smartphone users are addicted to their phones⁷

Today, you can rent a car, apply for a mortgage and buy furniture in only a few swipes on your phone. You can order pizza or an Uber just by talking to Alexa or Siri. The transformation of the digital world is rapidly transforming the customer experience (CX).

If retirement service providers are serious about meeting today's participants where they live, it is clearly on a digital device.

THE SECURE ACT: EMPOWERING WORKERS TO ACHIEVE RETIREMENT READINESS



In December 2019, a sweeping piece of bipartisan legislation, the SECURE Act, was signed into law. Several provisions aim to provide greater access to tax-advantaged retirement accounts and ensure that older Americans do not outlive their retirement assets. Among other things, the legislation will:

- Make it easier for small businesses to establish lower cost retirement plans
- Raise the required minimum distribution age to 72
- Eliminate age limits on Traditional IRA contributions
- Require employers to include long-term part-time workers in 401(k) plans
- Enable multiple companies without a common nexus to pool assets and offer a Defined Contribution (DC) plan
- Create a safe harbor for sponsors who wish to offer annuity products

These changes could mean significant opportunity for employees and retirement providers. According to the most recent data from the Bureau of Labor Statistics, fewer than 50 percent of private sector employees have access to an employer-sponsored retirement plan. The SECURE Act may remove key barriers, giving millions of small-business employees more access and greater returns (thanks to lower administrative costs). Plus, it will help older Americans preserve more of their nest eggs.

3. REGULATIONS CATCHING UP TO DIGITAL CONSUMERS

New regulations are creating opportunities for plan sponsors and recordkeepers. In the Fall of 2019, the Department of Labor proposed amending current disclosure rules to enable “Safe Harbor” notice and access digital communications for retirement plan participants covered under ERISA. Proposed regulations will significantly modernize the industry as we push closer toward digital default. Existing disclosure regulations were published in 2004, more than 15 years ago and three years before the debut of the iPhone.

Today, investors and consumers are accustomed to executing financial transactions online. In fact, according to an American Bankers Association survey, 72 percent of all respondents said they “prefer” to bank online or on a mobile device. The IRS recently published similar numbers: Last year, 57+ million Americans filed tax returns electronically.

There’s massive opportunity in the industry to guide participants to microsites and other online applications where they can view disclosures and documents and manage their retirement accounts. Digital engagement also generates process efficiencies, enabling retirement providers to share timelier, more relevant communications. At the same time, greater customization can make digital communications more accessible and easier to understand.

Clearly, digital default makes practical sense. But it also makes financial sense, too. A recent analysis published by the SPARK institute⁸ found that, across the retirement industry, total annual savings associated with electronic communications could be as high as \$750 million annually. Of that, potentially \$450 million in savings could go directly to plan participants.



4. CHANGING DEMOGRAPHICS CREATE A NEED FOR SEGMENTATION AND PERSONALIZATION

Demographics in the workplace are changing in ways we have never experienced. Although Millennials (those born between 1980 and 1996) are now the largest segment in the U.S. workforce⁹, plan providers must cater to an increasingly diverse audience.

- 50M+ Gen Xers¹⁰ now in the workforce
- 60% of Gen Xers have a college degree¹¹
- 45% of Baby Boomers have zero retirement savings¹²

Each generation comes with a unique set of challenges, opportunities and demands. To succeed, providers need to rethink what it means to personalize communications.

For instance, Millennials change jobs more regularly than any demographic in history. On average, Millennials stay with an employer for only three years before they move on to a new company¹³. Given these labor trends, the rollover and enrollment process now mark the most important aspects of the retirement plan experience. Retirement providers have an opportunity right away to create a strong first-impression and make sure participants don't unknowingly abandon assets from previous employers.

Millennials change jobs every three years. That's why enrollment and rollovers now mark the most important aspects of the retirement plan experience.

ONE THING HASN'T CHANGED

Everyone wants employees ready for retirement—but consolidation in the market and increasing fee pressure is driving down margins. Recordkeepers are constantly being squeezed to reduce costs while boosting participation engagement and satisfaction. Now more than ever, firms must focus on cost-savings operations while at the same time enabling new digital experiences to meet consumers where they live—on their digital devices.

FROM NOW TO NEXT: A ROADMAP FOR REIMAGINING THE PARTICIPANT EXPERIENCE



Traditional retirement experiences have reached a tipping point and leading plan providers need to embrace a new path. One that enables powerful—and actionable—digital experiences.

