

The Value of a Financial Advisor

Survey conducted by Rebel & Co.
March 2022



Methodology

What we did

Data collection was completed during Q1 2022.



Financial Advisor interviews

4 (45-minute) interviews

Referred by RPS leadership team



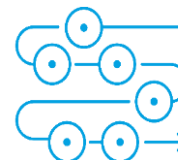
Plan sponsor interviews

5 (45-minute) interviews

Recruited based on the following criteria:

Currently has a dedicated financial advisor with their 401(k) plan

Currently involved in the selecting or managing the company 401(k) plan



Survey

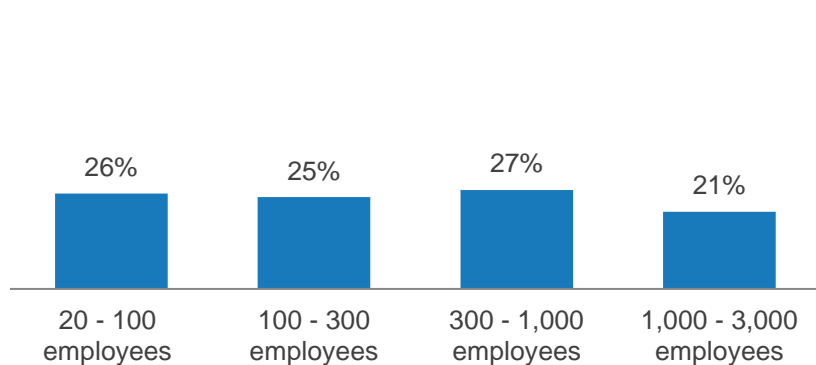
N = 350 respondents

Currently has a dedicated financial advisor with their 401(k) plan OR has worked with an employer in the last 12 months that offered this

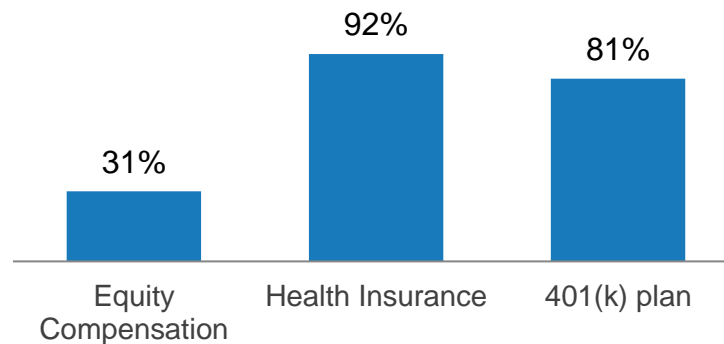
Currently involved in the selecting or managing the company 401(k) plan

Demographics

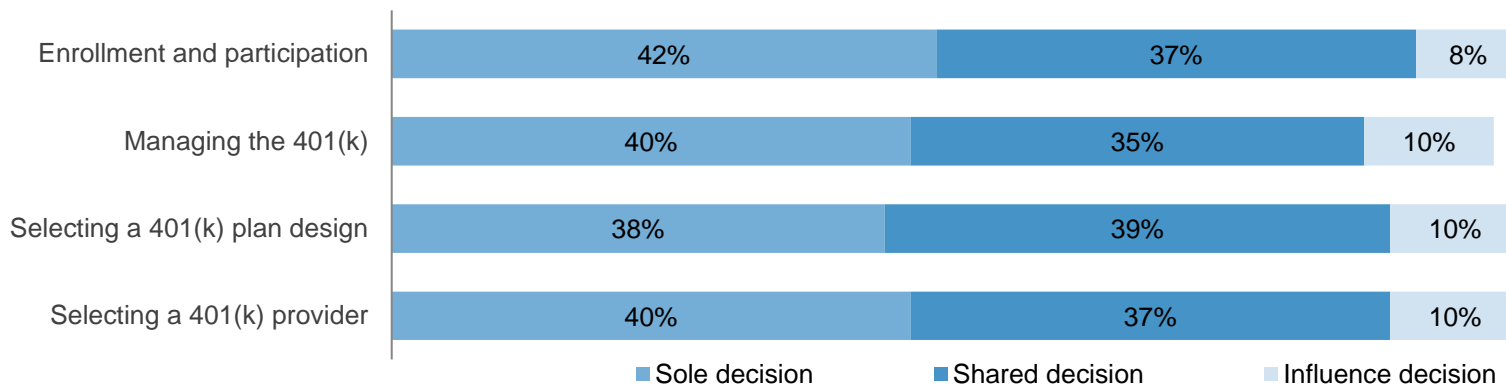
Company Size



Benefits Offered



Role & Involvement in 401(k) plans



Summary

Confidence that's worth it.

Financial advisors deliver confidence when it comes to oversight in investment management and regulation and compliance. **27%** of plan sponsors report this confidence is the motivating reason for onboarding a financial advisor. Once onboarded, **93%** of plan sponsors agree that the financial advisor support in regulatory matters is valuable.

More choices, better plan design.

Retirement plans with a dedicated financial advisor overwhelmingly reported robust plan features, such as offering a range of investment choices (**88%**). In fact, **91%** of plan sponsors agreed that having a dedicated financial advisor provided them with guidance on critical plan design options as their company scaled.

Better outcomes for employees.

