

# Digital Accelerators: Transforming the Retirement Industry



# From Digital Transformation to Digital Acceleration

In the retirement industry, when it comes to plans and participant outcomes, we focus on the future. Yet in terms of digital transformation, many retirement industry providers must catch up quickly to a future that is already here.

In our view, it will take more than digital transformation to meet the challenges facing the retirement industry. Digital accelerators — that is, engines of fast transformation — are what's needed.

Ready or not, the retirement industry has to expand its digital capabilities quickly in order to meet the needs of participants and plan sponsors today and as they evolve and grow in the years ahead.

## What Plan Sponsors Need

- Increased fiduciary responsibilities. Fiduciary risks are increasing for employer-sponsored plans, yet plan sponsors — especially mid-size and smaller companies — often lack the necessary expertise and dedicated resources.
- Better benefits help win the war for talent. In today's hyper-competitive talent market, employers offering better benefits than their competitors are the ones who will attract and retain top talent. Service providers in the retirement industry have to offer innovative features that will make these plans efficient and economical to operate.
- Legislation will expand eligible employees. In the US, it's increasingly likely that new legislation will expand the number of employer-sponsored plans. More — and smaller — employers will be mandated to offer retirement savings options to their employees. The retirement industry must get ready now to offer and service these plans.
- Staying ahead of dynamic trends. More than ever before, plan sponsors need real-time data on plan participation/performance so they can be sure they have an optimal plan for their employees. And, at the same time, they need to be able to reach participants with timely communications and legal disclosures that prompt the “next best action,” whether it involves participants making a change to their plan-based decisions — or not making a change at all.
- Moving beyond legacy systems. Flexibility, agility, and the ability to innovate must be at the heart of retirement platforms today. And, at the same time, these platforms must provide a higher degree of cyber protection in response to ever-increasing threats.

# What Participants Need

While most plan participants are not aware that they are triggering digital accelerators, their needs and behaviors are driving the demand for a better user experience over the life cycle of their plans.

For example, participants need:

- An intuitive and simple plan journey. For many, an employer-sponsored plan is their first experience of saving and investing. And for far too many, the journey to a secure retirement is too complex. Plans must become easier to enroll in and navigate through all phases of retirement saving — and spending. Enabled by the evolution of data strategies and the use of AI and machine learning (backed by research), retirement services providers should now focus on developing omni-channel experiences that greatly reduce friction, while simplifying — and demystifying! — journeys that are otherwise unfamiliar and complicated.
- Answers to “what now?” questions. In too many cases, the participant experience lacks the intuitive connection among actions, implications, insights, and outcomes. Plan participants are more self-directed than ever before (and will become more so), provided they get the easy-to-digest information they need in the decision-making and execution processes.
- Innovating disclosures and documentation. The legislative trend points toward e-delivery of more disclosures and documentation. Much has also been done in how customers are engaged and educated. The old days of having to download or read multi-page static educational materials or legalese-filled documents has given way to the use of new engagement channels such as digital assistants (such as Amazon Alexa), and proactive and reactive use of text to drive information sharing (SMS text-enabled events), and the use of interactive video-based experiences, among other innovative channels. The result? Robust, comprehensive and holistic self-servicing participant experiences.

## Case Study: The Benefits of Digital Accelerators

The benefits of digital accelerators for plan sponsors and participants are clear to see in the TCS US Retirement Platform.

Here’s one example: a participant has an immediate and potentially substantial financial need, and they are looking to their 401(k) plan for help.

A legacy solution on their plan’s website would give them choices such as “Hardship Withdrawals,” “In-Service Withdrawals,” or “Loans” — none of which clarify their next best action in terms of meeting their needs.

In contrast, a data accelerator-driven solution available through the TCS US Retirement Platform would provide education and modeling for each of their choices, all available “at their fingertips” and on demand on their 401(k) plan’s website. The participant would be able to dynamically compare options and understand the tax implications associated with each of them, answering questions like these for themselves, in accordance with legislative rules and their plan’s design:

- What will I be taxed now?
- How will this impact my paycheck?
- How much will I have to pay back into my plan?

At the same time, intelligent AI and machine learning-enabled chat tools are available to help, as well.

Additionally, behavioral research shows that individuals do not generally make a decision the first time they model an outcome. They will often revisit models several times before making their decision. Understanding this, the TCS US Retirement Platform allows participants to save models, pick up from where their last session left off, and then modify the scenarios if they want to.

And, in the near future, TCS will be able to personalize the participant experience further by incorporating highly customizable video statements tailored to the participant.

## The Future is Now

Driven by the needs of plan sponsors, participants — and often rapidly evolving legislative developments — the future of the retirement industry is unfolding in “real time.”

Powered by digital accelerators, the retirement industry will meet this challenge through service offerings that are more refined, streamlined, compelling — and increasingly personalized in engaging and dynamic ways.

## About TCS US Retirement Platform

TCS US Retirement Platform powers the rapid digital transformation of the retirement industry through a sophisticated data infrastructure and a highly configurable rules engine.

Our platform leverages cloud, automation, artificial intelligence and Agile to help your firm:

- Increase speed to market.
- Retire outdated platforms and eliminate cumbersome integrations.
- Enable timely, personalized responses to customer needs and changing market dynamics using straight-through processing and advanced analytics.
- Simplify and improve customer experiences.
- Improve cybersecurity.

Your company can realize the benefits of the TCS US Retirement Platform whether you utilize the entire platform or one or more of its components; for example, the core recordkeeping system, Platform Analytics, cloud-based infrastructures or APIs.

## Contact us

**Judy E. Nelson**

**US Retirement Services Business Head**

**TCS BFSI Platforms**

(609) 439-9175

[judy.nelson@tcs.com](mailto:judy.nelson@tcs.com)

## About Tata Consultancy Services Ltd (TCS)

Built with the expertise of IT services, consulting and business solutions organization Tata Consultancy Services, TCS US Retirement Platform benefits from our proven global success. TCS has been partnering with many of the world's largest businesses in their transformation journeys for more than 50 years.

TCS offers a consulting-led, cognitive-powered, integrated portfolio of business, technology and engineering services and solutions delivered through our unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

With more than 15 years of experience in the US retirement market, TCS is also the technology partner of one of the world's largest public pension systems. In addition, TCS currently works with 10 leading US, group retirement providers to support defined contribution plans.

Visit [www.tcs.com/bfsi-platforms](http://www.tcs.com/bfsi-platforms).