# How a Financial Advisor Can Start Or Grow Their 401(k) Advisory Business

## By Ary Rosenbaum, Esq.

Next to hosting my very own conferences at Major League Baseball and National Football League stadiums (cheap plug for That 401(k) Conference), my greatest thrill with my law practice is working with advisors, both new and old, in developing their 401(k) practice. It's been 11 years now on my own and I've had my practice grow with many of these advisors, as clients, referrers of business, and friends. This article is a blueprint on how you can build a successful 401(k) advisory practice and it's just my way of helping to pay it forward.

**Develop Your Niche.**

While Peter Gabriel proclaimed in the 1986 hit, SledgeHammer, that he would be anything you need, a 401(k)financial advisor can't be everything for everybody. A financial advisor can't handle 401(k) plans from $1 in assets to $1 billion in assets. As a financial advisor, you have to determine what your market is and which 401(k) plans you will target. Will you target larger plans or plans that are smaller in asset size? If you are a registered investment advisor, you will also have to determine what your fiduciary role will be, will you be a co-fiduciary, ERISA §3(21) or ERISA §3(38) fiduciary? If you're a broker, be mindful of the new Department of Labor fiduciary rule and a possible revision down the pike.

**Attend some 401(k) events including That 401(k) Conference.**

There are many ways to start and develop your 401(k) practice and you can spend your entire budget on attending national and local events, that can help you grow your practice. As for national events, good ones include fi360, NAPA 401(k), and the events run by Advisor2x. Of course, I run my own events called That 401(k) Conference, held at Major League Baseball and National Football League stadiums around the country. For just $100, you get 5 hours of contact, a stadium tour, meet and greet with a sport great, and the possibility of attending a game at a Major League Baseball stadium. I also run a national online event called That 401(k) National Virtual Conference every January. We return live with in-person events this September with St. Louis, Minneapolis, and Houston. Go to that401ksite.com for further information.

**Surround Yourself With Smart 401(k) People.**

In the movie, Back To School, Rodney Dangerfield's character stated that if you wanted to look thin, you should surround yourself with fat people. For 401(k) advisors with limited retirement plan expertise, to look smart on 401(k) plans, surround yourself with smart 401(k) people. Being a financial advisor is difficult enough, so you aren't expected to become retirement plan experts. However, there are too many financial advisors who don't have the knowledge and don't care to have that knowledge which puts their clients at a disadvantage. As a financial advisor, you need to augment your services and show why your services have value compared to the competition and the best way to do it is to rely on retirement plan consultants and ERISA attorneys for advice, consulting, and knowledge. While many financial advisors often rely on the expertise of the third-party administration firm that they refer business to, but that advice is not independent. In my practice, I have always had an open-door policy to advisors and I will always assist advisors like you without an immediate bill due. So always feel free to email me or give me a call. As far as great resources, look for plan providers who like to help advisors out, like Chad Azara at PCS, a Philly-based TPA who also runs advisor events. If you want to partner up with another advisor who might have more experience, consider James Holland at Millennium or Lyle Himmebaugh at Granite Group, who can act as a plan's ERISA §3(38) fiduciary for your plan, while you concentrate on the plan sponsor client. A tremendous resource can also be a mutual fund company's DCIO (Defined Contribution Investment Only) professional, such as Bill Schories at Invesco. As with any free resource out there, don't abuse it.

**Don't Rely On One Plan Provider.**

Whether it's a plan provider like a TPA or a custodian, there is no one provider that is a perfect fit for each client. So instead of picking a plan provider that you are comfortable with, it's more important to find the right provider for each client. TPAs come in all shapes and sizes with their own strengths and weaknesses. It's important that the retirement plan needs of the client are met with the plan provider that is the best fit. Putting all your eggs in one plan provider's basket, often leads to cracked eggs, especially if you're using one TPA that doesn't have a strong background in competent compliance.

**Develop an IPS.**

When it comes to participant-directed 401(k) plans that intend to meet ERISA §404(c), too many advisors are concentrated on picking a mutual fund lineup. The need for a financial advisor for an ERISA §404(c) plan is less about fund picking and more about assisting the plan sponsor in managing the fiduciary process. One of the most important roles in the fiduciary process is the development of an investment policy statement (IPS). The IPS set the criteria for selecting and changing investments and are a necessary tool to limit a plan sponsor's liability under ERISA §404(c). Participants must be educated on the investment options in the plan in order for the plan sponsor to get ERISA §404(c) liability protection, so you need more than just an IPS. For help, contact me.

**Find The Right Prospecting/Bencmarking Tools.**

Whether it's Brightscope, Fiduciary Benchmarks, Judy Diamond, Larkspur, Plan Tools, fi360, or some other company, you will need to find the best prospecting and benchmarking tools to prospect new clients and review current clients. What is the best tool out there? The one you feel most comfortable with. Get some dem¬onstrations and see what you like. Check with mutual fund wholesalers and plan custodians who may give you access to these tools for free.

**Harness The Power of Social Media:**

The biggest mistake I ever made when I started my own practice was hiring an old-time public relations advisor. This advisor stressed the use of old-time media like newspapers and magazines to build up my practice. To be honest, no one hired me because I was in the Long Island Business News or DailyFinance.com. My advisor had the chutzpah to tell me to take some time off when things were slow after I started. That advice cost him his job because I picked up a copy of "The New Rules of Marketing and PR: How to Use Social Media, Blogs, News Releases, Online Video, and Viral Marketing to Reach Buyers Directly," by David Meerman Scott. Through writing articles like this, the use of LinkedIn, Twitter, JDSupra, hosting my own events, and blogging, I have been able to build my practice at very little cost. My appearances in the pages of The Wall Street Jour¬nal and marketwatch.com was actually because of my social media work, not the work of my former p.r. advisor. I know the problems you may have with compliance, but see what you can do.

Building any type of business isn't easy. It will take time. If you're dedicated to your clients and dedicated to the role of a 401(k) retirement plan advisor, you will succeed as long as you show value to the service you provide. With so many changes to the retirement plan marketplace over the years through law changes and consolidation, it may be the opportunity you need to exploit and build a 401(k) advisory business.

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