Eighty-seven percent of plan sponsors agreed that when a Financial Advisor is offered with the workplace retirement plan, the company as a whole has better plan outcomes, including higher employee participation (**86%**) and more eligible employees being on-track for retirement (**86%**).

Qualitative Findings: Plan Sponsors



Fielding employee questions and providing investment guidance to their plan eases plan sponsors concerns, adds value to the participant, and decreases the pressure in administrative tasks.



Investment oversight is an area that causes anxiety for plan sponsors and often, the number one reason that prompts a plan sponsor to consider advisory services.



Building a relationship with the financial advisor is critical to growing the account with the plan sponsor. Plan sponsors consider accessibility, responsiveness and consistency as key indicators of a strong relationship.

Qualitative Findings: Financial Advisors



Fees

Plan sponsors are asking questions about level of service and associated fees. There's an expectation that with the fees there is a more hands-on approach to managing a company 401(k), including interacting with the employees.



Fiduciary

For small to mid-sized businesses, Financial Advisors report that they have to bring up the topic of fiduciary responsibilities and regulatory concerns. It's typically not on the radar of the plan sponsor. However, for larger organizations plan design and fiduciary responsibilities are top of mind.



Data Security

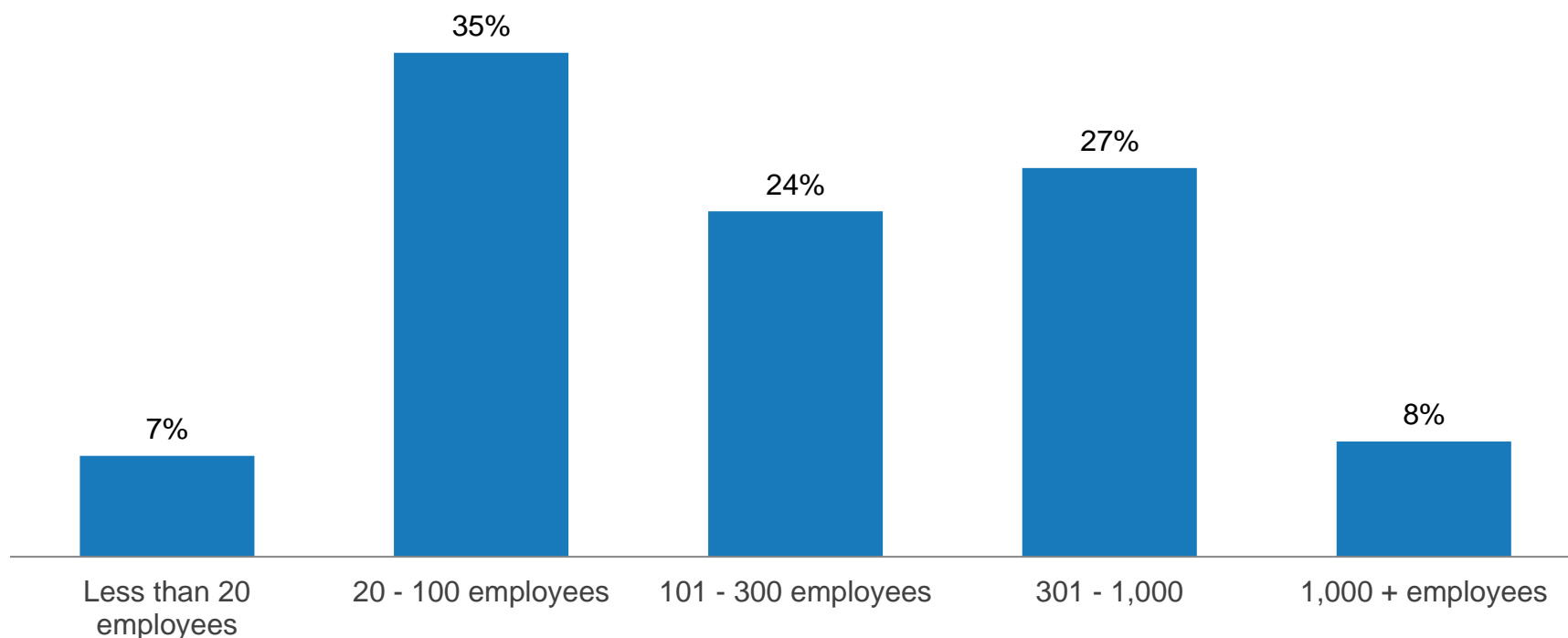
Questions around participant data security typically doesn't come up in conversation, as reported by Financial Advisors. The consensus is that with legacy brand name, data security should be a no-brainer and therefore, a non-issue.

Onboarding a Financial Advisor



When to onboard a Financial Advisor?

