



CONCEPT DOCUMENT

Life Binder

TEAM MEMBERS

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PROBLEM DEFINITION

Would you just throw your money away? “Of course not,” you think. But every day, our friends, families, coworkers, and even us, leave money without an owner because we don’t take the time to share vital financial knowledge. The funds that are unaccounted for are in the billions, and they are left on the table at any life stage including marriage, divorce, birth of children, robbery, death, or illness.

A study by Consumer Reports found that there is currently over \$1 billion in life insurance benefits waiting to be claimed. But that is not all...the U.S. Federal government indicates that it holds over \$17 billion in unredeemed savings bonds, IRS refunds, retirement and social security checks. That doesn’t even include unclaimed property or personal financial accounts.

A key reason these dollars go unclaimed is because often financials are stressful to discuss. According to a study performed by Wells Fargo in March of 2014 of 1,000 adults age 25-75:

- 44 percent of Americans said personal finance was the most difficult subject to talk about. It outranks death, politics, religion, taxes, and personal health as the “most difficult topic” to discuss.
- “About a third of respondents admitted to having difficulty discussing money with their significant others, while a quarter said they had heated discussions about household finances.”¹

To further prove that the problem exists, our team decided to conduct our own survey. The survey contained thirteen questions that were developed to determine the primary responsibilities for finances in a household, and the level of communication sharing related to access or whereabouts of financial accounts, passwords, documents, and storage of the information for access by others outside of the primary owner.

The survey target group and demographics were as follows:

- 109 surveys completed
- Age Breakdown
 - 18-25: 5.5%
 - 26-35: 31.2%
 - 36-45: 32.1%
 - 46-55: 22.0%
 - 56-65: 7.3%
 - 65+: 1.8%
- Respondents represented multiple states throughout the U.S.

Results supported our hypothesis that people do not talk about finances. Key findings are as follows:

- 56% of our survey respondents did not have all of their financial information documented in one place. This would make it very difficult for someone else to step in and take over in case the need arose.
- Almost 50% stated they did not know where to locate accounts for their significant other.
- In the case where the survey respondent was not the primary financial manager of the household, we asked if they knew how to access the accounts. An alarming two thirds did not have this information documented anywhere.
- Account type did have an impact on the level of comfort someone felt in their ability to manage the accounts in case the primary wasn’t available. Up to 45% do not feel confident that the secondary person could handle the responsibilities of certain account management.

¹ <http://wallstcheatsheet.com/business/economy/americans-would-rather-talk-about-death-than-money.html/?a=viewall>

INNOVATIVE SOLUTION

So the question became: How can we instill confidence in individuals and provide a solution that not only helps manage their financials, but gives them access to critical information of their loved ones, when it is needed most?

The solution is a website (and eventually an app), called Life Binder, which allows any consumer to manage and maintain life's important financial, legal, medical information (and more) in one place to ensure that critical information is not lost during any life event or transition. We truly believe that this offers peace of mind found from the knowledge that your family and finances are secure and will be available if and when needed.

Our solution takes the apprehension out of money management and financial conversations. We will create a secure website where people can store their financial information in order to prepare for when they need it most. By taking the sting out of what might be a stressful conversation, we believe individuals will share more, and ultimately become more confident and knowledgeable when it comes to their entire financial outlook. In addition to data storage, there are prompts for specific life events, the ability to add users with varying degrees of access so that your information can be shared, and alerts can be received to remind you (and others if applicable) of information that needs to be updated.

Overall, we feel that this solution will lead to a reduction in stress during challenging times and keep wealth from being lost. We also strongly believe the credit unions that offer this product will become closer to becoming the member's primary financial institution and be seen as a trusted advisor.

