Financial Services Inc. U.S. Pensions web site **Internet initiative**

Financial Services Inc. US Group Pensions Internet initiative
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contents

1 vision

1.1 context

The 401(k) plan is an American retirement savings plan funded by employee contributions and (often) matching contributions from their employers. The chief benefit of the plan is that the contributions are taken from pre-tax salary – the funds grow tax-free until withdrawn. The plan is also portable between employers.

Since its inception more than 20 years ago, 401(k) participants have brought about several changes to the plan by demanding more autonomy from the IRS and their employers (known as sponsors). Participants want choice and control – many want an unlimited number of investment options. Responsibility for managing these funds has increasingly shifted from employer to employee.

This trend is expected to continue: soon 401(k) participants will alone decide where and how to invest their money. They will have unlimited access to investments. Financial services companies will counsel them on their portfolios.

Banks, mutual fund companies, investment firms, e-trade sites, insurance companies and dedicated 401(k) advisors will compete fiercely for participant business when this market shift occurs.

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1.1 context

Meanwhile, the Internet has changed the financial planning landscape because of two factors:

- the emergence of e-trader web sites that charge minimal brokerage fees and enable consumers to buy and sell stocks and funds "directly"
- diversified and easy-to-access sources of financial information are now readily available to anyone with access to the World Wide Web

Consumers no longer need to rely exclusively on brokers for information about their money and management of their portfolios.

As *a leading provider of financial protection products and wealth management services to individuals, families, businesses and groups in selected international markets*, Financial Services Inc. is currently in a favorable position to vie for future consumer 401(k) business and to position itself as a company that will both inform consumers and help them manage their retirement investment portfolios.

Fusion Interactive recommends that Financial Services Inc. restructure its United States Pensions (USP) web site to leverage its brand and financial expertise in order to establish and maintain leadership in the retirement services market.

A recognizable, well-branded retirement planning web site that delivers easy-to-use, relevant and up-to-date tools for its clients will gain their loyalty and trust over a long period of time, while supervising their financial lifecycles from the start of their careers to retirement.

1.2 mission statement

The new web site will spur participants in Financial services inc.'s 401(k) plans to self-manage their retirement savings by:
- educating them about retirement planning issues
- supplying them with tools to set financial goals in retirement
- helping them prepare an effective plan to achieve their goals
- providing them with a secure, personalized interface

The site will also attract plan sponsors by offering them:
- an online support mechanism to keep them up-to-date on deadlines and new developments
- seamless functionality that will enable them to complete administrative tasks

2 strategy

2.1 goals

PARTICIPANT

1. **motivate** employees to enroll or, if their employer does not use Financial Services Inc. as a qualified pension plan provider, recommend Manulife to their employer's human resources dept.
2. **educate** employees about investment & retirement planning
   - strengthen Financial Services Inc.'s reputation as an authority in the area of employee-driven pension plans
3. **facilitate** enrollment, retirement planning, and account management
   - help participants determine retirement goals and formulate a plan
4. **inform** employees about Financial Services Inc.'s investment products, market conditions and relevant news
5. **personalize** the web site by providing a secure, customized area to allow participants to monitor and manage their pension plans 24 hours a day, seven days a week

SPONSOR

1. **encourage** employers to use Financial Services Inc. as their pension plan provider
2. **educate** employers about pension plans
3. **inform** employers about Financial Services Inc.'s products & services
4. **facilitate** plan design, setup, employee recruitment & communications, administration, record-keeping, and Employee Retirement Income Security Act (ERISA) compliance
5. **personalize** the web site by providing a secure area where sponsors can monitor and manage their pension plans 24 hours a day, seven days a week

2.2 proposed features

The content and functionality of the Financial Services Inc. USP web site can be enhanced to take advantage of the unique, interactive character of the Internet and provide superior value to users of Financial Services Inc.'s pension products.

The new site's features will:
- present extensive information about Financial Services Inc. pension products and services
- provide employers and employees with tools to make informed decisions concerning their retirement savings and pension plans
- facilitate pension plan monitoring and management

Mirroring the current USP site, Fusion's proposed tool kit will be divided into tools accessible to the general public and tools restricted to registered sponsors and participants (members). While some tools may overlap both sections, members will enjoy additional options and benefits.

Specific feature details follow the overview on the following pages.

note
- all features have extensive context-sensitive help and cross-referencing so additional information is only a click away if the user comes across an unfamiliar term, concept, or example
- pointers to additional resources are placed where appropriate

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2.2 proposed features

2.2.1 FEATURE OVERVIEW

- PUBLIC SITE
  - **1** Financial Services Inc. Information
    - benefits and features of Financial Services Inc. U.S. Group Pensions with an interactive tour of the password-protected site for both participants and sponsors
    - overview of Financial Services Inc.'s investment options with detailed information available for individual products
    - information on Financial Services Inc.'s distribution channels
    - downloadable sell sheets, worksheets, tools, prospectuses, etc
  - **2** Sponsor-specific Pension Plan Information
    - introduction to pension plans and pension plan design, setup, management, and other responsibilities of sponsorship
  - **3** Retirement Planning Information
    - general retirement planning information with a primer on the basics of investing & financial planning
    - retirement planning tools (basic options)
    - economic news & commentary

