



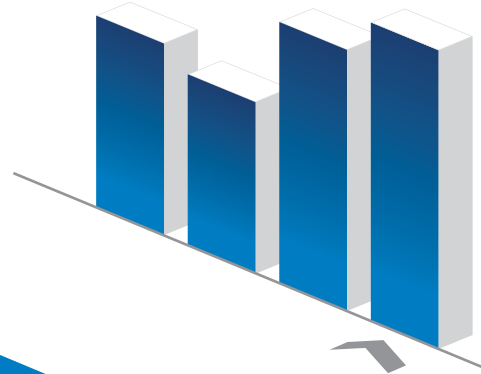
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401(k) prospecting

401(k)

PROSPECTING



If you are trying to make 401(k) business the focal point of your practice, or simply want to become more effective in capturing 401(k) business, this course will provide you with a few key steps that will lead you down a successful path. The 401(k) market is a very competitive and lucrative market. Becoming more efficient and effective will help set you apart from your competition. Even if you don't have plans to actively prospect this market, it is a good idea to become familiar with these concepts so that you can maximize opportunities within your book of business and existing client relationships.

1 develop your niche

Many advisors define specific niches or areas of specialization within their financial practices. Likewise, it is a good idea for you to define specific niches within the 401(k) market. Developing high levels of expertise in a specific area will add significant value to your services. For example: Will you focus on small or larger asset plans? What will your fiduciary role be?



For more information about identifying a niche market, see SCF University course 305.

2 build a structured prospecting system

Establishing a structured prospecting system can help you achieve higher levels of success. A structured system provides a formal plan with which you can set clear goals and measure your success. It will also help you identify qualified prospects so you can spend your time and resources on the right opportunities. Following the steps below will help you develop your prospecting system.

- step 1** Define your target market and niche expertise.
- step 2** Determine the level of service you will deliver.
- step 3** Set sales, activity, and revenue goals.
- step 4** Develop sources for leads.
- step 5** Determine key referral sources.
- step 6** Make initial contact with prospects.
- step 7** Qualify your opportunities.
- step 8** Build relationships through the sale.

3 keep your toolbox full of options

It is a good idea to identify several contrasting options among third party administrators (“TPA”) and Plan Providers ahead of time. For example, you may have a TPA who is at the lowest end of the cost spectrum, and another who is in the middle but provides higher levels of service and response to the client. You may also pre-select and become familiar with several plan providers with value and strength in contrasting areas. Identifying and studying these options ahead of time will allow you to speak intelligently with prospective clients and prevents interruption in the sales process.

4 utilize outside expertise

If you have limited expertise in the retirement plan arena, it is essential to surround yourself with external resources that ensure you are not putting your clients at a disadvantage. Developing a network of wholesalers, administrators, attorneys, and other consultants will bring value and expertise that you may lack in this arena.

5 build a structured prospecting system


Building any type of business is not easy and will take time. If you follow a structured prospecting system and dedicate yourself to your clients, you can become extremely successful in the this market. Staying well-informed about the ever-changing retirement plan marketplace will ensure you are providing your clients with maximum value and will help generate referrals—driving sales and revenue and allowing you to spend more time with your clients.

401(k) prospecting tools

Stepping into the 401(k) market can be simple when you have tools that help you know where to start. You already have an existing book of business that includes retirement plan prospects. Leverage those existing relationships. Ask clients about their level of satisfaction with their current plan and ask who you can talk to in their workplace about their company plan.

When you have that person's information, initiate the first point of contact.

sample introductory letter



ABC Financial
Services

Dear [Insert name of plan sponsor],

An increasing number of retirement plan sponsors are beginning to realize that their retirement plan has significantly changed during the past few years. As an employer, a retirement plan can serve as a great benefit, increasing employee retention and aiding in recruiting efforts. It can, however, also become a potential liability for the plan sponsor.

I am a financial advisor who specializes in retirement plans. I may be able to help you avoid those potential problems and identify opportunities within your plan.

If I am able to help you find a way to reduce expenses associated with your plan, improve the quality of service, and expand your investment options, would you consider visiting with me to review your plan?

I will contact you soon to set up a convenient time for our discussion. I look forward to the opportunity to work with you.

Sincerely,

[Name]

[Title]

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sample introductory call script

Advisor: Good morning/afternoon, [Sponsor name]. My name is [advisor name] with [firm name]. [Referring person] gave your name to me and I wanted to talk with you about your retirement plan. Do you have a few minutes?

RESPONSE 1

› I'm not interested.

Advisor: I understand completely.

Mail plan sponsor a handwritten note with your business card. While he or she may not be interested today, developing a relationship now will keep you in the mix when he or she is ready to talk about their plan.

RESPONSE 3

› Yes, I have a few minutes.

Advisor: That's great! I meet with plan sponsors pretty frequently and what I have found is that most sponsors are dissatisfied because they have trouble finding a perfect plan for their situation. I work to address those concerns by designing a plan based on information you give me about your current plan. What are a few specific concerns you have about your existing plan?

Plan Sponsor: [Discusses concerns and issues].

Advisor: [Repeat facts and concerns to make sure you understand. Ask open-ended questions that will lead to a better understanding of their dissatisfaction]. I would like to come up with a few ideas that address your concerns and then get together to discuss how we can alleviate them. What is the best time for us to meet?

Plan Sponsor: [Offers a day and time for you to meet].

Advisor: Thanks [Sponsor name]. I look forward to seeing you on [day] at [time].

Once you've completed a successful call with a plan sponsor, send a personal note that thanks him or her for his time, confirms your appointment, and lets him know that you look forward to working together.

RESPONSE 2

› This isn't a good time.

Advisor: I apologize for interrupting you. What time would be more convenient for a conversation?

Plan Sponsor: [Offers a day and time for you to call back].

Advisor: Thanks [Sponsor name]. I look forward to talking with you on [day] at [time].



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155 E. Shaw Avenue
Suite 102
Fresno, California 93710

800.955.2517 TOLL FREE
559.456.6108 LOCAL
559.456.6109 FAX

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