PROTOTYPE

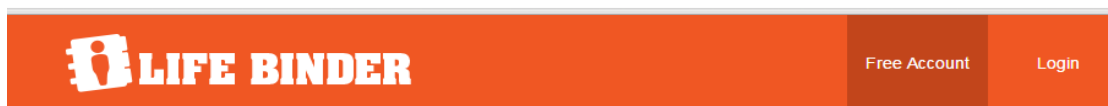
We partnered with Horsetail Technologies, an IT services provider based out of Baltimore, Maryland, to create a secure website as our initial solution. This has the potential to also be responsive to other delivery channels such as mobile and tablet, and could even be create as an app in the future.

We introduce Life Binder – your new personal life management tool. It's simple and secure!

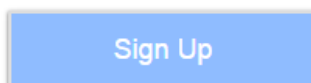
<http://LifeBinder.horsetailtech.com>

The member would simply sign up for their account and get access to load and maintain all of their information.

To sign up, the member will need to provide their name, email address, phone number, address, credit union affiliated with (if applicable), and a password.



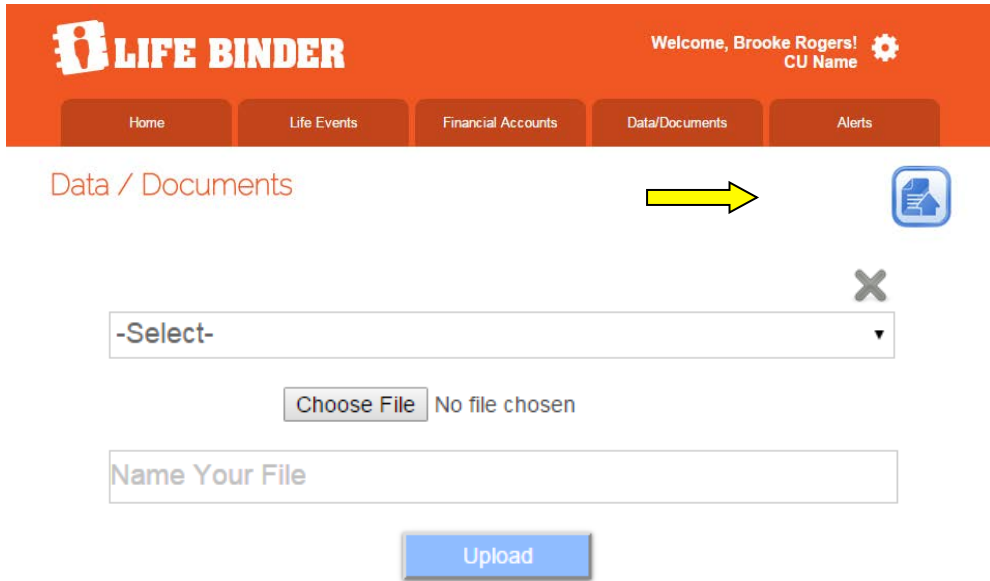
Manage & maintain your
life's important information
in one, easy place.



Once the account is created there are several major categories that the member can use. For example:

1. Adding data and documents

a. Simply click on the icon below to add data. Select the document type from the drop down menu, choose a file to upload, name the file, and click "Upload."

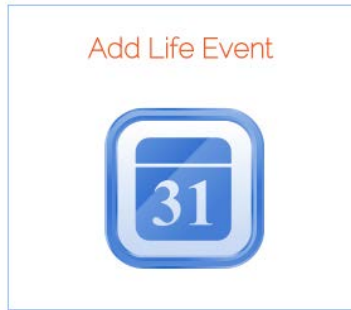


b. Below is an example of documents that have been added to a sample Life Binder. The users can easily delete a document or click on the item to see the details.



2. Prompts for life events aid in the process of updating Life Binder

a. From the home page the user selects the icon to add a life event



b. They will be asked to select from a drop down of pre-defined life events

✕

What Type of Life Event?

-Select- ▾

-Select-

Did you just get married?

Death in the family?

