RISEN SON FINANCIAL
Your Retirement Plan Partners

THE RETIREMENT TIMES

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Customized Content Is Good Medicine for Retirement Readiness

From recent college grads struggling with student debt to seasoned professionals planning an imminent retirement, participants' financial needs and goals are as diverse as the workforce they're part of. In response, many organizations have chosen to implement a multi-faceted financial wellness offering.

According to the 2022 PLANSPONSOR Recordkeeping Survey, four in 10 recordkeepers have an integrated financial wellness offering that addresses a wide range of issues. These include: saving strategies (77%), budgeting tools (64%), financial markets and investing basics (69%), credit/debt management (35%), student loan management (27%), home buying (21%), college savings (37%), tax/estate planning (39%), retirement health care costs (46%), Social Security strategies (35%), rolling in past balances (54%), and rollover options (49%).

But for many plans, a significant challenge remains — namely how to ensure participants connect with the resources that most closely align with their individual needs. And this points to the potential utility of prescriptive delivery strategies.

Prescriptive financial education can help employees more reliably access the types of information and assistance that are most helpful to them. Employers can facilitate higher utilization by conducting a needs assessment and using technology solutions to help point employees toward appropriate materials based on their individual requirements and goals. Offering multiple channels and modes of delivery — such as articles, video, email, in-person education and mobile apps — can also encourage greater consumption of relevant content. Plus, one-on-one sessions allow advisors to dive deeper into each employee's financial situation and provide tailored guidance. In addition, plans sponsors can leverage aggregated financial assessment data to customize educational resource development on an organizational level by helping to identify key areas of focus while avoiding over-investment in less relevant resources for their employees.

In today's diverse workforce, a one-size-fits-all approach to financial wellness simply falls short. Employers can spend upwards of several hundred dollars per worker per year on financial wellness depending on the size of the organization, the scope of the offering, frequency of content updates and other factors. Pinpointing financial topics that align with employee needs can help ensure those dollars are spent where they can have the greatest potential impact.

A prescriptive approach to financial education can help plan sponsors better achieve the goals for their retirement plan while optimizing ROI, whether it's measured against participation and contribution rates, decreased health care costs, reduction in delayed retirement or other metrics.

Source:
https://www.plansponsor.com/financial-wellness-by-the-numbers/

Closing the Auto-escalation Gap

High participation rates don't always translate to high deferral rates. According to the 2022 Callan Defined Contributions Trend Survey, three-quarters of DC plans offer auto-enrollment, while only two-thirds provide an auto-escalation feature. This discrepancy is concerning, as deferral increases over time are critical in helping participants achieve their retirement savings goals. Stagnant contribution levels contribute to the opportunity cost of missed compound growth, resulting in lower overall portfolio balances at retirement.

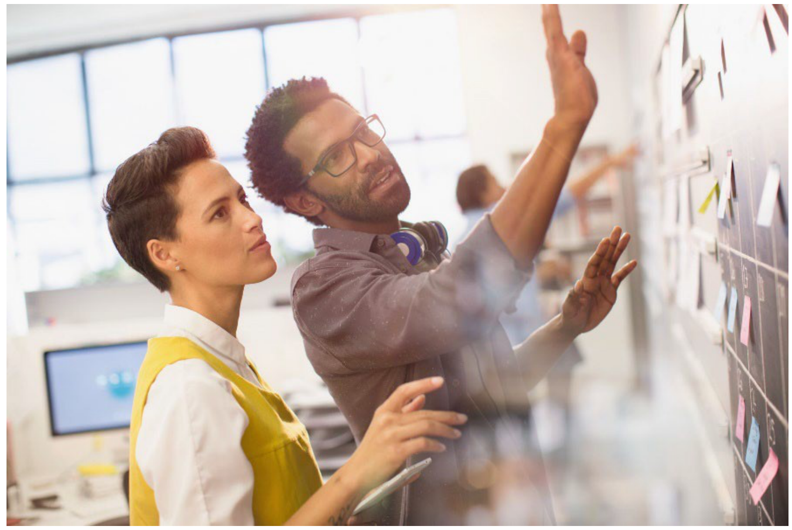
SECURE 2.0 requires most new plans to automatically enroll eligible employees and auto-escalate their contributions by 1% annually. But sponsors of existing plans can help close the auto-escalation gap by implementing it as a default feature of their plan, allowing employees to opt out if they so choose. Additional strategies can also be employed:

