

Retirement Readiness Report

Helping older employees get ready to retire successfully

A free report for employers, unions, and pension funds, produced by RetirementWORKS®, Inc.

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Welcome to the fifth issue of the *Retirement Readiness Report*, offered as a free resource, to help you think about how your organization supports the transition into retirement.

We encourage you to contact us at any time if you have ideas, criticisms, or other comments about this publication, or wish to update your email address (or be added to or removed from the list).

If you missed issues #1 thru #4:

They're available at:

<http://www.retirementworks2.com/support.asp?id=newsletter>

Next month:

Ideas for employees who need or want to work after they retire.

Offering retirement advice to pre-retirees at no cost to the employer

It's no news to *you* that most employers have either frozen their budgets for employee benefits in 2009 or have actually made cut-backs.

So even if you want to offer a way for older employees to be better prepared for their retirement decisions, and to get the help they need to make those decisions wisely – what can you do, realistically?

Although offering this kind of help on a shoestring is hardly ideal, your hands are not completely tied. There are at least three strategies you can pursue.

1. Take advantage of “free” sources of advice.

This usually means relying on one of two approaches. Either use your 401(k) or 403(b) provider's information, tools, and services; or authorize local financial advisors to cover these needs.

As we argued in the February issue of the *Retirement Readiness Report*, even the best of the 401(k) and 403(b) providers are not fully up to this task. They are equipped at best to deal with only a fraction of the issues that your employees are facing. And the ones these companies have set themselves up to handle tend to be those where they have a vested interest in the outcome (though some exceptions exist).

Most individual financial advisors suffer from the same inadequacies. The best informed and least biased advisors charge by the hour, but of course, by definition they are not “free.” Those who are “free” either sell financial products or manage money, or both. They tend to focus on areas where they make money, and so are more likely to be biased by the lesser range of their expertise as well as, often, by their need to generate commissions or fees. And because of this latter need, most such advisors prefer to work mostly with higher-income people.

So your rank and file employees are likely to be left out in the cold. Still, there are some very good advisors out there, and you may perhaps find someone locally able and willing to help.

2. Bring it in-house.

This is not really “free” either, because it means adding to your own workload. But if you have the interest and can make the time, you can offer a program with no, or virtually no, hard dollar costs.

One way to do this is by setting up employee self-help groups. With a little guidance, which can be found inexpensively in print, small groups of compatible older employees can hash out among themselves a lot of the issues that they will be facing. Or you could also invite some former employees who have retired in recent years, to provide a sort of “expert” perspective.

What will they talk about? We suggest you look at a book called *Project Renewment*, by Bernice Bratter and Helen Dennis. This volume describes how similar discussion groups have been set

up by retired women to talk through common concerns and problems. With just a little modification, you could adapt this concept to the workplace, and to co-ed groups. (We review this book in more detail later in this *Report*.)

Such groups would not have to meet on company time, though that would be preferable if it is feasible. Nor would they have to have HR staff in attendance. They could be almost entirely self-managing.

“More employees than ever are finding themselves suddenly retired. And they are retiring into an environment that is more financially dangerous than ever. If ever there was a time to offer them a way to get some help, now is that time.”

The main missing ingredient is expertise. But there is a lot of great information out there in books that can be purchased at very modest cost, and there are other economical resources available, including on-line. As-

suming you are starting with groups of employees who have a serious interest in their own future, they could probably make good use of such resources, and find their own way.

We would be happy to supply a list of such resources, as a free courtesy, if you decide to pursue this strategy.

3. Keep it cheap and let the employee pay.

The main missing ingredient in Strategy #2 is financial advice that is tuned to each employee’s specific needs. This need can be only partly met on a do-it-yourself basis. If reliable “free” advice is not available from financial professionals, then inexpensive but solid advice can be provided individually using software.

Since software is needed even by financial professionals, this is not as radical a step as it may seem. And some very good software is available for this purpose -- actually better than what most professionals use, because it is more detailed.

Speaking of bias, we have to acknowledge here that this is where

our own bias lies. We create such software ourselves, as do a few other companies. These systems do different things for different prices, but to use our own as an example: this is the most powerful of the software tools available, and it is available for only \$89 per employee. Add to this the cost of one of several very good books dealing with the non-financial aspects of retirement, and your older employees are equipped to make remarkably wise financial decisions for a little over \$100 per person. And if it is not worth that much to them, they are probably not serious about it anyway.

