

Retirement plan insights: Putting research to work for your clients

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Financial advisors are the glue that binds together the community of retirement plan participants, sponsors, and providers. To assist financial advisors in their roles, we conducted our own proprietary research to better target the specific needs of plan participants. The results of our research were often counter-intuitive and show a growing opportunity for financial advisors to connect with their participant clients as well as plan sponsors. Plan participants are looking for additional guidance and assistance in several areas, and the financial advisors who can most effectively serve them will have no shortage of clientele. At the same time, financial advisors can increase their businesses by providing a responsive, well-crafted financial wellness program to plan sponsors for use by plan participants.

The plan participant viewpoint

Our data shows that although the need for financial and other guidance from plan participants is high and growing, most participants do not have a financial advisor. Some participants assume that the plan's advisor is also their personal advisor, though individual attention may be lacking, to the extent that it exists at all. For example, only 30% of 40-49 age group, a critical age for contributing to retirement, rely on financial advisors for guidance.

Only 55% of plan participants are satisfied with the information provided by plan providers to make informed investment decisions.



INVESTMENTS

Not FDIC/NCUA Insured	Not a Deposit	May Lose Value
No Bank Guarantee	Not Insured by Any Government Agency	

Participants responses to “How satisfied are you with your plan provider on each of the following?”

	Total	Age					Retirement Preparedness	
		21-29	30-39	40-49	50-59	60+	Top 2 box	Bottom 2 box
Extremely/Very satisfied with plan provider...								
Ease of account management	66%	69%	60%	63%	68%	72%	83%	52%
Number of investment options given	58%	57%	60%	52%	57%	65%	81%	35%
Provided with online calculators and tools	56%	57%	53%	59%	55%	56%	74%	42%
Given the right investment options	54%	64%	51%	48%	60%	47%	77%	33%
Offered investment options that support my values	51%	64%	49%	46%	51%	47%	71%	37%
Provided with information/resources related to health in retirement	51%	62%	53%	50%	53%	37%	72%	40%
Preparing me to make the most of my retirement	51%	69%	53%	38%	53%	49%	77%	27%
Given advice and/or tools to ensure I am on the right track	50%	52%	51%	46%	55%	44%	67%	37%
Offered ongoing feedback to ensure I am doing the right thing	48%	62%	46%	46%	47%	40%	66%	37%
The variety of investment managers	43%	50%	53%	41%	34%	35%	65%	23%
Offered in-person consultations with a plan advisor	42%	43%	49%	29%	47%	42%	61%	25%
Offers financial products that focus on sustainability or ESG	41%	60%	42%	32%	45%	30%	63%	31%

Base: Plan participants

Plan participant responses to a survey of their degree of satisfaction with their plan provider were highly revealing. In general, most “satisfied” responses to specific questions were in the 40-60% range, a result that was somewhat disappointing. However, among participants who feel well-prepared for retirement, the “satisfied” responses were much more numerous, generally in the 60-80% range. Those who did not feel prepared gave much lower marks, primarily in the 25-40% range. The implication seems to be that participants welcome education and advice.

Additionally, the data show that demographics play an important role regarding the needs of the client. The interests of the younger generation are very different from those who are nearing retirement age. 62% of the 20-29 age group, for example, is interested in being provided with information related to health, vs. only 37% of the 60+ contingent. The 20-29 age category is also interested in specific feedback regarding their personal retirement plans and value investing in sustainable and ESG investments. Advisors therefore need to be responsive to the younger generations and the evolution of their interests and needs, which can differ substantially from the more traditional participant.

This survey question, focusing on the importance of actions and goals towards retirement, could show a paradox among plan participants. On one hand, “saving enough for retirement” is the second most important goal of the respondents (86%), but “working to get out of debt” is the least important goal (67%). Consumers often carry unnecessary credit card or other debt without considering the cost compared to their rate of savings. This paradox is a potential opportunity for financial advisors to educate participants on how to prioritize their financial planning.

According to plan participants the most important activity/goal in regard to preparing for retirement is finding a good balance of work/family/self-care.

The plan sponsor perspective

Plan sponsor responses to “How satisfied are you with plan provider on each of the following?”

