



# **2017 HR REPORT: THE STATE OF EXECUTIVE FINANCIAL COUNSELING**

*Report Reveals Timely Opportunity for HR  
Professionals to Reevaluate EFC Options*

2017 Edition

# THE STATE OF EXECUTIVE FINANCIAL COUNSELING

**Executive financial counseling (EFC).** It's many things to many different people. To senior executives at the world's largest corporations, it might mean financial peace of mind or even wealth creation. To HR leaders, however, EFC may be the key to achieving some of their most important professional goals, including driving value creation through job satisfaction and talent retention, while providing senior executives with a deeper understanding of the benefits and compensation packages their companies offer.

Today's EFC programs are quite varied, and multiple types of offerings have clouded the landscape. This makes it more challenging for HR professionals to understand the options that exist, evaluate the differences among available programs, and make informed decisions regarding the best EFC choices for their company's senior executives. To that end, **AMG National Trust Bank (AMG)**, a leader for over 40 years in executive financial counseling for Fortune 500 executives, sought to gauge the existing state of the EFC industry from HR professionals' point of view.

AMG conducted a survey among nearly 100 HR professionals about their perspective on executive financial counseling to develop the 2017 HR Report: The State of Executive Financial Counseling. Survey data was collected on-site at the WorldatWork Total Rewards Conference in Washington, DC, between May 7-8, 2017.

As evidenced by the study, HR professionals are invested in the financial success of their senior executives and recognize EFC programs as a valuable offering for the C-suite. Senior executives are under greater pressure in the workplace than ever before, have more complicated and nuanced personal financial lives, and have compensation packages that are getting more complex with time.

These converging factors create a ripe opportunity for HR professionals to amplify their contributions to their companies by elevating executive productivity, satisfaction and financial peace of mind.

This report aims to provide HR professionals with an understanding of the EFC options available, along with insights into how HR professionals can reevaluate the success of their EFC offering.

## **EFC NOW MORE IMPORTANT THAN EVER BEFORE**

Executive financial counseling programs were born out of tragedy. In the 1970s, a terrible plane crash killed a group of senior executives from a leading American company. It turned out that many of their families were left nearly destitute because, while the executives were wealthy on paper, no planning had been done to protect this wealth and provide for their families in the unexpected event of their death or disability.

This tragedy highlighted the importance for companies (and human resources departments) to take a more proactive role in helping their executives protect themselves and their families. Thus began the executive financial counseling industry. Since then, the industry has evolved considerably, and many executives now receive comprehensive financial advisory services.

# BREAKING EFC DOWN: PROGRAMS & OPTIONS FOR HR PROFESSIONALS

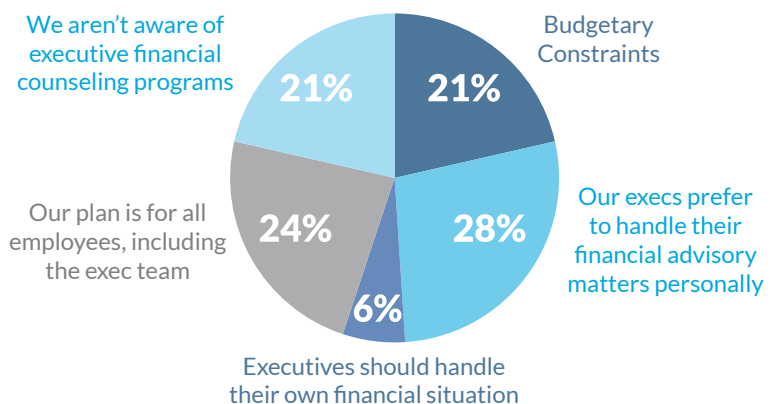
Regulatory changes also complicate the EFC landscape for human resources professionals. The survey finds that **HR professionals seeking to promote the financial success of their senior executives** may not have all the resources, insights and tools needed to do so. What's more, HR professionals are facing heavy demands upon their own time and resources.

Executive financial counseling programs now appear in a variety of unique, but potentially untenable, formats. Survey participants reported that the variety of options available, from bare-bones to comprehensive, made selecting the right program for their companies more difficult. Some of the most common options include offering stipends for executives to seek and secure their own financial planning support; providing open plans where executives can select from multiple preferred providers; or implementing formal programs with one preferred provider.

Holistic programs at the forefront of the EFC industry provide experienced partners dedicated to assisting executives with virtually every aspect of their financial situations. Survey respondents said that greater peace of mind and increased value from compensation and benefits packages were two critical advantages of these comprehensive programs. Given the array of offerings, HR professionals would be well advised to carefully evaluate the options to ensure their program delivers impactful value to executives.

Additionally, the study showed that **21 percent of HR professionals were not even aware of EFC**, shutting them out entirely of the potential benefits the programs could offer their companies. For HR professionals working at a company that does not offer an EFC program, the reasons why included budgetary constraints (21 percent) and that the company's plan was for all employees, including the executive team (24 percent).

