

The Intangibles You Need To Succeed In The 401(k) Business

By Ary Rosenbaum, Esq.

The most disappointing part of going to law school was the lack of practicality. Sure, it helps you think like a lawyer and teach you the basics of the law, it never helped with becoming a successful lawyer or how to draw a dime of business. It took me a long time to realize I had the makings of a lawyer who could bring in business (I think I was 8 when I realized I didn't have the makings of a varsity athlete). There are intangibles out there that you need to bank on to succeed in the 401(k) business. This is what this article is all about.

You can't keep talent down forever

An advisor I've known for about a dozen years was recently let go by an advisory firm after a handful of years. The advisor reached out to me and I offered him some encouragement. I was in the same boat that he was. I was let go by that Fakakta law firm about 15 years ago after failing to draw in business over two years. While there were roadblocks and law firm bureaucracy that got in the way of drawing business, I still failed in a major task of my job.

As I told the advisor, who I think is talented, you can't keep talent down. Eventually, talent rises. The cream rises to the top, as does talent. Talent flounders when it isn't allowed to succeed. I knew I was talented and after dealing with Lois, the ineffective and narcissistic managing attorney for two years, I knew I could no longer work for someone like that, ever again. So that's why I started my practice 15 years ago and the rest is history. If you have the talent, you will succeed in the 401(k) business,

you need to be in a position to succeed. About once a month, I go to my allergist for allergy shots. It is in the same building as the headquarters of my old law firm. I keep my head up high there, even though I never run into people from the old firm, it's like they're all working from home or something. If you have the talent, you can succeed if you have the platform to allow it.

Believe in yourself

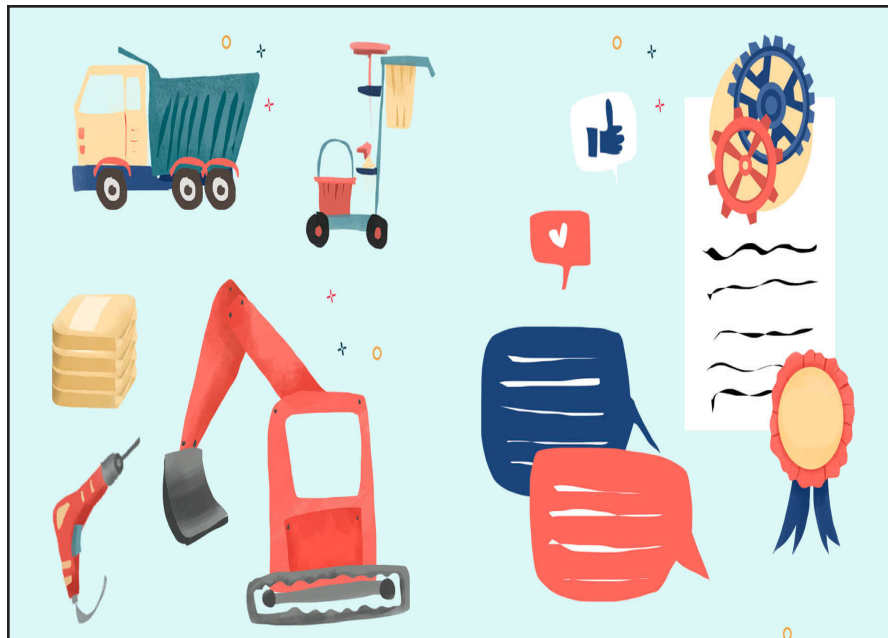
Some family members had the point that if I couldn't succeed at that fakata law firm, why would I think I could succeed on my

of confidence were my greatest roadblocks in life, not Lois and every miserable attorney I worked for, before her. If you believe in yourself, you've won half the battle.

The art of networking

Speaking of things they should have taught in law school, networking is probably number one. Sure grades helped with that first job straight out of law school, but it never mattered after that. No one asked about my Evidence grade again. One of the greatest tools I had was the opportunity to network and understand the ways to do that.

Aside from the Hank Aaron autographed photo, the one thing I inherited from my co-worker Richard Laurita was his stack of business cards. I started using them when I was at that Fakakta law firm but having seen Rich in operation, I knew how networking worked. Rich was a friend to everyone and he knew the best way to gain goodwill in the 401(k) industry is to pay it forward and help advisors out. When I was at that law firm, I tried to network with advisors and tout my legal services being as affordable as



own? If I didn't draw the business at the law firm, how could the business support my family and pay off their mortgage? I did the numbers in my head and with the favorable tax treatment for small business owners, I knew what amount of business I needed to succeed at the start. Most of all, I knew I would succeed because I believed in myself. It was really that simple. If you believe in yourself, bet on yourself, and have a positive outlook, it makes that hard work so much easier. Self-doubt and a lack

