MEDIA REVIEWS - July 17 -31, 2017

There's a lot to like in this issue of Financial Advisor. Gail Graham offers some good, succinct marketing advice that you can complete as a project in a few minutes. Philip Palaveev offers some tough advice for younger advisors trying to climb their corporate ladder. Mitch Anthony wants to help you find the "core" of your clients' lives. And there's a survey of advisory firms, which doesn't purport to tell you the "top" firms based on AUM, but does rank them according to size.

An addendum: we have two sessions at the Insider's Forum that are so far out of the box that the box is not visible from where they stand. One: at the request of Angie Herbers, she and I will be doing a totally unscripted presentation where her goal is to take me out of my comfort zone and provide insights into the profession and where it's going in one of the edgiest sessions you'll see all year. (I'm going to take HER out of her comfort zone as well with some deep questioning.) It should be interesting.

The other out-of-the-box session will feature the magical, mystical Stephanie Bogan demonstrating her coaching technique on-stage with two successful advisors, showing us how she can uncover the hidden limitations that we all carry around with us, which then allows us to become far more effective at everything we undertake. It should be interesting (again).

The conference website can be found here: http://www.insidersforum.com.

Enjoy the week!

best,

Bob Veres
Inside Information
http://www.bobveres.com
Insider's Forum conference - September 6-8, Nashville, TN
http://www.insidersforum.com

Articles that received a "high' relevancy rating:

"Healthcare Burden to top $400,000 for Retirees"
by Karen DeMasters
Financial Advisor, July 2017
http://www.fa-mag.com/news/health-care-burden-to-top--400-000-for-retirees-33432.html?issue=285
Relevance: high
A report by HealthView Services says that the average 65-year-old couple retiring this year will probably spend $321,994 in healthcare costs for the remainder of their lives, in today's dollars. Add in deductibles, copays, hearing, vision and dental out-of-pocket costs, and the costs rise to $404,253. (p. 20)

"DIY Marketing to Sharpen Your Message"
by Gail Graham
Financial Advisor, July 2017
http://www.fa-mag.com/news/diy-marketing-to-sharpen-your-message-33406.html?issue=285
Relevance: high
When marketing, start by developing a small 5-7 person message development team. Ask each person to pick a random selection of advisor websites and collect the key ideas and messages that stand out, good or bad. Let them help you define an ideal client, what you offer, and why it matters. See if you can discern how they describe you clearly and concisely.

Then look at your own website and collateral, and see how well it communicates your core message. You can write a few sentences: "The kinds of people who really love working with us are _______. There are a lot of advisors out there, but what we do differently for our clients that they can depend on is 1 _____, 2 _____ and 3 _____. The reason this is so important to people is ________. (p. 27)

"Locating Your Core—And Your Clients'"
by Mitch Anthony
Financial Advisor, July 2017
http://www.fa-mag.com/news/locating-your-core-and-your-clients-33409.html?issue=285
Relevance: high
Anthony says that many corporate executives and business owners are struggling with midlife career crises. His conclusion is that what they do every day in their existing careers is not what their core being would prefer. If you encounter these clients, help them understand who they are at their core, and then assess their environment and their income, and look for incompatibilities. If income takes the wheel, and environment and essence are in secondary roles, there will be misery; the client will stay where he or she is despite the lack of fulfillment. Environment should also not be at the heart of the decision; a safe or comfortable place is no substitute for challenging your core and achieving fulfillment.

Find the clients' core and then recommend that they do what matters most to them. (p. 31)

"The Evolution of the Advisor Platform"
by Joel Bruckenstein
Financial Advisor, July 2017
http://www.fa-mag.com/news/the-evolution-of-the-advisor-platform-33411.html?issue=285
Relevance: high
Custodians aspire to create the best platform, and software firms like Advyzon, Black Diamond, Envestnet, Morningstar and Orion all have similar aspirations. The article profiles RBC Advisor Services, which lists on its website the different software programs where it has integrations (though it doesn't tell you how deep), and which also has a turnkey advisor platform called RBC Black. The core is CircleBlack, which provides an advisor workstation, client portal and account aggregation. Redtail provides the CRM piece and financial planning is powered by MoneyGuidePro.

The dashboard is customizable and provides useful information, there are alerts for things like rebalancing drift, you can see each client's top 10 holdings, households, accounts, and asset classes. Bruckenstein calls it a well-built system.

TradePMR is releasing its next generation advisor platform, called EarnWise. There's an advisor workstation, a client portal and a robo-advisor available to advisors who clear through TradePMR. The dashboard is customizable, with pending tasks, action items, asset allocation and new money. You can add widgets for alerts, trading, account opening, account transfers and performance. There is an integration with MoneyGuidePro. Most advisors create investment models and receive portfolio metrics from FinMason.