To meet the demands of today and tomorrow, you need a holistic strategy that can help you transform every aspect of the experience: engagement, financial wellness, investment practice and post-retirement success. Here are four steps you can take to achieve your goals.

1. GO FROM PRINT-BASED, ONE-DIMENSIONAL COMMUNICATIONS TO DYNAMIC DIGITAL EXPERIENCES

Consider a traditional enrollment experience that may involve a static, one-dimensional communication for the participant. The marketing department works with legal and compliance teams to create large, information-rich enrollment books that are printed and mailed. Others are sending “slim guides” (a shorter version of the enrollment book) to reduce the expense and improve the experience, while some retirement plan providers may also send electronic PDFs via email or create

an HTML-based experience (that can facilitate click-throughs to execute actual enrollment). But the content remains mostly static.

No matter the size of the enrollment guide, this analog-first approach doesn’t work in a digital world. To be successful, you must go beyond basic multichannel communications to deliver holistic omnichannel digital experiences. Recordkeepers are now finding ways to leverage print, digital, mobile and self-service technologies to transform the experience at every step.

MOVING FROM STATIC TO DYNAMIC EXPERIENCES BY REIMAGINING EVERY TOUCHPOINT

COMMUNICATIONS

NOTICES AND DISCLOSURES

Standard information via print or e-delivery



ENROLLMENT BOOK

One size fits all overview of savings plan



TARGETED CAMPAIGNS

Generalized topics to specific groups



PLAN LIVE MAILINGS

Blackout over with PIN and access to provider web



WORKSHOP

Static libraries | videos and tools



PROVIDER WEBSITE CONTENT

Static libraries | videos and tools



STATEMENT

Quarterly print mailing with performance data



EXPERIENCES

ANNOUNCEMENT

Multichannel delivery and access to information on the benefits and features of upcoming plan changes and important dates (w/regs)



EASY ENROLL

Triggered before important events with contextual notification



PERSONALIZED “NUDGES”

In the moment, relevant information for each individual



MICROSITE GUIDANCE AND ACCESS

On-demand insight, help and guidance



WELCOME TO PLAN

Connected moments | interactive conversations



ONGOING ENGAGEMENT

Campaigns to create awareness and interest in onsite events, mobile easy-enroll workflows



ESSENTIAL TOUCHBASE

Interactive conversation about investments and next steps based on my life stage



2. DESIGN AN ENGAGING DIGITAL EXPERIENCE

Across virtually every industry, the key ingredients of a winning digital experience are well established. As you work toward achieving “next,” it’s imperative to build on insights from consumer-facing marketing best practices.



COMPONENTS OF A TRANSFORMATIVE DIGITAL EXPERIENCE

1

RELEVANT, PERSONALIZED COMMUNICATIONS

Make the experience meaningful for participants.

2

SIMPLE AND CLEAR MESSAGING

Keep communications plain and to the point—they’re more likely to inspire action.

3

FRICTIONLESS SELF-SERVICE TOOLS

Empower participants to take control of their retirement.

4

CONSISTENT EXPERIENCE ACROSS CHANNELS

Create continuity by enabling participants to pick up where they left off on any device.

5

EASY, INTUITIVE NAVIGATION

Don’t complicate the experience—simplicity is key.

