A Key Relationship Opens the Door to Retirement Plan Opportunities

Client Snapshot

Name: Independent Financial Partners (IFP)

Business classification: Independent Broker-Dealer, Registered Investment Adviser (RIA) and Insurance Agency

Headquarters: Tampa, Florida

Number of advisors: 230

The Landscape

90% of all 401(k) plans are in the top 10 industries, with future growth expected with small plans under $1 million in assets.¹

70% of 401(k) plan sponsors have been with their current advisor for four or more years.¹

71% of small businesses that do not offer retirement plans report that plan setup is too expensive and cumbersome.²

Growth in the 401(k) space is expected to continue, particularly in the small plan market, as small business owners decide to offer retirement plans to help attract and retain employees, according to Cerulli.¹ Consider these findings:

• For advisors who do less than half of their business in retirement plans, about 60% cite the potential to build their wealth management business as a reason they offer defined contribution (DC) plans.¹

• To find success in the DC market, these advisors should seek key partners, such as recordkeepers, who can help educate them on market trends such as automatic plan design features and relevant regulatory developments.¹

• Trust is an important factor when considering the relationship between plan sponsors and their advisors—once trust and high quality service is established, plan sponsors are unlikely to change.¹

The challenge

After launching an independent broker-dealer in 2019 to complement its long-standing history as a successful RIA, IFP found itself at a watershed moment. The question facing the firm was how to best capitalize on its newfound capabilities.

“We have 230 advisors and about 20% consider themselves to be retirement plan specialists,” said Jeff Acheson, Chief Business Development Officer and Divisional President of IFP Plan Advisors. “Our challenge was to find a way to put great tools in the hands of our specialists while also providing resources and scale to help support our advisors who are generalists and dabblers in the retirement plan space.”

According to various industry resources, over 90% of all 401(k) plans have less than $10 million in assets and 100 employees. IFP’s vision was to focus on the small business owner market, which is really underserved, explained Acheson. The firm felt the opportunities provided by their multidisciplinary business model—serving small business owners, their retirement plans and employees—were exponential and unlimited.

“We were doing a lot of due diligence,” Acheson said. “Inevitably, we had to ask ourselves if we really knew where the industry was headed, especially considering the current waves of consolidation, and what part of the market we could be a dominant force in.”
The Opportunity

IFP’s goal was to allow its advisors who are not specialists to get back into the retirement plan business with the right infrastructure. They were looking for a cost-effective, integrated platform designed for the underserved micro- to small-business retirement plan market, delivering both 401(k) and cash balance plan capabilities.

BNY Mellon’s Pershing engaged with JULY Business Services, a recordkeeper in Pershing’s Retirement Plan Network to introduce a packaged solution, Passport401k, which is exclusive to Pershing clients and easily scalable for IFP’s needs.

Pershing and JULY worked with IFP to release a tailored version of the solution to their advisors, with IFP serving as the 3(38) investment fiduciary, allowing advisors to easily obtain assistance with investment research and monitoring from their home office. The solution uses Pershing’s custodial platform and Retirement Plan Network technology, which provide dynamic dashboards and consolidated reporting with access to retirement industry focused resources. IFP now has access to JULY’s dedicated team of retirement plan consultants who work with IFP’s advisors by providing plan design expertise to small business owner clients. This combination affords IFP’s advisors the time and flexibility to best manage and nurture relationships both with plan sponsors and plan participants.

“Pershing took the time to ask the right questions and learn our business needs,” said Acheson.

The Result

Shortly after launch, the offering saw immediate results with a strong pipeline of prospects. The platform is a full-service, white-label solution that is easy to implement and allows firms to focus on areas that drive revenue, like recruiting advisors.

“From day one we have been able to operate with minimal upfront costs,” said Acheson. “This solution essentially gives us the national wholesaler network we didn’t have before.”

To learn more about how Retirement Plan Network can support your business, contact your Relationship Manager or Product Consultant.

2 2019 SCORE Association

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