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October 2012 • employeebenefitadviser.com

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RETIREMENT PLAN ADVISER OF THE YEAR

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Focused on the end result, Alex Assaley puts 401(k) participants on the path to secure retirement



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ALEX ASSALEY'S MULTI-TIERED APPROACH TO PREPARING EACH AND EVERY EMPLOYEE FOR LIFE AFTER WORK MAKES HIM *EBA'S* RETIREMENT ADVISER OF THE YEAR

BY ELIZABETH GALENTINE

T

he concept of retirement readiness is not just an alliterative industry catchphrase to Alex Assaley. It's a way of life for *EBA's* 2012 Retirement Adviser of the Year. Influenced by his father and uncle's careers as financial advisers — as well as his mother's background in psychology — Assaley applies lessons from their fields of interest and his own education in economics to his role as a partner and corporate retirement plan financial adviser at AFS Financial Group, just outside Washington, D.C. The result is a 360-degree focus on the fundamentals of building an effective 401(k) (or other retirement savings vehicle) for each and every employee working for AFS's 65 employer clients.

Using the principles of financial planning, psychology and economics — how markets work and why we make the decisions we do as consumers — Assaley applies a tiered approach to employee education at the group and individual level.

“At the end of the day, real success from a 401(k) is a worker being able to save enough money with their 401(k), with Social Security and other personal savings, that they're able to have a dignified retirement,” says Assaley, whom *EBA* chose as Retirement Adviser of the Year after a month-long nomination period that asked applicants to describe innovative efforts, achievements and growth in the last year.

Growing up in Charleston, W.Va., with a brother and three sisters, Assaley lost his father at age 17, which also

had a role in shaping his career path. “It required that my siblings and I become much more responsible at an early age as teenagers and young adults,” he says. “It really opened my eyes to the importance of financial planning and preparing for your future.”

In today's economy, nothing could be truer for the workforce as a whole. “A lot of employees and retirement plan participants are under-funded,” says Assaley. “They have increasing health care costs and they're stressed about their ability to work and live in retirement.”

It's Assaley's goal to alleviate that stress, and it starts with a firm foundation at Bethesda, Md.-based AFS, which provides fiduciary advisory services to 65 companies and organizations, as well as individual financial planning and investment management services.

WE WANT TO HELP COMPANIES AND EMPLOYEES TAKE THESE COMPLEX RETIREMENT PLANS AND MAKE THEM SIMPLE SO THEY CAN SAVE FOR THEIR FUTURE AND HAVE STRONG PLANS WITH SUCCESSFUL OUTCOMES.

A head start

Before meeting friend and business partner Alp Atabek through a colleague in 2005, Assaley, 29, worked for another firm that was trying to grow its individual business. But, as his own interest in financial planning grew, he realized it wasn't the right fit for him, since that employer was more of a brokerage house focused on stock selection. In fact, most of the industry "was very focused on investment choices, investment selections, never really a lot of emphasis on trying to manage the process," says Assaley.

When he met Atabek, owner and principal at AFS, Assaley knew he'd found a like-minded spirit. In 2006, Atabek brought Assaley in to manage and grow the company's retirement division. "I always emphasized to Alex that we literally have to build a better service model," says Atabek. "So he became very involved in the industry, which is a lot different than I would have said how I was back in 2004, 2005. Most people looked at the industry from an investment perspective, just offering choices to plan participants instead of trying to pick good fund selections for them. It seemed like nobody was paying attention to all of the fiduciary responsibilities.

"Essentially, our goal in the beginning was to just focus on building a business model that put the clients' interest first, and he absolutely put 100% of his effort into that. It's been a tremendous joy working with him."

Since Atabek's background is as an accountant and CPA, AFS's retirement practice "started off as a one-man show," says Assaley, who managed only three or four retirement plans in the beginning.

Because they were able to build their business model from scratch, Assaley focused on providing advice, fiduciary oversight, fee transparency and investment due diligence from the get-go. "We focused on what we thought were the most important aspects of retirement plan advisory services," he says. "... All of these things at the time we were a bit ahead of the curve."

To this day, he remains actively involved with clients' retirement committees and fiduciary oversight. "What we want to do is make those complex rules and regulations that they have to follow simple by providing proactive advice and forward-thinking solutions to the committee," says Assaley, "and then taking that and implementing it for their employees."

As a 3(21) fiduciary with Series 7, 63 and 66 registrations, fiduciary compliance and oversight is Assaley's primary

role. AFS is an independent firm affiliated with broker-dealer Commonwealth Financial Network. The company is also dually registered as an RIA.

"We think that the companies that are doing the right thing by having a retirement plan and trying to help their employees with this vehicle shouldn't have such a difficult time in trying to comply with all the regulatory changes and requirements," says Assaley. "So we're driven to try and help those organizations and their committees understand and manage their retirement plan duties."