	Total	Annual revenue		Eligible # of Employees	
		<\$50MM	\$50MM+	15-99	100+
Top 2 box summary (Extremely/Very satisfied)					
Provides employees with the right investment options	77%	76%	80%	78%	77%
Overall service	77%	72%	89%	78%	76%
Availability of online calculators and tools	76%	73%	84%	80%	74%
Provides access to information employees understand	76%	74%	82%	82%	73%
Quality of advice	74%	73%	77%	73%	75%
Offers products and services for all employees needs	74%	75%	70%	82%	70%
Provides information so employees can make informed investing decisions	73%	73%	73%	75%	72%
The advisor that services our account	73%	71%	77%	78%	70%
The advice and/or tools provided to ensure employees are on the right track	71%	70%	73%	78%	67%
Provides information and resources related to health in retirement	69%	70%	66%	69%	69%
Prepares employees to make the most of retirement	68%	72%	59%	78%	63%
Provides more than financial advice	66%	70%	57%	80%	59%
Getting employees ready for retirement	65%	65%	66%	73%	62%
Being there for employees	65%	65%	66%	65%	66%
In-person consultations for the workforce	65%	68%	57%	75%	60%
Provides ongoing feedback to ensure participants are on the right track	62%	62%	61%	71%	58%

Base: Plan sponsors

Most plan sponsors are satisfied with their plan providers, with two nuances of interest. First, overall, larger plan sponsors (greater than \$50 million in revenues) are much happier with the overall service provided by their plan providers, with 89% of respondents satisfied with overall service from their providers, while only 72% of smaller plan respondents (less than \$50 million in revenues) are happy with their providers.

Interestingly we do see some variance in service satisfaction based on the number of employees, with smaller companies (15-99 eligible employees) perceiving that the plan provider is adding value in areas such as offering products & services for all employee needs, preparing employees for retirement, and providing financial advice.

With these services in mind we might conclude that while larger sponsors are more satisfied overall with their provider, they are interested in some of the personal touches that smaller firms can often provide.

Only 49% of plan sponsors offer Financial education opportunities to their employees

Plan sponsors self reflect - does your company offer any services to employees specially related to any of the following?

Turning to ancillary benefit services offered to employees, we again see distinct differences between the offerings of larger vs. smaller companies. This distinction may be due to the economy of scale of the larger companies and therefore their ability to offer such services at a more reasonable cost. Irrespective of size we do see a need for all employees to have easier access to programs and services that will help them with healthcare costs, financial planning, and debt management.

Offer services	Total	Annual revenue		Eligible # of Employees	
		<\$50MM	\$50MM+	15-99	100+
Financial education opportunities (e.g., courses, seminars)	49%	41%	70%	45%	52%
Ensuring they are taking full advantage of employer-sponsored retirement benefits or programs	47%	38%	68%	31%	55%
Getting access to the right kind of financial accounts/products	45%	39%	59%	33%	51%
Having the right balance of growth and risk in their financial investments	43%	39%	55%	49%	40%
Having a road map to ensure they are doing the “right thing” to prepare financially for retirement	38%	32%	52%	33%	40%
Ensuring they are saving/saved enough for retirement	34%	33%	36%	31%	35%
Understanding when and how to access Social Security and other retirement accounts at an age that is right for them	33%	30%	41%	29%	35%
Living in a manner now that lets them save enough for a secure retirement	28%	25%	34%	22%	31%
Working to get out of debt	23%	25%	18%	20%	24%

Base: Plan sponsors

Younger advisors tend to be more engaged with ESG investing

ESG investing	Total	Type of firm		AUM		Years as advisor		% of Book From Retirement Planning	
		Ind	Other	<\$75MM	\$75MM+	<15	15+	<50%	50%+
Employees ask for it all time time/often	53%	46%	61%	57%	50%	72%	21%	51%	55%
Company offers it	87%	83%	90%	85%	88%	95%	73%	84%	89%
Employees are extremely/very interested in it	66%	62%	71%	72%	64%	85%	24%	65%	67%

Base: Plan providers

As highlighted earlier, younger participants are very interested in ESG investments, and correspondingly, advisors with less than 15 years of experience (and presumably relatively young) report that their clients are interested in ESG and want access to ESG products. The results of this survey highlight the importance of being aware of and responsive to the needs of participants of all ages. Access to ESG products will be especially important to meet the needs of younger participants going forward.

In conclusion

Our survey reveals a wealth of opportunities for investment advisors to better serve their clients, both individual participants as well as plan sponsors. Participants and sponsors want information and communication, not only regarding retirement planning, but also about investments and non-financial matters such as health and wellness. The needs of younger participants differ considerably from those nearing retirement, particularly regarding ESG investments. Overall, participants and sponsors are generally happier with full-service providers that offer a full suite of investments, information, and education.

Disclosure

Insights presented in this report are derived from a 2021 study conducted by New York Life Investments. Self-administered 10-minute online survey conducted amongst n=300 respondents (n=150 Plan Providers; n=150 Plan Sponsors) sourced via an online panel

The information contained herein is general in nature and is provided solely for educational and informational purposes.



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