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Advisers Can Help Look for the Right Services from Recordkeepers

Recordkeepers provide a variety of services, and plan sponsors and advisers should look for the ones most important to them and their participants.

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Selecting a recordkeeper is critical for retirement plans, and surveys that PLANSPONSOR and PLANADVISER conduct every year reveal [a vast array of services](#) that recordkeepers provide.

It is also interesting to note the disparities between what retirement plan advisers and sponsors look for when selecting a recordkeeper. Advisers take more of an analytical, business-oriented approach than sponsors, whose focus is on the practicalities of offerings. The [2016 PLANADVISER Practice Benchmarking Survey](#) found that the top three criteria advisers look for when selecting a recordkeeper are value for price (42%), fee structure for plan (29%) and investment options available (12%).

The [2016 PLANSPONSOR Defined Contribution Survey](#), on the other hand, shows that sponsors evaluate a wide array of services from their recordkeepers. On a scale of 1 to 7, with 7 being excellent, the services sponsors find most useful are compliance support and testing (6.46), service team responsiveness (6.46), Form 5500 processing (6.45), legislative and regulatory updates (6.38), service team industry knowledge (6.38) and plan communications (6.35).

A third survey, the [2016 PLANADVISER Recordkeeper Services Guide](#), discloses that recordkeepers offer a number of services beyond those mentioned above. All of the 24 recordkeepers surveyed this year provide education and enrollment support. Eighty-five percent provide plan benchmarking supports; 83% supply legislative updates; 83% help with plan design; and 75% help with rollovers, investment monitoring and investment policy statements (IPS). Sixty-six percent offer lead generation services to

advisers, and the same percentage make Employee Retirement Income Security Act (ERISA) counsel available.

Because most recordkeepers have been in the business for 30 years or more, the majority are fully capable of providing core recordkeeping services, says Harry Delessio, head of sales and strategic relationships for Prudential in Hartford, Connecticut. When advisers and sponsors are looking for a new recordkeeper, or to assess the strengths of their current one, they should explore “the recordkeeper’s commitment to the business and what they are doing to keep up with rapidly changing regulation and financial technology,” Delessio says. “Plan sponsors and advisers should ensure that their recordkeeper is making the investments to evolve the participant experience and be nimble. For example, what are they doing to enhance the digital experience, and what is their vision for the next five to 10 years?”

And while the PLANADVISER and PLANSPONSOR surveys didn’t touch on financial wellness, that is now a major, and a growing, expectation of sponsors and advisers, says Marc Caras, director of Pershing’s retirement plan business in Jersey City, New Jersey. “Sponsors we are interacting with are looking for more robust service sets that offer a full financial wellness package that extends beyond investments.” And that, Caras maintains, will inevitably result in better outcomes.

Delessio agrees that both financial wellness programs and outcomes are becoming more top-of-mind for sponsors, who want to know that their employees will be able to retire at the appropriate time, and that financial worries are not interfering with their productivity.

Reducing recordkeepers’ fees is the No. 1 objective of the sponsors that Adam Bergman, a senior tax partner with IRA Financial in Miami, Florida, serves. “We specialize in plans with 10 or fewer employees, and the majority of these plans are safe harbor plans that require minimal nondiscrimination testing,” Bergman says. As such, IRA Financial negotiates lower fees on behalf of its clients, who have become more aware of the importance of fee negotiation in recent years, he says.

Beyond this, Bergman wants to ensure that the recordkeeper can answer participants’ questions about distributions and that they file documents in a timely manner with the Internal Revenue Service (IRS) and the Department of Labor (DOL).