

Investments & Retirement | Retirement Consultant Institute

Rethinking your plan profitability

Profitability blueprint

The Architect

1. Multiple core offerings (retirement plans, employee benefits, wealth management)
2. Long-term plan to build staff and strategic partners
3. Well-documented processes and job descriptions for everyone
4. Large staff and overhead
5. _____
6. _____
7. _____

The Specialist

1. Singular focus on qualified retirement plans
2. Most experienced, credentialed financial professional to fix the employer's current plan
3. Focus is on consistency, high standards and finding employers who fit their model
4. Small staff and low overhead
5. _____
6. _____
7. _____

The Connector

1. Personal Wealth Management is core offering
2. All other services including retirement plans are secondary
3. Focus is on meeting as many needs as possible for high-net-worth individuals and connecting them with multiple professionals
4. Medium staff and overhead, decisions to outsource and partner versus retaining in-house
5. _____
6. _____
7. _____

Start with your billable hourly rate

The first step to increasing the profitability of your retirement plan practice is to determine your current billable hourly rate. Once you know your billable hourly rate, use it to make critical decisions around hiring, partnering and outsourcing.

Calculation

What is your **desired billable hourly rate** for your retirement plan efforts? _____ per hour

What is your **current billable hourly rate** for your retirement plan efforts?

Annual revenue from retirement plan practice: _____ per year

Hours spent on your retirement plan practice each week: _____ per week

x _____ number of weeks

= _____ hours per year

Current billable hourly rate for retirement plan efforts: _____ per hour
(annual revenue/annual hours)

How **big is the gap** between the desired and current billable hourly rate? _____ per hour

How do you increase your billable hourly rate?

There are several proven ways to close the gap. Consider what is most appealing and check all that apply:

- Hire employees to complete tasks that cost less to deliver than your current billable hourly rate.
- Hire 1099 independent contractors to complete tasks that cost less to deliver than your current billable hourly rate.
- Outsource to a business that focuses on specific activities such as prospecting, marketing, etc.
- Partner with a related business professional who can deliver quality services in a way that upholds your high levels of service and rewards you with direct compensation or referrals. (Examples of related businesses: Wealth Management or Employee Benefits.)
- Partner with Cuna Mutual Group – a full-service retirement plan provider – who can assist in completing certain activities such as employee education, fiduciary service support and finals presentations.

Now how much higher can you raise your billable hourly rate?

Determine per plan profitability

Rethinking your profitability requires you to understand the profitability of your current retirement plan book of business. What are you doing now and where does it make sense to make changes to your current business model?

There are several proven ways to close the gap. **The key is to find less expensive ways to deliver the services your retirement plan clients expect** without sacrificing the quality of service that makes you unique to your clients.

Calculation

What is my minimum desired per plan profitability? _____ per plan

What is my current per plan profitability?

Annual revenue from retirement plans: _____ per year
÷

Number of retirement plans currently: _____ number of plans
=

Per plan profitability _____ per plan

Difference between the desired and current per plan profitability? _____ per plan

Directions: Place an **X** in the **Self** column for all activities that apply. For any gaps, place an **X** in the appropriate **Staff**, **Outsource** or **Partner** column that you want to retain.

Categories	Core activity	Self	Staff	Outsource	Partner
		Current	Closing the gap		
Prospecting/ pre-sales	Plan data collection and aggregation				
	Cold calling, appointment setting				
	Prospect meetings				
	Finals presentations				
General plan governance	Plan design and demographic review				
	IPS development and support				
	Communication strategy				
	Fiduciary review quarterly and annually				
Investment governance	Fund analysis				
	Model Portfolios				
	Investment recommendations and implementation				
	Investment menu monitoring				
	3(21) and 3(38) investment co-fiduciary services				
Employee education	Initial and new enrollment support				
	Ongoing education and support				
	One-on-one meetings; financial planning				
	Participant customer service				
	Outcome-based support; success measurement				
Vendor management	TPA relationship management				
	Fund relationship management				
	Due diligence				
	Problem solving; communication				
Employer relationship management	Fiduciary guidance/education (fiduciary file, documented process, etc.)				
	Fee education (sub-TAs, 12b-1s, expense ratios, advisor comp, RKR fees, administration fees)				
	408(b)(2), 404(a)(5), 404(c) support and education				
	Quarterly meetings; annual due diligence				
	Tracking federal regulations and legislation				
Other					
Now how much higher can you raise your billable hourly rate?					

Retirement plan profitability analysis

Plan name: _____ Today's date: _____

Calculation

Annual plan revenue (flat fee or basis points): \$ _____ per year
 Plan assets: _____ x _____ bps
 or _____ flat fee per year
 Desired billable hourly rate: \$ _____ per hour
 (Calculate using the "Start with your billable hourly rate" worksheet.)
 My maximum annual time commitment for this plan _____ hours per year

Make sure you don't get paid less than your desired billable hourly rate by completing this worksheet.

Now how do you want to spend that time?

Knowing that you only have **X** hours to devote to this plan each year, be proactive and plan exactly how you are going to spend those hours. **Directions:** Enter the number of hours per activity in the table below until you have reached your maximum annual time commitment. For any activity unchecked, use the next worksheet to help identify resources to fill the gaps.