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2.2 proposed features

- PASSWORD-PROTECTED SITE
  - **4** Sponsor's Pension Plan
    - benefits of participating in a 401(k) plan linked to materials and tools from public site
    - interactive tour of secure site features for both participants and sponsors
    - plan details
    - overview of plan's investment options with detailed information available for individual products
    - retirement planning tools (integrated with personal account information & the options of the pension plan)
    - plan-specific news
    - downloadable sell sheets, worksheets, tools, prospectuses, etc
  - **5** Participants' Accounts
    - account information
    - account management functions
  - **6** Sponsor-access Only
    - plan information
    - plan monitoring, administration, & management tools
    - downloadable library of employee education materials

2.2 proposed features

2.2.2 FEATURE DETAILS

PUBLIC SITE

1. MANULIFE INFORMATION

1.1 General Marketing

Proclaims the benefits of dealing with Financial Services Inc. and highlights the features of Financial Services Inc.'s products and services. Also helps interested parties contact Financial Services Inc.'s distribution system.

- the value that Financial Services Inc. can bring to employers and employees
- interactive tour to demonstrate the features of the web site
- services & product family information (similar to present material); integrated with marketing efforts in other media
- pointers to distribution system (e.g., third party administrators)

1.2 Investment Product Information

These items allow people to investigate Financial Services Inc.'s products further and see the performance and quality of the products offered by Financial Services Inc.. This information might also help participants identify products that can fill perceived holes in their portfolio (which they can then lobby their employer to include in their pension plan).

investment products overview

- funds classified by risk/return (as in printed material)
- funds grouped along a more finely detailed risk/return scale (linked to information on diversifying by asset allocation, market timing, dollar-cost averaging)
- daily prices with change from previous price (dollars & percent)

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2.2 proposed features

investment products overview (continued)
- downloadable price history for selected funds during a selected time period
- price history chart for a given fund during a selected time period
- past performance for a user-defined portfolio of up to 5 funds
- performance chart for up to 5 or so funds for a selected time period
- annual returns for the past 10 years
- average annualized returns over the past 3 months, 6 months, and 1, 2, 3, 4, 5, & 10 year periods, plus since inception (also able to compare with the performance of benchmarks such as comparable market indices or similar fund categories)
- fees

individual product information
- description: management team, fees, objective, strategy, risk
- top 10 holdings
- sector weightings
- price history chart/table for selected time period
- performance history & comparison chart for up to 5 funds for a selected time period (also able to compare with the performance of benchmarks such as comparable market indices or similar fund categories)
- history of management team (profiles, tenures, and changes)

1.3 Downloads
Provides printable worksheets thus freeing people from being tied to their computer or having to be online. Some retirement & financial planning tools may also be downloadable.

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2.2 proposed features

2. SPONSOR-SPECIFIC PENSION PLAN INFORMATION

Financial Services Inc. can position itself as a pension plan market leader and gain employers' confidence by educating them about the benefits and details of sponsoring a pension plan from Financial Services Inc..

- 401(k) primer from sponsor's perspective
- outline what is involved in sponsoring a pension plan (choices available, regulations, responsibilities, etc.)

3. RETIREMENT PLANNING INFORMATION

3.1 Retirement Planning Information

- 401(k) primer (info & tools to explain benefits of participation)
- overview of how retirement planning fits into personal financial planning, with pointers to additional resources (include a link to Financial Services Inc.'s insurance web site)
- what's involved in rolling over, cashing out, taking out a loan, transferring

3.2 General Investment Information

- interactive applets to show how basic investment concepts such as time frame, dollar-cost averaging, dealing with inflation, and problems with market timing apply to participants' particular cases (possibly integrate with the retirement planning applet)
- glossary of terms

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2.2 proposed features

3.3 Retirement Planning Tools

- interactive tools to help participants assess their current portfolio/ retirement savings plan (compare current asset allocation to a recommended one)
- help participants create a retirement plan using an interactive walk-through
- suggest suitable investment options specific to their pension plan

notes on functionality (retirement planning tools)

- able to automatically execute recommendations or changes if desired
- user's can save their retirement plans and portfolio assessments if they are currently enrolled in a Financial Services Inc. 401(k)

3.4 News

This information should strive to be relevant, timely, and authoritative to provided added value to Financial Services Inc.'s customers.

- economic updates (weekly, monthly, or quarterly), and investment & retirement industry news provided through:
    - fund manager commentary delivered through video or audio interviews, and written articles
    - partnerships with business news providers

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2.2 proposed features

PASSWORD-PROTECTED SITE

4. SPONSOR'S PENSION PLAN

This area brings together all of the information that an employee should know about their employer's pension plan. Access to this information would be restricted to the sponsor and employees.

