

At the inaugural Ultimate 403(b) Summit, NTSAA members and industry insiders gathered to network, share tips, hear updates on emerging issues, and much more.

# SYNERGIZE FOR SUCCESS

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PHOTOGRAPHY: JESSE KARRAS

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» Summit co-hosts Roxanne Marvasti, 2013 Conference Committee Chair, and NTSAA President David Blask share a light moment at the podium.



**G**athering in the energy-filled Chicago Loop in June, 403(b) professionals from around the country networked, learned about timely industry initiatives and made plans to enhance their clients' futures. The 24th annual NTSAA Ultimate 403(b) Summit, with the theme of "Synergize!", brought together advisors and attorneys, plan administrators and product providers for three intense days of synergy — and success.

**“Advisors may also provide ancillary services to enhance revenue, such as 529 plan and long-term care plan sales.”**

Hosted by 2013 Conference Committee Chair Roxanne Marvasti, Esq., MBA, APM, and NTSAA President David Blask, CPC, TGPC, the Summit lived up to its theme — “Synergize!” — offering nine general sessions, 16 workshops and a lively

exhibit hall packed into two and a half beautiful June days in downtown Chicago. For the first time, this year's Ultimate Summit combined NTSAA's 403(b) Advisor Summit and 403(b) Compliance Summit into a single event.

Here's a look at some of the highlights.

### 'Re-visioning' Retirement

Baby Boomers have transformed the retirement advice business, Dan Veto, leader of AgeWave, a research company in Emeryville, CA, told attendees. Boomers have an attitude like no other group that has come before them — they are not going to quietly disappear, he said. Boomer women in particular bring a different perspective; they were the first generation of women who expected to go to college and enter the workforce. They want an equal say, Veto noted.

For Boomers, thinking about the end of their working lives is not just about money, he said. What people want to do is no longer dictated by their age. “People think, if they're going to live to age 85, it's not so ridiculous to start something new at 55,” said Veto.

Veto added that as people age, material things become less important; relationships and experiences mean more. An AgeWave survey found only

30% of Boomers said they never want to work for pay again. In fact, the “new retirement” may well be a cycle between periods of work and periods of leisure. Veto shared the example of a woman he knows who works very hard during tax season, from January 1 to April 15 each year, then takes the rest of the year off to do what she wants to do.

In addition, Boomers want to leave a legacy with their families and their communities. When asked the question, “What is retirement?”, 54% of respondents to an AgeWave survey said, “a whole new chapter in life,” Veto noted.

So, how can advisors help make all that happen financially? To begin with, Veto said, the industry needs to emphasize to pre-retirees that living with an 80% certainty of not outliving their assets is not good enough; they need 100% certainty.

According to Veto, advisors who are not addressing uninsured health care and long-term care in retirement planning are doing their clients a disservice. “Ninety thousand dollars a year for a nursing home will blow up anyone's retirement plans,” he said, citing a statistic that 69% of Baby Boomers will need long-term care in retirement.

Family obligations can also derail one's retirement plans. Advisors should ask clients if they expect to provide financial assistance to a family member. However, even if pre-retirees don't expect to shoulder that burden, they should still plan for financial “curve balls,” such as an unemployed child or sick parents.

People want peace of mind in retirement. Veto said only 13% of individuals surveyed indicated their objective is to accumulate wealth for retirement; 82% said they wanted financial peace of mind. Income protection (guarantees) and lifetime income were also top of mind. “If you don't know about these [products], you are not keeping up with the new [retirement] market,” Veto told attendees.



» **Executive Director Chris DeGrassi gave a rousing update on NTSAA's advocacy efforts.**

"Clients need the right tools and a guide to help them navigate the waters. After all, they've never retired before," Veto concluded.

### **403(b) Compliance Update**

403(b) plan sponsors were finally provided with correction procedures for errors when IRS released an updated Employee Plans Compliance Resolution System (EPCRS) in January. Susan Diehl, QPA, CPC, ERPA, with PenServ Plan Services in Horsham, PA, noted. One thing the new EPCRS requires, since 403(b)s often have multiple service providers (vendors), is that plan sponsors must attempt to get signed certifications from all vendors that they will help with corrections.