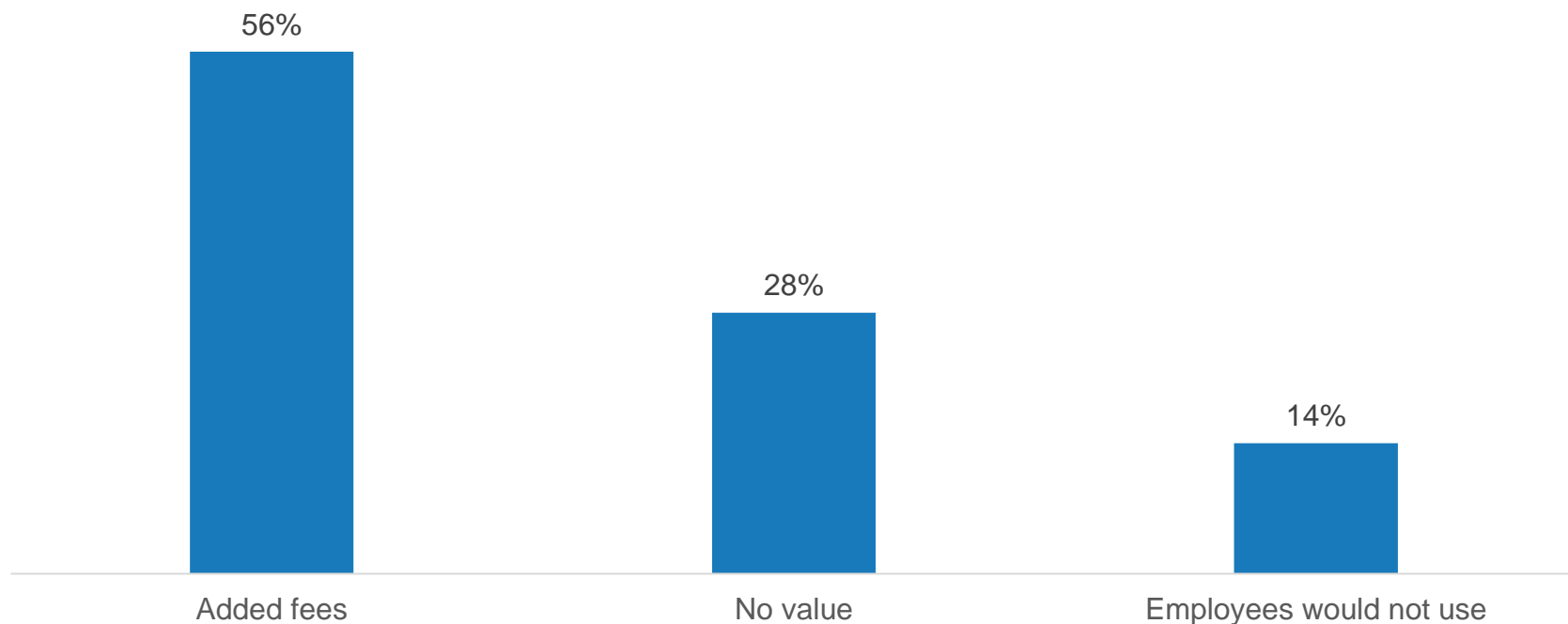
Thirty-five percent of plan sponsors agreed that the best stage of growth to onboard a Financial Advisor is between the 20 -100 employees mark.



Q. At what size should a business consider working with a financial advisor to support the 401(k) benefit plan? (n = 351)

What causes the hesitation?

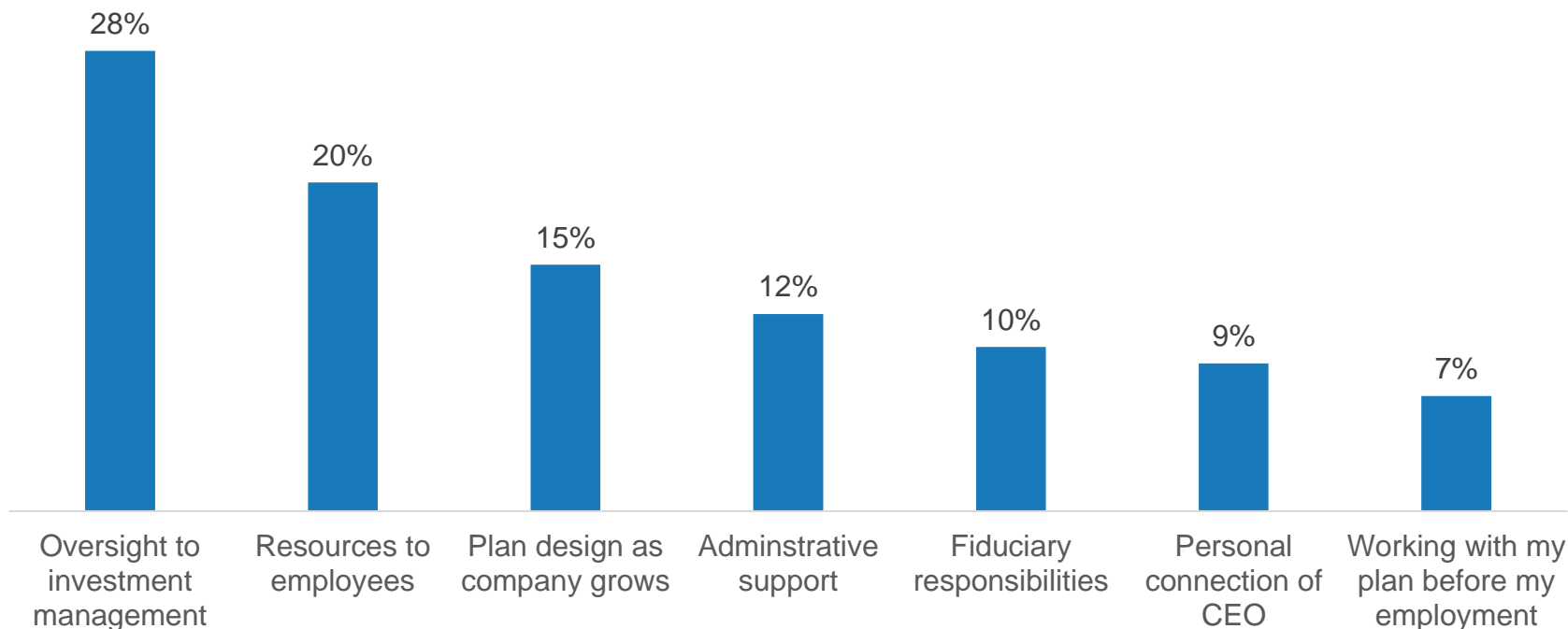
Just over half of all plan sponsors (56%) reported that, if there was hesitancy in onboarding a financial advisor to their plan, it was due to cost.



