

THE
ROSENBAUM
LAW FIRM P.C.

ADVISORS ADVANTAGE

A Publication for Retirement Plan Professionals

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

It would be a detriment to focus only on this stuff.



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.

To read the article, please click [here](#).

Revenue Sharing is Legal, so what?

Just because it's legal doesn't make it right.

An excessive fee lawsuit against Oracle Corporation will go on as the plaintiffs overcame a motion to dismiss.

The lawsuit alleges that Oracle allowed the plan record keeper Fidelity to be paid between \$68 to \$140 per participant rather than a reasonable per head fee of \$25 for a plan the size of Oracle's.



Oracle moved to dismiss because revenue-sharing is "perfectly legal" and because "nothing in ERISA requires fiduciaries to solicit bids [for record keeping services]" through a competitive process.

I love the revenue sharing is legal argument, I've been hearing it for the last 12 years when I mentioned to people that I have a problem with it. I always likened revenue sharing to kick backs and payola and I've always said that it's only legal because no one has passed a law because it's illegal. As far as using the whole it's legal argument, there were a lot of bad things in our history that was actually law until society said that stuff was unlawful. So revenue sharing is legal because no one has tried to make it illegal. I will always contend it doesn't pass the smell test with me because only certain mutual funds pay it and that means companies like Oracle may

likely use funds just based on revenue sharing and there is cases that show that using revenue sharing as a big criteria in selecting investment options is a possible breach of fiduciary duty.

Now that Oracle has lost their motion to dismiss, expect a settlement announced shortly.

Referrals are about helping, not making you \$\$\$\$.

It's about helping the client.



The retirement plan industry is very close knit. Everyone knows who does great work and the few that don't. Word travels fast about the good, the bad, and the ugly in this business.

Whether you are a financial advisor, third party administrator (TPA), an ERISA attorney, or another plan provider; chances are you will have to

work with other providers. You will meet other plan providers one way or another and one thing you have to realize is that these other plan providers are there to network with and they can be great help in growing your practice.

Too often, I would meet other plan providers and their question is whether I can get them clients. I'm sorry, I'm in the business of getting clients and most of the time, other financial advisors refer these clients and you can't stay in business very long as an ERISA attorney if you are costing business for the folks that referred you. In addition, I get very few plan sponsors clients directly that have no financial advisor and I'm really not in the business of steering business to particular advisors. If a plan sponsor who needs a financial advisor contacts me, I would present a handful of names of advisors in their area to contact and let the decision rest in the hands of the plan sponsor. Most of the time it works and there was one time it didn't, when my law firm selected an advisor I didn't recommend. 9 years later, I'm still pissed off.

When it comes to helping plan sponsors get a TPA, again, I always like to give recommendations on a handful of firms to consider because it's ultimately a plan sponsor decision and I never want to be suspected of greasing the selection in favor of one provider.

Yet, that happens a lot in this business. Plan providers pushing plan sponsors to specific other providers just because that provider change is helping the advisor who made the recommendation.

I once asked why financial advisors steer so many plans to the payroll providers and the answer was that because the payroll provider TPA was very generous in referring new clients to those financial advisors who steered business to them. Heck, there are plans that are a good fit for a payroll provider TPA, but should they be picked as the TPA just because the advisor gets to wet his beak (Don Fanucci rules) by referrals by the payroll provider.

Transparency is an important part of this business so that I stay clear of making a provider choice for the plan sponsor. I never want to be accused of steering a plan sponsor to one provider because I do plan documents for them or because I got some business from that TPA or advisor.

Plan providers should seek out relationships with other providers and the help they can provide you isn't particular new clients, but it can be with information to get a better chance at getting that new client or keeping that current one. There is more to life than just getting clients, it's more important that your clients gets the best possible providers for their plan and not because it benefits you in the short term.

Sometimes Plan Sponsors just want to throw you off their "scent".

They just don't want to talk about their plan.

When you meet retirement plan sponsors just at different networking events and they find out that you're a retirement plan provider, they may volunteer that their retirement plan is in perfect shape. As we know as retirement plan providers, they often don't know if that really is true. However, they volunteer that information because they don't want to talk about their retirement plan and don't want to be solicited.



I'm not saying that you should harass them, but I certainly don't think you should take their word for it. I had an advisor call me up where he approached a company and was told that they had a \$1 billion 401(k) plan and everything was fine. Of course, the advisor checked and the plan was about \$930 million short of \$1 billion. It was also on an expensive bundled platform and had 95 investment options on them.

What's the advisor likely to do? Take that information and approach the plan sponsor in a delicate manner and how they're probably paying too much in plan expenses.

The point is that you can have multiple bites at the apple and that just because a plan sponsor is trying to dismiss you, doesn't mean you shouldn't check up to see if they're telling the truth about your plan.

As a plan provider, make sure there are security processes in place.

Security is a big deal.



As a retirement plan provider, you have something to do with the retirement plan assets and may have some access to it as a third party administrator (TPA) or financial advisor.

If you have access to the retirement plan assets of participants, you need to make sure that there are processes in place to safeguard those assets. I will never forget hearing the story of a TPA

where one of their administrators was almost able to procure a rollover to his own individual retirement account of assets belonging to participants of a plan he was working on. The only reason it didn't work out was because the administrator got the account number wrong on his rollover. Clearly, this TPA didn't have a process in place to ensure that the assets of the plans they were handling were guarded against such theft.

You need to make sure there are processes in place to protect the theft of retirement plan assets because if your employees are stealing your client's money, you'll bear the brunt of it with lost business.

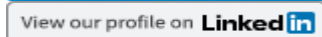
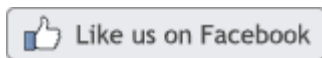
Hope to see you at 401(k) NAPA in a few weeks.

Stop by and say hello.

The NAPA 401(k) Summit will be a few weeks away and I will be attending as a guest of my client, Alliance Benefit Group of Illinois (ABG Retirement Plan Services). I'll be sitting at their booth for the bulk of the day on Sunday, March 19th and Monday, March 20th. If you're going to attend, stop by and say hello.



If you're a plan provider and you want me to speak at your event like ABG Retirement Plan Services did or any other type of co-marketing venture, just let me [know](#).



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