#### *Pre-approved Plans*

Richard Turner, deputy general counsel at VALIC in Houston, noted that the agency announced it is not offering a plan determination letter program, so a plan sponsor that wants an IRS-approved plan document must fit into a prototype or volume submitter plan offered in the program. Under the program, church plans can now have a pre-approved plan document, he said.

#### *Model Plan Language*

M. Kristi Cook, TGPC, a consultant and attorney in Jenkintown, PA, noted that K-12 plan sponsors can still use the model plan language provided by the IRS in 2007 and be assured that their documents are in compliance. However, she noted, the model language is not updated for any new guidance, so plan sponsors will have to update their plans.

Diehl noted that the model language contains two errors:

- it includes provisions for ADP testing, which is not required for K-12 plans; and
- it includes provisions for accepting rollovers from Roth IRAs, which is not allowed.

The IRS will help plan sponsors with



corrections for these errors upon audit without charging a fee, Diehl said.

#### *Fee Disclosure*

In the wake of new DOL rules on fee disclosure, many believe that all the fuss was for nothing, with most participants not even paying attention to fee disclosures. However, Carol Gransee, with OppenheimerFunds in Centennial, CO, noted a survey from the Boston Research Group which indicated that a significant number of participants did pay attention: 50% of participants read the fee disclosures they received and 40% changed their asset allocations as a result.

According to Gransee, DOL officials are now talking about requiring a "roadmap" or guide for participants telling them where to find certain fee information in the disclosure documents. She added that there has been discussion at the DOL of requiring disclosures for non-ERISA 403(b) plans.

### **Retirement Trends**

Over the past 20 years, people say they are going to retire later, but few do, Nevin Adams, Director of Education and External Relations at the Employee Benefit Research Institute (EBRI), and co-director of EBRI's Center for Research on Retirement Income, told

## **DeGrassi: Synergize — and Then Mobilize**

*NTSAA Executive Director Chris DeGrassi's general session address was one of the highlights of the 2013 403(b) Summit. Here's an excerpt, on the topic of member engagement.*

In Ohio, when legislation was being pushed through the legislature that was trying to drive out choice in the marketplace, we reached out to our members and we told them what was happening. We organized a grassroots campaign; we had our advisors call in, and they had their clients call in, to say: "My voice is going to be heard and you're not going to walk away from me." Over 800 letters were delivered in just a couple of days. Afterwards, when we were walking into meetings with state representatives, they were looking at us, saying, "Can you please ask them to stop calling? We got the point."

No, I'm not going to ask them to stop calling. We need every one of you engaged in this process. We need you to reach out and get engaged. Raise your hand.

We're going to give you the ability to join and sign up for the task force in your state. And we're going to reach out to you and keep you informed as to what's happening and when we need to mobilize as a group in force. And we're going to take the day — not only from a policy standpoint, but a common sense standpoint as well — because we understand that as individuals we make a difference.

We build these relationships. We talk to people. We give them the confidence to trust and invest, and we make a difference in people's lives. From a policy standpoint it makes wonderful sense, but it's about the numbers and you getting out there showing that you're concerned, and you're involved, and you're willing to go up and do something you're not comfortable with — to get in front of a group of legislators and say, "I'm here. I'm a constituent and I make a difference." That's why we win.



» This year's first Ultimate 403(b) Summit combined NTSSA's two signature annual events.

## Top 10 Ideas for Building Business

This year's Summit featured many new wrinkles, including a "Table Talk" roundtable series for specific types of retirement plan professionals. One of the roundtables came up with this list of the best ideas to build business:

- Social Security seminar
- "How to deal with life's issues" seminar
- Postcard on how to get money out of plans
- Professional CRM to contact
- Birthday email from assistants
- Connect with client's beneficiaries
- "How not to run out of money" seminar
- Technology to manage all of a client's assets in one account automatically
- Work DROP program three times a year: "Get an extra \$90K for retirement"
- Initiate an apprentice advisor program

attendees.

