

NEXUS

WEB MEMBERS DEFINE...

The Way of The Future The client service experience

Customer service is rapidly becoming a more automated experience. From banking, buying a car, searching on-line for a contractor, scheduling appointments and many other transactions that were previously conducted with human contact are now partially if not entirely, done through an on-line experience. Technology brings speed of resolution to the customer and reduces expenses for the provider. Human contact brings empathy. How do plan sponsors feel about a digital client experience in lieu of human contact? The Worldwide Employee Benefits Network and EACH Enterprise, LLC collaborated to find out.

The WEB Network conducted a survey of 60 of its members and asked them 18 questions to discover their roles in plan administration and their thoughts about the future of automated versus live client service for retirement plans, looking forward just 3 or 4 years into the future. We asked WEB Network members to pave

THE WAY OF THE FUTURE!



KEY FINDINGS

TECHNOLOGY IS EXPECTED TO
ADVANCE RAPIDLY OVER THE NEXT
3-4 YEARS

LIVE CLIENT SUPPORT IS EXPECTED
TO CONTINUE FOR MID- AND
LARGE-MARKET PLAN SPONSORS

FUTURE CLIENT SERVICE DELIVERY
INVOLVES ONLINE CHATTING WITH
STAFF AFTER USING AN APP

PREFERENCE FOR ACCESS TO LIVE
CLIENT SERVICE STAFF BY CHAT, EMAIL,
OR PHONE FOR COMPLEX QUESTIONS

PHONE AVAILABILITY OF LIVE CLIENT
STAFF FOR SIMPLE QUESTIONS WILL
CONTINUE TO BE IN DEMAND

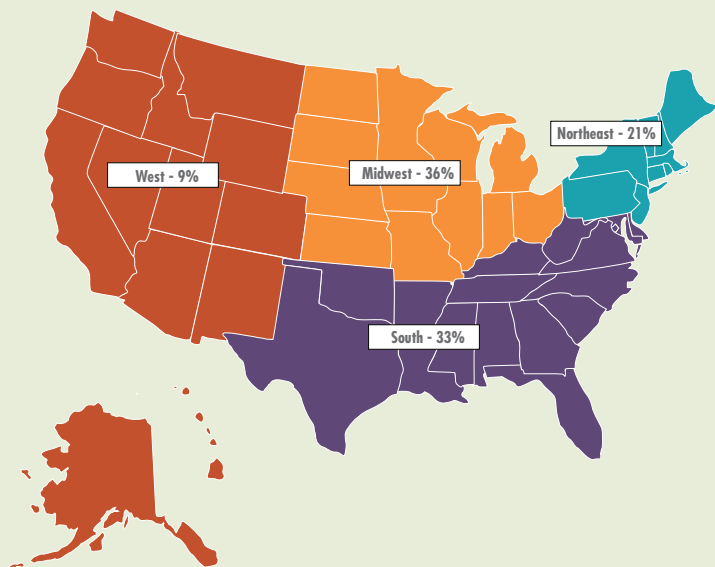
PLAN SPONSORS KNOW SPECIFICALLY
WHICH SELF-SERVICE IDEAS
THEY WOULD LIKE TO SEE IMMEDIATELY

