

Online Investing Services Firm Co-Branded PLANPAYROLL's Integrated 401(k) / Payroll Program to Drive Double Digit Growth

ShareBuilder was founded in 1995 to provide investing services online. In 1998, Jeff Seely became CEO and immediately saw that large brokerages made it difficult for many investors to participate in the stock market, and that the average American had very little knowledge about the benefits of investing. He introduced a new 100% online product that would make it easy and affordable for all investors to start investing and saving for their future.

ShareBuilder was launched as a unique online investment solution for investors. The model was an unequivocal success – so successful that, despite a turbulent economy, the company has grown to over 1.4 million accounts.

In 2005, ShareBuilder partnered with PAi to offer the low-cost 401(k) solution for small businesses. The plan is entirely online, simple to get started and easy to use. In addition, the plan is built around a diversified portfolio strategy using index funds (specifically Exchange Traded Funds). Index funds are efficient investment vehicles that are especially suited for retirement investing. Their very low expense ratios mean that investors have the potential to earn more on their investments over time.

Also in 2005, ShareBuilder added PLANPAYROLL as an integrated component of the 401(k) product.

“The really unique aspect of PLANPAYROLL is the integration with the 401(k),” says ShareBuilder's Steven Roach. “The ability to sell a payroll product that is fully integrated as opposed to bundled differentiates us in the market place.”

Roach explained there is a big difference between integrated and bundled: “In a bundled solution, somebody sells you a payroll product or somebody sells you a 401(k) product. And they say, ‘By the way, I’ve got another product that I can sell you as well.’ But it’s provided by a third party. So you’ve got to go to different site to sign up. And you’ve got to go to different site to enter data. So you’re always managing two different products as an employer. With PLANPAYROLL, the 401(k) and payroll products are fully integrated because they’re both powered by PAi. So you’re managing both products in a single environment. So it’s not Merrill Lynch and Paychex. That’s a very compelling message. It resonates very well with the small business owner—they care about that. PLANPAYROLL from PAi is the only fully integrated 401(k) / payroll product that we’ve found.”

Roach sees PLANPAYROLL as a strategic product for ShareBuilder: “We’re not selling the payroll product as a major revenue driver for ShareBuilder. We think it makes a much higher quality 401(k) product. The 401(k) as a whole becomes a much higher quality product as a result of having the payroll attached. So why are we doing it? We are using it to drive more 401(k) sales by leveraging the ease of use and integration benefits for the small business owner. We are finding that it’s a higher quality customer experience that translates into lower churn that translates to greater sales.”

Roach really likes PLANPAYROLL's value proposition: “It is 100% online and very easy to manage. So that feature is very compelling and fits well with our business model. Low cost, simple to use and flexible—that’s how we sell our 401(k) and PLANPAYROLL adds significantly more value to the small business owner.”