

Focusing on Education to Target Better Outcomes

Financial Literacy Toolbox offers key lessons and real-time analytics that highlight the impact of its educational services

By **Daniel Schatz**,
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MARK SINGER, CFP®, AIF®, is the creator of “The Financial Literacy Toolbox,” a ready-to-use service designed for educating plan participants or clients of

financial advisors. He has authored three books: *The New Financial Wellness: Changing the Conversation*, *The Changing Landscape of Retirement - What You Don't Know Could Hurt You*, and *The 6 Secrets to a Happy Retirement: How to Master the Transition of a Lifetime*. Mark has also published many articles in financial planning industry journals. He is a frequent speaker at events, and the founder of the Greater Boston Corporate Wellness Forum. We talked with him about the importance of financial know-how in planning for retirement.

Tell us about your background and what led you to create the Financial Literacy Toolbox.

MARK SINGER: I have owned a financial planning firm for 30 years. Our focus is working with individuals who are concerned with the transition into and through retirement. We do both formal planning and money management. Several years ago I decided to take what I had learned in the industry and bring more financial literacy to the corporate world. I created a number of different ways to get the message out, without much success. However, I was able to connect with a number of important leaders in the wellness space.

One large benefits firm asked me to create a video for them to use with their several thousand plan participants. They were looking to “raise the bar” in terms of delivering financial wellness. It was this conversation that began my journey over the past five years to create our state-of-the-art Financial Literacy Toolbox portal.

Whom do you serve (i.e., providers, plan sponsors, advisors)?

SINGER: The timing could not be better for those who understand the need to embrace financial literacy, be it an advisor, a plan provider, or plan sponsor.

The bad news is that numerous studies are showing that plan participants are feeling more and more financial stress and are asking their organizations for guidance. And the “retirement ready” conversation is really not making the impact our industry would have liked on plan participants, in general.

Many employers are realizing that if they can reduce the stress on their workforce, not only can they help the employee financially but they can create a more productive workplace. This, in turn, can improve the employers' bottom line.

Which tools are used most often?

SINGER: There are two important components to what we have developed. First, there are about two dozen five- to eight-minute instructional videos that are age banded and designed to offer a 30,000-foot view of how to think about each topic. One of the popular videos is "The Importance of Saving Early for Retirement." It talks about the power of compounding. We stay away from specific recommendations, leaving that to the advisor or provider.

Second, we have a unique benchmarking tool that provides real-time feedback. It indicates who just viewed the video, how long they were on, what topic was of interest to them, and which free PDF worksheet they downloaded. And since they have to register, it also shows their email address.

I believe this analytic tool is critical to the success for both the advisor and the plan sponsor. For the advisor, it can help them reach out to the participant on a topic specific to that individual, creating a better connection. For the plan sponsor, it can offer insight on what messaging is working and what needs adjusting. To deliver financial education without the ability to assess its success is not effective. Now, advisors and plan sponsors can uncover new opportunities.

How does the Financial Literacy Toolbox help address different generations?

SINGER: Strategically, one of the big takeaways I highlight is to diversify the messaging. Most plan sponsors and advisors spend a lot of time diversifying their investment platforms, but few recognize the importance of embracing multiple strategies to improve financial awareness.

Our videos are designed by age, so we can craft messaging specific to each age band. This approach creates the ability to customize the messaging for each firm. As a consultant, I am able to assess the methodology and create ways for each organization to connect better with their clients or their employees.

How will the new DOL regulations affect how advisors communicate with participants?

SINGER: As a result of the new regulations, the playing field has been leveled. We are all fiduciaries now, and, in my view, the push will continue to be fee compression, resulting in commoditization of our offerings. So advisors must find a way to differentiate their message if they are going to win.

I believe the advisor who offers tools to truly align with the plan sponsor and the plan participant will gain an edge. The timing could not be better to use a state-of-the-art-financial literacy resource—it is a win-win proposition.

What are you seeing as the most common mistakes with regards to saving for retirement?

SINGER: First, for those facing retirement, the #1 mistake is not planning. One must have an understanding of their cash flow need. Without this, it is difficult to determine what pension option to take, how much portfolio risk to take, how much to gift, what travel options they can afford, and so much more. Planning is the key.

For those in what I call the juggling years, from 30 to 55, it is about getting a handle on the stresses impacting cash flow. If one takes a hard look at coordinating debt management, college funding, vacation planning, etc., and finds some minor solutions, it will be easier to save more for retirement. So, in a way, it is about planning again.

For those under 30, I believe it is about a commitment to a consistent savings plan. The power of compounding truly will work here, and putting away money at an early enough age will help to overcome some of the common mistakes later.

How can the financial industry community help eliminate these mistakes?

SINGER: Finding ways to deliver financial education in a way that connects will help everyone. As our industry matures, we hopefully will find new ways to offer meaningful assistance, particularly at the early ages. Bring financial education to the junior and high schools; have more real-world classes in college. If we can do a better job of educating the younger generations, all of us will be in a better place.

Mark Singer speaks from time to time at events sponsored by Dimensional Fund Advisors LP and receives honoraria for his services.

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