

A photograph of three business professionals (two men and one woman) sitting around a table in a meeting. They are dressed in business attire (shirts and ties). The woman in the center is smiling and looking towards the man on the right. The man on the left is also smiling and looking towards the woman. There are papers and a white mug on the table. A white rectangular box with a blue border is overlaid on the image, containing the title text.

3 WAYS TO SHOW CLIENTS YOUR VALUE

Being seen as a steward of trust helps you strengthen your current client relationships, attract new clients, and increase referrals. Help your clients with the three big concerns they have on their mind to solidify your value.

If you're limiting your conversation with clients to your investment outlook and the ups and down in their portfolios, you may be missing out on an important opportunity to educate them about the real value of financial advice. Today's consumers are looking for an advisor who tends to their investments carefully but then goes well above that service. By expanding the conversation, you have an opportunity to connect in the ways that really matter.

The clients who've been with you for years get it. They likely understand that you're a trusted partner whose value goes well beyond their portfolio. They've experienced the benefits of your know-how as they zero in on retirement. But newer clients and prospects may need to hear something different from you. Though they want retirement planning and wealth management, they also need someone to assist them with their most basic financial challenges: getting out of debt, saving for college, and reducing their financial stress. They may have yet to find a trusted ally to take the journey with them, so they've been struggling to do it themselves.

These prospects are worth your time. They have excellent earning potential and the asset base to meet your minimums. Now, they need to take their finances to another level.

To gain insights into how these consumers think about financial advice, a recent survey¹ shows striking differences between what consumers say they need from advisors if they decide to work with one, and what advisors believe to be the value they provide. In many cases, advisors themselves are discounting their own value by focusing on areas that don't resonate with prospects.

Being an observer of this new consumer mindset, your business has a tremendous opportunity to thrive. Help consumers with the three big concerns they have on their minds.

1. The Trust Factor
2. A Focus on Goals and ROI
3. A Plan for Every Client

Consumers singled out trust as being among the top attributes they look for in an advisor.

1 THE TRUST FACTOR

Consumers are often nervous about letting someone else into their financial world. Whether it's due to the tepid economic recovery with slow wage growth or the earlier experience of watching the markets falter, consumers may be hesitant to give up control of their money. When thinking about working with an advisor, consumers singled out trust as being among the top attributes they're looking for. "The 'trust factor' is hard to overcome," one consumer said about working with an advisor.

Advisors may not understand consumers' anxiety because that might not be the experience of their own clients. In the survey, they cited qualities like unbiased advice and being client-focused as being of the highest concern. While those are both key aspects of trustworthiness, they don't carry the same weight as being singularly focused on trust (**Figure 1**). On the other side of the table, prospects and clients may not be hearing the words they need for reassurance.

Going forward, you'll want to pay more attention to trust as a top attribute and demonstrate it throughout your interactions with clients and prospects. You can earn trust through transparency, communication, and a genuine concern about their well-being. As one advisor respondent pointed out, "Without [trust], we have found that prospective clients are not totally forthcoming about their financial situation, which can result in advice that may not be the best for their given situation and a liability for the advisor." Building that trust will help you better address client objectives and can offer you the potential for greater access to clients' full portfolios of investable assets.

Understand that building trust takes time. It comes from years of doing right by clients and making it an integral part of your operation every step of the way. And what works for one client—transparency on fees, for example—may not be what another client needs.

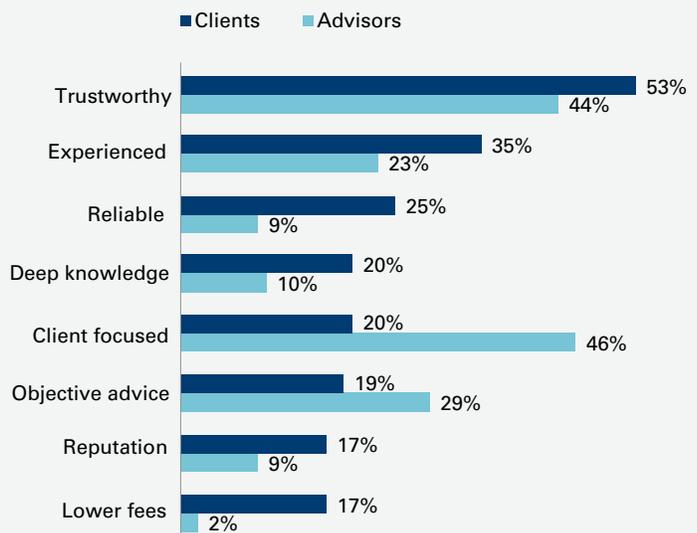
It's hard work, but building trust is worth the effort. Without it, clients may never appreciate your credentials and track record. Being seen as a steward of trust helps you strengthen your current client relationships, attract new clients, and increase referrals.

Figure 1
Top Attributes of a Financial Advisor

Question to clients: How important are each of the following attributes of a financial advisor or firm when deciding about which one to work with. Select top three attributes.

