

Reports that turn participants into clients and increase your profitability



The 401(k) business is not as profitable as it used to be. Gone are the days when participants' account balances skyrocketed no matter how they invested. Gone, too, are the revenues providers enjoyed due to this abnormal growth.

In today's world, providers must become much more proactive in their asset gathering efforts. Given the saturation level of the 401(k) market and the difficulty of winning new plan business, it makes sense to focus on maximizing revenue from existing participants. Fortunately, there are two opportunities to do this.

The first opportunity stems from the fact that participants are not contributing enough to their retirement accounts. Why should they given that most of them have no idea how much they should be contributing? This lack of understanding provides an opportunity to help participants get on track for a more secure retirement while increasing your own revenue (via increased contributions).

The second opportunity for increased revenue lies in capturing IRA rollovers. Currently, providers typically capture relatively little of the assets that are rolled over from plans they service. The reason is that providers are not proactively building positive relationships with participants, and, thus, are not turning them into clients. (Remember, providers are hired by plan sponsors, not participants.)

Your participants are a phenomenal pool of prospects. The reports on the following pages (especially when distributed periodically to targeted groups) can help you turn them into clients. Since each report can be personalized, you will see increases in revenue due to greater contributions as participants realize they are not saving enough. In addition, reports can be developed that have your look and feel.

The Effective Use of Personalized Targeted Reports

Part one shows how our reports, coupled with our data analysis services, serve as asset gathering tools by waking-up participants and enhancing your relationships with them.

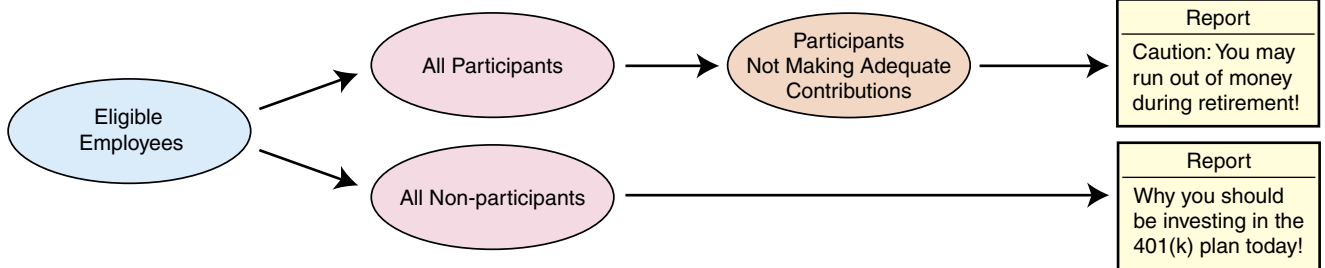
Part two provides an example of how reports can be used in standalone campaigns. In the example shown, the campaign's theme is achieving financial independence, and the goal is to get participants to increase their contributions. Through the use of a single document template, one report can be modified through color, images, and wording to appeal to different age groups.

Part three demonstrates how the document template used in part two can also be used to create a different report with an unrelated theme--in this case, the need for disciplined investing during volatile market conditions.

