

Can Diamond Dave and Sammy Hagar Really be the “Lead” Reason for a Successful Retirement Plan?

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When you break it down, there are really only four primary components that plan sponsors need from their retirement plan team and the capabilities of those service providers will ultimately decide the level of success a retirement plan can truly achieve. Each piece must offer and provide the highest level of performance on an individual basis, or the entire “team” will experience lower than expected results.



Learning from the Greats

A great analogy of this concept is reviewing the history of the band Van Halen. Initially they had great success with Diamond Dave as the lead singer, Eddie Van Halen on lead guitar, Alex Van Halen pounding the drums and Michael Anthony playing the bass. All four pieces performed at high levels and they experienced great success with songs like Jump, Hot for Teacher and the classic Running with the Devil. A number of years later, the band had three of the same elements (Eddie, Alex & Michael), but added Sammy Hagar as their lead singer. Once again, the band had all four elements operating at peak levels and they ended up having several hit songs on albums like 5150 and OU812.

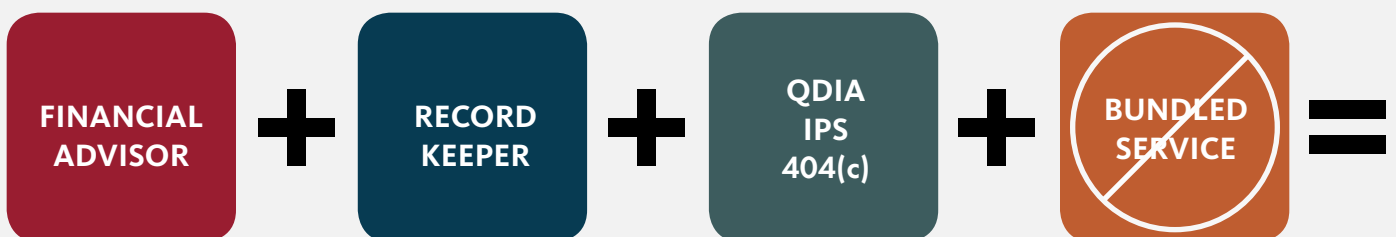
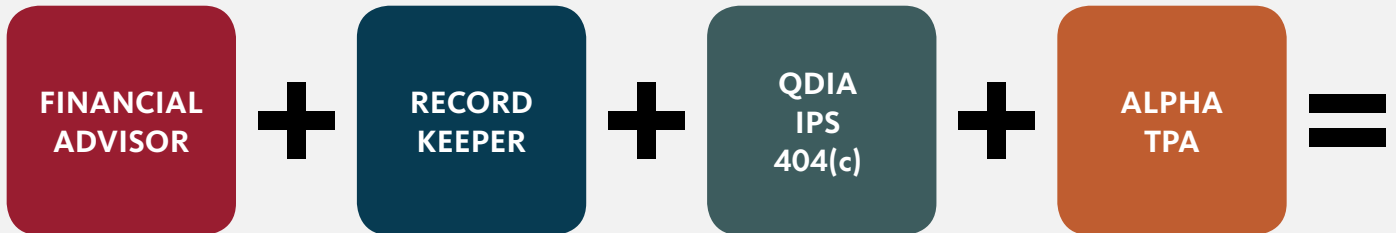
In between Diamond Dave and Sammy Hagar, the band incorporated another lead singer with the same three components playing lead guitar, bass and drums, but did they have the same success? Can anyone even remember that guy’s name, or any hit songs they had during his tenure as lead singer? The lesson to be learned is that even with three of the four pieces performing at the top of their game the subpar 4th piece seriously hindered their capability of achieving fame and fortune, which of course was the optimal goal.



Music, Administration and Math All Together

The equation for a successful retirement plan is the same as it is for a superstar rock band. If any one of the four primary components are lacking in capabilities and service it seriously jeopardizes the potential success and greatness of a retirement plan, as three great pieces are not enough to carry an average or underperforming fourth piece. The formulas below further illustrate this premise using an “Alpha TPA” (aka Dave & Sammy) versus bundled administration services (aka Gary Cherone).

Retirement Plan Administration Formulation and Prospective Outcomes



Bringing It All Together

Just as was the case with Van Halen, plan sponsors need to make sure all four major pieces of their service provider team are bringing the highest level of service, skill and capabilities. Here are the four band members a retirement plan needs operating at a peak level to achieve optimal success:

- 1. Lead Singer – Retirement Plan Advisor**
An advisor/firm that helps structure a strong participant education/enrollment program and offers strong fiduciary risk mitigation (benchmarking, reviews, documentation, investment due diligence, etc.) - focal point of the team.
- 2. Lead Guitar – Record Keeper**
A top tier recordkeeper that helps bolster participant engagement, retirement readiness initiatives and ease of utilization for participants and plan sponsors - eye candy for plan participants.
- 3. Drummer – Administration Firm (TPA)**
A TPA firm (Alpha TPA) that can provide a strategic plan design based on goals of the plan sponsor, as well as strong compliance and operational consulting – helps keep the beat and rhythm moving along for the plan.
- 4. Bass - QDIA/IPS/404(c)**
An investment line up that offers top performing options while offering risk mitigation for plan sponsors and a QDIA (target date/asset allocation) default option that is prudent for plan participants – provides link between harmony and rhythm for plan participants.

If anyone of these four elements are simply average (or even below average) in providing their services, it will negatively impact the overall capabilities of the entire team and impair their efforts in creating and operating a Rock Star level retirement plan.

Don't settle for Gary Cherone when Diamond Dave and Sammy Hagar is what your plan needs!

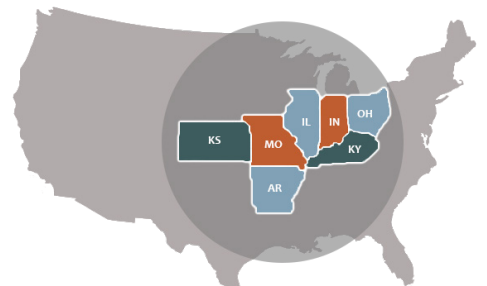


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