

How Retirement Plan Providers Can Avoid Communication Problems

By Ary Rosenbaum, Esq.

Life is all about relationships, whether it's family, friends, or business. Whether it's starting a relationship, continuing one, or ending one, it's all about communication. I can honestly say from my life, the relationships that truly mattered that faltered were because of a lack of communication. Maybe I didn't say what I needed to say or maybe the other side wasn't listening or I wasn't listening, but it was the lack of communication that ended it. When you are a retirement plan provider, relationships are important and you can't afford to lose these relationships because of a lack of communication. So this article is about how retirement plan providers can avoid communication issues that could lead to a loss of business.

Communication with Clients

Years ago, I worked for a third party administrator (TPA) and there was a competent plan administrator that had a knack for avoiding speaking on the phone during office hours. Despite the effectiveness and competence of the plan administrator, it would bother clients that he wouldn't return calls. They knew he was at his desk avoiding their calls. The point is that no matter what, something like not returning phone calls is something that could lead to a provider being fired.

Communications with a client is also

something more than just returning phone calls. Communication is all about letting plan sponsor clients know what's going on with their plan and that could be about anything that has to do with the administration of their plan. When I was working for a TPA, we had a potential client that had a payroll provider as their TPA. The

about safe harbor plan design even though the client consistently failed discrimination tests that safe harbor plan designs were used to avoid. So needless to say, the client fired the payroll provider TPA.

Like my wife when it comes to all things related to our household, plan sponsors

need to be kept in the loop. Unlike my wife, they may not want to be in the loop, but you can't afford to be right on what information they need to have especially when a competing plan provider can beat you to the punch. Changes in the law, possible plan design changes, and plan costs are just some things that plan sponsor clients need to be informed about. That might mean emails, letters, articles, and even using some of the materials that I publish (as long as you just ask). Communication is not only just communication; it's a subtle reminder that



plan failed their contribution discrimination tests miserably and the owner of the company had to receive a refund equaling 90% of her salary deferrals which was about \$10,500 that were now going to be taxed. The problem is that the TPA never bothered to let the client know that a \$7,500 corrective contribution could allow the plan to pass and not cause the owner to get a \$10,500 refund. The TPA also never had a discussion with the plan sponsor

you're there for the plan sponsor and you've got their back. As long as they hear from you, they know you're there. If they know you're there, they won't forget you.

While emails and materials are great, it's important that just the basic line of communication is kept open and maintain. That is why it is imperative to put in a policy in place that makes any client communication to your firm must be returned within

24 hours, no ifs, ands, or buts. Not only must you be in communication with your clients, your staff needs to do that as well. It's far easier to lose clients, then to gain them. So a policy in place that will keep the clients informed about their plan is a good way in keeping them as clients.

