



BY STEFF C. CHALK

The Advent of the Chief Retirement Officer

It's time to recognize the CRO as a strategic contributor to the well-being of the 401(k) plan sponsor and each plan participant.

It is not often that life offers a true do-over in an area where things matter. In the game of tennis, for example, when the net is scraped during the initial second serve and the ball lands in the appropriate service box, both the strong and the lucky are rewarded with a second chance to get a second "in." That's clearly a second chance, but unless one is playing Tour Tennis, getting one more serve is hardly something that matters very much.

Here's something that does matter: re-booting 401(k) participant education.

Half a Million Hits in 20/100ths of a Second

Googling "401(k) failure" returns just under half a million hits; if the word "education" is added, the number of hits climbs to over 580,000. Opinions are varied and plentiful regarding how and why education efforts have failed most 401(k) plan participants. So let's begin with the conclusion that something must change.

The key question is, where does retirement education need to go from here?

Enter the CRO

Retirement plan sponsors that want to make a positive impact for both the firm and their employees through effective oversight of their plan can now pursue a new way of achieving those goals: by adding a Chief Retirement Officer (CRO).

The position is unknown to most organizations, of course, and the CRO's job functions are not yet household words. In fact, the position currently exists in only a handful of forward-thinking companies that recognize the benefits associated with preparing participants for an orderly separation of service at normal retirement age.

A major role of the CRO is that of

negotiator. The CRO as negotiator is responsible for the prudent oversight of fees, services and all plan related expenses. A committee provides multiple viewpoints — but a CRO firmly identifies the responsible party within

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a company who is required to make certain that the best share class of an investment is utilized for the benefit of all participants. The presence of a "professional purchaser" — and even a formal, written expense policy — may have saved a lot of time and trouble in the case of *Tibble vs. Edison*. The CRO's negotiator role should be thought of as a strategic one in addition to a functional one.

A second role of the CRO should be a communications specialist. The CRO should deliver very specific messages to plan participants, starting with the touchstone messages of Thayler and Bernartzi: "Save More Today" and "Save More Tomorrow."

The CRO's communications role may also include being (or overseeing) an onsite Certified Financial Planner (CFP) or other financial designation holder. The designation holder in this instance would not sell securities, of course; certainly, it would be a mistake

to open the door for an individual in that position to "give advice" absent the compliance-induced muzzle that normally constrains conversations with plan participants about savings and retirement. Rather, this person would be a readily accessible internal resource to which a plan participant could turn for a meaningful answer — at last — to the question, "What should I do?"

How about tying pay to performance? Would it make sense to compensate the CRO based upon successfully preparing a workforce for retirement? How about basing the CRO's compensation on the percentage of a workforce that is on track to retire at or near normal retirement age, or perhaps upon the number of employees who are ready to retire in any given year, or upon income replacement ratios pre-retirement?

Participant Education 2.0

The costs and expenses associated with retaining an uninspired workforce go well beyond lost productivity and an inferior work product. It's time to recognize the Chief Retirement Officer as a strategic contributor to the well-being of each plan participant and the sponsoring company. The retirement industry can ill afford to double-fault on Participant Education 2.0. 

» Steff C. Chalk is the executive director of The Retirement Advisor University (TRAU) and The Plan Sponsor University (TPSU).