

Providing employees financial advice

Professional advice can help improve your employees' financial success. And 71 percent of Americans are interested in getting it.¹

Can professional advice help improve employees' financial success? Seventy one percent of Americans are interested in getting it, according to the TIAA 2016 Advice Matters Survey¹. In fact, 77 percent of those who have met with a financial advisor regret not seeking help sooner.

And they are looking to employers to fill the advice gap. When asked to select among various free perks an employer could offer, advice was the most popular choice. One-third say they would like access to a no-cost financial advisor, compared to 17 percent who say they would prefer free on-site medical care or 12 percent who wanted free lunch prepared by an on-site chef.

As a plan sponsor, you can meet the demand by offering advice services through your workplace retirement plan. As a first step, you can take stock of what you offer now to assess if your employees are getting what they may need or want. Step 2: Explore how to best fill any gaps effectively and cost efficiently. Step 3: You may also want to work with your retirement provider to increase your employees' awareness and usage of those services.

Room for growth

Many Americans (46 percent) haven't received professional financial advice. Understanding who hasn't received advice can help identify groups of people that could benefit from targeted education.

- **Gender seems to play a big role:** 56 percent of men have received advice, compared to only 40 percent of women.
- **Income levels expose a divide:** Only 30 percent of Americans making \$50,000 or less per year have received advice, compared with 75 percent of those who make \$100,000 per year.
- **Few generational differences:** A similar proportion of younger and older workers have received advice. But, there is a difference when it comes to advice demand: Millennials are more interested in receiving professional advice in the future than Baby Boomers (82 percent vs. 68 percent).

With these insights, you can then zero in on what strategies could help participants in your plan.

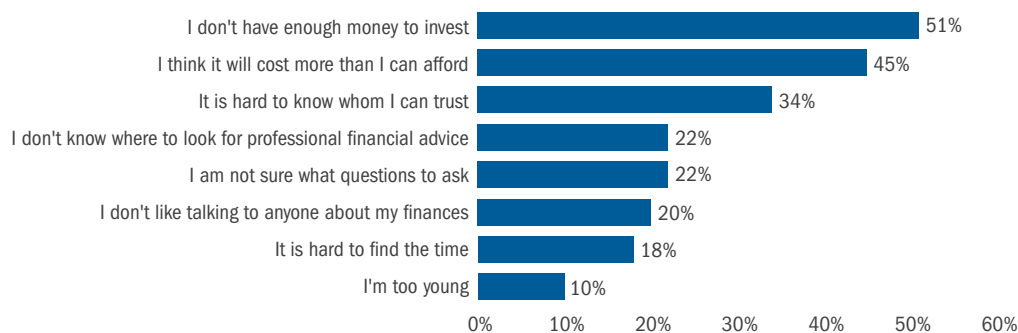
More than half of Americans (51 percent) have not sought advice because they don't think they have enough money to invest.

Why some don't seek advice

Understanding why employees have not sought advice is the key to getting them to engage. Among the reasons respondents gave, misperceptions were the main block. More than half (51 percent) don't think they have enough money to invest. They also have concerns about cost and affordability (45 percent). Still, others don't know where to look for professional advice (22 percent), or they simply feel they are too young for it (10 percent).

Misperceptions are keeping Americans from working with advisors

Top reasons why individuals haven't worked with a financial advisor



Bridging the gap

As part of your educational efforts, consider:

- Reminding your employees that advice is for anyone, whether you have \$500 or \$5 million.
- Reassuring employees that you have carefully evaluated your plan's advice offering.
- Targeting educational and communication efforts to employee segments that are less likely to seek out advice—such as women and lower-income employees.

You may also want to review your current advice services, and consider:

- Offering advice at no additional cost to plan participants (if not already doing so).
- Customizing advice to meet specific needs. Almost three-quarters (73 percent) of women would find advice specifically designed for them to be helpful, and 85 percent of Americans feel the same way about advice for their age group.
- Adding one-on-one advice services (if not already available).

Millennials are more receptive to employer-affiliated advisors

Among those surveyed who have met with a professional advisor, only one-fourth (25 percent) say the advisor was through the retirement plan offered by their employer, and an additional 19 percent say their employer provided the advisor. Nearly half (48 percent) of those who have worked with an advisor chose one not affiliated with their employer.

However, that mindset is changing with younger generations: 64 percent of baby boomers worked with an advisor not affiliated with their employer—compared to only 27 percent of Millennials.

This presents an opportunity to interest more employees in receiving financial advice. You may also want to consider this: Three in four Americans say they would be more likely to consider a job if no-cost financial advice were offered.

Confidence about finances

Professional advice designed to help employees manage their overall finances may help improve their retirement outlook. What's more, a majority of Americans (61 percent) who have met with an advisor say they feel confident about their finances. The statistics make the case for informing employees of your plan's advice offerings—sooner rather than later.



¹ The TIAA 2016 Advice Matters Survey was conducted by KRC Research online among 1,000 adults, age 18 years and older living in the United States, from Aug. 10 to Aug. 15, 2016. The sample was proportionally obtained by demographics such as age, gender, region and income to ensure reliable and accurate representation of the national population age 18 and older.

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