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MORE AND MORE
INDEPENDENT
TPAS ARE JOINING
COLLABORATIVE
GROUPS LIKE
THE CERRADO GROUP
AND TPA
BENCHMARKING
TO POOL THEIR
RESOURCES
AND EXPERTISE.
WHAT'S DRIVING
THIS TREND?

By John Iekel





THE EXPERIENCES OF SEVERAL INDEPENDENT TPAS IN SHARING RESOURCES AND EXPERTISE OFFER A LOOK AT HOW THAT MUTUAL SUPPORT AND COLLABORATION LEADS TO GREATER PRODUCTIVITY AND EFFICIENCY, MONEY SAVING, CONTINUAL IMPROVEMENT, AND NEW IDEAS IN THE REALMS OF PRACTICE MANAGEMENT, SALES AND MARKETING.

Sharing resources and expertise “absolutely helps all of us,” says TriStar Pension Consulting President Shannon Edwards, who participates in the TPA Benchmark group created by industry veteran Dawn Hynes of Hynes Associates. “The primary reason I joined was to have a group of

peers that I could collaborate with,” says Edwards, explaining that the group shares policies, procedures, CRM projects, marketing ideas, hiring ideas and software.

For Jill Dennis, Director of Business Development and Shareholder Business Development

at Dunbar Bender & Zapf (DBZ), an actuarial and retirement consulting firm in Pittsburgh, DBZ’s path to joining the Cerrado Group didn’t start as an effort to build comprehensive collaboration. Rather, she “has been and continues to be involved with advisory boards which have started

out as a means for recordkeepers to get the TPA perspective on what is working and not working with platforms,” she says. “Throughout those discussions, I have formed bonds with other TPAs where in addition to discussing the recordkeepers, we are able to discuss business concerns, industry concerns, what works for others, what works for us and share ideas.”

Dennis outlines a variety of ways in which DBZ has worked with other TPAs over the years. “We provide services, such as actuarial services or ESOP administration to TPAs throughout the country who do not have actuaries or ESOP specialists on staff,” she explains. Eventually this led to joining Cerrado, a 501(c)(6) non-profit trade association of like-minded independent TPAs that is a prime example of collaboration among TPAs.

MULTIPLICITY OF IDEAS AND SKILLS

“It’s not just the numbers that matter,” Dennis says, “it’s having the right combination of members that is most important.” She adds that a benefit of collaborating with multiple independent TPAs is being able to benefit from multiple viewpoints.

“We join these groups for collaboration, sharing and discounts that can save us money if possible,” says Edwards. “I think the collaboration and sharing of ideas, etc. is more important than that, though. For instance, one of our roundtable members is really strong in HR, which I am not.”

The Cerrado Group describes itself as “Purposefully built around unconventional diversity,” and notes that it believes that its members are “naturally different.”

“Everyone has something to offer,” says Dennis, noting that some firms excel at technology and some offer specific services such as those unique to defined benefit plans. Still others, she says, were first to jump into 3(16) fiduciary services or pooled employer plans (PEPs) “and are willing to share what works and what doesn’t.”

MECHANICS OF A COLLABORATIVE GROUP

A variety of factors go into building a collaborative group.

Get Buy-in

Before joining a collaboration, it’s necessary to get buy-in from others in your firm, for a variety of reasons—security of information about the organization and its clients, the effect on the organization, what it means for the organization’s resources and the expenditure of them, the sources of various kinds of expertise, and more.

Dennis says that at DBZ, “there was no actual ‘sell’” about becoming a part of the collaboration. “Everyone saw the value,” she says. Nonetheless, she did consult with her colleagues. “I have three partners. Before sharing confidential business information or sharing secrets, I definitely thought it necessary for everyone to be in agreement,” she says. “Also, there are times where I am not the right person at my firm to be a part of the conversations. So I would bring my partner who is more suited for the conversation.”

It wasn’t a hard sell for Edwards either. “It did not require any selling internally,” she recalls. Not only that, she says, “My managers/senior personnel love that I have other business owners to get ideas from. In fact, they ask me to ask them questions from time to time. They also sit in on some of our meetings if it is something they are interested in.”

Ann Slotwinski, the Cerrado Group’s Executive Director, says that it “tends to engage leadership right up front, as we begin the discussions around membership. Prior to the actual interview, there are a number of steps we go through to get to the interview stage. We provide speaking points to leadership of each firm so that they can explain to their teams the reason for joining the Cerrado Group and how it will benefit the firm. However, anyone who needs to be involved in the decision is part of an in-depth call that I have with each prospective member firm to discuss any questions they may have.”

“WE SHARE IDEAS FOR MAKING OUR FIRMS MORE EFFICIENT. WE ALSO SHARE INFORMATION ABOUT SOFTWARE WE USE, ETC. WE DISCUSS HIRING CHALLENGES AND SOLUTIONS AS WELL AS SALES AND MARKETING IDEAS.”