Q. What was the primary hesitancy for onboarding a financial advisor?

The value of plan sponsor confidence

Twenty-eight percent of plan sponsors agreed that oversight on investment management was the primary reason for offering a financial advisor to their 401(k) plan. This makes sense since plan sponsors reported that compliance (75%) and fiduciary guidelines (67%) were critical considerations on their minds.



Q. What was the primary reason for offering access to a dedicated financial advisor with the company's 401(k) benefit plan?

Different size businesses prioritize different needs

For instance, small businesses (less than 20 employees) **named resources for employees (26%)** as the primary reason for having a financial advisor, while enterprise business (over 3,000 employees) reported **needing investment oversight (37%)**, and growing mid-sized businesses (20 – 100 employees) **were looking for guidance on plan design (20%)**.

	Small	Mid-Size	Large	Enterprise
Provide additional resources for employees	26%	17%	15%	21%
Investment oversight	24%	32%	22%	37%
Guidance on plan design	14%	20%	15%	8%
Personal friend of CEO or Executive team	11%	10%	6%	8%
Provide administrative support	11%	7%	24%	7%
Working with our plan before my employment	7%	7%	8%	6%
Support for fiduciary and regulations	6%	9%	9%	15%

Q. What was the primary reason for offering access to a dedicated financial advisor with the company's 401(k) benefit plan? / Company Size

The advantage a Financial Advisor brings

Plan sponsors, regardless of organization size, reported that the number one advantage a financial advisor brings to their plan is **oversight to investment management (27%)**. This was followed closely by guidance for regulatory concerns (21%).

	Most Valuable			Least Valuable		
	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6
Oversight to investment management	27%	15%	16%	17%	13%	13%
Guidance on fiduciary and regulatory concerns	14%	21%	17%	16%	15%	16%
Is available to answer employee questions	16%	17%	17%	18%	17%	16%
Support on plan design and options	16%	14%	16%	19%	19%	17%
Financial education for employees	18%	16%	17%	17%	18%	15%
Support for plan administrative tasks	10%	16%	19%	14%	19%	23%

Q. Please rank the following advantages a financial advisor can provide a workplace 401(k) in order of value. With 1 = Most Valuable and 6 = Least Valuable

The Value a Financial Advisor Brings



Value propositions of a Financial Advisor

The majority of plan sponsors agree that having a dedicated financial advisor with a workplace retirement plan delivers better plan outcomes (87%), encourages participation (86%), provides support for employee questions (92%) and is worth the cost (95%).

	Agree	Disagree	No Opinion
Is worth the cost	95%	3%	2%
Provides confidence to when it comes to regulatory concerns	93%	4%	3%
Provides support in working with the recordkeeper and/or third party administrator	92%	5%	3%
Provides support in addressing employees plan questions	92%	7%	1%
Provides confidence to board/company leadership during critical business finance decisions	92%	4%	4%
Provides confidence for plan design as the company scales	91%	7%	2%
Provides financial education and tools to employees	90%	5%	5%
Delivers better plan outcomes for our company	87%	7%	6%
Encourages eligible employee participation	86%	7%	6%
Provides confidence when it comes to participants data security	86%	7%	6%
Results in more employees on-track for retirement	86%	8%	6%
Is a benefit that helps attracts and retain top talent	85%	7%	8%

Q. Do you agree or disagree with the following statements: Having a dedicated financial advisor to support our company's 401(k) benefit...

Retirement plan features and financial advisors

Of those plans with a dedicated financial advisor, **85% or more**, depending on company size, offered investment choices (e.g., target date funds, ETF's, company stock options, etc.) to their participants. In general, plans with financial advisors reportedly offered robust features such as automatic match, match options and auto enrollment.

	Small	Mid-Size	Large	Enterprise
<i>Current plan offers...</i>				
Automatic enrollment	61%	62%	78%	86%
Automatic match	78%	77%	83%	81%
A profit sharing component	47%	59%	64%	58%
Automatic contribution increase	57%	70%	68%	69%
Match options (elective and non-elective)	73%	76%	74%	80%
Investment choices (target date funds, ETF's, company stock options, etc.)	85%	92%	92%	94%

Employee Outcomes: On-Track for Retirement

Of those plans that currently offer a dedicated financial advisor, **85% report that most or all of their eligible employees are on-track for retirement.** Interestingly, plans that do not currently have a financial advisor report a lack of insight into retirement readiness.

