

Variable Annuities are Transforming Their Communications with Investors, According to New Broadridge Report

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LAKE SUCCESS, N.Y., Sept. 20, 2013 /PRNewswire/ -- The number of variable annuity (VA) investment options has increased significantly over the last several years, attracting interest from a new generation of investors. Current approaches to VA compliance communications have posed challenges for both advisors distributing the product and investors trying to better understand their investments. [Broadridge Financial Solutions](#), Inc. (NYSE: BR) today released a white paper that addresses these challenges and discusses how VA carriers can transform the traditional tri-annual approach of routine, one-size-fits-all bulky compliance mailings into a state-of-the-art solution that is more cost-friendly, investor-friendly and eco-friendly because it significantly reduces page count, inventory waste and postage expense.

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Broadridge's report demonstrates that using print-on-demand capabilities to create customized portfolio-specific packages for the initial prospectus delivery and ongoing regulatory communications (i.e., annual prospectus updates, supplements and shareholder reports) is an opportunity to create a more customer-specific and advisor-friendly approach. Customized materials can be much less costly with the reduction of printed pages, postage and zero inventory. For long-term savings, the lowest cost alternative and most investor-friendly approach is electronic delivery and the related digital communication offerings. While implementation of print-on-demand and e-delivery solutions requires an organizational commitment and initial investments, the savings can be so substantial that the conversion can pay for itself in as little as one year. Moreover, sustainable ongoing savings of 20% or more is attainable.

VA compliance communications are complex and require multiple types of disclosures. The industry standard of sending out a mass-mailed "Big Book" can include hundreds of pages of information – 80-90% of which are not relevant to the typical investor who has a handful of holdings. This results in a massive over delivery of information which can lead to increased investor confusion and is costly to deliver. The other option is to provide a "Mini Catalog," a condensed book of the most popular fund groupings; but those often include subaccounts that the investor does not hold. Consequently, multiple mailings will have to be sent to those investors whose investments are covered in different Mini Catalogs.

"Traditional approaches carry unnecessary costs and deliver a poor investor experience due to substantial over delivery and lack of personalization. They also make it difficult to efficiently manage communications and ensure compliance with all applicable rules," said Geoff de Lesseps, Senior Vice President, Investor Communication Solutions, Broadridge. "Leading VA carriers have already begun to re-think their approach to compliance fulfillment by moving to data-driven technology solutions which combine investor data with print fulfillment, e-delivery, and web presentation on a single platform to achieve dramatic improvements in all these areas and to leapfrog the competition," continued Mr. de Lesseps.

The report goes on to illustrate that a change in approach is not an all-or-nothing decision, but that there are multiple options available. What is most important for a firm is to re-examine their current approach, and to recognize the significant potential benefits of customer satisfaction, advisor experience and operational costs.

To access a summary of the white paper, please visit Broadridge.com/ifs.

About Broadridge

Broadridge Financial Solutions, Inc. (NYSE: BR) is the leading provider of investor communications and technology-driven solutions for broker-dealers, banks, mutual funds and corporate issuers globally. Broadridge's investor communications, securities processing and business process outsourcing solutions help clients reduce their capital investments in operations infrastructure, allowing them to increase their focus on core business activities. With over 50 years of experience, Broadridge's infrastructure underpins proxy voting services for over 90% of public companies and mutual funds in North America, and processes more than \$5 trillion in fixed income and equity trades per day. Broadridge employs approximately 6,400 full-time associates in 13 countries. For more information about Broadridge, please visit broadridge.com.

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