

# Designed for Savings

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Digital  
engagement



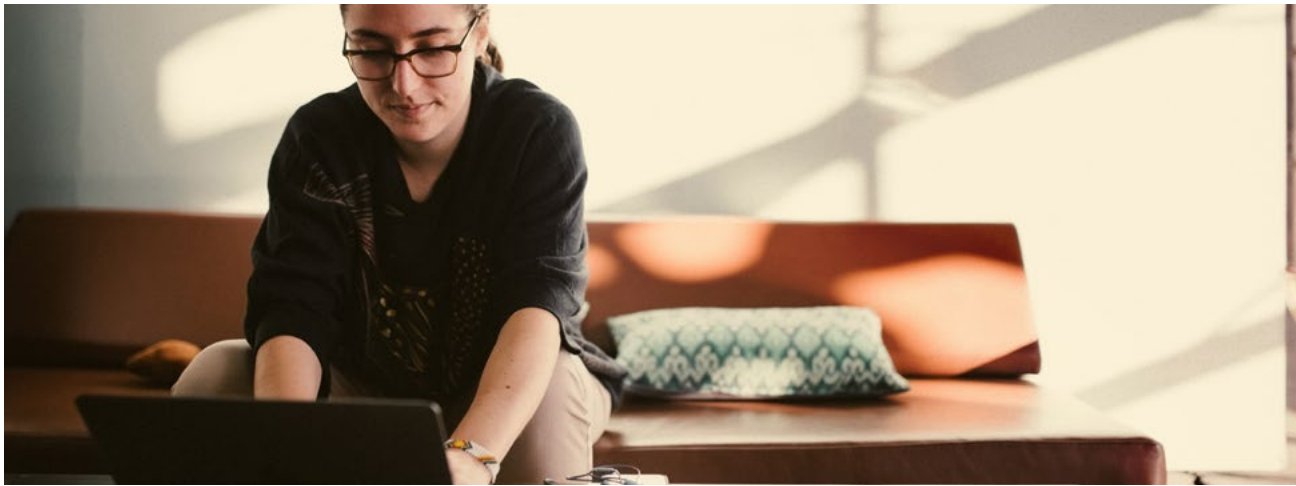
Life's brighter under the sun



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## Introduction

The digital revolution has fundamentally reshaped society, transforming how we live, work, and interact. Nearly every experience has been transformed by the meteoric rise of digital technologies. Financial services is no exception - what was once anchored in paper statements has rapidly shifted online. The divide between digital natives and later adopters continues to narrow, as people of all ages embrace the convenience of digital tools. The digital transformation is only accelerating.

This trend holds true in the world of group savings plans. Sponsors seek digital solutions from providers that simplify processes and drive better outcomes. Plan members - across generations - are logging in more than ever before. They monitor their savings, select products, seek advice and make changes with a tap or click. For most, digital access has become an expectation rather than an exception.

A new study of Sun Life Group Retirement Services Client data confirms that **digital engagement** - classified based on members who logged in to their account on the Sun Life website or mobile app within

the last year - drives advantages for members and sponsors.

Digitally engaged plan members **have more money saved**, feel more confident about their plan and experience better retirement outcomes.

The most digitally engaged members have balances that are over **230% higher** than those not digitally engaged.

As well, digitally engaged sponsors gain plan management efficiencies and experience fewer operational challenges.

In Sun Life Group Retirement Services, about four in five plan members work for digitally engaged plan sponsors - or 1.1 million of our 1.4-million member base. This group formed the basis for this study.

The data shows a clear correlation between digital activation and superior retirement preparedness. Members who regularly log in online have markedly higher average account balances and contribution rates. They fully utilize employer matches and voluntary savings options. Digital engagement also

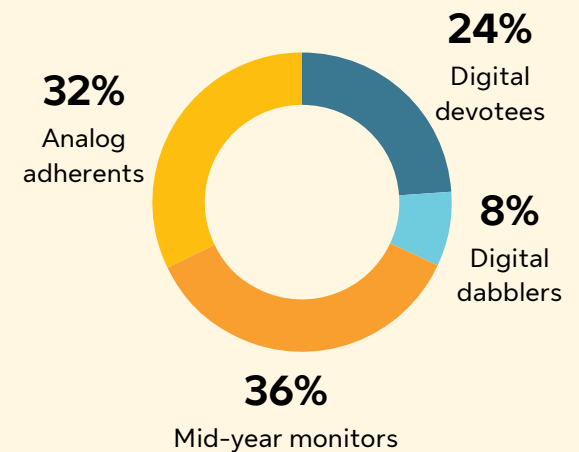
correlates with the use of planning tools and lower withdrawal rates. The numbers paint a vivid picture of how technology can empower people to take control of their financial futures.

