

CHANGING LANDSCAPE

Why advisers need a firm with dedicated 401(k) services



Harrington

For too long, advisers in the 401(k) space have been piecing together sufficient and professional practice management, compliance, and other support services, as many broker/dealers simply lumped this small but vital group of advisers in with the general wealth-management population. Recently, John Hancock Financial Network (JHFN), through its dually registered broker/dealer, Signator Investors, Inc., bucked that strategy, introducing a wealth of support services for advisers who work with retirement programs. Industry veteran Bruce Harrington, Head of Retirement Sales and Strategy for JHFN, talked to *PLANADVISER* about the company's value proposition and why it now has the platform and resources to support even the most experienced 401(k) adviser.

PA: What is John Hancock Financial Network (JHFN)?

Harrington: John Hancock Financial Network is a national network of independent firms across the U.S. As a leader with the stability and scale to offer an innovative business model, John Hancock Financial Network gives entrepreneurial financial professionals the power to effectively build unique businesses, based on their own vision and market opportunity.

PA: What is JHFN doing for its advisers—specifically 401(k) financial professionals?

Harrington: For years, we've had advisers who were focused on the 401(k) marketplace. Recently, we launched a program to help them grow their business and provide them with more support.

There are several components to the strategy. First, we've created a dedicated product-agnostic sales team focused on 401(k), which will work with the advisers to help them raise their 401(k) IQ and drive more business.

Support services correspond to the amount of retirement plan business an adviser does. For the experts—those who have 50% or more of their busi-

ness in 401(k)—a member of the team serves as a relationship manager. For the medium-level advisers, we're offering similar services, just at a different level. Then, for those financial professionals who have one or two plans, we help with basic services such as prospecting, or helping them pick vendors or product offerings that might best serve their clients.

Another key part of the strategy is training. Following the segmentation, we've had some dedicated events for the expert-level adviser, including AIF designation training and in-depth meetings with some of the best ERISA attorneys like Marcia Wagner and Fred Reish. For the intermediate-level advisers, we've had a two-day event to train them in what's going on in the industry, give them access to an array of different product providers, and get them more motivated and focused on 401(k).

Then, for the occasional financial professional who hasn't yet started to do 401(k) business, we've developed an online training program that they can go through at their own pace.

Another major component of our platform is an ERISA fiduciary consulting

program called Defined Contribution (DC) Consulting.

PA: Can you talk more about the DC Consulting program?

Harrington: The DC Consulting program is essentially a 3(21) fiduciary program under ERISA. In order to qualify, the advisers need to have the AIF designation, be a member of the JHFN Corporate RIA, have 10 plans and \$10 million in 401(k) assets, and a demonstrated approach to how they're going to act as a fiduciary.

For these advisers, we've contracted with Retirement Plan Advisory Group (RPAG) to provide access to its proprietary suite of technology, tools, and training resources to help them build their business within the framework of a best-practices consulting model.

We have developed a pre-approved contract between the adviser and the plan sponsor listing all the services they're able to offer, such as investment policy statements, investment monitoring, investment selection, vendor analysis, and fee benchmarking. It's really an à la carte menu the adviser can work through with the plan sponsor.

We have a number of ways for the

adviser to choose to get compensated, whether it's hard-dollar basis points, per-participant fee, or hourly fee. We've tried to have a state-of-the-art program for an adviser to be a 3(21) fiduciary with flexibility, depending on what the plan sponsor needs.

An adviser can always serve as a registered rep and do commissionable business; that's definitely the core of the business we currently have. However, we believe for those advisers who want to take their 401(k) practice to the next level, or want to go up market, being a 3(21) fiduciary really is the future.

PA: What makes JHFN stand out in the marketplace?

Harrington: I think it starts at the top. We're one of a handful of distribution firms with a dedicated defined contribution effort. JHFN also is lucky enough to have a president who comes from the 401(k) space, Peter Gordon. You can count on one hand the number of firms with that combination. So, we're committed from the highest level to help advisers grow their 401(k) business.

I think it's the holistic approach we've come up with to provide a whole level of services for the advisers who want to focus on DC. For example, the fiduciary DC Consulting program is a unique offering most advisers won't get from their home office, and the fact that we're having all this dedicated content and training events speaks to our commitment.

The fact that we have an open product platform is key for advisers. Really, the goal is to give our advisers the power to build their own business their own way, and we have the tools to help DC-focused advisers achieve their own vision of business success.

PA: What are the challenges 401(k) advisers in the retirement plan space

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will be facing in the next year or so?

Harrington: The number one challenge, which we heard from advisers when we went out and interviewed them, was keeping up with the changing environment—products and regulations. The number two challenge is figuring out how they will adapt to the new regulatory environment, especially 404(a)(5), which is the participant fee disclosure; 408(b)(2), which is the plan-level fee disclosure; and the pending changes to the fiduciary standard.

Third, whether an adviser has 100 plans or one, it's always a challenge to come up with new ideas, for prospecting, running a business, working with plan sponsors—all the fundamentals.

PA: How is JHFN helping advisers with those challenges?

Harrington: We make sure updates on the regulatory situation are a key part of any of our communications, events, and our training.

Our sales desk is well-trained and up-to-date so they can be a valuable resource for advisers. We've ramped up our marketing with a monthly newsletter targeted to 401(k)-focused advisers as well as an internal Web site with information from a product provider perspective and a regulatory perspective.

In our training sessions, we bring in state-of-the-art programs. As an example, for our expert-level population, we have a mini version of the certified 401(k) professional—C(k) P program. That's a fairly extensive designation. We're offering eight hours of content to our advisers, so they can hear from the same professors who teach the program.

We're also working with our product provider partners to package educational content for advisers to understand the rule changes and are working on a compliance-approved presenta-

tion they can use with clients.

We are educating our advisers that now is the time; for example, we don't want them waiting until the 408(b)(2) regulation is effective. Now's the time when you want to be out educating and locking down those client relationships so, when the rules do become effective, you can take the opportunity to go and prospect for new clients that may not have heard about these rules.

I think there's going to be a lot of activity in the 401(k) space in the future with both 404(a)(5) to the participants and 408(b)(2) to plan sponsors. So, the well-educated, well-trained adviser will take advantage of the opportunity.

PA: For retirement plan advisers looking to grow their business, why should they choose JHFN?

Harrington: It comes down to top-down management support and belief. We've invested a significant amount of money to build out the DC platform for 401(k) advisers. It's the fact that advisers have the power to build their business their own way with their choice of providers, with no proprietary requirements, and with the ability to be a fiduciary once accepted into the DC Consulting program. Advisers can choose their affiliation, choose their own brand, and gain access to an industry-leading succession program.

Then, it's providing advisers with industry-leading training and content alongside a lot of opportunities—whether it's on the Web, through the newsletter, or in person—to interact with other advisers doing this business and share best practices.

We're also nimble enough to react to the marketplace and to react to adviser feedback. We're growing organically very nicely and are a nice destination for an entrepreneurial adviser who wants the more collegial feel.



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