About the WEB Network Respondents

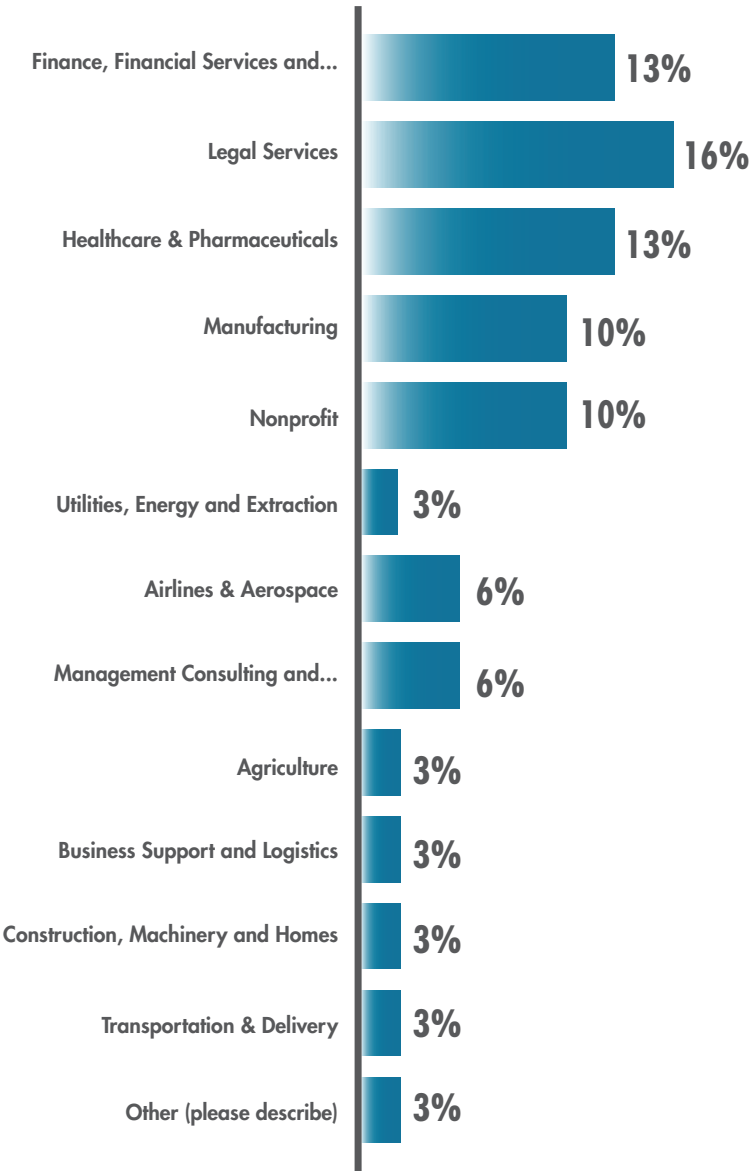
DEMOGRAPHICS

The WEB Network member poll provided important background information about member companies, their retirement plans, and their roles in plan administration. Respondents represent a wide range of economic sectors across the U.S., with company headquarters almost evenly distributed between the Midwest and Southern regions, followed by large numbers in the Northeast and a smattering of companies in the West, Alaska, and Hawaii.

GEOGRAPHIC DISTRIBUTION

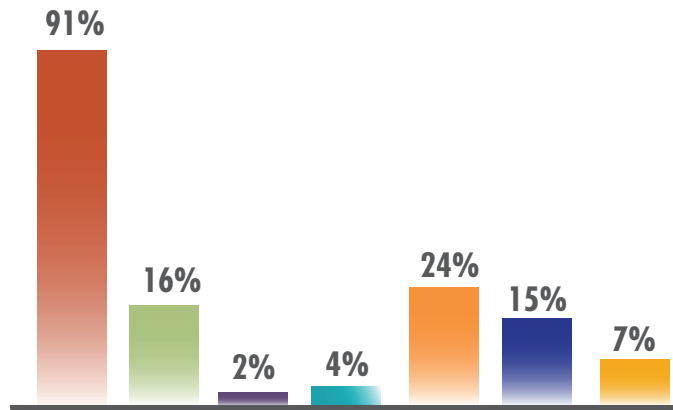


ACTIVITY BY SECTOR



PLAN TYPES

- 401(k)
- 403(b)
- Government 457
- 401(a) Money Purchase or Profit Sharing Only
- Defined Benefit
- Cash Balance
- Other (please specify)



Retirement Plans

The most common plan type for survey respondents was the 401(k) plan. It is the most popular defined contribution plan in the United States. Relatively easy to administer, 401(k)s are a favorite with companies and employees and easily outdistanced the traditional defined benefit plan.

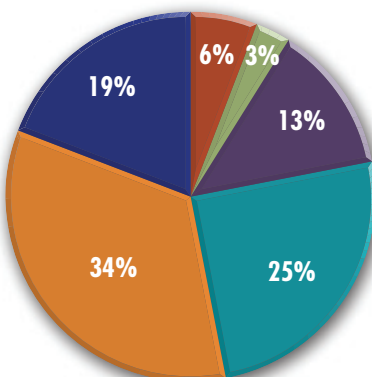
403(b)s and cash balance plans rounded out the top four. Interestingly, traditional defined benefit and cash balance plans were reported separately while in practice cash balance plans are a popular type of defined benefit plan that are largely responsible for the resurgence of defined benefit plans in the past several years.

Large plans with assets from \$300 million to over \$1 billion represent over half of respondents' plans. Large plans tend to expect, and receive, dedicated customer service – as the survey demonstrated.

