Investment Advice for Today’s Workers: Is It Working?

Employee Benefit Research Institute (EBRI) Forum
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Answer:

- NO – not yet
Why not?

- Myth of a Million Eyeballs
- Employee Behavioral Challenges
- Shortcomings of Current Generation of Programs
- Advantages of Next Generation
Employee Behavioral Challenges

- Non-participation
- Low contribution
- Loans against retirement
- Leakage at termination
- Questionable investments
Myth of a Million Eyeballs

- Eyeballs with access: 1,000,000
- People: 500,000 (100%)
- Know they have access: 250,000 (50%)
- Try to use: 125,000 (25%)
- Complete program: 62,500 (12.5%)
- Understand output: 31,250 (6.25%)
- Accept recommendations: 15,625 (3.13%)
- Take action: 7,812 (1.56%)
- Monitor plan: 3,906 (0.78%)
Shortcomings of Current Generation of Programs

- Too narrow in scope
- Too high tech
- Complicated user experience
- Extensive data entry required
- Inadequate recognition of individual risk tolerance
- Black box recommendations
- Advice only
- Slim reporting to plan sponsors
- Sole reliance on self-reliance
Advantages of Next Generation

- Holistic
- High tech/high touch blend
- Easier user experience
- Automated data entry and aggregation
- Individual risk assessment tools
- Education throughout with deep diving options
- Guidance now, advice later
- Robust reporting
- Professional management option