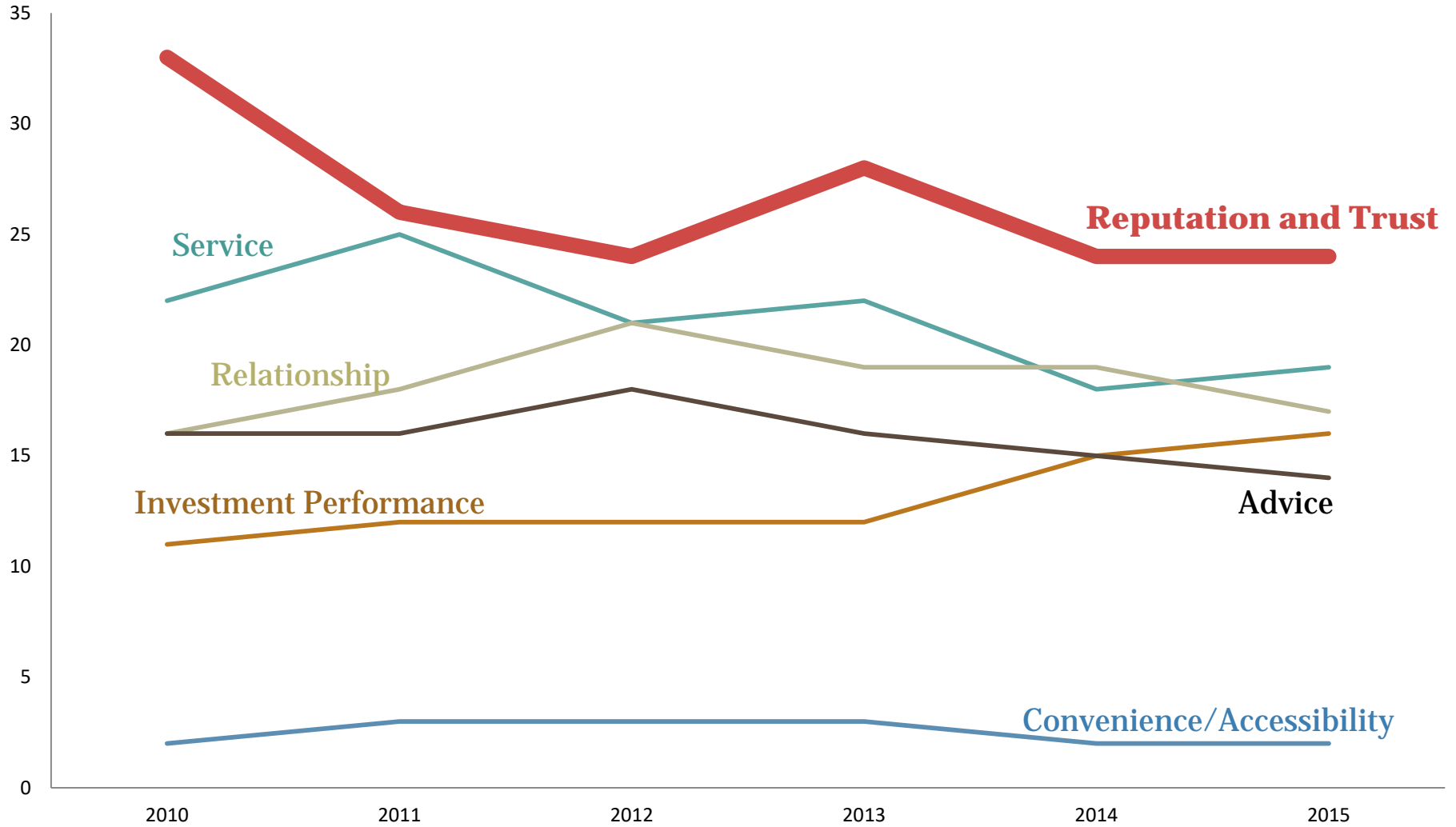


# The perceived value of financial advice

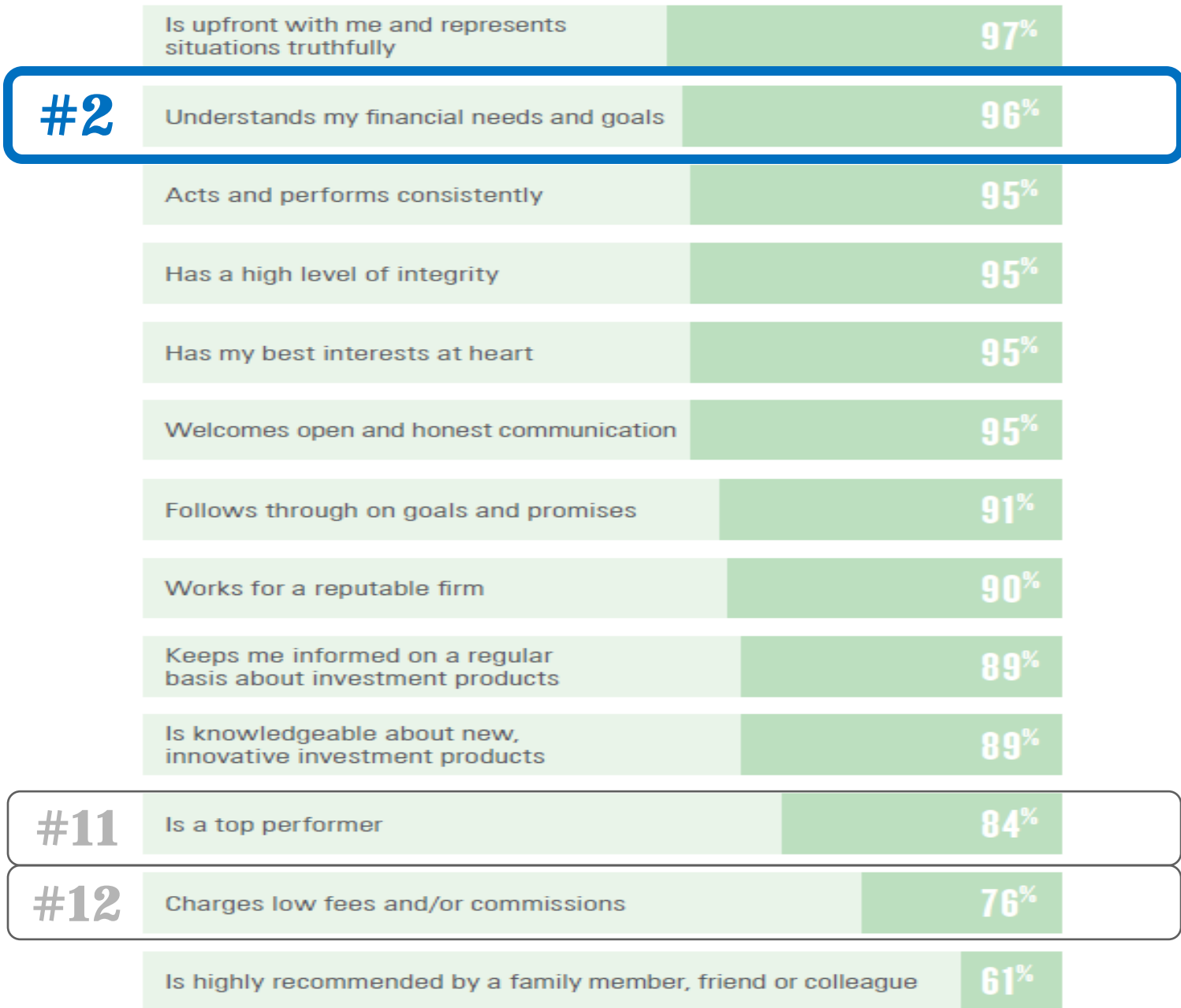


1. The role of price
2. What investors value in working with a financial advisor
3. Addressing both sides of the value equation – *“Why should I choose you?”*

# Transparency and value – the new trust paradigm



Source: Cerulli Associates, The Cerulli Report: US Retail Investor Advice Relationships, 2015



# Criteria that is most important to an investor

## Conscientious

*Pays attention to detail*

## Empathetic

*Cares about what's important to me*

## Comprehensible

*Can explain things in plain English*

## Trustworthy

*1 part consistent behavior  
1 part gut feel*

## Respectful

*He doesn't poo-poo me*

## Conservative

*Not about get-rich-quick schemes*

Source: State Street Global Advisors' survey, "Financial Advisors' Value Proposition and Compensation," August 2014. 300 financial advisors and 300 individual investors were surveyed nationally.

What are three words investors use to describe how they feel discussing how the advisor charges for his/her services?

Fair

Curious

Interested

Uncomfortable

Excited

Reasonable

Nervous

Worried

Anxious

# INDIVIDUAL INVESTORS



# FINANCIAL ADVISORS



Source: State Street Global Advisors' Survey, "Financial Advisors' Value Proposition and Compensation," August 2014.  
 Q37. What are three adjectives to describe how you feel when it is time to discuss with how your advisor charges for his/her services?  
 Base: All Respondents  
 Note: The size of the font, reflects the frequency of mention.

## **Partnership**

Interests are aligned; Collaboration  
Holistic wealth management and delivery of a client-centric approach

## **Objectivity**

Emotional governor; Objective rationale  
Thoughtful investment discipline to help them navigate their ever-changing life circumstances

## **Accountability**

Follow through on financial commitments  
Prioritization with a goals-based approach

## **Proactivity**

Anticipate and manage ahead of time life transitions  
