

Shifting tides: Setting the modern advisor up for *success*

Setting the modern advisor up for success

No matter the task or profession at hand, we face roadblocks in our pursuit of results. This is certainly felt in the financial services industry, where a number of factors can impact the success of an advisor or firm. Whether spawned by organizational processes, the evolving demands of today's investors, or the environment in which a firm operates – they must be addressed to achieve growth and firm prosperity.

Following the outbreak of COVID-19, financial advisors experienced this impact first-hand. Volatile markets led to serious uncertainty while connecting with clients required a rapid shift to a fully digital experience. While this sweeping change brought adversity to advisors, it also accelerated the industry trends that have been approaching for some time. Many already knew of the benefits of embracing technology along the financial planning process, but the decision to implement these solutions was thrust onto those who had yet to do so.

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Shifting tides

In recent years there has been a clear shift in the modern financial planning practice. A key catalyst is the ever-increasing demands of today's investor. In Cerulli's 2019 U.S. Advisor Metrics report, it was found that just 51 percent of households say they are willing to pay for financial advice. While not all households are the target market for a financial plan, Capgemini's 2020 World Wealth Report reveals that affluent investors feel similarly uneasy about advisory fees, with one-third (33 percent) of high-net-worth (HNW) individuals stating they are uncomfortable with the fees their firms charged in 2019.

This begs the question of whether investors are actually disinterested in paying for financial advice, or if firms just need to strengthen the value they deliver. Cerulli found this to be the latter, noting in its report that “In situations where an advisor’s fees become an issue for clients, the advisor has typically failed to clearly articulate and demonstrate the impact of their work.”

Additionally, the rising role of technology in the financial planning process cannot be ignored. Though heavy technology-using firms spend 34 percent less time resolving client service issues and have 24 percent more time for practice management activities, a majority of advisors (68 percent) list insufficient time to learn and implement new technology as a main challenge. The benefits of a strong digital strategy are enticing, but it requires firms and advisors to take a leap of faith and connect the dots between today’s technology decisions and tomorrow’s outcomes.

Identifying pain points

In recent months, many firms have not had the luxury of time to weigh the pros and cons of introducing more technology into their development, delivery, and maintenance workflows for serving financial advice. With the CFP Board finding that 78 percent of CFP professionals experienced an increase in client inquiries during the pandemic, and 34 percent had a spike in inquiries from prospective clients, many advisors instead focused on keeping up with client demands.



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But as the initial shock of the pandemic wears away and the world slowly inches towards embracing the new normal, many firms will be looking to improve their processes to take advantage of this spike in the demand for financial planning. It should be recognized that the environment in which firms operate is now more competitive than ever before and that the pandemic will accelerate this even further. Capgemini found that in the next 12 months, 22 percent of high-net-worth investors say they plan to change their primary wealth management firm. Also, consider the number of new clients who will be seeking financial advice to better prepare their family's finances.

As firms of all sizes prepare for the future, addressing the key pain points advisors face in today's financial planning workflows will be crucial. In this whitepaper, we will focus on three areas of the planning process that have each been shifting for some time and are essential points for advisors to deliver value and for firms to experience growth. These include advice delivery methods, keeping clients engaged with their plans, and scaling the complexity of those plans to meet evolving needs.

Client engagement

It is no secret that finances are one of the largest concerns on consumers' minds on a daily basis. According to Northwestern Mutual's 2018 Planning and Progress study, 78 percent of Americans say they are "extremely" or "somewhat" concerned about not having enough set aside for retirement. Mix in waves of serious market volatility and that level of stress goes nowhere but up. Following the pandemic, nearly two-thirds of CFP professionals noted high stress levels among their clients.

Given how essential of a role our finances play, this does not come as a surprise. Today, many clients are engaging in what is called "pajama planning," wherein clients are up late at night, stressing over their financial situation, and assessing the impact of various strategies.



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Client portal

Oftentimes, financial stress is caused by uncertainty. Clients are likely losing sleep because they are focused on worst-case scenarios caused by this increased stress. These types of questions are natural and present an opportunity for advisors to demonstrate their value. To help alleviate this stress, firms should place an emphasis on awareness by deepening the connection clients have with their advice.

