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Richard P. Slaughter Associates Inc.
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"How can you improve your employees' chances for a financially secure retirement?"

By Bob Tabor

A comfortable retirement is the goal of every worker. But if employees—and their current employers—do not take steps now, we could be facing a national crisis. The looming problem? The average retiree is unlikely to be able to sustain his or her desired lifestyle throughout retirement.

SECURE RETIREMENT THREATS

Many workers believe that part-time work in retirement will help fund their lifestyle expenses. However, as the recent U.S. economic travails and high unemployment levels have demonstrated, there is no guarantee such positions will be available. Social Security also could be in jeopardy. And Medicare, the sole source of health insurance for many retirees, could be much more costly, with higher deductibles and co-pays a strong possibility.

Personal savings will be more important for tomorrow's retirees than ever before. But the average savings rate is near an all-time low. Today's typical worker simply is not saving enough for retirement.

Even those workers who are saving to the best of their ability are falling behind. Their investments, on average, are dramatically underperforming market averages. The most recent Dalbar investor survey[1] revealed that the average investor saw his or her retirement fund return just 2.1 percent annually from 1992 through 2011. Meanwhile, asset classes like large cap stocks returned almost 8 percent per year and bonds, 6.5 percent per year. The average investor was not even keeping up with inflation, which ran at 2.5 percent annually during that period.

Certainly these retirement savings and investment trends are dismal. But there are things employers can do to help reverse them.

RETIREMENT SAVINGS CHALLENGES

Basic financial planning education and lack of investor support are the main culprits for both low savings rates and under-performing savings and investments. Most 401(k) eligible participants to whom we have spoken were under-funding their accounts. Many were not even taking full advantage of company match opportunities.

And while most participants understood they were leaving money on the table, they still chose not to contribute. Why? They did not fully understand the benefits of contributing to the tax-deferred plan. They were unsure of how to invest the money. The intense market volatility of the past few years had prompted them to avoid contributing out of fear they could lose it all.

Most workplace plans with which we have worked provide an online tool to help employee participants determine savings rates and appropriate contribution and risk levels. However, few account owners we have talked to use these tools, or if they have, they did not fully understand the information given.

THE ADVISOR ANSWER

A better way to engage 401(k) participants is through a plan advisor. With an advisor relationship, retirement plan participants get counseling on how to invest their savings. An advisor also means that 401(k) owners receive guidance in times of market volatility. During such periods, unsophisticated investors tend to make emotionally driven decisions, such as selling when the market, and their accounts, fall.

By providing employees access to someone who can guide them through the process of establishing a successful savings and investing plan, as well as be there for them during volatile market times, employers can help their 401(k) participants prepare to retire on time and be financially secure.

It is simple to deliver this professional to your employee. Look for a fee-only registered investment advisor who is willing to name himself or herself as a 3(38) plan fiduciary. This will ensure that your employees are working with a professional able to give specific advice and take on the fiduciary liability associated with investment advice and selection.

[1]DALBAR's *2012 Quantitative Analysis of Investor Behavior (QAIB)*

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—Bob Tabor

How to reach Richard P. Slaughter Associates

You can reach any member of our team at 512.918.0000. *We look forward to speaking with you.*

OUR FIRM'S COMMUNITY INVOLVEMENT...

Is determined by where our employees and clients volunteer and are most engaged. We select nonprofits, such as The Christi Center and Texas Parent to Parent, that are doing extraordinary things with limited budgets. I'm proud to be working with these organizations.

WHAT MAKES A GOOD WEALTH ADVISOR...

A good wealth advisor has passion to help others achieve their financial goals and the expertise to deliver the service in a holistic manner.

MY GOALS FOR THIS YEAR INCLUDE...

Continuing to improve the services we deliver and how we deliver them to great clients

About Bob Tabor

Bob Tabor joined Richard P. Slaughter Associates in 1998 and serves as vice president. With two decades of investment and banking experience, Mr. Tabor is a member of the Slaughter Associates Investment Committee and leads client services, business development and Slaughter 401(k) services. He is an industry-recognized leader in investor psychology and client services. His expertise in utilizing collaborative professional relationships for the benefit of common clients has shown direct results for Slaughter Associates' client base. Recently, Mr. Tabor was named a Five Star Wealth Manager by *Texas Monthly* for the third consecutive year.

Assets Under Management
$300 million

Largest Client Net Worth
$20 million

Minimum Fee for Initial Meeting
None required

Minimum Asset Requirement
$500,000 (investment services)

Website www.slaughterinvest.com

Compensation Method Asset-based and hourly fees

Professional Services Provided
Planning, investment advisory and money management services

Primary Custodians for Investor Assets Charles Schwab & Co., Pershing, a BNY Mellon Company and TD Ameritrade

Association Memberships
Financial Planning Association, The National Association of Personal Financial Advisors

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ILLUSTRATION BY KEVIN SPROULS

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