

**Client: MassMutual**

**Project: “To Keep Up, Workplace Brokers, Advisors May Need to Reconsider Growth Options” white paper**

*portfolio*

**Objective:** Educate the audience about the importance of networking for getting appointments with prospects and the most effective way to train the sales team to network effectively

*Benefits brokers and retirement advisors alike are eager to expand their holistic offerings — which may necessitate a revolutionary, well-rounded approach*

#### **Introduction**

Ever-increasing health care premiums and deductibles mean there's less money available for the benefits that drive employee wellness, financial independence and stronger workforces. Employers expect their brokers to recommend popular product offerings like voluntary life or disability income insurance, and appreciate a creative approach to affordably enriching their benefits packages. Yet retirement advisors are more likely to adapt beyond their scope than brokers, according to the 2016 Opportunistic Advisor conducted by Benefits Pro and MassMutual Financial Group.<sup>1</sup>

The survey of 123 employee benefits brokers and 149 workplace/independent retirement plan advisors gauged attitudes toward and perceptions of workplace benefits selling and retirement advising. It also revealed gaps between market offerings and the products that brokers *actually* recommend. Many in the industry define those who bridge this gap – brokers offering retirement plans, or retirement advisors offering voluntary benefits – as taking a “holistic” approach to workplace plans and services.

Employers are increasingly open to this strategy, which offers another layer of consultation to their broker and advisor relationships. More than ever, employers and employees feel a greater need for both financial security and wellness. In fact, two out of five employers that do not currently rely on guidance from a financial advisor say they would welcome such help with retirement plans and voluntary benefits like life, disability, and other protection plans, according to an additional study from Massachusetts Mutual Life Insurance Co. (MassMutual).<sup>2</sup>

[The 2016 MassMutual Benefits Advice Study](#) finds that 39 percent of employers without an advisor find voluntary benefits guidance from an experienced financial professional to be “extremely valuable” or “very valuable,” and 57 percent characterize such help as at least “somewhat” or more valuable.<sup>2</sup> The study, conducted by Greenwald & Associates as part of a broader research project, surveyed 565 U.S. employers of ranging from fewer than 25 to more than 1,000 employees.

Benefits brokers and retirement plan advisors are also interested in expanding their offerings into other product and service areas. For most benefits brokers, however, this growth translates to offering more voluntary products, rather than adding an additional service like retirement advising.

Retirement advisors are also adding more voluntary benefits to their portfolios – and, unlike brokers, crossing over into benefits and grabbing a greater market share as a

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result. Sixty-two percent of retirement plan advisors and brokers in the MassMutual survey agreed that their decision to offer voluntary benefits was competitive — they know that if they don't offer these products, their competitors will.

In this white paper, we look at trends within the voluntary benefits and workplace retirement markets, as well as revealing the opportunities in and advantages of offering both protection *and* retirement plans and services to employers and employees.

### Holistic advising: The wave of the future?

Holistic advising is intended to produce a perfect marriage of benefits, combining retirement and protection products under one umbrella. Products can be purchased individually or in bundles. This approach makes it easier for under-served employees — and their employers — to shape better outcomes for themselves and their families. It places the broker or advisor in the position of being able to combine all financial and insurance products for a fuller, deeper picture of an employee's physical and financial well-being now and in the future.

Full-fledged holistic advising extends beyond products and services into technology such as [BeneClick!<sup>sm</sup>](#), The first private benefits exchange that combines insurance protection, health care coverage and retirement savings plans on a single platform. BeneClick! helps streamlines the open enrollment and benefits administration process for your clients' HR teams and their employees. This combination of programs, services and technology offers rich opportunities for advisors and brokers. But many brokers — and some advisors -- believe voluntary benefits and retirement plans are mutually exclusive. Twenty-four percent of respondents hadn't yet made up their minds about whether retirement plans and voluntary products should remain two distinctly different product lines – which means there is still plenty of education to be done on the holistic approach.

"I see voluntary benefits plans and retirement products as two distinctly different product lines that should not be mixed"		
	Brokers	Advisors
Agree strongly	27%	13%
Agree somewhat	28%	30%
Total agree	55%	43%

### Holistic product portfolios

Voluntary benefits plans tend to follow similar trends among brokers and advisors: Fifty-eight percent of retirement plan advisors said they offer disability income insurance to employer clients, 46 percent group life insurance, and 52 percent voluntary life insurance — the first, second and third most common product offerings among benefits brokers, as well. Still, there are plenty of advisors not offering those benefits, which leaves the door open for portfolio growth.

