

Don't Go It Alone

As an employer, you likely feel the need to offer your employees certain benefits to remain competitive.

Expectations

For example, health care may be one of the benefits you feel you must offer. In fact, it is difficult to think about health care as just a benefit anymore. It may be more appropriate to call it an expectation, or even an entitlement, that employees have nowadays.

Bordering on Entitlement

The same is true for 401(k) retirement plans. Retirement plans have become an expectation, bordering on an entitlement.

We must face the truth: As employers, we are in a situation where we must offer a 401(k) just to retain our employees and remain competitive when hiring new employees.

The natural tendency is to offer their employees a retirement plan, make a match, and go back to focusing on the business. When this happens, many employers tend to go it alone, which often leads to 401(k) plans suffering from strategic neglect.

Going It Alone

When employers go it alone, they are generally offering a retirement plan without using a resource, such as a financial advisor. This could also mean that you are using an advisor; however, that advisor could end up contributing to a plan's strategic neglect, either with poor service, minimal expertise, or both.

A Loaded Gun

These days, any form of 401(k) neglect is comparable to playing with a loaded gun. Employee litigation is on the rise, and that should be a wake-up call to any employer-sponsored plan.

An expert advisor can help add the necessary legal protection required of a retirement plan, while also providing your employees with an effective retirement tool.

They can also potentially help improve returns for you and your employees. One study suggested that adding an advisor could improve returns by up to almost 3 percent.

Quantifying your advisor's value	Potential value relative to "average" client experience (in percentage of net return)
Portfolio Construction	
Suitable asset allocation using broadly diversified mutual funds/ETFs	> 0%
Use of low-cost index-based products	0.45%
Asset location between taxable and tax-advantaged accounts	0-0.75%
Total-return versus income investing	> 0%
Wealth Management	
Regular rebalancing	0.35%
Spending strategy for drawdowns	0-0.75%
Behavioral Coaching	
Advisor guidance to help adhere to final plan	1.5%
Potential Value Added	"About 3%"
Source: Francis M. Kinniry Jr., Colleen M. Jaconetti, Michael A. DiJoseph, and Yan Zilbering, 2014. Putting a value on your value: Quantifying Vanguard Advisor's Alpha.	
Valley Forge, Pa.: The Vanguard Group.	
Note: For "Potential value added," we did not sum the values because there can be interactions between the strategies.	

Additionally, an expert advisor can contribute to the plan by being utilized as a resource for portfolio construction, planning, and behavioral financial coaching, among other specialties, which may improve outcomes.

Benefit: Higher Balances

This can lead to higher balances for you and your employees. Take a look at this data from another study:

Total Average Retirement Savings



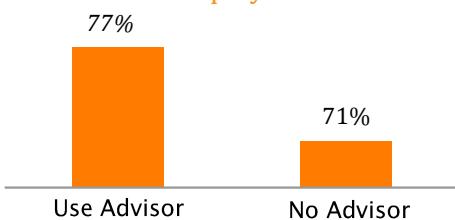
Working with an advisor significantly increases the likelihood that an individual will also have additional (i.e., non-employer plan) retirement savings. 90% of advisor-assisted individuals report additional retirement savings, versus just 70% of self-directed savers. And the amount saved, within and outside of an employer plan, is higher for those who use advisors.

Benefit: Confidence

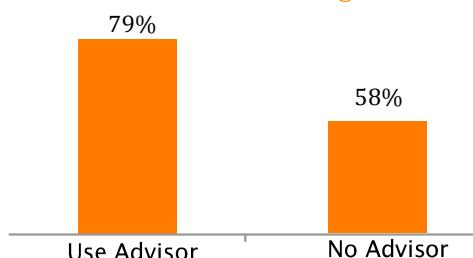
Perhaps the most important aspect of using an advisor is the increased sense of confidence for yourself and your employees in helping them achieve their retirement goals.

Seeking advice can increase an individual's sense of control – a critical component of retirement investing. People who use advisors are more likely to feel in control of their retirement investment.

Feel in Control of Employer-Plan Investment



Know How to Pursue Achieving Retirement Goals



Cost Myths

Here is the paradox to all of this: Typically, you would think that adding an advisor would increase the costs to a retirement plan. However, in many cases, this is the exact opposite of what occurs.

An advisor could actually save you and your employees money.

Lower costs funds, better performing funds, and lower cost administration are all hard costs that are quantifiable, even before you consider other benefits, such as your fiduciary protection.

Why Would You Not Want The Best For Your Employees?

Take a step back and consider how much you contribute to your employee's plans. Why would you not want your employees to get the most out of your contributions to their well-being?

Call to Action

Contact us, and one of our senior advisors will reach out to you to review your company's 401(k). Our advisors will provide a complimentary plan analysis with no fees or obligations, in which they will review your costs, investments, performance, and returns.

Additionally, our advisors can also estimate what your cost and performance would be using our plan optimization recommendations for platforms, record keepers, TPAs, fund lineups, and more.

Let us show you how adding an advisor to your plan can potentially reduce your fees and improve your returns, while protecting your fiduciary liability.

Contact:

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Source: Partnering with ORC International, The Voya Retirement Research Institute® examined attitudes and activities of 4,050 adults age 25-69 with a household income of \$40,000 or higher, who were employed full time. Data gathering via an online panel took place in the fall of 2011.