Timely implementation and ability to widen the scope of solutions

## **Education**

Demonstration of informed decision-making  
Regular reviews and valuations of the wealth management plan and portfolio activity

## **Organization**

Bringing order to the client's financial life at a macro and micro level  
Outcome driven and tailored service in-line with long-term objectives

# Keys to communication

## Be Clear



- Prepare in advance
- Be direct and avoid industry jargon
- Deliver points in a conversational manner

## Confirm comprehension



- Actively listen and assess
- Pause to ensure clients are following you
- Ask questions to confirm comprehension and add clarity where needed

## Demonstrate transparency



- Explain how interests are aligned
- Show them the value – Clients want to **SEE IT**, not assume it
- Put it in writing – include a fee schedule, services provided and relevant disclosures

## Seek feedback



- Check in regularly to find out what is working, what is not, and why they feel this way
- Objectively put yourself in the shoes of your clients to understand the experience, your effectiveness and points of difference
- Have a conversation – focus on ways to align meaningfully with important attributes: accessibility, perceived value and client expectations



**Advisor value =**

**Fees** (*what an investor pays*) + **Services** (*what an investor receives for the fees*)

**Perception is reality** – Engage in deeper conversations about the purposes of the client’s wealth (*outcomes-based*) and how portfolios are designed and managed (*advisory or discretionary platform*) to serve those purposes

**Frame the conversation**– Ensure your client is the benchmark when assessing progress against their financial plan objectives

**Keep them involved and front-and-center** – Before jumping in with your agenda, ask the client: “*What’s the most important thing on your mind today?*”

# Appendix A: Important Risk Information

# Important Risk Information

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