

Winning Retirement Plan Business



RETIREMENT MANAGEMENT SERVICES, LLC
Plan Consulting • Administration • Design

RETIREMENT MANAGEMENT SERVICES, LLC
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1/19/2017

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Plan sponsor's focus on plan fees, funds and fiduciary guidance continues. But increasingly plan sponsors are also looking for advisors who have in-depth knowledge of, and focus on, retirement plans. To be successful in the retirement plan space, the advisor must bring plan-design ideas to the table (or partner with an outside firm that can do so) and put forth a viable action plan to improve the success of the company's retirement program, particularly in terms of improving participant's retirement readiness.

How does an advisor become a retirement plan specialist? One great starting place is to commit to obtaining a meaningful professional designation that provides a broad understanding of retirement plan design and compliance. There are a number of designations that are helpful, here are a few of the most recognized:

- **College for Financial Planning** offers: Chartered Retirement Planning Counselor; and Chartered Retirement Plans Specialist (CRPS).
- **Institute of Certified Bankers (ICB)** offers: Certified IRA Services Professional (CISP); and Certified Retirement Services Professional (CRSP).
- **International Foundation for Retirement Education (InFRE)** offers: Certified Retirement Administrator (CRA); and Certified Retirement Counselor (CRC).
- **Center for Fiduciary Studies** offers: Accredited Investment Fiduciary (AIF).
- **The Retirement Advisor University at UCLA Anderson School of Management Executive Education (TRAU)** offers: Certified 401(k) Professional.
- **Society of Certified Financial Advisors** offers: Certified Retirement Financial Advisor.

All of these designations require coursework designed to familiarize plan advisors with important plan terminology and concepts that are critical to understanding what plan designs are available and what works best for any given business demographic.



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Plan administration is complex – there are many nondiscrimination tests required each year; numerous “safe harbor” plan design options that are available to mitigate some of the testing issues; and Internal Revenue Service and Department of Labor filings that must be prepared annually. So while it may not be realistic to expect an advisor to understand all of the detailed nuances of plan administration, it will certainly be beneficial for prospecting as well as servicing existing plans for an advisor to have a high-level understanding of basic plan issues.

Another way for advisors to demonstrate value to prospects and existing clients is to partner with an outside Third Party Administration (TPA) firm. As an independent TPA, RMS can meet with an advisor’s prospects and existing clients to review plan design; strategize on tax saving opportunities for the business; and discuss the impact to the plan of future growth in the business. Our expertise in compliance and administration allows the advisor to focus on what he/she does best – employee education and investment selection and monitoring. Bringing RMS to the table as a plan partner demonstrates to the client a commitment to excellence in all aspects of the plan, not just the investment side, since ultimately the plan investments won’t matter if the plan fails because of design and testing issues.

What about bundled providers that offer a “one-stop” approach to plan administration? The typical plan manager who works for a bundled provider acts more in the role of a customer service representative, and does not have the technical knowledge or experience to provide customized, meaningful consulting to the plan. RMS has the expertise to guide the plan sponsor on important issues related to design, services and features that are in the best interest of the plan participants, and that provide savings for the business owner in terms of plan contributions and tax deductions. The tax savings and reduced contribution costs of an enhanced plan contribution formula can more than offset the cost of TPA services.

In addition, many plan recordkeepers actually prefer to have an outside TPA servicing the plan, as opposed to a bundled plan serviced completely in-house at the recordkeeper. Most recordkeepers indicate that over 80% of the plans they service use an outside TPA, *not* a bundled arrangement. Why? Because even the recordkeepers realize that an outside TPA brings a level of detailed expertise to the client that the recordkeeping firm is not able to provide on the bundled platform. Having an outside TPA that is reviewing the plan and running checks and balances on plan activity is especially important in today’s environment of complex regulations.

Plan sponsors value advisors who are proactive. By partnering with RMS, clients will be informed about new regulations and their impact to the plan, and will know that an Account Executive at RMS is reviewing the plan’s census and testing each year to look for upcoming trends or suggested plan design changes. In a typical bundled plan environment, the recordkeeper is just processing the information it is given in an “assembly line” fashion, not proactively looking at any specific plan in detail.



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By becoming educated - and then establishing yourself as an authority on retirement plans - and partnering with RMS for comprehensive, detailed plan consulting and design, an advisor who wants to focus on and grow a retirement plan practice will have a definite advantage in the marketplace.



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