We've identified four member categories based on levels of digital engagement.

- Digital devotees: 24%** of members are **highly engaged** with our digital tools. They logged into the secure website or mobile app more than once per quarter in 2023.
- Digital dabblers: 8%** of members are **moderately engaged** and logged in at least once per quarter to check things out.
- Mid-year monitors: 36%** of members were **minimally engaged** digitally, logged in during 2023, but fewer than once per quarter.
- Analog adherents: 32%** of members were **not engaged** digitally and prefer interacting through other channels. They didn't log in over a 12 month period.

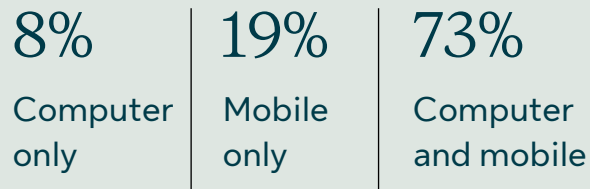
Figure 1.0

MEMBER DIGITAL ENGAGEMENT

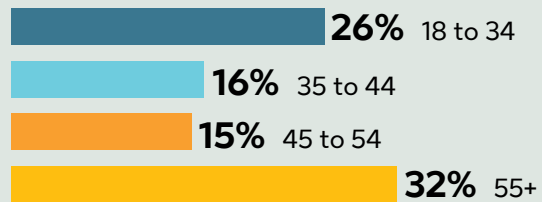


## True north strong and digital

Approximately 29 million Canadian adults were consuming digital media at the end of 2023, according to Comscore, a global media advisory. Just 8% of that total rely on a desktop or laptop computer exclusively. About one in five rely on only mobile devices. And 73% access digital media via both desktop and mobile hardware.



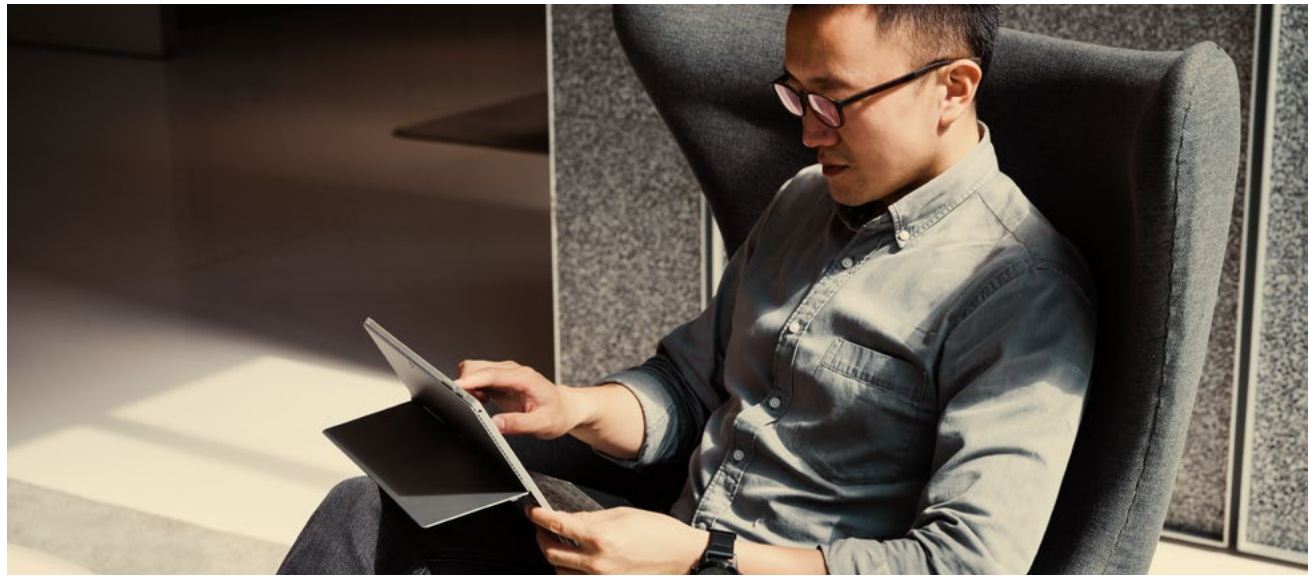
### THE TOTAL DIGITAL CANADIAN POPULATION\*



As well, more than three-quarters of Canadians bank online, according to **Statistics Canada**. Among internet users, 70% of those aged 65 and older bank online, as do 73% of Canadians in families whose income falls in the bottom national decile. Just 5.6% of Canadians don't use the internet at all.



