As A Plan Provider, How You Can Think Outside the Box

By Ary Rosenbaum, Esq.

Being a retirement plan provider isn't easy and one of the reasons it isn't easy is because it's so competitive. As I always say, there is always going to be another plan provider who wants your seat. The way to succeed in the competition game is to stand out so that plan sponsors and plan providers can recognize you as a preferred plan provider. This article is about how you can think outside the box and help your plan provider practice stand out among the competition.

See what you can do differently

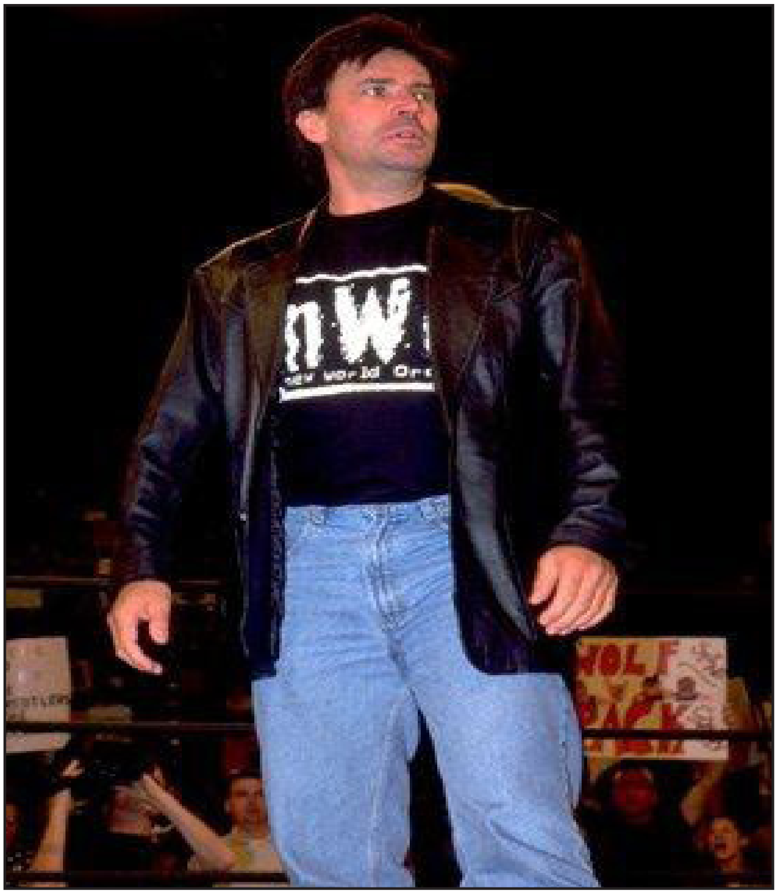
Eric Bischoff was the head of World Championship Wrestling in the late 1990s and he felt the only way he could compete directly against the World Wrestling Federation (WWF) was to see what the WWF was doing and how WCW could be different. If the WWF was going to offer a taped show with squash matches, WCW was going to offer a live show with main event matches. That's advice that I used for my own law firm. If other firms were going to charge by the hour and not offer free help to other plan providers, I'd charge a flat fee and I'd have an open door policy to help other plan providers. My best advice for plan providers is to see what your competition is doing and see what you can offer that is different and interesting for a plan sponsor to be interested in hiring you. So if you're a third party administrator (TPA), I think one thing that most of the competition isn't doing is communicating to plan sponsors and participants in a language they can understand. If you're a financial advisor, I'd look at providing investment advice as well as making the enrollment meetings a little bit more exciting and engaging than a funeral. Of course, technology can be a big thing that your competition isn't doing. That technology is all about making plan sponsors and participants have an easier interaction with their retirement plan.