When asked the question, **“What company is your retirement plan service provider?”** respondents named number one Boston-based Fidelity Investments and number two Empower Retirement in Colorado as the top two service providers.

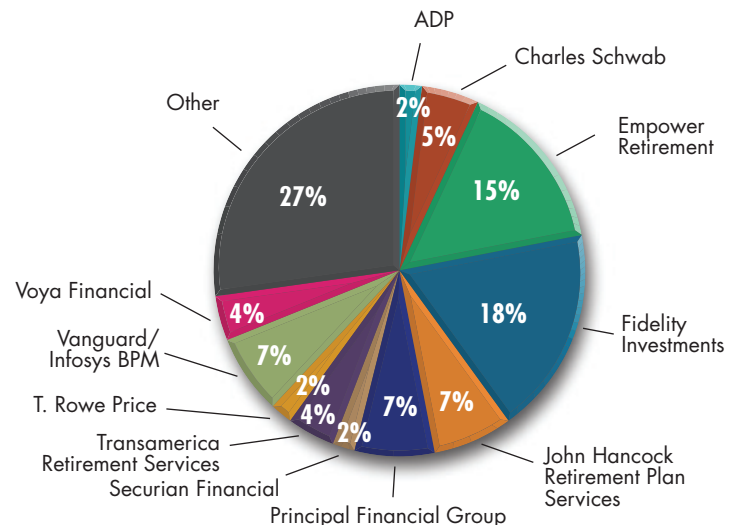
Plan types, asset size and retirement service provider responses are illustrated:

PLAN ASSET SIZE



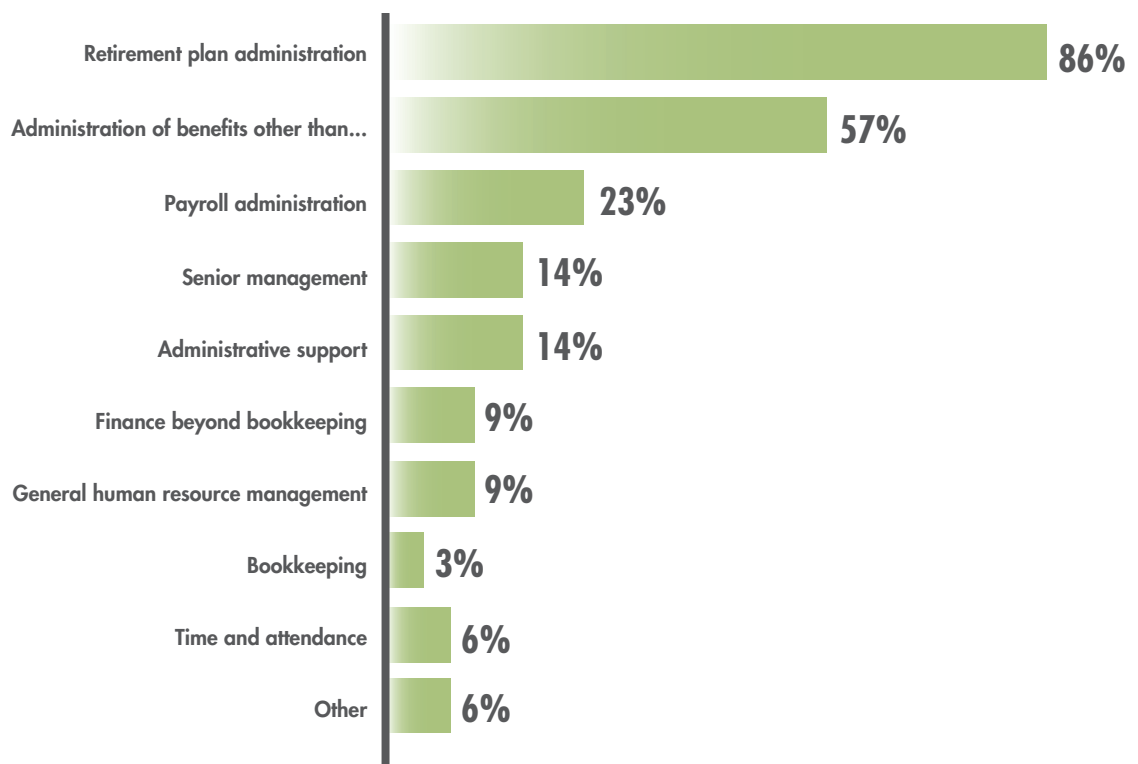
- Less than \$1 million
- \$1 million to \$4.9 million
- \$5 million to \$9.9 million
- \$10 million to \$49.9 million
- \$50 million to \$299 million
- \$300 million to \$999 million
- \$1 billion or more

