

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