

Integrated Services transcript

Text onscreen: Integrated Services

[Titles:

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Cathy: Good day everyone. Today we are joined by my colleague Steve Ulian. Steve, I wanted to talk with you about the retirement and financial benefits landscape and how we're helping employers and their employees prepare for retirement. To begin, let's talk about some macro trends. Retirement and financial benefits have been evolving over the last several years in the face of the economic downturn, a demographically changing workforce, and so on. Can you talk about that for a bit?

Steve: Sure. Thanks Cathy. I think there's a number of things that are going on right now in the marketplace when it comes to thinking about financial benefits programs. As you mentioned, certainly the financial crisis in 2008 got a lot of people's attention. You know, we saw 401(k) balances reduced for millions of Americans. And we saw plan sponsors or employers having to face layoffs and the like. So I think there's been a real focus right now on financial benefits programs as it relates to doing business in the United States.

And we really focus on two different distinct groups within Bank of America Merrill Lynch in terms of who we service. We service employers and we service their employees. We kind of call it "instividual" – institutional and individual if you will. And so if I take those two groups and think about what's gone on over the last three years, it's almost been a perfect storm for those groups. From an employer standpoint, clearly the financial crisis and the economic downturn have been hard to deal with. But more importantly as they look out into the future, they're seeing that their employee base is becoming more and more mobile. And there's an ever-increasing war for talent, if you will, in the marketplace.

We've done some work over the last several months in terms of looking at employee demographics – the aging workforce, and the skill sets that employees are developing and maintaining over time.¹ And we see a real interesting trend that employers need to take notice of. And that trend revolves around trying to maintain competitive and retain and attract the skill sets they're going to need in order to be competitive and successful in the marketplace. So what we've seen from an employer standpoint is an ever-increasing desire to offer very competitive financial benefits programs.

And if you think about what's happening for the individual, it makes sense because as we said at the beginning, the individual has faced a 401(k) balance that's gone down, we're seeing significant unemployment rates in the United States right now so that's causing concern for employees, and they're really shopping around and looking around and looking to their employer to help them with their financial success and their financial fitness, if you will.

And so as you look at those two things, the employer really becoming much more, I think, cognizant of what their employees need, and the employees really crying out for help when it comes to financial fitness and their financial picture... Those two things really lead us to believe that financial benefits programs are a very important part of a benefits program for any employer in this country.

Cathy: Certainly makes sense. And at Bank of America Merrill Lynch, we have an Integrated Services approach for retirement and benefit plans. How does our Integrated Services approach help employers get more value from their retirement and benefit plans?

Steve: Well I think in two different ways again, thinking about those two constituencies... the employer and the employee. The employer for certain wants to streamline their administration, they want to try and have one point of contact wherever possible, for as many of the services and the benefits that they're offering. And we at Bank of America Merrill Lynch focus on being able to be that one point of contact. So we provide products and services and defined contribution, defined benefit, non-qualified plans and equity compensation plans. And whether it's the plan sponsor or the employee, we provide one point of contact for each of them to be able to see across those benefit programs. The value of that for the employer really comes around that single point of contact, streamlined administration, and allowing them to reduce the costs of providing these financial benefit programs.

In addition, since the employee is now seeing their whole financial picture in one fell swoop and getting great financial fitness, if you will, across multiple products and across multiple benefits, the employee is more happy. And we know through some of the studies we've done over the last several years and some research that's done, that employees who have a financial benefits package that they are excited about and that they trust, are more loyal than those that don't.¹ And so the employer is also getting the benefit of a more loyal employee base, and an employee base that's really valuing the services that they're bringing from the table when it's all integrated under one roof, under one umbrella. And we find that to be an extremely powerful combination in the marketplace right now.

Cathy: If we can elaborate a bit more on one particular service, why do DB discretionary services matter for employers?

Steve: That's a great question. You know, one of the things I think that define benefit plans have been maybe thrown under the bus a little too early if you will, is that they're going away. That all the defined benefit plans are going away. What did Mark Twain say? He said that 'the rumors of my demise are greatly exaggerated?' Well I think that's truly the case with defined benefit plans.

