

The Retirement Plan Business Is A Relationship Driven Business

By Ary Rosenbaum, Esq.

Richard Laurita was the greatest third-party administrator (TPA) salesperson I have ever known and I had the pleasure of working with him at 2 TPA firms for almost 10 years before his death in 2007. Almost 15 years later, people still talk fondly of him. Even someone like MLB Hall of Fame member Goose Gosage remembers him, even after just meeting him twice. The most important lesson that I learned from Rich was that the retirement plan business is relationship-driven. It's such an important lesson, it's the topic of this article.

It's a small world after all

Despite the size of this country, the fact is that the retirement plan business is close-knit. Social media has allowed it to be even smaller. I'll go to That 401(k) Conference events all around the country and I'll meet advisors who religiously read articles like these and/or be some of the handful of people that listen to my podcast. Understanding how small this business is will help guide you in how you interact with other plan providers since what you do, will echo nationwide whether you realize it or not.

Treat people the way you wanted to be treated

My number one rule in life is simple: don't be the a**hole. I treat people the way I wanted to be treated and for the most part, it works out. Of course, I try to treat

people well because I want to be treated well. Over the last 11 years, I've started my practice, I will say that I could count less than one hand the people in this business that treated me poorly. If they treat me poorly, I still try to be as pleasant as I could be, I try not to resort to that level. You should never let people like that, change who you are and how you treat people. You can get more with sugar than you can get with vinegar. I believe that you will get more for being kind, than be-



ing cruel. I've been in this business for 23 years and I will always remember those who were kind and those who were cruel.

People will talk and your reputation is everything

As stated before, the industry is so close-knit and your actions will reverberate. If you do great work, your reputation will

precede you and you may get recommended by other plan providers you've never heard of. Your good work and good reputation will travel fast. Your bad work and bad reputation will travel fast too. Your reputation means everything in this business and any work you do to improve it or destroy it, will be noticed. Reputations can take years to build and I've seen so many plan providers just to destroy them in an instant. I'm amazed sometimes how plan providers act, they clearly don't understand the ramifications of their actions,

when dealing with plan sponsors and plan providers. A TPA trying to shake down a 401(k) plan I work on and terminated this TPA, for additional fees that were paid for is a good way for them to besmirch their reputation nationally because I like to talk and other plan providers like to talk. People in this business do talk and this TPA is known for taking things personally by punishing plan sponsors that fire them, with excessive termination costs and charging for 5500s and valuations that were already paid for. I have to sleep at night and I can't imagine

cheating any plan sponsor or plan provider client. Cheating is not only wrong, but people will talk and they will know what you do. I will get calls from plan providers asking about other providers with a terrible reputation that reaches coast to coast. A poor reputation is like a stink you can't get rid of, so understand that word travels fast by telephone, telegraph, and tell a plan

provider (I stole that line from my buddy, Jim Ross).

Game theory and understanding ramifications and what other people will think

They say that game theory is the study of mathematical models of strategic interaction among rational decision-makers. For me, game theory is anticipating what the other side will do in any situation. For example, when dealing with that TPA with their obnoxious fees, I assumed that a rational decisionmaker on the other side would fold. However, I did anticipate that the owner of the TPA wasn't rational and wouldn't budge, forcing me to file a complaint with the Department of Labor. What I didn't anticipate was that the owner of the TPA would try to bully me and draft an inane complaint to the New York Attorney Grievance Committee that he either didn't send or was laughed out by the committee (ask me for a copy if you want a good laugh). The point here is that you understand that every action by you has a reaction and understanding what those reactions might be, will help you both in business and life. When I was working at that semi-prestigious law firm and wanted to drum up business, I interacted with financial advisors and how my service cost the same as the TPA's attorney with the added benefit of affording their plan sponsor client an attorney-client relationship that the TPA legal department could never offer. One financial advisor asked me point-blank: "what was in it for him?" I assumed helping their clients was enough, but it opened up my eyes that plan providers might want something more. It was probably at that time, that I realized I needed to develop materials for advisors to help them generate and keep plan sponsor clients. Empathy is another tool in your bucket, that can help you with other people in the retirement plan industry. Empathy can take lots of roles but can help you in the rare instances when you make mistakes.

Pick your battles, don't burn bridges

I'm sure some people would laugh that I should warn people about wisely choosing



their battles and not to burn bridges. While my articles are full of snark, strong opinions, and the joy of rubbing my success in my old law firm's face, I do pick my battles and I try not to burn bridges. I will say that the only bridges I've ever burned are for places I never intended to travel back. I also understand that my strong opinions have probably disinvited me from many speaking opportunities, this is the price you pay for the opinions you air. I understand that I need to pick and choose my battles, that's why I never name the plan provider I've had issues with. Not only would it make me look bad, but it could also invite the provider I named and complained about, to invent some libelous charges (like that TPA owner with that silly complaint to the grievance committee). You have so little time in managing your business and marketing it, to bother with starting range wars that you don't have time for. I just saw someone in this business that people know, that for some reason, decided to knock a well-regarded trade organization in the retirement plan business. The knock had little to do with the point this person was trying to make in this industry, all it did was get a pretty big organization against them. A trade organization in the retirement industry isn't a union, it is supported financially by retirement plan providers both large and small, so it won't take any position that will tick off the very plan provider that financially supports them. The nature of

the retirement plan business is that a provider on the opposing side, maybe an ally later down the line.

Relationships take time

One of the most annoying parts of LinkedIn is when you connect with someone, and all they are interested in making a quick sale. It's a little more annoying when that new connection is a financial advisor, that only wants me to hire them as my financial advisor. As someone who knows financial advisors from coast to coast, would I hire someone I know for 8-10 years or someone who cold messaged me on LinkedIn? Any good relationship in the retirement plan business takes time and while another plan provider may

not refer you now, they may make a referral to you later. I developed a relationship with an advisor and helped them out for 5 years before they referred a client to me. Very rarely has helping a plan provider been a waste of time. Relationships require trust and trust does take time, that is what those people on LinkedIn never get. Anything worthwhile in the retirement plan business takes time, whether it's collecting assets for a pooled employer plan or getting referrals from another plan provider.

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