— Shannon Edwards
TriStar



“I BELIEVE THAT WE OFFER THE BEST OF BOTH WORLDS—GLOBAL SCALE, EFFICIENCY AND COVERAGE WITH LOCAL SERVICE AND HIGH CUSTOMER TOUCH. WE BELIEVE THAT WE ARE THE FUTURE OF THE LOCAL, INDEPENDENT TPA FIRMS.”

— Ann Slotwinski
The Cerrado Group

Quality, Not Quantity

Bigger is not necessarily better in the view of collaboration participants. Says Dennis, “I think it’s important that the size of the collaborative group is limited.” And Edwards reports that a roundtable group to which she belongs “is not growing, but that is intentional.” She explains, “We have a limit to the number of people we want in the group.”

Why limit the size of the group? One reason is to promote trust and communication. “There is a lot of trust that goes into discussing your business with other firms. The point is to be collaborative, not just have individuals that sit there and take information and never add to the discussion,” says Dennis. And Edwards says that the roundtable to which she belongs that limits the number of members does so “to make sure that they are a good fit with everyone in the group. We are very careful when we invite new members.”

The Cerrado Group also adds members by invitation only, which the association says stems from its belief in the importance of serving plan sponsors and participants well and

reserving membership for firms that are committed to those goals.

Adding Members

“We are looking for firms where we currently do not have coverage. However, more importantly, we want forward-thinking firms who embrace technology and efficiency, who are looking to grow and who want to be a leader in the industry,” says Slotwinski of the Cerrado Group’s approach to adding new members.

Once prospective members have been identified, a vetting process is set in motion, reports Slotwinski. That process consists of the following steps.

1. Any nomination for a new member must come from an existing member.
2. The member makes an initial phone call to the prospective member. “We have created a document that the member uses to explain the Cerrado Group to the prospective member and asks them a number of questions about their firm,” says Slotwinski.
3. The next step is for the member to formally nominate the prospective member using the information gathered in the initial phone call. This is done during the weekly member phone call. Based on that discussion, the group votes on whether or not to proceed with the nomination.
4. “Upon approval,” says Slotwinski, “I then send the prospective member an NDA and have an in-depth call with firm leadership to answer any questions they may have and to share proprietary information with them. If at the end of that conversation, the firm would like to move forward, I send them a business metrics questionnaire to be completed. This is shared with the members prior to the interview,” she continues.





About the Cerrado Group

The Cerrado Group is a 501(c)(6) trade association composed of TPA consulting firms. The group says that it was established to provide a new approach to retirement plan design, reporting, compliance, administration and industry education.

According to Executive Director Ann Slotwinski, the group was originally a study group of TPAs who would meet annually to share best practices and discuss industry trends. “This consistent exchange of information and ideas proved very beneficial for the members,” she says.

Slotwinski says a big discussion arose concerning the consolidation going on in the industry in which large national firms were buying local, independently owned TPAs, and that a central question was how smaller, independent TPAs could compete with national firms while still retaining ownership of their firms.

After careful consideration, according to Slotwinski, the study group decided to form a consortium of TPAs who collectively would be able to provide the broad geographical coverage and broad range of services national firms do, but at the same time retain local and independent ownership and service excellence. “Thus, the Cerrado Group was born,” she says.

Slotwinski describes the Cerrado Group as a collective that offers a full suite of services. “If one firm gets a request for service or plan type that they cannot accommodate, one of the other members can. It is our goal to never have to say ‘no’ to a prospect for service offering or geographical reasons. This unique relationship also allows the open sharing of ideas and best practices between all the firms in a safe and trusting environment.”

“The Cerrado Group operates as a true business entity,” explains Slotwinski, with formal governance, policies and procedures, weekly

calls and committees to work on initiatives. Further, it has created a formalized way for members to ask questions of each other and share information.

According to Slotwinski, the Cerrado Group had nine members when it started on March 1, 2021. Less than a year later, by January 2022, it had 12 with another in the wings.

Also by January 2022, the Cerrado Group had more than 199 credentialed employees, and it was serving more than 16,000 plans and 665,000 retirement plan participants. Collectively, its members had \$35 billion in assets under management.

What it Does

The Cerrado Group provides:

- Advice and guidance regarding plan design, benefit formulas and eligibility
- Information regarding expected liabilities, contributions, benefit payments and plan document review
- Projections for age-weighted and target benefit plans
- Adoption agreements, summary plan descriptions, and plan amendments
- Determinations and recommendations of necessary plan changes
- Benchmarking assistance
- Reviews of factors relevant to plans, including costs, features, documents, notices, policies, procedures, fee agreements and investment policy statements

Its members can serve as expert witnesses on actuarial issues; in addition, those with ERPA designations can represent clients before the IRS. **PC**

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5. The final step is the formal interview with all members and a vote at the end of that discussion.

