



Q&A: Are You Managing Your Client's 401(k)? The Next Big Growth Frontier for Financial Planning

with Brenden Gebben, MBA, CIMA®, Chief Executive Officer Absolute Capital Management

Absolute Capital has developed a turnkey way for you to access, trade, bill and manage your clients' individual 401(k) accounts...while they are still working. Their TAMP platform solution is called the Workplace Investment Navigator (WIN). Unlike other 401(k) management solutions, the WIN platform handles management, trading, reporting, and billing all in one place, offering new ease and efficiency to the management of 401(k) client assets.

Why did you set out to create the WIN platform?

We saw the tremendous untapped opportunity in the marketplace to help financial advisors professionally manage their clients' 401(k) accounts right now... while the client is still working. Products in the market were expensive proprietary funds, didn't allow for the 401(k) to be billed or required some questionable compliance structure where the client credentials were shared.

Most importantly we saw a missed opportunity. The financial advisor couldn't bring this significant asset into the overall financial plan. Time and again, advisors were either leaving this investment piece out of their planning entirely or they were put in a difficult position of being asked to help with the 401(k) without any formal and compliant way to provide advice. The WIN platform offers a solution by making it as easy and efficient to manage this asset as any other type of investment account. This equals increased wallet share for advisors while providing a greater level of service to clients.

And we would be remiss not to add that some very large 401(k)s offer as few as 15 total fund choices to their employees. Is this adequate for everyone? We don't think so.

With such a large opportunity, why is this market underserved and largely untapped?

Strangely enough, due to the advisor. Advisors often assume we are discussing the overall plan and they say, "I do not do plans."

To clarify, we are not proposing that they take over the Southwest Airlines or State of Utah plans. We remind them that we are talking about the individual client account within a plan. No plan level involvement. No board meetings. Just the planner helping their individual client within the plan. Another one that I hear is that they think they cannot do it compliantly or get paid for their service on the account. The WIN platform solves for both of these issues. First, we do not need a client's pin and pass for their account – the WIN platform is coded onto the client's account. And second, management fees are debited directly from the client's account.

What differentiates the WIN Platform?

WIN is turnkey. Paperwork, trading, billing, and reporting are handled. WIN allows for scale and doesn't require an advisor to get bogged down in the day to day admin.

We work with two dozen retirement providers, and this means 100,000+ plans. Next, the WIN platform offers hundreds of models and managers to use when building allocation portfolios – it is not limited to proprietary funds or to the plan's core menu of investments. Another differentiator of note is the low WIN platform pricing combined with the fee flexibility that enables financial professionals to set their own fees within a range. Finally, this is a first-in-class comprehensive solution – the WIN platform streamlines viewing, trading and fee billing all within the platform.

How does your WIN platform connect to a client's account?

Through our expertise and diligent effort, we have successfully navigated how to work across two dozen retirement plan providers. We know these organizations well, have in place agreements with them that enable us to be coded onto the client's account for management, trading, and fee billing.

The devil is in the details on these plans, and you have to be meticulous. We have taken care of all of these details so that financial advisors who use the WIN platform don't have to concern themselves with any of that.

Once an advisor is managing their client's 401(k) on the WIN platform, do they have investment choices beyond the core menu of 20 or so investment options that the plan offers?

Yes, one of the great benefits of our platform is that it opens up access beyond the core menu to several hundred different models and managers to use in building client allocations.

Many of the top name brands and specialty money managers that advisors may be using in other accounts are now readily available for this account as well. The client is no longer limited to the core menu chosen by their employer. We call this a pre-rollover opportunity.

Is there anything comparable to the WIN platform in the marketplace today?

In our opinion, no. There are some who may work with one custodian which presents obvious limitations. Others are limited by offering only their own proprietary investments as opposed to the hundreds of top money managers and models available through the WIN platform. Some require you to bill a bank account or credit card. The financial planner would still have to find a way to bill outside of the account and work with the client on trading. This would involve a lot of chasing the client and these types of solutions are not nearly as scalable as the WIN platform.

So, management fees are deducted directly from the account?

Yes, the management fees come directly out of the account. The financial professional does not have to deal with billing nor trading. In many cases, there is fee flexibility wherein the advisor is able to charge a fee between 0% - 1.6% annually and this can be set per account.

How can the WIN platform help with new business relationships?

This is truly a great feature of the program. Absolute Capital has researched the opportunities and they are everywhere! First, of course, is the financial professional's relationships in their current book of business. Following that, we have an extensive database of the major employers by geographic area. For example, there is an advisor that we work with in California who has specialized with 401(k) account holders in the tech industry. I am also reminded of an advisor that we work with in the State of Michigan who pursues governmental workers and their 457 accounts. And yet another example is a group of advisors in Florida who work the non-profit sector that we help with their clients' 403(b)s and 401(a)s. Some cases are \$30,000 and others are \$1,000,000 plus.

What are some of the typical roadblocks or hurdles that you see?

We get rebuffed occasionally by advisors saying "my clients are all retired". If they are, I hope they are replacing them and WIN can help open the door to the next generation. So, our response is, "do you think their working children would benefit from you managing their 401(k) account?"

We also find advisors who believe there is a lot of upfront work or research. There is, but not for the advisor. We do this work for them, they just have to bring us the company name. As part of our value proposition, we will remove as many of the boulders as possible and navigate the process from start to finish. We can certainly help a financial planner unearth the gold that is in their current book of business and in their surrounding community.

Then, just have us fly beside you for the first couple of cases and you will be off to the races.

Anything you want to add in closing?

A client's 401(k) account may be their largest financial asset. The WIN platform enables financial professionals to offer their clients robust, streamlined management of this significant account, bringing this asset into their overall financial plan.

And if you don't offer to help your client with their 401(k), you leave the door open for a competing advisor to offer this service to your client. Grow your business today, be first in line when the client does retire and know that Absolute Capital is here to support financial professionals as they use the WIN platform to expand into this exciting new market.