RETIREMENT PLAN SERVICE PROVIDER

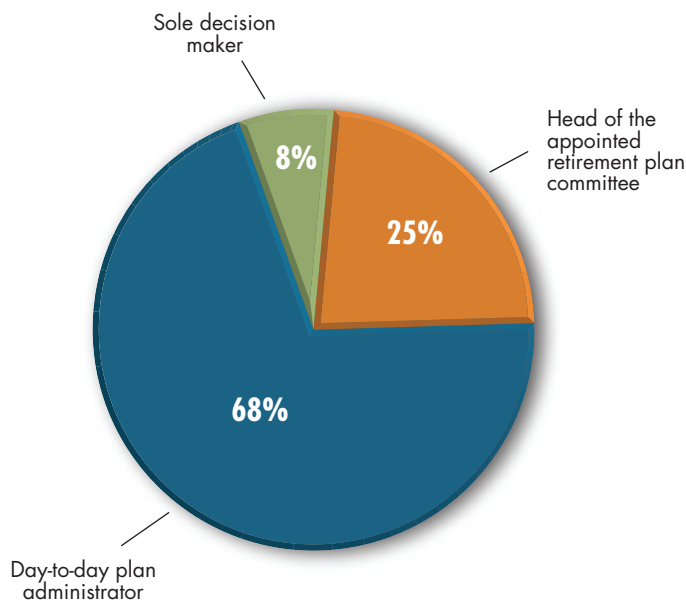




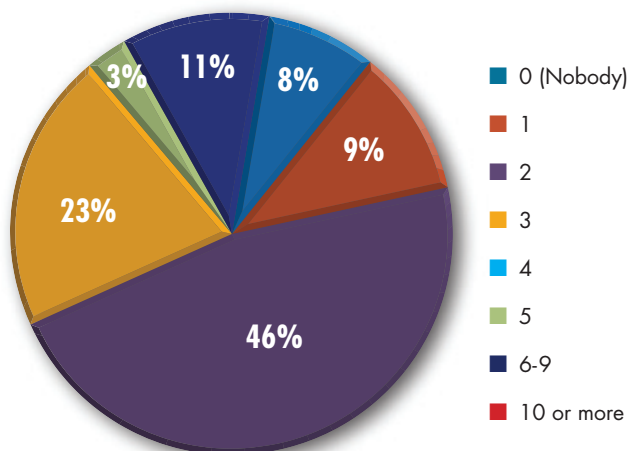
FUNCTIONS PERFORMED BY THE MOST FREQUENT USER OF THE PLAN SPONSOR PORTAL



INDIVIDUAL RESPONDENT'S INVOLVEMENT IN PLAN DECISIONS



NUMBER OF PLAN SPONSOR PORTAL USERS



The people

People are all important for retirement plan success, whether they be participants or administrative staff who interact with their retirement plan's service provider.

When asked, **"Which of the following best describes your involvement in the plan?"** respondents indicated that they primarily function as the day-to-day plan administrators. As administrators, two, or at the most, three staff members used the service providers' plan sponsor site or portal.

Users of the plan sponsor portal are responsible for a myriad of functions within the organization, but the user who contacts the live client service staff at the retirement plan service provider most often tends to be responsible for the administration of *all the company's benefits*, including the retirement plan.