Did you just buy a home?

c. Once selected, the user will be presented with a series of questions and be able to upload documents and other relevant information

Home	Life Events	Financial Accounts	Data/Documents	Alerts
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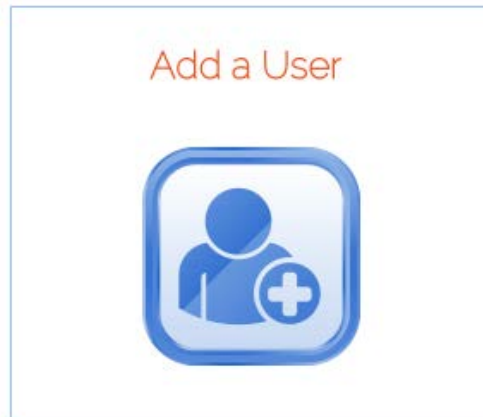
Life Event Details:

Did you just get married?

1	Do you have your marriage license?	Yes
2	Do you have both birth certificates?	Ask Me Later
3	Do you have the updated social security cards?	Yes
4	Do you have your new drivers license?	Yes
5	Do you have your new pass ports?	Yes
6	Do you have your life insurance policy info?	Yes
7	Do you have a will?	Yes
8	Do you have investments and with named beneficiaries?	Yes
8	Do you have shared web log ins and account numbers?	Not Ans.
9	Do you have your health insurance information?	Yes
10	Do you have critical health data?	Yes

3. Ability to add users with varying degrees of access

- a. From the home page the user would select the icon to add a user



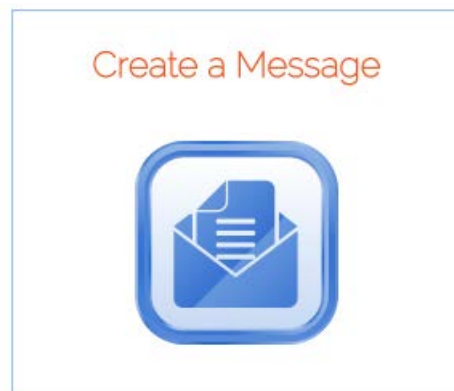
- b. They will then be able to add individuals with certain rights to their account for document viewing and sharing of account information.

4. Alerts to prompt action

Life Binder's alert system prompts users when it is time to add a new document (or update old ones) so their Life Binder has everything they need. If they don't have a document when setting up a life event, they can ask for a reminder later. Life Binder makes sure they don't forget. It can even be used to prompt activities at milestone ages, dates, etc. Such as when a user turns a certain age, 40 for example, it could prompt an alert to visit a financial advisor to set up a financial plan for retirement. Or it can prompt action for insurance renewals to see their insurance agent.

5. Messages created by user to pass along at various points in time

- a. From the home page the user would select the icon to create a message



- b. They will be able to add messages for loved ones or significant others that have access to their Life Binder.

TESTING AND RESULTS

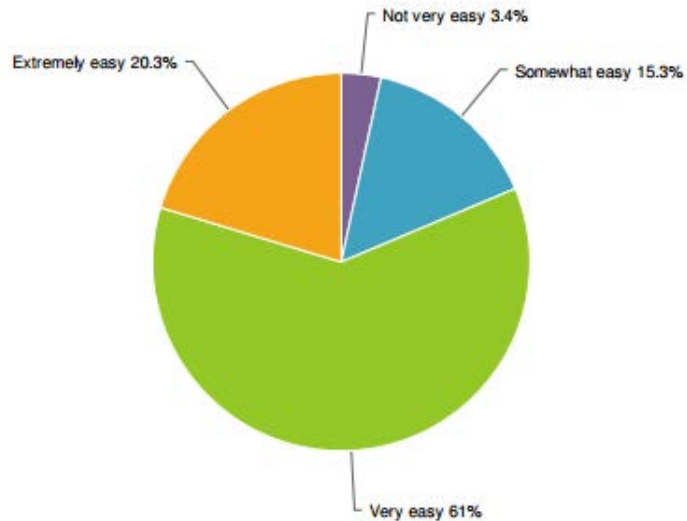
The link to the prototype was sent via email and through social media sites to a broad target audience inviting them to test Life Binder and complete a survey afterward.

