

SELLING RETIREMENT PLANS

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The 6 Ps of Retirement Plans



Possibilities



Players



Plan Design



Prepare



Prospect



Practice



POSSIBILITIES



Possibilities

- The retirement plan market is growing
- As of March 31, 2018 –
 - *Retirement plans held an estimated \$28.0 trillion*
 - *About 54 million workers were active 401(k) participants*
 - *There were nearly 550,000 401(k) plans*

Reference: Investment Company Institute June 2018 survey

Possibilities

- Small group market is underserved
 - *Small business marketplace is fastest growing retirement plan segment at 7% growth*
 - *63% of retirement plans have \$1 million or less in assets*
 - *2.8 million businesses said they would add a retirement plan in the next 12 months*
 - *83% of small business owners engage the financial advisors for their personal retirement planning*
- 92% of all 401(k) plan assets are in small plans under \$5 million in assets

Reference – Think Advisor :” Underserved Small Group Market Provides Big Opportunity” 3/15/18

Possibilities

- The retirement plan business is relationship based
 - *7 out of 10 plan sponsors were introduced through a trusted relationship*
 - Business Professional (29%)
 - Existing professional relationship (23%)
 - Existing personal relationship (13%)
 - Attorney or CPA referral (6%)

Reference Fidelity: Plan Sponsor Attitudes 2015

Possibilities

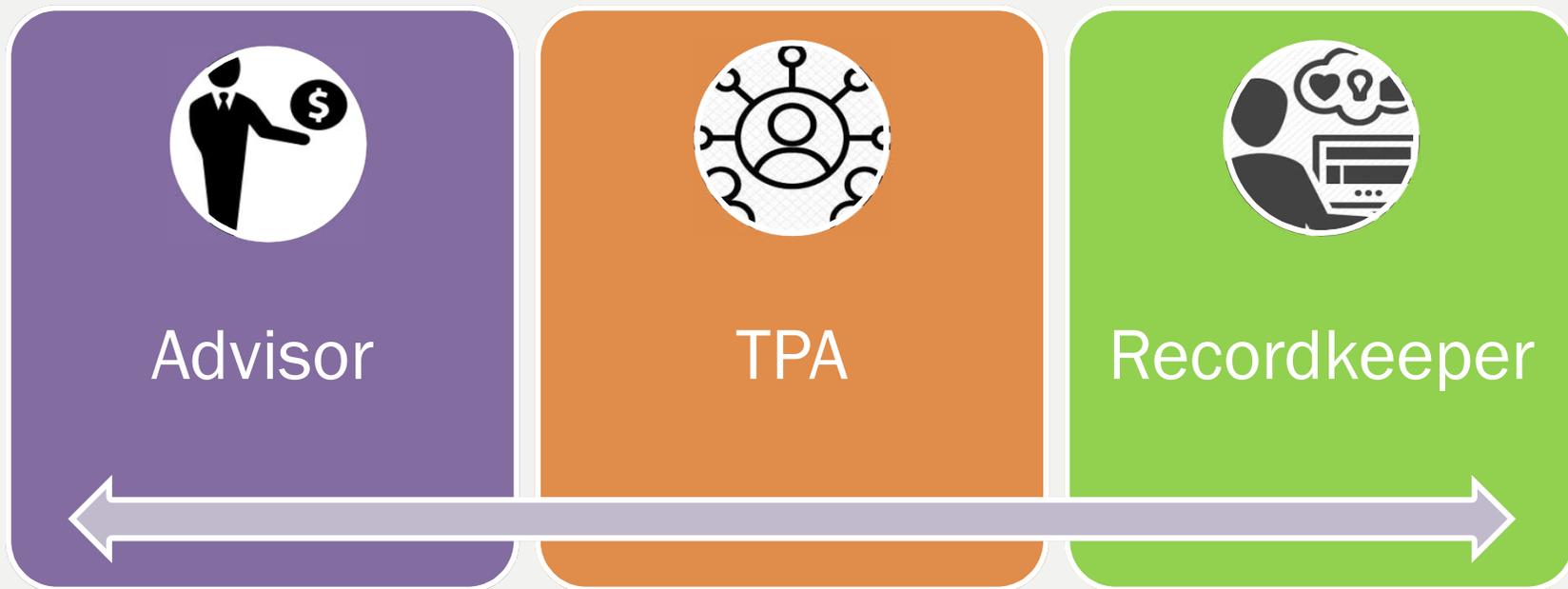
- The retirement plan business gives you opportunities
 - *Employee enrollment and education meetings introduces you to lots of people as trusted source*
 - *Develop relationships with business owners and executives*
 - *Rollover money from new employees*
 - *IRA opportunities from retirement employees*



