# Offering IRAs can be Easy and Profitable

If your organization is looking for ways to increase its deposit base, then offering IRAs could be the perfect solution. According to a recent study by the Investment Company Institute, in 2018 almost one-third (43 million) of U.S. households owned some type of IRA (including Traditional, Roth, SEP, and SIMPLE IRAs). And by the end of March 2019, IRAs held an estimated $9.4 ***trillion*** in assets.

Think about how much revenue your organization could generate from holding just a fraction of these assets. For example, offering IRAs may allow your organization to offer new fee-based services and transactions. Offering IRAs may also attract new clients that have additional needs, such as taking out loans or mortgages or opening a new credit card.

If your organization isn't yet offering IRAs, now's the perfect time to start. Not sure where or how to begin? Read the following suggestions—and start the path toward increasing your IRA business.

**Educate Staff**

Education is everything. IRAs can be easy to offer, but harder to service well. If your staff understands how IRAs work, however, the path to IRA success is much smoother. Consider whether your associates need additional IRA training. If the answer is "yes," think about the type of training that may benefit your associates the most. Fortunately, there are multiple training options, as described next.

***Internal Training***

If your organization has an experienced IRA specialist, consider enlisting that expert to train other associates. Having your own IRA specialist train and mentor other associates can help ensure that your organization's internal procedures are followed and that IRS requirements are met.

***External Training***

If your organization is new to IRAs, or if you have a large number of associates who need to improve their IRA knowledge, then you may want to give your associates more in-depth training. Perhaps you should consider sending some of your staff to external seminars—or have an instructor come to your organization for on-site training.

Online self-paced learning courses can also be an easy, efficient way to train both new hires and more experienced staff. Online courses give associates control over the time, pace, and place for their education. Online courses may also be more cost efficient, as your associates won't incur travel expenses.

**Simplify the Establishment Process**

Some organizations mistakenly believe that establishing an IRA is a complicated, time-consuming process. But it's not. There are ways to ensure that the establishment process runs smoothly. For example, if your organization chooses to process all IRA transactions internally, think about providing a procedural manual to associates. A procedural manual describes IRA procedures according to the IRS rules and regulations. In addition, a procedural manual can detail specific operations unique to your organization, including the forms used to validate transactions and to establish IRAs. And don't let the idea of a "procedural manual" scare you away. This tool could start as a simple checklist that can grow into a more comprehensive manual, which can serve both as a reference for answering basic IRA questions and as a guide for consistency in IRA operations.

If your organization doesn't want the responsibility of opening and maintaining IRAs, consider using a third-party vendor to do it for you. This way you can enjoy the best of both worlds—you can grow your IRA business with little to no extra work for your associates.

**Promote IRAs**

IRA assets are growing for a variety of reasons—rollovers from retirement plans, generational savings trends, higher interest rates—and all of them present ways for your financial organization to gain new deposits. But just reacting to the marketplace isn't enough. To capitalize on these opportunities, you must take affirmative steps—starting with promoting IRAs to the right audience.

***Retiring Baby Boomers***

As far as IRA contributions go, rollovers are king. The "U.S. Retirement Markets 2018" Cerulli Report shows that from 2012 to 2017, rollovers from employer-sponsored retirement plans accounted for almost 96 percent of total Traditional IRA contributions. Rollovers will continue to grow as more workers retire.

Over the next 10 years, 10,000 baby boomers will turn 65 every day. Many of them will be looking for somewhere to put their employer plan savings. According to an Investment Company Institute research report, in 2016, the average Traditional IRA rollover amount for individuals ages 65–69 was $183,041. Knowing the portability rules and their potential consequences can aid your organization in capturing these large rollover amounts.

***Job Changers***

Most U.S. workers no longer spend their entire career at the same company. In fact, many workers change jobs—or even careers—several times before retiring. According to a Bureau of Labor Statistics Economic News Release, the median employee tenure was 4.2 years in January 2018. At that time, only 30 percent of male workers and 28 percent of female workers had been with their current employer for 10 years or more.

If a client mentions that she is relocating or changing jobs, take advantage of the opportunity by discussing her rollover options. Simply let her know what her options are and suggest she talk to a tax advisor to decide which option (if any) is right for her.

***Children as IRA Owners***

Right now you may be thinking "children can't have IRAs." But it is possible. The IRS sets very few restrictions on IRA contributions. For a Traditional IRA, an individual need only have earned income and be under age 70½; a Roth IRA also requires an individual to have earned income, but it must be below a certain threshold.

Consider the case of a child with a summer job. (Let's assume that the child's pay is reported on an IRS Form W-2. In other words, there is proper documentation that the pay qualifies as eligible compensation—instead of a series of cash transactions.) The child contributes $250 each month ($3,000 annually) to an IRA from age 14 to age 18. If the IRA has an average 5 percent rate of return, the child could earn up to $358,450 by age 65. And if the child contributed to a Roth IRA, all the money could come out tax free.

Obviously not all children can to contribute to an IRA. But for those who are eligible, Traditional and Roth IRAs are smart choices for long-term, tax-deferred growth. Consider sending information (e.g., brief articles, flyers, emails,) to the parents of children who already have savings accounts at your organization. Even if their children can't contribute to an IRA now, they may be able to in a few years—and your organization will be the one they turn to.

**See an Increase in Business**

$9.4 ***trillion*** in assets. That's a considerable amount of money—some of which could be coming to your organization. If you're not currently doing everything you can to expand your IRA business, don't wait any longer. Use the tips discussed in this article to come up with new ways to increase the number of IRAs at your organization. Then watch your profits grow.

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Jennifer Bassett is a Senior Editor in the ERISA department at Ascensus. As a Senior Editor, Jennifer contributes to many of Ascensus' printed and online publications, education materials, and client communications. Since joining Ascensus in 2004, Jennifer has specialized in various employer-sponsored retirement plans, Traditional and Roth IRAs, health savings accounts, and Coverdell education savings accounts. She also answers client inquires through Ascensus' 800 Consulting service.