

HICKS NOTES

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MARKETING FOR RETIREMENT PLAN CLIENTS? YOU NEED A STRATEGY

During this time of year, CPA's are busy preparing taxes, so as a Financial Professional, now is a perfect time to develop a strategy to market plans over the summer and into the year end. There are a variety of ways to educate and separate yourself from the competition. Here are some ideas that you can use to stand out, bring additional value and get more business.

First, ask yourself, are you selling an employee benefit plan or a tax savings vehicle designed especially for the small employer? While these markets and concepts overlap, they are marketed differently and require different areas of expertise to be competitive.

PLAN DESIGN: In a tax savings plan, when the owner is looking for tax deductions at the lowest cost for employees, plan design is critical. An employer will need to know how much it will cost for each employee and how much they can get for themselves. It requires a marginal dollar analysis based on getting a good proposal as shown in our [February 2017 newsletter](#).

Safe Harbor 401(k) plan with age weighting on employer discretionary contributions works great in this area. In addition, a [defined contribution/ defined benefit combination design](#) or an [owner-only defined benefit plan](#) may give greater contributions without increasing employer costs for employees.

Many small employers are sold bundled plans by payroll companies that are boiler plate and have no sophisticated plan designs. These companies are expensive and provide subpar service in the administration and investment options. These clients are ripe for take over.

Having a basic understanding of these concepts and a simple way to get proposals from a good TPA will give an advisor an advantage in this market. [Click here](#) to review our keys to a complete proposal.

As the company and plan size grows, the plan's purpose generally will also change. You are now servicing a true employee benefit plan. While these concepts do work in the small plan market, they are more powerful in the big plan arena.

FIDUCIARY MARKETING: In larger 401(k) plans, the trustees are responsible for choosing investments and administrative providers. Regulations require them to annually **REVIEW, BENCHMARK AND DOCUMENT** investments, fees and services. These are all areas ripe for competition. You can offer to do this for the clients or help them in a particular area. Are the fees reasonable? Are the returns reasonable given the risks within the funds? Are they getting the best deal from the investment and recordkeeping companies they are working with? Are they getting fee offsets from amounts received by their TPA from investment companies? By [understanding these issues](#), you can bring real value to 401(k) plans and help shield the plan's fiduciaries from potential liability.

The trustees of a large plan may want some protection from fiduciary liability - advice from a co-fiduciary may be a solution. You can bring them a fiduciary option by using a true 3(16) fiduciary to make decisions and take all the liability. You can view one such option [here](#).

EMPLOYEE COMMUNICATIONS: Another area of expertise is employee communications. Are the employees getting the proper disclosures in a way they can understand? Can you prove it? By offering to work with their HR department, to be the go-to Planner for questions, advice and fiduciary communications, you can bring value and get new clients. Understanding and delivering a communications solution just might be the thing the competition is not providing. [White Hat](#) could be a valuable disclosure solution for your large 401(k) plan.

FEES AND SERVICE: All plans pay fees. Are they reasonable? Is the client getting nicked and dimed for additional services? Are phone calls being answered by a knowledgeable person? Who is responsible for 5500 returns and testing issues? Bundled providers look inexpensive and easy, but their strict policies create a big burden on the human resource department who ends up performing most of the work. Many smaller TPAs' fee schedules look similar, but the actual bill the client receives is much different because of the add-on services and not offsetting all of the third party payments. Employee turnover at many TPA companies produce substandard services. Offer to review their contracts and bills to make sure they are not getting overcharged. **A good Planner** knows exactly who the players are and what is happening behind the scenes. By partnering with the best, you can save your clients money and hassle.

COMPLIANCE: You may want to educate yourself on the multitude of compliance issues a client may face. Failed tests or mistakes may make a client feel uncomfortable and scared about their current situation. Bring them a solution and win their business. Having a good attorney and resources in your pocket will help with these issues. We have [the tools](#) and personnel to help.

DATA MINE: If your prospect is an existing plan, it's always a good idea to pull the Form 5500/5500-SF. This can be done on [FreeERISA](#) or the [DOL website](#). These forms provide a wealth of information about the company and the plan. Is the company making employer contributions? What is the investment return, fees and plan design? A few years of 5500s will tell you what is going on with the plan and company, and give you an advantage when trying to get a meeting or discussing areas that need attention.

In conclusion, there are many ways to approach the retirement plan market. Have a good understanding of your strengths and weaknesses and the resources available to support you. A good strategy will result in more business and add value for your clients. We have a one-hour [marketing webinar](#) on our website for a greater clarification of these issues and other marketing ideas. As always, we are here for you. Please contact us [here](#).