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Helping Hands

Even with the enthusiastic adoption of automatic plan designs, participant education remains a paramount concern for 401(k) plan sponsors, both in terms of encouraging workers to take advantage of these programs and, increasingly, in enhancing and expanding the visibility of these offerings as a valued and valuable benefit. ADP Retirement Services has long championed these efforts, and recently held a contest to recognize advisers who were most successful at encouraging new enrollments in an ADP ACCESS 401(k) plan during the designated period.

PLANSPONSOR recently spoke with the winner of that contest, William (Will) Orr, President and Founder of Houston-based Compass Corporate Retirement Solutions and regional representative of the Retirement Plan Advisory Group (RPAG), to discuss these trends and the implications for plan sponsors.

PS: How long have you been an adviser?

Orr: I became an adviser about six weeks after the great '87 crash, working the phones over at Fidelity. I found that there was no better way to learn the business than to deal with participants who are a bit panic-stricken. During my tenure at Fidelity, I learned the ropes of the retirement business, along with a background in compliance work. I eventually moved to Houston and worked for a couple of different TPAs. That really extended my retirement-planning education, and it also brought me closer to the sales side of the business. I started Compass Corporate Retirement Solutions in 2001. It was another time when things were unsettled from an investment standpoint, but I saw it as a perfect time for me to start working for myself, rather than someone else—a chance to do things differently. We started with nothing, but today we have about \$75 million under management, working with about 60 plans; some very large plans—two of those are with ADP—and some smaller plans as well. We don't have a specific target market, but we really hit our stride in the \$3 million to \$10 million plan asset range. We work with 401(k) plans—that's about 75% of our business—but we also do defined benefit work as well as nonqualified deferred compensation plans.

PS: What percentage of your business is fee-based versus commission-based?

Orr: That has actually changed a lot over the past three to five years, certainly over the past two years. It has been an interesting transition from a commission-based revenue stream to fee-based. I think our clients appreciate knowing the cost of

the services provided, and I think it's the right thing to do.

PS: What, if any, changes do you expect in your practice as a result of the new fee-disclosure regulations?

Orr: My clients know their fees, know their investment costs, know their advisory costs, and know their administrative costs. They know everything that they need to know about sub-TA revenue sharing.

PS: How do you describe your services to your plan sponsor clients?

Orr: I tell all my clients, I work for them. They hire me for my expertise in retirement plans, and part of my job is to work with their staff to help them understand those plans but, when push comes to shove, I work for my clients. I am an extension of their HR department, and my job is to keep them out of trouble. If I keep them out of trouble, I keep my job.

PS: How does employee education factor into your business model?

Orr: Some of the finest 401(k) plans—the ones with the best provisions, the best investments, the best of everything—can get pushed to the back shelf because there is a lack of focus on educating the employees about the benefit. Our job is to help employees understand—and take advantage of—this benefit, because, if they don't, you're doing the staff a disservice, and you're doing the company a disservice because they're wasting money on a wonderfully thought out retirement plan in which nobody participates. Having that human touch is very

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important. All the technology, all the tools—they're great, and they're going to work for many, perhaps most, of the people out there, but there's always a group that just doesn't respond, that needs a little bit of one-on-one, a little bit of interaction to help them do the right thing and enroll in the plan. From a personal and professional standpoint, when we get to deal with somebody who has never experienced a 401(k) plan, even though they've been eligible for a while, when we get them to understand the importance of saving, and then later they're looking at a statement, and they're realizing that, "Wow, I've got \$100 and it's sitting in this mutual fund"—that's very rewarding.

PS: How does your relationship with ADP factor into that?

Orr: It's incredibly important, and I can explain with an example: A prospective client says to me "We've got 500 people, and the vast majority of our staff is bilingual. What can you do to help me?" Now, my foreign language skills are limited, but I've got a great relationship with a regional education specialist¹ at ADP, Diego Carbajal, and Diego is fantastic. He not only can handle the language aspects, but also understands the perspective of the employee population that historically has been very difficult to deal with from a 401(k) standpoint. Thanks to him, our message is getting across, and it's coming across in their own language. That relationship with Diego and with ADP is extremely important because I couldn't do half the things I can do for clients in terms of education enrollment without having that type of support structure.

PS: What would you tell plan sponsors who want to help their employees better understand their 401(k)?

Orr: From a plan sponsor standpoint, you start with knowing what your 401(k) plan fees are, knowing your fiduciary responsibilities, knowing what kind of retirement program you are in, and, ultimately, hiring an adviser that you trust to give you the information that you need. As for helping employees get ready for retirement, plan sponsors should have an employee education plan in place—I like to call it an

education policy statement which specifies a plan of action.

PS: What kinds of things should be part of that education policy statement?

Orr: It doesn't have to be complicated or terribly sophisticated. It should outline the items to be accomplished that will improve plan participation over the course of a year, or any specific time period. For example, commit to having enrollment meetings two or three times a year, maybe more. The education plan can identify specific steps for follow-up; it also can establish specific goals for participation or deferral rates. Putting an education plan on paper is half the battle, but you have to have a plan of action. It's important for plan sponsors working with an adviser to know who is responsible for each item in the education plan to be able to hold everyone accountable.

PS: How do you establish and manage expectations?

Orr: My clients know my business; I know theirs. They have expectations of me; I have expectations of them. ADP is a very important part of my business, a very important business partner, and the results I get with participant education and enrollment are not nearly as good without that partnership.

If you would like information on ADP ACCESS[®] 401(k) program, please call 800-432-401k or visit us on the Web at www.adp.com/401k.

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