

For Retirement Plan Providers, It's All About Making A Connection

By Ary Rosenbaum, Esq.

If you've read an article or two of mine, then you know I'm a big fan of movies. I've a big fan of movies as long as I remember and the movies that are my favorites are the ones that make a personal connection to me. The Shawshank Redemption isn't just about prison; it's about not letting the chains in life bind your mind. The Deer Hunter isn't about the Vietnam War; it's about keeping a promise to a friend. I'm a big Clint Eastwood because I know what it's like to be a loner. The Godfather movies and Schindler's List resonate because it's about how people can change become evil or angelic. Whether it's movies or selling your services or recruiting members for your civic/religious group, it's all about making connections with the audience. So this article is about how retirement plan providers can make connections with current and potential clients.

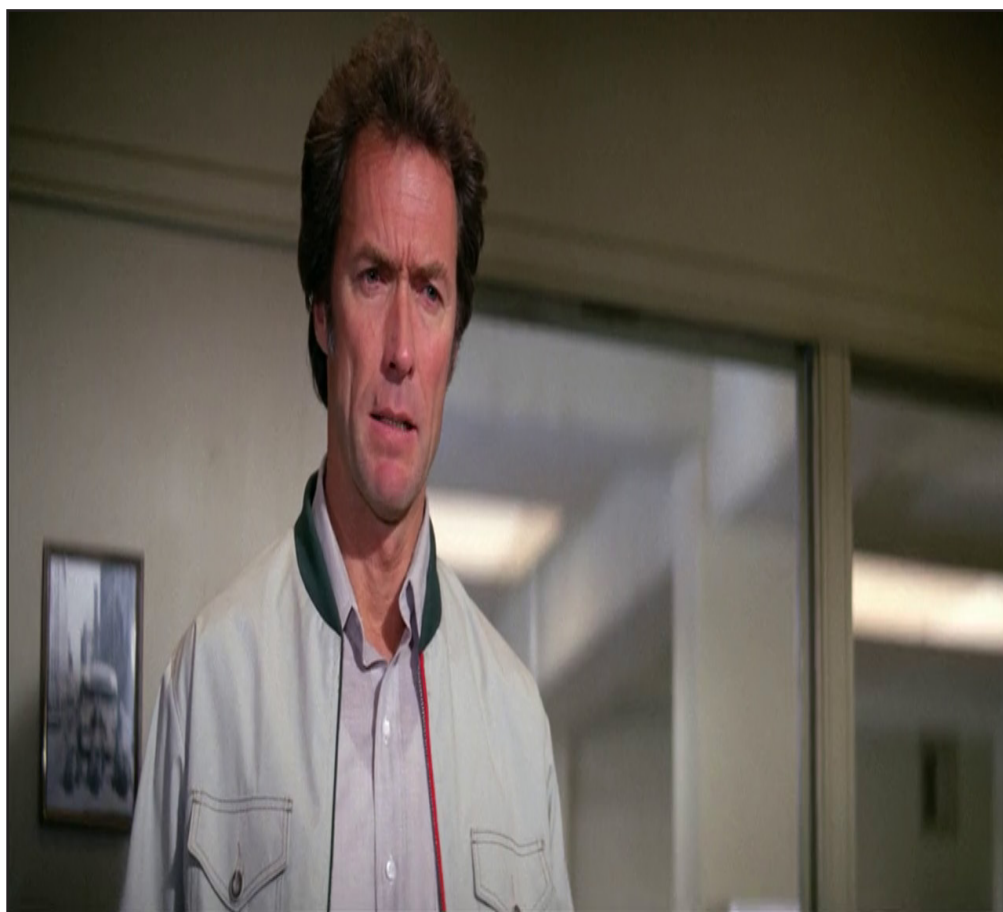
It's all about putting more rear ends in seats

I am heavily involved in my Synagogue and it's struggling. I helped develop a new website, a Facebook and Twitter page, and organizing a couple of fundraising events. I use a line from pro wrestling announcer Jim Ross when I break down the work I do there into trying to put more rear ends in seats (more members). That's also the way I talk about business. It might not be

putting rear ends in seats, but getting more clients is analogous. Speaking of putting rear ends in seats, I think anything that detracts from putting more rear ends in seats is a waste of time. So when I'm at a synagogue trustee meeting and someone is complaining about something irrelevant, I get upset because it's like rearranging the deck seats on the Titanic. If it doesn't

that most clients don't have legal training, so they don't adjust their level of conversation. Speaking what I call "legalese" for lawyers to clients is an absolute mistake because speaking over the heads doesn't help. The same can be said about speaking to potential clients. I find many third party administrators (TPAs) that make that mistake when they speak to potential clients about

plan design issues. What's the point of speaking about the specifics about a general test if a potential client has no idea what the TPA is talking about? The same can be said about financial advisors who delve too much into macro-economic theory when all the plan sponsor wants to know if 35 mutual funds on that fund lineup is too much. I always used to think that lawyers that just get into too much legalese was just a way to try to justify their fees. Speaking over the heads of clients and potential clients may make a



help with getting clients and it detracts from improving the business, it's a waste. A business is only successful when it has a big client base.

