How You Can Stand Out From The Crowd As A Retirement Plan Advisor

By Ary Rosenbaum, Esq.

There are lots of financial advisors who claim they handle retirement plans, but there are only a fraction of those advisors who know how to actually handle them. So if you are a retirement plan financial advisor who knows what you're doing, how do you stand out in the crowd? Well this article will give you some ideas on how you can stand out in the crowd of financial advisors.

Marketing, Marketing, & Social Media

Unless you have the time or the background, it's best to find a professional with the background to do that for you. While I don't have the educational background in marketing, I was lucky to work with a friend of mine named Ron Nehring on a few political campaigns in college. So my advice is simple when it comes to marketing. Less is more and as Da Vinci said (later followed by Steve Jobs), simplicity is the ultimate sophistication. Stay away from busy graphics, garish font, and black backgrounds. Most of all, plan sponsors don't have time, patience, or interest so materials should be concise and succinct. Your 25-page brochure will lose plan sponsors by page 3. As far as the power of social media, its power is proved just by the fact that you are reading this article. My law practice wasn't built on my rugged good looks (or lack thereof). It was built on social media. So if compliance allows, consider blogging, writing e-newsletters, and contributing on LinkedIn. As a shameful plug, please consider contributing to my 401(k) site, that401ksite.com. I need good content and you could use the exposure. So contact me for the free details.

Offering investment advice or making sure participants get it

Thanks to the Department of Labor (DOL) regulations, the good news is that a financial advisor can now offer investment advice. The bad news is that it will cost money and time to comply. While you may think it's cost prohibitive, I have found it not to.be. However, if the cost is something you are not interested in, then you can have it done by a third party provider. Having a company like rj20.com to provide this service is a win-win for you because they serve as an ERISA §3(21) fiduciary, they are not your competition, and they will not offer a critique of the fund lineup. An added bonus is that their fee is an annual per head charge that is reasonable (even more reasonable when you mention my name). Plan participants that get investment education have a better rate of return on their selection of investments than those that don't and I am convinced that participants who receive investment advice tailored to their lot in life will do better than those who get the basic education of financial principles.

Offering §3(21) and §3(38) Services or partnering up with a provider

If you are a registered investment advisor, you can serve as a limited scope §3(21) or §3(38) advisor on some or all of their clients that you serve. A §3(21) fiduciary service you will find is likely not that much more than what you currently as a co-fiduciary, but §3(21) sounds a lot nicer in a marketing sense. A §3(38) service has a lot more responsibility and liability that comes with it when you assume the responsibility of the fiduciary decision making process. If you are interested in providing this service on your own, contact your insurance carrier that these services are covered under your liability coverage and I suggest that you consider getting some training that folks like DALBAR and fi360 offer. If you can't offer the service because you are a broker or are a little squeamish about the

added responsibility, it's wise to partner up with a §3(38) provider like James Holland of MillenniuM Investment & Retirement Advisors,. Plan sponsors like choice and I believe that an advisor that can offer a smorgasbord of fiduciary and non-fiduciary services is far better off than a financial advisor that offer only one level of plan advisory services.

Forming strategic alliances, getting the best of the best

Too often advisors are overprotective of their client base and I certainly understand because of the nature of the competitiveness among financial advisors. While some paranoia is good because it keeps you on your toes, too much paranoia stops your clients from getting the best of the best when it comes to other service providers. The day of wines and roses and just dumping your clients on a payroll or insurance company provider are over. Thanks to fee disclosure, plan sponsors are going to be more cost conscious and learn more about the services that providers provide. So it certainly makes sense to find the best of the best of other service providers and offer those provider services to your client. That means finding the right kind of third party administrators (TPAs) (those who provide a great service at a reasonable price) and the right ERISA attorney (reasonable, flat fees for much needed legal services, like what I do). Your practice should be a concierge service, which means offering the best in financial services to your plan sponsor client, while offering the services of other great retirement plan providers that your clients will need. You can offer one stop shopping while not having to spend on the inventory if you know what I mean. Look at these providers not only as a resource, but also as a partner than can help you augment your client's overall plan experience, which will only help you in your client recruitment and retention activities.

Be ahead of the curve

The retirement plan industry is a fluid business because things change. If you were around in 2002 in the retirement plan space, you know the difference from what is happening today. So I would recommend that you stay on top of the changes that happen in the industry because if you can't change with the times, the times can change you. Read articles on the retirement plan business that401ksite.com; Fiduciarynews.com; 401khelpcenter.com; benefitslink.com; riabiz.com; and pensionandinvestments.com are essential websites. Attend some of the worthwhile annual conferences like fi360 and Schwab Impact; attend 401(k) Rekon when it's in your neck of the woods. Reading articles and attending conferences will keep you abreast of changes while giving you marketing ideas on how to better market your practice.

Highlight what you bring to the table; don't just dump on the competition

A few years back, a TPA that no longer exists was being investigated for a wide variety of things. Well, needless to say that every client that this TPA had must have received dozens of calls from advisors trying to get business by dumping on this TPA and illustrating that a DOL investigation of any TPA isn't a good thing. While I have no facts to back it, I assume that most advisors who called to dump on that TPA didn't get any business from these clients. My point is that client recruitment isn't about throwing the incumbent provider under the bus. You need to show a client why hiring you is a good idea. There is nothing wrong with contrasting with what the current provider is doing or not doing and what you would do better, but you have to give the clients a reason why you are a good fit. When it comes to politics, often voters vote for one candidate just because they hate the other opponent (sound familiar?). That's understandable when there is only a choice of two candidates that can actually win, but there are far more than two choices for a plan provider. That means that a plan sponsor can dump the awful plan provider, but they have a wide array of choices for a new provider. So they need a reason to hire a new one, rather than just the fact that the current one isn't meeting their expectations. Therefore, concentrate on why your service will help minimize a fiduciary's potential liability by implementing good practices and by offering plan participants the financial guidance they need to implement good investment decisions.

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