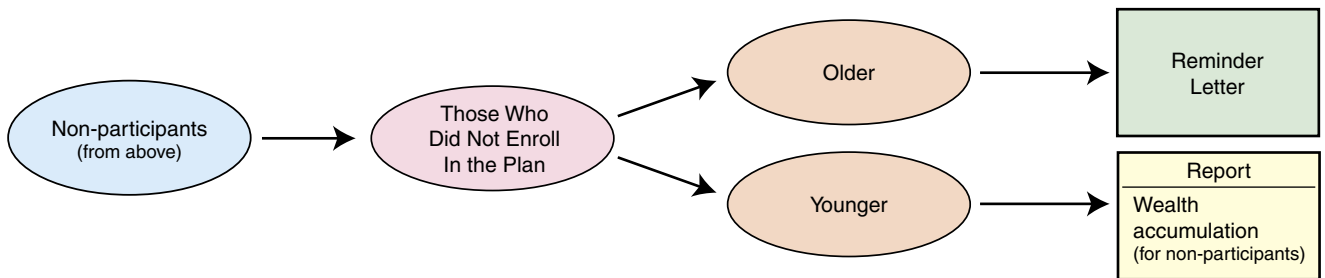
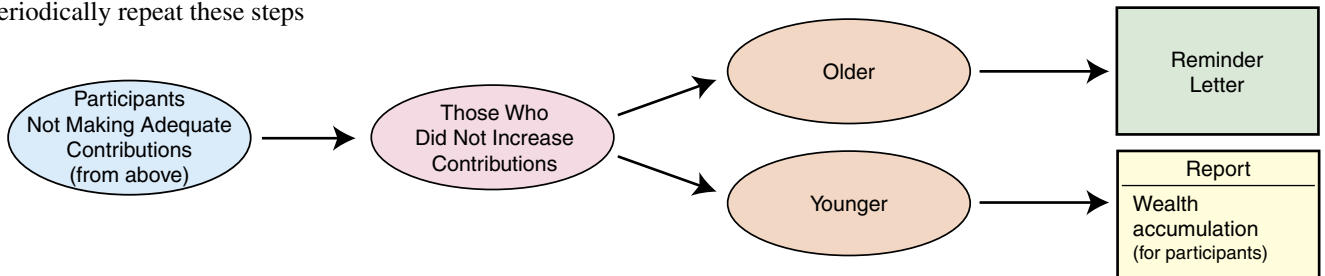
Part one:

Using data analytics and targeted reports to build relationships and increase revenue

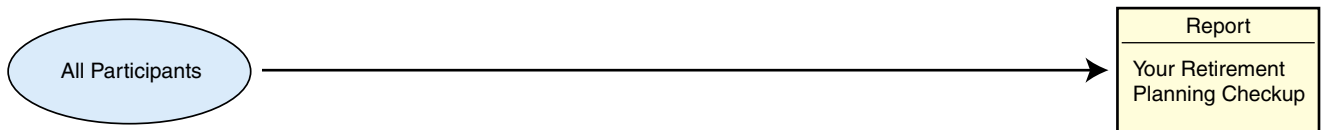
- Use data analytics to identify groups of employees so you can provide them with targeted communications.
- Send *Caution: You may run out of money during retirement!* to all participants who are not making adequate contributions.
- Send all non-participants *Why you should be investing in the 401(k) plan today!*



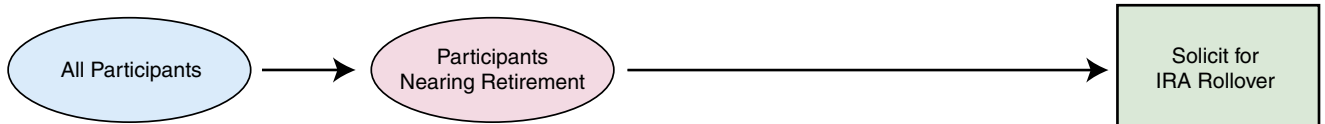
- Measure the response from above by comparing deferral percentages before and after sending the reports.
- Send a *Wealth Accumulation* report to younger employees who are still either not participating or not making adequate contributions.
- Periodically repeat these steps



- Periodically send *Your Retirement Planning Checkup* to all participants.

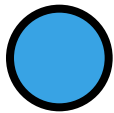


- Solicit participants nearing retirement for their IRA rollover.



Investment Horizons can help you mine your data and target various groups of employees. We can also help with IRA rollover kits and marketing materials.

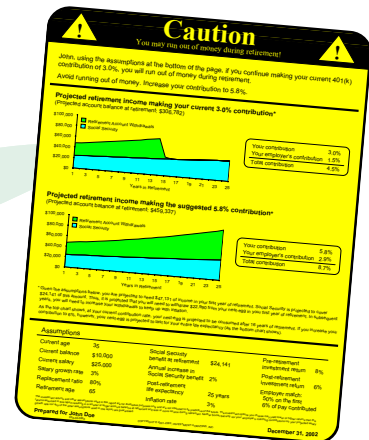
Caution: you may run out of money during retirement!