	Currently has a financial advisor	Currently does not have financial advisor
Yes, all eligible employees are on track	21%	22%
Yes, most eligible employees are on track	64%	54%
No, most eligible employees are NOT on track	11%	11%
No, none of our eligible employees are on track	1%	0%
I don't know	3%	14%

Q. Are your eligible employees on-track for retirement readiness?

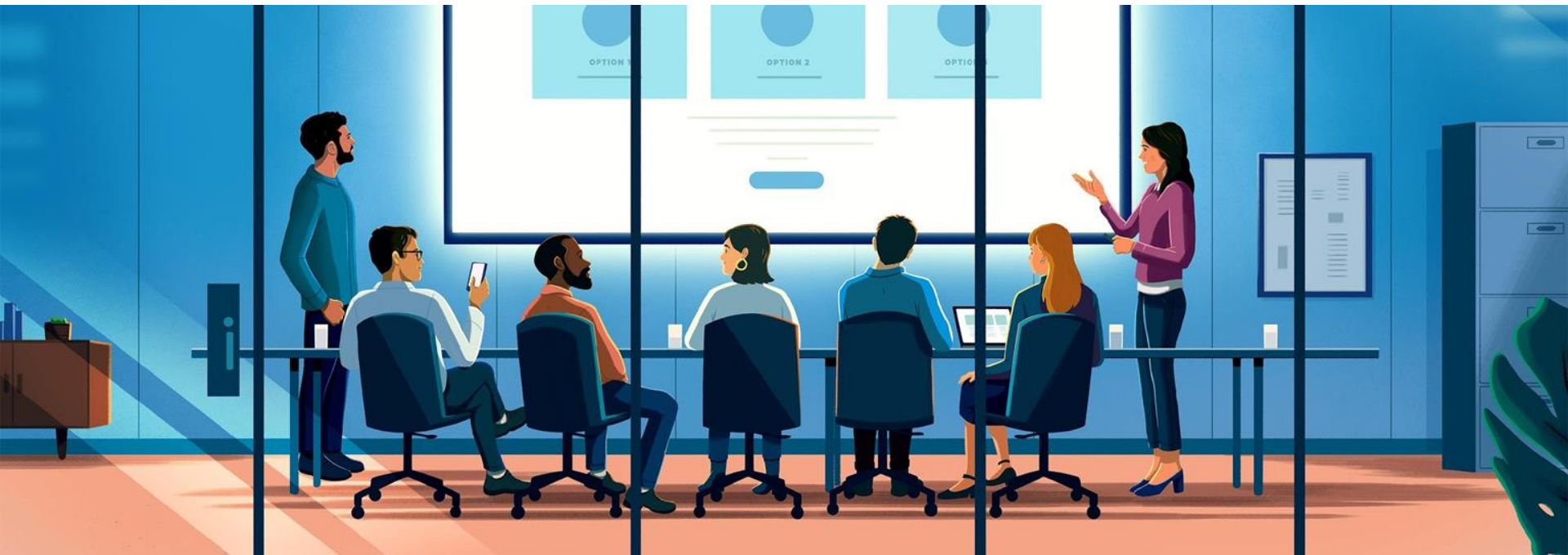
Employee Outcomes: Employee Participation

Of those plans that currently offer a dedicated financial advisor, 44% report that anywhere from 75% to 100% of eligible employees participate in their company 401(k) plan.

	Currently has a financial advisor	Currently does not have financial advisor
Less than 25%	2%	3%
26 – 50%	20%	30%
51 – 75%	35%	35%
75 – 99%	34%	22%
100% of eligible employees participate in our 401(k)	10%	11%

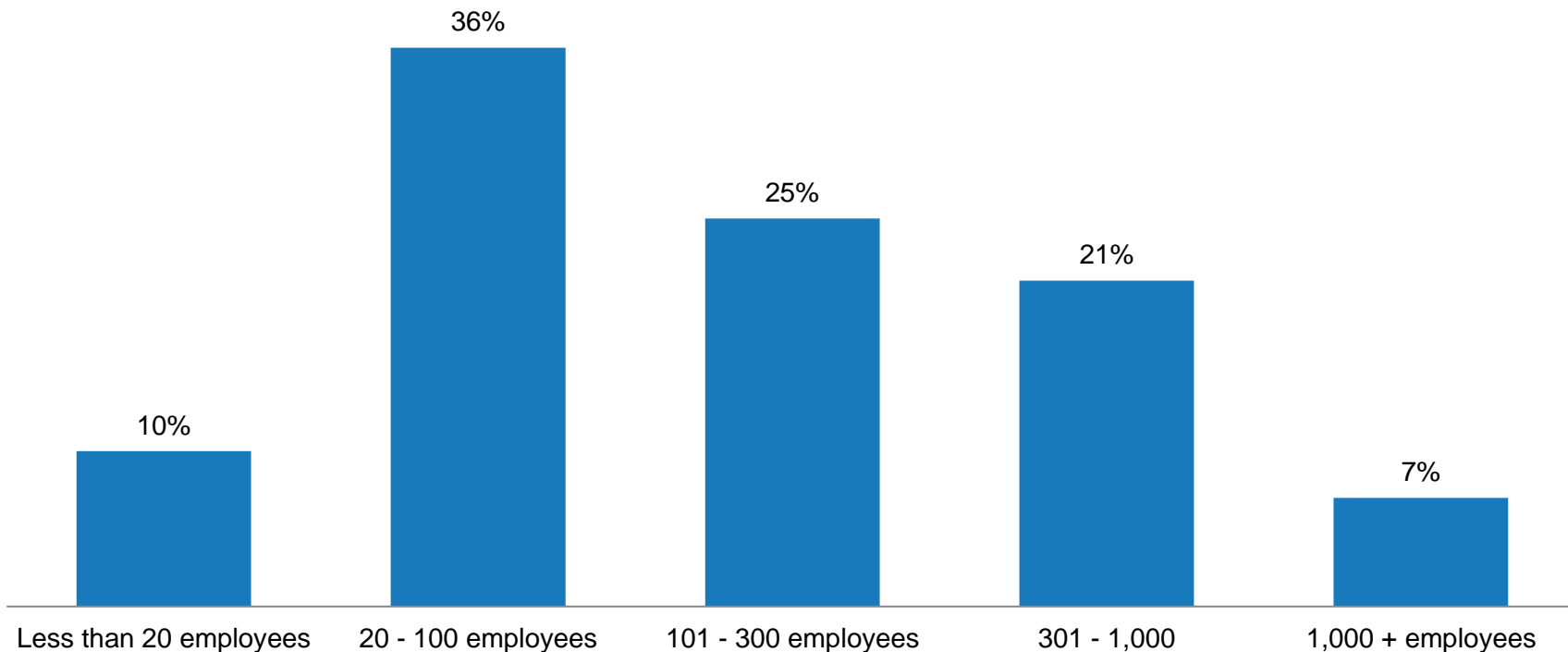
Q. Are your eligible employees on-track for retirement readiness?

