Using Data to Drive Participant Outcomes

Five "Must Have" Digital Capabilities

SS&C

Why the industry is facing a retirement crisis is well known. Workers aren't saving enough, defined-benefit plans are increasingly a thing of the past, not all companies offer employer-sponsored plans, social security alone may not be enough to fund retirement, and healthcare costs are rising. Add in economic hardship from the recent Covid-19 pandemic, when large numbers of people either lost their jobs or saw significantly reduced income, and the inability for many to add to their investments has compounded.

But who is responsible and how to solve the problem deserves just as much attention.

While it is easy to put the onus on individuals to save more, the entire industry shares in the responsibility. Recordkeepers, plan providers, third-party administrators (TPAs), and advisors have a duty to help participants understand their retirement readiness.

As to how they can help? The latest digital tools and technologies are an effective way to educate and support participants, driving savings increases that benefit all industry groups.

Data as A Differentiator

Digital interactions through online tools, prompts, and the promotion of personalized experiences are now the norm in many consumer-facing industries. Users are regularly presented with tailored interactions about potential shows to watch, clothes to buy, trips to take, and more. The retirement industry should be no different in how it engages with its participants.

> Data is the key element. In order to drive meaningful outcomes, relevant, personalized messages and prompts are an imperative. But not all data is alike. And how the information is used is critical.

Participants must be presented with information that synthesizes their specific demographic details along with all of their current and future overall health and wealth needs. Analytics and machine learning should be leveraged to deliver insights on how past activities can predict future actions. Integration of artificial intelligence can help pinpoint participant drivers and triggers, leading to more effective ways to interact and prompt action. As well, information should be

sourced from a variety of recordkeeping platforms and financial accounts in order to develop the richest, most complete data set.

The Tools That Help Participants and Providers

The current suite of available planning technologies delivers supportive, sophisticated yet easy-to-use, situational models that help diagnose, analyze, and promote retirement planning for each individual. Participants clearly benefit by growing their assets. But specific analytical capabilities also help plan providers, TPAs, and advisors understand participation rates and how well their plans are functioning. Detailed intelligence allows them to adapt their messages and tactics, leading to improved results. Better savings and investment growth leads to more satisfied customers and stable asset pools.

But while digital tools can help drive action, not all products are alike. Effective digital tools should help the participant identify goals so they can clearly understand what they are trying to accomplish and by when. Tools should also help participants understand how to measure their success and make adjustments to their plan if necessary. In addition to being customizable, they must also be simple to use, easy to understand, and compelling enough to drive action.

When evaluating a digital offering, ensure that your options:

1. Analyze and Monitor Plan Success

It's not enough for sponsors to offer a plan and a set contribution rate. They should also ensure that participants understand and stay engaged with their retirement planning; there is a shared responsibility for participant financial well-being.

Monitoring plan and participant success metrics allows sponsors to better understand overall plan performance and participant behaviors. Reports and data extracts about service utilization can cover internet activity, retirement horizon information, investment reporting, and even how plans compare to groups of peers. Metrics pinpoint areas for potential modification or how certain improvement steps can help drive better actions and outcomes. The result is not only better savings rates for participants, but improved customer satisfaction and retention for plan sponsors.

2. Deliver Customized Information Through Multiple Channels

Everyone's financial journey is different and the ability to save money can vary over time. Retirement programs that take a generic or one-size-fits-all approach to guidance, or only incorporate pieces of a participant's total financial picture often fail participants at their greatest times of need.

The ability to link all personal accounts in a single place and then aggregate the data is essential when trying to understand retirement readiness. But participant financial information – including bank accounts, retirement accounts, investment accounts, credit card and loan data – is rarely contained in one place, compounding the challenge of obtaining a complete financial picture. Tools that aggregate accounts give users the ability to better understand their own status, and make more confident financial decisions. Accurate and thorough data is now a must for engaging a user. And an engaged user is more likely to address their financial pain points and become an active contributor.

But personalization is also a must. Financial education needs to be targeted, relevant, and available in order to succeed. By integrating rich data sets and machine learning, sophisticated modeling engines can be customized to each participant. Through 24/7 online access to educational information, calculators, tutorials, and videos, plan providers and plan sponsors can help their participants take control of their own financial journey when they want. Topics should span budgeting, college planning, investing, income tax, estate planning, and retirement. Use of gamification can further help engage participants, prompting them to more actively monitor – and improve – their readiness.

