

# Thinking Outside The Box For Plan Providers

By Ary Rosenbaum, Esq.

The retirement plan business is one of the most competitive businesses out there because there's so many competing plan providers out there that are also looking for plan sponsor clients and they will certainly be contacting your clients. As someone who has been a retirement plan sponsor, I've seen the junk mail from financial advisors, auditors, and other plan provider looking at my small plan as a potential client. Retirement plan providers are maybe a dime a dozen, but thinking outside the box and doing things that other plan providers aren't doing will help you stand out among the competition. This article is about how you can think outside the box and help your plan provider practice stand out among the competition.

## 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 Men-men theme so that after a while, he stops being annoying. While you don't have to leave a Russian sable hat behind at a date's house like 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 third party administrators (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

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 change in the retirement plan industry, there are going to be plan providers that can't adopt to change. If you want to stay in business as a retirement plan provider that means you



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 expensive. 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 even now and then that you're around, then

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 provider 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 thing 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.



### Do what your competition isn't doing

When Senator Gary Hart was running for President in 1984, he was talking about "new ideas" and he never was clear as to what those "new ideas" were and that certainly was a problem when rival, Walter Mondale asked him "where's the beef?", stealing that line from the Clara Peller's Wendy's ads. So while I'm not asking you to come up with "new ideas", I think what you need to do is to seriously question what your competition is doing and see what you can offer that they haven't thought of offering. When I started my own law practice in 2010, I think many people I knew thought it was a crazy idea because I had no track record of bringing in substantial legal business. So I wondered how I could stand out as an ERISA attorney. I thought about how law firms work and how plan providers and plan sponsors are wary of ERISA attorneys because of the billable hours they charge that might be considered excessive to some. So I thought about starting a law firm that pushed for flat fee billing with a definitive cost at the outset so that clients wouldn't have invoice "shock" when they saw my bill. I also decided to write articles like these that plan providers could use for themselves or use for current and potential clients. That would work better than any business card could and produced a lot of goodwill with the industry especially when I told everyone that I'm willing to talk to any plan provider who has a question so that they know that I have an open door. So if you're a TPA, I think one thing that most

of 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 maybe look at providing investment advice as well as making the enrollment meetings a little bit more exciting and engaging. 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

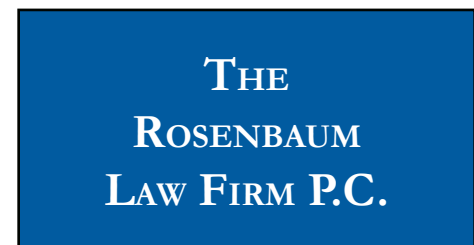
### Building an alliance of plan providers

An alliance of super heroes is all the rage with two big Avengers movies and a Justice League movie forthcoming. While you're not going to get Captain America or Batman 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 all good plan providers. I've seen too many financial advisors who got fired by plan sponsors because they hired a bad TPA. 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 run-

ning a TPA because he's happier running less payroll. Good plan providers should be collected like baseball cards. I know that 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.

### 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 overhype 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 was 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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