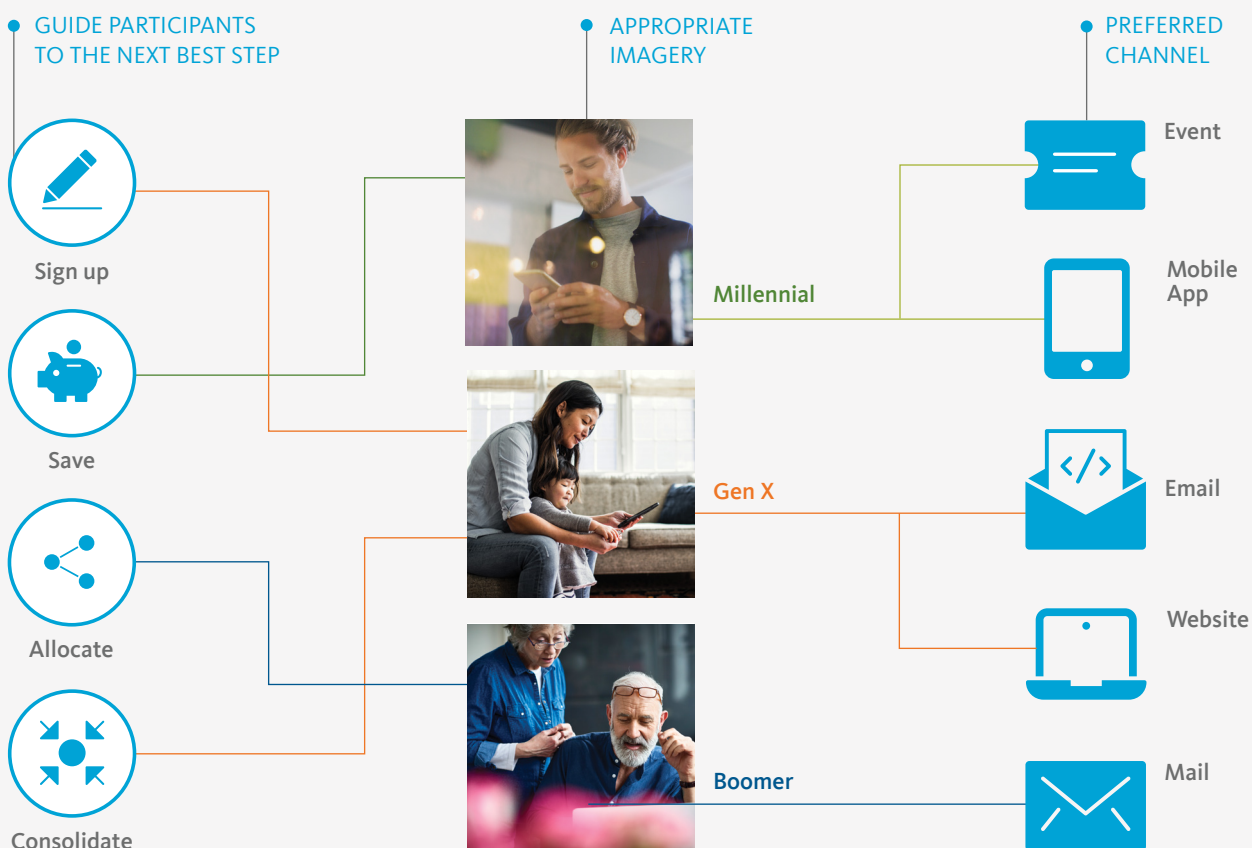
3. CREATE DATA-DRIVEN, PERSONALIZED JOURNEYS

Providers must reach plan participants at the right moment and in the right way to start them on a path to success. This involves guiding participants to the next best step, just for them. But

next-best-step communications can be challenging to execute. You need to harness complex data, comply with new regulations and personalize experiences across many channels.

GUIDING PARTICIPANTS TO THE NEXT BEST STEP

Leading plan providers are adding data-driven capabilities to customize campaigns based on the unique needs of each segment.



PUT FINANCIAL WELLNESS IN FOCUS



In the past few decades, defined benefit plans were replaced by defined contribution plans, which expose employees to savings and investment risk. A greater burden is placed on employees to contribute as much as possible to achieve retirement readiness. However, rising consumer and student loan debt, along with increasing healthcare costs, makes it difficult for employees to contribute as much as they should.

A growing list of employers now recognize that holistic financial wellness is vital for happy, productive employees. According to a recent Bank of America Merrill Lynch survey, more than 50 percent of large and midsize firms offer a financial wellness program¹⁴. These programs assist employees in creating detailed, personalized financial wellness plans. Firms are increasingly rolling out workshops, seminars and counseling sessions that are tailored to their employees' various demographics and financial situations.

Retirement providers may have an opportunity to support employers in their efforts. Evidence suggests that workers who are engaged in a financial wellness program increase their retirement contribution rates by 38 percent¹⁵. In this respect, financial wellness programs are win-win-win proposition for employees, employers and retirement providers.

It starts with data aggregation and access

You can't execute effective personalized journeys without access to the right data. Consider all the levels of data required to manage retirement plans:

- Recordkeeper
- Investment
- Retirement plan
- Sponsor
- Participant

Each level might bring conflicting, inconsistent data formats, varying degrees of detail and completeness and different data security requirements. Data aggregation, consolidation and standardization involves enormous cost and a host of complex, logistical challenges. Along with data warehousing infrastructure, you need the in-house expertise to ensure that relevant data from each level aligns with every other.

1 in 4 consumers have stopped doing business with a company just because that business did a poor job personalizing their experience¹⁶.

