HEAD INVESTMENT PARTNERS

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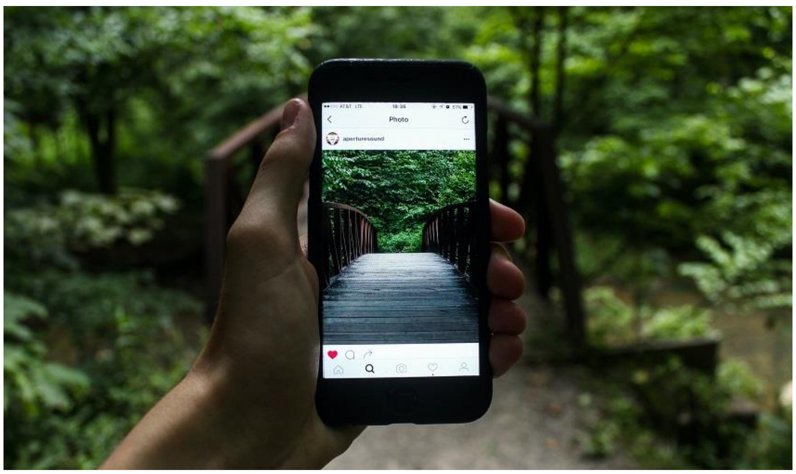
Avoiding Social Media Pitfalls in Retirement Planning



Americans are increasingly getting financial and retirement planning guidance from social media, risking exposure to misinformation, harmful advice and outright scams. Alarmingly, this includes almost eight in 10 millennials and Gen Zers. Workers turning to these platforms can undercut the benefit of employer-sponsored financial wellness initiatives and put themselves at risk. But there are ways to help ensure sound advice prevails.

Offer short-form financial literacy content. Don't rely solely on lengthy written articles and extended information sessions to provide financial wellness programming. When appropriate, offer tips and lessons in convenient, bite-sized formats, such as listicles, easily digestible infographics, or answers to FAQs.

Incorporate video content. Use platforms like YouTube shorts or Instagram Reels as inspiration and develop quick, informative content on relatable financial subjects. And don't worry, you won't need to dance through it like a viral TikTok — just make engaging videos on topics of value to employees.

Leverage your own influencers. Encourage employees to share success stories or testimonials about using company financial resources and retirement benefits as a way of building trust and credibility in your organization's voice. Include representation from a diverse cross-section of ages, cultural groups and gender.

Employ gamification. Incorporate gamification elements into financial education. Design interactive quizzes or games that employees can take part in. Create 30-day challenges with tasks aimed at improving financial literacy and wellness, offering incentives for participation and completion.

Launch a Mythbusters Series. Get ahead of misinformation by addressing common financial myths that frequently circulate on social media and debunk them with factual information. Use engaging formats like podcasts, blog posts or even live Q&A sessions where experts tackle these misconceptions and provide clear, accurate and prudent financial guidance.

Develop a Financial Wellness Resource Hub. Build an internal online content hub where employees can easily access a curated collection of reputable financial resources, tools and reading materials in a variety of formats. Regularly update it with fresh content, including articles, guides, calculators, and links to external resources vetted by qualified financial professionals.

Share cautionary tales. Highlight examples in the news of misfortunes that have befallen those following unvetted financial information on social media and stress the importance and value of personalized advice from qualified financial professionals.

Share warning signs participants should be on the lookout for, such as a profit incentive for those offering financial advice online or shortcuts to wealth building that seem too good to be true.

If your employees have any interest in financial advice, it's almost certain that search algorithms are serving up investment and other related content to them on TikTok and other platforms. Do all you can to encourage healthy information hygiene to help foster informed and responsible financial decision-making.

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The Graying of the American Workforce

The Silver Tsunami is headed ashore, as "Peak 65" is expected to usher in an average of 11,000 retirement age Americans daily through the end of 2024 — the highest ever recorded. And a lot of them plan to keep working. Pew Charitable Trusts reports that 62% of workers 65 and older are engaged in full-time employment versus 47% in 1987 — and the expansion of seniors' participation in the job market is projected to continue. The Bureau of Labor Statistics projects that more than one in five older adults will be in the labor force by 2032. For organizations, this demographic shift presents a unique opportunity to leverage the wealth of experience offered by senior professionals.

Modern Elders
Today's older workers are generally healthier and more educated than those of previous generations. And with fewer having pensions to provide stable income during their golden years, many are motivated to stay in the workplace longer to delay receiving Social Security payments until they reach full retirement age. Employers can gain a tactical advantage by supporting these often highly experienced workers seeking post-retirement "bridge jobs."

Older employees can help retain the type of institutional knowledge that can boost productivity and help maintain corporate culture by passing down critical skills and company-specific knowledge that might otherwise be lost. This knowledge transfer is essential for continuity and can save significant resources in training and development. Senior workers can also be highly valuable as mentors to younger coworkers and help boost morale by providing a sense of history and tradition.

Boomer Benefits: Adapting Rewards for a Mature Workforce
Organizations may be able to reap the myriad benefits older workers offer without having to pay a premium to retain them. They may be willing to accept reduced pay for perks like flexible or hybrid work options, phased retirement programs, job retraining into more age-friendly positions, expanded health benefits and HSAs to help cover medical expenses in retirement. However, it's important that the unique needs of senior workers also be addressed when constructing a comprehensive benefits package.

Systematic withdrawal plans can help retirement-age employees better manage cash flow. And expanding traditional financial wellness programming enables organizations to enhance the stability and job satisfaction of older workers while capitalizing on the vast reservoir of knowledge and experience they offer. Benefits could include longevity planning and other resources that address the specific life-stage concerns of seniors, such as estate planning, health care directives and long-term care funding.

Applying a thoughtful approach to senior talent can result in higher retention rates, lower recruitment costs and a more resilient and diverse organizational culture that both values — and benefits from — the contributions of its most experienced workers.

Sources
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Helping Young Americans Save for Retirement Act

Senator Bill Cassidy (R-LA), the Ranking Member of the Senate Health, Education, Labor and Pensions (HELP) Committee, and Senator Tim Kaine (D-VA), a member of that committee, introduced the Helping Young Americans Save for Retirement Act.

Sponsors of 401(k) plans would have to permit employees as young as 18 to make contributions under the bill. However, their involvement would be restricted to the following:

Not relevant to employees who work part-time: The long-term part-time regulation would not take effect until age 21, and it permits an employee to participate if they had two years of part-time service totaling at least 500 hours annually. The idea would prohibit certain individuals from participating, such as college summer interns who are younger than 21.

Nondiscrimination and rules prohibiting heavy lifting: These participants under the age of 21 may be excluded by their employers or sponsors from nondiscrimination testing, such as 401(k) ADP and ACP testing, and from consideration under the Top-Heavy rules.

Not taken into account when calculating the audit requirement under the 5500 rules: Plans sponsors with 100 or more members are required to file audited financials together with Form 5500/annual report. Employees who participate just because the bill proposes under-21 participation would not be considered for the purposes of that provision until five years after they initially join the plan.

These changes would be effective beginning in 2026.

While this proposal is unlikely to be passed as a standalone bill, it is likely to be under consideration in the next round of broad-based, bi-partisan retirement policy legislation.

Please access your retirement plan provider's website or consult with your financial professional **Rachael Holcomb** rachael.holcomb@hip3.net or by phone at **865-999-5332.**

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