- **Match modification**. Consider whether your match formula is doing all it can to encourage higher deferral rates early on, and whether implementing a stretch match could help (e.g., 50% of the first 6% vs. 100% of the first 3%).
- **Targeted messaging**. Regularly communicate benefits of auto-escalation to participants through emails linking to informative articles and video content. Use infographics and data visualizations to illustrate the long-term impact of higher contributions on retirement savings, especially to those with lower-than-average contribution rates.
- **Companywide campaigns**. Make auto-escalation the target of a yearly, week- or month-long educational campaign. Pick a fun theme with catchy visuals and a slogan to increase engagement, like “Fast Track Your Retirement Savings.” Host themed workshops and Q&A sessions around the topic to share helpful information. Create a fun atmosphere for attendees with racing flags and swag.
- **Simplify the opt-in process.** Make it easy for employees to opt into auto-escalation with a streamlined, user-friendly online interface or simple one-page written form.
- **Tech tools.** Direct employees to retirement planning tools such as online calculators or a mobile app to help them understand how escalating contributions can impact their retirement savings and track progress toward their personal financial goals.
- **Revisit auto-escalation.** Periodically, encourage workers to reconsider auto-escalating their contributions. Over time, their financial circumstances or mindset may change, making it more feasible to increase contributions.

By adopting a mix of strategies, plan sponsors can help encourage higher deferral rates, foster a culture of proactive retirement planning and help drive positive long-term outcomes for workers. If your employees have "fallen into the escalation gap," speak with your retirement plan advisor.

Source
https://www.callan.com/blog-archive/2023-dc-trends-survey/

The Six Types of Fiduciaries in Retirement Plans You Need to Know



A retirement plan may have one or more fiduciaries who have distinct responsibilities, though many individuals and committees may serve in multiple fiduciary roles. Here is a brief overview of the categories of fiduciaries:

1. Named Fiduciary: This fiduciary should be named in the plan document and is the primary decision-maker for the retirement plan. They are responsible for controlling, managing, and administering the plan. A named fiduciary may be an employee of the sponsor or an independent third party.
2. Plan Administrator: This fiduciary is responsible for the plan's government filings, making required disclosures to participants, hiring service providers, and fulfilling other responsibilities set forth in the plan document.
3. Trustee: The trustee has exclusive authority and discretion over the management and control of plan assets.
4. Investment Manager: This fiduciary has full discretionary powers for selecting, monitoring, and replacing plan investment options, as defined by ERISA section 3(38).
5. Investment Advisor: This fiduciary provides investment advice and monitoring services to the retirement plan. An investment advisor does not have explicit discretionary control over plan assets but may exercise a certain level of influence over the operation of the plan. This fiduciary must meet the fiduciary standards set forth in ERISA.
6. Other Fiduciaries: Individuals who are members of various plan-related committees appointed by the named fiduciary, as well as others whose actions may dictate fiduciary status, may fall within the definitions of fiduciary under ERISA. It is important to monitor those individuals who are explicitly named as fiduciaries in writing, as well as those that have a high likelihood of undertaking fiduciary actions on behalf of the plan.

In all cases, the plan sponsor retains the authority to remove and replace any fiduciary, even if they have delegated day-to-day responsibilities to others. As a result, the sponsor/named fiduciary retains the responsibility to monitor any persons to which they have delegated responsibilities on an ongoing basis. It is essential to understand the roles and responsibilities of each fiduciary and to ensure that they are acting in the best interests of the retirement plan and its participants.

PARTICIPANT CORNER

How Much is Enough?

There are many formulas for figuring out how much money you need to retire. While thinking seriously about retirement finances is useful, for most people, these formulas may not come close to what your retirement actually looks like.

Taking Stock

To truly get comfortable with your retirement plan, the first thing you should do is thoroughly plan your retirement. It is your lifestyle and your length of life that will drive your financial needs once you're no longer working. To gauge your needs, try this exercise. Think really hard about what "retirement" means to you. Think about your bucket list, places you want to go as well as experiences you want to have. List things that would be meaningful to you.

Now your future should be starting to come into focus. Extend the exercise by imagining what an average retirement day is going to be like for you. Where will you be? And with whom? Doing what?

How Much is Enough?

Once you have a fix on your future (the where, the how, the what and with whom) it should be much easier to put actual numbers on that lifestyle. Multiply that need by the number of years you expect to live, and you may come to a much closer estimate than any formula could provide. Throw in a little extra for increasing lifespans.

