Fiduciary Rule Could Curtail Providers' Communications With Participants

November 3, 2016
by Lee Barney
of PLANADVISER

Broadridge Financial sponsored a webinar looking at how the new fiduciary rule will affect 10 of the best practices it has laid out for how retirement plan providers, including advisers, should interact with participants.

The firm found that only two, associated with documentation, will be positively impacted by the new rule. Four will be negatively impacted, and it is uncertain how the other four will be impacted, said Cindy Volker, senior director with Broadridge Financial in Baltimore, Maryland. So, essentially, advisers and providers need to reexamine all of the ways they communicate with participants.

The most critical component of the new rule is that it turns any interaction, even a one-time contact, with a participant into a recommendation and, therefore, a fiduciary act, said Cynthia Hayes, president of Oculus Partners, a retirement consultancy in Atlanta. "This rule will have far-reaching implications for the retirement plan participant experience," she said.

Therefore, documenting interactions with participants is critical, which will make two of Broadridge's 10 best practices—dashboards and analytics, and engagement tracking—positive assets, Volker said.

The rule will cause anything that can be interpreted as advice to become advice, she added. Thus, best-next-step messaging, multi-channel experiences, life-event content and "people-like-me" benchmarks will become potential fiduciary risk tension points. Broadridge is unsure whether automatic programs, income projections, interactive calculators and financial wellness programs will fall under the radar of the Department of Labor fiduciary rule, Volker said.

"The industry cannot afford to let the rule completely derail America's ability to retire," Hayes said.