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Service Helps Participants Find an Advisor

A new player is coming into the 401(k) industry with an innovative twist on the standard advice story. Rather than use the Web to provide advice to participants the way other providers have, **MyFinancialAdvice.com** is acting as an online matchmaker between advisors and plan participants.

The four-year-old, Denver-based firm has been offering this service at a retail level since 2003. It was only about six months, though, that it decided to target 401(k) investors specifically, **Ron Peremel**, chairman and CEO, told the 401kWire in a phone interview.

"We are a technology platform that has a financial advisor network attached to it," he explained. "Our job is to match consumers and employers with advisors on a fee for service level."

MyFinancialAdvice.com performs background checks on fee-only advisors and confirms their licensing. It then provides a platform through which participants can issue proposals and advisors can respond to them. The communications can be by either phone or email, but either way the contact is made through MyFinancialAdvices' platform.

Each proposal is for a discrete service outlined by the participant to whom the advisor can provide a custom written response and custom pricing set through a schedule it files with the service. MyFinancialAdvice.com collects the fees from the participant and forwards the advisor its portion.

The advisor then provides the arranged service directly to the participant. If a participant needs additional services a new proposal can be generated through the system and the participant can hire a new advisor.

Peremel believes that the service is a good fit for the 401(k) market.

"We are focused on the middle market and mass market that does not get serviced by the traditional advisor who

prefers to go after high pays and executives," he explained. The service is also easy for plan sponsors to adopt. The firm does not charge a setup fee to the sponsor and is only paid when participants use the service.

In addition, its system allows employer to fund a flat amount for the service as a benefit to the employee. "That way they can encourage people to use it and offer an attractive benefit," Peremel explained.

The firm has already formed a partnership with Decimal, a San Francisco-based online plan administrator, and is looking for similar alliances. Decimal will roll out the service when it completes a rollout of its revamped Web site.

"We will have some other new announcements in the next month," said Peremel, adding that the firm is talking with TPAs, 401k providers as well as employers directly. "Our goal is to go to large recordkeepers and advisors," he confided.

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