



# Power to the Plan:

## The (R)evolution of Financial Advice

**Evolution, revolution, or disruption. However you describe the financial professional's changing role amidst the pressures of a chaotic economy and evolving expectations of new generations of clients, one thing is certain: The way they work with clients has changed forever. Those who meet this challenge and evolve will go to market with a true differentiator from the financial professionals who don't.**

Those financial professionals who have not yet taken the next step in their evolution simply may not know a change needs to be made, or how to make it. According to a recent study from the Fidelity Financial Advisor Community, 99 percent of financial professionals say they provide financial planning.<sup>1</sup> The important nuance to understand in this response is that “financial planning” can be interpreted across a wide spectrum and while they provide financial planning, they may not be providing holistic financial planning.

Holistic financial planning elevates the financial professional's relationship with clients beyond the transactional. It was once enough to provide advice and planning around specific areas like income generation, asset allocation, taxes, debt, insurance, and cash flow. Financial professionals helped clients plan for milestones like college, health care, retirement, and estate planning. In short, the role was defined as helping manage money and achieve goals.

Yet, today's clients want more. They want a financial professional who can help them move beyond the basics of financial planning toward achieving peace of mind and fulfillment. These needs are less tangible but more important to clients looking for values-based advice that will help them stay organized and in control, take care of their family and loved ones, gain time to do the things they enjoy, free themselves from worry, accomplish their life's purpose, and even leave a legacy.

Our research<sup>2</sup> has uncovered compelling insights on how client expectations have changed, where gaps exist between these expectations and the advice they receive and, importantly, steps financial professionals can take to bridge these gaps. This eBook will unpack the important findings around the evolution toward values-based advice, as well as the importance of big data and artificial intelligence (AI), data privacy, values-based planning, and the financial professional as a life coach.

## Methodology<sup>2</sup>

The 2020 eMoney Power to the Plan Research was an online, blind survey (eMoney not identified). Approximately 420 financial professionals and 403 clients were surveyed in July 2020 to learn about their attitudes and preferences around key trends impacting the future of financial advice.



# Expansion into Holistic Financial Planning and Total Wellness

“This concept of total wellness really boils down to measuring and understanding the total needs and challenges facing that individual or that customer. It’s saying there are many aspects to their lives and we need to understand not just their financial aspects but what’s happening, what’s going on, and what they are trying to achieve.”<sup>3</sup>

– Judy Marlinski, Head of Product and Advisory Solutions, Fidelity Investments



When we asked financial professionals about the trends that were most important to their business, they ranked three main drivers of their success into the future:

**1**

**Life stage financial planning**

**2**

**Values-based financial planning**

**3**

**Total wellness**

Clearly, these trends indicate that financial professionals are tapped into the importance of their expanding role beyond financial planning. Even among those financial professionals who have not yet expanded their services in response to these trends, there’s a recognition that the ability to provide more personalized services is important and hinges on their ability to understand each client’s values and needs.

**Clients agree and are willing to pay for their financial professional to expand their role into total wellness. This is especially true among Generation Y and Z clients, who are likely to pay for additional services that target:**

**Physical health:**

**80%**

**Business advice:**

**79%**

**Mental health:**

**77%**

# Clients Agree, but Also Prioritize Privacy and Data Protection

These same trends that financial professionals see as important to their expanding role in providing holistic planning are prioritized by clients too. They prioritize life stage financial planning, values-based financial advice, and total well-being.

However, “data privacy” ranked second on clients’ lists of what’s important to them when managing finances, which is a natural consequence of the type of relationship they have with their financial professionals.

**“Seventy-five percent of financial professionals feel they are talking to their clients about data privacy and protection, but only 47 percent of clients feel that financial professionals are talking to them about it.”<sup>3</sup>**

– Matthew Schulte, Head of Financial Planning, eMoney Advisor

According to our research, 85 percent of the clients trust their financial professional to provide them with unbiased financial advice. To receive this advice, they provide their financial professional with access to all levels of personal information and share more than they might with other support professionals. It’s easy for a conversation around financial planning topics to expand into very personal areas.



# Benefits in Exchange for Sharing Personal Data

Clients want personalization and advice surrounding their values, which means financial professionals should be delivering value for all of the personal data their clients provide. According to our research, this willingness to exchange value for personal data is universal among clients for benefits such as a financial plan, more personalized financial strategies, greater insights into finances, enhanced client services, values-based investment options, and a discount on services.

