

Keeping Plan Sponsor Clients In These Challenging Times

By Ary Rosenbaum, Esq.

Being a third-party administrator (TPA) attorney for 9 ½ years and being on my own for 10 years, I can attest that it's far easier to lose clients than it is to get them. With this current Coronavirus pandemic, the turmoil created by it will make it far easier to lose clients now, easier than ever. This article is all about the problems that this pandemic has created in having you maintain your client base.

Pandemic is causing higher tensions

I jokingly say that I'm a patient man because that's what 22 years straight of education will do for you. If I was going to school during a pandemic like this, maybe I won't be so patient. During times like these, people's patience is being tested. When the government requires you to stay at home, people are likely more irritable because of the stress that quarantine life creates. For example, I used to start working when I dropped off my kids at school by 7:05 am. Now with distance learning and helping them with their work, I'm lucky to get work starting until 10 am. Obviously with kids at home and still trying to keep my bills paid with actual work, I'm stressed out. So if I'm

stressed out and I'm my only employee, imagine what your clients are feeling. Some of your clients are multi-million-dollar businesses with some very tough decisions to make if they're closed down in any type of fashion (total vs. partial lockdown), they may have to make some very serious decisions such as letting go or furloughing

all or a portion of their staff. There may be a concern whether their business can survive after the lockdowns in place are lifted by their home state. They have to see what kind of relief they will get through the Paycheck Protection Program and whether any hiccups there may be in terms of funding and loan forgiveness. So it's safe to say that many of your clients are on edge and stressed out. So when people are stressed out, they're very irritable and easy to of-

by just providing information about the CARES Act. While you may have things rough as a plan provider, you need to understand that many of your clients may have it far worse than you do. When my cousin, Rebecca, was around 3 years old, she would get on my grandmother's case. When my grandmother asked Rebecca why she was bothering her, Rebecca answered: "I have to take it out on somebody." Sometimes, your clients have to take their stress

out on somebody and some days, that somebody might be you. You can't take things like that personally these days. If you do take things personally and you further heighten the tensions and the stress, you might find yourself with one less client.

Lack of communication

I have an expression concerning people who weren't there in my life when I needed them. The expression is: "I needed you, you weren't there, I don't need you now." During these crazy times, your clients may need you now more than ever. It may be something as simple as just letting them know that you're there or providing some update on the market or the CARES Act. There are a lot of enterprising competing

plan providers that might reach out to your clients, so it's important to communicate with your clients and let them know that you're there to help. There is enough turmoil in the 401(k) plan business that you have plenty of openings to start a conversation with your client. With the CARES Act signed into the law so quickly after



fend. So managing relationships with your clients is going to be more difficult because they're going to be busy and stressed out. So it's important to have a little empathy and understand that they may verbally berate you for even the simplest of requests for rote information. You may get attacked for something that you didn't do wrong or

the SECURE Act, this is a great opportunity to talk to your client regarding the changes in the law and how it affects their plan on a day to day basis. The CARES Act offers such a profound change regarding premature in-service distributions as well as loans to combat the job loss caused by the Coronavirus, it's clear that plan sponsors are going to need all the help they can get in combating this. Many plan sponsors are going to be on the fence regarding whether they will allow these CARES Act optional provisions, so they will certainly look towards hearing from you. If you're a financial advisor, it's clear that giving plan sponsors some reassurance that the sky isn't falling

because of a choppy stock market. When it comes to the market, there might be nothing you need to do, but I'm sure that plan sponsors could use a reassuring voice that things will be fine in the long-term. Sometimes it's not important what we say, but it's more important that we say something. Being in a competitive marketplace means that if we don't act and communicate with our clients, the chances are that someone else will.

A little more hand-holding is needed

Plan sponsors are being inundated with news and potential problems of reopening their business, their time is going to be limited. So this isn't the time to drop a legal treatise on them or bore them with details they don't need. In this day and age, plan sponsors need timely information that is clear and concise. This isn't the time to lather up your communications with frivolous information. In the end, plan sponsors want a bottom line on what they need to do now. This is no time to impress your client, this is a time to provide information to them in the short amount of time that your plan sponsor clients have. In addition to providing communication that is understandable



on a plan sponsor level, you may want to offer more help in providing important plan sponsor tasks, such as filling out a census request or providing resources regarding other facets in assisting them with the day to day plan administration of their plan.

The problem with free

I've told the story that when a family member was dating someone, I refused to do the boyfriend's taxes for free. It certainly didn't help that I wasn't a fan, but the fact is that I didn't want to do the taxes for free. It's not like I needed it, but it was to prove a point that my hard work and time is worth something. I understand that many plan providers, especially TPAs are offering free services, such as waiving fees for distributions related to the CARES Act or by serving as an ERISA §3(16) administrator. While certain mutual fund behemoths who also serve as a bundled TPA can afford to prepare distribution packages for free, don't feel the need to match the price. Preparing distribution packages takes time and time equals money. With many plan sponsors terminating their plans and assets depleting (along with your fees), you need to make money and you need to show plan

sponsors that your service is worth something and they can't if you charge them nothing. As far as offering free ERISA §3(16) services, it seems like a nice idea. However, is offering yourself increased liability for no money, such a great business model? While you may see this as a great introductory offer, I think most plan sponsors will decline when they find out what the fee is once the free introductory offer is done.

Think outside the box

This is certainly a great time to come up with new ideas and new services to better serve your clients. While many plan providers are reactive, being proactive will keep you ahead

of the game. Challenging times can present opportunities to deepen your relationships with your clients that will help you retain and recruit plan sponsor clients. Despite all the challenges, this might be the time for you to develop a game-changer in terms of services and/or marketing.

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