



**Leveling Up: The 401(k) Plan Advisor in Today's Market ? Part 1** Offering a company retirement plan to your employees is one of the most valuable tools for increasing employee productivity and loyalty. According to the most [recent Retirement Confidence Survey published by the Employee Benefit Research Institute:](#)

***61% of workers say that planning for retirement stresses them out.***

It is from this view that highlighting the overall benefit of offering a retirement plan in your company benefits package is a way to mitigate stress and increase the productivity related to your workforce. Unfortunately, the 401(k) industry is notorious for being the black box of financial services. Whether it is opaque fees, misconceptions around fiduciary responsibility or the over 10,000 different investment options available to participants, the thought of offering or administering a 401(K) for your company can seem overwhelming. However, it really shouldn't be. **This is where leveling up your plan advisor can dramatically increase the bottom line of your company.** Such can bring peace of mind to your employees, and keep the company's ?I?s dotted and ?T?s crossed. But like most professional services, not all plan advisors offer the same level of service in assisting plan sponsors to create a successful retirement plan experience. Here are the 3 major categories that your plan advisor should be doing for you. We will delve into these topics individually in this 4-part series.

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## **Fiduciary Governance**

Offering a retirement plan to your employees automatically puts you in an incredible position as a fiduciary. **A fiduciary comes from old trust law in which a person is acting for the sole benefit of the individual or institution that has entrusted you with their resources.** That means a company offering a 401(k) must act for the sole benefit of their employees and their beneficiaries. However, most businesses are not in the business of retirement plans. Therefore, working with a professional advisor helps turn this responsibility into a "risk mitigation" and "fiduciary strategy" for the company. This can include:

- *Outsourcing fiduciary responsibilities to professional specialists.*
- *Following best practices in terms of prudent process. Also, the monitoring, and reporting on plan fees, investments, features, and overall participation*
- *Review of internal controls and company processes to mitigate risk around administering the retirement plan.*
- *Assist in structuring retirement plan committee and educating committee members on their fiduciary responsibility.*

## Consulting

A 401(k) plan is not simplistic. In fact, there are many moving parts and parties that have unique responsibilities in the function of the plan. These include:

- *Third-party administrators,*
- *Recordkeepers,*
- *Asset managers,*
- *Fiduciary service providers,*
- *Directed trustees,*
- *Custodians,*
- *Payroll providers,*
- *Plan advisor; and,*
- *The company plan administrator or human resource manager.*

On top of many parties involved, employers also have very different priorities in sponsoring a company retirement plan. Such can include:

- *Tax deductions and savings for the owners,*
- *Incentivizing and retaining key talent and management; and*
- *Remaining competitive in hiring from the US workforce.*

A company typically has a combination of all three of these. Therefore, it is important that a credible plan advisor should:

- *Understand these goals,*
- *The mission and vision of the company's corporate benefits,*
- *The internal structure of the company; and,*
- *Demographics of the employee base.*

Understanding these issues allows equips the advisor the ability to:

- *Bring in the right service providers.*
- *Build prudent investment lineups; and,*
- *Create a seamless experience that hits all the major checkboxes.*

**In other words, creating an amazing retirement plan experience comes down to a perfect blend of all these elements.** A top-notch plan advisor can act as the *quarterback* in ensuring that their client (*i.e. plan sponsor*) is maximizing their time on working on their business and not their company retirement plan. Therefore, understanding the company, its goals, the service provider marketplace, and fixing what isn't working in a time-efficient manner minimizes the impact on their client.

## Employee Education & Financial Wellness Programs

When most people think of a 401(k) advisor, they tend to think of this part of the *"investment*

process." However, enrollment, education, and financial wellness are all crucial components of creating financial peace of mind for employees. Furthermore, that "*peace of mind*" also increases productivity. Therefore, while most advisors take care of the basic enrollment process for plan sponsors, it typically is not sufficient to address the financial needs of the workforce. Furthermore, it is worth remembering the role of the plan advisor is not one-dimensional. **Just signing up for your company's 401(k) plan does not automatically bring you financial peace of mind.** There are many questions that need an answer from:

- *How do I save for my children's future education?*
- *When is a good time to start taking Social Security?*
- *Will Social Security even be a thing by the time I retire?*

**These are just some of the questions that most employees must face, and retirement savings is just one piece of the puzzle. Such is the job of the advisor; creating financial peace of mind in your workforce and increasing productivity.** Therefore, your plan advisor needs to be multi-dimensional. For instance, such should include:

- *Ongoing education,*
- *Quarterly webinars,*
- *[Weekly newsletters](#); and,*
- *Special presentations when major changes or pieces of legislation are published (e.g. the SECURE Act & CARES Act).*

A promotional banner for the 'Real Investment Show' featuring a portrait of Lance Roberts on the left. The background is split into an orange section on the left and a dark grey section on the right. The text 'Real Investment Show' is in white on the orange background, with 'with Lance Roberts' below it. On the dark grey background, it says 'Monday to Friday, from 6 to 7am.' followed by a right-pointing arrow and 'Get it now'.

## Conclusion

**In conclusion, it is crucial to understand that today's marketplace for a talented workforce is more competitive than ever.** Similarly, the same applies to your company's 401(k) plan advisor. Leveling up your advisor means finding someone who doesn't just pick the investment lineup or show up once a year to do basic financial education. A true advisor helps to increase the productivity of your entire company by assisting in fiduciary governance, consulting on a plan design that speaks to your company's vision, mission, and unique company demographics, and helps educate employees to bring financial peace of mind. If you are interested in a no-obligation assessment of your company's 401(k) plan and how RIA Advisors can help you level up, [feel free to contact me directly.](#)