

Advisor Retirement Plan Update

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Standing Out From the Crowd

There are lots of financial advisors who claim they handle retirement plans, but there are only a fraction of those advisors who know how to actually handle them. So if you are a retirement plan financial advisor who knows what they are doing, how do you stand out in the crowd?

Marketing, Marketing, & Social Media

Unless you have the time or the background, it's best to find a professional with the background to do that for you. Less is more and as Da Vinci said (later followed by Steve Jobs), simplicity is the ultimate sophistication. Stay away from busy graphics, garish font, and black backgrounds. Most of all, plan sponsors don't have time, patience, or interest so materials should be concise and succinct. Your 25-page brochure will lose plan sponsors by page 3. As far as the power of social media, consider blogging, writing e-newsletters, and contributing on LinkedIn.

Offering investment advice or making sure participants get it

Thanks to the Department of Labor (DOL) regulations, the good news is that a financial advisor can now offer investment advice. The bad news is that it will cost money to comply and an audit of your investment advice services is required. While you may think it's cost prohibitive, I have found it not to be (certainly less than \$10,000 all in). However, if the cost is something you are not interested then you can have it provided by a third party provider. Having a company like rj20.com to provide this service is a win-win for you because they serve as an ERISA §3(21) fiduciary, they are not your competition, and they will not offer a critique of the fund lineup. An added bonus is that their fee is an annual per head charge that is reasonable. Plan participants that get investment education have a better rate of return on their selection of investments than those that don't and I am convinced that participants who receive investment advice tailored to their lot in life will do better than those who get the basic education of financial principles.

Offering §3(21) and §3(38) Services or partnering up with a provider

If you are a registered investment advisor, you can serve as a limited scope §3(21) or §3(38) advisor on some or all of their clients that you serve. A §3(21) fiduciary service you will find is likely not that much

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more than what you currently as a co-fiduciary, but §3(21) sounds a lot nicer in a marketing sense. A §3(38) service has a lot more responsibility and liability that comes with it when you assume the responsibility of the fiduciary decision making process. If you are interested in providing this service on your own, contact your insurance carrier that these services are covered under your liability coverage and I suggest that you consider getting some training that folks like DAL-BAR and fi360 offer. Plan sponsors like choice and I believe that an advisor that can offer a smorgasbord of fiduciary and non-fiduciary services is far better off than a financial advisor that offer only one level of plan advisory services.

Forming strategic alliances, getting the best of the best

Too often advisors are over-protective of their client base and I certainly understand because of the nature of the competitiveness among financial advisors. While some paranoia is good because it keeps you on the toes, too much paranoia stops your clients from getting the best of the best when it comes to other service providers. The day of wines and roses and just dumping your clients on a payroll or insurance company provider are over. Thanks to fee disclosure, plan sponsors are going to be more cost conscious and learn more about the services that providers provide. So it certainly makes sense to find the best of the best of other service providers and offer those provider services to your client. That means finding the right kind of third party administrators (TPAs) (those who provide a great service at a reasonable price) and the right ERISA attorney (reasonable, flat fees for much needed legal services). Your practice should be a concierge service, which means that while you offering the best in financial services to your plan sponsor client, while offering the services of other great retirement plan providers that your clients will need. You can offer one stop shopping while not having to spend on the inventory if you know what I mean. Look at these providers not only as a resource, but also as a partner than can help you augment your client's overall plan experience, which will only help you in your client recruitment and retention activities.

Be ahead of the curve

The retirement plan industry is a fluid business because things change. If you were around in 2002 in the retirement plan space, you know the difference with what is happening today. So I would recommend that you stay on top of the changes that happen in the industry because if you can't change with the times, the times can change you. Read articles on the retirement plan business. Fiduciarynews.com; 401khelpcenter.com; benefitslink.com; riabiz.com; and pensionandinvestments.com are essential websites. Attend some of the worthwhile annual conferences like fi360 and Schwab Impact; attend 401(k) Rekon when it's in your neck of the woods. Reading articles and attending conferences will keep you abreast of changes while giving you marketing ideas on how to better market your practice.

Highlight what you bring to the table; don't just dump on the competition

Client recruitment isn't about throwing the current incumbent provider under the bus. You need to show a client why hiring you is a good idea. There is nothing wrong with contrasting with what the current provider is doing or not doing and what you would do better, but you have to give the clients a reason why you are a good fit. Concentrate on why your service will help minimize a fiduciary's potential liability by implementing good practices and by offering plan participants the financial guidance they need to implement good investment decisions.

Standing out in a crowd is fairly easy because anyone can light their hair on fire. What it means in the retirement plan advisory space, standing out is offering a comprehensive, cost effective financial solution that will help minimize a plan sponsor's potential liability.

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