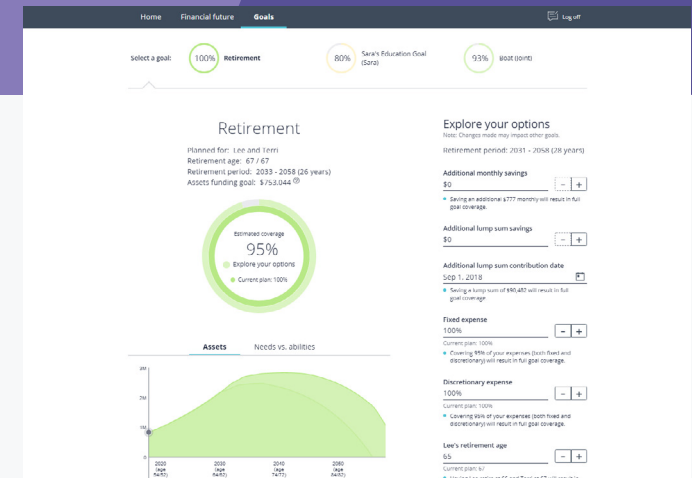
By offering a client portal, advisors are able to unlock their advice for clients to access at any time, and anywhere. Just like how clients are accustomed to checking their banking activity from a mobile app, or upcoming package deliveries from Amazon, a client portal can change the way clients interact with their advice for the better. Interactivity is key, and features such as the “what are my options” tool in the NaviPlan client portal allow clients to manually adjust plan variables to understand different outcomes and leads to more meaningful client-advisor engagements.

Additionally, a client portal solution can expedite many of the mundane aspects of the financial planning process. With the eFact Finder in the NaviPlan client portal, clients are able to enter their information digitally to accelerate the onboarding process and eliminate the back-and-forth sending of documentation. Additionally, clients can begin the planning process by outlining their own goals.

In most cases, clients are more likely to add more goals to their plan via the eFact Finder than an advisor would start with in traditional face-to-face engagements. Plus, plan information stays up-to-date with account aggregation powered by MX, allowing clients to import accounts and loans from thousands of financial institutions.

SPOTLIGHT

NAVIPLAN CLIENT PORTAL



In the NaviPlan client portal, advisors can unlock their recommendations to be viewed at any time, and anywhere. Features such as the eFact Finder, account aggregation, and the “what are my options” tool expedite the planning process and deepen the connection clients have with their advice.

Smart assumptions

As a greater portion of investors seek financial preparedness, advisors will find that providing efficient needs analysis can play a big role in kickstarting the financial planning process. Today, an advisor's time is spread thin and technology that allows advisors to provide value in a shorter timeframe is highly valuable.

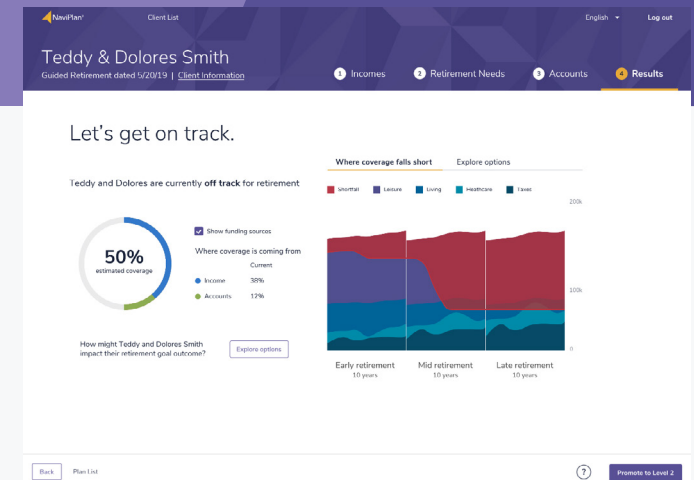
This is where artificial intelligence (AI) comes into the picture. Rather than starting a prospect meeting with a drawn-out discussion of financial goals and needs analysis, smart assumptions, such as those in the NaviPlan Guided Retirement tool, allow advisors to take a single data point – income – and instantly determine the likely living, leisure, healthcare, and tax needs throughout three phases of retirement.

Though incredibly efficient, these smart assumptions are a powerful combination of consumer spending data, healthcare analytics from Aivante, and are backed by the precision of the NaviPlan calculation engine – an industry leader in retirement analysis accuracy.

With a highly engaging, visual tool such as NaviPlan Guided Retirement, advisors can more quickly showcase how they provide value. Meaningful conversations regarding goals can happen right within the first client engagement and results can be quickly promoted to a fully comprehensive financial plan.