Onboarding a Workplace Retirement Plan



Earlier the better when it comes to 401(k) benefits

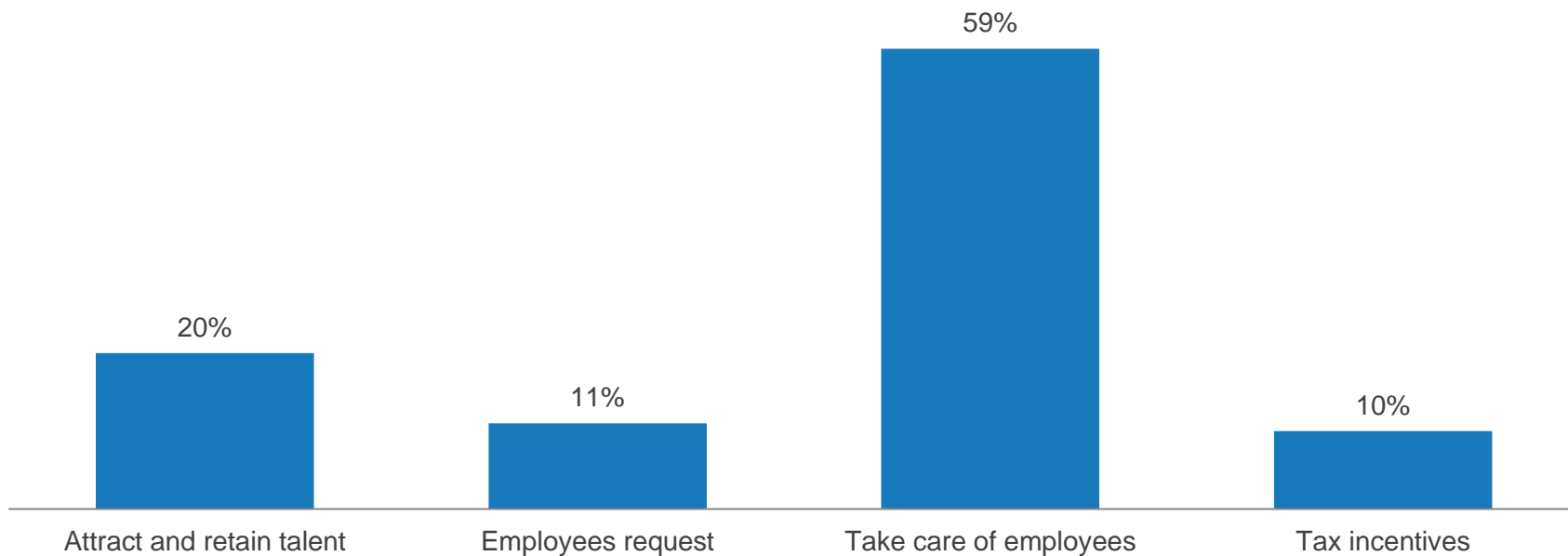
Forty-six percent of plan sponsors believed the best size to offer a retirement plan is anywhere between 1 – 100 employees, 25% reported that 101 – 300 was the sweet spot for onboarding. Bottom line: consensus is when you have employees, it's a good time to offer a retirement plan.



Q. In your experience, at what size should a business consider onboarding a 401(k) benefit plan?

Why onboard a 401(k) plan?