**“Our clients expect us to protect their data. In many cases, it’s the law to do that. But there is a moral trust that is an expectation.”<sup>3</sup>**

– Judy Marlinski, Head of Product and Advisory Solutions, Fidelity Investments

There are important generational differences to note. In comparison to Generation X and Baby Boomers, Generation Y and Z are more willing to exchange personal data for additional benefits, including:

**Tracking how well investments align with values:**

**79% of Gen Y and Z vs. 62% for Gen X and Baby Boomers**

**Getting recommendations for other professionals:**

**77% of Gen Y and Z vs. 65% for Gen X and Baby Boomers**

**Building an action plan for total wellness:**

**74% of Gen Y and Z vs. 60% for Gen X and Baby Boomers**

Financial professionals who prioritize holistic planning and offer services above and beyond their traditional roles will potentially grow business among current clients and prospects.



# The Value of Artificial Intelligence and Big Data

When it comes to AI and big data, financial professionals and clients alike see value in using these emerging tools and associated strategies for holistic financial planning.

For the financial professional, AI and big data are promising to drive deeper levels of efficiency, convenience, and speed, which all translate into better service for their clients. When asked what aspects of AI and big data drove the biggest benefits:



**said it helped them  
build relationships  
with clients**



**said it made their lives  
easier when onboarding  
new clients**



**said it helped them  
stay connected  
to clients**

However, financial professionals are less likely to see the benefit of AI and big data for complex investing tasks (15 percent) and short-term financial strategies (11 percent), perhaps because they mistrust the insights they receive.

What do real-life applications of AI and big data look like for these financial professionals? It can be as simple as automating the client onboarding process by pre-filling common data fields, which frees them to focus on the more complex, relationship-based work instead of spending time with data entry.

**“It’s the financial professional’s job to have great people skills. You have to harness all the best technology and your people skills combined to help your clients achieve their most important goals and fulfill their most deeply held values and get their entire financial house in order.”<sup>3</sup>**

– Bill Bachrach, Chairman and CEO, Bachrach & Associates

The efficiency gains and scalability driven by AI and big data will allow financial professionals to expand into non-traditional markets, providing holistic financial planning to clients who traditionally would be difficult to serve profitably but nonetheless are in need of financial advice. According to our experts and secondary research, most financial professionals only provide a financial plan for roughly 10 to 20 percent of their client base. This is largely because of the required time investment and the high level of personalization needed for each client’s plan. In many cases, it is only the top-tier clients who receive this service.

However, AI and big data are expected to help open doors to provide financial plans for a much larger audience.










**“AI and big data analytics really address two challenges for financial professionals: It enables them to scale their business and they can more efficiently expand services.”<sup>3</sup>**

– Dennis Gallant, Senior Analyst, Aite Group

# Client Trust of Artificial Intelligence and Big Data










Trust among clients for AI and big data varies dramatically by generation. Generation Y and Z are much more comfortable receiving insights from these tools to drive their financial planning than are their counterparts among Generation X and Baby Boomers. These disparities make sense when you consider that Generation Z is the first mobile-native generation, and along with their millennial counterparts, are accustomed to receiving insights from AI and big data for everything from exercise and health to daily reminders, home security, and productivity.

Younger clients place more trust in AI and big data insights in the following areas of their financial lives and financial planning:

Areas of Interest	Trust in AI & Big Data Insights	
	Gen Y/Z	Gen X/Baby Boomers
 Financial product provider recommendation	80%	43%
 Saving money	78%	51%
 Budgeting	78%	49%
 Debt planning	77%	44%
 Making money	75%	47%
 Retirement planning	80%	48%
 Financial planning	80%	45%
 Tax planning	76%	45%
 Investment strategies	75%	49%

# Client Trust of Artificial Intelligence and Big Data (CONT.)

The relatively smaller levels of trust older generations have in AI and big data insights in comparison to younger generations erodes even further for non-financial and total wellness issues:

Areas of Interest	Trust in AI & Big Data Insights	
	Gen Y/Z	Gen X/Baby Boomers
 Employer benefits	79%	47%
 Business strategy and advice	78%	42%
 Legal	77%	36%
 Professional or career development	75%	35%
 Salary and compensation	74%	42%
 Physical health	71%	33%
 Relational health	68%	31%
 Emotional health	66%	29%
 Spiritual health	62%	28%

To capture the market opportunity represented by these trends and the benefit exchange of data for personalization, financial professionals should consider how these technologies will be a central part of their service offering in the near future. Some financial professionals are already taking action on these technologies and tools, but many are not. According to our research, 52 percent of financial professionals do not plan to take action on the AI trend within the next five years, but they do so at their own peril. AI and big data are not a distant reality; the next generation of clients is ready for these services and the associated benefits now.

