

Five Industry Trends Reshaping Financial Advice

11.1.2017 | FPA Illinois

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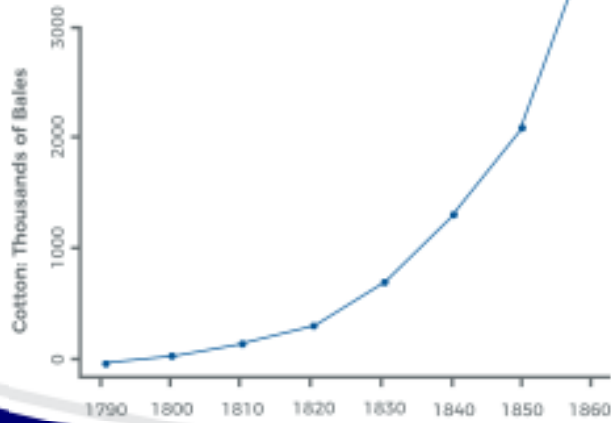
Five Industry Trends

- The Luddites



Five Industry Trends

- Cotton Production – Before & After



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Five Industry Trends

Technology
The Great Convergence
Crisis Of Differentiation
The Search For New MODELS
The Client Experience

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Five Industry Trends

“Financial Advisor” of the 1970s/80s: STOCKBROKER!



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Five Industry Trends



Source:
“A Century of
Stock Market
Liquidity &
Trading Costs” by
Charles Jones

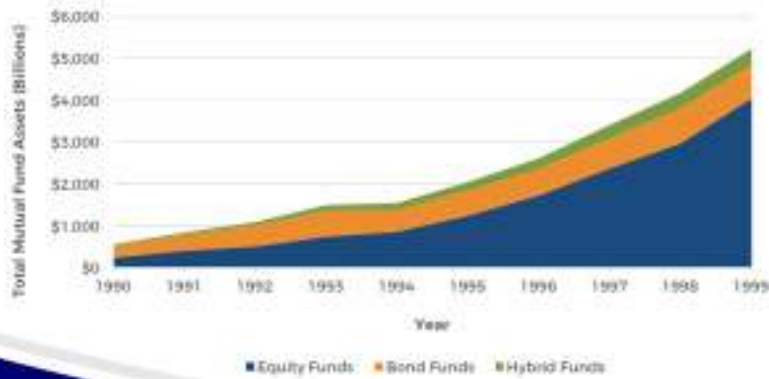
charlesSCHWAB 1975 TD Ameritrade 1975 Scottrade 1980 E*TRADE 1982

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Five Industry Trends

- “Financial Advisor” of the 1990s – MUTUAL FUNDS!



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Five Industry Trends

- The online Mutual Fund Supermarket!

Forbes

Mutual fund supermarkets

LET'S FACE IT: Buying a mutual fund can be a pretty confusing business these days, what with the proliferation of funds, fund families and fund surveys. What's the best way to assemble a portfolio based on FORBES' recommendations without being swamped by paperwork or unnecessary charges?

Consider opening an account at a financial services organization with a so-called mutual fund supermarket. These programs allow no-load funds from different families to be bought without transaction fees while consolidating holdings in one statement.

Charles Schwab popularized the supermarket concept six years ago with its OneSource program. On Wall Street, as elsewhere, but also quickly get imitated. See more than 20 supermarkets via for your attention and money.

charles SCHWAB E*TRADE

TD Ameritrade

Kiplinger Money

YAHOO! FINANCE

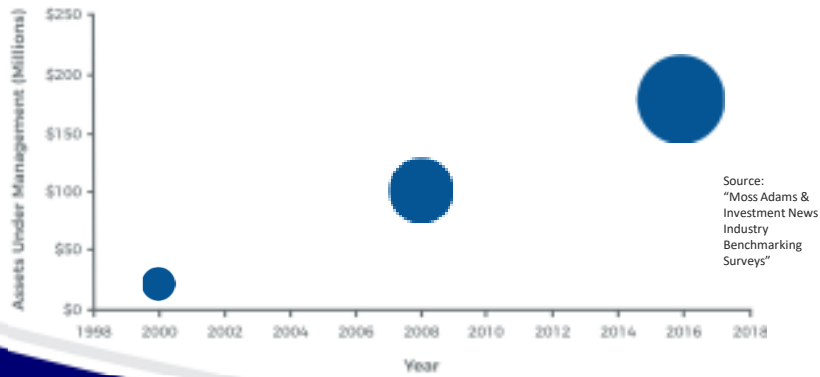
MORNINGSTAR

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Five Industry Trends

- “Financial Advisor” of the 2000s – ASSET ALLOCATION!



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- But now technology is commoditizing it again!



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Technology & Financial Advice

- What Is The Value You'll Add On Top?



