

Finance vets fire up advisory firm

By Michael
Schwartz



Stephen Loderick (left) and Tim Nasworthy have launched a 401k planning firm. *Photos by Michael Thompson.*

From their downtown office, Tim Nasworthy and Stephen Loderick look at the startup brewery across the street and see an opportunity.

It's exactly the sort of small business that their new financial firm, Arsenal 401k Advisors, wants to target.

The company, which the pair launched in November and has been pushing aggressively since the start of the new year, is going after small businesses that could use 401k plans for employees.

"Our appetite is from startup on up, typically five employees on up to 100 or so," said Loderick, a University of Richmond graduate.

In crafting their company, Nasworthy and Loderick have made a point to keep the model simple by not selling anything beyond employer-sponsored retirement plans. That means they won't go after the often more lucrative individual wealth management services of business owners or employees once they have them signed onto a plan.

"That model really keeps us pure," said Nasworthy, a Randolph-Macon College alum. "We're not distracted by trying to gain individual clients."

That may also help them stand out from the crowded Richmond financial adviser market.

Nasworthy said there are plenty of financial advisers that offer 401k plans as part of the many products they sell.

In offering the plans, Arsenal's staff acts as only as a registered investment advisers and are not securities brokers. They don't get paid on commission; they have a fee structure for companies that varies depending on the size and complexity of the plan.

At a 10-person company, for example, a base offering would start at \$750 a year to administer, plus \$35 per employee per year.

The pool of money put into the plan by employees can then be either invested through pre-formatted investment portfolios that Arsenal has access to or can be invested in a more customized way.

Loderick and Nasworthy think they're tapping into a big opening in the market. They've identified 600 businesses from Fredericksburg to Petersburg that they want to go after.

"There's plenty of opportunity here in Richmond, but clearly we have the entire state in mind and beyond that, with time," Loderick said.

As they grow, they'll gauge their success by the number of plans they sign up, rather than the assets-under-management figure that typically guides financial firms as a marker of growth.

"We would like to have at least 35 to 50 plans under management in the first year and about \$50 million in assets," Loderick said.

The numbers show plenty of potential for their model, but the niche comes with inherent obstacles.

They'll battle a problem of perception: an assumption by small business owners that their companies can't afford a 401k plan or are too small for one.

There's also the issue of convincing employees of small businesses to sign on.

"I've said for the number of years – not to sound highfalutin or important – 401k plans have become so important and critical, it's close to being a national security issue for the U.S.," Nasworthy said.

Arsenal came together when Nasworthy and Loderick, who have known each other through the industry for years, found they were both ready for something new.

Nasworthy has spent 30 years in finance. He began as a stock broker, worked for Scott & Stringfellow in the '90s and has helped advise broker dealers on selling 401k plans.

"I decided, 'Why am I teaching these guys to do this when I can do it better myself?'" he said.

Loderick comes from the world of CPAs. He's been CFO at a few companies and worked at big accounting firms where he audited company retirement plans.

"We had some common life experiences and decided it was time to put the business plan together," Nasworthy said.

As for settling on the Arsenal name, Loderick said they threw around all sorts of potential monikers, including those using terms that reference the state and city.

"We had quite a discussion," Loderick said. "When we use the word Arsenal, people remembered. When you take a vanilla name, you live and die by that vanilla name."



Arsenal 401k Advisors is based out of an office at 107 S. 1st St.