

WHAT IS IT?

Financial planning services provide participants with advice and education regarding the following topics:

- Tax planning and management
- Investments
- Risk management and insurance
- Budget and cash management
- Estate and gift planning
- Retirement

The type and extent of financial planning services required by an individual is directly related to the amount of wealth that he/she has accumulated. The greater the degree of wealth an individual has amassed, the more intensive the financial planning services that he/she requires.

Consequently, financial services employee benefit plans have different features and costs based on the target audience. Plans designed to meet the needs of highly compensated executives are extensive, personalized and costly while services provided to a larger portion of the employee population are broad-based, simple and less expensive on a per person basis.

An example of basic financial planning services is the financial consultation service provided through many employee assistance programs (EAP). These programs often include one to five free phone-based consultation sessions per year, and cover many of the topical financial issues facing employees.

WHY OFFER IT?

- Provide employees with needed financial advice
- Enhance awareness of and appreciation for benefits the employer already provides
- Attract and retain employees

WHAT TYPES OF EMPLOYERS OFFER IT?

- Progressive organizations that compete for employees
- Organizations that want to provide extra assistance to employees' work-life balance

WHAT SIZE EMPLOYERS OFFER IT?

Any size organization can offer this benefit; however, the costs for full financial planning services may be prohibitive for most.

WHAT ARE THE CRITICAL UNDERWRITING OR PARTICIPATION REQUIREMENTS?

- The number of employees provided with access to financial services
- Services offered
- Implementation and set up fees generally apply

WHAT'S NEW IN THIS AREA?

As the responsibility for managing retirement funds shifts from employers to employees, employees are expressing a desire for employers to provide increased financial advice. In a 2008 study conducted by Charles Schwab to determine employee attitudes about retirement, 70% of 3,800 respondents indicated that they would like their employer to provide them with professional advice regarding saving and investing.¹

There are an increasing number of employers who are choosing to offer financial planning through on site seminars, online resources and one on one planning. According to a survey conducted by the International Foundation of Employee Benefits, 70% of employers offer some type of retirement or financial planning initiative, education or program for employees or participants. The most common type of offering is retirement planning, while 39% of those surveyed offered financial planning and 28% offered investment advice.

HOW MUCH DOES IT COST?

INDIVIDUAL INVESTMENT MANAGEMENT

- Between \$100 and \$300 per hour

EMPLOYEE ASSISTANCE PROGRAMS

- \$2-\$5 per employee per month

INFORMATIONAL LINK(S)

- [Employee Assistance Programs](#) (ArlenGroup)
- [Financial Planning Association](#)

PROS AND CONS

PROS

- Allows employees to make educated financial decisions
- Enhances value of organization's compensation package

CONS

- Employees may perceive services as invasive
- Employees who receive bad financial advice may hold the employer responsible
- Cost



This Fact Sheet is designed to provide a general overview of the benefit program, service, or regulatory act it describes. The information included in this document is not a substitute for legal or professional opinion relative to a plan sponsor's particular fact pattern. Your ArlenGroup consultant can answer more specific questions relative to its application for your organization.