Here's what the Social Security Administration's actuarial scientists say, "Mortality rates are found to continue to decline, at every age for which adequate data are available, demonstrates that no absolute limit to the biological life span for humans has yet been reached, and that such a limit is unlikely to exist."

Write a brief overview of your conclusions and then schedule a meeting with your financial professional.

Source: http://www.ssa.gov/oact/NOTES/as120/LifeTables_Body.html

For more information, contact Kevin Donahue AIF®, CRPC® at kevin@risensonfinancial.com or call 813.512.2746.

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RISEN SON FINANCIAL
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Our Mission

Risen Son Financial strives to help employers reduce the cost of their retirement plans and the liability of their responsibilities by naming ourselves as fiduciaries to the plan and participants. We believe this builds the foundation to help employees reach their ideal financial future, through one-on-one education, risk analysis, and financial planning.

Why Us?

Based in Land O' Lakes, Florida, Risen Son Financial serves as retirement plan partners and investment fiduciaries for large and small businesses across the nation. Fulfilling the duties of good faith and trust, clients choose us knowing we will go above and beyond. As an Independent Financial Advisor, Risen Son Financial represents clients to the marketplace without any bias or conflicts of interest. We're accountable to you and your best interests. Risen Son Financial serves as a named fiduciary for both the plan and participants. As your Plan Fiduciary, we evaluate plan design, mitigate risks, conduct reviews, and offer solutions helping to improve performance. As Participant Counselors, we also serve as fiduciaries providing customizable advice and resources for the participants.

Our Process

At Risen Son Financial, our first step is to review the current cost and value being received by the plan. We can do this by reviewing the 404(a)(5) (participant fees) and 408(b)(2) (plan fees) disclosures that plans are required to distribute and receive from vendors. If these are not readily available, we can also review fund lineups and statements.

We meticulously review the retirement plan, including these 4 costs:

1. **Recordkeepers** – Receive funds from the employer and employee paycheck. Their main responsibility is to keep record of the contributions a participant receives and investment gains. Additionally, recordkeepers do the buying and selling of investments that the participant chooses, while also providing a website and quarterly statements.
2. **Administrators** – Make sure the plan meets the requirements set forth in the IRS code. They handle, testing, compliance, vesting, eligibility, loans, and withdrawals. Many times, administrators are "bundled" with the recordkeeper.
3. **Investments** – Contributions are deposited into investments. They have their normal expense ratio; however, these often come loaded with internal fees like 12b-1, sub-TA, concession and wrap. This is called "indirect compensation" or "revenue sharing." Often, an investment company will pay the recordkeeper a fee to be included in the investment lineup.
4. **Advisors or Brokers** – There is a difference. As a named fiduciary to the plan and participants, Advisors give advice, recommendations, and/or have discretionary control of investments, along with being the quarterback of the plan. This includes benchmarking all fees paid to vendors and shopping plan costs to keep fees reasonable. Advisors are held to the best interest standard. In contrast, Brokers are held to the suitability standard. Brokers can't give advice nor can they name themselves as a fiduciary to the plan. Brokers sell a product as a representative of a larger entity.

Once all fees are known, we benchmark those fees and services being received to the open market. We then use this benchmarking to get the cost of the plan reduced. We accomplish this by either going to the current provider to have them reduce the cost or moving the plan to a platform that will, along with providing for the needs of the plan. Being completely independent we can work with all providers which allows us to provide bias-free advice.

About Kevin Donahue, CRPC®, AIF®

Kevin Donahue is the owner of Risen Son Financial. After serving four years in the United States Navy, he graduated from Florida State University in 2004 earning a bachelor's in Computer Science and a minor in Mathematics. Seeing firsthand, the impact of retirement saving and planning with his own parents, Kevin entered the financial services business to pursue his passion of helping clients meet and exceed their financial goals and visions. Kevin has passed and currently holds the Series 65 license along with obtaining Chartered Retirement Planning Counselor (CRPC) designation from the College for Financial Planning. This designation encompasses pre-and post-retirement needs, wealth management, estate planning, and the entire retirement planning process. Additionally, he holds the Accredited Investment Fiduciary (AIF), which empowers investment professionals with the fiduciary knowledge and tools they need to serve each client's best interests.

Kevin resides in Land O' Lakes with his twin boys Andrew and Noah.