

How To Make Sure 401(k) Enrollment Meetings Aren't Like Funerals

By Ary Rosenbaum, Esq.

I'm not a big fan of funerals and not a big fan of cemeteries. I doubt anyone is truly a fan. The problem with funerals, aside from the death of someone, is that I have seen many that are more interesting than 401(k) enrollment meetings. I have been in the retirement plan business for almost 25 years and despite the technological breakthroughs, the basics of enrollment meetings are the same. This article is all about how to inject some life into 401(k) enrollment meetings.

The purpose of enrollment meetings

I've seen too many financial advisors who forget the whole point of these 401(k) enrollment meetings. You aren't a superstar in picking funds because I think a chimpanzee and two trainees (Star Trek III reference) can pick out a pretty decent 401(k) fund lineup. The purpose of the enrollment and education meeting is to limit a plan sponsor's liability under ERISA §404(c), no more and no less. By giving participants enough information to make informed investment decisions, a plan sponsor will be able to limit liability from losses sustained by these participants. Obviously, being better at these things will certainly make an advisor shine and stand out among the competition,

It's all about getting them involved

The greatest education I ever received wasn't at law school and it wasn't working as an ERISA attorney for almost 10 years working for third-party administration firms. My greatest education was being involved in student politics and journalism at the State University of New York at Stony Brook (which is now called Stony Brook

University) because they got me interested, got me involved, and kept on contacting me about other events. The Jewish students' organization that I was going to be heavily involved in (Hillel), had a barbecue the weekend before freshman year started. I arrived 15 minutes late and there wasn't any more food available. I



was offered a bagel and people who certainly weren't Jewish were enjoying a nice Kosher hot dog or hamburger. Needless to say, I didn't get involved much there. I have a school's ERISA 403(b) plan where I serve as the ERISA §3(16) administrator. I have served in that role for the same time that the incumbent advisor has been on the plan, which has been about 8 or 9 years. This plan has no automatic enrollment feature, so the advisor can show that his enrollment/education meetings at the school's multiple locations have a direct correlation to more engagement and participation by plan participants through the increased

percentage of participants deferring and the plan's deferrals rate. University). One of the simplest lessons I learned was from Ron Nehring. Ron has been a friend of mine for over 30 years and he told me that the goal of any organization in recruiting new members is getting

percentage of participants deferring and the plan's deferrals rate.

Play to the audience

One of the biggest mistakes that an advi-

son can make is speaking over the heads of participants in the audience. Unless the plan sponsor is in the financial space, advisors will make the mistake of speaking as if they are in some Economics course. The only reason my solo ERISA practice ever achieved any level of success when I first started in 2010, was writing articles like this, that was in a language that people could understand. When it comes to oral or written communications, it's important that you play to your audience. Any communication that is above or below the audience's comprehension is going to be a missed opportunity to communicate your



message. It also leads to confusion and I will attest that the last thing you want to create is confusion because that will lead to a depressed participation rate. The point is that most 401(k) plan meetings suck because they really aren't geared toward plan participants. The advisor conducting the meeting is giving the basics of investments and plan features that aren't interesting or inspiring. The meetings tend to be really dry when they don't have to be. Again, I've been at funerals that have been livelier than enrollment meetings.

How would I liven up an enrollment meeting?

Here are some ideas to consider:

1) Raffle off a \$25 gift card at every enrollment meeting. Maybe raffle off more? People like free stuff and if they know they can win something by attending, they will. SECURE 2.0 actually allows more use of de minimis benefits to get employees to actively defer in the plan, as an exception to the contingent benefit rule. Of course, have the raffle at the end of the meeting, so it ends on a good note, and it forces participants to stay through the entire meeting. Of course, to protect your firm and the plan sponsor, take an attendance list of the participants who show up, as well

as a collection of the materials presented.

2) Presentations need to be clear and crisp. Less is more. This isn't a Continuing Legal Education class for ERISA attorneys. PowerPoint presentations and slide handouts shouldn't be overloaded with details. Illustrate the important points. Consider printing out the slides as a handout for participants, so it reminds them of all the major points you were trying to address.

3) Add humor and cultural references. With apologies to the former managing attorney at my old law firm, who wouldn't know good marketing if it was standing behind her, adding humor and cultural references goes a long way. My articles aren't widely read because of my rugged good looks or lack thereof. They are widely read because the humor and cultural references engage the reader in reading what should be a dry topic, i.e., the ins and outs of retirement plan sponsorship.

4) Break it down. Again, my writings are written in easy-to-understand English, not what I call ERISAese. The easier for plan participants to understand what you're saying, the more likely they will remember what you're saying.

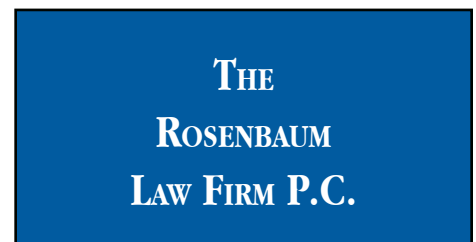
5) Keep it short. Spend more than a half hour or hour, you will lose your audience. Again, less is more.

6) Offer investment advice if you can. General investment education to participants is nice, but investment advice is way better. Every participant has different financial and retirement concerns. A one-on-one meeting with participants can certainly help them, get a better rate of return than if they just got investment education.

7) Free food goes a long way. Snacks and soft drinks may help. I am

certainly not suggesting you get Peter Luger to cater your enrollment meeting.

8) Consider promoting it yourself. Plan sponsors love to postpone enrollment meetings and do as little promotion for these meetings as they can. If the plan sponsor allows, get an email list and use a website like Constant Contact for email newsletters, to promote your meeting.



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