SPOTLIGHT

NAVIPLAN GUIDED RETIREMENT



With NaviPlan Guided Retirement, advisors can provide visually engaging financial needs analysis after entering only one data point – income. Expenses are broken down across three phases of retirement and the results can be quickly promoted to a full Level-2 plan in NaviPlan.

Advice delivery

An important aspect of any strong client-advisor relationship is understanding the unique needs of an investor. Capgemini has been following this trend in its annual World Wealth Report, noting in 2019 that 86 percent of clients expressed a strong desire for their wealth manager to personally “understand my financial situations, needs and goals.” In its 2018 report, Capgemini found that 55.5 percent of clients do not feel very well connected with their wealth manager.

Personalized offerings not only help highlight an advisor’s value to clients but can also uncover additional opportunities for advisors to serve client needs. Furthermore, focusing on the most relevant plan information helps save time when producing client reports and presenting advice.

Collaborative advice presentation

Remote client meetings have forced advisors to get creative when presenting their results and a collaborative solution such as the NaviPlan Presentation Module helps take client meetings to a new level. With nine unique presentations, advisors can guide clients through a variety of complex financial conversations with an easy to follow format. Plan details can be adjusted in each presentation, placing an emphasis on collaboration and client involvement.

These highly repeatable planning experiences maximize efficiency and help eliminate inconsistent workflows at firms with multiple advisors. For enterprise organizations and large institutions, the NaviPlan Presentation Module ensures each planning engagement is home-office compliant and designed to maximize results.

SPOTLIGHT

NAVIPLAN PRESENTATION MODULE

The road to retirement

Quick Actions ▾

What will retirement cost?

Think about what expenses you will incur during retirement. Will it be less expensive — one car instead of two, no business wardrobe to maintain, no need to contribute to your retirement fund?

Generally, people may require 70 to 80 percent of their pre-retirement income to maintain their lifestyle during retirement. This number may differ for you depending on your personal retirement goals.

What are your basic essential needs? What discretionary expenses do you want to cover?

Retirement expenses

Enter all of your retirement expenses below.

Description *	Member	Type	Amount	Frequency	Infl +/- Add'l	Start Date	End Date	
Retirement	Joint	Lifestyle	\$7,024	Monthly	<input checked="" type="checkbox"/> + 0.00%	Ret. (1st)	Death (2nd)	
Travel	Joint	Lifestyle	\$2,500	Monthly	<input checked="" type="checkbox"/> + 0.00%	Ret. (1st)	Death (2nd)	
Medical	Joint	Medical	\$750	Monthly	<input checked="" type="checkbox"/> + 0.00%	Ret. (1st)	Death (2nd)	

Add Retirement Expense



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The NaviPlan Presentation Module helps advisors collaboratively deliver financial advice and quickly demonstrate the value of their recommendations to their clients. Plan details can be adjusted right within presentations to take client meetings to a new level.

Customizable reports

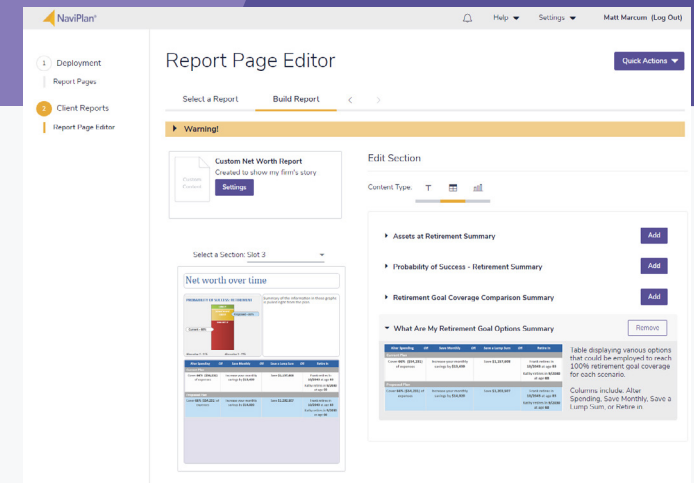
With competition increasing in the financial services market, firm differentiation is more important than ever before. Additionally, compliance requirements can vary widely across organizations and service sectors. Report customization is a key feature to check all the boxes for both clients and firms.

With the robust NaviPlan Client Report Editor, advisors can target the most relevant information for their clients to show a deep understanding of their personalized needs. With countless report components to choose from including charts, graphs, and tables, advisors can present highly tailored advice.

