

The Long Terms Effect Of COVID On 401(k) Plan Providers

By Ary Rosenbaum, Esq.

The COVID pandemic is probably the most challenging thing we have gone through in our lifetime. I wasn't alive during World War II nor have I ever served in our armed forces, so I would have to say the most challenging part in my role as an ERISA attorney has been the last 13 months since a good chunk of my business was deriving income and referrals from in-live events (hoping to go back live in September). While COVID has certainly been challenging, it has certainly opened up my eyes as to where the retirement plan industry is headed and the profound and long-term effect that COVID will have on this business (both good and bad).

The long-term effect

When the COVID pandemic seemed to be something huge, I was on an airplane ride back from That 401(k) National Conference from Disney World. The plane ride back was the night that the NBA suspended their season. I left Disney World on a Wednesday, my kids' last day in school for the next 6 months was that Friday and Disney World closed that Sunday. I'm no epidemiologist, so I thought that after a two weeks lockdown, life would go back to normal. Unfortunately, even with a vaccine, it still hasn't. One day, the pandemic will end and I hope that end comes soon. Even with an end, COVID will have an effect on the retirement plan industry for many years to come. Some of that effect was negative, but a lot of it wasn't. They

often say that you don't know how strong you are until you're tested and I believe that the retirement plan business was tested by COVID and that it held its own. I was in this business on September 11th and it's clear that COVID has had more of a long-term effect on how the retirement plan business functions. I don't know whether the COVID pandemic was the retirement plan industry's "finest hour" to steal a line from Winston Churchill after the evacuation at Dunkirk, but it's something that people in this industry should be proud of.

when he was 4. Before that time, I would dread taking a vacation and having this nightmare that there would be hundreds of emails to answer and tons of file folders sitting on my chair. I started work in the late 1990s and access to the work email was nearly impossible or signing in to the work computer network didn't exist. We had a few people who were administrators who would work from home a couple of days a week and I thought that was some sort of scam especially when one person was caught playing hooky on their day working from home. The COVID pandemic has proven that people can work from home and really work. Thanks to work from home orders from the state, almost every retirement plan provider had to adapt and allow their employees to work from home. Thanks to technology, there was a somewhat seamless transition from working at the office to working from home. Most clients wouldn't know whether you worked at the office or worked from home. One of the biggest questions



People can work from home

I have been in the retirement plan business for 22 years and it was only until 2008 that I could get access to my work email when I wasn't at work. I was at that semi-prestigious law firm (sorry Lois) and I could get my work e-mail on a law firm issued Blackberry, that somehow my son loved

regarding working from home is how long this will continue and whether it will be permanent for many employees. While working from home isn't easy with kids and so many other attractive nuisances that ruin our attention span, it is something that many retirement plan providers might consider. I always joke that I was ahead of the curve when it came to working from

home as I've been doing it for 11 years. It's had its moments, but it's something I have found to be beneficial to grow my practice. Working from home means I didn't have to shell out rent for an office when a mortgage bill was a big enough nut to pay. When comparing the trip to New York City on the Long Island Railroad, I easily saved at least 2 hours per day in travel as the walk downstairs didn't require a schedule or railroad ticket. More importantly, being away from the workplace and mass transit means I was sick about 90 percent less as the communal workspaces and train stations are great laboratories to grow bacteria and viruses

(even before COVID). I believe many retirement plan providers will determine whether they can be more effective if they allow more and more of their employees to work from home. I've seen a few third-party administrators (TPAs) that are hiring administrators and suggesting in the ad that they will accept candidates that will work from home. Thanks to technology, we can determine which employees are working as opposed to those who claimed they were working from home back in the day and they were playing hooky.

The size and location of the workplace

Allowing people to permanently work from home will also question retirement plan providers as to the size of their office. Fewer people working from the office means less space is needed. Even if a plan provider wants all of their staff to return to the office after all COVID restrictions are lifted, they may still want to consider where the office should be located. The COVID pandemic made many of us reconsider whether living or working in a metropolitan city was still a good idea. I'm sure there are enough plan providers out there that will jettison that midtown office for something in the suburbs. Work-



ing at a TPA or law firm near Penn Station in Midtown Manhattan had a certain panache, I think that great selling point has certainly lost that luster. One thing after we get out of this pandemic and for many of us, home captivity for over a year, to consider is whether people may suffer from a post-traumatic stress disorder and the negative impact on their psyche if they had to go back to that city office. An office in the suburbs or the country will certainly involve less stress and fewer rent payments.

The road will be less traveled

Travel takes time and money and time is money. Whether it's attending a national conference or just going to meet a client, I believe that one of the bigger long-term effects for retirement plan providers is that there will be less travel. One of the benefits of COVID is the ease of using Zoom or Microsoft Teams or Webex or any other virtual meeting place. I never had a Zoom subscription until I hosted my first virtual 401(k) conference, but I learned what a cost-effective tool they are. Many plan providers have realized that as well. Why do I have to spend time with a client (not including travel) when a virtual conference room saves time, especially if I can schedule multiple virtual meetings? Virtual

meeting rooms save time and make us more effective since travel time will be eliminated. There are certainly larger clients that you may need to see for a fiduciary meeting or enrollment meeting because of the nature of the relationship, but I assume most plan providers will look to see how they can substitute the virtual meeting for the in-person meeting permanently after the pandemic ends. I also believe those plan providers will also cut down on the amount of travel for national 401(k) events. It's one of the reasons that for the short term, my annual national event will be virtual (cheap

plug here) while I return to hosting the local stadium events in September. Going forward, I expect most plan providers will cut back on all forms of travel when virtual meeting rooms are more cost and time-effective. There are certain relationships and prospecting that will require travel, but those opportunities will be less frequent than they were in the days before COVID.

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