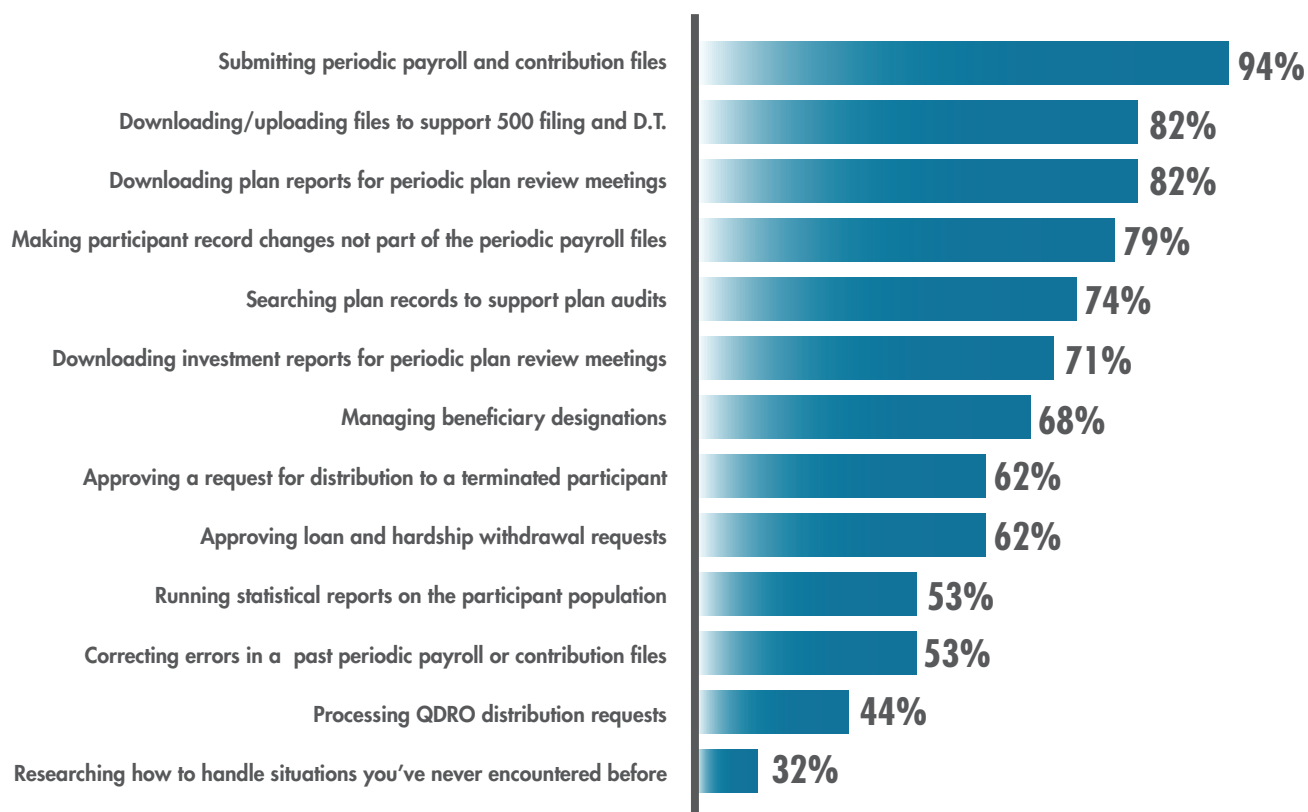
It's also not unusual for that person to also be responsible for payroll administration as well. This could mean that while the administrator is well versed in the retirement plan and can spot errors easily, it could also mean that the staff member is often busy managing two large tasks (or more) and may miss things.

Customer Self-Service Parameters

Plan sponsor respondents with access to their service provider's plan sponsor portal can research routine questions, process QDRO distribution requests, or correct errors on reports. When asked, **"What types of tasks do you feel comfortable performing online without live client service?"** most were able to submit periodic payroll and contribution files and download diverse types of files and reports. And about **50%** of the respondents were comfortable correcting errors in a past periodic payroll or contribution file or running statistical reports on the participant population.



WHAT TASKS ARE USERS COMFORTABLE/NOT COMFORTABLE PERFORMING ONLINE WITHOUT LIVE CLIENT SERVICE?



They weren't as comfortable, however, when it came to using the self-service portal for other tasks:

- Researching how to handle unfamiliar situations.
- Processing QDRO distribution requests

These results indicate that respondents were certainly comfortable performing familiar tasks through self-service portal. However, more complicated or sensitive matters need live client service staff to resolve.

On the plan sponsor portal, only
30%
comfortable researching how to handle
situations they've never encountered before

40%
comfortable processing
QDRO distribution requests

50%
comfortable correcting errors in a past
periodic payroll or contribution file or running
statistical reports on the participant population.

IMMEDIATE SELF SERVICE IDEAS PLAN SPONSORS WOULD LIKE TODAY



1. CONTENT

- Easy access to all Plan documents
- 1099 information for former participants

2. DATA ACCESS / REPORTING

- Historical information for plan/plan participants
- Ability to run custom ad hoc reports on participant transactions
- Ability to save custom report templates

3. FUNCTIONALITY / OUTSOURCING

- Payment of eligible expenses from forfeiture funds
- Ability to electronically deliver required notices from the plan sponsor website
- Ability to send targeted emails to certain participant populations

4. COMMUNICATION

- Live chat feature / Bypass to a live person

5. IN-APP ALERTS AND NOTIFICATIONS

- Specific notification when there are errors in a contribution file

THE WAY OF THE FUTURE DEFINED:



How will the evolution in technology over the new 3 to 4 years impact client service?

