

# eDelivery: Myths Vs. Facts



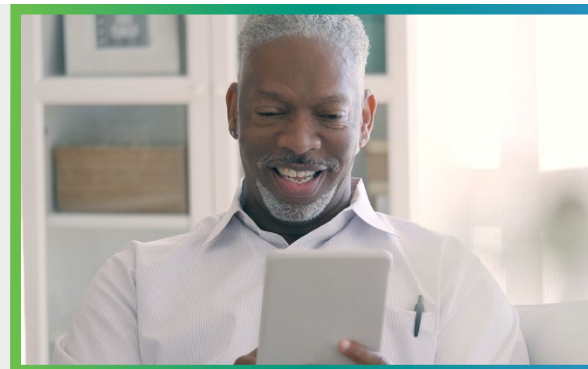
Fidelity supports a digital first framework to provide financial communications to our customers. We will always honor an investor's choice to receive paper, but regulations that continue to put paper first fail to reflect customer preferences, and the need for secure, quick, and sustainable options that reduce waste and energy consumption. However, even the most common-sense public policy solutions generate a lot of misconceptions. **We seek to address those below:**

## MYTH:

Seniors are against this policy change because they prefer paper and are not comfortable with digital tools such as computers, smartphones, and tablets...

## FACT:

This point of view is not reflected in the data.



A recent 2022 AARP tech trends study found three in four people aged 50-plus say they rely on technology to stay connected, with those in their 50s (76%), 60s (79%), and 70s (72%) all exceeding 70%.<sup>1</sup>

AARP also found that in 2020 making financial transactions in an app was cited by 50% of 50+ survey respondents as a popular exercise on their smartphone, and in 2021 that increased to 53%.<sup>1</sup>

A 2021 PEW study found that 96% of 50–64-year old's use the internet, and 75% of 65+ year-olds.

### 77.4%

of Fidelity customers 50-64 choose eDelivery.

### 65.4%

of Fidelity customers 65+ choose eDelivery.

### 79%

of age 50-64 have access to broadband internet at home.<sup>2</sup>

The Social Security Administration requires beneficiaries to access benefit statements online, and more than 50 million individuals have "my Social Security" online accounts.



Paper will always be an option and customers would be reminded of that with two annual mailings.



## MYTH:

Rural customers will be disadvantaged due to internet broadband access issues...

## FACT:

Usage data and rural broadband infrastructure upgrades suggests otherwise.

A 2021 PEW study found that 90% of rural U.S. adults use the internet versus 94% and 95% in suburban and urban communities respectively.<sup>2</sup>



77% of U.S. adults in 2021 have a broadband connection at home, an increase of 76% since 2000.<sup>2</sup>

The recently enacted Infrastructure and Jobs Act, which provides \$65B to state governments to upgrade broadband coverage, is expected to significantly benefit rural residents.

Paper will always be an option if internet access is an issue.

In a 2022 report, the Department of Labor found its new e-delivery rules are “unlikely to have any negative impact” on “individuals residing in rural and remote areas, seniors, and other populations that either lack access to web-based communications or who may only have access through public means” due to “the regulation’s specific safeguards against such impacts.”

Currently, Fidelity delivers 99.75% of emails to retail brokerage customers successfully, including rural customers without any issues.

## MYTH:

Paper is a more reliable form of communication...

## FACT:

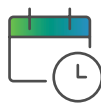
Recent events demonstrate that digital communications are more secure and timely.



The pandemic has demonstrated that paper delivery is ill-suited to the business continuity of broker-dealers. A broker-dealer’s printing company might be closed and postal services might not operate on schedule.



Regulatory documents and other customer communications provided digitally are maintained behind a firewall on the firm’s website and are accessible only to customers. With the protections offered by the requirement to log in through the firewall, accessing documents through eDelivery methods is safer than receiving paper.



With paper delivery, account communications can take several days to reach the customer in ideal circumstances. In less-than-ideal circumstances, mailed communications can be delayed, lost, or even barred from delivery—as seen during the COVID-19 pandemic—while an electronic communication can be delivered quickly and accessed via multiple devices.



Advances in technology in recent years have helped shorten the process of completing securities transactions, and the SEC is working to move the industry from 2-day to 1-day settlement (T+1) for investor trades. Paper delivery is too slow and impractical in this new paradigm. E-delivery is necessary to ensure customers receive their required disclosures within the SEC’s new timeframes.

## MYTH:

Using paper has a negligible impact on the environment...



# >10,200 tons

of paper in 2020 alone that Fidelity used just for financial communications, the majority of which were required by regulations and contributing 25,955 metric tons of Co2 emissions. (That is enough paper to fill a football field 10 feet high, using 250,000 trees and over 10 million gallons of water per year.)

In a 2022 SIFMA study, environmental impacts are a top reason why investors prefer eDelivery over paper with 4 out of 5 investors saying switching to eDelivery is an easy way to cut their carbon footprint.<sup>3</sup>

## FACT:

Reducing paper consumption is the best way to reduce negative environmental and social impacts of the production of paper.

### Environmental Paper Network

Environmental Paper Network estimates the fund industry mails 240 million shareholder reports each year, at an average of 114 pages each, using the equivalent of wood from 1.87 million trees.<sup>2</sup>



# 830 million

Sheets of paper SIFMA estimates are used annually to mail prospectuses and shareholder reports – just two if the many documents subject to SEC paper rules. This requires cutting down 101,000 trees per year.<sup>3</sup>

## MYTH:

Switching to digital as default will not provide sufficient investor protections...

## FACT:

A transition from paper to digital first would be guided by 5 principles and a commitment to honoring customer choice.



**1 Advance Notice**  
Investors will be provided clear and readable disclosures about the transition to eDelivery well before the transition begins.

**2 Honor Investor Preferences**  
Investors who want to receive paper documents, can always choose to receive documents by postal mail.

**3 Easy Access to Change Contact Information**  
Firms can only send electronic disclosures to investors who have provided their contact information, which they can update at any time.

**4 Consumer Friendly Format**  
Investors will receive their disclosure documents in a timely and user-friendly manner that accommodates their accessibility needs.

**5 Safeguards to Assure Delivery**  
Firms should monitor for “bounce back” emails and revert to paper communications if digital delivery is no longer successful.

1. AARP, 2022 TECH TRENDS AND THE 50-PLUS, December 2021

2. Pew Research Center, Internet/Broadband Fact Sheet, 2021

3. SIFMA, e-Delivery Investor Survey Results, July 18, 2022