The link was sent to approximately 200 individuals resulting in 60 survey respondents, representing a 30% participation rate.

The feedback results were as follows:

- **Ease of use of Life Binder**
 - Extremely easy: 20.3%
 - Very easy: 61.0%
 - Somewhat easy: 15.3%
 - Not very easy: 3.4%
 - Not easy at all: 0%

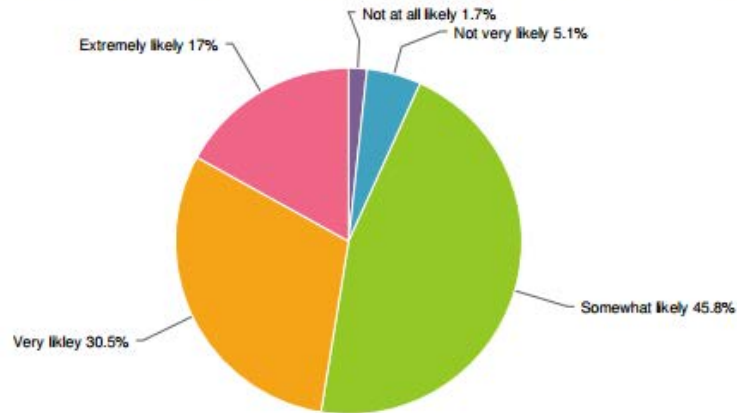
1. How would you rate the ease of use of LifeBinder?



Not easy at all	0.0%		0
Not very easy	3.4%		2
Somewhat easy	15.3%		9
Very easy	61.0%		36
Extremely easy	20.3%		12
Total			59

- **Likelihood of use**
 - Over 93% stated that they are at least somewhat likely to use Life Binder
 - Almost 50% stated it would be “very” or “extremely likely” that they use Life Binder

2. How would you rate the likelihood of using Life Binder if it is released beyond our prototype?



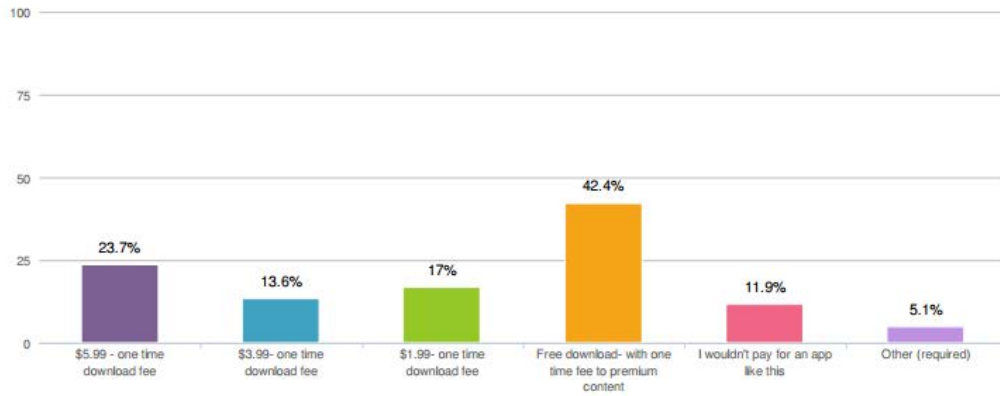
Not at all likely	1.7%		1
Not very likely	5.1%		3
Somewhat likely	45.8%		27
Very likely	30.5%		18
Extremely likely	17.0%		10
Total			59

- **Features individuals would like to see in Life Binder based on 75% of respondents rating as “liked” or “loved” the specific functionality**
 - Prompts for life events
 - Sharing information capability
 - Information related to your insurance policies
 - Document storage for wills and other legal documents