At the same time, data privacy and security are paramount. The more confident participants are in your providers, solutions and systems, the more information they'll share. The more information they share, the better you can serve them. But it starts with making sure that you have the data privacy and security protocols in place to manage customer data in the way they expect.

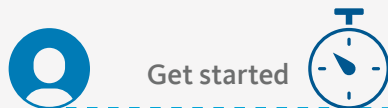
The right data enables you to create a personalized digital journey for each participant using these techniques.

Journey mapping

The end-to-end journey for a single participant has 100-200 points of inflection across the customer lifecycle, from conversion and enrollment to savings, retirement and beyond. Leading providers are shifting from segmentation based on age or other demographics and are creating holistic 'personas' where common beliefs, behaviors, interests and needs drive different approaches. Personas are critical to accurately targeting messaging to different segments that have specific needs and expectations.

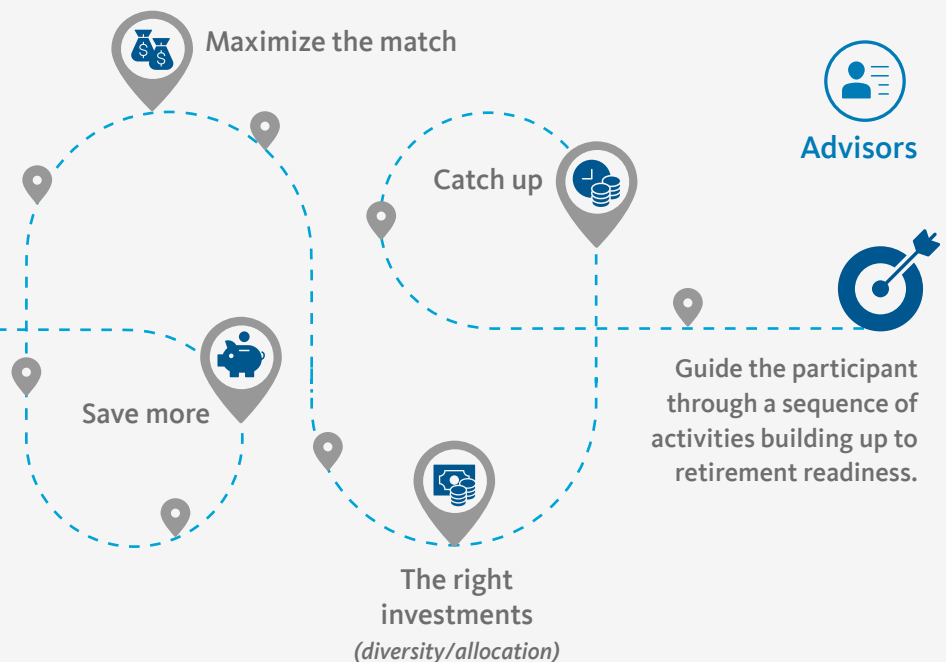
CREATE PERSONALIZED RETIREMENT JOURNEYS FOR PARTICIPANTS

Design the larger journey with a focus on delivering the right amount of information at the right time.



Participant

Let participants know what to expect moment to moment, rather than flooding them with information at a singular, isolated touchpoint, such as enrollment.



DIGITAL EXPERIENCES ENABLE YOU TO MEASURE AND OPTIMIZE OUTCOMES



Track the behavior of every participant.



Map participant progress
at each point in the journey.



See the content, channel and materials
they've interacted with.



Identify the appropriate next step based
on historical behavior.



Diagnose weaknesses in the process.



Perform continuous improvement
based on data insights.

Channel optimization

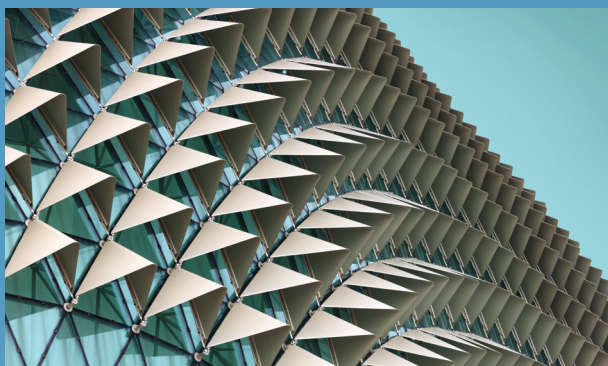
Imagine a participant reads the HTML enrollment book on her phone, then gets distracted and starts doing something else. Dynamically driven digital experiences might make use of text messaging, push notifications or email to encourage her to pick up where she left off. This way you can employ communications to drive behaviors toward relevant goals. It's about guiding action, not simply sending information.