And so within Bank of America we offer now a defined benefit discretionary service² which allows employers to utilize us to assist with their asset liability modeling, their portfolio strategies and their investment management. And as defined benefit plans continue to evolve – in some cases freezing to new employees and still maintaining the benefits for current employees – in some cases evolving in other ways, the DB discretionary service that we launched in January of this past year is really a great way for an employer to relieve themselves of some of those responsibilities, to get assistance

with some of those responsibilities, and have us really take that piece of the puzzle off their plates, or assist with it if you will. And we've found it to be, as I said, launching in January, to be just an incredibly successful product in the marketplace, a significant amount of plan sponsors looking for us to bring that solution to them.

Cathy: Can you talk a little bit about how we'll make Benefits OnLine® work harder for employers and employees?

Steve: Sure. Benefits OnLine® as you know, of course, is our online experience for both employers or plan sponsors and employees. And I think a couple of things that we've tried to do and that we are doing... First of all, we've tried to take the investment jargon out of the investment online experience. I think sometimes in the financial services industry, we all speak a certain vocabulary and we think everybody else should speak it too and it's just not the case. So over the course of the last 12 to 14 months we've really tried to simplify the language, we've tried to organize our educational content in such a way that it's much easier for a plan participant to go and access that information, again to help with their education and the communication around the plan. And so that's been a big hit with our customers so far.

In addition, we've also streamlined the look and the feel of the navigation. We've taken a lot of, sort of the content and eliminated it where we could to give it much more of a white space type of a look, so that participants can find what they need quickly and easily and move on.

And then most recently what's coming for us, is a mobile utility whereby we can take Benefits OnLine and really meet employees where they are. We all know that employees are now mobile – they're working from home, they're working remotely, and they need information and want information that's relevant to them when they want it and where they want it. And so we're going to be launching a mobile application or a mobile utility that will allow participants to see right there in the palm of their hand their balances, to be able to understand where they are from a financial fitness picture, and see that all right in the palm of their hand and we think that's gonna be great.

Cathy: That's really exciting. How does Integrated Services fit into the big picture of financial benefit plans and all the enhancements we've made to our integrated benefits approach?

Steve: Well you know, I think it goes back to a little bit of what we talked about earlier Cathy, and clearly coming from the plan sponsor as well as from the participant or employee perspective. You know, as we said, employees don't leave their financial concerns in the parking lot when they walk into the door and so I think that as they continue to cry out for help, they're asking for more and more help planning for their financial fitness now and their financial fitness in retirement. And that really spans across all of the financial benefits programs that they have available to them.

And so if the plan sponsor now thinks about it from the employee perspective, they're thinking about streamlining their financial benefits programs to meet those needs. And isn't it so much easier if the employee can look at their defined contribution, defined benefit, non-qualified and equity plan all in one place, all in one website, call one phone center, get the information through one provider, isn't that a much easier experience for them? And I think plan sponsors have realized that.

And then from the plan sponsor perspective, being able to have one point of contact for all of those services... it streamlines their administration in terms of who they're dealing with and the number of providers that they're dealing with, and it also allows them to show that benefit to the employee as being of greater value. And so it all really comes together I think both for the plan sponsor or the employer as well as for the employee, this overall arching umbrella of integrated benefit services, providing value to both constituents – employer and employee alike.

Cathy: Yeah, that's so interesting Steve. And there's just so much opportunity out there for us to be able to show these things in an integrated fashion. Really appreciate your time today. It was a pleasure and look forward to talking to you again.

Steve: Sure thing.

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¹ Bank of America Merrill Lynch *Workplace Benefits Report*, June 2011. This is a study of employers' views on the role financial benefit plans play in their talent management strategies and in the overall financial well-being of employees. The study includes responses from 650 C-level executives, HR and benefit plan leaders and examines ways in which employers are helping to address the financial needs of perhaps the most demographically diverse workforce in history. Market Strategies International conducted the online survey between April 19 and April 23, 2011 on behalf of Bank of America Merrill Lynch's Retirement Services. Market Strategies International is not an affiliate of Bank of America Corporation.

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