

[More retirement plan advisers coverage »](#)

LPL partners with Nationwide on 401(k) training for bank channel advisers

The brokerage hopes to capture more retirement plan clients and push assets into its small-market 401(k) product



Jul 12, 2019 @ 1:31 pm

By **Greg Iacurci**



<https://www.investmentnews.com/article/20190712/FREE/190719968/lpl-partners-with-nationwide-on-401-k-training-for-bank-channel>

LPL Financial has just concluded a pilot program with record keeper Nationwide to train LPL financial advisers in banks and credit unions to do retirement plan business, with the hope of ultimately capturing more small-market 401(k) clients.

Nationwide sponsored the seven-week development program — the first of its kind for LPL among bank and credit union advisers — for roughly 100 advisers new to the 401(k) market.

LPL, the nation's largest independent broker-dealer, hopes to garner more 401(k) clients through existing relationships its advisers have with business owners in banks and credit unions, and drive more business to its 401(k) product Small Market Solution, said Arthur Osman, LPL's executive vice president of institution services.

"Our business insights tell us there's lots of opportunity to grow in terms of the retirement plan business within financial institutions," he said. "Those businesses in some cases have or need retirement plans."

The program, which started March 18, provides retail advisers with retirement plan education, coaching and business support, delivered through a series of webinars and consultations with both LPL and Nationwide consultants. The educational portion was developed by a third party, KnowHow 401(k).

Nationwide hopes LPL advisers, by virtue of exposure to the company during the training, will place new 401(k) business with its record-keeping division, said Bryan Cook, senior national accounts manager at Nationwide. The firm is one of the record keepers that supports LPL's packaged fiduciary product for small 401(k) plans.

LPL is one of Nationwide's largest 401(k) distribution partners, but the record keeper didn't previously work with many bank and credit union advisers, Mr. Cook said. Nationwide had previously supported a similar development program for advisers at Cetera Financial Group.

If the pilot is successful, LPL plans to roll out the program to more of the 2,600 advisers in this channel. LPL has offered similar programs for its advisers around insurance and fee-based money management in the past, Mr. Osman said.

"If we can find a sustainable model that provides education and development, and that translates into business growth and results, we'd certainly look to deliver it to more advisers," he said.

It's not uncommon for providers to support broker-dealers and train their advisers, said Fred Barstein, founder and CEO of The Retirement Advisor University. In many cases, he said, it makes sense for a brokerage to leverage the relationship instead of building a training program on its own.

"It's expensive and it's not their core competency," he said. "It's the job of the broker-dealers as an enterprise to sort of be that axle [for advisers]."

Philip Chao, principal and chief investment officer at advisory firm Chao & Co., questions whether advisers who complete the training program will be acting in the best interests of their 401(k) clients or, instead, in the best interests of LPL and its shareholders.

The newly trained 401(k) advisers, Mr. Chao said, will likely operate as salespeople pushing assets into the packaged Small Market Solution product. LPL would stand to profit, since it earns a fee for serving as the discretionary fiduciary investment manager in the product.

"There's more profit in small plans as long as you can make them conform to your distribution system," Mr. Chao said. "No one has to do any thinking. All [advisers] have to do is outside sales."

However, Mr. Barstein doesn't believe it's harmful to drive assets to the Small Market Solution product and attempt to make money from these new 401(k) advisers.

"There's nothing wrong with that," he said. "Logically, [the product] makes a lot of sense. What LPL is trying to do is find another channel to sell it."