



Helping employees get the financial advice they deserve

The myth that financial advice is only for the rich and for those approaching retirement may have kept many Americans from working with an advisor. The good news is that Americans are debunking this myth: According to the 2015 TIAA-CREF Advice Survey¹, more than half of Americans (55 percent) think less than \$50,000 savings justifies working with a financial advisor. This research indicates that more Americans are recognizing the value of advice and the importance of seeking retirement planning advice.

Understanding employees' attitudes on advice presents a great opportunity for plan sponsors to both increase awareness of their existing advice offerings and to expand their services and programs. Greater use of advice services — especially that of a financial advisor — can help employees take the actions needed to improve their retirement readiness and put them on the path to lifetime income.

Advice resonating with Americans

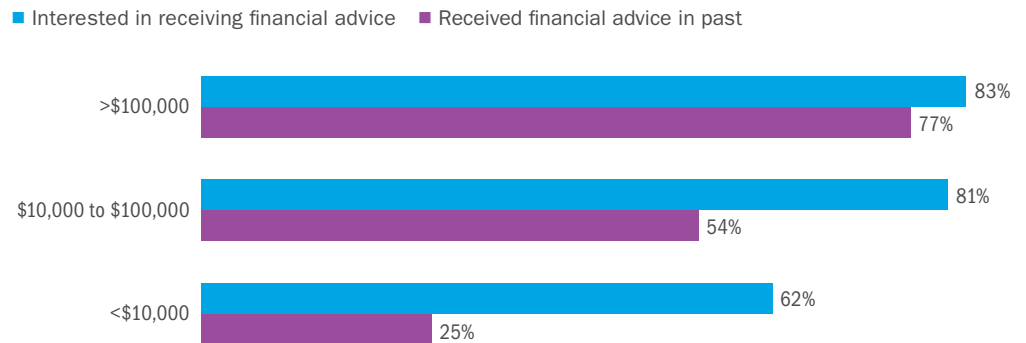
Advice may mean different things to different people. We define professional financial advice as personalized and specific investment recommendations and advice given by a licensed investment professional or plan advisor. Overall, nearly one out of two Americans say they have received advice in the past, with significantly more men (56 percent) taking this step than women (43 percent).

As you would expect, people are more likely to receive financial advice as their income and savings increase (see Exhibit 1). However, the majority (72 percent) of Americans are interested in receiving professional advice in the future. It's especially noteworthy that 62 percent of Americans with retirement account balances of less than \$10,000 are interested in receiving financial advice. By contrast, only 25 percent of Americans in this group have sought out advice thus far.



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Exhibit 1: People at all levels of retirement savings want financial advice



Source: TIAA-CREF 2015 Advice Matters Survey

With so many Americans open to receiving financial advice, it's important for plan sponsors to find ways to translate employees' interest in advice into action.

Expanding advice usage

An employee engagement strategy based on a deep understanding of your plan's different segments can help motivate your employees to take advantage of your advice services.

For example, segmenting your employees by generation can help you uncover what's important to each age group. In the case of Gen Y, you may want to make advice resources available through your retirement provider on how to purchase and sell a house. More than half of Gen Yers (54 percent) said they would seek financial help in preparing to purchase or sell a home, compared to 40 percent of the population. You can also gain the attention of Gen Y by offering extensive online resources such as real-time planning sessions with an advisor via a shared computer screen: 84 percent of Gen Yers would find that helpful.

Ultimately, how effectively you engage your employees will depend on the relevance and usefulness of your advice and guidance programs. The more you know about your employees, the more successful your engagement efforts are likely to be.

Empowering employees through choice

Understanding the value of advice and expressing a willingness to embrace it may not be enough to get your employees to meet with an advisor or use other advice services. That's why it's important to pay careful attention to how your employees want to receive and access advice and guidance. Although face-to-face is Americans' first choice for receiving financial advice — 88 percent would find it valuable — they also want access to a broad array of approaches. Other approaches include tools and calculators (79 percent), online articles (72 percent), brochures and other written materials (70 percent) and videos (68 percent).

Americans also want a variety of online choices when it comes to advice. These choices can range from getting financial advice specifically designed for their age group to ensure they have guaranteed income to wanting tools and calculators that can break down complex advice principles (see Exhibit 2). By offering employees a range of advice tools and resources, along with the flexibility to gain access when convenient, you are increasing the likelihood that your employees will use them.

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Exhibit 2: Americans want choice when it comes to online advice

Percentage of Americans that would find online financial advice helpful in addressing the following options



Source: TIAA-CREF 2015 Advice Matters Survey

Benefits of working with an advisor

Your employees can also benefit from working with an advisor directly. A financial advisor can help your employees set realistic goals and an action plan for retirement that is specifically tailored to their needs. Meeting with an advisor also leads to greater confidence: Those having met with an advisor are significantly more confident in their retirement savings plan (78 percent) than those without one (43 percent).

The greater retirement confidence likely stems from the fact that those who have met with an advisor and discussed retirement are much more likely to “run their numbers” and have a more realistic and accurate idea of how much income they will need in retirement — and thus be better positioned to properly prepare themselves. Of those who have met with an advisor, 79 percent have calculated what they will need, compared to 32 percent who have not met with an advisor.

Advisors can also help better educate the large percentage of Americans who may be underestimating what they will need in retirement. Fifty-five percent of Americans think they will need 75 percent or less of their current income in retirement — which is below the 70 percent to 100 percent range that experts generally recommend to help ensure financial security in one’s senior years. This finding shows that many people don’t understand how much they will need, which may put them in dire risk of outliving their savings.

Moving in the right direction

It's certainly encouraging that more Americans are debunking a long-standing myth and recognizing the value of advice. But, it's equally promising that they are debunking a second myth: The myth that individuals should focus on accumulating a large nest egg as their retirement goal. Of those individuals who have calculated how much money they will need in retirement, more are likely to be focused on lifetime income rather than just accumulating a large lump sum (46 percent vs. 15 percent). This is a testament to your extensive educational and advice programs, and your continued commitment to those programs remains critical in helping your employees achieve a secure retirement.

¹ 2015 TIAA-CREF Advice Survey

The TIAA-CREF 2015 Advice Matters Survey was conducted by KRC Research from Aug. 3 to 10, 2015, via an online survey of 2,000 U.S. adults age 18 and older. The survey was not conducted among TIAA-CREF participants, and the survey questions and responses did not reference or concern any TIAA-CREF product, service or client experience.

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