



Corporate Wrap – a solution looking for a market?

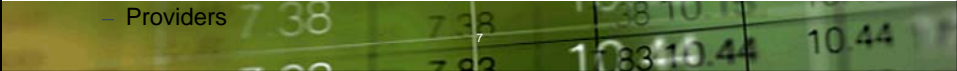


Martin Laws, Head of Flex Consulting, Hewitt Associates

Corporate Wrap – the view from Clients and Advisers

Spot the actuary.....

- What is a Corporate Wrap?
 - A user definition - a platform to facilitate investors' ongoing management
 - An employer definition – a way of adding value to the total reward package
 - An employee definition - A way of managing everything in one place
 - An advisor and/or provider definition – a way of adding value to our clients
- What is a Client?
 - To Hewitt, an employer
 - To providers, an employer and individual employees
- What is an Adviser?
 - An EBC (ie Hewitt)
 - IFAs
 - Providers



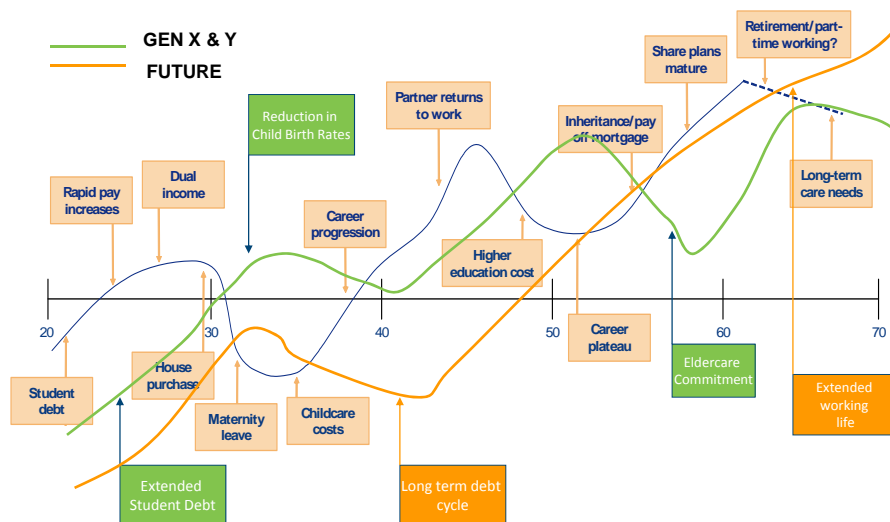
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Client (Employer) views

- ▣ What's in it for us?
- ▣ Just getting over (sometimes) DB risk issues
- ▣ Little appetite for greater risk exposure or cost commitment
- ▣ People should be saving for their retirement so pension (DC) is the right answer

- ▣ Keen to differentiate in the market for talent
- ▣ Keen to solve the pension “high earners” dilemma – and its not just high earners
- ▣ Pension is not the right solution for everyone
- ▣ This is just an extension to choices

Not all journeys take the same route



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Member choices in Flex

- ▣ Choices focused on Protection, Lifestyle, Convenience and Savings
- ▣ Savings have typically focused on Pension
 - DB, DC, AVCs, GSIPPS
 - Some include Share Plans
- ▣ The flurry of activity to look at EFRBS now abating
- ▣ Focus now shifting to Corporate ISAs

- ▣ ... but more choice means more complexity
- ▣ Need financial support and education to enable informed choice

