

THE  
ROSENBAUM  
LAW FIRM P.C.

## ADVISORS ADVANTAGE

A Publication for Retirement Plan Professionals

### Advice For 401(k) Plan Providers On Hosting Events.

**Just two cents on my experience.**



One of the most important marketing tools that a plan provider can use to some success is the use of events to make connections to other plan providers and plan sponsors. The problem with creating events to develop your business is the issues of cost and most importantly, drawing in attendance. Thanks to 20+ years

of working on organizing events through either assisting or running themselves, I've seen a lot of great ideas and a lot of recycled ideas that have beaten to death that don't draw flies. This article is about how 401(k) plan providers can develop events and conferences that can help draw in business.

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

### Less is almost always more.

**It almost awlays is.**

I've told the story many times, but I used to work for a well known ERISA attorney at a union sized law firm for about 10 months. The woman was absolutely brilliant, but I had to leave there after 10 months because she liked to do things at the last minute and I didn't want to be drafting plan amendments at 2 am when I had two infants at home. Another thing that drove me nuts is that our styles clashed: I believed that less is more and she believed that more is more, she felt the need to justify her fees. Instead of using existing model language for a canned plan amendment, she wanted me to draft one from scratch and charge the client 10 times more.



I come from the position that when dealing with clients and other plan providers, that less is more. When it comes to marketing materials, any form of communication, and even conference presentations: I believe that less is more. You can say more by saying less. I've spoken at conferences where I spoke for 10 minutes and have spoken for a half hour and I can tell you that I've probably said as much in 10 minutes than in 30 and I think I had a greater impact. You need

to be straight and to the point and by stripping down what you need to convey, you don't have a lot of fluff.

## Don't let your best people leave over money.

It's hard to replace good people



I always say one of the main reasons that a provider gets fired is when the plan sponsor feels that the provider doesn't care and one of the main reasons is when the plan sponsor can't get their phone call returned.

I worked at a third party administrator (TPA) that often reminded me of an insane asylum, but one of the great rules in that office is that all phone calls must be returned within 24 hours. The same was said of emails. There is no reason why communication from a client can't be responded to within one day. From experience, there is nothing more upsetting than not getting a call from someone you hired and need help with an issue.

I always have a saying that says: "I needed you, you weren't there, I don't need you anymore." If that is a client who thinks that, you'll be gone as the plan provider.

## You can't be everything for everybody.

You can't.

I have written many articles on the fiduciary warranty and how that is a deceptive practice in my mind because plan sponsors assume that this warranty protects them a lot more than in the very limited circumstances that it actually does.



When I first wrote an article about it in 2011, someone I know who worked for one of these fiduciary warranty pushing providers didn't take too kindly to my article and asked me to take his name off of my newsletter subscriber lists. He also indicated that in the past, he referred a lot of work to ERISA attorneys. I got the picture and of course, in the years that I knew him, I never got any legal work from that relationship. Regardless, when you are outspoken as I am about fee disclosure and some of the abuses in the retirement plan business, this is the price you have to pay for being outspoken. Most of the time, my outspokenness gets me more business like the time I was hired by a West Coast registered investment advisor because the competition (the top ERISA attorney in the country, in my opinion) was returning the client's phone calls from a meeting with a bundled provider client that was known for its poor product and high fees. The client knew that they didn't want to hire an ERISA attorney who represented providers like that. In the end, you can't be everything for everybody.

As a plan provider, you have to develop your niche and market yourself to the marketplace you want to work with. A financial advisor, who only wants to work with \$100 million plans, isn't going to join a small business networking group. A third party administrator (TPA) that only handles small, balance forward retirement plans isn't going to handle a \$75 million, participant-directed 401(k) plan.

Plan providers need to their strengths and weaknesses. I worked for a provider with an owner who thought we could do everything and when we tried to handle something out of our element, we'd flop. As Dirty Harry said in Magnum Force: "A good man always knows his limitations." Plan providers need to market their strengths and not try to be a provider for every type of plan coming down the pike.

The fact is that the retirement plan business is large enough for providers of all different sizes and shapes. There is enough area for the bundled provider and unbundled provider, as well as brokers and registered investment advisors. To me, it's all about fit. For some plans, bundled providers may be the solution and there are times when they are the completely wrong answer. Plan sponsors need to find the right team, the team with the background to handle a plan of their size and shape.