There are also smooth workflows for client onboarding, with forms that are automatically prepopulated with any information already in the system, which minimizes the time staff must spend on data entry and allows for DocuSign authentication, automating the addition of new accounts, transfers and periodic deposits.

Shareholders Service Group is built on Pershing's NetX360 platform, with Jemstep technology providing digital onboarding, a client portal and reporting. Robo-accounts are treated exactly the same as traditional client accounts, which makes it possible to decide which clients will receive which solution. A TradeWarrior integration offers rebalancing at a low price point, and the platform integrates with Orion, Black Diamond, Morningstar and Tamarac. eMoney and MoneyGuidePro are linked into the system. (p. 32)

"RIA Survey and Ranking"
by Eric Rasmussen
Financial Advisor, July 2017
http://www.fa-mag.com/news/ria-survey---ranking-2017-33401.html?issue=285
Relevance: high

The discussion accompanying the magazine's annual RIA Survey tells us that the political uncertainty has been a friend of the advisory business, driving people to seek unbiased counsel. What is needed now is market volatility, to drive others to your door. Meanwhile, there are more mergers and outright acquisitions of larger firms than in the past, mainly—according to Dave DeVoe, between RIA firms rather than outside or strategic buyers. Firms that are successfully growing organically have segmented their clients and have processes in place where employees function in well-defined roles.

Turn to the rankings, and the magazine lists 214 firms with over $1 billion under management, 98 with between $500 million and $1 billion, 81 with $300 million to $500 million and 175 with $100 million to $300 million. 97.18% charge their clients via AUM, but 34.95% now charge hourly fees, and 43.42% charge flat-fee retainers. You can go here: http://www.fa-mag.com/userfiles/2017_ISSUES/Financial_Advisor/July_2017/RIA_Survey/RIA2017_RIAranking1.pdf to see the list, and percentage growth of AUM, assets per client and percentage growth or decline in number of clients, and it generally looks like the marketplace is healthy—healthier than the comparable Financial Planning survey, and it would be interesting to understand the discrepancy.

There's a curious chart that lists all the services that advisory firms offer, and part of the poll is what percentage of clients are using those services. No surprise that 96.39% of the firms offer financial planning, but… According to the chart only 11.76% of the overall client base is using that service. Even more startling: asset allocation is offered by 94.20% of clients, but only 15.67% are "using" the service. (?) The logical list (tax planning, estate planning, charitable counseling, tax preparation) shows similarly low percentages of clients using the service. It's a little strange. (p. 44)

"Staying Green Despite Politics"
by Jerilyn Klein Bier
Financial Advisor, July 2017
http://www.fa-mag.com/news/staying-green-despite-politics-33415.html?issue=285
Relevance: high
To put it kindly, the present Presidential Administration has not been a fan of ecological efforts or a staunch opponent of global warming. But solar and wind jobs are growing at a 20% annual rate, about 12 times faster than the rest of the U.S. economy. Companies are still moving forward with their alternative energy initiatives, and clean energy no longer requires government assistance to compete with coal and oil. Fund managers who invest in the SRI space say that there's still plenty of opportunity in environmental investing. (p. 68)

"How to Balance a Life"
by Philip Palaveev
Financial Advisor, July 2017
http://www.fa-mag.com/news/how-to-balance-a-life-33422.html?issue=285

Relevance: high
Some advisory firm owners frown when they walk out of the office at 7:00 PM to go home after a long day and see their employees' offices dark. They believe the professionals should stay later and work harder. If somebody leaves early to go to soccer games or practices once a week, he or she might be branded as having chosen family over career, and be penalized for it.

Palaveev recommends that you define what "a balanced life" really means in the context of your firm. Can someone go home early once a week and still be successful at that firm? How many clients should an advisor be handling? How much new business should they develop? What level of community involvement is expected? If you define these things, then the expectations are clear.

When you spell out the expectations, it raises some questions. Are the only people who can achieve the firm's expectations those who have no kids or family commitments? Is there really a commitment to giving people a balanced life? Palaveev worked at a firm where all professionals were expected to work 2,500 hours a year—500 more than the standard 40-hour week. Everyone knew that was expected.

The founders set the tone. If they run a lifestyle vehicle, and forego business ambition in favor of personal priorities, then the employees may not see much opportunity to aggressively pursue their personal ambitions. If the principals are at their desks at 7:00 AM and leave after 7:00 PM, then anyone who doesn't follow that example might have a hard time climbing the company ladder. Palaveev notes that many founders have reached the stage where their children are adults, and may have forgotten what it was like to try to balance work with caring for younger kids.

