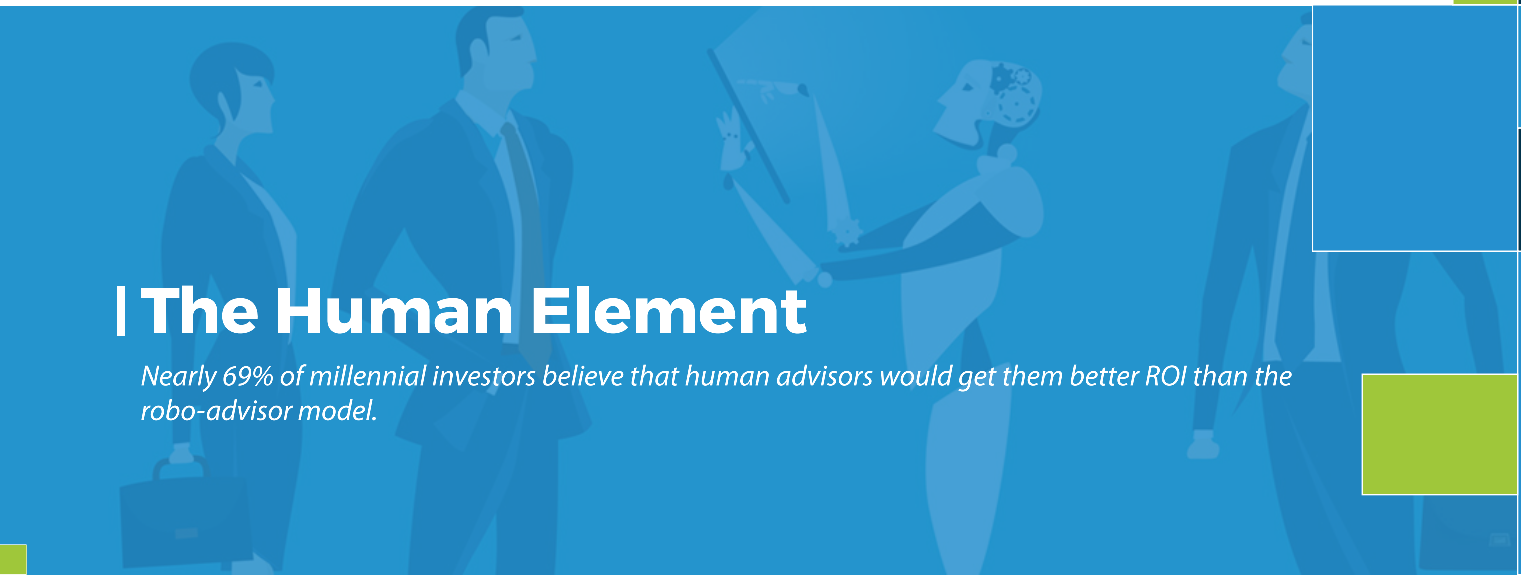

The Human Element

Nearly 69% of millennial investors believe that human advisors would get them better ROI than the robo-advisor model.

It's a world of algorithms, mathematics, and digital financial advice from software. Robo-advisors came into being during the 2007-2008 US economic collapse as a means of logically rebalancing investment portfolios. To a shell-shocked investment community, the idea of software that would do the heavy lifting felt like a light at the end of a dismal tunnel. Robo-advisors, using algorithms, would perform the complex calculations to adequately manage an investor's portfolio to its best advantage.

If only life neatly fit in to algorithms.

According to a 2017 survey of 502 millennials, LendEDU found that over 62% believed that a robo-advisor was more likely to lose their money than a human advisor. Nearly 69% believe that human advisors would get them better ROI than the robo-advisor model.

> *"Launched in 2008, robo-advisors provide portfolio management. But is that enough for retirement plan participants?"*

Yet of those same millennials polled, less than half (about 46%) are currently working with a financial advisor. And the reason is surprising – nearly 43% say it's because hiring a financial advisor is "an intimidating experience."

Why intimidating? The survey respondents said:
Not sure where to start or locate one (32%)
Fear of being scammed (28.5%)
Worried about being overcharged (23%)
Want to keep finances private (15%)
There's the opportunity for retirement plan advisors.

Given such survey results, educating millennial investors becomes a much less daunting task. With an employer-based audience, advisors are already in front of millennials. Convincing them to invest in a retirement plan is then a matter of addressing their concerns and privacy issues. Advisors can:

Talk about the process.
Locating financial advice to someone who has not begun the retirement planning process is puzzling. Should they trust banks over investment firms? Which ones handle what accounts? What type of expertise do they need? Retirement advisors can walk new investors through the various options and help them make an informed choice.

Talk about fears.
The smart advisor is one who understands the trepidation of the younger investor and creates a dialogue around it. Scams do happen. Yet advisors can point out the regulatory requirements that SEC-registered financial advisors must adhere to, the FINRA regulatory compliance requirements, state regulatory agency requirements, and licensure/training.

Talk about fees.
Retirement investing – as with most all investing – does come with fees. Educate millennial investors on what fee range is appropriate, what that fee is buying them, and how to know if the fees charged are fair.

Talk about privacy.
Millennials, like all investors, simply want assurance that their personal information will be protected. Advisors can point to the various privacy regulations – Gramm-Leach-Bliley Act, for example – to show that their data privacy is protected. Explain your own firm's privacy policies. Address the limitations on the employer's plan sponsors with regard

continued ...

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to an employee's personal financial information.

Robo-advice may seem simple, but when it comes to an investor's overall needs, a retirement advisor can personalize the experience in ways computers never will. By addressing millennials' concerns up-front, advisors can establish trust and confidence in the new investor.