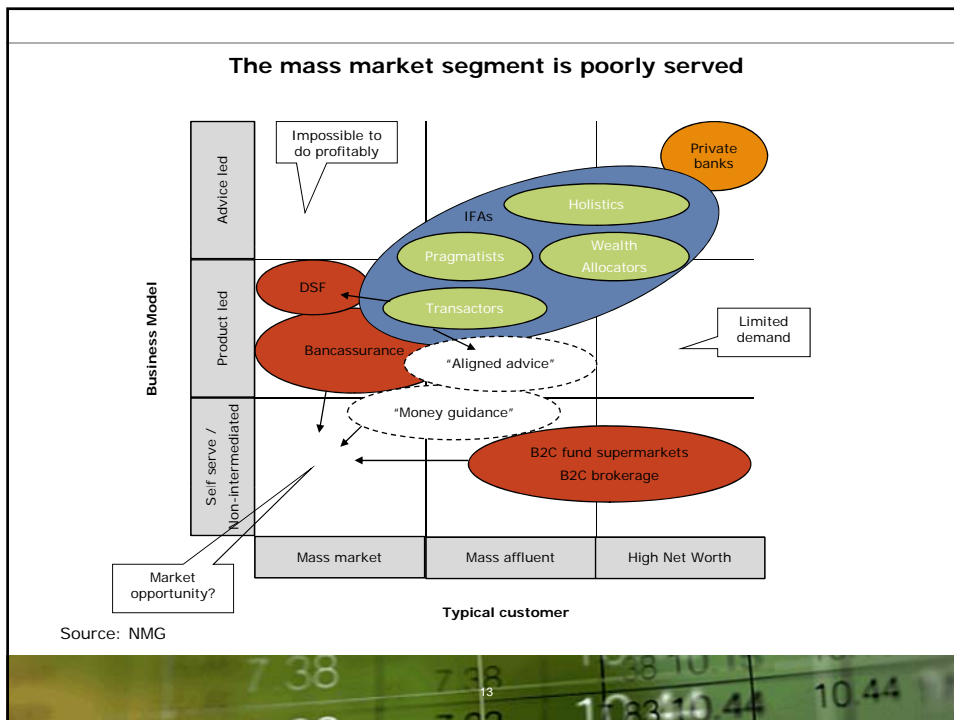
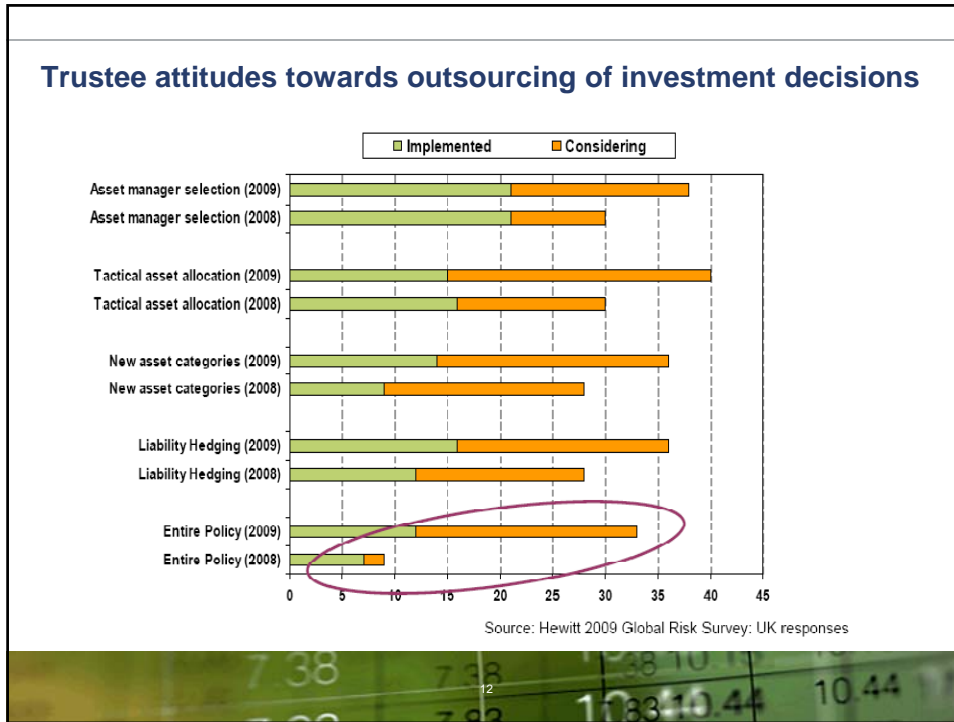
- ▣ The early adopters are already there ... others are gearing up now

Client (Employee) views

- ▣ I want to have total control ... but you to do everything for me
- ▣ I want maximum returns ... but with minimum risk and immediate access
- ▣ I want exemplary service levels ...but at minimal cost
- ▣ I need delivery, delivery, delivery

- ▣ Which is where the adviser comes in

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Adviser views

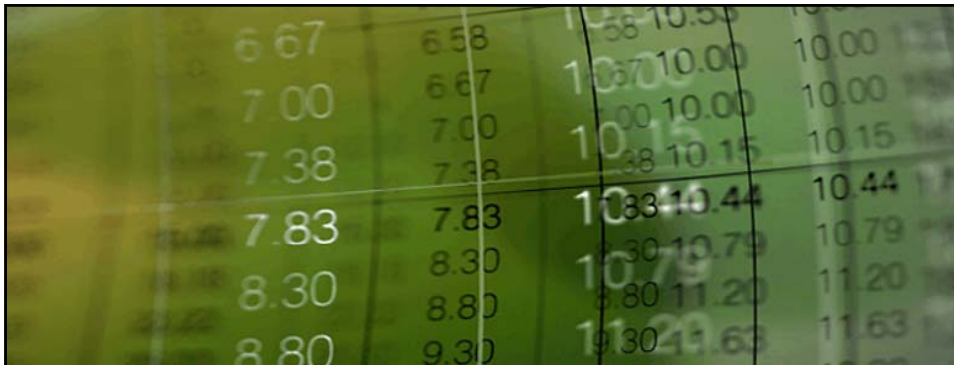
- ▣ An opportunity to replace the workflow that will diminish in line with DB provision
- ▣ A clear need for better servicing of mid-market employers
- ▣ A clear need for better servicing of employee benefits
- ▣ A clear need for independent consideration of provider services and elements of the total reward package
 - How *do* we accommodate members' mutually exclusive needs?

So what do advisers actually want from providers?

- ▣ Sustainability
- ▣ Transparency
- ▣ Realistic pricing
- ▣ Delivery, Delivery, Delivery
- ▣ Clear communication
- ▣ A reasonable range of products



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