

## Charging for Cost of Retirement Education. Can We Do it? Is it Worth It?

**Q:** Can we charge the cost of retirement education to the plan and what are the pros and cons of doing so?

**A:** From a legal standpoint, you are able to charge the plan for retirement education. The law is open for interpretation when it comes to financial education on related topics like investing, so you might want to consult your legal counsel if you are considering the latter.

Either way, the information presented must be in the best interest of the participants if it is funded by the plan. This means working with a firm that has no conflicts of interest associated with the guidance they provide, or at the very least doing what you can to reduce conflicts of interest through strict controls and oversight.

It is also a good idea to evaluate the success of the program through surveys, benchmarking participation before and after the program, and tracking behavioral change as a result of the program.

The obvious advantage for charging the plan for retirement education and guidance is that it minimizes the out-of-pocket cost to the company. The downside is that the higher fee will reduce the net return on accounts in the plan.

However, with even the best providers, the cost per employee is miniscule for a large company at \$5-10 per participant per year. A good program should be able to pay for itself many times over in fewer retirement plan loans, better asset allocation decisions, and higher participation and deferral rates.

*The Ask Financial Finesse Q&A service is designed to provide general information on trends and developments in workplace financial education programs and participant education strategies. Due to the complex nature of financial benefits and/or workplace financial issues, the information contained in this document is not to be construed as advice.*

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