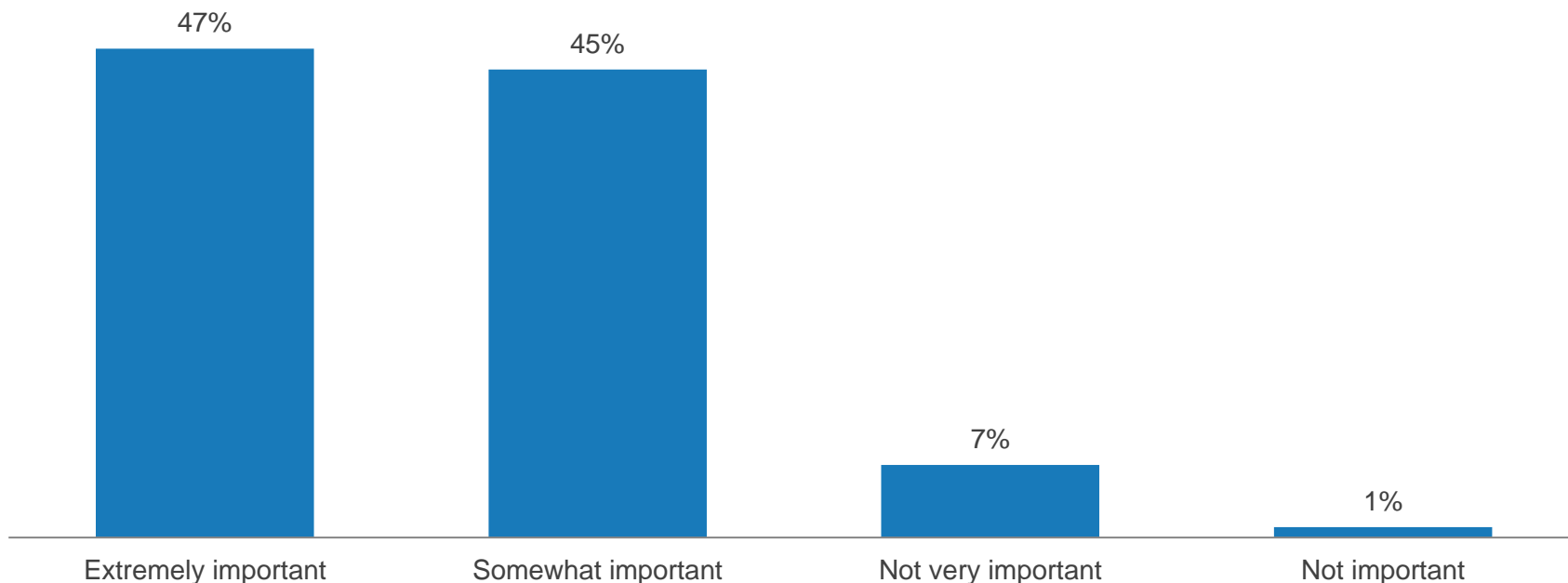
For plan sponsors, offering a 401(k) is just good business sense. 59% of plan sponsors reported the number one reason to offer a 401(k) is for the benefit of the employee.



Q. What is the primary reason for offering a 401(k) retirement plan?

How important is a legacy brand to offering a 401(k)?

When shopping for a new retirement plan provider, a legacy brand name is important to nearly all of our respondents (92%).



Q. How important is it to select a legacy brand name in financial services to deliver your 401(k) plan?

Features of 401(k) plans

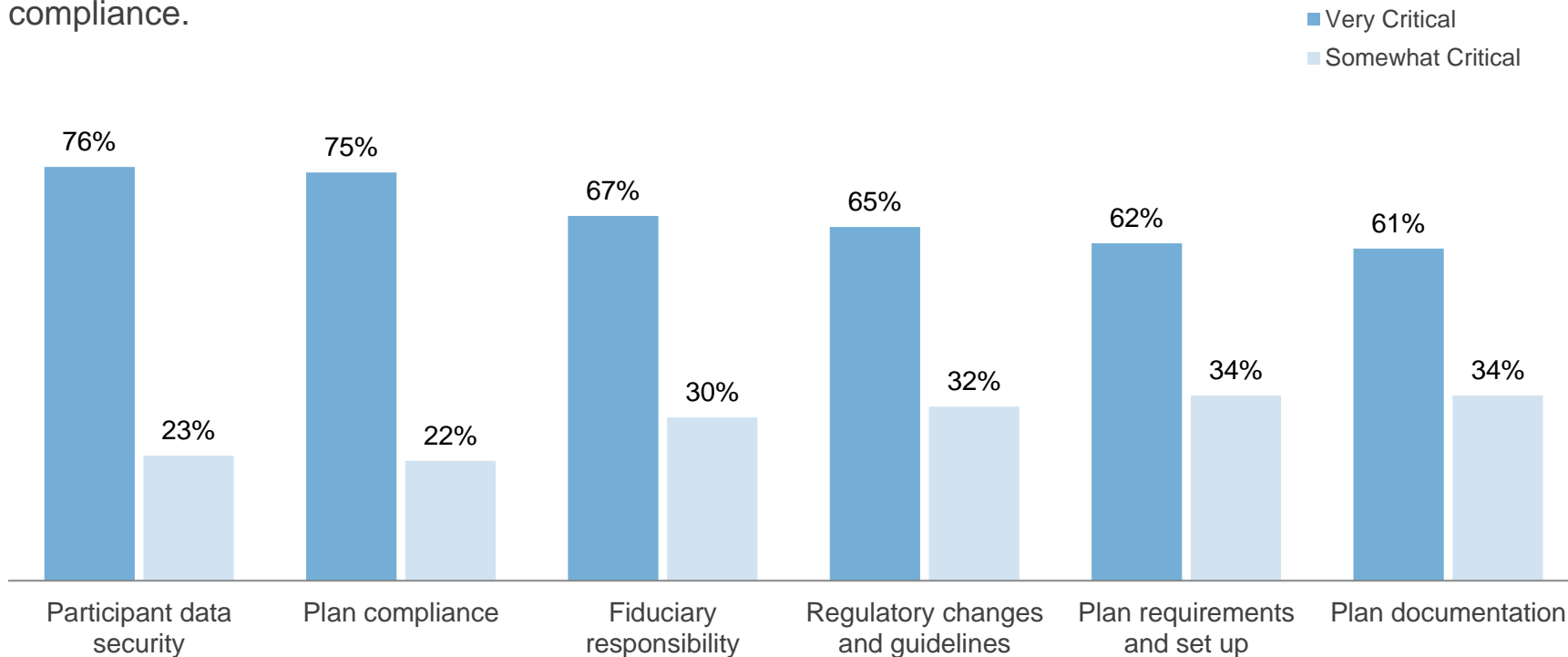
In general, respondents reported robust plans, with 88% offering investment choices to their participants.