Having a solid foundation in fiduciary duty and compliance has "allowed us really to help clients now focus on the next evolution of retirement plans," says Assaley, "and focus on areas that we think are really important for the future of having a successful plan."

The meaning of retirement readiness

Having concentrated on plan design, education campaigns and committee oversight for several years, these areas remain important to Assaley, but he emphasizes the need to take things a step further by paying attention to the end result: "How does the employee use the plan to prepare for their future and to get on track for retirement?"

"Right now, a big component of our consulting and advisory services is what's being called 'retirement readiness,'" he adds. "Making a difference for employees and helping them develop a tangible strategy that gets them on track for retirement"

Making sure clients receive the best education and advice on their plans means putting together a tailored education plan based on what AFS thinks will reach and motivate plan participants to make wise financial decisions. Tier one of this approach includes in-person group education meetings, as well as live and recorded Web seminars. The next tier is individual employee meetings that usually last about 30 minutes. The one-on-one meetings are Haverkos' specialty, says Assaley, and the individualized time allows him to help plan participants implement strategies that were discussed in the group meeting.

Not all employers are willing to be so generous with company time, but Assaley says AFS seeks out those who do want to make such an investment in their employees. "With that in mind, we try to do it in a way that isn't taking away from billing hours, isn't taking





away from more pressing tasks and responsibility that the company has,” he says. “But they recognize that having employees who are utilizing the plan and trying to develop a strategy to get on track for retirement has a lot of benefits. It improves employee morale; it adds this extra level of value that they understand the organization is providing to them.”

The ability to monitor plan participants’ retirement readiness is in its infancy, says Assaley, but the concept is here to stay. It means rather than focusing on a message that tells employees to just save as much as they can or maintain a certain contribution percentage, now having a “real, full plan” means having an understanding of what your retirement will actually be like, how much money you’ll really need and how to get there. “It’s about meeting with employees and helping them to develop a trackable strategy,” he adds.

AFS clients range in size from around 100 employees to several thousand. Of course, the larger a client, the harder it is to meet with each employee individually. To compensate, they incorporate vendors’ online tools that measure a plan participant’s current savings rate and what that means for their retirement based on their income and projected income increases throughout their career.

According to Assaley, AFS then uses amassed vendor account balance data and other information already generated from the employer (savings rate and salary level) to populate reports for the employer’s retirement plan committee assessing how well the plan is doing as a whole. For example, in an initial assessment they may find the average employee is on track to have about 40% of what they’ll actually need in retirement. “Clearly, that’s a challenge,” says Assaley. “What if I told you take a 60% pay cut and try to maintain your lifestyle?”

From there, Assaley and AFS recommend steps to improve that retirement readiness factor. At NRL Federal Credit Union in Oxon Hill, Md., most of the company’s 80 employees participate in the 401(k) plan, which is boosted by a 5% employer match.

Assaley meets with NRL employees every six months, but Pera appreciates his flexibility to meet whenever needed. “He makes himself readily available anytime,” she says, adding that his direct contact information is on all quarterly plan updates.

How advice is delivered

Throughout his years as a CPA, Atabek, who gave up the CPA practice in 2000, saw that most people “have no clue what they’re doing when it comes to their own retirement planning. For Alex and Dan to really work hard to help the participants in the plan understand what they’re trying to achieve, I think it is really refreshing and it’s just a never-ending process, especially in today’s challenging economic times.”

Haverkos first met Assaley in the summer of 2008 when he was looking for someone to run his retirement business while he went abroad on an 11-month Christian mission trip around the world. Assaley stepped up, and only one small client left during that period — one that wasn’t the right fit to begin with, says Haverkos, who is now a financial adviser, corporate retirement plans with AFS.

Haverkos’ practice officially merged with AFS in the summer of 2009, becoming AFS 401(k) Retirement Services.

Assaley and Haverkos are on the same page when it comes to the importance of one-on-one meetings with plan participants. “I just have a passion for helping people top to bottom within a company,” says Haverkos. “A lot of these people that in a sense need the most help are the ones that are not ever going to get any help. So

USING SOCIAL SECURITY PROJECTIONS AND 401(K) DATA IS A GREAT STARTING POINT TO ASSESSING RETIREMENT READINESS BECAUSE, UP UNTIL NOW, IN THE INDUSTRY WE REALLY HAVEN'T HAD THESE TYPES OF CONVERSATIONS.

we're going to come to an organization and price our services so that we can offer that kind of advice and guidance to people all across the company."

"It's a different approach, certainly, than a lot of companies take and I think the companies that do offer some kind of hand-holding or advice at that level really are doing that just to pick up other assets or pick up other business," Haverkos adds. "That's not our intention. Our intention is to, on the ground level, help implement some of these strategic goals that we're trying to implement for the entire plan and for the plan fiduciaries."

