



KEY ATTRIBUTE #6: THEY UNDERSTAND IT'S A PARTNERSHIP WITH SERVICE PROVIDERS

The retirement plan typically isn't top of mind when running a business. If all is going smoothly and no one is complaining, then all good. The problem is recently, not all is "going good." We've witnessed declining service levels across the industry (for a myriad of reasons) along with consolidation of recordkeepers, third-party administrators, and advisory firms.

The continuous focus on fees has lowered margins for many providers, forcing them to bring new services products to the industry that may or may not be helpful for majority of participants, all to increase revenue.

There are challenges when evaluating and working with retirement plan service providers today. Many, if not most, plan sponsors initially select a service provider for their retirement plan based primarily on fees. We still see this today in our own conversations with clients and prospective clients. But those same plan sponsors will end up leaving their service provider due to other reasons, from technology to service.

This leads to the following: What should I (as plan sponsor) consider when it comes to our retirement plan providers?

- 1) Work with Specialists – Retirement plans should be a main, if not *the main*, part of their business. What percentage of their revenue do they get from servicing retirement plans? You want a provider, whether it's a recordkeeper or an advisor, that is dedicated to the business.
- 2) Who Does What? – One of the more common questions we get from new clients is "where do I go for this information?" It's important to understand what each of the service providers does for you and one of the easiest ways to accomplish this is to get them all on a call and talk through it. Knowing each parties' responsibilities goes a long way in a happy marriage.
- 3) Understand Your Needs – How big is your team that handles benefits? Do you even have a team or is it one person that also handles accounting? Depending on what you need, you may want to hire a third-party administrator to assist you (and provide a more "hands-on" approach). This also pertains to technology. There's a lot of great tools available to you and your employees, but if your company isn't the type to go online/use them then maybe you shouldn't pay for those services.
- 4) Data, Data, Data – Having good clean data may be the most important aspect of the plan, because it helps everyone involved with the plan – recordkeeper, administrator, plan sponsor, advisor, and yes, even the employees. Do you outsource payroll? Should you outsource payroll? If you don't and won't, you will want to understand what is needed of you to keep good clean data.

Our best client/provider relationships tend to be ones where each party understands what they're responsible for, work together to do their best for the plan, and have open communication throughout the process.



If you're unsure whether you have a good partnership, consider the following:

- 1) Conduct an RFP every 3-5 years for all service providers, or sooner if issues arise. This will allow you possibly see what others are doing and if it's different than the services you're currently receiving.
- 2) Make sure your service providers are specialists. I cannot emphasize this enough.
- 3) Understand your providers' strengths and weaknesses. Is your provider a technical expert, or do they have state-of-the art technology? Are they focused on having lower level client loads or being a resource to your employees? No two providers are exactly alike.
- 4) Match your goals to your providers' abilities. Do you have a complicated plan design and/or multiple plans? Review the abilities of your providers and confirm whether they have the resources to help your plan run smoothly.

Getting a good idea of what services you want, need, and how your providers match up will help you not only today but in the future.