\*Percentage of total Canadian digital population represented by each age group



## Plan member benefits

Digitally engaged plan members are saving more for retirement, relative to those who aren't engaged. This is important because those who build good savings habits now can dramatically reduce the risk of outliving their savings later.

There is a clear correlation between digital engagement and **higher account balances**.

The most digitally engaged members have balances **230% higher** than those not taking advantage of the web or mobile apps.

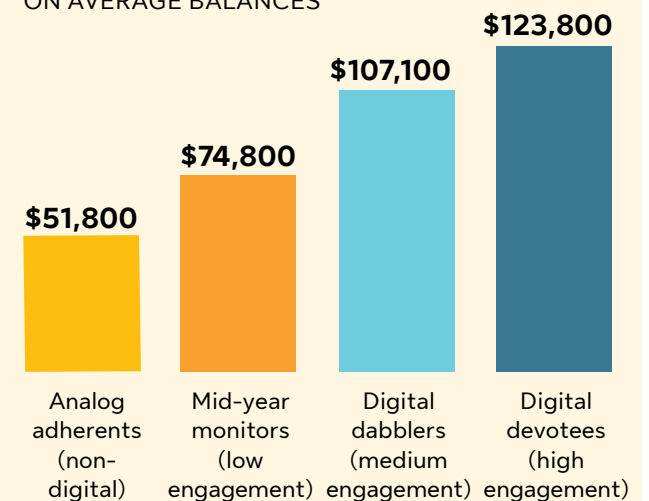
The average balance among the **Analog adherents**, those who are not digitally engaged, was **\$51,800**. The more often a member logs in, the higher their account balance is likely to be.

Among **Mid-year monitors**, or occasional visitors - those who logged in during the year, but fewer than once per quarter, the average was **\$74,800**.

The average was **\$107,100** among **Digital dabblers**, who logged in once per quarter in 2023. And among **Digital devotees** (those who logged in more than once a quarter), the average was **\$123,800**.

Figure 1.1

### IMPACT OF DIGITAL ENGAGEMENT ON AVERAGE BALANCES





## Contributions

Participation rates, contribution rates as a percentage of salary and contributions are all similarly correlated with levels of digital engagement.

Figure 1.2

MEMBER CONTRIBUTIONS: REQUIRED + VOLUNTARY

Analog adherents	Mid-year monitors	Digital dabblers	Digital devotees
<b>\$3,400</b>	<b>\$4,900</b>	<b>\$7,100</b>	<b>\$8,700</b>

Figure 1.3

CONTRIBUTION RATES (% OF SALARY)

Analog adherents	Mid-year monitors	Digital dabblers	Digital devotees
<b>4.4%</b>	<b>5.8%</b>	<b>6.7%</b>	<b>7.6%</b>

Figure 1.4

PARTICIPATION RATE BY MEMBERS WHO ARE DIGITALLY ENGAGED



\*Includes combination of : Digital devotees, Digital dabblers and Mid-year monitors

Digitally engaged members are also more likely to make voluntary contributions, beyond their required contributions.

That digitally engaged members take better advantage of their plan is not surprising, given the power of multichannel plan communication and education to boost financial literacy.



The most digitally engaged plan members are twice as likely to maximize an employer match. While **30%** of non-digital members maximized that match in 2023, this compares to **61%** of digital plan members.

### Other digital benefits

Digitally engaged members are also far more likely to:

- Have a **beneficiary designated**
- Hold at least one **Target date fund**
- Have made a **lump sum contribution**
- Have **transferred assets** in from another financial institution.

They also withdrew less money in the last year. The average withdrawal among digitally engaged plan members was \$12,700 in 2023. It was \$27,700 among non-digital members

## Employer match utilization

Figure 1.5

% OF MEMBERS MAXIMIZING MATCH BY DIGITAL ENGAGEMENT



\*Includes combination of : Digital devotees, Digital dabblers and Mid-year monitors

## MAX Review financial check-up campaigns and more

**MAX Review** is a Sun Life digital innovation focused on engaging members in reviewing key components of their workplace plan. The tool is designed to take members through a review of their financial decisions: contributions, savings rates and investment review.