- **Other features respondents requested**
 - A guarantee of security of data (statement of encryption)
 - Alerts anytime an account is accessed
 - Eldercare instructions
 - Ability to create your own life event
 - Phone numbers for credit cards and loans (to make it easy if wallet is stolen)
 - Net worth feature
 - Tips on organizing key documents (record retention or best practices)
 - Permissions for users

- **Price of Life Binder**
 - 42% wanted free download with a one-time fee for premium content
 - 24% would pay \$5.99 one-time download fee
 - 14% would pay \$3.99 one-time download fee
 - 17% would pay \$1.99 one-time download fee

8. If this application were available, what price do you believe would be reflective of the value provided?

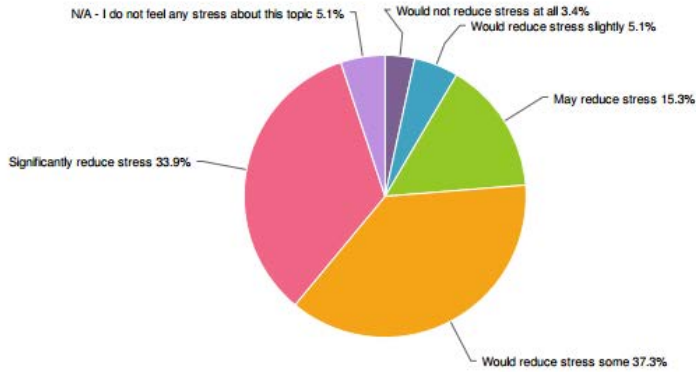


\$5.99 - one time download fee	23.7%		14
\$3.99- one time download fee	13.6%		8
\$1.99- one time download fee	17.0%		10
Free download- with one time fee to premium content	42.4%		25
I wouldn't pay for an app like this	11.9%		7
Other (required)	5.1%		3
Total			59

- **Reduction of stress**

- 71% of respondents stated that Life Binder would reduce stress about the ability of another individual being able to find data in the event of an emergency.

7. If you could use Life Binder to securely centralize your financial data, to what degree would this reduce your stress around not knowing how others would find your data in the event of an emergency?

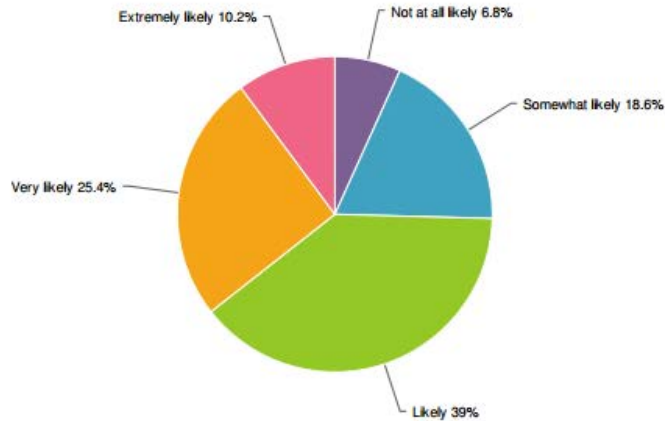


Would not reduce stress at all	3.4%	2
Would reduce stress slightly	5.1%	3
May reduce stress	15.3%	9
Would reduce stress some	37.3%	22
Significantly reduce stress	33.9%	20
N/A - I do not feel any stress about this topic	5.1%	3
Total		59

- **Likelihood to refer product**

- About 75% of respondents stated that they would recommend Life Binder to a friend or family member.

9. How likely are you to recommend Life Binder to a friend or family member?



Not at all likely	6.8%		4
Somewhat likely	18.6%		11
Likely	39.0%		23
Very likely	25.4%		15
Extremely likely	10.2%		6
Total			59

Some other concerns/feedback

- Security of site (Encryption of data and files)
- Testimonials about members' use may be reassuring and effective.
- Remove the information about storing passwords. Knowing the user id and associated email address and/or phone number would allow someone to reset a password if needed.
- A way to link people. For example, I have an account, spouse has an account, child has an account, etc. With my one log-in, I could toggle between my information and the ability to access/see information specific to my spouse.