Don't speak over their heads

Many professionals especially lawyers have a tough time when it comes to speaking to their clients. Many lawyers forget

plan provider more confident in their abilities, but it does might make these plan sponsors have less confidence in them. Speaking over their heads is just a bad mistake.

Less is more when it comes to marketing

When it comes to marketing materials, plan providers fall into a trap where they

think more verbiage in marketing materials will help drive the point to potential clients. However, “throwing more at the wall” with the idea that something will stick is the wrong idea. I remember the good old days with open multiple employer plans (MEPs) when every Tom, Dick, and Jane was starting one before the Department of Labor curtailed that nice piece of business. There was one open MEP provider that made a nice brochure for interested plan sponsors. The brochure was 28 pages long! I had suggested to the TPA that was helping promote it that most plan sponsors were probably lost after page 3. Plan providers need to understand that they aren’t selling a luxury car, they are selling a retirement plan. It was hard enough to get a potential client interested, throwing too much information at them will only help scare them away. Studies suggest that plan participation rates in 401(k) plans go down when they are more investment options in the plan because information overload creates confusion and disinterest. I would suggest that would be the same with marketing materials that are voluminous. Less is more and more is less. I apologize to the providers who want to present treatises on retirement plans to their clients, but these treatises will never be read.

Plan sponsors just want the bottom line

When I was working for a TPA, there was one thing that I loved what my boss would do. We had an actuary who was very verbose despite the fact he had a speech impediment when he got nervous. So anytime our boss would ask him a defined benefit plan related question, the actuary would go into this whole discussion about testing and the boss would just cut him off and he asked what the bottom line was. So when discussing with plan sponsors, ultimately they need a takeaway from any discussion they have with a retirement plan provider. The plan sponsor needs the bottom line, they need to know either how much something is going to cost them or why another option is more beneficial or how what is being offered to them is better than what

they are getting from a current provider. A whole discussion on the beauty of safe harbor 401(k) plan design with cross tested allocations may get some retirement plan providers in a tizzy, it will do nothing for the plan sponsor if they don’t understand how that type of plan design can benefit them in

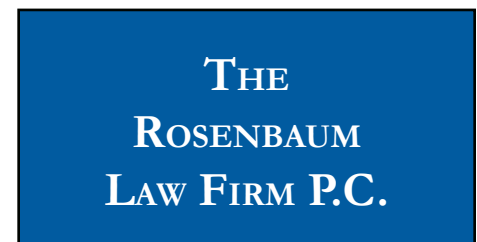


terms of money. When a retirement plan provider is hired or is under consideration to be hired, the plan sponsor will select a provider based on an expected result. The problem is that many plan providers can’t explain what that expected result should be and plan sponsors need to know the bottom line in order to make an informed decision.

Watch what you say

My father in law said it best when he said that if you keep your mouth shut, people will think you’re stupid and when you open your mouth, then they’ll know you are stupid. I always believe that in life, you should act with a certain level of class and that means watching what you say. Perception in life is a good chunk of how people may think about you and the worst thing you can do is say something that will make you look like a creep. Many years ago, I belonged to another synagogue. The time was Rosh Hashanah, which is a period of time where Jews try to repent for their sins. So the Rabbi there goes into a whole discussion on how there was this family that moved to another synagogue down the road and how he disparaged that family to the Rabbi of the synagogue that this family joined. It’s about a dozen years later and

I still can’t believe what this Rabbi said. I don’t know what was worse, him telling the other Rabbi how bad that family was or how relatively easy it was to tell us what he did? What he did to that family was disgusting and the fact that he could share this terrible tale in front of all of us wasn’t nice either. The point here is that plan providers should watch what they say to current and potential clients. Belittling the competition, speaking badly about competing providers or former clients, and showing the ugly side of themselves isn’t going to help keep and get plan sponsor clients. Many years ago, I had major tiff with a former TPA employer. When I spoke about the employer, I tried to watch what I said. I would knock them, but in a joking type of way. Some of the TPA’s employees would knock me by making wild accusations against me in front of their clients and other retirement plan providers. I can assure that what they did, did them no good. Plan sponsors don’t want drama and they don’t why to see the ugliness in people, so retirement plan providers should watch what they say and make sure that what they say does not do them harm in the eyes of current and potential clients.



Copyright, 2015. The Rosenbaum Law Firm P.C.
All rights reserved.

Attorney Advertising. Prior results do not
guarantee similar outcome.

The Rosenbaum Law Firm P.C.
734 Franklin Avenue, Suite 302
Garden City, New York 11530
(516) 594-1557

<http://www.therosenbaumlawfirm.com>
Follow us on Twitter @rosenbaumlaw