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# Building Pension Administrators

Growing a third party administration firm has many challenges, but none is as difficult as attracting, developing and retaining qualified staff for the work that needs to be done.

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hether it's for an entry level position or an opening for an experienced plan administrator, training is a long, unending road — from learning the fundamental rules to applying them to solve problems; from software differences to process and procedural variances; and from one firm to

the next. Exploring some of the challenges can help us arrive at appropriate educational approaches and opportunities for building and growing service provider professionals.

Learning the fundamentals of pension administration is more challenging than it sounds. Firms often struggle with meeting the day-to-day workload rather than taking the time to exercise the benefits of a solid introductory education in ERISA. The divergence occurs most often when hiring replacements versus hiring for future growth. When replacing a lost employee, the employer is most concerned with keeping deadlines. Optimally, the employer hires for future growth so that established training methods and proper order may be used for all new hires.

Firms should provide employees new to the industry with an educational foundation to build their future careers. Whether using in-house programs or courses like Retirement Plan Fundamentals sponsored by ASPPA, new employees need an introduction to the rules and regulations central to constructing and operating qualified plans — or any plan types the firm may service. Subjects like eligibility, vesting, contribution and distribution types, investments, plan types, plan documents and government oversight should be explored at a level to provide a broad stroke of the industry influences and complexities. Without a general understanding, the employee loses sight of the overriding principals and is unable to see past daily minutiae.

Seasoned administrators are not immune to the loss of foundational concepts due to their work-related focus on particular plan types or overexposure to common plan provisions. Options available under the law are often confined or narrowed in the typical volume submitter or prototype document that many administrators are accustomed

to using. Practitioners with years of experience become so engrossed in the limitations of their typical plan that the underlying regulations begin to fade. Either revisiting a class on fundamentals once a year or having experienced staff teach fundamental courses for trainees may help maintain a sharp understanding of the rules.

Credentialed administrators attend conferences and seminars, but will usually skip the fundamentals for more advanced topics. Or they focus their time on changes in the law that will affect their own jobs. Advanced and up-to-date knowledge is essential as well, but the basics need revisiting to make professionals whole in their practice. The phrase “iron sharpens iron” has particular significance in training — using mentorships or apprenticeships within a practice can teach up-and-comers the career skills they need and provide the perspective and expectations necessary for the job that classroom learning cannot.

How firms interact with plan sponsors, participants, advisors and vendor partners can differ as much as software selection. Some bundled providers establish a “do it yourself” approach for plan sponsors who have the wherewithal to manage the plan themselves while providing a website and call center for participants. Traditional TPAs often communicate primarily with the plan sponsor representative and have little contact with others involved with the plan.

Consultative service providers will consistently communicate with investment consultants, work through team transitions with vendors and provide participant and plan sponsor custom communication solutions. Every one of these types of firms has employees who are experienced in plan administration, but at varying levels of the service model spectrum.

Service models are based on volume and cost of doing business. A high-volume shop cannot afford to have plan administrators spending hours on the phone fielding calls from participants and plan advisors.

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Similarly, a low-volume shop cannot afford to neglect these individuals and have any hope of retaining clients for long-term relationships.

Pension administrators changing careers — in either direction — will have a difficult time adapting to the new environment given their previous experience. The level of pension knowledge could be on par with expectations, but the ability to meet the demands of relationship management will require some retraining. Using a survey or questionnaire similar to a temperament sorter can provide the employer with the proper perspective. Using open-ended, scenario-based

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questions asked in several different ways can help the employer establish which areas of service need retraining while setting expectations as early as the interview process.

Beyond the service aspect, the trainee may be learning new software. Specific-use software training is essential for an efficient work force. Our firm's trainer is often heard telling trainees, "If it takes you more than five minutes (or some other task-appropriate time frame), come and get me." She reiterates this statement time and again because software was invented to make work efficient. Without proper training on software capabilities, employees are left to discern on their own how best to tackle a project.

Basic "Office" suite programs are fairly universal, but usage is not. Microsoft Excel is a good example of software that could involve everyday use as simple as sorting and basic mathematical functions to daily use that includes macros, pivot tables and multi-tiered formulas for complex plan designs. The resumé for both levels of experience could read "Proficient in Microsoft Excel" but represent very different uses.

Many software companies provide "quizzes" to test proficiency for relatively low cost. The quiz provides the employer a snapshot of proficiency, thus presenting training opportunities for the new hire.

Another factor to consider in training is the work pace of a particular firm. ASPPA introduced the Daily Valuation course several years ago to help the traditional balance-forward world understand the needs in a daily world. Traditionally, pension administrators were

accustomed to deadlines throughout the year; however, a "daily" shop must operate with deadlines throughout the day. The day may begin with trade confirmations from the previous day, balancing cash and units daily as well as deadlines toward the end of the day to meet trade posting deadlines for various platforms.

A knowledgeable pension administrator may experience a severe shock to the system when confronted with the pace of a daily environment. Training a seasoned administrator to process like an entry level employee helps gain understanding of the daily needs and all of the steps it takes to accomplish one procedure. The knowledge of the process also helps quality assurance when reviewing the work prior to trades posting or asset disbursement.

Another side benefit is an appreciation for the work that support staff performs on a daily basis. Often, high-volume work or fast-paced environments breed departmentalization of tasks. Again, training all "pension" employees on the processes and procedures creates some fluidity as individuals advance in their careers, but A-to-Z administrators often struggle with a transition to functionalized environments, and vice versa.

As professionals we often become distracted with the demands of our jobs. Education must be a constant throughout a career in any industry, especially when laws change the landscape every couple of years. Attending seminars is not sufficient to foster growth as a professional.

Peer mentorships and relationships with other firms provide comparative

case studies and informal discussions to work through similar issues or discover new ones. Sharing knowledge by training others or using speaking or writing forums to disseminate experience are necessary for professionals. Volunteering and advocating on behalf of the industry also fill holes in a professional's experience. Opportunities outside of the day-to-day job provide exponential growth opportunities in knowledge that can be shared with other employees. Writing and speaking require research, for example, building a depth of understanding that does not come from sitting through the same presentation.

Building pension administrators is a task we should all take seriously. The knowledge and experience we share ultimately helps American workers retire. Our career is a vocation to give back to the workforce that helps our daily lives function. Together we provide retirement paths for architects and builders, physicians and technicians, farmers and food retailers, clothiers and cobblers and a host of people who provide the comforts of life we enjoy. Without a firm foundation in pensions and the wherewithal to continue learning, we cannot serve the public who employs us. **PC**



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