



**ADVANTAGE**  
BENEFITS GROUP

## Advice Efforts by Providers Go Unused

**April 3, 2008 - Although retirement plan providers supply investment education materials to 56% of participants surveyed by Spectrem Group, only 12% said they refer to these materials on a regular basis and 22% never use them.**

Procrastination was given as the primary reason participants do not utilize investment advice arrangements. According to the study report, 61% of respondents stated they simply have not gotten around to it.

So where are participants going for investment advice? Overall, 30% of the participants surveyed make investment decisions without input from any other person. Thirty-two percent of these self-directed investors never used educational materials provided by the plan, the report said. Twenty-one percent said they seek advice from friends and family.

Nearly half (49%) of the participants obtain services from a financial services representative, and within this group, 24% obtain advice from an adviser not affiliated with the plan provider while 25% receive advice from a representative of the plan provider.

By age group, the study found participants under 35 are most likely to seek the advice of family or friends, while those 35 and over are more likely to make investment decisions independently. By gender, males are significantly more likely to make decisions on their own whereas females are significantly more likely to seek the advice of friends and family.

The mode of education delivery most cited by participants surveyed by Spectrem Group (58%) was a plan Web site that allowed the user to read or download materials. Other modes of delivery cited included:

- Hard copy written materials - 56%,
- Group meetings – 31%, and
- One-on-one meetings – 27%.

The survey found that utilizing advice offerings did not necessarily mean participants would act on the information provided. Forty-two percent stated that their plan offered an "investment guidance" service that provided investment allocation recommendations, but 21% who used the service admitted not acting on the recommendations given. Less than half (47%) of the participants that had this resource available to them used the service.

The Pension Protection Act of 2006 allows for "eligible investment advice arrangements" for participants with a professional financial adviser. Such an arrangement is available to 42% of the participants surveyed, and additional fees are usually not required for the advice, Spectrem found.

The service was only utilized by 23% of the participants surveyed, but those that used the service were either "very satisfied" or "somewhat satisfied" with it.

A total of 421 plan participants were surveyed online during October and December 2007 for the study. More information can be found at [www.spectrem.com](http://www.spectrem.com).

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