

# smallbizadvisor

## Small Group Plans: Turning no into yes

Written by Rona Birenbaum, financial planner, Caring for Clients on Wednesday, June 22nd, 2011 at 11:30 am



Companies with fewer than 100 workers account for 48% of the workforce, while DC plans with fewer than 100 members account for only 7% of private plan members.

Results from a recent survey of members of the Canadian Federation of Independent Business (CFIB) with more than 40 employees found that only 45% of them have a plan of any kind in place.

The companies that did not have plans said four things kept them from providing one. Here are their reasons and ideas for how you can help them get past each one.

### 1. 50% of respondents said it's too expensive

This is clearly a misconception and you need to dispel it up front in your communication with prospective group customers.

- | Many group RRSP providers offer plans without administrative set up costs. Highlight "no cost group RRSP" where appropriate.
- | If you recommend a plan that does have some administrative costs, highlight the tax deductibility of the expenses for the corporation.
- | Some owners worry that the administration will demand dedicated staff resources. Highlight the fact that technology has dramatically simplified group plan administration.

### 2. 37% of respondents said it's too complex

- | Again, highlight "technology = simplicity".
- | From an investment standpoint, keep the investment options simple. Lifecycle funds are easy for owners and participant to understand.

### 3. 32% of respondents said group plans are not common in their sector

- | This response often means that the business owner looks at group benefits largely as a defensive measure (do it if the competitive environment demands it) rather than an opportunity to be a leader in their industry.
- | For this company, highlight a plan that does not require employer matching, but offers employee benefits all the same (payroll deduction, retirement planning education etc.)

### 4. 24% of respondents they don't know where to start

- | Tell them that the first step is to give you a list of their objectives. If they struggle, you can help them with the following suggestions:
  - | Enhance corporate culture
  - | Show that you care about your employees
  - | Be recognized as an industry/community leader
- | Highlight the simplicity of establishing and administering a group RRSP.
- | Highlight the value added service that you will provide such as:
  - | Lunch and learn events on financial topics
  - | Participants receive your quarterly financial newsletter

Combine the underserved group RRSP market with an increasing focus on retirement planning in general and you

have a powerful formula for success in this market.

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