- enrollment checklist (e.g., find out the specifics of your 401(k) plan, are you familiar with the basics of investing?, are you familiar with how they relate to retirement planning & 401(k)s?, develop a plan, build an appropriate portfolio of investments that is appropriate for you, monitor & manage your portfolio) with links to participant education
- details of employer's pension plan (e.g., employee vesting & eligibility, investment options, rollover & loan policies, enrollment process, etc)
- links to more detailed information about each of the investment options in the plan
- online enrollment
- possibility of incorporating the sponsor's corporate ID to match their existing communication materials

5. PARTICIPANTS' ACCOUNTS

This is a secure area that is personalized to the sponsor's pension program. Participants use a plan ID, personal ID, and personal password to access their account information. They also have access to all of the information on the sponsor's pension program. In fact this area may be thought of as a subsection of SPONSOR'S PENSION PLAN.

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2.2 proposed features

basic features (participants' account)

- able to view account balances and allocation of future contributions
- able to change current asset allocation (by percentage or by dollar amount) – shows both & automatically calculates value not entered
- able to change allocation of future contributions (by percentage or by dollar amount)
- provision to change amount of future contributions (by percentage or by dollar amount)
- record of past transactions/changes
- make loan/withdrawal requests (with a tool to show impact of withdrawal on retirement savings & estimate what would be required to bring retirement balance back to its pre-withdrawal level)
- account administration e.g., changes to password, e-mail address, beneficiaries, address, etc.
- view details of pension plan e.g., investment options available, all fees related to the plan & how those fees are covered (employee vs. participant), total cost/ participant for entire plan with a comparison with similar competing plans (by size, demographics, and complexity)

advanced features

- automatically rebalances if current allocation deviates by more than a user-defined percentage (5–15%) from a target allocation
- allow participant to record, store, and change a personalized retirement plan for future reference (target asset allocation, savings goal, contribution goals, etc.) and compare their projected progress, based on this plan, with the actual performance of their account. Allow provision to enter investments that are held outside Financial Services Inc. products (user can enter performance info for these investments if it is not automatically updated through partnership with an investment information provider)

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2.2 proposed features

advanced features (participants' accounts)

- performance (from inception, day/month/1 year/3 year/5 year/10 year/15 year, day/MTD/YTD) as a table or a chart for all products or selected products with option to include overall portfolio performance (also able to compare with the performance of benchmarks such as comparable market indices or similar fund categories)
- option to receive e-mail alerts about changes in pension plan details (e.g., investment options) and investments (strategy, management, allocation)

note (advanced participant account features)

- if direct account changes cannot be made online, change requests might be made through the web site

6. SPONSOR-ACCESS ONLY

The objective of these items is to assist sponsors with their duties as plan sponsors.

- tools and walk-throughs to help employers design and setup a plan with guidance on how different plan options may affect its popularity and operation
- simplify administration, record-keeping, and employee communications (if not handled through a third-party administrator)
- monitor plan performance and statistics
- library of employee education materials such as slide presentations and seminar notes

3 implementation

3.1 EXECUTION PHASES

Fusion Interactive recommends a two-phase approach to develop and implement the new site.

Phase One – launch the site with a basic, scalable tool set and allow for seamless addition of the tools developed in *Phase Two*.

Phase Two – add the remaining advanced tools.

1. PHASE ONE

PUBLIC SITE

Financial Services Inc. information

- overview of Financial Services Inc.'s investment options
- information on Financial Services Inc.'s distribution channels (e.g., list of nearby third-party administrators)
- downloadable sell sheets, worksheets, prospectuses, etc.

sponsor-specific pension plan information

- introduction to pension plans and pension plan design, setup, management, and other responsibilities of sponsorship

retirement planning information

- general retirement planning information with a primer on the basics of investing and financial planning
- retirement planning tools (general)
- economic news and commentary

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3.1 execution phases

PASSWORD-PROTECTED SITE (PHASE ONE)

sponsor's pension plan

- benefits of participating in a 401(k) plan revisited linked to materials & tools from public site
- plan details
- overview of plan's investment options
- plan-specific news
- downloadable worksheets, prospectuses, etc.

participants' accounts

- account information
- account management functions

sponsor-access only

- plan information
- downloadable library of employee education materials

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3.1 execution phases

2. PHASE TWO

PUBLIC SITE

Financial Services Inc. information

• detailed information available for individual products
• downloadable tools

PASSWORD-PROTECTED SITE

Financial Services Inc. information

• benefits and features of Financial Services Inc. U.S. Group Pensions through an interactive tour of the password-protected site for both participants and sponsors

retirement planning information

• retirement planning tools (integrated with personal account information & the options of the pension plan)
• detailed information available for individual products

sponsor-access only

• plan monitoring, administration, and management functions
• downloadable tools

3.2 TIMELINE

3.3 FINANCIAL SERVICES INC. RESOURCES

3.4 POTENTIAL RISKS

3.5 BUDGET REQUIREMENTS

3.6 TECHNICAL RECOMMENDATIONS/CONSIDERATIONS