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## 401(K) PLANS

### *Onboarding As Comfortable As a Massage*

*Tips for successful client onboarding: lessons from an unexpected source.*

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**B**ringing a new client on board sets the tone for the ongoing relationship between client and provider. How can that experience be made as comfortable as possible for the client so that the relationship starts off well?

This year's testing season has been a little more stressful than usual, as it is a transitional year for nearly everyone in the practice. In addition to the regular demands of the annual reporting season, new processes for many of our staff, software conversions,

and changes in the management team have added an extra dose of stress to the normal tension of the first quarter. After I had developed a knotted muscle in my neck during the height of 401(k) testing season, I endeavored to find a new massage therapist. Preferring not to just randomly select from the Yellow Pages, I made an appointment with someone recommended to me. This massage therapist's new client intake process was done very well, which led me to think about what improvements could be made to the onboarding of new 401(k) clients, to provide them with a welcoming experience.

#### **The Process**

Before my initial appointment, my new provider took my pertinent information online so that when I walked in the door the staff simply had to confirm my method of payment. I was then guided to a waiting area to which only key-card holders had access and asked if I would like refreshment afterward. A note

was made. I was soon introduced to my therapist, who discussed the services I requested, with leading questions to ensure that her recommendations would meet my expectations; she then followed through on her recommendations. My refreshment was waiting for me after the therapy, along with a discussion about what to expect in the future.

### After the Sale

Like many smaller, independent Third-Party Administration (TPA) practices, we frequently partner with advisors, accountants, and other financial referral sources, who request illustrations for prospective clients and then give the nod when the prospect says yes. Our preference is to be involved with the client from the beginning so that we can provide plan design consulting. Occasionally, that just does not happen, which makes collecting the data a little more difficult. Gathering the initial data can be somewhat of a balancing act. We need enough information to provide accurate illustrations, but not so much as to bog down the sales process. So once our proposed services are accepted, there generally is still a good deal of additional information that needs to be obtained in order to complete the numerous forms and documents required to set up the plan. If converting from one investment platform to another, the asset conversion process requires an additional process for gathering data, moving data, and confirming data for individual balances, vesting percentages, etc. How can this process be the least painful experience for our clients? It is not as simple as filling out a quick form online and asking for an appointment, but the process can be simplified for both the client and for your practice.

Large firms tend to carve out their sales force and have external and internal teams that prepare paperwork and a dedicated conversion team. However, smaller TPAs often rely on the practice owner or manager to bring in new business and follow through with the onboarding process. Once the sale is confirmed, the smaller practice may not have an established process for bringing on new business, and the new client, who was won with much diligence, does not have an experience that makes him glad he made a change. The challenge for giving the client a welcoming experience is the same, however.

Let's go back to gathering the data necessary to complete the sale and generate the required documentation. When preparing illustrations, we generally get separate sets of data at two different times. In our

firm, we provide the client with a general form about the business and a census template. The business "fact-finder" asks for contacts and related data, along with information about ownership and objectives. When preparing an illustration, we want to know the owner's intention and the corporate structure so that we know what type of design will benefit those who own the business or, if there are other objectives, how to best meet them. At that time, we also request a census for participants.

Upon closing the sale of the plan, Employer Identification Number (EIN), additional contact information, how payment will be made, Social Security numbers, and addresses for employees all need to be gathered. All that data is obtainable, but the client may have to dump data from different formats or even different systems to provide us with what we request. No employer wants to spend time on verifying vesting years for 200 employees! The question is how to get all of the data needed in order to provide accurate reporting to our client without making them dread the thought of talking to us one more time.

### Review Your Requests for Data

Before sending your next data request, ask yourself a few questions:

- Do you really need all of the data you are asking for? For example, do you really need the client to provide gender in a 401(k) plan?
- Are your forms easy to complete? Can you provide a fillable pdf rather than a printed form that is going to come back to you with illegible handwritten information?
- Get organized so you can provide the client with everything at once, when possible, so you can minimize the back and forth.
- Are you using a tracking tool or checklist to ensure that you receive everything that is needed, when you need it?
- Have you provided your new client with a roadmap to the process? Your client is going to try to figure out whom to call with what questions. Particularly in an unbundled situation, have you told your client in a clear format who is responsible for what? I always tell my client (in front of the investment advisor, if possible) that there is no wrong person to contact. The advisor and I are a team, and we will work together to serve him regardless of who gets the question.

### Ensure That Your Client Feels Safe

Remember the secured door for the waiting area? I was not concerned about having strangers walking around but was immediately reassured that only authorized personnel had access to the facility. To give your client the same assurance, consider the following:

- Even if your client is not worried about safely transmitting data (Don't we all on occasion get those emails full of personal data and cringe?), explain how your firm will receive, send, and maintain their personal data safely.
- Make sure you have the systems in place to maintain data security. Be aware of the latest hacking schemes and take precautions to protect your client's data. A password on an Excel file may not suffice anymore.
- Explain to your clients that you are providing a layer of protection for them by asking them to go to a secure Website to pull their data, instead of emailing reports, for example.