And when it comes to retirement plans, the groups diverge.

Just 29 percent of employee benefits brokers offer a retirement plan, with another 15

percent planning to offer something in the future. But that leaves 56 percent who said they have no plans to offer retirement advising, primarily because they don't know enough about the products or the service doesn't fit with their current business model.

Brokers and retirement advisors also differ on non-qualified deferred compensation plans, largely for the same reasons mentioned above. Fifty-four percent of retirement advisors said they offer these types of plans, with another 22 percent saying they *plan* on offering them. Among benefits brokers, just 20 percent said they offer non-qualified deferred compensation plans, with another 20 percent saying they plan on offering it — leaving 60 percent with no intention of offering it.

Still, both brokers and advisors understand the importance of expanding their product portfolio. Sixty-two percent of all respondents said they worry that if they don't offer voluntary benefits to their clients, at least one of their competitors will. While many say the greatest challenge of working with employer groups is getting those clients to leave their current broker or advisor, failing to offer the products employers need may be one way to *lose* an established client.

Ninety-two percent of brokers and 78 percent of retirement plan advisors said they were at least somewhat likely to increase voluntary benefits offerings in the next two years. That includes 13 percent of advisors who plan to offer disability income insurance, 17 percent who plan to add group life insurance and 15 percent who plan to offer voluntary life insurance.

Voluntary benefit	% of employee benefits brokers who currently offer the benefit	% of retirement plan advisors who currently offer the benefit
Disability income insurance	93%	58%
Group life insurance	89%	46%
Voluntary life insurance	86%	52%
Group health insurance	85%	34%
Other voluntary products	84%	28%
Accident insurance	79%	23%
Critical illness insurance	77%	27%
Retirement plans	29%	93%
Non-qualified deferred compensation plans	20%	54%

Product	% of employee benefits brokers who plan to offer the benefit	% of retirement plan advisors who plan to offer the benefit
Non-qualified deferred compensation plans	20%	22%

Retirement	15%	1%
Critical illness insurance	14%	13%
Other voluntary products	8%	32%
Voluntary life insurance	7%	15%
Group health	5%	15%
Group life insurance	4%	17%

### Holistic service options

"In the group marketplace, my approach is not *product*-driven, it is *solution*-driven," wrote one survey respondent in a perfect distillation of the opportunity presented by holistic advising. "Products are nothing more than tools to solve problems once they are identified. Employers today want consultants who are able to identify problems, review the demographics of their group, determine what each generation group is interested in, and then provide an integrated solution for long-term planning that is flexible and adjustable where it needs to be each year."

Benefits brokers and retirement plan advisors still focus on different services, according to the MassMutual survey. Two-thirds of advisors concentrate on financial planning and investment selection tools, along with regular advisory services. Seventy-seven percent of brokers, meanwhile, focus on benefits enrollment tools, and 64 percent focus on selection tools for employees and employers.

Nearly 70 percent of brokers list regulatory and compliance advice among their offerings. And many said the greatest challenge of selling to employer groups is dealing with government regulation and Affordable Care Act compliance.

"Employers still don't know anything about ACA regulations," one respondent wrote. This further reveals the opportunity for a turnkey system for, say, advisors whose clients need more guidance on current benefits regulations and requirements.

Services offered	Benefits brokers	Retirement plan advisors
Employee benefits enrollment tools	77%	54%
Claims assistance	75%	21%
Regulatory and compliance	69%	46%
Benefits selection tools (employee-facing)	64%	36%
Wellness tools	64%	30%
Benefits selection tools (employer-facing)	63%	30%

Regular advisory services	56%	61%
Healthcare exchanges	52%	16%
Financial planning tools	29%	81%
Investment selection tools	18%	67%

For advisors, there is plenty of room to more fully serve employer clients and employee end users. Many advisors see that opportunity, too: More than one in five say they plan to add benefits selection and investment selection tools to their services.

Service	% of benefits brokers who plan to offer the service	% of retirement plan advisors who plan to offer the service
Employee benefits enrollment tools	9%	17%
Regular advisory services	22%	18%
Financial planning tools	11%	10%
Regulatory and compliance	11%	14%
Benefits selection tools (employee-facing)	27%	20%
Benefits selection tools (employer-facing)	27%	22%
Claims assistance	7%	13%
Wellness tools	20%	14%
Investment section tools	13%	22%
Healthcare exchanges	15%	11%

No plans to offer	Brokers	Advisors
Employee benefits enrollment tools	14%	30%
Regular advisory services	22%	20%
Financial planning tools	60%	8%
Regulatory and compliance	20%	40%
Benefits selection tools (employee-facing)	9%	44%

Benefits selection tools (employer-facing)	10%	48%
Claims assistance	18%	66%
Wellness tools	15%	56%
Investment selection tools	69%	11%
Healthcare exchanges	32%	73%

By expanding their service offerings to include health care exchanges; wellness and planning tools that can provide for a long, happy retirement; and benefits selection tools, advisors and brokers can add true value for their clients and for employees.

