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Retirement Plan Service News January 2017

Granite Insight

Investment Education and Financial Wellness

Employers need to provide an education when it comes to their employees retirement investments. Financial Wellness is a current buzz word, and it goes beyond picking investments. Financial wellness covers it all, from spending, to healthcare costs, to retirement expense. Employers need to feel that they have provided all of the information needed for their employees to make sound financial decisions.

Most people know they should put as much as they can afford into their 401k plans. Do they know that they can place $18,000 a year and have a $6,000 catch-up if over 50 years old? Once the funds are there, where should they be invested?

These are not questions to place anxiety on the employer or the employee. We are here to discuss one of the first steps to financial wellness: suitable allocations.

Why is this important?

In 2009, many baby boomers could not retire. This was partially due to the markets falling, but more to do with allocations. A strong company will help their employees understand the value of putting money away. But many employees need to be taught how to allocate for themselves. Many people do not understand the difference between value vs growth or the effect of higher rates on their bond fund.

A number of proponents utilize age-based target date funds or allocation funds. These are generic investment vehicles, which cannot be customized to your employee's specific needs. In addition, many are self serving and do not have your employees' best interest at heart. The truth of this is reflected in many new lawsuits.

The lesson is: Retirement should be an employee decision, and not driven by the markets.

How can I get my employees on a clear path?

Granite Group suggests managed models that can be selected by the employee to meet their needs. Employees can take a quiz, get a score, pick a model that correlates to their score, and then go back to work! We do not encourage target date or age based investments. It needs to be a better fit. Shouldn't you create the best solution to meet your employee's needs?

It can be easy as 1,2,3 for employees with a limited investment background, it's up to the employer to make it happen.

How does my company make it easy for the employee and still meet our fiduciary obligation?

A true retirement consultant who employs models will have to be a 3(38) fiduciary, not a co-fiduciary. Seek out a professional to provide, **prove** and **document** the investment process. Make sure the consultant has a history of providing *investment education* to employees, in addition to retirement education. This will make investing easier on the employee.

We believe that the first step in financial wellness is helping employees find an allocation that best suits their specific needs!

For Truth, Transparency and Safety call Ernie Rodulfo at (203)210-7814.

Additional information: If you would like specific information on operational and investment best practices, please contact Granite Group Advisors. Granite Group is record-keeper and mutual fund neutral.