



## KEY ATTRIBUTE #5: THEY FOCUS ON THE BASICS WHEN EDUCATING THEIR WORKFORCE

You've probably noticed a theme as we've gone through what makes a great retirement plan: Remove Friction. Great companies make it easy for their employees to get started in the retirement plan by removing the friction of signing up. Great companies make it easy for their employees to invest for retirement by removing the friction of choosing investments. Great companies make it easy for their employees to earn more with their savings by removing the friction of fees. **Great companies also make it easy for their employees to learn by removing the friction of unnecessary information.**

Financial Wellness has been a hot topic in the retirement plan industry for over a decade, but has picked up a lot of steam in the past few years with an acknowledgement that people need help. Couple this with the realization that stress has a negative impact on not only the individuals working at a company, but the company itself, and you can imagine why the topic is so popular today.

Over the years, financial wellness programs have gravitated towards focusing on the basics – budgeting, debt, and savings – as well as targeted education on student loans, college savings, and other areas of one's financial life. While these are a good start, we've found that many of the financial wellness programs out there provide lots of great information but don't make it easy to create an actionable plan. And when we're overwhelmed with too much information, we tend to push off decision-making to the future.

The 2023 *Charles Schwab Modern Wealth Survey* showed that 92% of those with a financial plan feel confident they'll reach their goals. Problem is only 35% of Americans have a financial plan! Of those that don't have one, almost half of them feel they don't have enough money to need one.

So how does a company help their employees create an actionable financial plan with the least amount of friction?

- 1) Make sure your employees know where they can find information and make it easy for them to find it. This could be a company intranet or having a plan in place of consistently reminding them of the resources available.
- 2) Provide your employees an opportunity to create a plan, either in a group setting, a one-on-one meeting with licensed professionals, or electronically through an online resource (or a combination).
- 3) Keep the information as simple as possible and focus on only a few ideas at a time. For instance, you may want to spend 2024 making sure your employees:
  - Set up a budget
  - Get a will
  - Have appropriate levels of insurance
  - Take advantage of the match
  - Get out of debt
  - Set up emergency savings accounts

By focusing on fewer topics, you allow your team to not become overwhelmed with too much information.

A financial plan doesn't need to be a 20-page document from your financial advisor – it can be a one-page actionable written plan with small actionable steps that take your employees on a path to financial well-being.