PLAYERS



Retirement Plan Players



Retirement Plan Players



Advisor

- Recommends investments to the plan sponsor
- Monitors investments and suggests replacements as needed
- Provides participant education and enrollment assistance
- Assists with development of Investment Policy Statement
- Advises plan sponsor in following and documenting fiduciary process
- Acts in the best interests of the plan participants and beneficiaries (fiduciary standard)

Retirement Plan Players



Third Party Administrator (TPA) (example: Noble-Davis)

- Delivers compliance, testing services and government filings
- Provides customized plan solutions to improve outcomes
- Stay on tops of legislative and regulatory changes
- Offers compliance expertise and ensures ongoing plan obligations are met
- Provides legal plan documents and participant notices
- Provides local market insights and referral opportunities

Retirement Plan Players



Recordkeeper

- Provides bookkeeping and day to day services for the plan
- Delivers participant education and services
- Participant contact center and enrollment assistance
- Provides educational materials and website
- Delivers transaction processing
- Produces participant statements



PLAN DESIGN



Plan Design



IRA (SIMPLE
and SEP)



Defined
Contribution



Defined
Benefit



SEP IRA and SIMPLE IRA

Pros: Easy to set up and maintain

Cons: 97% are handled incorrectly



SEP IRAs

- Best for 1-3 employees
- 100% employer funded
- No matching
- Owners can save up to \$55,000

SIMPLE IRAs

- Best for 5 or more employees
- Employer and employee funded
- Mandatory matching
- Owners can save up to \$20,000

Defined Contribution Plans

Pros: More flexibility and higher tax savings

Cons: More administration work and cost



Types:

- Profit Sharing Plans
- 401(k) Plans
- Safe Harbor Plans
- Cross Tested Plans
- Money Purchase Plans
- 403(b) Plans (education and non-profits)
- 457 Plans (state and local governments)

Defined Benefit Plans

Pros: More money to owners and higher tax savings

Cons: More complex, higher costs and required contributions

Types:

- Traditional Pension Plans
- Cash Balance Plans





PREPARE



Prepare



- 1. Determine your current knowledge
 - *Start with your knowledge of IRAs, SIMPLEs and SEPs*
 - *Get to know ERISA (Employee Retirement Income and Security Act of 1974)*
- 2. Get educated
 - *Many sources and credentialing programs are available*
- 3. Consider solution to common plan problems
 - *Be ready to help plan sponsors solve their issues*
- 4. Determine who you want to work with
 - *Many providers in the field – find those that will support your education*

Prepare

Determine your current knowledge

The Department of Labor has many resources for Plan Sponsors:

- 401(k) Plans for Small Businesses

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/401k-plans-for-small-businesses.pdf>

- Meeting Your Fiduciary Responsibilities

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/meeting-your-fiduciary-responsibilities.pdf>

- Understanding Retirement Plan Fees and Expenses

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/understanding-retirement-plan-fees-and-expenses.pdf>

- Reporting and Disclosure Guide for Employee Benefit Plan

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/reporting-and-disclosure-guide-for-employee-benefit-plans.pdf>

Prepare Get Educated

- A great place to start is to commit to obtaining a professional designation that provides a broad understanding of retirement plan design and compliance. Some of the most recognized designations are:
 - *National Associate of Plan Advisors offers:*
 - Certified Plan Fiduciary Advisor (CPFA)
 - *Society of Certified Retirement Financial Advisors offers:*
 - Certified Retirement Financial Advisor (CRFA)
 - *College of Financial Planning offers:*
 - Chartered Retirement Planning Counselor (CRPC)
 - Chartered Retirement Plans Specialist (CRPS)
 - *International Foundation for Retirement Education offers:*
 - Certified Retirement Counselor (CRC)

Consider solutions to common plan problems

- How to combat low plan participation?
- How do use raise low account balances?
- How to increase low deferral rates?
- How can you help employees to successfully plan for retirement?
- What should an Investment Policy Statement contain?
- How can you stop refunds to the executives?
- How many investment options are needed?
- What is automatic enrollment, escalation, safe harbor or QDIA?
- What are fiduciary responsibilities?

