

# Waterford Group nears its \$100 million target

## Perinton firm aims to achieve the milestone months ahead of plan

By THOMAS ADAMS

The Waterford Group LLC, a 401(k) provider in Perinton, aims to have \$100 million in assets under management by Labor Day.

Launched in January 2011, the firm has fiduciary responsibility for choosing and monitoring the funds in 401(k) and defined benefit plans for some 70 clients, CEO Brian Costello said.

It oversees retirement plans for about 50 companies, he said. The remaining clients are the owners of some of those companies, or friends of the owner.

The Waterford Group manages assets of some \$96 million now, Costello said.

"If the business owner has amassed at least \$1 million, we'll manage that for them," Costello said. "But 90 percent of our business is 401(k)s."

Roughly 90 percent of the plans are for Monroe County participants, Costello said. Others are in Buffalo, Albany and the Southern Tier.

The Waterford Group was founded by Costello, Managing Director Michael Merriman and President Mary O'Brian. All came from Genesee Valley Trust Co. Its offices are on Route 96, not far from Ontario County.

"We looked at a great business that was growing at a tremendous rate when we were at Genesee Valley," Costello said. "And we thought, 'Let's see if we can do a 401(k)-only business.'"

The three are responsible for three aspects of a 401(k) plan. First, they choose the funds to be included in the portfolio, and they set up a process for businesses to manage it.

"In a 401(k) plan, there are investments," Costello said. "There are a bunch of funds to choose from. We take fiduciary responsibility for the selection, monitoring and due diligence of those funds."

"By doing that, the plan sponsor—the business owner or the HR person—basically passes that liability on to us. We take advantage of that and say we'll take the liability and we'll provide great funds that perform relative to their peers."

The second step involves teaching clients to handle their 401(k) plans.

"We set up a process on how they can manage that 401(k)," he said.

Representatives of the firm meet with businesses two to four times a year to review investments, explain 401(k) features and inform them of regulatory changes and their impact on the portfolio, Costello said.



Photo by Kimberly McKinzie

**The Waterford Group was founded by CEO Brian Costello, right, Managing Director Michael Merriman and President Mary O'Brian. Its offices are on Route 96, not far from Ontario County.**

"The first two are structural," Costello said. "They improve the plan. They're process-oriented. The third one is really connecting with the participants."

Waterford Group representatives meet with clients and individuals.

"We do group meetings," Costello says. "We do one-on-one meetings. We're able to assist them with where their investments are. Are they in the right place? Are they saving enough? And are they taking advantage of what the company is offering?"

Representatives also advise on financial topics unrelated to the 401(k), such as where to put money for children going to college.

"We're able to give them insight and have it be objective. We don't get paid by any of the mutual funds that are in the plan, so we're able to give them very good advice," he said.

The Waterford Group is not a 401(k) record keeper, or third-party administrator, along the lines of Paychex Inc., EBS-RMSCO Inc. and EPIC Advisors Inc. in the Rochester market,

Costello said.

"We actually will work with those providers," he said. "We take the investments and put them on their platforms. We'll select 15 or 20 investments. They'll sit on EBS's platform or Paychex's platform, so when the participant logs in, they'll go to the Paychex site, they'll look at their lineup and it'll be the funds that we chose."

National 401(k) providers such as Fidelity Brokerage Services LLC, T. Rowe Price Investment Services Inc. and the Vanguard Group Inc. have platforms and offer record keeping. Waterford Group funds are on their platforms.

Costello, Merriman and O'Brian created a 401(k) product for individuals some 10 years ago while at Genesee Valley Trust, a wholly owned subsidiary of Canandaigua National Corp. They later added a product for non-profits.

Most 401(k) plans grow 10 percent to 15 percent annually as business owners hire additional workers, participants invest and companies contribute to plans, Costello said.

The focus at the Waterford Group is nearly exclusively on 401(k)s.

"We're not distracted by other things," Costello said. "I think if you're really good at one thing, you should just do that exclusively and do a great job."

George Conboy, president of Brighton Securities Corp. and a Canandaigua National shareholder, said he thinks the Waterford Group fills a need in the 401(k) field.

"There's certainly a benefit for any skilled professional to be able to focus on a niche area of their craft," he said, "but I don't think what the Waterford Group is doing is substantially different than what they did previously or what other firms do."

"That's not meant to diminish their work. They certainly seem to be reputable and doing a fine job."

The three partners brought some \$20 million in assets under management from GVT to the Waterford Group. The firm had assets of \$70 million by the end of last year.

"Our original goal was to have \$100 million at the end of two years," Costello said. "During the summer it gets a little slow, but we've gotten some verbal commitments. We're going to be about three or four months ahead of the plan, which from our standpoint is way over the top."

Costello wants to reach \$140 million by the end of 2013 and \$150 million by mid-2014.

"We really don't have to add a lot of people," he said. "When we get to \$150 million, we'll probably have to add a couple people to provide that service."

"If we get to the point where we have enough clients and add two or three a year, we'll all be very happy."

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