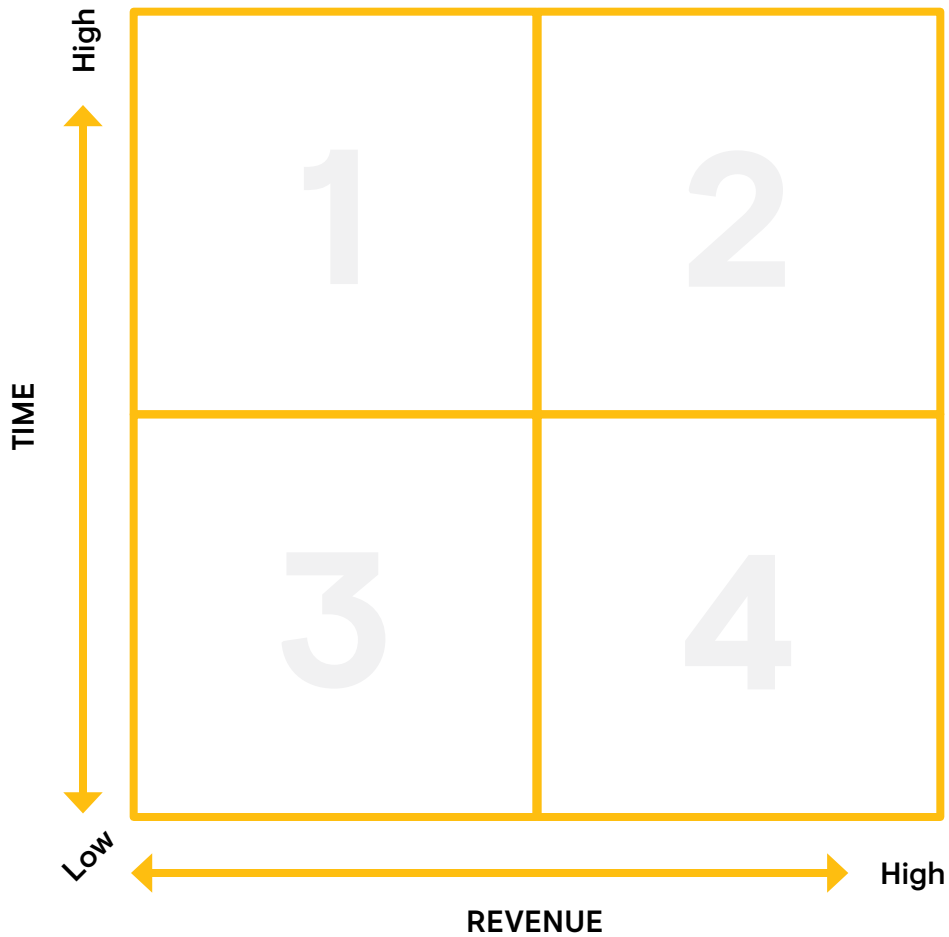
Categories	Core activity	Hours
Prospecting/ pre-sales	Plan data collection and aggregation	
	Cold calling, appointment setting	
	Prospect meetings	
	Finals presentations	
General plan governance	Plan design and demographic review	
	IPS development and support	
	Communication strategy	
	Fiduciary review quarterly and annually	
Investment governance	Fund analysis	
	Model Portfolios	
	Investment recommendations and implementation	
	Investment menu monitoring	
	3(21) and 3(38) investment co-fiduciary services	
Employee education	Initial and new enrollment support	
	Ongoing education and support	
	One-on-one meetings; financial planning	
	Participant customer service	
	Outcome-based support; success measurement	
Vendor management	TPA relationship management	
	Fund relationship management	
	Due diligence	
	Problem solving; communication	
Employer relationship management	Fiduciary guidance/education (fiduciary file, documented process, etc.)	
	Fee education (sub-TAs, 12b-1s, expense ratios, advisor comp, RKer fees, administration fees)	
	408(b)(2), 404(a)(5), 404(c) support and education	
	Quarterly meetings; annual due diligence	
	Tracking federal regulations and legislation	
Other		
TOTAL		

Rethinking activity

Directions: Consider the **Categories** and **Core activity** in the table below. Place an **A** in the **Self** column for every activity you will personally do for every plan regardless of asset size or revenue. For all other activities in the **Self** column, use **M** for most plans, **S** for some plans and **N** for none of your plans. For each activity not marked with an **A**, write in the **Staff**, **Outsource** or **Partner** column who specifically will be doing the activity. For example, for the 3(21)/3(38) activity, under the **Partner** column, write Cuna Mutual Group.

Categories	Core activity	Self	Staff	Outsource	Partner
Prospecting/ pre-sales	Plan data collection and aggregation				
	Cold calling, appointment setting				
	Prospect meetings				
	Finals presentations				
General plan governance	Plan design and demographic review				
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	408(b)(2), 404(a)(5), 404(c) support and education				
	Quarterly meetings; annual due diligence				
	Tracking federal regulations and legislation				
Other					

Profitability profile



1. High time and low revenue
2. High time and high revenue
3. Low revenue and low time
4. High revenue and low time



Learn more about how Cuna Mutual Group can help grow your retirement plan practice. Call us today at [800.491.7859](tel:800.491.7859).

Our story

Built on the principle of “people helping people,” Cuna Mutual Group is a financially strong insurance, investment and financial services company that believes a brighter financial future should be accessible to everyone. Through our company culture, community engagement, and products and solutions, we are working to create a more equitable financial system that helps to improve the lives of those we serve and our society.

CunaMutualGroup™

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CMRS-895000.5-0121-0123 © Cuna Mutual Group