Top reasons for not offering certain products:		
	Brokers	Advisors
Doesn't fit my business model:	56%	70%
I don't know enough about the products:	48%	37%
Regulatory environment makes it difficult:	33%	20%
My carrier doesn't offer:	14%	23%
Not worth the time to learn:	13%	18%

Among their capabilities, brokers rated excellent service the most important across the board, followed by...
Employee benefits brokers
Advice on lowering benefits costs: 82%
Consulting/information related to ACA: 82%
Diverse mix of solutions/products: 73%
Regular employee benefits education for workers: 63%
Retirement plan advisors
Advice on lowering cost: 65%
Regular employee benefits education for workers: 62%
Diverse mix of solutions/products: 58%
Technology and tools to help employers manage benefits: 53%

## Why go big?

Fortunately, as we saw in the [2016 MassMutual Benefits Advice Study](#), employers find guidance from an experienced financial professional on voluntary benefits to be “extremely valuable” or “very valuable.”<sup>2</sup> Seventy-six percent of MassMutual survey respondents said they believe that offering a wide range of benefits is very appealing to employers, and 59 percent said they believe it is very important to offer comprehensive benefits solutions to employers on a single, integrated platform. MassMutual’s [MapMyBenefits<sup>SM</sup>](#) and [BeneClick!<sup>SM</sup>](#) are solutions that can help employers and employees navigate the benefits landscape.

However, fewer than half of the employee benefit brokers have fully embraced “holistic” advising and sales, and only 12 percent said they planned to shift to that model. Even for those brokers, a holistic approach was interpreted as offering more voluntary benefits, not adding retirement plans. Among those who *don’t* offer retirement plans, 41 percent said they didn’t know enough about such plans to be able to effectively offer them, and 40 percent said they didn’t feel retirement plans fit their business model.

A full 20 percent said they aren’t familiar with the “holistic” approach.

Retirement advisors are quicker to embrace “holistic” advising and selling of benefit plans: Sixty percent of those respondents have fully embraced the concept, with another 11 percent planning to shift to that model.

Ultimately, the best resource for increasing offerings and adding resources, according to MassMutual survey respondents, is carriers. These resources address challenges from regulatory training and to educating clients about the value of a full suite of voluntary benefits. And that’s worth its weight in gold.

“One of my greatest challenges is employers not believing that the benefits make a difference to the employees,” one respondent wrote.

## Conclusion

“Medical premiums are taking almost all of the money employers and employees have to spend on benefits,” summed up one respondent in the MassMutual survey. “With the increase in cost shifted to the employee, there are limited dollars to spend on voluntary benefits.”

In such a market, benefits brokers and retirement plan advisors have to take a new approach to selling programs and services. The holistic approach of marrying protection benefits with retirement plans offers the greatest range of options for a one-stop shop. However, it’s not just about providing holistic solutions for employers, but also providing holistic benefits guidance solutions for employees to help them navigate through the benefits decision-making process and help make selecting the right mix and amount of benefits for their particular needs simple and intuitive.

Leading the charge is MassMutual, offering benefit solutions to help employees better understand their benefits and improve their financial well-being. These solutions include [MapMyBenefits](#), which helps employees make benefits decisions based on their financial situations and life stage priorities – and helps employers communicate about the value of their benefits offerings, which can help improve employee satisfaction, appreciation, recruitment and retention. [MapMyBenefits<sup>SM</sup>](#) provides

personalized guidance of how to allocate their benefit dollars across protection and retirement products to meet their unique needs and objectives

An innovative and holistic suite of retirement and insurance solutions— which includes MassMutual's [BeneClick!](#) — can be a great way for employers, with the help of their brokers and advisers, to attract and retain top talent and help drive business results and positive financial outcomes for the employee. That help is essential, because in the end, it's those who go big who get to stay – and grow.

<sup>1</sup>"2016 MassMutual Benefits Study." MassMutual Financial Group and ALM. July/August 2016. [www.massmutualatwork.com](http://www.massmutualatwork.com)

<sup>2</sup> 2016 MassMutual Benefits Advice Study, MassMutual Financial Group and Greenwald & Associates, May 2016