

How To Operate A Retirement Plan Provider Practice on a Shoe String.

Why spend when you don't have to.



I decided to start my own practice when another law firm stated that I could earn \$150,000 if I brought them \$450,000 billable work. I thought if I could bring in \$450,000 of business, why would I need them and waste \$300,000 on their over-head? I'm not a big fan of overhead because it cuts into my profits and I don't like my profits to be cut. When you run a business as a retirement plan provider, there are so many ways to waste your money because there are so many other service providers willing to waste it for you.

So this article is how retirement plan providers can operate their business on a shoestring.

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

Being a Leader is more than just the title.

It's about actually leading.

I think there are two types of leaders: those who lead and those who are enamored with being a leader.

When you're a leader and if you have people following you, you have the responsibility to lead. Being a leader isn't just about making decisions, it's about cultivating relationships with those that follow you. I have seen too many times in the past with student organizations or business, those that try to lead without communication and not developing a consensus with their followers.

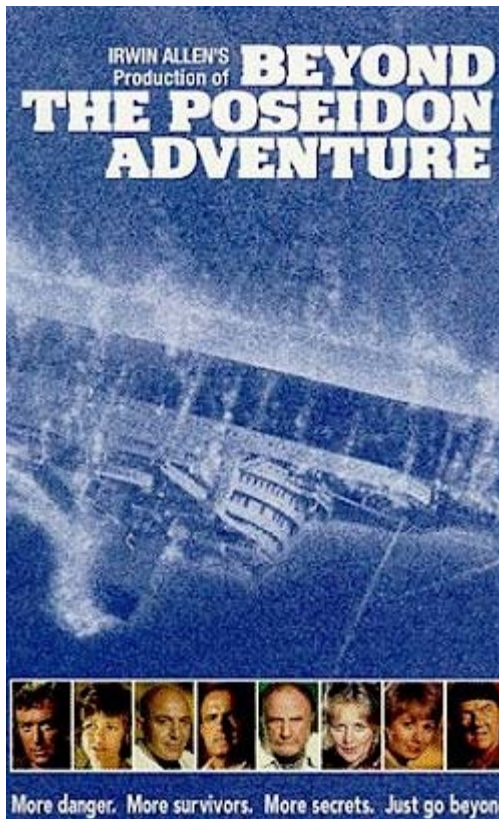
I once was part of a coup at the school paper to remove an editor in chief that I loved like a sister to me because she lived in an ivory tower when it came to leading. Her detachment from the rest of the staff was her undoing because she didn't communicate well and was speaking badly of almost every staff member to every staff member. When we shared the comments made about us by her, it helped seal her fate. Almost 21 years later, I regret being a part of that coup because it could have simply been avoided by just hammering it out with an editorial board meeting. Even if you fully own your business, it's always important to speak to the "troops". People are very sensitive, they want to be kept in the loop and believe that their work and dedication to you matters. Being a leader is more than just having the title. It means actual leading. It means listening to the people who are there to support you because if you end up mistreating them, people will turn on you when they can.



Like being a plan fiduciary, being a leader requires responsibility and leadership requires more than just having the position.

Looking Beyond the 401(k) for Advisors.

There is more to life than the 401(k).



Too often brokers and financial advisors think about their client's retirement plan needs and only think about the 401(k) plan. It's understandable based on their lack of understanding retirement plan basics, but it's not when there are a vast selection of retirement plan consultants and ERISA attorneys who can help advise the client and the financial advisor.

A 401(k) plan is an attractive savings vehicle for plan participants and if done correctly, a great employee benefit. However, there are a few plan designs such as new comparability and safe harbor design that can help augment the retirement savings of highly compensated employees. In addition, there are other plans that can be added to a 401(k) plan that can certainly add a lot more firepower to retirement savings like a cash balance plan, a defined benefit plan, or in many cases, a non-qualified deferred compensation plan.

Too often, plan advisors just don't look beyond the 401(k) plan. This is more so when the advisor is using a bundled or payroll provider as the plan's third party administration (TPA) firm. Bundled or payroll provider TPA tend to be more mechanized about retirement plans, so I find they are the last ones who will try new plan designs or bring the option of adding another plan. Unbundled TPAs tend not be boxed into the 401(k) plans, so I find that they think outside of the box more often.

A few years ago, I met a financial advisor with a law firm client asking whether they could do better than the typical insurance based platform 401(k). Based on the law firm's demographics, a cash balance plan could be a great option and this broker would never have thought about anything other than a 401(k) plan if he hadn't talked to me. Based on the way he acted with how much more money I told him the partners could save for retirement, you thought I found a hidden treasure. Needless to say, I made a new friend.

401(k) plans are great plans if done correctly, but there is no reason that a plan sponsor should stop there if their pocketbooks can afford more.

Good Idea to Look At Small Plans.

There is money to be made.

I've been a big baseball fan since I was 7 and one of the great things is remembering when baseball stars were just minor league prospects. I remember when Mets stars like Dwight Gooden, Daryl Strawberry, and David Wright were touted as the next big thing. Of course,

Gregg Jefferies never became the second coming of Ty Cobb.