Many employers already offer voluntary benefits payable by the employee, in which case this arrangement will not only seem quite normal, but will probably also look like a huge bargain.

It actually is a bargain, at least in this case, because the *retail* price of the software-plus-book combination is over \$200, and the employer can justifiably claim credit for obtaining a lower price on a group basis, without having made any outlay at all.

Beyond this basic price, you can offer referrals to other services that are somewhat more expensive, but which individual employees may find well worth the cost. These include access to other software, or to live experts, where more individualized advice on non-financial issues can be obtained. Again, we can provide some referrals to such sources if you need them.

Even in an ideal world, where corporate budgets were not at issue, it would probably be best for the employee to pay at least a share of the cost. People are less likely to sign up and then not follow through, if they have to put a little of their own money into the pot. Where basic costs are low to begin with, the difference between the employee ponying up a portion of the cost, or having to pay the whole thing, is minor.

In today's environment, more employees than ever are finding themselves suddenly, often unexpectedly retired. And they are retiring into an environment that is more uncertain and financially dangerous than any in recent memory. If ever there was a time

to offer them a low-cost way to get some help, now is that time.

Recommended Reading for Employees Getting Ready to Retire

Project Renewment, by Bernice Bratter and Helen Dennis

\$20.00 (Scribner, 2008)

Notice: We do not sell books, or have any financial stake in recommending them.

Although subtitled "The First Retirement Model for Career Women" – and highly valuable on that account – *Project Renewment* provides a model that, with modest adjustments, could be used by older women in general, by men, and by groups of mixed gender.

The concept is that a compatible group meets on a regular basis to discuss issues relating to their changing status, so that they can not only adapt but thrive, and not only retire, but *renew* themselves in the process.

The book is divided into two parts, equally valuable.

The first part of the book offers a series of brief essays, typically of three or four pages apiece, followed by several thought-provoking questions for discussion. Each essay could form the foundation of a productive discussion, or series of discussions, for a "Project Renewment" group. For those who prefer to read and ponder matters individually, these essays can serve that purpose as well.

There are 38 essays altogether, some dealing with practical considerations, some with emotional issues, some with social adjustments, and some with just delightfully unexpected ideas.

While the essays in Part 1 can help guide the content of Project Renewment meetings, the detailed advice in Part 2 explains how to start such groups and keep them going. Although the process would be a little different (probably easier) within a corporate environment, some employers or employees might prefer for groups to be set up independently. In either situation, most of the advice offered here will be highly relevant and helpful.

More than just a "how to" book, *Project Renewment* is both wise and inspirational. It ranks high on our recommended reading list.

Featured Website

Association for Integrative Financial and Life Planning

<http://www.AIFLP.org>

This one is for you, more than for employees. This Association's purpose is to promote the idea that planning for financial and non-financial issues needs to be done simultaneously and in an integrated fashion. This applies to all times of life, but especially to retirement, when there are so many complex issues to consider.

The leaders of this organization recognize that truly integrative planning is much more of a hope than a reality – but also that the way to make it a reality is by creating awareness of the need, and thereby stimulating demand. Professional advisors of various kinds, and most of all the big financial companies that support and advertise planning activities, will meet the demand if it exists, but are not likely to create it.

The AIFLP website includes two useful tools for employee benefits professionals: free access to their quarterly publication, *The Integrative Adviser*, and also free access to a Resource Directory that is relatively new but rapidly expanding. The Resource Directory can help you (and employees) discover people, organizations, books, articles, software, and other materials to help in the planning process.

About RetirementWORKS[®], Inc.

We are the consumer subsidiary of Still River Retirement Planning Software, Inc., of Harvard, Massachusetts, which has specialized in retirement plans and retirement planning since 1994.

Our philosophy is that retirement needs to be viewed from the retiree's point of view, in all of its complexity. So we offer the most powerful and useful software available anywhere for retirees and near-retirees, and advice concerning non-financial aspects of retirement. But we do not sell any financial products or services other than software, and have no financial stake in any advice that is offered.

We can be reached at:
69 Lancaster County Rd.
Harvard, MA 01451
(978) 456-7972 or
info@RetirementWorks2.com
www.RetirementWorks2.com