**“Analytics are never done. You must just start.”<sup>3</sup>**









– Dennis Gallant, Senior Analyst, Aite Group

# The Financial Professional as a Life Coach:

## The Importance of the Client's Total Wellness

“Total wellness” is the intersection of physical, mental, and financial health. Our research shows that many financial professionals are already speaking with their clients about the issues they think are important around total wellness. This includes their extended family situation, physical health, personality traits, and mental health.

Clients receiving this advice vary by generation both in what they find important and how open they are to this advice. For issues adjacent to the financial professional's traditional role, younger clients place more importance on the financial professional as life coach than older generations. When working with younger clients, financial professionals should consider the importance different generations place on receiving advice related to life-coaching services in these areas:

Areas of Interest	Importance of Total Wellness	
	Gen Y/Z	Gen X/Baby Boomers
 <b>Compensation and salary</b>	83%	70%
 <b>Business advice</b>	81%	60%
 <b>Professional or career development</b>	79%	58%
 <b>Immediate or extended family planning</b>	70%	49%
 <b>Physical health</b>	74%	55%
 <b>Relational health</b>	74%	43%
 <b>Mental health</b>	72%	45%
 <b>Spiritual health</b>	63%	39%

When it comes to comfort around discussing these topics, financial professionals and their clients are generally aligned. In broad terms, financial professionals are more comfortable discussing topics aligning to financial plan development (e.g., career, life goals, values), while clients are slightly more comfortable discussing topics related to their financial professional acting as a life coach (e.g., marital, physical, mental, and spiritual health).

# The Expanding Business Model for Financial Professionals

**“You want to give weight to the service you have been giving away for free—if you want your business and your clients to value holistic advice you must put a price on it. Whatever you charge, be clear and transparent about it. This is especially important to engaging Gen Y/Z.”<sup>3</sup>**

– Bill Bachrach, Chairman and CEO  
of Bachrach & Associates



Expanding an existing business model to accommodate a more holistic approach to financial planning may seem like a daunting proposition, but it can be broken down and approached stepwise.

As a first step, financial professionals should consider building a network of experts in industries supporting life-coaching services that they can refer their clients to. Seventy-five percent of clients said they would appreciate it if their financial professional could provide referrals to others related to finance, but only 69 percent of financial professionals say they are likely to do this. In addition, 61 percent of clients said they'd appreciate referrals to other professionals in non-financial areas, which means financial professionals have an opportunity to expand their business models by building relationships with subject matter experts in areas like marriage counseling, therapy, and health.

As a mid-term step, financial professionals can seek opportunities to change their business model more significantly. For example, 71 percent of clients were open to a financial professional having additional professional associations in wellness areas, but only 44 percent of financial professionals say they would be likely to pursue this opportunity. Our research also shows that 66 percent of clients would appreciate a financial professional with partnerships or joint ventures with professionals in adjacent areas, such as law offices, therapy practices, or a doctor's office.

A long-term step would be to expand the financial professional's personal practice; 71 percent of clients are interested in their financial professional having additional certifications, licenses, or degrees in wellness areas. This is a more significant investment in expanding the business model that only 42 percent of financial professionals say they would be likely to pursue.

# Power to the Plan

As younger generations become clients and emerging technologies open new opportunities and improve efficiency, the role of the financial professional of the future is expanding beyond traditional boundaries. These new clients, and many existing clients among older generations, now expect a deeper and more personal relationship with their financial professional.

The most successful financial professionals will capitalize on the trends we explored to close the opportunity gap between their current service offerings and the demands of a more sophisticated client base. Focusing on holistic planning and exploring new ways to support clients' entire lives, not just their financial ones, will be a key differentiator for financial professionals.

# POWER TO THE PLAN

“These things are all changing—the plan, the clients, the outcomes,” said Ed O’Brien, CEO of eMoney Advisor. “You don’t want to play catch-up—you want to lead.”



## SOURCES

1. 2020 Fidelity Financial Advisor Community (FAC), Financial Planning Study, January 2020, n=393
2. eMoney Power to the Plan Research, July 2020, Advisors n=420, End clients n=403
3. Bachrach, B., Gallant D., Marlinski, J., & Schulte, M. (2020, October 20). Power to the Plan [Panel presentation], eMoney Summit 2020.

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