

Four Ways an Independent Recordkeeper Benefits Your Retirement Plan

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As a business owner, you already appreciate the competitive value of offering a retirement benefit and, naturally, you want a plan that helps you and your employees take full advantage of the opportunity to save on a tax-advantaged basis. The good news is starting a new 401k plan is relatively easy. That doesn't guarantee, though, a plan optimized to your unique situation and goals or structured to provide flexibility or cost efficiency. And the difference between "any" plan and "your" plan could make an enormous difference in how much you and your employees may eventually save towards a comfortable retirement.

When it comes to choosing a company to start a retirement plan, you have a choice between companies who sell insurance or investments and offer 401k plans as part of their financial services lineup (and business model to gain assets) and independent recordkeepers who tend to be local or regional specialists who focus on actively collaborating with financial and tax advisors to design and operate retirement plans tailored to their clients. "Independent" recordkeepers focus on retirement plan expertise and purposefully do not compete with advisors or sell investment products. This is what independence really means - to be free of conflicts of interest around investment advice, and that can drive real value for you.

***"ABG is a team of experts."**¹*



Four Ways an Independent Recordkeeper Benefits Your Retirement Plan

There are four ways an independent recordkeeper can help you get more out of your plan:

1. Working closely with your advisors to design a plan that fits you
2. Supporting a wide array of low-cost investments rather than proprietary products
3. Presenting a high-quality experience that encourages active participation
4. Delivering a highly cost-effective program that delivers more value

Some companies, especially larger ones tend to offer products that work best for them. That means offering limited plan design options, investments, and standardized services that simplify their work. It may be efficient for them, but it's definitely not customized to fit you. If anything, it's the other way around. You are expected to fit them. A well-designed retirement savings plan considers your company's unique situation as well as your short- and long-term benefit goals to help optimize your potential to reach your financial goals.

1 *Working closely with you and your clients to design plans that fit*

Just as designing and building a custom home requires a team of skilled professionals, designing and managing a solid retirement plan, does too. An independent recordkeeper leads this team and partners with your investment and tax advisors to craft a plan that fits you now and is designed to be flexible and grow with you later.

Key: Your independent recordkeeper can help design a plan that optimizes for owner goals as well as employee savings opportunities. For example, safe harbor 401k designs allow owners and other highly compensated employees to maximize their savings potential while assuring that rank and file employees broadly benefit as well. For owners who have invested years of capital and energy in building a profitable business, defined benefit and cash balance plans allow for six figure contributions and can be paired with a 401k.

“It’s about problem solving and an attention to detail. They’re great at working through problems created by prior providers and plan designs that were not really ideal for the client.”



2 *Supporting a wide array of low-cost investments rather than proprietary products*

Some retirement plan companies are first and foremost insurance companies or related entities that prefer their own brand investments.

Key: The word “independent” is key. An independent recordkeeper does not sell proprietary investment products and is free of such conflicts of interest. Instead, they offer an “open architecture” approach to supporting a universe of cost-efficient mutual funds, ETFs, CITs, and other choices that serve retirement plan needs. This independence means more than transparency, it means you have access to broader and more cost-effective choices.

“ Their pricing is very transparent. And it doesn’t shift from day to day. ”¹

3 *Presenting a high-quality experience that encourages active participation*

A flexible, well-tailored plan is obviously desirable, but the true value of a 401k or other retirement plan lies in the results it helps drive. It’s about plan success – and that means maximizing participation and helping your employees get the most out of their opportunity to achieve the income they will need through retirement.

Key: Employees who are financially fit are more likely to retire on time and cost your company less. An independent recordkeeper presents a modern, mobile-friendly user experience along with financial education and wellness to help your employees get out of debt, manage a budget, save for emergencies, and ultimately, put themselves on a path to saving more for their financial future. That’s all part of helping create better long-term outcomes. And that’s good for everyone.



4 *Delivering a highly cost-effective program that delivers more value*

While some companies look for a retirement plan solution simply based on cost, many seek a partner that takes the time to understand their goals and is focused on delivering real value over time. Cost is always a factor, but an inexpensive plan that does not meet your needs or that limits your ability to save could wind up being very expensive in the long run.

Key: An independent recordkeeper is a collaborative, expert organization that focuses on mission over product and client over transaction. If you built your company the same way, you'll appreciate the difference.

“ABG is encouraging, supportive, and collaborative—all the things I wanted in a partner.”¹

The 401k or other retirement plan your company sponsors will represent one of the most important opportunities you and your employees may ever have to save for future income security. Consider your goals and needs and don't be shy about asking how the plan is designed to optimize participation and most importantly, help your employees succeed along their financial journey.

¹ Quotes are of independent financial advisors asked about their experience with Alliance Benefit Group.

About the Author, Alan Gross

Alan Gross is an ardent advocate for 401k's and an expert content creator on retirement plan topics. He is also the founding partner of [GSM Marketing](#), a team dedicated to helping financial advisors, retirement plan recordkeepers, and TPAs “Stand Up and Stand Out.” His trademarked expression, “It's not lead generation, it's relationship generation[®]” sums up his philosophy and advice to clients.