People are valued as part of the client service equation—according to the responses to these questions. Even in (or especially in) a future that's projected to have better technology that more and more can replace human intervention.

This part of the survey polled WEB about how they envisioned client service evolving over the next three or four years.

"Live client service staff" in the WEB survey referred to the staff of the plan sponsor's retirement plan service provider available to plan sponsor to answer questions or resolve problems by email, online chat, or phone – but NOT available to visit in person.

This live client service staff provision comes in addition to the client plan sponsor portal, app, or website and in addition to the staff available to plan participants to answer their questions about their retirement plan account.



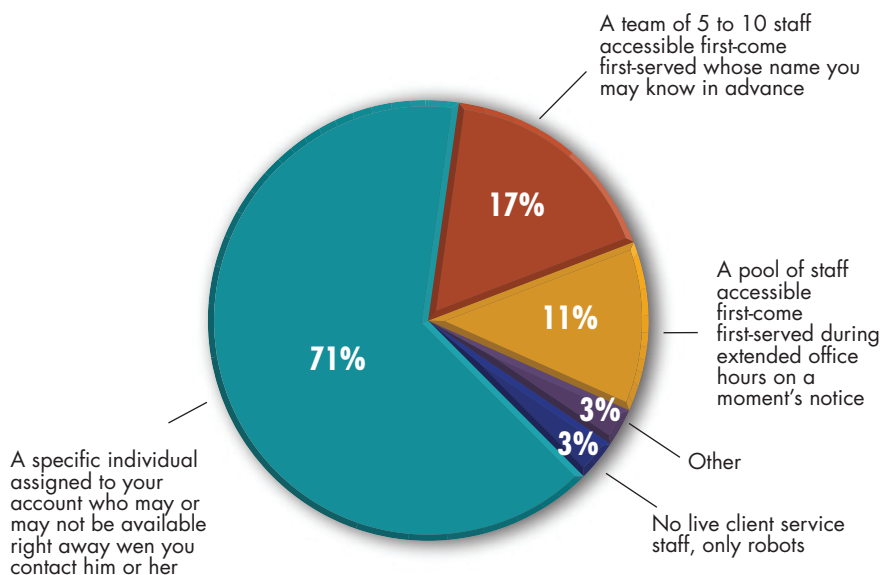
The importance of live client support

Access to live client service staff by plan sponsor administrators can be provided in a variety of ways. Respondents were asked, "Which of the following best describe the way of the future for organizations like yours?" Their answers were undoubtedly influenced by their organization's size as most of the companies were mid-sized and large plan sponsors who probably already have an assigned account manager and expect to have one in the future.

The smaller organizations also believe live client support is important, even though there might not be a dedicated customer service representative assigned to their account.

From this question, it appears that nothing beats live client support, preferably one who's familiar with their client's plan.

WAY OF THE FUTURE FOR YOUR ORGANIZATION



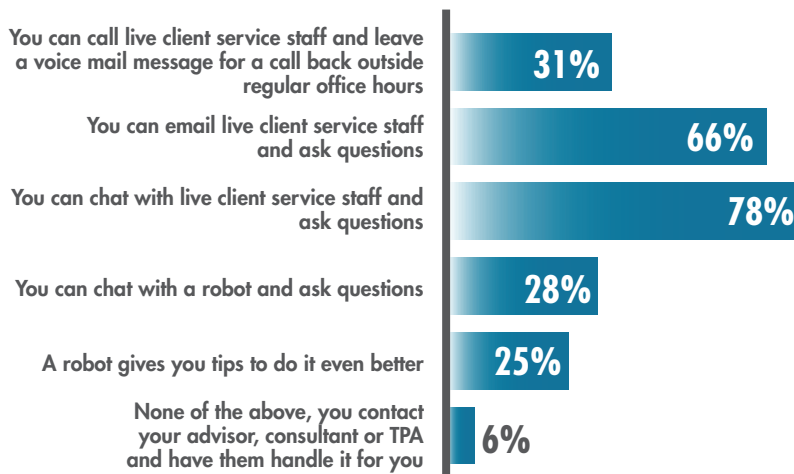
Types of client service delivery when plan sponsors have follow-up questions or issues

The vision of client service delivery in the future for plan sponsors who do or don't know what to do after using self-service applications on the web or a mobile app and have follow-up questions is the same. What's different between the two scenarios is the level of client service solutions expected after online chatting with a client service staff member and access to a live client service representative by email.