Plan providers need to understand they can't be everything for everybody. Just like I won't be representing any companies pushing those fiduciary warranties.

## **Don't discount offering participants at least an education.**

**It's a mistake if you do.**



Advisors ask me all the time of the role of education in participant-directed 401(k) plans. Participant-directed 401(k) plans that are governed under ERISA §404(c) offer the plan sponsors liability protection based on a participant's gains or losses on their account when they direct their own investment.

There have been so many misconceptions that plan sponsors and advisors have had concerning ERISA §404(c) plans. They had this belief that if they just give a mutual fund lineup and some Morningstar profiles to plan participants that they are exempt from liability. ERISA §404(c) protection is about following a process and Morningstar profiles are just not enough education to give to plan participants. On the flipside, education to participants doesn't have to amount to an MBA education.

I think an effective education component to ERISA §404(c) plans should include enrollment meetings where the characteristics of the plan are discussed, as well as the investment options, and offering the building blocks of financial education to assist participants to get a better understanding on how to choose investments.

In addition, written materials such as plan highlights and some Morningstar profiles should always be distributed.

Also while many advisors dislike, one on one meetings to participants should always be offered. While most participants will probably shun such meetings, they should always be offered to those that want them because as we know, every participant has a different financial goal and need. One on one meetings offer participant individualized attention on asset allocation and fund

choices; it can be an effective means of educating plan participants more than what a general enrollment meeting can offer. It can help participants understand how retirement plan assets relate to their other assets as part of a comprehensive financial plan.

Advisors should always look at education as liability protection because offering participant education helps a plan sponsor minimize their liability under ERISA §404(c). While I always stress education as important part of the fiduciary process, it's not about achieving a specific result from participants directing their own investments. Offering participants education is like the old proverb, "You can lead a horse to water, but you can't make him drink." So no matter how great the education component is, there is no guarantee that it will help plan participants achieve a better financial result because like they say, there is no guarantee in life, except maybe death and taxes. The participant who put all his money into a mid-cap fund because he considers it the "average of the market" may still do so even after getting an education at the enrollment meeting and through one on one meeting. As with most things with retirement plans, it's about following a process and not guaranteeing a result.

## Chicago: Two Advisor Events and a Cubs Game.

**A Happy Hour too. September 12-13th. Be There.**

I'm very proud to announce that The 401(k) Conference will emanate from the friendly confines from Wrigley Field on Thursday, September 13th. If you're a 401(k) financial advisor, you get 4 hours of content, lunch, a Wrigley Field Stadium Tour and a meet and greet with Hall of Fame member Andre Dawson for \$100. In addition, we're having a Cubs game outing the night before on Wednesday, September 12th as the Cubs take on the Brewers. Tickets for the game are \$100 and are going quickly. Tickets for the game and conference can be found [here](#).



My friends at PCS have decided to join in the fun as they will be having their 401(k) advisor event, The Advisor Lab on Wednesday, September 12th. It's a half-day of great 401(k) content, followed by a Happy Hour before that Cubs game we have. So if you're an advisor in

Chicago or points elsewhere, this is a great way to spend 2 days in the Windy City. Sign up for The Advisor Lab [here](#).

Chicago this September 12th and 13th is the place to be if you're a 401(k) advisor.


After Chicago, we'll be going to hold That 401(k) Conference in Philadelphia at Citizens Bank Park on Friday, November 9th. The same deal as the Citi Field and Wrigley Field events. \$100, 4 hours of content, a stadium tour, and a meet and greet with a Phillie great. We're looking for



plan providers sponsors. So if you want to be in on the fun, contact [me](#).

We're also working on events in 2019, Los Angeles and Tampa seem

to be next. If you know of a city that would be great for an event, just let me know

 Like us on Facebook

Follow us on [twitter](#)

View our profile on [LinkedIn](#)

## The Rosenbaum Law Firm Advisors Advantage, August 2018 Vol. 9 No. 8

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](mailto:ary@therosenbaumlawfirm.com)  
[www.therosenbaumlawfirm.com](http://www.therosenbaumlawfirm.com)

Attorney Advertising. Prior results do not guarantee similar results. Copyright 2018, The Rosenbaum Law Firm P.C. All rights reserved.