To help themselves with the process, the AFS team developed a smartphone and iPad application about seven months ago that allows them to "make the complex simple" by giving plan participants an easy and immediate way to see how much they're saving, how it relates to their retirement strategy, and what they'll need in retirement. Using the application, they'll review investment allocations directly with the participant.

Sometimes changes can be implemented immediately through a vendor's website. But often an employee will sit through a group or one-on-one meeting, then return to their desk and get caught up in their daily workload, "and all of this information that we've shared with them gets put to the side and might not get implemented as soon as we would have liked," explains Assaley.

The iPad/smartphone app helps to overcome that natural inertia. "It allows us to sit down with an employee right there and go through those key areas of planning for their 401(k) or 403(b)," says Assaley. "In the interactive app there's a lot of different variables and assumptions that we can make and they can make to get an understanding of how much should I be saving? What am I on track to replace? What is my investment allocation?"

Assaley then uses the app to send that information and action items immediately back to the plan participant in an email. The app also allows AFS to track the recommendations, guidance or advice provided to participants and "over time utilize that to be smart and targeted in how we're educating them moving forward," says Assaley.

While plan participants can use the app on their own smartphones, most don't, he adds.

To improve savings rates, AFS has implemented strategies such as automatic enrollment and automatic

deferral increase features that enroll employees into their plan at a rate where they're getting the full employer match (if one applies) and a 1% deferral increase per year, says Assaley.

At Payroll Network, Sarbacher's employees have been on automatic enrollment for the last year, with a yearly automatic increase. Thanks to a thorough explanation from Assaley and Haverkos that includes quarterly investment summaries, education seminars and individual account reviews, plan participation has increased, says Sarbacher.

Pera does a yearly comprehensive review of the NRL Federal Credit Union plan with Assaley.

Helping employees achieve such success is rewarding, but it's not always easy, Assaley maintains.

"The challenge that we face is that there's a lot of variables," he says. "We're including Social Security [in the calculation], but we're really just looking at retirement plan assets. So for companies that have a transient workforce or turnover there may be employees that have large outside assets, old 401(k)s, 403(b)s or IRAs, and right now that data is outside this type of analysis. We're also making assumptions for rate of return."

Even with outside variables not included, using Social Security projections and 401(k) data "is a great starting point," says Assaley. "Because up until now in the industry we really haven't had these types of conversations. While we know they're not perfect, we think it really shines the light on how we can make plans more successful.

"At the end of the day, our focus on improving the plan's success is about simplifying how employers oversee the plan and simplifying the process for employees, with the goal of the employee" being able to retire with the money needed to live comfortably.

Industry future

Sure, Assaley admits there's still the occasional grumbling that 401(k)s are a failure, but he does not think they should become government-run programs. While not perfect, Assaley points out that the 401(k) was never intended to be the sole provider of retirement income for American workers. "It's just earned this status kind of by default as pensions have become the way of the past. But even in that regard, 401(k) and 403(b) plans in my belief — and we have a lot of great success stories to back this — have been the most successful vehicle at helping workers save for retirement."

As an active member of ASPPA and NAPA and other leadership and advisory council roles within the industry, Assaley says bringing the entire retirement planning community into the future is critically important. "We are proponents of a strong private retirement system," he says, "and we want to promote an ethical, innovative and valuable retirement system for American workers."

Plus, it's just fun, says Haverkos. "There are so many challenges in this industry from a retirement perspective as a whole. ... With Alex's representation on different steering committees and boards he really has a finger on the pulse of what's going on, and he's able to guide a lot of things from that level," he says. "It's been fun being able to do that as an organization with our clients and also just from an adviser to adviser standpoint. Being able to put some of those into practice and help change this industry."

Haverkos believes he couldn't have chosen a better partner than Assaley to do it. "He is one of the most talented business people that I've ever met and I think that only paints a small portion of who he is," says

Haverkos. "I think he has an incredible heart and he's just a very dedicated guy. Very determined and very focused on moving this industry forward and helping people with the ultimate goal, which is being able to live a dignified retirement."

While Assaley admits there are many headwinds facing the retirement industry, he thinks the biggest challenge many individual participants face is their own financial decisions: not saving enough, taking inappropriate loans or taking pre-retirement distributions.

"So our work within the industry is to continue to share the story of how we can help employees make wise financial decisions and how we can work with companies and retirement plan sponsors to use smart plan design to simplify their process so that they'll see more successful outcomes in the future," he says. "We want to help companies and employees take these complex retirement plans and make them simple so they can save for their future and have strong plans with successful outcomes. That's the message we want to get across in everything we do." ■



AFS 401(k) Retirement Services, LLC
(301) 961-8401

www.afsfinancialgroup.com

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