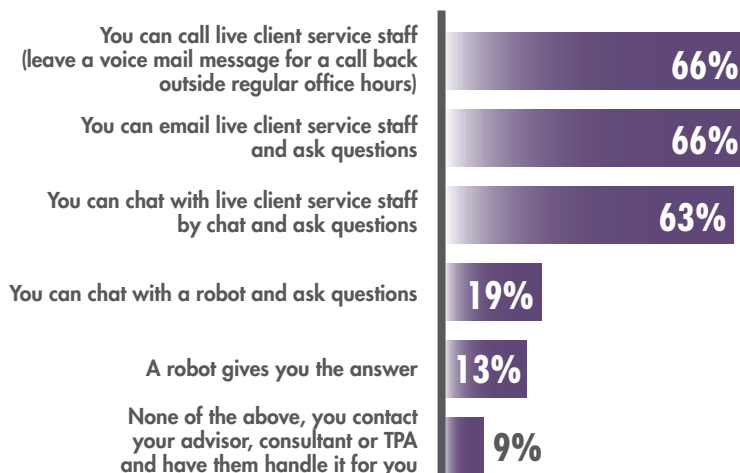
It's interesting to note that just one in three respondents who know what to do envision a subsequent conversation with a live client staff by phone for simple questions 3 or 4 years from now when technology has evolved.

The way of the future for client service delivery when plan sponsors don't know what to do, still have questions, or there's an unresolved issue is a more complex situation. In this situation, two in three sponsors envision having access to a live client service staff member either by chat, email, or phone to get answers to their questions, with no particular preference indicated.

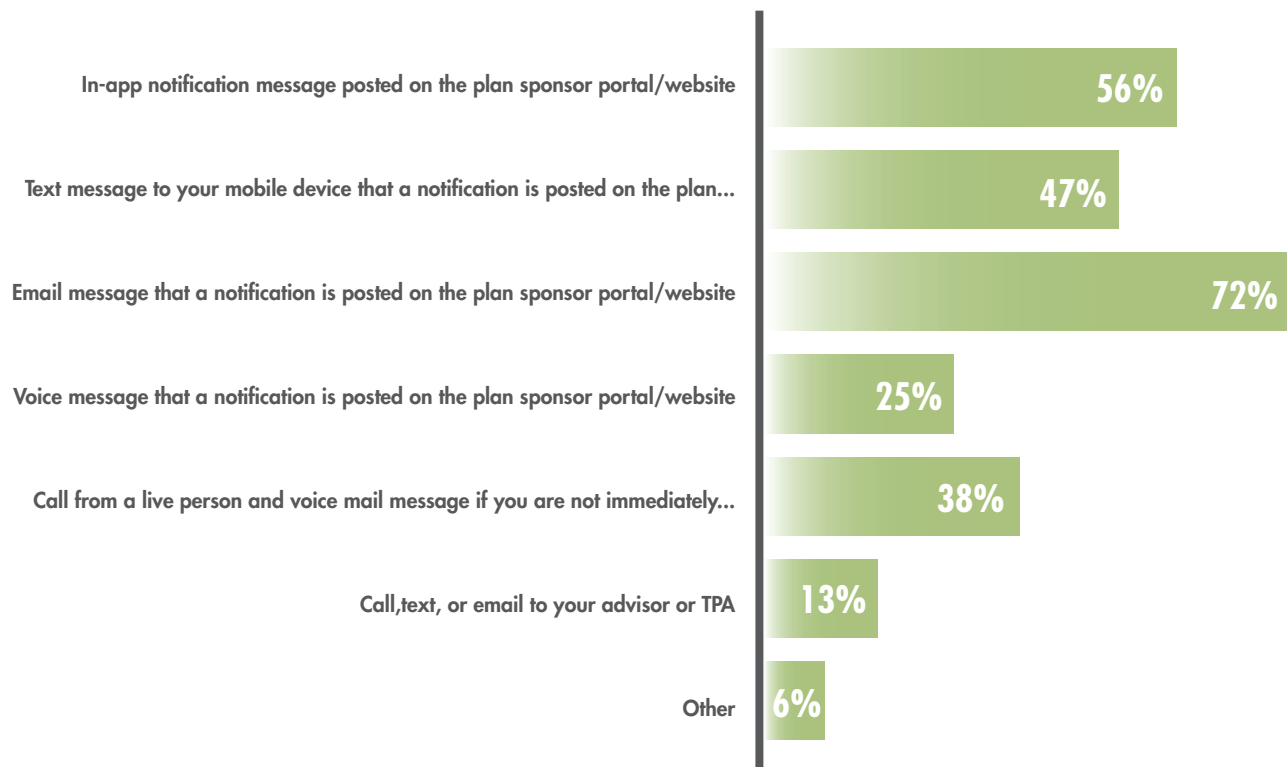
WAY OF THE FUTURE FOR CLIENT SERVICE DELIVERY AFTER SPONSORS KNOW WHAT TO DO – AFTER USING THE WEB OR MOBILE APP



