SUITE 'SPOT'

In an ever more competitive business environment, employee benefits are a critical compensation component. But at a time when offering a generous retirement plan benefit is almost taken for granted, those who aspire to be employers of choice need a way to stand apart from the crowd.

Broadridge Financial Solutions has a long and storied reputation for the support the firm has provided the advisor community, most recently in the expanding nonqualified deferred compensation plan space. NAPA Net recently spoke with Tim Slavin, Senior Vice President, Retirement, and Cynthia Dash, General Manager and Senior Vice President at Matrix Financial Solutions, Inc., a Broadridge company, for insights on the opportunities for advisors.

NN: Though it's been more than a decade since Section 409A was added to the Internal Revenue Code, there seems to be a recent surge in interest in non-qualified deferred compensation programs. What do you think is behind this trend?

Dash: While there has long been a consistent interest in these programs, there's no question that the improving economy and tightening job market has been a factor in enhancing employer interest in both attracting and retaining key talent. Not only does a nonqualified plan provide the employer with significant flexibility, it's a compelling differential in benefits, particularly for executives who may be constrained by the contribution limits of a traditional 401(k).

Slavin: No executive ever left because his or her 401(k) wasn't vested. If you're trying to encourage a key employee to join your firm, or looking to provide them with a compelling reason to stay, these programs can be a significant influence.

Dash: Increasingly, nonqualified plans are an integral component of a comprehensive benefit strategy for all firms. In addition to their compelling value as a stand-alone offering, they offer the ability to tie in with other programs: defined benefit, defined contribution, and even health savings accounts.

NN: Isn't that combination administratively complex?

Slavin: It certainly can be. That's where having an automated, integrated platform can really make a difference. As a leading fintech provider, our clients look to us to provide a scalable platform. But many firms try to operate a nonqualified plan business on a qualified plan platform – and that often isn't enough for these plans.

Dash: Investment in technology is key. We made a significant commitment to this business in 2015 with the acquisition of the business from Wilmington Trust that brought us not only an automated platform, but also a team of professionals that had been working with these programs for years. That investment has allowed us to offer service that is highly scalable with a personal touch across our entire customer base. Plan sponsors are looking to work with a single provider, if they can find one that has the systems and expertise to pull it all together.

NN: How might expanding their practice to include a focus on non-qualified deferred comp impact a retirement plan advisor's practice?

Slavin: This is still a wide-open market – virgin territory for advisors – and it gives advisors an opportunity to deal directly with the C-suite, the top people in the organization. This connection keeps the relationship between the advisor and the organization "sticky" – and provides an opportunity to handle the high-net worth business of key individuals as well.

Dash: ERISA constrains advisors with its focus on regulations, limits, and conflict of interest rules. While those are important in that context, a nonqualified plan vehicle allows advisors to help key individuals plan for retirement in ways that go beyond ERISA and those limitations. Some of these executives are being tested out of participating in defined contribution plans. The ability to introduce a nonqualified deferred compensation alternative is a way to provide a consultative solution to a painful administrative problem. It's a conversation that isn't focused on fees – and it's a solutions-focused conversation that most advisors still can't have.

CYNTHIA DASH

TIM SLAVIN

NN: How is Broadridge supporting this expansion in interest among retirement plan advisors?

Dash: We've always been a solutions and education advocate for advisors. We've been an early and enthusiastic inaugural supporter of the Nonqualified Plan Advisor Conference developed by the National Association of Plan Advisors (NAPA), and introduced NAPA's Nonqualified Plan Advisor certificate at our annual conference in Keystone, Colorado.

Slavin: These programs help educate advisors on how to identify and qualify a lead, to provide advisors with enough information to engage with the key decision makers and have an initial discussion. Bottom line: We give the advisor who is not a nonqualified plan specialist enough information to have the conversation about the option. Then they can tap into the specialists we have in this critical area that can go deep, and help advisors close the deal.

Dash: And it's a business that is lucrative for the advisor, an ongoing annuity payment stream. It is a benefit that the individual executive receives, but the company owns and is paying for it. This is a way for advisors to add value, to broaden their market, particularly for fee-based advisors. It's the wave of the future – but it's an opportunity today.