The goal is to let your client know that you are not making things difficult for them. You are keeping them safe. Let them know upfront that you are being proactive and have provided secure methods of transmitting data for their own protection.

### Communication Is Key

Whether the person responsible for sales is the owner of the practice or a dedicated sales person, a relationship is being built with the client from the moment of the first introduction. One of the biggest reasons clients complain is when there is continual turnover with their contact person and they feel they have no enduring relationship. So it makes sense to build that relationship from the very beginning. Just like the therapist, I ask my prospective client what he is looking for and what he wants to accomplish, so that I can make recommendations on a plan to suit those needs. However, I have found that asking a client about his business is the one thing that opens up a relationship. Tell me what you do! I have never found anyone who will not take some time to tell me, and usually with enthusiasm. I encourage our team to do the same. We use a workflow system that allows us to keep notes about all of our contacts, as well as the plans. Our team is encouraged to keep notes in the database about client families, likes and dislikes, favored sports teams, etc. They can only do that if a

relationship is built with the client. In considering how to build enduring relationships, consider the following ideas:

- Introduce the team! As the sale is being closed, introduce the person who will be taking care of the details, gathering data, and providing training on the new platform, whatever it will be. Bring those people into the conversation so the client knows who is part of your team.
- Provide the client with a list of contacts and the roles that different individuals play. In a small firm, that could mean everyone. If only one person will have primary contact with the client, a personal introduction would be best; if not, a phone call is second best. Emails get lost and are impersonal.
- How about a card with everyone's photo in the mail? Everyone likes to see who he is talking to on a regular basis.
- Put your team's photos and a short bio on your Website.

When your client feels like he knows who he is talking to it creates a relationship for both the client and the team member working with the client, giving a better quality of service for both.

### How About That Glass of Water?

Finally, when the session was over, my therapist was waiting for me with the water I had requested when I was welcomed. She had taken note and followed through on my request. She also followed the service with a conversation about the massage and what would be beneficial for me to do going forward, and she asked if I had received the service I had wanted. It was not a bottle of champagne. She did not ask again what it was I needed but had it documented and waiting for me. Just water. Sometimes it is as simple as that.

It is not uncommon for practitioners to discuss the first year of service for a new client. We generally take on a new client as of the first of the year, but frequently do not have any reporting to do until after the end of the year. In the worst of circumstances, we may go back 15 months after the client was brought on board and ask a question as basic as who we should contact for payroll data. This happens because we have not had any contact between the sale and the first year's reporting period. How can that be avoided?

- Set up a regularly scheduled follow-up. In addition to our being part of training the appropriate person on the first payroll upload, we try to call after a few payrolls go by to check in and make sure that there aren't any difficulties with uploading contributions.
- How about a mid-year check-in to follow up on any questions regarding distribution or loan processing and offer suggestions for streamlining processing?
- A separate call or note regarding the process for the collection of data at year-end will also manage expectations as well as give the client information about what will come his way, for data collection, turn-around, and when to expect certain reports. The new client is given a lot of information when the plan is sold, and most likely will need reminders about everything that will happen the first year. Additionally, the person handling the day-to-day work of the plan is probably not the person who engaged the services of the TPA and, therefore, might have not received any of the initial information you provided and have no idea what to expect.

These are generally quick phone calls and can provide the client with reassurance or support that he may not know he needed. All of these communications build on the relationship with the client.

### **Comfortable**

I came away from my new service provider feeling that I had been served very well. My needs had

been anticipated and timely served, with attention and care to detail. Ultimately, isn't this what we would like our clients to feel? A retirement plan can be different things to the business owner: a tool to put away as much as he can for himself, a tool for bringing in better employees, a paternalistic benefit for employees who do not save for themselves, or all of these things. It is understood that there are fees related to the services provided and there has been a lot of effort spent on clarifying those fees in the past decade, but isn't the best relationship the one where a client will say that their provider is worth every penny? That is the provider that I want to be, so I am looking for how I can provide that glass of water to my client just when he needs it. That is part of onboarding as much as it is ongoing service. That is telling my new client that we will sort through past records and pull what we need so he does not have to figure out what an EGTRRA document is. Just as it is talking to a client of 20 years to calm him down because he just got a random IRS audit notice and is fretting. Our goal, in addition to providing a necessary service, is to develop a relationship of trusted advisor. Trusted advisor starts with developing our relationships with the client from the time we are introduced and continues on through the process of gathering data, handling the retirement plan in a safe manner, and making the client comfortable in every way possible. Sometimes that may even be just knowing he could use a glass of water to drink. ■

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