Q. Which of the following features does your 401(k) plan offer:

Considerations for plan sponsors

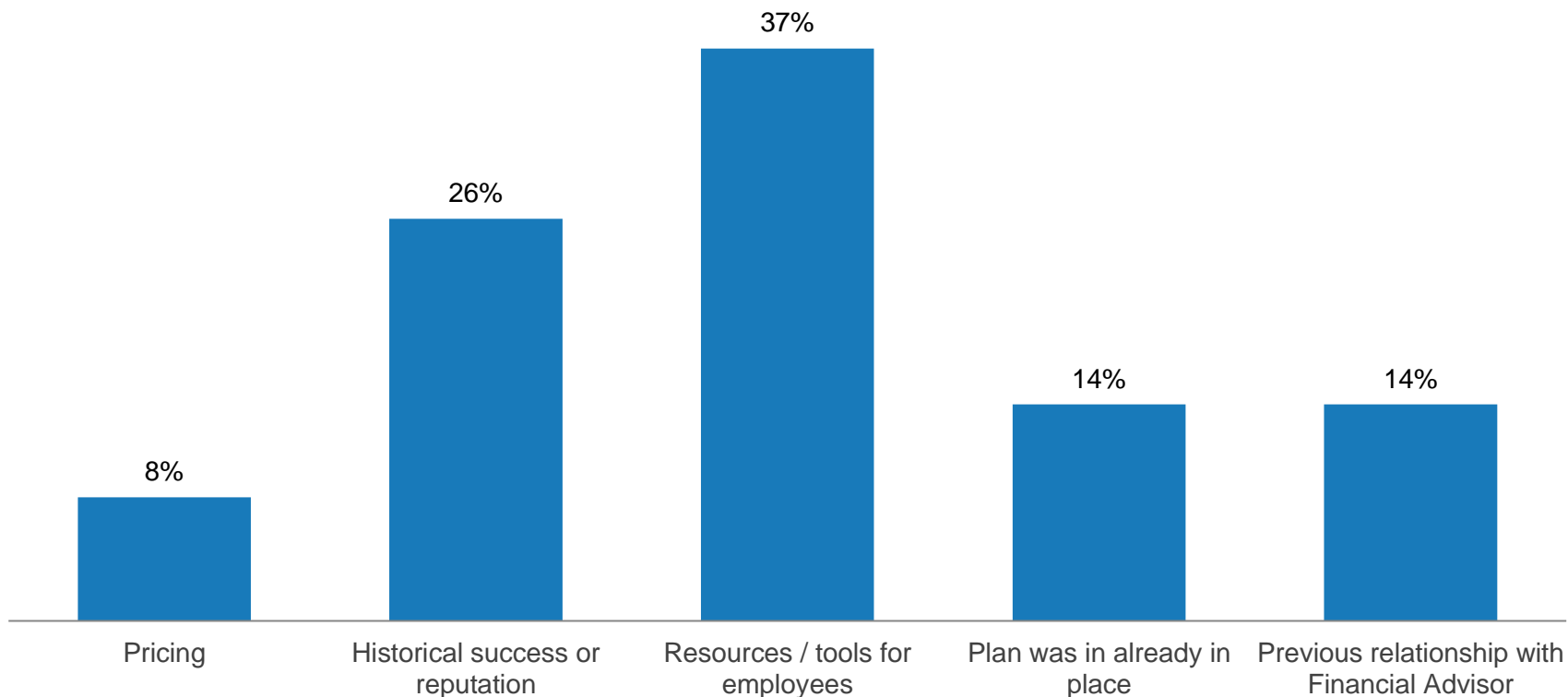
Nearly all of the considerations are considered very or somewhat critical for plan sponsors. While topics such as **participant data security (76%)** and **plan compliance (75%)** were top of mind, factors such as **fiduciary responsibility (67%)** and **regulatory changes (65%)** are ways to ensure data security and plan compliance.



Q. How critical are the following considerations...?

Why did you choose your current 401(k) provider?

Among plan sponsors, 37% reported they chose their current 401(k) provider based on the employee experience – tools and resources they offer back to their employees.



Q. What is the primary reason your organization chose your current 401 (k) plan provider?

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