

How To Deal With Other Plan Providers

By Ary Rosenbaum, Esq.

The basics of playing well with others probably goes back to pre-school. The problem is that so many plan providers forget that when dealing with other plan providers. As a plan provider, you can't afford to develop a bad reputation among other plan providers, whether you compete against them or not. This article is all about how and why you should play nicely with other retirement plan providers.

Your reputation means everything

The most important you have concerning your retirement plan business is your reputation, your reputation means everything. It's not only important that you have a great reputation among current and potential clients, but it's also important that you have a good reputation among other plan providers whether you compete against them or not. Other plan providers can be tremendous sources of referrals and that source can dry up if you develop a bad reputation in this business. Whether you're accused of being untrustworthy or incompetent, these are damaging blows to your reputation and will

be a blow to your business. Having worked for third party administrators (TPAs) and on my own, I can tell so many plan providers that have a poor reputation based on the ways they act in their business and how they treat others. I have seen plan provider go out of business or forced into a merger because of a damaged reputation. You can the

most competent plan provider there is, but if your reputation is poor among the industry, it's going to hit you in your pocketbook.

It's a close-knit business

While the retirement plan industry is a national business, it's very close-knit in terms of the number of plan providers that act within it. Thanks to breakthroughs in communication, namely the Internet, it feels even smaller. So if you do some-

ers. I can attest how what a plan provider does on one coast travels far and wide to the next coast and everywhere in between.

Don't lie about other providers

Competition in the retirement plan industry is fierce, fiercer now that we have fee transparency. Don't let the competition get the better of you by lying about other plan providers. When you lie about another provider, it devalues you as a plan provider

and most of the time, your lie will eventually be exposed. There are many ways that you may lose business, but lying is never justified because it will devalue your reputation in the industry. A perfect example of this happened recently when a multiple employer plan (MEP) I work with, solicited a potential adopting employer. This employer had an existing 401(k) plan and was considering to merge it into the MEP. The existing advisor for this plan got wind of it and lied about the costs of joining the MEP and lied about the one bad apple rule concerning compliance that the Internal Revenue Service has decided to eliminate it. Needless

to say, the lies by this advisor was exposed by your truly. Your word in this business is your bond and if your word isn't good enough, it will follow you everywhere.

Don't disparage other providers

Not lying isn't enough, you need to watch what you say about plan providers



thing out in New York that might rankle a plan provider, some of that impact may be felt or heard on the other coast. People talk, so that means plan providers talk. Whether it's at a conference or through email, the word can certainly travel fast about what you're not doing well or what you're doing negatively with other provid-

even if the criticism you make is earned. Yes, there are plenty of other plan providers that we compete against on a day to day business. What's important how we deal with the competition that can probably define us as plan providers and as individuals. There may be competing plan providers that aren't very good or maybe are too expensive, or offer services that are on the cusp of not being compliant. No matter what you do, you mustn't disparage other plan providers. Even when it comes to potential clients, I think it's important to watch your criticism of the existing provider, even if you're trying to win that client from them. You want plan sponsors to hire you for being you, not because the other provider didn't do a great job. Being overly negative about another plan provider may rub other plan providers and current or potential clients away. Like a Facebook community page, not everything you feel should be expressed. I may not be crazy about a certain TPA, but I watch what I say because any negative feelings that I may have about that provider can come back to haunt me if other providers take issue with my negative comments. I'm not trying to tell you how you should feel about other providers, what I'm trying to say is that you have to announce all your feelings to everyone. Even as an ERISA attorney, I would never disparage another ERISA attorney who works in the same space as I do. It's unprofessional and there are times that I may ask some of my competitors for some advice or refer them in on a matter when I need extra help. Disparaging other plan providers is a scorched earth policy, burning down bridges that you may need at one time or another to cross back.

Don't let your referrers lose business
I worked 9 years as an attorney for TPAs and I still have TPAs that are clients. One



of the biggest reasons a financial advisor gets fired from a retirement plan is as simple as referring to a TPA who did a bad job. So the plan sponsor client not only will fire the TPA but will fire the advisor who made the referral. So not only is it important that you do great work for your reputation, but it's also important for the people who stuck out their neck out by referring you business. Costing other plan providers business is going to tarnish your reputation and dry up that important referral source.

Don't steal clients if you wear more than one hat

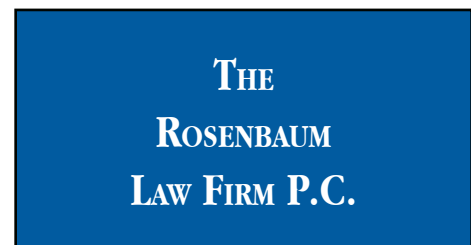
If you're a plan provider that offers more than on service, there is one major rule to live by: don't steal clients from those providers that bring you business. For example, if you're a producing TPA (meaning you have an advisory business), never steal the advisory part from the advisor that referred that client to you. I've seen many producing TPAs develop such a poor reputation by stealing advisory work from the advisors who referred them business. I will vouch for the fact that word of these practices travels fast among the financial advisor community. I remember how bad it was for one TPA in particular, that the manager at a certain brokerage location told

me that salespeople from that TPA were banned from his office just for poaching a client from just one advisor in that office. Offering more than one line of plan services is a business decision, but realize that you shouldn't let business get in the way of your ethics. Don't bite the hands that feed and don't steal from the one that feeds.

One motto to live by

If there is one motto that I choose to live in life and business is simple: I treat people the way I want to be treated. It's a pretty simple rule to live by and sometimes

I'm taken advantage of. However, I will not let the bad work of a chosen few affect the way I treat other plan providers in the retirement plan business. Sure, some providers might have disappointed me and took advantage of my generosity of help, but those are few and far between. When you treat people the way you want to be treated, you usually come out way ahead.



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