

Is Your 401(k) Advisor Earning Their Keep?

Optimize Your Plan, Reduce Your Fees, Retain More Employees

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Employers and Advisors

After reading [Fidelity's 2018 Plan Sponsor Attitudes Survey](#), it's clear that employers, like you, are using advisors in greater numbers to ensure their company's retirement plans are being run efficiently and effectively.^[1]



In fact, the reasons cited for using an advisor among employers are fairly consistent:^[1]

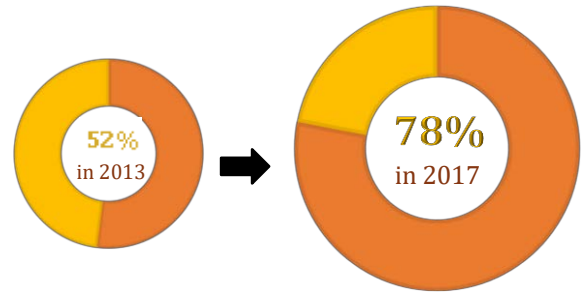
Top 3 Reasons Sponsors Say They Hired An Advisor	
1	Want to better understand how well my plan is working for my employees and how I can improve it
2	Our company has grown, and the retirement plan has become more complicated
3	We have less time to devote to the 401(k) plan now, so we need someone to help us

Do these reasons resonate with you?

Based on [Willis Towers Watson 2017/2018 Global Benefits Attitudes Survey](#), employees are also concerned about the retirement plan you offer.

Is Your Plan Enough to Retain Your Employees?

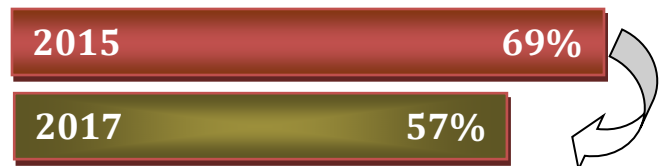
The number of employees who say retirement security has become a more important issue for them over the last two to three years has increased 150%:



78% of surveyed employees said their retirement security has become a more important issue for them over the last two or three years.

Retirement Confidence has Declined

Employees' confidence in having sufficient retirement resources 15 years into retirement:

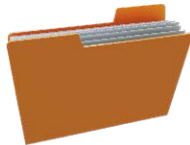


Employees also stated that they more concerned about their job benefits and are increasingly looking to their employers for support in becoming more financially secure.^[1]

Are Your Employees Considering Leaving?

It's worth taking a look at, especially when you take into account [Randstad's 2018 Benefits and Perks in the Workplace study](#), which shows that having an adequate benefits package may actually help your company increase its employee retention.^[iii]

As a result of unsatisfactory benefits packages, employees are leaving.



42% of employees said they are considering leaving their jobs because of inadequate benefits packages.



55% said they have left jobs in the past because they received better benefits elsewhere.

How is Your Advisor Impacting Your Plan Design?

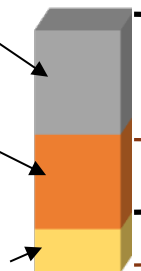
When you take into consideration that advisors have the most impact on your plan design, it's obvious that you need to work with an expert. They should also work with recordkeepers and other service providers to optimize your plan.

Who Has The Most Impact On Plan Design?

43% of the time, the Plan Advisor has the most impact

39% of the time, both the recordkeeper and Plan Advisor have equal impact

18% of the time, the recordkeeper has the most impact



82% of the time the Plan Advisor has the most impact

57% of the time the recordkeeper has the most impact

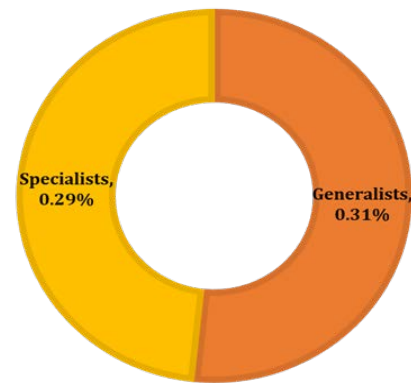
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When looking at your benefits package, your advisor should help you design, or redesign, your company's retirement plan in order to help achieve your company's goals and retain your employees.^[i]

Is Your Advisor a Generalist or a 401(k) Specialist?

401(k) specialists tend to charge lower fees, and on average, deliver more value than most generalists.^[ii]

AVERAGE FEE



Even if your company already has an advisor, I'd bet that they were chosen by someone other than you due to a previously existing personal relationship.^[ii]

Of Advisors chosen based on prior relationships:

- 30% Are from an existing personal relationship unrelated to your firm
- 26% Are from an existing relationship with an executive of your firm

If you don't feel that your advisor is helping you with your plan design, it's time to consider a change.

Of your fellow employers, 74% are willing to change advisors if an advisor is found lacking in the following:^[1]

- **17%:** Advisor does not provide enough value to justify the cost
- **15%:** Advisor is too expensive
- **15%:** Advisor won't take on fiduciary responsibility
- **14%:** Too many plan servicing issues with the recordkeeper
- **13%:** Advisor needs to be more knowledgeable retirement plan advisor regarding:
 - Providing information on regulation changes and how best to implement them
 - Offering proactive suggestions for improving plan performance
 - Minimalizing costs
 - Consulting on how to best to manage fiduciary responsibility

Do these concerns sound all too familiar? If so, you may want to consider reviewing your 401(k) plan.

Your advisor *should* be helping to reduce your fees to better benefit your plan as it grows over the years. But my guess is that your advisor probably isn't, while you're probably paying well above the industry average for fees, while likely not getting much in return.

Getting a Second Opinion

The only way to know that you're in great shape regarding fees, services, design, and employee support is to **get a second opinion**.

Ask us to give you a **confidential, complimentary, no-obligation** evaluation of your existing plan and advisory relationships. We'll let you know what plan information we need to assess its performance, fees, and to benchmark against the industry average.

Disrupting Existing Relationships is Hard

Before you decide to disrupt an existing relationship, it's important to find out what you stand to gain.

If we at Phillips and Company Advisors can help, we would love to do so and be part of the conversation. And if you're one of the lucky few with a properly set up and priced retirement plan, we'll be the first to let you know that you're in great shape.

Contact Us For A Complimentary Plan Review *Phillips & Company 401(k) Advisory Team*

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Sources:

1. Fidelity Investments 2018 Plan Sponsor Attitudes Survey
https://institutional.fidelity.com/app/item/RD_13569_26306/plan-sponsor-attitudes.html
2. Willis Towers Watson's 2017/2018 Global Benefits Attitudes Survey
<https://www.willistowerswatson.com/en/insights/2017/11/2017-global-benefits-attitudes-survey-benefit-preferences>
3. Randstad's 2018 Benefits and Perks in the Workplace Study
<https://www.randstadusa.com/workforce360/workforce-insights/work-perks-and-benefits-what-employees-want/604/>