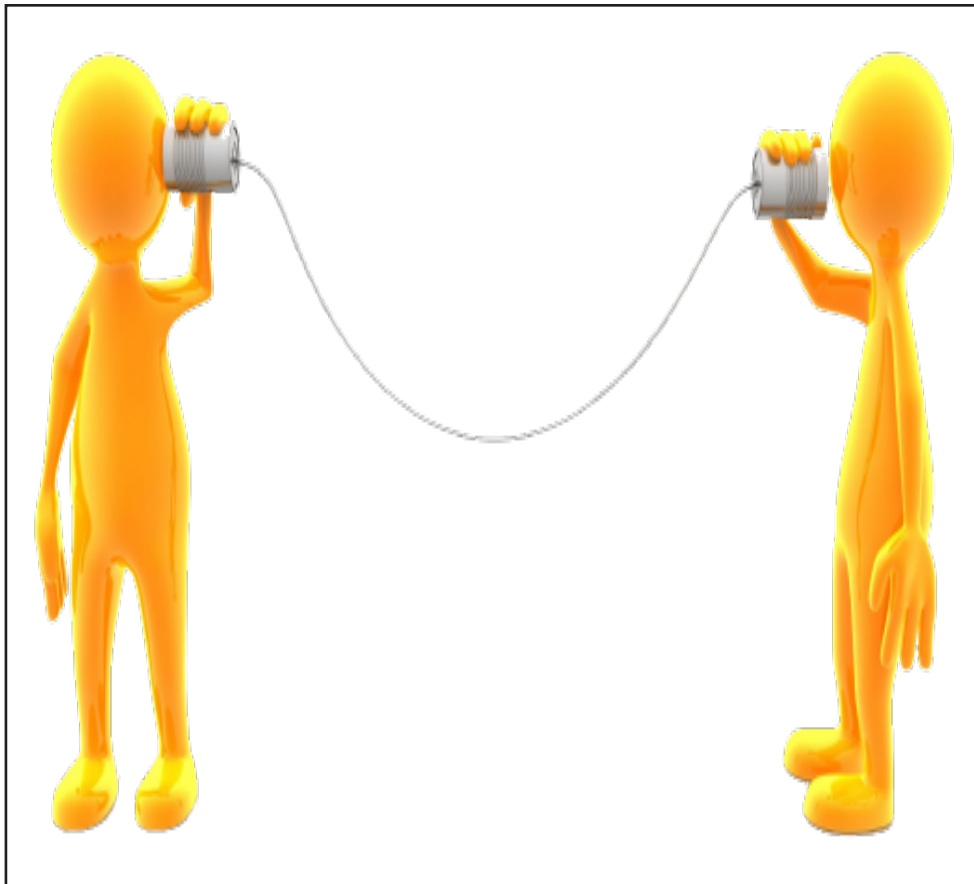
Communication with plan participants

While most plan providers do a very job with communicating with their clients, many don't do a very good job of communicating with plan participants.

Much of it has to do with the notion that the plan sponsor is the client, not the participants. Another reason is because many plan providers don't know how to effectively communicate with plan participants. Either way, you must understand that you need to effectively communicate with plan participants.

Having good communication with plan participants is important because you don't want participants complaining to plan sponsors. Failing to return a phone call or giving wrong information on a participant hotline or a participant website that doesn't work are things that get plan sponsor upset. In addition, poorly conducted enrollment meetings or education materials that make participants uneasy about their 401(k) plan are also problems that can get you fired.

Happy plan participants will lead to a plan sponsor that will be happy to retain you. That's why plan enrolment meetings, education materials, and any plan participant interactions with you need to be trouble free and engaging at the same time. For example, too many enrollment meetings are conducted like funerals. If you're a financial advisor or a TPA with a say in how enrollment meetings are conducted, make sure that they are lively and



there is no I in team, so it's important that you can communicate effectively with other plan providers so that the plan sponsor can get the best in plan services and handle their fiduciary responsibility in a prudent manner.

If you notice that a certain plan provider on the team isn't working up to the standards that a plan sponsor needs and deserves, the plan sponsor needs to know this because it's not fair to them and it's certainly not fair to you if their incompetence burdens you. Better to say something now rather than being accused later by the plan sponsor that

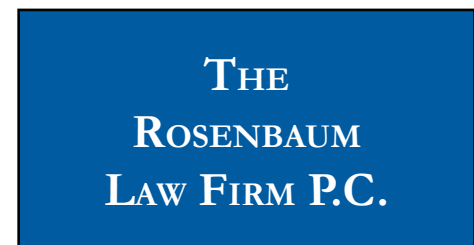
more exciting than the way they are usually conducted. Maybe throwing a raffle or just using materials that most participants can understand are just some example on how to help the participant process. When it comes to participants, they are the audience and you need to speak on their level in order to have effective communication.

Communication with other plan providers

Whether you help pick the other plan provider or not, you're part of a team of plan providers whether you like it or not. The problem with being part of the team sometimes is that you're only as good as your team. Working with other plan providers means you have to make sure that the ball doesn't drop, so that means you need to make sure which provider is responsible for what when it comes to the plan sponsor. There is nothing worse than being blamed for shirking your responsibility whether something was your responsibility or another provider falsely claims it was your responsibility.

Make sure the roles and duties of each plan provider is delineated and each provider understands their role. That type of communication is going to lead to less mistakes and a better well rounded service for the plan sponsor client. They say

you didn't speak up and help them when you had the chance. On the other hand, if your are in a position to recommend a new fellow plan provider, make sure that they are up to the job. I have see to many situations where a plan provider recommends another plan provider who is incompetent which gets the referring provider fired. So if you have the opportunity to recommend another provider, make sure it's a good one.



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