## The Main Reason HR Professionals Don't Offer an Executive Financial Counseling Program to Senior Execs:





# HR PROFESSIONALS RECOGNIZE THE TOP BENEFITS OF EFC

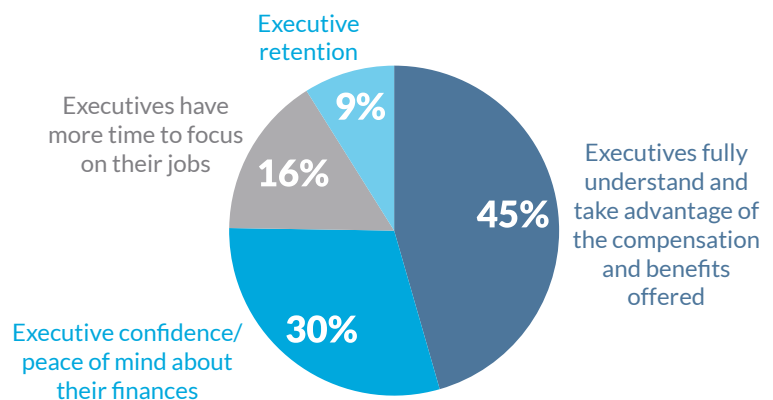
The survey revealed that HR professionals are clearly **invested in the financial success of their senior executives.**

Although **56 percent** of respondents report their companies do not currently offer an executive financial counseling program, more than two-thirds (**67 percent**) state they believe **offering an executive financial counseling program is important.**

HR professionals report the biggest benefits of successful executive financial counseling programs are 1) executives can better understand and take advantage of the compensation and benefits package offered (45 percent) and 2) executives will have greater peace of mind about their finances (30 percent). HR professionals also identified tax planning and preparation and retirement planning as the two services that would most benefit senior executives within an executive financial counseling program.

According to the professionals whose companies do have EFC programs, factors that were most influential in their choice of partner were **cost, reputation and the availability of comprehensive, holistic services.**

## The Biggest Benefit HR Professionals Report of a Successful EFC Program:



## THE RIPPLE EFFECT OF INCREASED EXECUTIVE FINANCIAL CONFIDENCE

The survey indicated that executives aren't maximizing the compensation, benefits and incentives packages that HR professionals have worked hard to secure for them. **Over 50 percent of the respondents stated that eligible C-suite executives at their company don't fully understand their own packages.** Over half of HR professionals also reported that executives are sometimes distracted at work because of their personal financial situations.

EFC programs could enhance the value HR leaders bring to executives and the company and could do so without increasing their personal workloads. In fact, finding a comprehensive financial counseling partner that is capable of delving into the intricacies of a company's compensation, benefits and incentives package can save HR professionals time in the long run, as advisors can handle the bulk of time-consuming personal queries from executives.

Executives and HR professionals aren't the only parties that can benefit from an EFC program. The company itself will see value in the form of increased productivity because executives are likely to be less distracted by personal financial matters at the office. They'll also have more time to dedicate to meeting company objectives.

# BENEFITS OF A COMPREHENSIVE EFC PROGRAM

Today, the increasing complexities around compensation packages and personal finances create an environment where executive financial counseling may be more valuable than ever before, especially when tapping a comprehensive financial advisor. **Eighty-one percent of HR professionals in the survey said their executives would gain greater peace of mind if all their financial counseling services were provided by one partner, rather than through multiple providers.**

An executive financial counseling program that takes a holistic, comprehensive approach, considering an executive's entire financial picture, was reported to be easier for executives to manage. What's more, comprehensive financial counseling partners can also drive significant value for HR professionals by delving into the intricacies of a company's compensation plans to provide in-depth consultation to executives on specific, complex questions

**Enlisting this type of comprehensive program may prevent the “financial leakage” that can occur when multiple professionals work separately on an executive's financial life.** Executives who work with an accountant for their taxes, an attorney for their estate planning needs and an investment professional to grow their portfolio, for instance, could be leaving thousands of dollars on the table in the form of tax inefficiencies and missed opportunities for wealth creation.

As indicated by the study, most HR professionals see the advantages of offering a comprehensive EFC program to their leadership teams. They also recognize the risks of not delivering on the EFC opportunity. By working with a partner dedicated to helping senior executives maximize their wealth protection and wealth creation opportunities, HR professionals can secure an **important differentiator in executive job satisfaction, productivity, and the value executives perceive** from corporate incentive plans.

Executive overload is at an all-time high and executive compensation is trending toward more complex offerings. With the right EFC program, HR professionals have the opportunity to elevate and distinguish their contributions to executives' success. Providing a holistic program enables these professionals to ensure executives can access significant benefits in the form of wealth creation and time-savings.

Above all, HR professionals can deliver a priceless benefit to their executives: **financial peace of mind.** The time may be right to reevaluate EFC programs, or the lack thereof, and take steps toward delivering greater financial confidence and wealth creation for the executive team.

# REEVALUATING AN EFC OFFERING: KEY QUESTIONS TO ASK EXECUTIVES

HR professionals looking to assess the success of a company's executive financial counseling program have a few critical factors to consider. If your executives answer "no" to three or more of the following questions, it's might be time to reexamine the success of your current EFC program or consider adding EFC as a benefit:

- Do you feel confident that you're maximizing your wealth-building opportunities?
- Do you feel confident that you're realizing available tax efficiencies?
- How strong is your relationship with your advisor?
- How confident are you that you are exercising your stock options at the right time?
- Do you feel that your advisor is focused more on his/her agenda over your own personal financial success?

## ABOUT AMG NATIONAL TRUST BANK

AMG is a privately held, innovative bank and wealth management firm that provides an exceptional breadth of services to meet the current and future needs of our clients. For over 40 years, AMG has helped corporate executives, affluent individuals and families, and others achieve their financial goals. We manage approximately \$4.0 billion\* for clients from our offices in Denver, Boulder, Cheyenne, Chicago, Morristown and Virginia Beach.

*\*Assets under management as of 3/17*



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