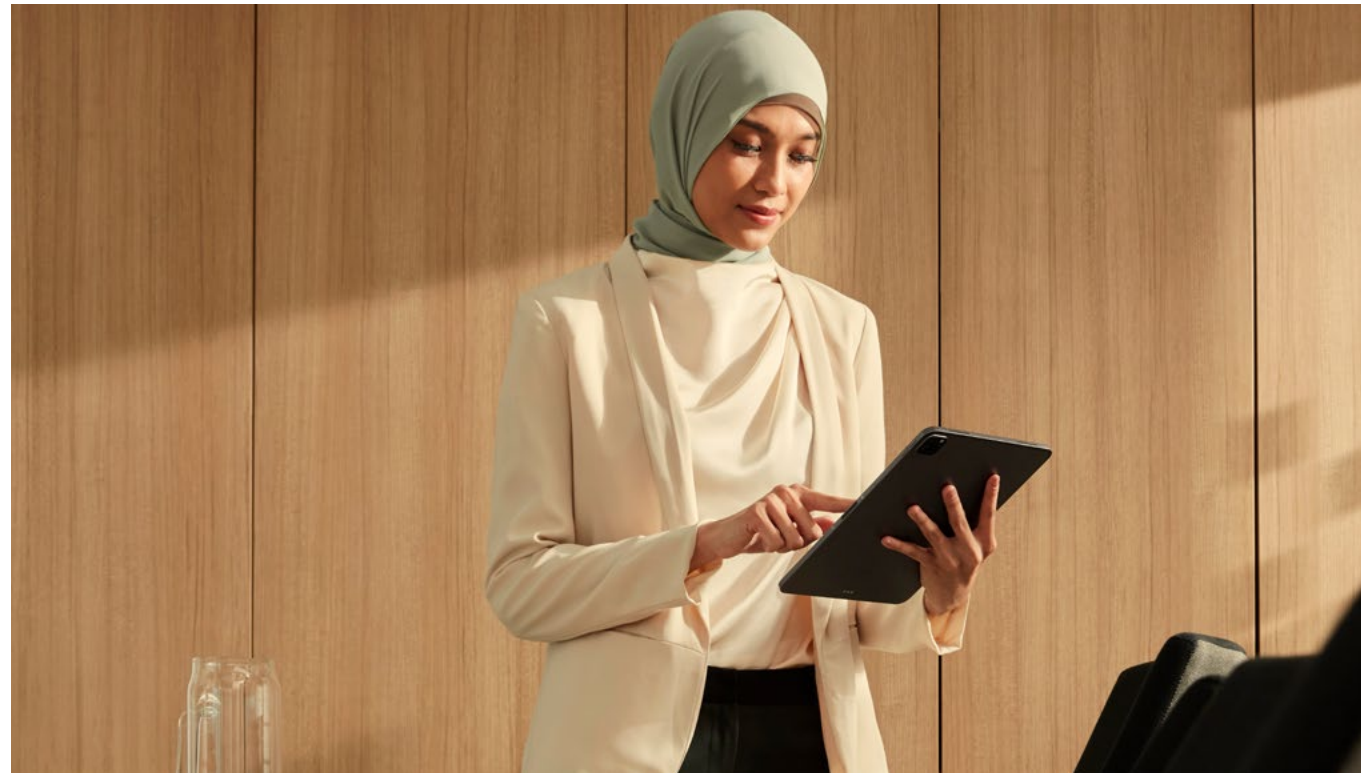
Our data shows a correlation between specific digital experiences and superior member account balances and contribution rates.

For example:

- Those who participated in MAX Review re-enrolment campaigns in 2023 had an average account balance of \$108,300, whereas the average balance among all members was \$88,400. These members contributed an average \$8,600 during the year, compared to \$6,200 among all members.
- Beyond the MAX review, the use of other tools also show similar correlations to higher balances. Among those who completed the **Retirement Planner** or **Asset Allocation** tool, the average balance was \$121,700, with \$7,600 contributed on average.

None of these results come as a surprise, given recent advances in the digital user experience and the focus on integrating behavioural economics principals in design. Group retirement plans have served as an ideal use case in both disciplines.

