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"THE Shift"

Over the past four decades, there has been a dramatic shift from employer-defined benefit pension plans to participant-directed 401k plans. Among the roughly 50% of private-sector workers with access to any type of workplace retirement plan, the percentage covered by a Defined Benefit plan had fallen from 83% in 1980 to 31% in 2008. By 2011, that number was down to 18%.

Defined benefit plans, by design, attempt to protect against investment and longevity risks across a large number of participants; i.e. those who only live a few years into retirement "subsidize" those who live longer. On the other hand, defined contribution plans lack this pooled risk and shift the "reliability of income" to the individual 401k account holder.

Many Americans are understandably insecure about their retirement savings and whether they can create a reliable retirement income stream from those savings. Low savings rates, market volatility, and longevity of life are just a few of the factors fueling that insecurity.

Maybe more than ever, people need sound advice at a time when they are arguably most vulnerable to bad advice. The numerous investment products available today makes it even more difficult to discern "which are best for me?" Contrary to some articles critical of specific products, written by those with a personal agenda, most products are designed to address a specific need or objective. In other words, "a hammer is not a bad tool unless it is recommended to drive a screw."

So what is the real challenge for those who are trying to accept this shift of responsibility? This author would venture to say it's to find an advisor who is honest, and demonstrates the integrity to place his or her client's needs above their own... a simple statement but a challenging undertaking nonetheless.

There are plenty of good advisors out there who can help with these challenges. Trusting relationships are not built in a day and are rarely forged with a signature on a blank form following an impressive sales presentation. Rather, it is time to expect transparency and full disclosure from an advisor you are considering. You should expect a purposeful, well-thought-out, and defendable investment and retirement income strategy that clearly address your goals, concerns, and objectives.

If the advisor you are considering appears comfortable with the time it will take to engage you in a purposeful process to determine who you are and what's most important to you, you are off to a good start. If it is followed with a well-thought-out plan addressing those areas of concern, better yet.