Question to advisors: Which of the following attributes or concepts are used by you or your firm to clients? Select top three attributes.

Each chart shows percentage selecting as a top three attribute.



n = 771 consumers (clients); n = 333 advisors

Source: Financial Consumer-Advisor Study, SourceMedia Research 2015

2 A FOCUS ON GOALS AND ROI

Clients strive for financial success and many believe that investment performance is how they'll achieve it. Among the most prized attributes of financial advisors, according to survey results, is investment acumen. Forty-nine percent of consumers said that increasing return on investment (ROI) is a top objective. However, just one in 10 advisors listed high return on investment as being one of their clients' top objectives.

Why this disconnect? In many cases, advisors haven't educated prospects on what total ROI means. Solid portfolio performance is important, to be sure. And, you can reassure them that you're someone with experience in investing through different market cycles. You can explain your investment philosophy and how to plan to invest in the current market environment.

However, you can also take a broader view and educate clients about what real ROI is and how it applies to their overall financial health. A yearly performance number says nothing about whether a client is able to send their child to college or take a special trip with their family. It can't express what their quality of life will be in retirement. For ROI to be a meaningful barometer of an advisor's value, it must be more than a number. It must be something that connects clients to what they hold most dear.

Not surprisingly that while consumers were focused on ROI, they were also looking for expertise that went well beyond investments (**Figure 2**). According to the survey, a quarter of consumers said their top objective for working with an advisor is relief from their financial stress.

To meet this need, assure prospects that you're a trusted ally who will keep their portfolio aligned with what matters most to them. You can help them invest according to their goals and risk tolerance, both of which might shift as market conditions and life circumstances change.

In addition, you can educate clients about all the other financial decisions that contribute to lifelong wealth accumulation. Adopt a holistic planning approach that encompasses insurance, estate planning, college financial planning, healthcare, long-term planning, and debt.

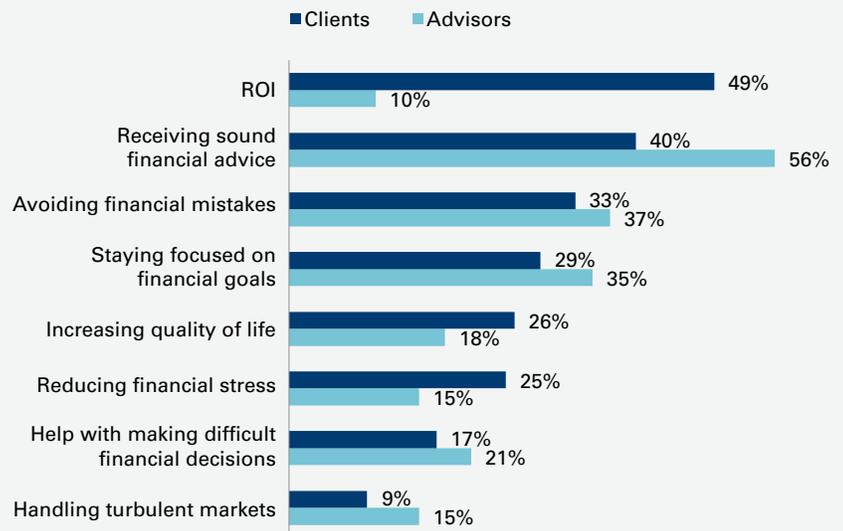
In fact, guiding clients to better financial decisions has been shown to have a powerful impact on overall wealth.

Figure 2
Top Client Financial Needs

Question to clients: When you think about your objectives in working with a financial advisor now or in the future, how important is each of the following? Rank top three needs.

Question to advisors: In thinking about your firm's primary clients, what would you say are their top financial advisory needs? Rank top three needs.

Each chart shows percentage ranking as a top three need.



n = 771 consumers (clients); n = 333 advisors

Source: Financial Consumer-Advisor Study, SourceMedia Research 2015

3 A PLAN FOR EVERY CLIENT

Clients want you to see them as unique individuals. They want a financial blueprint that's tailored to their specific financial goals and priorities, not an off-the-shelf solution that only addresses a few narrow areas. Advisors who emphasize their core mission—to help create a financial plan that meets a client's diverse needs—can stay competitive.

Consumers clearly crave this service. Twenty-five percent said they're looking for help in reducing their financial stress and 26% want help in improving their quality of life. However, only 15% and 18% of advisors, respectively, believe those to be their clients' top objectives.

Help prospects see that, in order to get the most out of their money, they must have a clear idea of what purpose it will serve. Emphasizing how personalized financial advice helps them get to the heart of their hopes and dreams and will help provide the laser focus they need to reach them. "I have not made any investments," one consumer respondent in the survey said. "I am just trying to get out of debt first."

Strong client relationships are the way to discover financial planning opportunities. Knowing the details of clients' lives lets you interweave the different financial planning steps they need to take. For example, estate planning decisions—how much money to leave to heirs or charities—obviously has an impact on investments and retirement planning. Likewise, investing for retirement must take into account an understanding of the client's health status and caregiving responsibilities.