Reports can also be customized with styling and messaging to match a firm's unique brand. As regulations develop swiftly, organizations can add disclosures to ensure they are acting in compliance with the latest regulations in the financial services industry.

SPOTLIGHT

NAVIPLAN CLIENT REPORT EDITOR



The NaviPlan Client Report Editor allows advisors to tailor their advice to match a client's most important needs. Custom reports can be built with hundreds of NaviPlan report components including charts and graphs while messaging can be edited to match a firm's unique brand.

Scaling advice complexity

Perhaps the biggest dilemma for advisors today is being dynamic. Being able to serve the complex needs of high-net-worth investors, while also catering advice to the rising mass-market segment can be a difficult dance to pull off. In fact, Cerulli found that scaling service offerings across client segments is tied for first place in the top productivity challenges faced by today's financial advisors. The market for financial advice is changing before our eyes as more than \$30 trillion in wealth will be passed down from Baby Boomers to younger heirs in the next 30 to 40 years.



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A platform approach across the client journey

In this competitive market, retaining a client throughout their entire financial journey is highly valuable, but requires a solution that can scale alongside client needs. This is where the benefits of a wide-ranging planning platform are evident.



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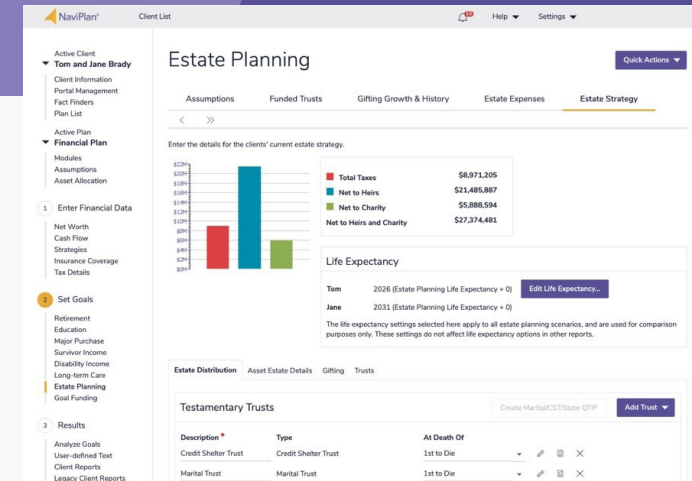
The journey may start with a simple needs analysis for clients looking to secure their financial future. There are many unknowns but eliminating the guesswork by leveraging AI and smart assumptions helps advisors kickstart the planning conversation. These needs can easily transform into comprehensive planning engagements in the NaviPlan application, where advisors can begin to introduce more holistic planning strategies.

Consider the increased value of embracing a more comprehensive planning experience. On average, a targeted financial plan that is based on a one-off client question commands a \$1,125 fee, while a comprehensive plan that accounts for a wider range of client needs brings in an average fee of \$2,068.

Scaling advice is not just more valuable for firms but is also desired by clients. According to Capgemini, 43 percent of high-net-worth investors believe additional services can make a positive impact on their experience with their firm. By embracing a planning platform that can easily scale, modules such as business planning, advanced tax planning, retirement income modeling, and estate planning can all be easily added to a client's plan as their needs evolve.

SPOTLIGHT

NAVIPLAN PLANNING MODULE



The NaviPlan platform allows advisors to easily scale the complexity of advice by introducing advanced planning modules such as tax planning, estate planning, business planning, and more.

Summary

Today's advisor has a tremendous opportunity ahead. More investors than ever before are taking an early interest in the value of financial advice. Though the sweeping challenges brought by the COVID-19 pandemic have disrupted traditional advice workflows, now is the time to embrace technology that helps alleviate many of the pain points advisors and clients have been facing for years.

Rather than being reactive to shifting client demands and industry trends, the following solutions can help prepare firms for success in the future of the advisory business:

Client engagement

Increase the connection clients have with their advice through the adoption of a **client portal** tool, while efficiently catering to new prospects with the power of **smart assumptions** backed by AI and the NaviPlan calculation engine.

Advice delivery

Create a more engaging planning experience with **collaborative advice presentation** tools and **customized client reports** that prove a deep understanding of a client's unique needs.

Scaling advice complexity

Retain clients throughout their financial journey with a **scalable planning platform** that helps increase firm revenue and meet the needs of a wider target market.



There are countless paths to every client goal.

How you get there matters.