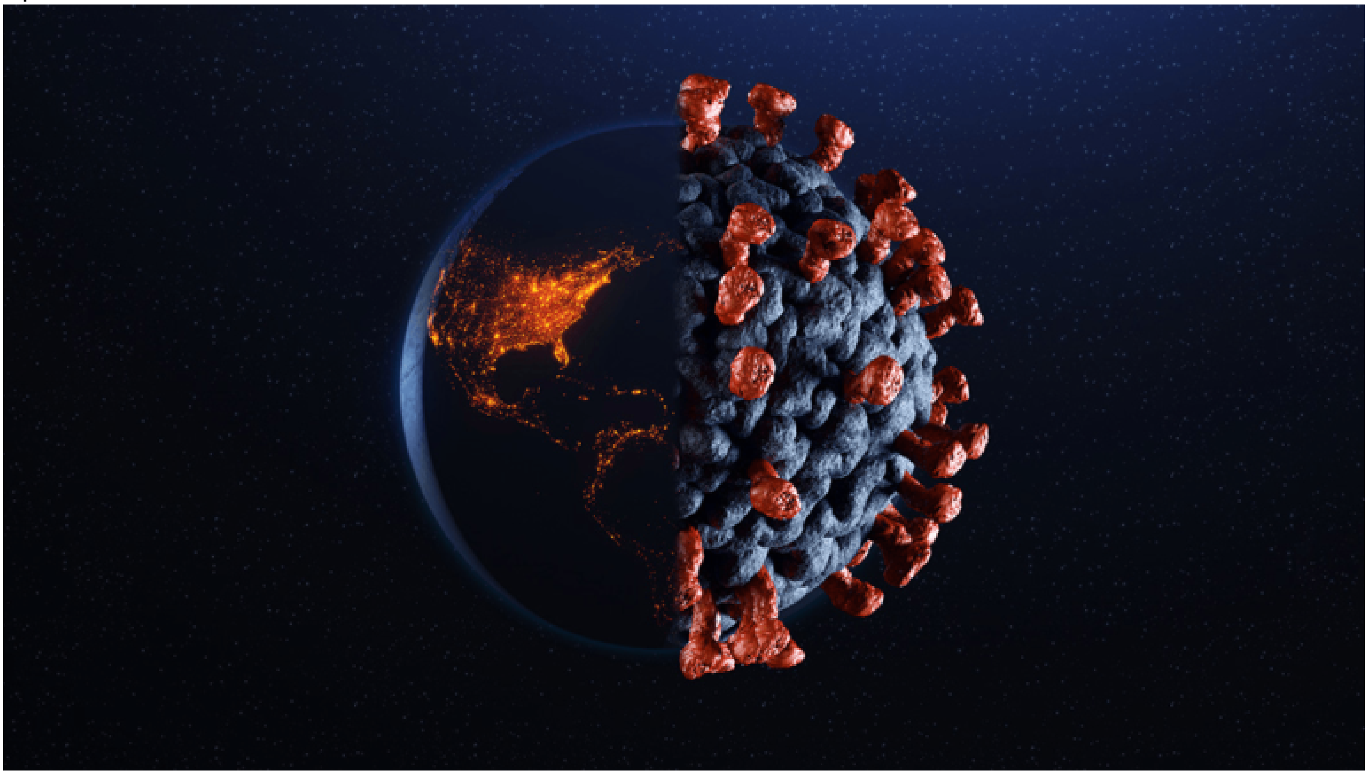
[More than staying the course: COVID-19 messaging to US investors and advisors]

April 7, 2020



COVID-19 and its drastic impact on the economy has resulted in unprecedented physical and financial insecurity for many US investors and retirement savers in an incredibly short time. Standard messaging playbooks in times of market crises from plan providers, wealth and asset managers have the potential to leave the industry looking tone deaf and privileged – NMG Consulting suggests a quick framework to balance helping customers today while protecting their tomorrows.

A scan across websites, social media and email communications from providers in the retirement savings industry largely shows the same messaging being used repeatedly. With few notable exceptions, in the last two weeks since the dramatic escalation of social and economic impacts from the coronavirus in the United States, investors are being told: "trust us, stay the course, be in it for the long term, markets will bounce back, and for good measure – please read up on market volatility…"

At a time when many retirement plan participants, sponsors and savers are feeling anxious about their jobs, the survival of their businesses and the health and safety of their families, it is no wonder call centres are being overwhelmed by customers seeking guidance and access to their money.

Our industry has reacted quickly in seeking to reassure customers about their investments at a time when internal business continuity plans are being activated under never-seen-before circumstances. With things changing so rapidly, it is difficult to get messaging right and to get it out quickly, so it is certainly understandable that content on dealing with market volatility – which the industry knows inside out – is readily available. But this message comes with an implicit assumption that customers can afford to stay the course and this could be seen as a privileged, and perhaps even self-serving, position for the industry to take.

With the CARES Act now passed, we can expect a flood of requests from Americans looking to withdraw money from their retirement accounts or loan from their 401(k)s to alleviate the financial fallout from the coronavirus. In times like these, how can our industry innovate its messaging to both encourage appropriate investment behaviours whilst being genuinely empathetic to customers' positions? It is often in times of crisis that brands are defined for better or worse for years to come based on how they act and the experience they give their customers. We think the current climate presents a unique opportunity for plan providers and wealth and asset managers alike to create a long-lasting positive impact in the minds of their customers.

Australia too has announced and passed a raft of economic stimulus measures in response to COVID-19. Like the CARES Act, it includes early access and withdrawals from tax-advantaged retirement savings plans for investors facing hardship. While both announcements were made within a day or two of each other, the superannuation funds (retirement plans) and wealth managers in Australia have already pivoted their messaging to prioritise supporting customers in hardship or requiring financial assistance. The COVID-19 support pages of **AustralianSuper** and **AMP** (two of Australia's largest pension plan providers) are good examples of this.

In thinking about the messaging you are providing to your customers, perhaps consider the following:

1. **Financial assistance in times of hardship takes many forms** – we understandably want investors to think of accessing their retirement savings as a last resort given concerns around financial security later in life, but there is an opportunity to provide strategies, resources and advisor tools to help customers identify and weigh other options.
2. **Customers are seeking reassurance and control not insight** – With survival / flight instincts well and truly kicking in, reassuring customers by looking to past market events may not resonate, especially when we've ingrained in them that past performance can't be used as an indicator of the future. Instead, transparency on self-servicing options, progress on CARES Act compliance and processes, and mechanisms that mitigate investment risk and losses, might go towards helping customers feel they have an element of control or that their provider and its executives are actively working for them rather than waiting it out.
3. **Community and connectedness is even more important in times of isolation** – To varying degrees, our industry has publicised the financial commitments it's made to support communities, health care and essential service workers and other groups affected by this pandemic. While it is too early to show this assistance in action, particularly under stay-at-home orders, there is an opportunity to also start thinking about messaging your firm's intended contribution in the aftermath. Wealth and asset managers in particular are storehouses of capital, and the economy will need new investment and recapitalisation in vast quantities in the recovery. How will you help the country and the communities you operate in get back on its feet?

In such difficult times, customers will remember how they experienced the brands they thought they trusted when in need – as an industry we have as much a role to play today in securing customers financial security and safety as we do in the future, and how we communicate that to them will make a difference.

By Oliver Hesketh

By Chris Bailey

By Edmond Cheuk