For clients who may not be at an asset level that allows you to provide fully comprehensive services, you could consider providing them with scaled-back offerings that leverage technology. This gives you the opportunity to build relationships with clients who may not currently qualify for your asset minimums, but may be good future prospects as their wealth grows and accumulates.

But, in order to get the important insights to build a personalized plan for your client, you need them to provide you with information. Again, it's about trust. Only when clients trust you will they be forthcoming with what's going on in their lives, which allows you to make the best recommendations for them.

To build trust-based relationships, align your priorities with clients' goals



Source: Financial Consumer-Advisor Study, SourceMedia Research 2015

BEST PRACTICES: PUTTING IT TOGETHER

By understanding the new consumer mindset, you can articulate your value in the ways that resonate most with new clients and prospects. These best practices put trust in the center of all advisor-client interactions.

- **Transparency is critical.** New clients may want extra clarity on fees. Don't shy away from engaging them on this topic. Explain your fees clearly so prospects understand exactly how much they'll pay. Explain what the fees cover and what they don't. Clients will appreciate you tackling this thorny issue head-on, even if your fees aren't the lowest.
- **Put clients first.** If you're an independent advisor, emphasize that you can provide solutions free of conflicts of interest. Working with a broker/dealer that doesn't push proprietary products reassures clients that they aren't being sold a product that enriches their advisor at their expense.
- **Make client education front and center.** Finances are complicated for many consumers. Understand that they may have limited knowledge of the subject and they need an unbiased partner to help them understand it. Create a client portal for personal finance articles relevant to the majority of your clients, conduct workshops on budgeting or debt management, and use the annual review as an opportunity to educate your clients on an important financial topic.
- **Explore new pricing models.** Consider a fee structure that most clearly emphasizes the value of financial advice. The traditional assets under management model may confuse prospects who believe it only covers investment management. A retainer or hourly fee lets consumers see that the bulk of their fees go toward personalized advice.
- **Stretch yourself.** Not all clients are looking for retirement planning, at least not initially. Make debt and college planning a central part of your service offering, so prospects know you're an advisor who understands their current challenges.
- **Leverage technology to support and build business.** Integrate technology strategically, in key aspects of your business—use social media to connect with prospects or turnkey programs in order to keep costs down—to free up valuable time to spend on revenue-generating activities with clients.

CONCLUSION

In an evolving industry, where the perception of trust has changed and the value of advice is being challenged, it's imperative that advisors connect with clients and prospects by being attuned to these shifts. Today's prospects have the earning power and assets to work with you, but they haven't yet heard the value of financial advice articulated in a way that's relevant to them. Be the advisor that changes their perceptions.

You may need to take several steps back, emphasizing trust, transparency, and education before you launch into a conversation on asset allocation. But, by being a trusted ally who's willing to invest the time, these clients can become the core of your client base in time.

What's more, a new generation of investors is at the gate with many of the same concerns and trepidations. While these younger consumers have lower earnings and assets now, they can grow into your next generation of clients. You can do it in a way that's scalable and isn't an undue burden on your firm's resource. Building the business model to meet current clients and prospects needs and concerns will position you to work with the next generation of investors.

This might be a departure from how you earned your current clients. However, there is a not-to-be-missed opportunity to bring these new clients into the fold and help them grow their wealth—and yours in the process. ■

YOUR PRACTICE, YOUR WAY

However you envision the future of your practice or program, LPL Financial's comprehensive support and broad range of innovative business models can help you build and grow your business, your way. We understand that independence doesn't have one single meaning. Through whatever lens you view your independence, we're here to support and provide clarity to that vision. Here are just a few ways how:

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- Join an existing practice, bank, or credit union for established infrastructure, inferred credibility, structured support, and access to new referral sources.
- Offer a suite of insurance solutions through a full-service, in-house insurance agency.
- Specialize in retirement plans and leverage tools and resources built *by* retirement plan advisors, *for* retirement plan advisors.
- Bring your team or build one—LPL offers customized clearing, advisory platforms, and technology solutions to help create efficiencies and scalability within your practice.

We are 100% committed to your success. Give LPL a call today at (888) 250-2420 and put our capabilities to the test.

METHODOLOGY

In May 2015, SourceMedia Research surveyed 334 financial advisors from a variety of financial organizations, and who sell various types of financial services, with no AUM or production minimum requirements. Respondents were drawn from *Financial Planning* subscribers.

In July 2015, SourceMedia Research surveyed 1,020 consumers between 18 and 65, with some knowledge of their household financial planning or investment activity, have a minimum household income of \$40,000 (unless age 55 to 65, or retired with \$10,000+ investments) and who are not occupied as financial advisors. The consumer survey also reflects population census balancing (i.e. gender, age, HHI, ethnicity, and census region). Respondents were drawn from *On Wall Street* subscribers.

Source Media Research and LPL Financial are not affiliated entities.

About LPL Financial

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