This report should be distributed periodically to participants who are not making adequate contributions. This report is an undeniable wake-up call and clearly shows participants:

- the potential retirement income shortfall they face given their current contribution;
- and how much they should be contributing.

This report is also available in a non-participant version.



Caution

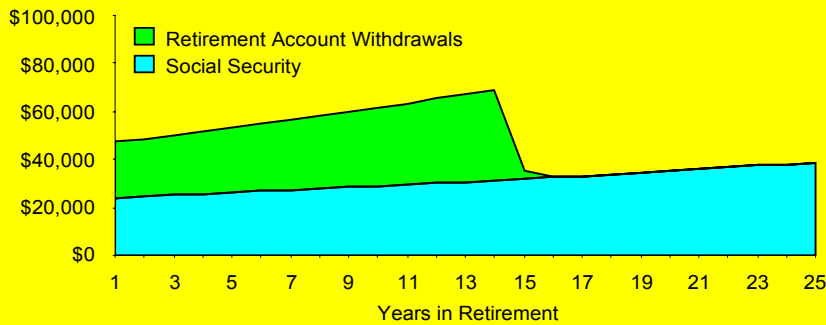
You may run out of money during retirement!

John, using the assumptions at the bottom of the page, if you continue making your current 401(k) contribution of 3.0%, you will run out of money during retirement.

Avoid running out of money. Increase your contribution to 5.8%.

Projected retirement income making your current 3.0% contribution*

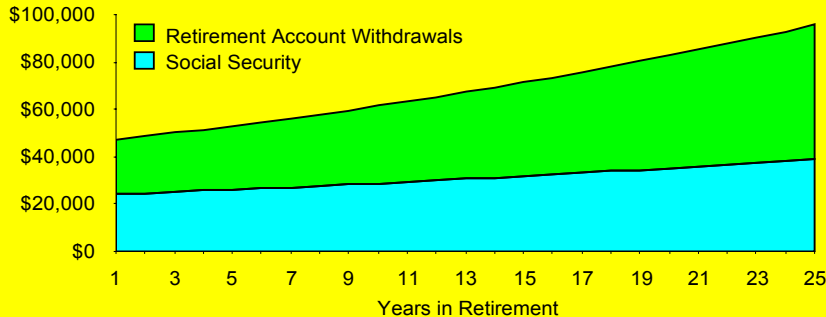
(Projected account balance at retirement: \$306,782)



Your contribution	3.0%
Your employer's contribution	1.5%
Total contribution	4.5%

Projected retirement income making the suggested 5.8% contribution*

(Projected account balance at retirement: \$459,337)



Your contribution	5.8%
Your employer's contribution	2.9%
Total contribution	8.7%

* Given the assumptions below, you are projected to need \$47,131 of income in your first year of retirement. Social Security is projected to cover \$24,141 of this amount. Thus, it is projected that you will need to withdraw \$22,990 from your nest-egg in your first year of retirement. In subsequent years, you will need to increase your withdrawals to keep up with inflation.

As the top chart shows, at your current contribution rate, your nest-egg is projected to be consumed after 16 years of retirement. If you increase your contribution to 6%, however, your nest-egg is projected to last for your entire life expectancy (as the bottom chart shows).

Assumptions

Current age	35	Social Security benefit at retirement	\$24,141	Pre-retirement investment return	8%
Current balance	\$10,000	Annual increase in Social Security benefit	2%	Post-retirement investment return	6%
Current salary	\$25,000	Post-retirement life expectancy	25 years	Employer match:	
Salary growth rate	3%	Inflation rate	3%	50% on the first	
Replacement ratio	80%			6% of pay contributed	
Retirement age	65				

The investment returns and other assumptions used in this report are for illustrative purposes only and are not intended to be predictive of the future. The investment options you choose may yield lower or higher returns than the returns assumed in this report resulting in a smaller or larger account balance at retirement and less or more income during retirement. Neither Social Security nor your employer's matching contributions nor your projected salary growth rate nor any of the other assumptions used in this report are guaranteed.