Forming a Collaborative Group

Interested in forming your own collaboration? Dennis suggests composing “a group of diverse individuals that you trust.” She continues, “Start small—even if it is just one other TPA firm.” Edwards suggests, “I would look for an existing roundtable to join or look for industry friends you have made at conferences and start one of your own.”

“I started by joining a group of people I met through ASPPA conferences,” Edwards shares. “They were people that I enjoyed spending time with and people who had great ideas and were willing to share them. We carried on the discussions that began at the conferences and it eventually turned into a monthly roundtable group of friends.”

THE BENEFITS OF COLLABORATION

Forming connections and collaborating can yield a variety of results.

Productivity and Best Practices

The collaborating businesses are more productive and efficient, Edwards says, which allows them to keep improving their services. “We all have learned from each other and gotten ideas from each other which have made us better,” she says, adding, “I have gotten ideas for improving efficiencies as well as marketing and sales. And it has made me a better leader.”

“As a member of the Cerrado Group,” says Dennis, “we are able to pool resources to ensure that we understand and exceed cybersecurity standards and integrate automation efficiencies into our business, among many other things.” She continues, “These relationships have allowed

DBZ to fine tune our 3(16) services, benchmark compensation for sales teams and implement changes to client billing. It allows other TPAs to provide cash balance or ESOP plans to their plan sponsors.”

Regular Meetings

Edwards says that the group to which she belongs meets monthly to discuss matters such as policies, procedures and ideas for hiring. “We share ideas for making our firms more efficient. We also share information about software we use, etc. We discuss hiring challenges and solutions as well as sales and marketing ideas.”

Edwards reports that they share and pool resources during regular roundtable meetings that are held every three or four weeks. “We typically have one person in the group who leads the discussions. We have a planned topic that we all want to talk about, and we share and collaborate,” she says.



The group has other meetings as well, Edwards says, such as a monthly meeting with an ERISA attorney at which members can ask questions and obtain legislative updates, and a meeting for business owners to collaborate with each other and share ideas.

Dollars and Cents

Edwards notes that collaborating can save participating firms money. She says they have started to negotiate with service providers and that as a group they have shared the cost of engaging an attorney to write a model engagement letter for all members to use and to write a model cyber policy for them.

“For my business, I have been able to save money on services that I needed and use,” says Edwards, adding that they also have group discounts. “It’s important to us to be able to save money where we can,” says Edwards.

Tick, Tock

Not only does collaboration save money, it also saves time, according to Edwards. “I have been able to save time in developing policies and procedures that my friends had already developed,” she says, noting that “when one of us has already put the time and effort into developing something like a remote employee policy, we share that with each other. It saves us time and money.”

Personal Connections

It’s also personal. One result, says Edwards, has been the development of lifelong friendships. “It really is amazing how willing to share all of the business leaders in this industry are,” she says. “They will give you the shirt off their back without blinking.” Slotwinski concurs, noting that the deep relationships between members often result in questions being posed and answered through personal conversations.

“Nobody outside of the retirement plan community understands what it is we do. To be able to have real

conversations with other TPAs who understand our industry and talk about 3(16) services, PEPs, staffing concerns, compensation, cybersecurity, tax law changes and everything that as business owners keeps up at night is invaluable,” Dennis believes.

WHAT’S NEXT?

“Our industry is constantly evolving, as are the goals of each individual firm,” Dennis observes. As for the Cerrado Group, Slotwinski says, “We will continue to add new members as we see fit.” She continues: “We are also looking to expand our distribution channels and deepen the relationships we have with existing centers of influence.”

Both Dennis and Slotwinski expect to emphasize cybersecurity and automation this year, which are big discussion points in each group, Dennis reports. “Our focus this year is on cybersecurity, automation and data transmission,” says Slotwinski.

AND ULTIMATELY...

The Cerrado Group believes that the work it does in the retirement industry directly impacts plan sponsors and their participants’ ability to retire comfortably, which it calls a “noble cause.”

Plan participants benefit from collaboration among TPAs, says Dennis, noting that they benefit from enhanced plan offerings, efficiencies, benchmarking and security. They also gain from collaboration through full-service offerings, compliance work and, ultimately, a better retirement outcome, Slotwinski believes.

“I believe that we offer the best of both worlds—global scale, efficiency and coverage with local service and high customer touch. We believe that we are the future of the local, independent TPA firms,” says Slotwinski. **PC**

“I HAVE FORMED BONDS WITH OTHER TPAs WHERE IN ADDITION TO DISCUSSING THE RECORDKEEPERS, WE ARE ABLE TO DISCUSS BUSINESS CONCERNS, INDUSTRY CONCERNS, WHAT WORKS FOR OTHERS, WHAT WORKS FOR US AND SHARE IDEAS.”

— Jill Dennis
Dunbar Bender & Zapf

