



Corporate Wrap – The Future for Workplace Benefits

The third generation of DC Pensions The emergence of Portals



TISA Corporate Wrap Seminar
1st October 2009
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It is early days, still much confusion

The Pensions-Net-Work
4th & 5th June 2009

No one can decide what to call them



There are different definitions of what one is

"There are several corporate platforms out there already. Ours is one."

"There are no corporate platforms up and running yet. They are all still being built."

Launch dates get changed

"You will be seeing a press announcement about our new platform very soon...."

[Many months later]
"Our platform will be ready soon...."



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Corporate Platforms (Portals) will soon..

1. Start life as the **third generation** of pensions delivery.
2. They arise mainly for **pensions industry** related reasons.
3. The danger is that they set out to meet **provider needs** more than employers'.
4. The **pre-launch challenges** are so great that some will not see daylight.
5. The best portals will be a **service** not a product push.
6. And they will eventually start to **erode** existing IFA platforms.

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Portals are the third generation of DC pensions delivery

Many currently being planned. Insurers are prominent. Consultants too. Also Asset Management firms.

Long planning and design period. Most ready to launch in 2010.

Most frequently used definition:

- A service to employees to invest through pensions **and other savings vehicles**.
- Able to track and transact all assets **on one screen**.

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We have heard many reasons for Portals

Reasons for Portals

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|---|---------------------------------------|--|
| 1 | Employee retention | "Employers want tools to help them retain staff, especially the young." |
| 2 | Aggregation of assets | "Seeing your assets on one screen will be galvanising." |
| 3 | Member engagement | "We must develop ways of making people save, or else..." |
| 4 | Employer's position of trust | "Employees often trust their employer more than financial institutions." |
| 5 | New tax rules | "New tax rules mean high earners are less interested in pensions." |
| 6 | Widening member choice | "Its not good enough to offer just a pension any more." |
| 7 | Failure of old pensions models | "The old model of DC is broken, we have to offer a new alternative." |

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We have heard many reasons for Portals /2

Reasons for Portals

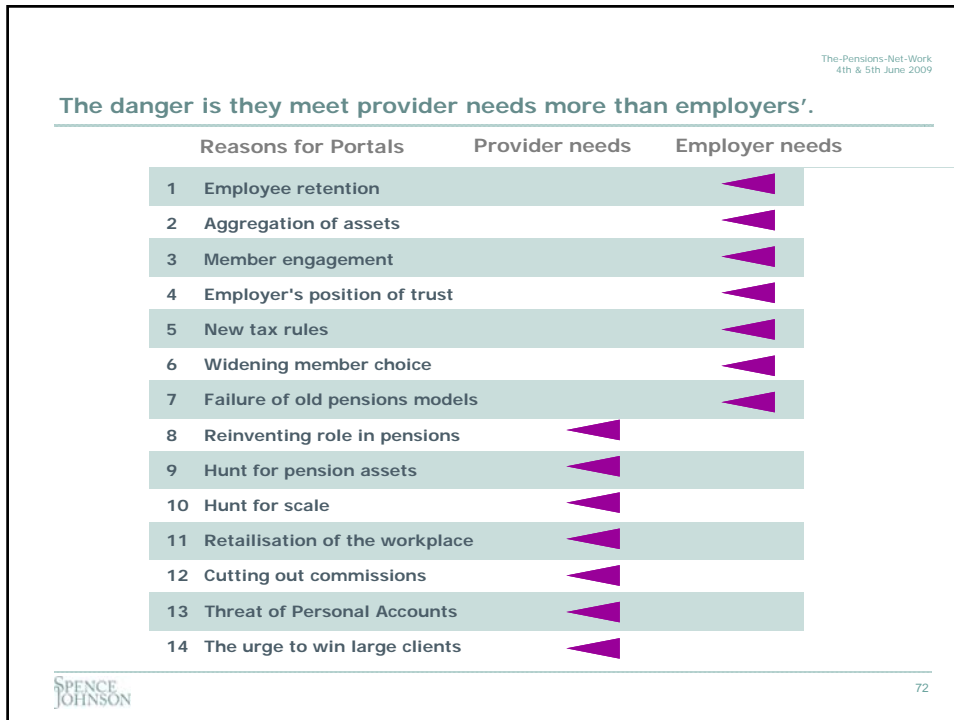
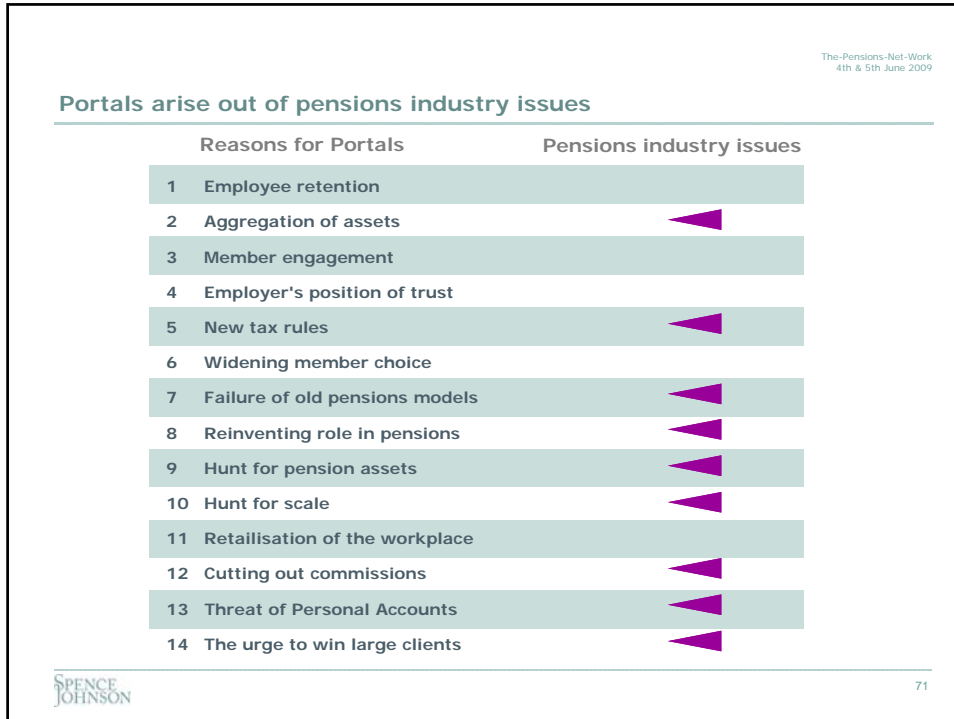
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|----|---------------------------------------|---|
| 8 | Reinventing role in pensions | "Consultants have been frozen out by DC, they need a way back in." |
| 9 | Hunt for pension assets | "He who controls the assets is king." |
| 10 | Hunt for scale | "DC is a low margin business, we have to operate at scale." |
| 11 | Retailisation of the workplace | "Once employees use us at their desks, we can sell other things." |
| 12 | Cutting out commissions | "We must try to develop direct relationships with employees." |
| 13 | Threat of Personal Accounts | "If we charge more than Personal Accounts, we have to offer more". |
| 14 | The urge to win large clients | "Insurers need to find ways of offering services to large companies." |