BUSINESS MODEL AND 3-YEAR FINANCIAL PROFORMA

Factors that demonstrate viability of our concept:

- Everyone/anyone could benefit at least once in their life from this solution based on life events.
- Our problem statement focuses on the consumer, but there are benefits to credit unions as well.
- Revenue streams are flexible based on the delivery model. For the credit union, revenue could be from a pay-per-download approach, members to pay for premium services, advertising, and even a potential CUSO opportunity.

We built two, three-year financial pro formas: one from the view of a credit union as a provider of the solution, and one from the perspective of the developer. *Note: the pro formas show a “one price for all” model. However, as this process moves forward it is very possible that this will be reevaluated to better meet the needs of smaller credit unions. This could be using asset-based pricing or a pay per user model.*

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
3-year financial proforma: credit union as provider			
OVERHEAD EXPENSES			
Up front customization fee	\$ (5,000)		
Licensing fee	\$ (10,000)	\$ (10,000)	\$ (10,000)
Ongoing hosting and support (\$2,000 per month)	\$ (24,000)	\$ (24,000)	\$ (24,000)
TOTAL EXPENSES	\$ (39,000)	\$ (34,000)	\$ (34,000)
CREDIT UNION SPECIFIC DATA			
Total credit union membership	150,000	150,000	150,000
Assumption of pull through rate	2%	4%	6%
Members using product	3,000	6,000	9,000
Fee credit union charges each member annually	\$ 5	\$ 5	\$ 5
Revenue: Consumer Direct			
Direct to consumer from credit union			
\$5 per download (plus \$5 annual fee)	\$ 15,000	\$ 30,000	\$ 45,000
Minus expenses for offering	\$ -	\$ -	\$ -
TOTAL ANNUAL REVENUE FOR MEMBER USAGE	\$ 15,000	\$ 30,000	\$ 45,000
Revenue: Advertising			
Advertising revenue from CUSOs, CUs and other vendors			
\$1,000 per ad per month (cost for each custom CU)	\$ 12,000	\$ 24,000	\$ 36,000
Minus LifeBinder fee (50%)	\$ (6,000)	\$ (12,000)	\$ (18,000)
TOTAL ANNUAL REVENUE FOR ADVERTISING	\$ 6,000	\$ 12,000	\$ 18,000
ANNUAL COST OR PROFIT	\$ (18,000)	\$ (10,000)	\$ 19,000