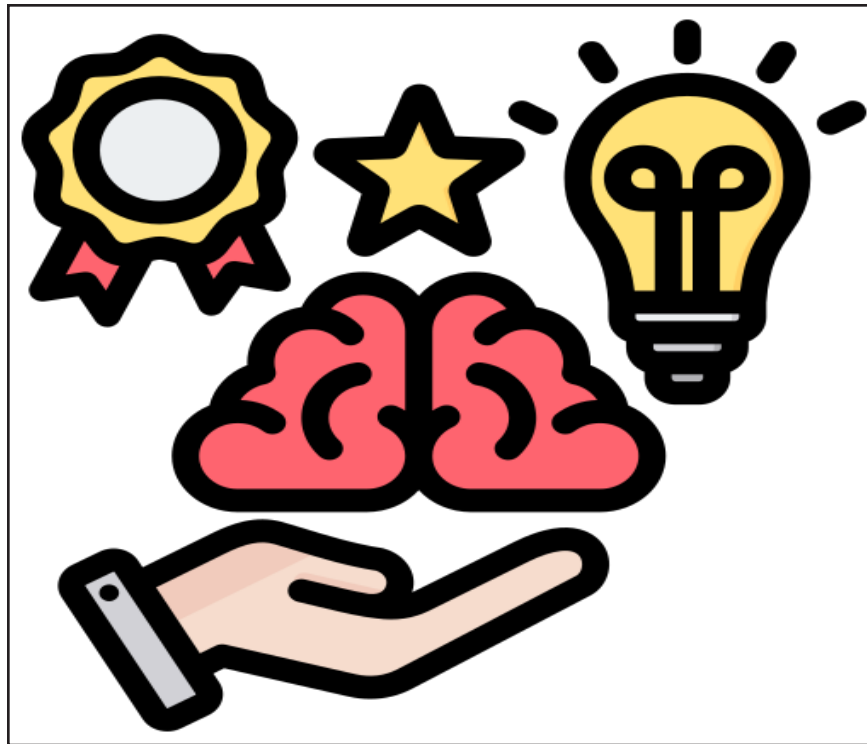
of the legal services offered by a Third-Party Administrator (TPA). Having the client list of the TPA I worked for, would have helped too if Lois allowed me to use it (she had some allergy to me and the drawing business). At the time, I also realized that the best way to get traction with advisors and TPAs was to write articles that they could use to recruit and retain clients. The only issue is that it would take Lois and 3 levels of partners to approve an article after six months. In my practice, six months gets

you 26 of these types of articles. The art of networking is helping people out and letting people know what you do. These articles accomplish both tasks. The biggest mistake that people make in networking is trying to sell you directly. These people aren't interested in long-lasting and co-beneficial relationships. They want the quick sale and the biggest problem is that these efforts rarely work. These direct sales pitches get turned off like spam. Anyone on LinkedIn who sells services directly for law firms never gets an invitation to connect from me, approved. The advisors who try to sell me directly for

my money as soon as I connect, get the disinvite, because they don't know what I do, and if I'm ever going to use an advisor, it's going to be someone I've known for 10-20 years. The biggest networking mistake I made at that law firm, was networking with small businesses. While it helped me gain confidence, it didn't draw a dime of business because these were sole proprietors with no 401(k) plans of their own and they didn't know any businesses that did. I was dealing mainly with insurance agents just trying to sell me life insurance I didn't need, so I stopped attending these events. Focus on networking that can bring you the audience you need, whether that is plan sponsors or plan providers. Networking is about building relationships that are co-beneficial and the most successful providers are great at networking.

You can't buy your way out

Unlike a movie where the characters are cornered, and shoot their way out, you can't buy your way out of your predicament or into a position of prominence. There have been so many flashes in the pan that became big things in the business by raising a lot of funding and spending their way into oblivion. I will never forget the company in the recordkeeping software business that was flush with cash with enough money to buy TPAs and advertising space at an NFL stadium. No one remembers them or if people do, they remember what a disaster they



were. The biggest plan providers that we know today succeeded through growth and mergers, but overall, great work. You succeed in this business with great work and talent, money alone can't buy your way out. There are so many new providers that are flush with cash from investors and time will tell if they gain any traction. Money won't do it alone, they will only survive by generating business and providing great work to clients. Being in this business, there will always be someone to sell you something. Most of the time you won't need it and if you spend it, it's a waste of time because it doesn't bring you the audience you need. Spending money can't be used as a crutch.

A good attitude

There is an urban legend that if you pee in a pool, there will be a cloud that will follow you. It's a myth because there isn't a chemical indicator that changes color upon contact with urine. However, if you treat people horribly, steal business, and do terrible work, a cloud will follow you. I have a strong "allergy" against people with a narcissistic personality disorder, yet there are a few of those people who do well in our business because they somehow don't let the disorder ruin their reputation. What doesn't do well in this business is creating a bad name for yourself. I know that if I do something to offend a plan provider (rightly or wrongly), that will reverberate poorly for me. Your reputation means everything in this business and a poor attitude that you

don't care about other plan providers or your clients won't get very far. In addition, plan providers who think they know it all, do a lot worse over time than providers who can identify change and deal with that change. There are quite a few plan providers that scoffed at the issues of plan expenses and either exited the 401(k) business voluntarily or involuntarily after fee disclosure regulations. That attitude is arrogance and I've seen enough plan providers fail because they were arrogant.

Savvy at social media

Along with good networking that can build relationships that can benefit you and your practice, social media can go a long way. Without my articles and blog posts, I don't know where I'd be, but I know that my business wouldn't be as successful. I knew that more than 15 years ago, social media could open doors, but I had a law firm managing attorney who thought it was unbecoming of a lawyer. Obviously, over that time, we see many plan providers being way successful by harnessing the power of social media. Social media is about engagements and reputation building. You don't have to write full-blown articles, you just need to be engaging.

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