Rules-based touches and triggers

Dynamic experiences are powered by automated triggers that guide the ongoing communications cadence. For example, an enrollment journey can be created to automate reminders and send communications to only those participants who don't respond. Or specific communications can be triggered for participants who are not meeting goals. Situation-based triggers help reduce cost, improve the CX and boost results by eliminating unneeded communications.



BUILD AN EXPERIENCE ARCHITECTURE BASED ON NUDGE THEORY



More industry leaders are starting to use insights from the behavioral sciences to develop “nudges” that can help drive better habits. Nudges involve changing the architecture of an experience or situation to subtly encourage specific behaviors or outcomes. For example, automatic enrollment and default contributions are two types of nudges in widespread use today. Other nudges involve creative framing—making certain options featured or more prominent. And these methods appear to work. A recent study by Vanguard¹⁷ showed only 8 percent of American workers opted out of default contributions. And, across the industry, default savings rates are nearing 4 percent.

#4: EXECUTE A PERSONALIZED EXPERIENCE—AT SCALE

Retirement planning is a personal journey. It is different for everyone. Personal circumstances, career changes and overall financial wellness contribute to a mosaic of retirement journeys. But with large numbers of plan sponsors and millions of participants, executing mass customized communications is immensely difficult.

Each sponsor requires their own customization and tailoring. In addition, since there are many nuances to a journey and many types of vehicles, you encounter a nearly endless array of possible use cases. Plus, each audience segment is unique, which may require a different approach to the journey. For example, healthcare and higher education professions tend to have a higher percentage of female participants, whereas the manufacturing professions have workers on the floor, typically not at a desk with a computer.

Many retirement providers are now looking to marketing as a service (MaaS) to execute mass customization at scale. MaaS solutions go beyond mere technology platforms to also outsource strategic expertise and the people to manage the process. Retirement providers still get access to best-of-breed technology, but don’t need to invest in a custom infrastructure or large marketing operations team. At the same time, you can tap into proven best-practices expertise with mutualized costs shared across the industry. MaaS providers execute entire campaigns on your behalf, using data to tailor personalized experiences, while your team guides execution to ensure you deliver in accordance with your unique approach.

MARKETING AS A SERVICE

Retirement Plan
CX Management as
a Managed Service

PEOPLE



STRATEGY
& PROCESS



DATA



TECHNOLOGY
& EXECUTION



INTRODUCING BROADRIDGE RETIREMENT CX: THE PARTICIPANT EXPERIENCE REIMAGINED FOR A DIGITAL WORLD



By combining Broadridge's deep retirement expertise with Adobe Experience Cloud, we've created a unique platform that streamlines your digital marketing. Now, you can manage thousands of plan sponsor brands and provide each with a dynamic digital experience.

Our highly scalable platform uses adaptive technology to automate workflows, while intelligent content components come together seamlessly across devices. It's easy to trigger personalized communications so you can promote engagement at just the right time.

Guide participants from that critical first step with customized, logic-driven enrollment journeys. Then, as participants move on their path toward retirement, they will be automatically prompted to increase contributions and boost their savings.

From now to next, break free from your legacy technology with Broadridge Retirement CX—the participant experience reimagined for a digital world.

READY TO TAKE THE NEXT STEP?

Contact us at +1 800 359 0456
or visit broadridge.com/resource/retirement-insights

Reimagining the Participant Experience for a Digital World

is based on original research, interviews and insights from Broadridge's deep bench of retirement industry professionals:

Sal Gagliano

Senior Vice President and General Manager
Marketing and Regulatory Communication Solutions
salvatore.gagliano@broadridge.com

Tim Slavin

Senior Vice President, Retirement
tim.slavin@broadridge.com

Cindy Dash

Senior Vice President and General Manager
Matrix Financial Solutions
cindy.dash@broadridge.com

Russell Simon

Senior Vice President, Sales
russell.simon@broadridge.com

Jim Young

Vice President, Product Management
Marketing and Regulatory Communication Solutions
jyoung@broadridge.com

Cindy Volker

Vice President, Product Strategy
Marketing and Regulatory Communication Solutions
cindy.volker@broadridge.com

Michael Brickman

Senior Director
Retirement Segment Marketing
michael.brickman@broadridge.com

Gracie Kollar

Associate Account Executive
Retirement Solutions
gracie.kollar@broadridge.com



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