Three Myths About Financial Planning That Make No Cents

Financial advisors today do more work than ever for their clients, leaving little appetite for time-intensive services that provide limited value. Unfortunately, this means that holistic financial planning often falls by the wayside.

Today, we'll debunk the most common myths around financial planning and show you how this service adds value for both advisors and clients.

1. Planning takes too much time

Today's planning solutions are simple, collaborative and quick. Plans that used to take hours can now be created in minutes. Building a financial plan in Advizr, for example, takes as little as 30 minutes.

Advisors can recover that time investment in several ways. First, client meetings can stay focused on each client's financial priorities. Second, data aggregation solutions make it easy to pull in the details from a client's external accounts, saving the effort of manual data entry. Finally, integrating tech into presentations provides a bias-free reason to have tricky conversations about spending behavior, savings targets and portfolio performance.

2. Clients don't want a financial plan

Some advisors believe that if a client doesn't ask for something, they don't want it. Others fear that clients may question why a plan wasn't offered sooner.

Henry Ford famously said, "If I had asked people what they wanted, they would have said faster horses."

Many clients don’t have a financial plan because they don’t know to ask for one. Three-quarters of American investors don’t have a written plan, and just 13% of clients feel confident in their retirement without one. These statistics highlight a massive underserved market for advisors willing to take the leap.

3. Financial planning doesn’t benefit advisors

It’s clear how the planning process delivers value to the client. But it can also create a roadmap to new revenue opportunities for the advisor.

As many as 73% of wealth management clients have relationships with multiple advisors, but 57% of them are willing to consolidate in the right circumstances. A financial plan can be the advisor’s path to that differentiated value offering. Assets uncovered during the planning process and held at other institutions are immediate candidates for rollover to an advisor’s firm. A recent study showed that advisors managing two retirement accounts for one household have a 94% retention rate.

Furthermore, you can discover gaps during the financial planning process that offer the chance for licensed agents to sell new products and earn more commissions. These may include life, disability and long-term care insurance gaps. Simply acting on the plan recommendations can help advisors increase profitability, while also providing greater value to their clients.

Additionally, financial planning can help advisors engage the next generation of clients. Many Gen X and Millennial investors expect engagement around their life goals. Using digital channels to engage generations who are now moving into their prime earning and savings years can expand the sales funnel. It can also help prove an advisor’s value faster. When positioned as part of the wealth transfer process between two different generations, this approach is a great way to establish relationships.

To learn more about how Orion and Advizr can help you create actionable plans to support your clients’ goals, visit our Financial Planning page.

*This blog was originally posted at www.advizr.com.

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