

MARKETING

Financial advisors need to share more information to HNW clients

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Millennials and older HNWs disagree over investment priorities and more. Image credit: U.S. Trust

By BRIELLE JAEKEL

Relationships, trust and investment performance are the top three factors that are most important to high-net-worth investors in regards to financial advisors, but these experts need to divulge more information.

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When it comes to decision making for investments, investors are looking for more transparency from their financial advisors. Only 44 percent trust their advisors enough to take their advice at face value, according to the Your High-Net-Worth Client Strategy report from Independent Advisor Solutions by SEI and the Financial Planning Association.

"Building trust and continuing to earn that trust is mandatory with HNW clients," said John Anderson, managing director and head of practice management solutions at [Independent Advisor Solutions by SEI](#). "Little things like communication tailored to the investor's needs instead of general information can go a long way.

"Secondarily, no matter where you enter the relationship i.e. transaction-based or as a full wealth planner, everything has to be done correctly every time," he said. "Even the simple things can build trust and create a wow-able experience - going above and beyond what is expected.

"For example, creating workflows, journey maps and introducing strategic partners can help you anticipate their needs and build on that successful relationship."

Financial advisor relationships

The 85 percent of survey takers who felt they were satisfied with their financial advisor attributed this to their overall relationship along with honesty and performance. Ninety-one percent of those surveyed cited trustworthiness and dependability as important characteristics.

However, only 26 percent of high-net-worth individuals in the report felt they receive enough information from advisors to make an informed decision.



Investors want more information from their advisors. Image credit: financial investor BNYMellon Pershing

Sixty-three percent greatly value personalization in investment advice.

Many of the survey takers explained interest in discussing their expectations up front, so that they are getting the most out of a relationship with their financial advisor.

SEI recommends that advisors should take on an approach that is personal, highly responsive, empathetic, error-free, consistent, complete and “wow-able,” a practice it calls the Platinum Rule.

Financial advisors should also focus on segmenting their clients into a narrow niche, allowing for more personal interaction and better anticipation of clients' needs.



Financial advisors still have time to incorporate AI touchpoints. Image credit: YouGov

A clear value proposition is also extremely important when catering to high-net-worth clients, as is a highly fine-tuned service model.

The more trust a client has in his or her financial advisor, the more business is likely.

Additional insight

While most of the wealthiest 0.1 percent of Americans prefer to be self-sufficient in regards to their personal finances, most still work with a financial advisor.

According to new findings from YouGov, the average income of a wealthy household in the United States is \$1.4 million. Despite their beliefs that finances should be self-managed, 82 percent seek aid from a financial advisor and 85 percent of those consumers work with them on a regular basis ([see story](#)).

High-net-worth investors believe that the market's tumultuous nature right now is only temporary and hope in personal finances remains high.

According to UBS' investor watch infographic based on a survey taken before the U.S. election in November, investors had higher hopes for long-term outlook for the market versus short-term. Eighty-five percent of investors have confidence in their personal situations while 81 percent are confident about reaching their goals ([see story](#)).

"The most surprising finding is even clients that are satisfied or completely satisfied - a portion of them may still consider moving their book," Mr. Anderson said. "The days of one-dimensional advice are over and a client being satisfied just isn't enough.

"While HNW investors are concerned about investment performance, they reveal it is not their top priority," he said. "They care more about the overall relationship with their advisor."

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