The article quotes author Terry Pratchett, who wrote: "If you're good at digging ditches, they give you a bigger shovel." Your reward for working long, hard hours is to achieve the expectation that you'll continue. The better you get, the more you have to do. Palaveev at the end recommends that if your career is important to you, then tough it out. (p. 88)

The rest of the articles:

"DOL Rule Could Boost Role of Home Office Portfolios"
by Staff
Financial Advisor, July 2017
http://www.fa-mag.com/news/dol-rule-could-boost-role-of-home--office-portfolios-33426.html?issue=285
Relevance: low
Cerulli says that many advisors will outsource the portfolio management to their BD home office staff, to comply with the DOL Rule, rather than knowingly allow

subpar managers to manage underperforming portfolios. But why did they recommend these subpar funds under the previous regulatory environment? (p. 15)

"Wealthcare's GDI Platform Enables Advisors to Grow… Or Not"
by Juliette Fairley
Financial Advisor**,** July 2017
http://www.fa-mag.com/news/wealthcare-s-gdi-platform-enables-advisors-to-grow-------or-not-33430.html?issue=285
Relevance: moderate
The Goals Driven Investing platform provides illustrations, charts and graphics that facilitate interactive planning, and let lifestyle advisors leverage technology so they don't have to spend as much time in the office. (p. 16)

"Advisor Makes Risk Tolerance More Meaningful"
by Jerilyn Klein Bier
Financial Advisor**,** July 2017
http://www.fa-mag.com/news/advisor-makes-risk-tolerance-more-meaningful-33431.html?issue=285
Relevance: moderate
This is about Tolerisk, a new risk tolerance tool used by 75 RIA firms. It starts with personality profiles, but combines a client's ability to take risk, based on cash flow. (p. 18)

"A Fiduciary Rule for Annuities?"
by Ted Knutson
Financial Advisor**,** July 2017
http://www.fa-mag.com/news/fiduciary-rule-for-annuities-33433.html?issue=285
Relevance: moderate
The National Association of Insurance Commissioners would like to create new annuity suitability rules that would meet the DOL's fiduciary standard. They're also coming out with a model cybersecurity act for states to apply to advisors and sales agents. (p. 20)

"When Life Changes, Plans Must Follow"
by Ross Levin
Financial Advisor**,** July 2017
http://www.fa-mag.com/news/when-life-changes--plans-must-follow-33402.html?issue=285
Relevance: moderate
When clients encounter a life transition, like death of a spouse or divorce, they suddenly feel less secure. What's the advisor's role? He says that such situations are complicated, and there is no playbook for advisors to follow. He has probably not taken coursework from the Sudden Money Institute. (p. 25)

"The Age of Machines"
by Bill Bachrach
Financial Advisor**,** July 2017
http://www.fa-mag.com/news/the-age-of-machines-33408.html?issue=285
Relevance: low

Here's what we hear in this column: Will machines dominate the financial services industry? Yes. It's just a matter of how quickly.

The advice is that you should put your value in things other than crunching numbers, aggregating data and portfolio construction and management. But if the machines are going to dominate, what's the use? Bachrach says you have to bring "soul" to your client relationships. He says that most of the readers are average, and you should strive to be way above-average when the machines come for your job. (p. 29)

"Dividends For All Seasons"
by Carol Clouse
***Financial Advisor*, ** July 2017
http://www.fa-mag.com/news/dividends-for-all-seasons-33412.html?issue=285
Relevance: moderate
The S&P Dividend Aristocrats Index—which includes companies that have raised their payments on common shares for at least 25 years—has consistently outperformed the S&P 500. But the article notes that some dividend payers do slash their dividends from time to time.

The article mentions the Vanguard High Dividend Yield Index Fund and the Fidelity Equity-Income Fund, while growth investors might prefer the T. Rowe Price Dividend Growth Fund and the ProShares S&P Dividend Aristocrats Fund. Some retirees looking for yield have moved away from bonds to dividends, and these companies tend not to fall as far or hard during recessions. (p. 65)

"Emerging Markets Star Sets Up Shop"
by Marla Brill
***Financial Advisor*, ** July 2017
http://www.fa-mag.com/news/emerging-markets-star-sets-up-shop-33417.html?issue=285
Relevance: low
A profile of GQG Emerging Markets Equity and manager Rajiv Jain. (p. 71)

"HSAs: Little Understood, But Here to Stay"
by Ben Mattlin
***Financial Advisor*, ** July 2017
http://www.fa-mag.com/news/hsas--little-understood--but-here-to-stay-33421.html?issue=285
Relevance: moderate
A total of 17 million Health Savings Accounts have been established, with more than $30 billion in assets. They are available to people who buy high-deductible health plans, allowing them to set aside money to pay medical expenses later as needed. The contributions can be deducted from federal income taxes and they grow tax-free, with tax-free withdrawals if used for qualified medical expenses. The withdrawals don't count for Social Security and Medicare tax purposes, FICA or FICA Med, and once you reach age 65, you can withdraw the money for any reason.

From now through April 15, 2018, the maximum individual contribution is $3,400 a year; maximum per family is $6,750. You can no longer contribute if you go to Medicare for coverage, and some states don’t exclude your contribution from your state taxes. (p. 76)