Retirement Income
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Financial Engines offers call center support to rank-and-file participants

By Editorial Staff *Wed, Oct 14, 2015*

While participant interest in online advisory services is strong (60%), interest in services that included access to financial advisors is even stronger (68%), a new survey by Financial Engines shows.

In a sign of the ongoing convergence of web-mediated advice and human advice into a single hybrid form of investment guidance for middle-class investors, Financial Engines said it will open up its phones to any participant in any plan that offers its online service—not just to its managed account customers.

“Now, all 401(k) participants with direct access to Financial Engines can pick up the phone and talk with a Financial Engines advisor at no additional charge—whether they use the company’s investment advisory services or not,” said a Financial Engines release. Founded in 1996 by Nobel Prize winner Bill Sharpe and others, the Sunnyvale, CA-based fintech company was among the first of what would later be called robo-advisors. Its managed account service has helped it grow into the largest registered investment advisor (RIA) in the U.S.

Plan participants can use phone, webcam or “live chat” to discuss their finances with licensed Financial Engines counselors. They can get help with their retirement plan accounts, income planning and other financial topics. Advisors are non-commissioned and do not sell investment products.

Financial Engines’ advisors can talk with participants about assets in side and outside retirement accounts, savings rates and Social Security claiming strategies. They can also help participants with responding to market volatility, appropriate use of target date funds, budgeting, creating a rainy day fund and deciding between Roth vs. traditional IRA programs.

According to a new **survey** of over 1,000 401(k) participants by Financial Engines, employees want “a person in their corner.” The surveyshows that 54% of 401(k) investors not currently working with a financial advisor would like to work with one in the future.

- 69% of participants said that it was “very important” that their financial advisor be legally required to act in their best interest, 18% said that it was “somewhat important.”

- 76% of investors who use target date funds said that an advisor’s fiduciary status was very important, as did 73% of investors not currently working with an advisor but interested in doing so, 72% of those with assets between $100,000 and $500,000, and 70% of investors who already work with an advisor.

Commonly cited barriers to using an advisor included: affordability (46%), believing they didn’t have enough assets to get an advisor’s attention (36%) or uncertainty how an advisor could help them (26%). Twenty-three percent of investors said that they preferred a do-it-yourself approach to handling their investments.

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According to respondents, the top reasons people use financial advisors included the ability to avoid costly mistakes (44%), greater peace of mind or more confidence (28%) and the ability to further personalize financial plans and strategies (25%).

The financial topics of most interest to participants went beyond traditional retirement planning. According to the report, 401(k) participants are most interested in receiving help with:

- Determining the appropriate savings rate
- Turning their savings into reliable retirement income
- Evaluating their overall financial wellness
- Assessing individual risk tolerance
- Optimizing Social Security claiming strategies