



Enticing Retirement Plan Participant to Save Judi Pflaumer, Wealth Strategies, Wealth Management Group, LLC

As an advisor to company-sponsored retirement plans, I meet on a regular basis with participants of those plans. When I first started working in this area, I was surprised to find a wide variety in the level of understanding participants had about their plan and the education they had received from their prior experiences with plan advisors.

The Federal Reserve Board's Survey of Household Economics and Decisionmaking asked workers not currently investing in an employer-based retirement plan to explain why they weren't. According to the [Federal Reserve's 2015 report on economic well-being](#), 42 percent said their employer didn't offer a plan, but the second most common reason, given by 29 percent of respondents, was that they were "unable to afford contributions to a retirement plan." This type of data prompted me to find a better way to assist plan sponsors and ultimately their employee participants in making the most of this opportunity for a better future.

Communication is the key to success, but what should plan sponsors and advisors communicate? How do we make sure employees receive the right information in ways that they understand? In [a survey conducted in April 2012 by the Boston Research Group and State Street Global advisors](#), 78 percent of respondents indicated they knew it was important to determine how much to save for a secure retirement, but only 33 percent said they had the knowledge required to determine that amount.

Education at enrollment meetings is a good place to start, but it is only the beginning. Plan sponsors who hire plan advisors take the first step in offering the employee education required for their retirement plans to succeed. Before discussions evolve into asset allocation and the ability or need to take risk, an advisor can begin the conversation with some basic questions to gauge participants' level of investment understanding. Questions such as:

- Do you have other investments?
- Do you pay attention to the news when they talk about the markets?
- Do you know the difference between the Dow and the S&P 500?
- Do you understand the difference between a stock and a mutual fund?

From there, participant issues become more complex. For example, many participants are confused about the relationship between employer contributions and their contribution limits. Participants often think that they can only contribute up to 3 percent if their employer only matches that amount. Other participants don't feel that contributing the small amount their budget will allow each paycheck makes a difference, so why bother. The look on the face of a single mother on a very strict budget when she understands how her small contribution will build and grow is

priceless. Understanding the IRS-regulated contribution limits is an important part of this conversation.

There are many additional questions that will be handled during an enrollment meeting, but education should not stop there. In [an April 2015 article in InvestmentNews](#), Darla Mercado wrote: “Success in the retirement plan space will require advisers to get employees engaged in their retirement plan and psyched up to save.” Record-keeper websites, investment education and retirement planning reviews are all opportunities for plan advisors to assist plan sponsors engaged in their employees’ retirement success. Ongoing opportunities for participants to talk one-on-one with advisors help keep employees involved in their progress. Some plans offer new employees open enrollment twice a year. This is an opportunity to let all other participants know that you, the advisor, will be in the building and available for meetings.

Getting participants interested, educated, enrolled and excited about the possibilities for their future is the first step to long-term planning for a comfortable and fulfilling retirement. Plan Sponsors working with advisors who focus on the education of their employees is the key to the success of this process.

About Judi Pflaumer, Wealth Strategies, Wealth Management Group, LLC, Dover, DE

Judi develops and maintains a strong working relationship with clients by understanding that investment planning is more than just selecting investments. She creates a relationship by getting to know what is important to you and helping to create a plan that puts your focus on the things that are most vital in your life.

Judi enjoys working with businesses to create a retirement plan that supports employers in providing opportunities and education to assist employees in planning for their retirement. Judi Pflaumer has been with the firm since 2001. Along with Wealth Strategies, she also serves as Chief Compliance Officer.

Judi received her Bachelor’s Degree in Organizational Management in 2012 along with her Master’s Degree in Management. In 2016 Judi completed the Certified Pension Fiduciary Advisor (CPFA) designation. She is an active volunteer in Kent County serving as a board member and volunteer for several organizations.

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