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The pre-launch challenges are so great that some will not see daylight.

Challenges for Portals	Pre-launch challenges
1 Capital cost	"These platforms can cost nine figures." 
2 Requires co-operation	"Building this thing requires buy-in from all sides and that's not easy." 
3 Confidentiality concerns	"Would you let your employer know everything about your finances?"
4 Failure of Workplace Mktg	Workplace Marketing has been tried and it has failed. Many times."
5 CFOs not sympathetic	"Retention is not high on corporate agendas right now."
6 Wider communications	"A portal is fine if you sit at a desk. But what if you drive a lorry?"
7 Proliferation	"There will be too many platforms, all emerging at the same time"
8 Closed architecture	"If you see a portal as a way of selling your own products, you will fail"
9 Service culture	"Big companies need customisation and service, but can Insurers deliver?"

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The best portals will be a service **not a product **push**.**

- Portals will be exclusively provided to **large companies**
- These clients will provide the **scale** needed to drive the engines
- But in return they will impose very high **service and customisation** demands
- Most large firms run **Trust-based** (not Contract/GPP/SIPP) schemes, so portals cannot be built around GPP/SIPP capability alone.
- Portals that have to push own product to survive, will not. **Choice** will be required.
- **Communications** with members will be increasingly creative.
- Pensions will become an increasingly small element in the mix as **other savings offerings** win through.

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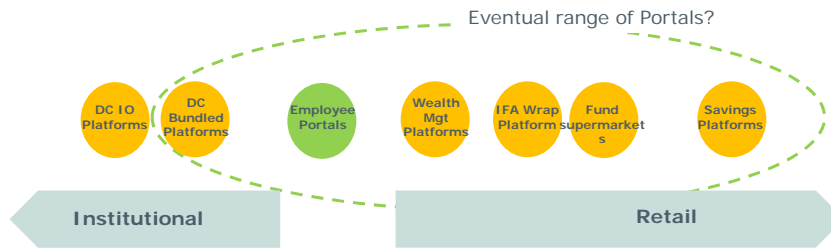


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Portals will eventually start to erode existing IFA platforms.

- Portals will occupy a space between retail and institutional
- Eventually once achieved scale, portals will absorb business and assets from other platforms
- Will compete with IFA and Fund based platforms
- Will not replace them, but will erode their business



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