According to EBRI's Retirement Confidence Survey, 20% of individuals indicated they believe they need to save 20% to 29% of income to have a comfortable retirement. Adams said this is a good point with which to start a conversation with participants. In addition, 71% of individuals with multiple retirement accounts make decisions for each account separately — another opportunity for advisors to help.

Adams added that the survey found that one-fourth of individuals actively sought advice about saving for retirement, but many did not follow it. The main reason: a lack of trust in advisors. However, he noted, those who used a financial advisor have done better with their saving than others.

John Heywood, principal in Vanguard's retail investor group in Valley Forge, PA, described how Vanguard's "How America Saves" survey also revealed some opportunities for advisors. For example, Heywood noted, the survey found that only one in five

respondents defer 10% or more of their income for retirement savings.

"Opportunity areas" identified in the survey include findings that:

- automatic enrollment increases participation, but those participants typically have lower deferral rates; and
- two-thirds of plans offer online advice, managed accounts or financial planning, but only about 5% of participants use these services.

Heywood said there is a need for one-on-one, customized advice.

Citing various research from VALIC, Allianz and SunAmerica, Greg Garvin, Executive VP of Independent Distribution at VALIC in Houston, said that 93% of pre-retirees fear that a volatile market will affect their retirement; 97% think they should invest in guaranteed income products; and 88% said they likely would invest in guaranteed income products. Garvin believes this highlights the need for the introduction of retirement readiness programs and guaranteed income products to plan sponsors. Garvin also recommends that advisors identify



» Above: AgeWave's Dan Veto explained the need to 're-vision' retirement.  
Top Right: Ed Margolis of Kades-Margolis received the 2013 Bob D. Schiller Meritorious Service Award.

participant behavior and concerns and use targeted communications to supplement one-on-one meetings.

### The Advisor Value Add

The pace of change in the industry is accelerating, Edward Forst, president and CEO of Lincoln Investment Planning in Wyncote, PA, told attendees. Plan advisors should focus on the things they get paid for by clients, he recommended.

Small things, like starting a new conversation, adding Social Security education, or long-term care planning can help grow an advisor's business, Forst said. "Don't get stuck because things are so successful now," he warned.

According to Jerry Adzima of Reliant Financial Services in Chesterfield, MO, one practice that helped him the most was setting goals for clients — that is, goals for what they get from him and what they get from meetings and reviews. "Advisors need to have a systematic, repeatable process, and give clients an outline of that process," he said.

Admiza recommends ending each meeting by setting an agenda for the next one, and then sending that agenda to the client for review and changes. Meetings should address the risks

and threats to the client's retirement plan, identify new trends, and address whether the plan needs to be changed, he said. Advisors should set expectations for clients, explain which expectations are realistic and review whether the client is on track to meet these expectations.

Virginia T. Harriett, a certified financial planner with Lincoln Investment Planning in Marlton, NJ, said that focusing on life stages is what she uses to differentiate and grow her practice. She uses a quiz to find out about the life events that plan participants or individual clients are dealing with, then sets an agenda for several meetings. "Clients, especially women, want an advisor who connects with them and knows what they want," Harriett said.

### Non-profit Doesn't Mean No Profit

Advisors working in the non-profit sector should evaluate the landscape and determine which segment they can provide value for that will also be positive for their businesses, Christopher M. Guanciale of Plan Member Financial Corporation in Stow, OH, told attendees.

"Keep in mind that revenue can come from plan assets," Guanciale noted, as long as the method complies



## Schiller Award Goes to Ed Margolis

The 2013 Bob D. Schiller Meritorious Service Award was presented to Ed Margolis of Kades-Margolis during a general session of the Summit on Monday, June 24. Ed Forst, President and CEO of Lincoln Investment, presented the award to Margolis, who was joined by his wife and daughter.

