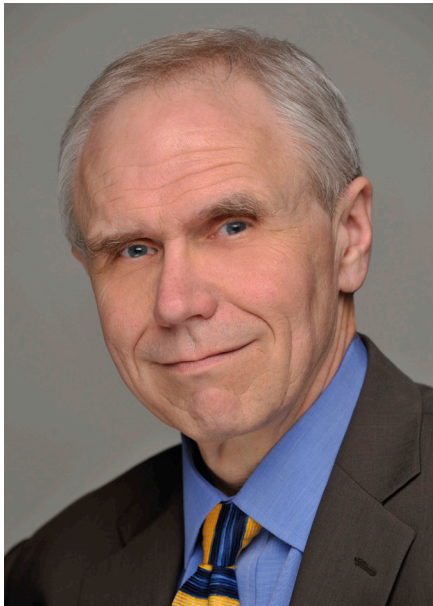


## Retirement Plan Management: A Better Way?

**By Ward Harris**  
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After years of legislation, litigation and regulatory simplification, many 401(k) and 403(b) plan sponsors still struggle with the effort and expense of retirement plan management. Newly developed tools bring solutions to plan sponsors that integrate academic studies in finance and psychology in the combined field of behavioral finance. So what is the issue?

**Simply stated, many retirement plans need help:**

- Half of all employees do not have access to a defined

contribution retirement plan

- A third of those with access do not save at all
- Most that do participate self-construct their own portfolios

**How can a human resources or business manager produce better results?**

- Plan structures and services that make it easier
- More employee participation and increased savings
- More consistent and more productive investment decisions

**What is the easiest way to accomplish those better results?**

Modern tools to help employees make better decisions:

- Help employees understand what, why and how
- Offer easier decisions – take away the barriers
- Behavioral Finance can help – a powerful combination

Historically, plan sponsors have

focused upon **two key elements:**

**Performance** – the investment returns and risks that the plan's investments produce (what are our funds doing, how do they compare, how can we pick the right funds?); and

**Cost** – both direct (fund fees, admin fees, transactional fees, audit fees, legal fees, etc.) and indirect (management and staff time to oversee and manage the plans, plus employee time and effort as participants)

Recently, Highland launched a new, regional service to provide the third and missing piece - a way to assess plan success. In it, we focus upon plan design and plan utilization metrics compared to industry best practices and the results of other plan sponsors. We provide participating plans with important data to help plan sponsors satisfy their fiduciary reporting responsibilities.

The **Behavioral Finance Audit (BFA)** looks at matching formulae, enrollment schema, employee communications and investment options – along with participation rates, deferral rates and investment utilization.

Working with leading academic and industry organizations, we conduct a series of discrete and non-intrusive assessments and produce for you a complete overview of your plan – along with areas of opportunity for improved results.

The **PlanSuccess** platform that supports the BFA is a groundbreaking system designed to boost the behavioral health of defined contribution plans. The system is based upon research conducted by Shlomo Benartzi. Professor Benartzi is a leading authority on behavioral finance with a special interest in household

finance and participant behavior in retirement savings plans. He is currently a Professor and co-chair of the Behavioral Decision-Making Group at UCLA Anderson School of Management.

Over 3 million plan participants have benefitted from this efficient and effective approach – just Google Shlomo to view his **Ted Talk** on how to maximize your probability of retirement plan success. You can also preview his book (“Save More Tomorrow”) at Amazon.com.

As a gesture of support to the healthcare community, Highland

will provide a complimentary behavioral finance audit to readers of Healthcare News. Just give us a call and with a few minutes of your time, we can provide a report to help you make better decisions and produce better results for your employees and your organization. No cost or obligation.

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