3-year pro forma: Developer profitability	YEAR 1	YEAR 2	YEAR 3
OVERHEAD EXPENSES			
Up front development costs (Horsetail)	\$ (150,000)		
Ongoing marketing expenses	\$ (25,000)	\$ (50,000)	\$ (75,000)
TOTAL EXPENSES	\$ (175,000)	\$ (50,000)	\$ (75,000)
Revenue: Licensing and support from credit unions			
Licensing			
Annual fee (\$10,000 per credit union per year)	\$ 40,000	\$ 80,000	\$ 120,000
Minus LifeBinder Expenses (no additional expense)	\$ -	\$ -	\$ -
Profit off item	\$ 40,000	\$ 80,000	\$ 120,000
Ongoing hosting and support (per CU)			
\$2,000 per credit union per month	\$ 96,000	\$ 192,000	\$ 288,000
Minus LifeBinder Expenses (no markup)	\$ (96,000)	\$ (192,000)	\$ (288,000)
Profit off item	\$ -	\$ -	\$ -
Customization opportunity			
One time customization fee (\$5,000 per credit union)	\$ 20,000	\$ 20,000	\$ 20,000
Minus developer expenses (staff time, etc) (\$2,500/CU)	\$ (10,000)	\$ (10,000)	\$ (10,000)
Profit off item	\$ 10,000	\$ 10,000	\$ 10,000
TOTAL ANNUAL REVENUE PER EACH CREDIT UNION	\$ 50,000	\$ 90,000	\$ 130,000
Revenue: Consumer Direct			
Direct to consumer in app store			
\$25 per download (plus \$25 annual fee)	\$ 2,500	\$ 8,750	\$ 18,750
Minus expenses for offering (from Apple, etc)	\$ (200)	\$ (500)	\$ (1,000)
TOTAL ANNUAL REVENUE FOR APP STORE SALES	\$ 2,300	\$ 8,250	\$ 17,750
Revenue: Advertising			
Advertising revenue from CUSOs, CUs and other vendors			
\$1,000 per ad per month (cost for each ad)	\$ 12,000	\$ 24,000	\$ 36,000
Minus fee to credit union for setting up	\$ (6,000)	\$ (12,000)	\$ (18,000)
Minus LifeBinder expenses	\$ (1,200)	\$ (2,400)	\$ (3,600)
TOTAL ANNUAL REVENUE FOR ADVERTISING	\$ 4,800	\$ 9,600	\$ 14,400
PROFIT BY YEAR	\$ (117,900)	\$ (60,050)	\$ 27,100
ASSUMPTIONS			
1) Overhead expenses directly provided from Horsetail based on previous experience			
2) Licensing, ongoing support and customization fees also supplied by Horsetail			
3) Four credit unions in year 1 (those in our group) with an additional four credit unions added each year by marketing efforts, Filene efforts, and existing users talking about it			
4) Beta test group would receive a discount on being the first to try it out - pricing TBD			
5) 100 direct users could be obtained in the first year based on initial testers of the prototype who are not already members of one of our credit unions. Word of mouth and minimal advertising (via social media, etc.) could add an additional 250 users in year two and 500 users in year three.			
6) Advertising revenue assumes one advertiser added each year in the first three years. This cost is per placement in each credit union's custom site. For example, if one advertiser wanted to have an ad in credit union A's site and another in credit union B's custom site it would cost \$2,000 per month. May also vary by number of members the CU has over time.			

COMMENTS, NEXT STEPS, AND CALL TO ACTION

We hope you have found value in our personal life management solution, Life Binder. We strongly believe that Life Binder solves several problems that exist today in the everyday hustle and bustle of life. Our goals with taking this product to production would be to:

- 1) Demonstrate the value that creating peace of mind from having all of life's documents and critical information in one secure location would provide to members.
- 2) Help decrease stress during significant life events and increase the financial knowledge and well-being between families and households.
- 3) Give members a solution that demonstrates the credit union is interested in being their primary financial institution and trusted advisor to help with all of life's challenges and opportunities.

We hope that you individually and your credit union will log on to our website and let Life Binder be the solution for you.

<http://Life Binder.horsetailtech.com>

ABOUT FILENE

Filene Research Institute is an independent, consumer finance think and do tank. We are dedicated to scientific and thoughtful analysis about issues affecting the future of credit unions, retail banking, and cooperative finance.

Deeply embedded in the credit union tradition is an ongoing search for better ways to understand and serve credit union members. Open inquiry, the free flow of ideas, and debate are essential parts of the true democratic process. Since 1989, through Filene, leading scholars and thinkers have analyzed managerial problems, public policy questions, and consumer needs for the benefit of the credit union system. We support research, innovation, and impact that enhance the well-being of consumers and assist credit unions and other financial cooperatives in adapting to rapidly changing economic, legal, and social environments.

We're governed by an administrative board made up of credit union CEOs, the CEOs of CUNA & Affiliates and CUNA Mutual Group, and the chairman of the American Association of Credit Union Leagues (AACUL). Our research priorities are determined by a national Research Council comprised of credit union CEOs and the president/CEO of the Credit Union Executives Society.

We live by the famous words of our namesake, credit union and retail pioneer Edward A. Filene: "Progress is the constant replacing of the best there is with something still better." Together, Filene and our thousands of supporters seek progress for credit unions by challenging the status quo, thinking differently, looking outside, asking and answering tough questions, and collaborating with like-minded organizations.

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