



## Getting Ready for the New Summary Prospectus

ANDY AUSTIN, STRATEGIST

**The summary prospectus will enable firms to significantly reduce costs associated with traditional paper-based shareholder communications.**

In another step toward simplifying investor communications, the Securities and Exchange Commission (SEC) is preparing to require that mutual funds adopt a new “summary prospectus” for use as early as 2009.

What will this mean for mutual fund companies? For financial advisors? For investors?

**Mutual fund companies** will need to summarize today’s typical fund prospectus, often dozens of pages long and filled with charts, graphs, disclosures and caveats, in a clear, plain English four-to-six-page document.

- The summary prospectus will need to explain fund goals, investment types, fees and expenses, principal risks and performance data in much less space than before.
- To meet its intended goals of simplicity and clarity, this content will need to be rethought, re-envisioned, redesigned and rewritten in plain English while still adhering to disclosure requirements.
- Details and additional information will need to be made available both online and in a statutory printed prospectus for those who want it, increasing the effort involved in compiling this information and presenting it in multiple venues.
- Required disclosures will still need to be given “greater prominence” over marketing information; how to accomplish this in the new format will be a challenge.

**Advisors** will need to understand the rationale for the change, how to interpret the data presented in the summary prospectus, and where to find supporting details either online or elsewhere if needed.

- Advisors will also need to be able to explain the new document to clients and answer any questions.

**Investors** will need to understand the new summary prospectus.

- They may need guidance to understand how key information is presented in the summary format, how to interpret it, and how they can use it to compare and select funds.
- Investors will also need to know where they can turn for additional information, whether online or in printed format.
- Investors who do not use online resources will need to receive the printed summary prospectus, and be informed about how to receive a printed statutory prospectus.

(CONTINUED)



**“We specialize in plain English writing, so we know how to transform even the most complex regulatory documents into leading-edge customer touch points.”**

### **How will mutual fund companies cope with these changes?**

That’s where we come in. Addison’s Simplification team can create a summary prospectus and related communications that set new standards in clarity and effectiveness.

We have significant expertise in transforming required regulatory documents into powerful customer-experience enhancement tools. Here are just a few examples:

- At Merrill Lynch, new clients used to be greeted by a blizzard of disparate documents. Addison helped Merrill Lynch to replace virtually all of them with a coherent Owner’s Manual. Now, new clients receive a single document that includes customized account information, required disclosures and agreements, all simplified and recast in plain English.
- For a leading insurance company, Addison developed a simplified, plain English approach alternative to the usual presentation of whole life insurance policy terms and benefits, and then incorporated it into a customer-focused welcome kit for new policyholders.
- In addition, Addison has extensive experience with plain-English rewrites of program descriptions, disclosures and complex explanations for LPL Financial and others. We have also designed prospectuses for many mutual fund firms.

### **Why work with Addison?**

- We have a dedicated Simplification practice with direct relevant experience in financial services.
- Our information design group has training and experience in strategic analysis and evidence-based user-centric design.
- We specialize in plain English writing, so we know how to transform even the most complex regulatory documents into leading-edge customer touch points.
- We are adept at working with systems and technology staff and vendors to devise implementable, cost-effective solutions.
- We have proven expertise in helping clients like you to enhance the customer experience, save money and make money.