

# How a Financial Advisor Can Grow Their 401(k) Plan Practice Without Really Trying\* (\*just kidding)

By Ary Rosenbaum, Esq.

**T**hanks to the growth of my national ERISA law practice, I have been able to meet financial advisors around the country who are at all stages of building a retirement plan practice. One of the questions I always get is how they can they get ahead in growing their practice. So this article is my two cents on how to brainstorm and build your own retirement plan practice. It's based on how I was able to build a small, struggling one man shop ERISA practice into a less struggling national ERISA practice. This is not to toot my horn because my practice is still struggling. This article is intended to generate some ideas on how you can build a retirement plan practice one step at a time.

## If You Will It, It Is No Dream

Those words were spoken, by one of my idols, Theodor Herzl, the father of the modern Zionist movement (and later stated so eloquently by Walter Sobchak in *The Big Lebowski*). Herzl died long before the founding of the State of Israel in 1948 but his writings and speeches helped launched a movement that did create the State of Israel in 1948 while he wrote about the idea in 1895. His saying doesn't have to be tinged with some Middle East politics; it's just a statement that no matter what people tell you, you can build a successful retirement plan practice if you believe you can. Years ago when I was looking for a raise as an ERISA attorney working for a third party administrator (TPA), I asked whether I can help sell retirement plans. My boss laughed at me. I'm sure Shel isn't laughing anymore, but I'm sure he's also probably trying to take credit for my success. So no matter where you are in the retirement plan advising business, you can be a big hit. All you have to do to start is believe you can do it.

## You Have to Stand Out Among the Crowd

When Hartford announced that they were going to sell their 401(k) business, I am sure that every 401(k) plan on the Hartford platform got a dozen or so cold calls from financial advisors trying to get that business. I am also sure that most 401(k) plan sponsors that got those calls got so irritated by the constant sales pitches. So while I'm not suggesting you don't try cold calling, what I am suggesting is that you need something like a niche or a marketing tool that lets you stand out among the crowd so that even if a 401(k) plan sponsors sifts through the annoying



calls, that there is something memorable about you that this sponsor will actually seek a meeting with you. It may be based on your investment philosophy, your capacity as an ERISA fiduciary, or that you can provide investment advice to plan participants. Whatever it is, it needs to be something in order for you to be different than the competition.

## Don't get obsessive about fees

You hear it all the time, an advisor cold calls and tells the plan sponsor that he or she can save them on advisory fees. While investment advisory fees are important, they are not the only thing. I think it's far more likely that you will get traction with plan sponsor is if you stress value. Value

means that while your fees may be lower, your investment advisory services are far superior to the incumbent advisor because you offer better protection to the plan sponsor because you have a better handle on helping them manage the fiduciary process. An advisor is more likely to be fired if they are not helping the client out such as drafting an investment policy statement than if a competing advisor is charging 15 basis points less. Stress value, not basis points.

## Network, but the right form of networking

If I could turn back time, I wish I could have taught myself about the value of networking at law school. It might have made my career a lot less bumpier. While networking is an essential tool for growing your book of business, it has to be the right form of networking. The first part is that you have network with the right audience; I remember spending too much time on small business networking where the folks either had no money to save for retirement or had small SEPS or Simple-IRAs where my services wouldn't be needed. The second part is how to act in networking. You should understand that like planting in the garden, networking takes time. In addition, networking is about meeting people who may know people that may help you out. The worst way to network is to target the people you are networking as customers. The hard sell wears people out, if they like you and want to hire you, great, but don't be obnoxious about it. Too many times I have networked with financial advisors or insurance brokers where the next meeting wasn't about networking, it was about their sales pitch to me on why I should use their services. A few weeks back, and insurance advisor wanted to meet me about

networking and based on his firm (insurance salespeople have never been a good fit), I knew it wasn't worth it to meet since he was probably going to try to sell me his services. Of course when I said I wasn't interested, he asked me if I was taken care with all my financial needs. As they say in poker, it was a good read. Networking is about helping other people out and it's about trust. The worst thing you can do is to be too pushy to make a sale.

### **You are Only as Good as Your Team**

As a financial advisor, it's hard to grow and maintain your business without help from other folks in the retirement plan industry. Drafting an investment policy statement, finding suitable investments, educating plan participants, meeting the plan sponsor on an annual basis, and make sure your work is fully compliant is hard enough work. That is why I always suggest that a financial advisor develop a team that they can rely on such as a couple of third party administrators, an ERISA attorney, and an independent plan auditor (when plans need audits). I have seen many advisors lose clients because the TPA they referred to messed up the plan and the advisor gets the blame. Why a few TPAs instead of just one? Well, the inherent nature of the 401(k) business is that there is no TPA that is the right fit for every client. Your team can help you manage the plan, manage the relationship with the client, and provide resources to grow and maintain your business.

### **Don't overspend for P.R.**

The worst mistake I ever made for my own law practice was using a public relations firm. Sure I got some coverage in the Long Island Business News, but the fact is that newspaper and publication exposure will not get your clients directly. When a LinkedIn post of mine got me a quote in the Wall Street Journal (without the help of the p.r. advisor), I never got a phone call from a plan sponsor looking for my services. Quotes in publications build credibility that is all. So p.r. advisors are good for something? For those willing

to spend the money, they can be a good fit, but why pay for something if you can get it for free? Sign up with HARO.com, which is a twice daily e-mail which has reporters from around the country looking



for quotes from experts including financial advisors. If you want to spend money, an account with ProfNet will set you back far less than a public relations firm. They also send out e-mails with reporters looking for quotes.

### **The power of Social Media**

The best decision I ever made for my own law practice was listening to Mike Alfred of Brightscope. I told him a year and a half ago that my practice was struggling and based on my articles for the law firm I used to work for, he suggested that I harness that by posting on LinkedIn and Twitter. So if you are tired of my daily posts, blame Mike. Seriously, the power of social media can't be underestimated. It can be cost affordable and it can be rewarding. You can hire a firm to help you out, but you can also do it yourself. It's time consuming, but I have met so many great contacts in the retirement plan industry and some eventual clients because of it. While I never got a client through my year of networking with small businesses on Long Island, I can say that using LinkedIn has been quite the opposite. In addition, Constant Contact is far more affordable as a newsletter or announcement form of

distribution than any direct mail campaign. For it to be true social media, it has to be informative without the commercialization of your services. It has to be informative content, not advertisement. Like getting quoted in a publication, social media can build credibility and help your market your services. Of course, all social media has to be run through your compliance department first.

### **Attend industry events**

Conferences like Schwab Impact, Matrix U., ASPPA, and fi360 are great areas to network with fellow retirement plan industry leaders, as well as learning a thing or two. In addition, attend a local 401(k) Rekon event in your area. Unlike those conferences, Rekon is free for retirement plan advisors. Not only is it free, but you will learn some tools on how to build your practice, and you get a nice meal as well.

### **Pick an on-line prospecting tool**

Whether it's Brightscope, fi360, Fiduciary Benchmarks, Judy Diamond, Larkspur, or some other provider, find the prospecting tool that meets your comfort level, both in use and price. Like a golf putter, what you think is the best prospecting tool is all about feel.

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**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