Prepare

Find your partners

■ Third Party Administrator

- *Who can assist with innovative plan design?*
- *Who can help to co-present at a potential client meeting?*
- *Who will take care of your shared clients?*
- *Who will help you to look good to your clients?*

■ Recordkeeper/Custodian

- *Who will assist you with your fund line up and monitoring?*
- *Who will provide exceptional participant education?*
- *Who has a useful website and participant statements?*
- *Who will help you to look good to your clients?*



PROSPECTING



Prospecting Finding Leads



- Leverage existing relationships
 - *Ask everyone you meet: “Do you have a retirement plan at work?”*
 - *Ask business owners and executives*
 - *Ask your current clients*
 - *Network with insurance companies/recordkeepers (like Transamerica)*
 - *Network with TPAs (like Noble-Davis)*
 - *Network with accountants*
 - *Network with payroll companies*
- Identify the right contact so you are working with the decision maker
- Use databases to find existing plans (freeERISA.com)
- Target businesses with less than 100 employees and plans under \$5 million in assets

Prospecting

Do you have a retirement plan at work?

If no:

- Why?
- Do your employees want one?
- Do you know about tax incentives?
- Do you know how much you could save?
- Do you know it helps to attract and retain employees?

If yes:

- What type of plan?
- How long have you had it?
- Are you happy with investments and are they reviewed regularly?
- Do you have Investment Policy Statement and is it followed?
- Have you benchmarked the fees?
- Do you educate your employees about the plan?
- Are you happy with your service providers?

Prospecting

Develop your brand

- Position yourself as retirement plan consultant
 - *Develop the expertise to customize a plan to fit the needs of the client*
- Know your message
 - *Why should sponsors hire you?*
 - *What is your value proposition?*
 - *How are you different?*
- Develop a niche
 - *Work with medical practices or manufacturers, plans with high fees or low account balances – find where you shine*
- Present yourself professionally
 - *Use materials to educate*
 - *Have professional content that is easy to read*
- Be a problem solver and an educator

Prospecting Next Level

- Use drip marketing campaigns to capture attention of decision maker
- Present at seminars with centers of influence in retirement plan market
- Become a recognized expert in your market (newspaper, blog, podcast, social media)
- Develop samples of your process to help prospects understand how you can educate and help them (ex. investment policy statement, education policy statement)
- Have a benchmarking report to help assess investment performance and fees
- Demonstrate how you will provide ongoing investment monitoring
- Create topics and outlines for employee education programs
- Consider becoming an ERISA fiduciary advisor

PRACTICE (AND PATIENCE)



Practice and Patience



- Sales cycle is typically 3-12 months
 - *Can be much longer at times*
- Typical responsibilities:
 - *Choosing investment line up*
 - *Monitoring fund line up*
 - *Meeting with Plan Sponsors to benchmark funds and plan performance*
 - *Enrollment meetings with plan participants*
 - *Educational meetings with plan participants*
 - *Ongoing relationship management*



WRAP UP



Retirement Plan Sales Process



1. Prepare
Get educated on retirement plans



2. Plan
How to develop your leads



3. Prospect
Who do you want to work with

4. Practice
Call, Email, Repeat



5. Provide
Meet with client regularly to provide value and solutions

6. Prosper!



About Noble-Davis Consulting, Inc.

NOBLE-DAVIS CONSULTING, INC.

helps companies to design and maintain their retirement and welfare plans. Since 1987, we've been taking responsibility for your retirement and welfare plans so you can focus on your business. We make your plan smart, simple and worry-free.

PLEASE FEEL FREE TO CONTACT ME WITH ANY QUESTIONS!



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