

Retirement Plan Sponsors:

Partner with a Professional Retirement Plan Advisor and
Achieve Higher Participant Retirement Readiness Scores

Retirement 
Advisor Council

Study Sponsors





“Plans that work with a Professional Retirement Plan Advisor are more successful at increasing deferrals.”

A fundamental research study of 400 employers that sponsor a 401(k) or 403(b) plan found that sponsors who partner with a Professional Retirement Plan Advisor often enjoy superior outcomes in many areas. In particular, partnering with a Professional Retirement Plan Advisor entirely dedicated to retirement plans helps plan sponsors enhance the retirement readiness of employees.

Professional Advisors Enhance Participant Retirement Readiness

Enhancing the retirement preparedness of plan participants is a primary objective of many plan sponsors. Increasingly, sponsors look to their Advisor and service provider to keep participants apprised of personal progress toward achieving retirement readiness. The study provides evidence partnering with an Advisor entirely dedicated to retirement plans may confer plan sponsors an edge: The vast majority of participants in plans that partner with such an Advisor receive an indicator of their personal retirement readiness. Going one step further, most sponsors partnering with an Advisor entirely dedicated to the retirement plans business have already received a report aggregating the retirement readiness of their entire participant population at least once. An overwhelming majority of plan sponsors who have received a plan-level retirement readiness report have taken action based on this report to enhance retirement outcomes. Steps include improving participant understanding through education and communication, changing the employer contribution formula, increasing the default contribution level for automatically enrolled employees, or implementing automatic deferral increases. More than 40% of plans with a Professional Retirement Plan Advisor retain their Advisor to meet one-on-one with employees to provide investment advice.

Professional Advisors Help Boost Contribution Levels

Retirement outcomes plan sponsors enjoy are attributable in part to plan design changes their Professional Advisor recommends. Design changes draw more employees into the plan and help convince them to raise contributions closer to levels needed to achieve retirement success.¹ Plans that work with a specialist Advisor are more successful at increasing deferrals. Among plans that partner with a Professional Retirement Plan Advisor who works exclusively with retirement plans, 83% have experienced deferral rate increases in the last two years—and one-third of those have enjoyed a deferral rate increase of 6% or more.

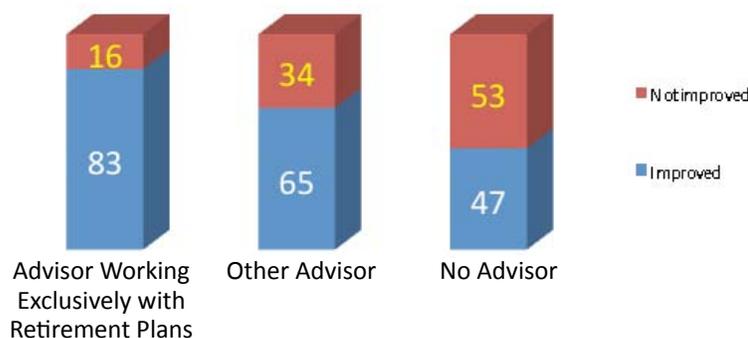
1 Retirement Advisor Council – Enhancing Retirement Readiness: Consensus on a Course of Action recommends consistent contribution levels in the range of 10% to 16% of pay over a 30-year or 40-year career



“We now have evidence at the macro level that the profession is making a difference on the population as a whole.”

“Advisors who work exclusively with retirement plans surpass their counterparts in the percent of clients receiving core services.”

More than four out of five plans that partner with a Professional Advisor have seen deferral rates improve in the last two years



These compelling numbers testify to the participant outcome enhancements Professional Retirement Plan Advisors enable. Illustrations of the difference a Professional Advisor can make on personal retirement readiness already existed in the form of plan-level case studies;² we now have evidence at the macro level that the profession is making a difference on the population as a whole. Fully three-quarters of plan sponsors partnering with a Professional Retirement Plan Advisor estimate 50% or more of their participants are on track to achieve a successful retirement.

Using a Specialist Advisor Benefits Plan Sponsors in Many Ways

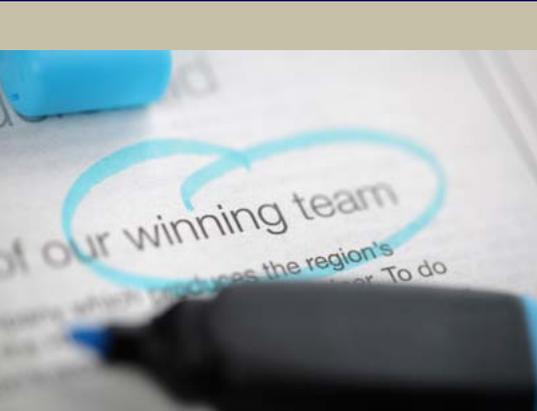
Enhanced participant retirement readiness is only one of many benefits plan sponsors gain from hiring a Professional Retirement Plan Advisor. Over 95% of plan sponsors who partner with an Advisor entirely dedicated to the retirement plans business report that partnering with a Professional Retirement Plan Advisor is either “very beneficial” or “a necessity.” More than one-third go so far as to say a Professional Advisor is “a necessity.”