Our data confirms that getting this experience right has an outsized, positive effect on plan member savings, their confidence in the plan and



We observed a **110%** increase in **Financial wellness** webinar attendance in 2023, relative to 2022.

future retirement outcomes. Plan sponsors can feel confident that their decision to enable digital plan member experiences is a determining factor in the savings success of their plan members.

## User experience, behavioural economics and retirement outcomes

Sun Life has long relied on best practices in user experience and behavioural economics. All plan members benefit from this enduring commitment regardless of the way in which they interact with us.

Clearly the digital experience drives superior retirement outcomes. We test and learn constantly to help plan members improve their confidence and achieve their goals



## The digital plan sponsor

To date, most plan members participate in plans offered by digital sponsors, those sponsors who offer digital enrolment. Sponsors that take this important step can expect their members to achieve higher engagement with the tools available. These sponsors enjoy administrative benefits too.

Once online enrolment is implemented, sponsors receive a fuller picture of member behaviours. Better benchmarking and more personalized member campaigns can improve day-to-day plan management.

Automated processes eliminate or reduce the need for paper enrolments, provide access to on-demand reporting capabilities and streamline day-to-day administration tasks. As mentioned above, MAX Review campaigns also become an option, and with them, the ability to place efforts in particular areas of focus. Sponsors gain access to a variety of campaigns, as well as our annual theme-based campaigns such as RRSP, TFSA and financial literacy seasonal campaigns, which all help to further increase member engagement.

Digital sponsors are most likely to be in the telecommunications, information technology, professional services, financial services, energy and utilities sectors. These digital sponsors see member digital activation rates of 93% (telecommunications), 85% (information technology and professional services), 84% (financial services), 81% (energy) and 80% (utilities).

## Cybersecurity at Sun Life

Sun Life's security architecture is composed of layers of security solutions that provide 'defence-in-depth' protection to our infrastructure and plan member information. These controls range from web application firewalls, anti-malware software and encryption to intrusion monitoring and email threat protection. We continuously evolve our cyber defences to be effective against emerging threats.

Sun Life's Client website portals are encrypted. The websites use valid, certified SSL website certificates with a minimum of AES 256-bit encryption. Each plan member/ plan sponsor is provided their own unique user ID and password to access the secure websites. Sessions are encrypted from the time a user authenticates up to the time the user logs out of the session.

Multi-factor authentication (requiring verification of one-time passcodes sent via SMS or phone call) has been implemented for sign in on the Canada Plan Member website ([mysunlife.ca](https://mysunlife.ca)) and the Canada Mobile Application (**my Sun Life**).







## Auto-enrolment

Of the 1.4 million actively employed plan members in this study, more than 300,000 were automatically enrolled in their plan – a positive sign for our industry. When combined with effective plan design, education and advice, auto-enrolment leads to stronger results. The multi-dimensional approach to plan administration leads to outcomes which similarly match those observed in high levels of member digital engagement.



# 72%

of new Sun Life plan sponsors offer digital enrolment.

It's an easy, quick process, for both new and existing Clients. The average plan takes just three weeks to set up digitally.

## Conclusion

Plan member experiences depend on a range of issues unique to each sponsor organization. A breakdown of our Client data by industry shows that the same can be said for industry-specific drivers. And while our data shows that certain industries were early adopters of digital experiences for members, it is increasingly the norm. Recognizing the significant positive impact that digital engagement has had on our members, digital enrolment capabilities will be extended to all Clients as we move forward.

This analysis makes clear that digital engagement drives positive retirement outcomes for plan members across generations. Those who regularly access their plan online have markedly higher account balances and contribution rates. They fully utilize employer matches and voluntary savings options. Digital activation also correlates with lower withdrawal rates.

As digital transformation continues across industries, these findings validate the value of online plan experiences. Members feel empowered by digital access to information and tools. Plan sponsors gain efficiencies that simplify administration. Perhaps most importantly, the numbers show that technology, when thoughtfully applied in concert with plan design, education and advice, can help members guide their financial futures. With Canada's strong adoption of digital banking and services, sponsors should feel confident that enabling online access serves all stakeholders.

# About Sun Life

Sun Life is a leading international financial services organization providing asset management, wealth, insurance and health solutions to individual and institutional Clients.

Sun Life has operations in a number of markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda.

As of March 31, 2024, Sun Life had total assets under management of \$1.47 trillion. For more information, please visit [www.sunlife.com](http://www.sunlife.com).

Sun Life Financial Inc. trades on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges under the ticker symbol SLF.

## Life's brighter under the sun

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