Resources should also be accessible to each participant how they want. Tools and calculators that incorporate responsive design ensure that whether accessed from a desktop, tablet, or mobile device, the information is easy to follow and use. Leading technologies also support Americans with Disabilities Act (ADA) accessibility requirements for users that are hearing, visually and/or mobility impaired.

3. Make Steps to Save Understandable and Compelling

Enrolling in a plan and setting contribution levels is an important first step in retirement readiness, but the ongoing task of managing investment selections can be daunting to the average investor. The wide range of fund types and asset class options from which to choose is often hard to decipher – let alone choose from. As well, forecasting considerations such as income growth, inflation, unusual income/expense items, and "what if" scenarios can quickly create confusion and a feeling of helplessness, often leading participants to disengage.

Ideally, participants remain involved in their financial journey, able to adjust their savings and investment decisions as personal circumstances change. The latest on-line technologies simplify guidance and planning, even for novice investors. These interfaces help participants understand – and make – difficult contribution and

investment decisions. Education on fund options, specific asset class allocation recommendations, and tools to select funds within those asset class allocations help ensure participants gain control and stay engaged throughout their lifetimes.

4. Incorporate Personalized Reminders and Prompts

Even with the best intentions to better oversee their savings actions, participants are often distracted by life. The act of managing assets – adjusting the contribution rate, changing investment allocations, and more – is frequently set aside for another day. Often, that day comes much later and, in some cases, too late.

Studies show that profile-driven prompts and reminders are an effective way to help people take timely, positive steps and gain control of their planning. By targeting participants with the most relevant content for them, e-mails and updates are more frequently opened and actioned. Personalized messages and suggestions can address individual-specific situations, and simulations of how small contribution changes impact a paycheck can increase contributions.

The process is straightforward for plan sponsors or providers to manage as the more sophisticated product offerings include libraries of existing templates, support for ad hoc campaigns, and data to measure results. Such resources make it simple to adapt message content and timing to ensure maximum effectiveness.

5. Provide Easily Accessible Information

Plan participants often have to wade through paper files, cumbersome websites, or past e-mails to find the materials they need. Delays accessing information can lead to frustration and even inaction, making the retirement savings process feel overwhelming.

Centralized self-service platforms that include plan details such as enrollment materials, guidelines, investment options, and general communications can improve the experience. By simplifying the steps needed to gather information, participants become more motivated to understand and take action. And, with the ability to integrate other financial wellness calculators and guidance and planning resources, centralized cloud-based portals easily evolve into a one-stop experience on the journey to retirement readiness. Branding to a plan's look/feel and incorporating other personalization elements further creates a seamless and targeted experience.
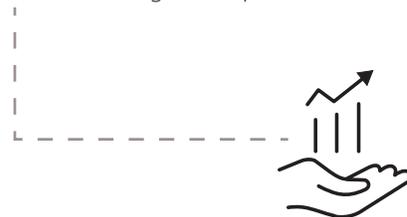
About SS&C Retirement Solutions

The demand for more personalized financial guidance and tools is converging with exciting digital innovations and capabilities to create new opportunities across the retirement ecosystem. In this new environment, data aggregation and personalization capabilities are no longer "nice-to-have" commodities. They have become virtually imperative for plan providers who want to remain relevant and competitive.

SS&C is actively working with plan providers, advisors, and sponsors to develop data-driven solutions that help increase end-user engagement and plan participation. Our team of professionals combine years of industry expertise with a proven solution set for optimizing actionable data. Our solutions:

- Increase efficiency through a range of models (SaaS, Hybrid, BPO) with a robust fraud and prevention framework. We deliver a digital-first experience that combines process automation with advanced data security/privacy protocols;

- Drive sponsor and participant engagement with sophisticated, data-driven strategies and digital tools that promote financial wellness. Personalized communications, custom site and application development, targeted communications, plan health metrics, a comprehensive content library, and the ability to onboard participants digitally all improve outcomes;

- Facilitate the convergence of a participant's health and wealth needs and obligations through a benefits platform that spans a range of needs. Total rewards microsites present a total retirement view by leveraging benefit modeling tools, financial wellness content, HSA tools, and advice and guidance modules;

- Simplify and manage the decumulation phase by incorporating asset retention models, IRA marketplace and selection tools, rollover tools, retirement income microsites, and a tool specially designed for understanding the complexities of distributing and servicing guaranteed income products.

Leveraging our deep industry insight and customizable technology resources, SS&C can help you improve customer insights, make better-informed decisions, and develop data-driven solutions that deliver optimal customer experiences.

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