

# How to Communicate and Understand Retirement Plan Sponsors

By Ary Rosenbaum, Esq.

**B**eing a retirement plan provider isn't just about selling services, it's really about selling yourself and you can't sell yourself properly if you can't communicate with clients and potential plan clients. This article is about communicating and understanding plan sponsors to help you grow your business as a retirement plan provider.

## Communication means everything

It doesn't matter whether you're a financial advisor, third party administrator (TPA), or a plan auditor, communication really means everything for your business. While it's anticipated you will provide a professional and competent service as a retirement plan provider, communication is the essential building block and foundation for success. You can only get hired by plan sponsors because of your communication and continued communication between you and your clients will keep you employed as the plan provider. Miscommunication and a lack of communication is usually the top reason why retirement plan providers get fired. The problem is

that many plan providers neglect the communication piece and that's why they don't get hired or get fired by plan sponsors. Reasonable fees and a professional service are essential elements of a good plan provider, but it's communication that holds it all together. Never take clients for granted, always keep them in the loop. For potential clients, make sure you have materials that can effectively convey the message that you should be hired. Materials prepared by your firm need to be clean, crisp,

easy to understand, and error free. Never lose sight of the small stuff and communication is something that easily is forgotten by those who don't appreciate their clients.

## Empathy is really important

Many people don't know what empathy is and many people don't have any. So what is empathy? Empathy is the capacity

plans. Empathy is understanding a client's needs in sponsoring and maintaining a qualified retirement plan. Quite honestly, a TPA that doesn't bother contacting a client about consistently failed compliance tests or whether another plan design (such as safe harbor 401(k)) may work better is not showing any empathy. Not understanding how a mistake by one of your employees or

a billing issue affects your client is showing a lack of empathy. If you sense how a client feels, you can make sure that you temper your communication with them and not be adversarial with them if they have an issue with a component of your service. So many times, all a plan sponsor wants to know is that you care about them. While there are many reasons why a client may fire you, it should never be just because a plan sponsor feels that you don't care about them.

## The use of game theory

Game theory is "the study of mathematical models of conflict and cooperation between intelligent rational decision-makers." I learned a little

about game theory by watching *A Beautiful Life*, the movie about Professor John Nash. If you take out the mathematical mumbo-jumbo, I think my form of game theory is trying to guess what someone else will do based on my actions. By applying game theory, it also allows me to consider my actions before I actually make them and try to guess the reaction to the number of actions I might consider. This form of game theory allows me to temper any response I have to my clients, so I'll never



to understand or feel what another being is experiencing from within the other being's frame of reference. Basically, empathy is the capacity to place oneself in another's position. To properly work with clients and with your employees, you need to have empathy. If you understand how a client feels and what they're going through, it will go a long way in maintaining them as clients. If you don't care about clients and what they have to go through, you shouldn't be in the business of servicing retirement

get into a fight with them that will make me lose a client. Thinking about any potential response that I have goes hand in hand with having empathy, understanding what my client is going through will also allow me to understand what their reaction will be to my communication to them. If you understand how a client may respond to you based on your action, it goes a long way in keeping them on as clients.

### Clients and potential clients can be irrational

I have an open door with retirement plan providers, which means I don't charge them for just asking a question or just wanting to chat. So often I'll hear a provider complain how they met a potential plan sponsor client and how the current provider is charging double. The plan provider will then tell me that they're shocked that the potential client doesn't want to hire them. There is no such thing as a sure thing and there is no situation where

it's a slam-dunk that you'll be hired. Plan sponsors can be irrational when it comes to hiring you, firing you, or even interacting with you. You can't explain irrational behavior through rational thinking, so you need to accept the fact that plan sponsors won't do the right thing in a lot of situations.

### Plan sponsors hate change

Whether they are clients or not, plan sponsors hate change. That's why so many keep on using plan providers even though they aren't very good and/or charge too much in fees. Plan sponsors may be aware that their current provider is not doing right by them, but they might not want to make a change because they hate change more than they hate being taken advantage of. With current clients, you know they hate change. If you're a TPA, you'll remember how plan sponsor clients had a tough time dealing when electronic filing was required of all Form 5500s. Electronic filing is a great thing, but plan sponsors

thought it was Armageddon. Of course, Armageddon is when plan sponsors have to be contacted about the plan document restatement process. People hate change, plan sponsors hate change, and sometimes they would rather suffer than change something. I learned it the hard way with a charitable organization where people knew how bad the current leadership was but weren't interested in making any changes

irrationally attached to some plan providers. Maybe the provider is a relative of one of the plan sponsor's owners, maybe the plan sponsor hates change, and maybe the plan providers gives one of the plan sponsor's decision makers free Jets tickets (it happens). Whatever the reason, it's not your business to make sense of it. You need to move on because it's unlikely that the plan sponsor will escape the "chains" that bind.



### Plan sponsors quibble over the small stuff

I worked at a place where employees didn't complain about the bad raises, the lousy benefits, or the ever-changing health insurance with increasing premiums. Yet when the company stopped providing milk for the K-Cup machine, all hell broke loose. The lesson: people get annoyed with the small stuff. So if you're thinking about charging for a safe harbor notice that you never charged before or you're adding fees for copies and travel when you never did before, expect plan sponsors to complain. Plan

sponsors don't like to be nickel and dimed, and they don't have time to deal with your "great ideas" to raise revenue.

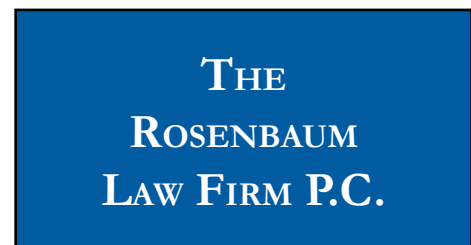
### Plan sponsors don't know what a bad provider does

In the movie Casino, they talked about a lot of holes in the desert where grudges were buried with bodies. When it comes to retirement plans, there are a lot of holes where plan problems are buried without any knowledge by the plan sponsor. Unfortunately, most of the time, these holes are only discovered when there is a change of plan providers and the new provider discovers the problem. So when dealing with a plan sponsor who swears that they have a great plan provider, they need to know that it may not necessarily be the case.

### You don't need to make sense of it

There are so many plan sponsors that are

sponsors don't like to be nickel and dimed, and they don't have time to deal with your "great ideas" to raise revenue.



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