WAY OF THE FUTURE FOR CLIENT SERVICE DELIVERY WHEN SPONSORS DON'T KNOW WHAT TO DO – STILL HAVE QUESTIONS OR ISSUES



WAY OF THE FUTURE: NOTIFICATION OF PAYROLL FEED INCONSISTENCIES DETECTED BY A ROBOT



Client service after detection of payroll feed win consistencies

Mistakes happen, even in a technologically advanced society. A payroll feed may be inconsistent. The contribution for a given employee doesn't match the calculated amount using the deferral percent and compensation amount. Or a loan reimbursement is a different amount than what it should be.

When inconsistencies arise, what type of notification does the plan sponsor receive? Even when the feed is detected by a robot (another instance of the way of the future where

technology has evolved), nearly three in four respondents still expect to receive notification of the problem by email. In addition, open-end comments to the question suggest that the email should be labeled "urgent" so it is addressed faster than other notifications received in a crowded email inbox.

Other responses indicate that a little more than half envision receiving an alert via app, while half envision being contacted by SMS/text.

WAY OF THE FUTURE: REASONS TO CALL AND SCHEDULE A MEETING

Plan Sponsors Know What They Want

Respondents want to be able to request a conversation or even visit by their company representative and schedule, or request, a face-to-face meeting. Plan sponsors want not only periodic plan reviews, but regular, standing meetings with their service representatives to stay in touch with them on a number of important issues such as regulatory or legislative changes that may affect the plan.

WEB Members were specific about why they might want to have a scheduled meeting with their client service representative.

Technical Plan Provisions

- Changes requiring plan amendment
- Regulatory or legislative change affecting the plan
- M&A

Problem Resolution

- To address unusual problems
- If the plan is not administered according to the plan document
- To discuss participant complaints
- To address problems with data management or plan records

Periodic Review

- Standing meeting
- Regular due diligence/RFP process

Consulting Engagement

- Special projects
- Plan design guidance/consulting

Participant Strategy

- Analytics, to improve participant engagement and retirement readiness

THE WAY OF THE FUTURE IS NOW

The key findings of the survey show that plan sponsors are ready to embrace the innovative technologies to a certain extent while maintaining a reluctance and even an aversion to robots and too extensive automation – an interesting dichotomy. And a human touch is still important, even required under certain circumstances.

Pent-up appetite for enhanced online self-service options

- Ad-hoc custom (filtered) participant reporting (static and dynamic)
- Ability to trigger electronic participant communications

Most are ready for the Way of the Future to some extent

- Ready for in-app alerts and live chatting, but still want email and phone access available
- Appetite for in-app direct messaging
- Common aversion to robots and complete automation
- Reluctance to search for solutions in libraries or to learn new ways

A minority (mostly established, long-termers) will go to great lengths to access a known, respected, and experienced contact person



Founded in 1983 in Washington, DC the Worldwide Employee Benefits Network is committed to helping define the role of the benefits professional in the 21st century. As changing legislation, technology and market forces reshape the profession, products and delivery systems, WEB will continue to foster and support personal growth and professional development to help its members meet the challenges ahead.



EACH Enterprise, LLC is dedicated to the institutional retirement plans market, serving investment management firms, record keeping service providers, and advisory firms. EACH Enterprise helps client firms establish and maintain a clear position in target markets. Its coordinated initiatives include meeting planning, research, reporting, news release, social media, public speaking, education, and campaign management services.