Communicating with plan sponsor and plan providers

In one of the many great episodes of Seinfeld, "The Chicken Roaster", George Costanza compares himself to the by the Mennen jingle so that after a while, he stops being annoying and actually becomes memorable. While you don't have to leave a Russian sable hat behind at a date's house as George did, it's important to let your plan sponsor clients and participants know that you're there. The way to know that you're there is communication. Too often in the past, many plan providers should have been placed on milk cartons because they were missing to their plan sponsor clients. While plan providers do have to communicate with their plan sponsors at some point in time especially TPAs, it's important to let plan sponsors and plan participants know that you're always one phone call away. Email newsletters are a pretty good way of communicating with plan sponsors. I have this insurance salesperson who was somehow connected with someone at my old law firm that I once bought a disability insurance policy from and I still get this big manila envelope in the mail every month and I'm amazed at how much money he's throwing away especially when email newsletter publishers are so inexpensive. Of course, any communication you send out to clients, prospective clients, and plan sponsors should be easy to read and not boring especially since it involves retirement plan issues. If you let people every now and then that you're around, then they don't have to wonder where you are and plan providers who are invisible to their clients are more likely to be replaced.

Keeping your head to the ground

In westerns, one trick to know if someone was coming was to keep the ear to the ground to see if you'd hear any horses. One way to stay successful in business is to understand what's going on in the industry. Many years ago, I worked with a paralegal



named Marge, who worked with retirement plans before ERISA. Marge taught me everything I knew when it came to ERISA and one important thing she told me was that when the Tax Reform Act of 1986 came around, many plan providers couldn't adjust to the change and just went out of business. That simple statement over the last 18 years taught me an important lesson. The lesson is that whenever there is a change in the retirement plan industry, there are going to be a lot of plan providers that just can't adapt to change. If you want to stay in business as a retirement plan provider that means you have to adapt to change and you're more likely to adapt if you see that change before the competition does. A big example was fee transparency. I knew many plan providers such as financial advisors and TPAs who had the same view as I did, championing fee disclosure before it was required. Those providers did far better than the plan providers who were hiding fees all the time until they had to be transparent. Just ask all those insurance companies who got out of the 401(k) business since fee disclosure was implemented in 2012. One of the great and scary things about the retirement plan business is that it's always changing and you need to know what the next big this is because you'll be at a competitive advantage over most of your competition. Whether the next big thing is multiple employer plans, mandatory automatic enrollment, or some fiduciary rule that will stick to brokers, you need to know what that is going to be.

Building an alliance of plan providers

An alliance of superheroes is all the rage with Avengers Endgame being released. While you're not going to get Captain America or Black Panther as part of your team, you need to develop your own alliance of plan providers. Why should you do that? The retirement plan business is all about building relationships and it's great to have a relationship with good plan providers. I've seen too many financial advisors who got fired by plan sponsors just because they recommended a bad TPA that the plan sponsors hired and then had to fire. Surrounding yourself with great plan providers like a TPA or an ERISA attorney (cough, cough) will allow you to leverage those relationships to give better service to your clients without having to hire such professionals as full-time employees. I have a client who is a registered investment advisor who used to own a TPA. Whenever he's got a question or needs to get an expert opinion when he's at a client or prospective client meeting, he can simply email me or call me and get a quick response. It makes him look great and he doesn't have to pay me full time like he did when he was running a TPA because he's happier running less payroll. Good plan providers should be collected like baseball cards. I know those plan providers won't be as worth as Mickey Mantle and Roberto Clemente, but they can certainly add some prestige to your practice without having you to carry such experts on your payroll.

Think technology

It's 2019 and it's just amazing how much of the retirement plan business deals with paper. Whether it's enrollment forms or even plan documents, we deal with too much paper, still to this day. After I lost some file cabinets, thanks to Hurricane Sandy, I have gone paperless. To save money and time, I suggest that you always consider using technology to not only eliminate paper but also better manage your business. I also think that embracing technology makes it easier with a younger generation who are either employees or the participants for the plans you work on.

Keep the hype to a minimum

Everyone compares something to be the greatest thing since sliced bread and it usually doesn't meet the hype. By the way, sliced bread doesn't meet the hype that it gets either. Whatever you're working on, don't over hype it especially when it doesn't deserve the hype. I remember financial advisors touting that they could offer an educational policy statement to their plan sponsor clients. In the immortal words of former NBA superstar Derrick Coleman: "Whoop-de-damn-do". The same thing went for the TPA who developed this special retirement plan for professional firms like accounting and law firms, it was a cash balance plan where there were participant-directed investments (which is no longer allowed by the Internal Revenue Code). Don't overhype your next great idea because the idea usually never meets the hype.

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