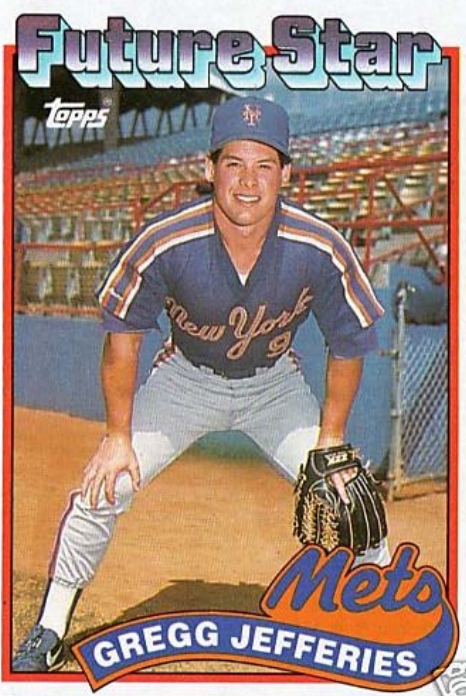
I have always been a champion of smaller 401(k) plans because they have many issues and offer a great opportunity for plan providers because I believe that the small plans of today are the big plans of tomorrow.

There is a new report from research and consulting firm Celent titled Big Rewards Come in Tiny Packages: Why Small Retirement Plans Offer a Huge Opportunity for Plan Providers, Sponsors, and Advisor. They also see the opportunity that smaller plans have to the retirement plan marketplace.

Many of these small plans will grow in size and more regulations such as fee disclosure regulations and the crackdown that will follow will give them pause. Giving them pause will also make them seek help and if you're a plan provider, there is opportunity.

I have always written that smaller plans tend to have bigger headaches and that's because the marketplace for these plans tend to have high fees and not much fiduciary help.

I'm not suggesting that you seek smaller plans if they are completely different from the focus of your business, but it's a good idea to take a look.



The Pitfall of Networking Events.

The problems when meeting other plan providers.



I used to attend a lot more networking events when I first started my law firm when I had very little clients and I think that experience kind of made me attend far fewer events.

Networking is an integral part of building any business whether it's a law firm, third party administrator, financial advisor, or even a limousine owner. For me, networking is all about building relationships that can help you generate business. It takes time, lots of effort, and is

quite rewarding.

The biggest pet peeve I have about networking is what I call the obnoxious direct sell. Picture being at a networking event and you own a third party administration company. You meet a financial advisor and the first thing he asks you is who is the financial advisor on your 401(k) plan. You just met this guy and he's already trying to be your financial advisor. You barely know him more than a stranger on the street and he's trying to sell you a service you probably don't need if you did a diligent job of hiring an

advisor.

To me the purpose of networking is to meet people who are spheres of influence, who can refer you business when someone they know needs someone of your caliber to help. These relationships require trust and they require time, so doing the hard sell to sell a service to this potential source of business is going to backfire.

When I'm meeting another retirement plan provider or another professional, I'm not going to ask them who their ERISA attorney is. They know what I do for a living if they listened to the introduction. If they like what they hear what I have to say, they will develop a relationship and if they need an ERISA attorney, they'll call or if someone they know who needs an ERISA attorney, they'll send them my name.

Networking is like dating. If you go too fast to the hoop, you're likely to get blocked/rejected. Any good relationship is developed from trust that takes time and you need to see the bigger picture. Concentrate on developing pipelines of referrals and less on the quick score.

If you develop a good reputation in this business and you develop great relationships, you'll make it. If you see relationships just as a direct way of selling, you're going to fail and offend a lot of people.

Another quick tip on networking: if someone is trying to sell you a product or service to you and promises that they can bring you clients in return, they never do.

Home of the inexpensive restatement.

Give us a call when you need a new plan document or help in your restatement process.

If you are a plan sponsor or a plan provider looking for an inexpensive plan restatement, then look no further than The Rosenbaum Law Firm P.C. If you are a third party administrator with too many restatements to do and too little help to get the job done by April, we're here as well.

We're not the Home of the Whopper, but we're the home of the inexpensive restatement. We will beat any price as long as the price isn't free because we can't compete with free.



In addition to an inexpensive volume submitter restatement, we also afford an attorney-client relationship to boot.

We have 17 years of experience in this business and the ability to crank out restatements to meet your deadline and pocketbook.

Give us a call at 516-594-1557, we're ready for restatement season.

[Find us on Facebook](#) 

[Follow us on twitter](#)

[View our profile on Linked](#) 

The Rosenbaum Law Firm P.C.
734 Franklin Avenue, Suite 302
Garden City, New York 11530
516-594-1557
Fax 516-368-3780

ary@therosenbaumlawfirm.com
www.therosenbaumlawfirm.com

Attorney Advertising. Prior results do not guarantee similar results. Copyright 2015, The Rosenbaum Law Firm P.C. All rights reserved.