

# As A Plan Provider, How You Can Deal With Clients

By Ary Rosenbaum, Esq.

**A**lmost 25 years later, *Clerks* is an independent movie classic. Shot for \$27,000, it looks like it. Yet despite the black and white (they couldn't afford color film) and the weird cuts, the movie is great because it's a funny take on running a convenience store and dealing with the customers. One of my favorite lines in the movie is when Randall says the job would be great if it wasn't for the customers. As an ERISA lawyer for 20 years dealing with some tough clients especially when I worked for a third party administrator (TPA), I often joke that my job would be great if it wasn't for the clients. Client management isn't easy and it can be stressful, but it's a necessary component of running a successful business. This article is about client management and some tips on how to keep clients as existing clients instead of former clients.

## The 80-20 rule is a thing

Whoever said that 80% of your time is taken up by 20% of your clients must have been a retirement plan provider. That 80-20 rule is a real thing because you will discover that a small minority of the clients will take up most of your time. What it means really is that some clients will devote more of your time because they need and command more attention. What may be easy for most clients to understand, some clients need a little extra attention and handholding. So that means that managing your client base can be difficult because each client is different in their needs

and their expectations. If you want to remain their retirement plan provider, you need to make sure you meet those needs and expectations. You need to make sure that your attitude and work product can fit the need of plan sponsor clients that clearly differ in their interactions with you.

## Don't overpromise and under deliver

When I applied to law school, I was accepted into about a half dozen of them. Most

American is the third-rated law school in a two law school town and the only reason I didn't get a slot at the tax clinic because my name wasn't picked out of a hat (I'm not kidding). American overpromised and under delivered and that's probably why I haven't given a nickel to the law school in the 20+ years since I graduated. As a plan provider, you will have clients that will regret every hiring you if you promise a certain level of service and fail to actually offer it. You can't promise a concierge level service and deliver something that is no frills. You can't afford to have plan sponsor clients have buyer's remorse and they will certainly regret hiring you if you the expectations you created aren't met.

## Empathy goes a long way

Empathy is a great trait to not only have as a plan provider but also as a human being. Empathy is the ability to under-



of them were based in New York and some of them offered me substantial scholarship awards. I was also accepted to American University Washington College of Law in Washington D.C. DC was different from New York and I was enticed by the fact that American positioned itself as a national law school and that there would be tremendous employment opportunities especially in the Federal government. I was also enticed by their law clinical program that would allow me the opportunity to represent tax clients while still a law student. So I went to American and spent three frustrating years, regretting ever going there. It turns out that

stand or feel what another person is experiencing from within their frame of reference, that is, the capacity to place yourself in another person's position. I think it's an invaluable trait because you may understand what decisions you make such as an increase in the pricing of your services or the way you handle a problem will have an impact on your clients. It's important to understand that clients have feelings, expectations, and concerns. As a plan provider, your actions don't live in a vacuum and that there are consequences for the decisions, errors, and omissions you make. I think one of the biggest problems I've ever

had with a business is when I think they don't care. Having empathy goes a long way to show your clients that you do care. One of the problems with dealing with clients is that most of the time they're unhappy, they won't tell you. However, when you make mistakes or raise fees or don't communicate at all with your client, there is a decent chance they're unhappy and the problem is that unhappy clients do leave. Before you make a decision that will affect your clients and your business, think what the impact will be on the clientele.

#### Communication is key

Being a retirement plan provider is very competitive and there are dozens of competitors who wouldn't mind sitting in your seat with a particular client. You can't afford to be incommunicado with your clients. If you're a financial advisor, you need to be in front of your client at least a handful of times each year if you actually want to do your job. If you're a third party administrator (TPA), don't make census and compliance time as they only point where you communicate with your plan sponsor clients. Constant communication is a good practice, it allows you the opportunity for you to show your clients that you're doing the job they hired you and allows you to keep an eye on your client. One of the reasons that I distribute a monthly newsletter is because it allows me to communicate with my clients and lets them know that I'm there when problems arise. Being in communication with your client other than the compulsory times you have to communicate is a great way to let plan sponsors know that you care and that you're doing a credible job. I think informing plan sponsors of any changes in the law are also a great idea because they may get a concern that they didn't hear from you when everyone else is talking about a big law change.

#### Say you're sorry when you make a mistake

People aren't perfect, they make mis-



takes. Plan providers aren't perfect, they make mistake too. As for being a plan provider, making a mistake isn't the issue (as long as it's infrequent), it's how you handle it that is important. Years ago, I worked with a law firm where I discovered that their top heavy test was done incorrectly. One of the partners whose last name was in the name of the law firm had a wife and daughter working for the firm. The TPA labeled the wife and daughter as non-key employees, which was incorrect. So while the TPA claimed the 401(k) plan wasn't top heavy, it was and the law firm owed a top-heavy minimum contribution of 3% to their non-key employees. Rather than admitting their error, the TPA made many excuses and even tried to lay blame on the plan sponsor. I'm not in the TPA business, but if I figure if the partner with their last name in the law firm name had the same last name as two employees, I'm going to ask if they're related. Mistakes do happen and I've seen plan sponsors leave a plan provider, not because of the mistakes, but their inability to apologize for their error. There are too many plan providers who think that apologizing is some admission of guilt, it's not. It's just admitting when you're wrong and I think that will go a long way with most plan sponsors. Recently, I had a plan sponsor client who fired their financial advisor not because his advice caused them to suffer a \$40,000 loss because of a contract surrender charge with a plan provider but fired him because he wouldn't admit it was his mistake and refused to make any attempt to make amends. You make a mistake, apolo-

gize for it. Otherwise, you may make the situation worse and you might get fired not for the mistake, but for the refusal to apologize.

#### Provide good customer service

There is nothing worse with recruiting plan sponsor clients and working long hours to acquire them and then lose them quickly over bad customer service. When I worked for a TPA, there was nothing more frustrating to see the owner of the company get irate because poor customer service was negatively impact-

ing a client that just hired us. Whether it's the people who are the day to day contact for the plan or the help desk, the ERISA attorney, or the distribution department, you need to make sure there is a high level of customer service. I've seen too many TPAs get fired because there was poor customer service by one of their employees. I'll never forget the client who was about to fire us as TPA when the person at the help desk got into a fight with one of the plan sponsor contacts on the number of loans allowed under the plan. You need to make sure your staff is highly trained and professional, especially dealing with plan sponsor clients. Otherwise, it's just going to be a question of when you're getting fired.

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