The Schiller Award was created to recognize individuals who have given freely of themselves, their time and resources to the association and the 403(b) industry. The recipient is determined by NTSAA's president on the basis of merit — recipients are individuals who have given above and beyond expectations.

Past recipients of the award include:

- Sue Diehl (2012)
- Frank Owen (2011)
- Ed Crawford (2010)
- Jill Snyder (2009)

with retirement plan regulations. In addition, advisors may factor in eligible versus active participants and average account balances in their pricing. Advisors may also provide ancillary

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services to enhance revenue, such as 529 and long-term care plan sales.

The key lies in presenting the advisor's value to clients. Guanciale recommends collaborating with clients on how much services will cost. Advisors should explain what they will do — help with plan design, benchmarking, serve as a fiduciary, etc. "Bring something to the table," Guanciale said. "Become an expert. Align with expert service providers."

To develop a long-term relationship with non-profit clients, advisors should understand their missions and their needs, Guanciale said. "Understand their donors — you may be expected to be one," he added.

The bottom line? "Do well by doing good," Guanciale urged. "Then you will be able to address the question, 'How do you expect me to pay for that?'"

### Attendee Experience

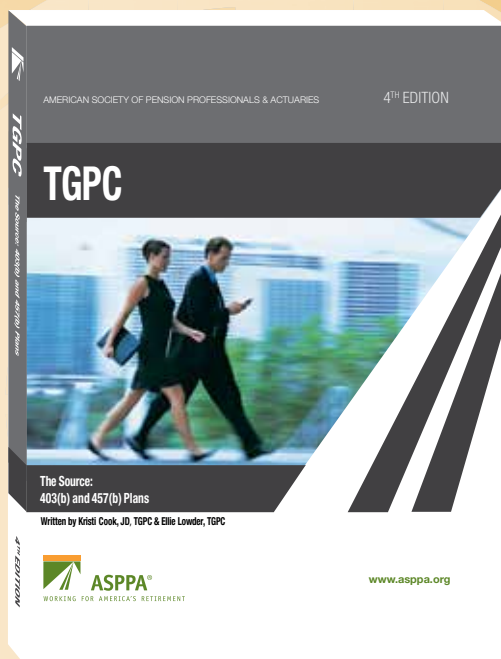
Many Summit attendees were newly enrolled members of NTSAA. We caught up with a few of them to get a feel for what the experience meant to them. Some reported that they found the insight they were hoping for. "As a first-time attendee, and new to this part of the business, I was able to gain insight from the conference that should allow us to grow our business," said Mike Axelrod, CFP, Director of Retirement Services, Forrest T. Jones, Fidelity Security Life Insurance Company.

Others appreciated the entire experience, from interaction with speakers to meeting with vendors. "I have been with First Investors for 35 years and in my new role as director of our retirement markets, I found my first NTSAA conference to be a great experience," said Paul Prete, VP/Director, Retirement Plan Markets, First Investors Corp. "In addition to being a well organized conference, I

felt the speakers and attendees were knowledgeable and approachable. I have already been in touch with a number of vendors to work on solutions for opportunities we have and expect this will be my first of many NTSAA conferences."

They won't have to wait much longer — preparation is well underway for next year's Ultimate 403(b) Summit, set for June 22-24, 2014, in Washington DC. In addition to the same features that drew NTSAA members and other industry insiders to this year's Summit, NTSAA will be celebrating its 25th anniversary at next year's event. It should be quite a get-together. **B**

*John Ortman is the editor of 403(b) Advisor magazine. Kristine J. Coffey, CPC, is the executive vice president and founding director of CPE Associates, Ltd. SOUTHWEST in Albuquerque, NM. She also serves on APPA's Board of Directors.*



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### 4th Edition Highlights:

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- ETFs as viable investment options in 403(b) plans
- IRS compliance projects affecting 403(b) plans
- Maximum loan calculation worksheet
- Sample Salary Reduction Agreements for 457(b) plans sponsored by governmental and tax-exempt entities
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