Advisors who work exclusively with retirement plans surpass their counterparts in the percent of clients receiving core services³ such as:

- Assisting with the implementation of the fiduciary process
- Reviewing investment options periodically
- Making plan design recommendations
- Meeting participants in groups to provide retirement plan education
- Supporting with service provider due diligence

² Retirement Advisor Council, “Smart Plan Design Contains Plan Costs and Improves Outcomes – Case Study: Billy Bob and Bobby Jean Restaurants,” p.4, www.retirementadvisor.us

³ These core services were likewise seen as the Advisor services most highly valued by plan sponsors in focus group discussions. See Retirement Advisor Council, “What Type of Professional Retirement Plan Advisor is Right for My Plan?”, p. 6, www.retirementadvisor.us



The majority of plan sponsors who retain a Professional Retirement Plan Advisor also rely on their Advisor to provide services such as:

- Meeting with employees one-on-one to provide retirement plan guidance
- Examining plan compliance with applicable laws, regulations, and stated policies
- Helping formulate an Investment Policy Statement
- Monitoring the fulfillment of services by retirement plan service provider
- Learning the circumstances and benefits philosophy of client organization

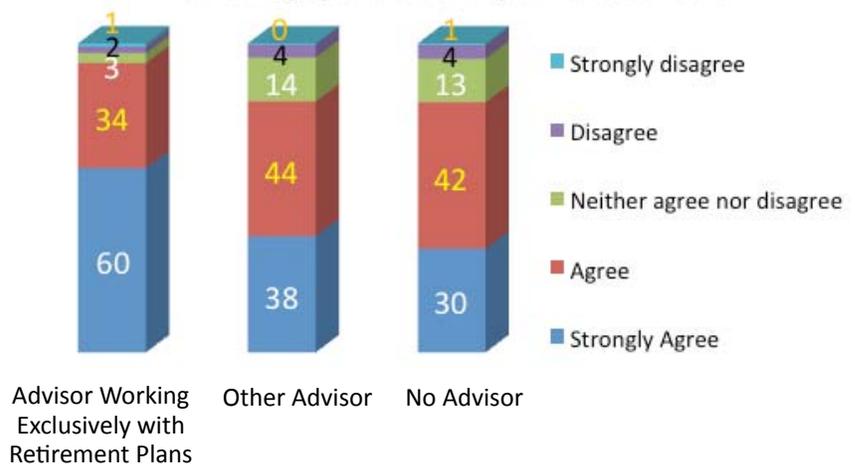
Professional Advisors Noted as Bringing Peace of Mind to Sponsors

In the study, plan sponsors cite a wide range of benefits to partnering with a Professional Advisor:

- Ease of plan administration
- Reasonableness of time and effort required to administer the plan
- Peace of mind from plan compliance review
- Reasonableness of fees charged by service provider and investment managers

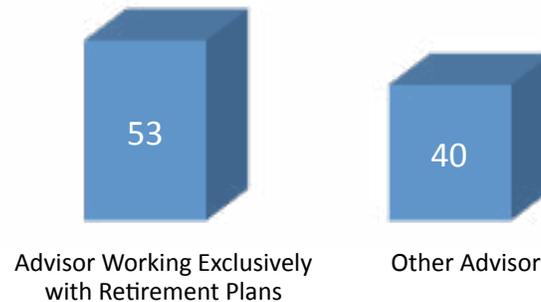
For plans that have one, their Professional Retirement Plan Advisor is often the first point of contact in the event of problems, notably regulatory compliance or investment fund consistency with the Investment Policy Statement. Bottom line, it is the assistance with all aspects of the implementation of the fiduciary process that makes Professional Retirement Plan Advisors stand out from other Advisors in the minds of plan sponsors.

Percent of clients who "Strongly Agree" that the amount of time they spend on their plan is reasonable





Percent of clients of Professional Advisors who say their Advisor "Does an Outstanding Job" assisting them with the implementation of the fiduciary process



Conclusion

Plan sponsors who retain the services of a Professional Retirement Plan Advisor entirely dedicated to the business reap tremendous benefits from the partnership. Most salient is the enhanced participant retirement readiness that stems from repeated measurements, participant reporting, plan design changes, participant guidance, and advice. Specialized Advisors apply a wealth of insight and experience to create an environment conducive to participation and contribution levels that lead to retirement success.

About the Research

The questionnaire was administered to 407 plan sponsors between September 11 and September 24, 2013. Criteria for participation in the survey included:

- Employers of the private sector (privately-held, exchange-traded, and not-for-profit)
- 100 employees or larger
- 401(k) or 403(b) plan sponsors
- Plan assets in the \$5 million to \$500 million range
- Head of the retirement plan committee or fiduciary named in the plan document

Research conducted by EACH Enterprise, LLC, an independent firm specialized in retirement plan research whose clients include retirement plan service providers and investment managers across markets, plan sizes, distribution channels, and asset classes.

For additional information

Ask the sponsors of this research about The Value of a Professional Retirement Plan Advisor:

Fidelity Investments	Adrian Hodge	adrian.hodge@fmr.com	(800) 225-6199
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John Hancock Investments	Aaron Esker	aesker@jhancock.com	(617) 663-4281
MFS Investment Management	Bill Loesch	wloesch@mfs.com	(617) 954-5099
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About the Retirement Advisor Council

The Council advocates for successful qualified plan and participant retirement outcomes through the collaborative efforts of experienced, qualified retirement plan Advisors, investment firms and asset managers, and defined contribution plan service providers. The Council accomplishes this mission by its focus on:

Identifying duties, responsibilities, and attributes of the Professional Retirement Plan Advisor.

- Sharing our professional standards with plan sponsors who are responsible for the success of their plans.
- Providing collective thought capital to decision makers, product providers, legislators and the public.
- Giving voice to the retirement plan Advisor community.
- Tools to evaluate Advisors, ensuring the quality of services needed for successful retirement outcomes.



Retirement Advisor Council

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