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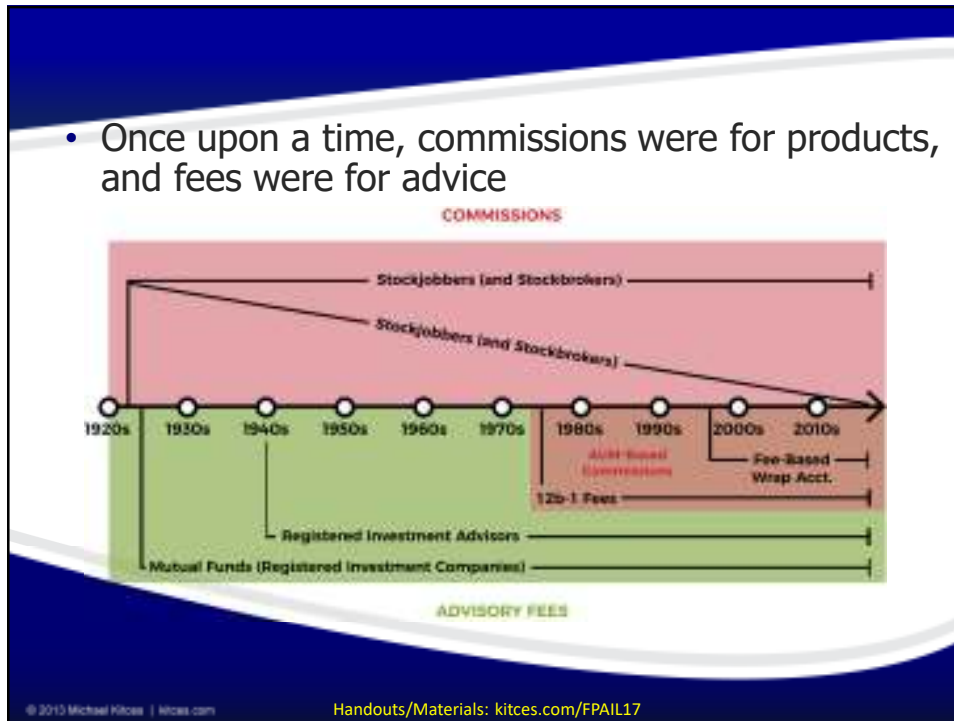
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- Once upon a time, commissions were for products, and fees were for advice



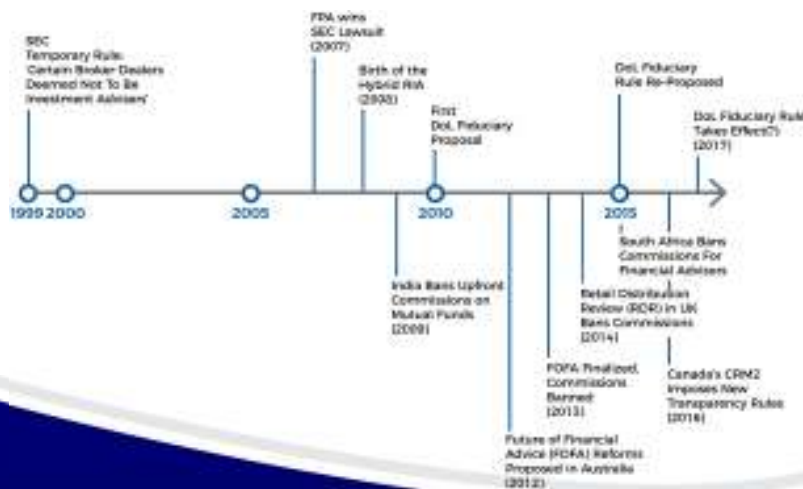
Five Industry Trends

- Our regulations aren't built for all this advice!

	Investment Advisers	Broker-Dealers
Service	Investment Advice	Brokering & Dealing Securities Products
Solution(s)	Continuous & Regular Supervisory & Management Services	Stocks & Bonds Mutual Funds Brokerage Services
Registration Requirements	Register if "Engaging in the business of advising others on investments, for compensation"	Exempt if advice is "solely incidental to the brokerage services, & receives no special compensation"
Legal Standards	Fiduciary	Suitability

Five Industry Trends

- The Great Convergence is triggering regulation



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- Regulatory change is not a cause, it's an effect!
 - ...of the Great Convergence!
- The Fiduciary is a **global** phenomenon
 - ...and the trend is towards less conflicted compensation
- But when we all converge towards the same business model, guided by the same regulation...

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Technology

The Great Convergence

Crisis Of Differentiation

The Search For New MODELS

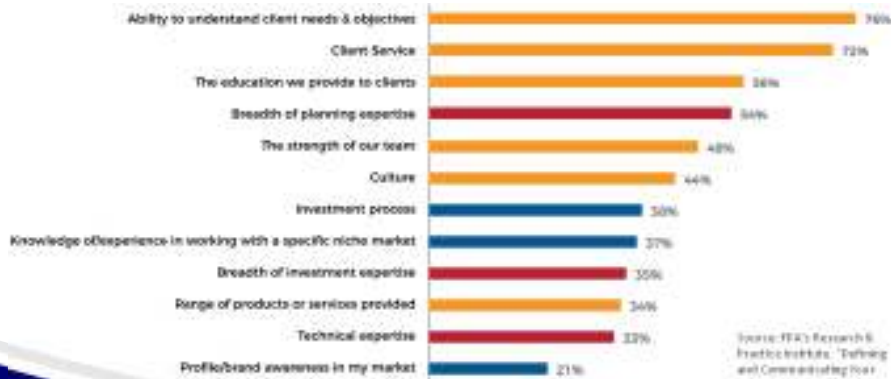
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- The emerging Crisis of Differentiation



Source: FPA's Research & Practice Institute, "Fulfilling and Cementing Your Value 2020: Trends in Practice Management Whitepaper"

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Five Industry Trends

- We're all going after the same (few) clients...

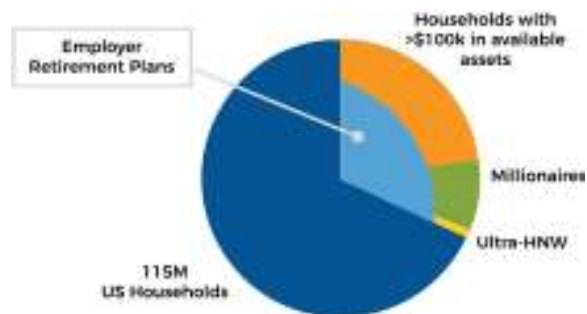


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Five Industry Trends

- But there just aren't many baby boomer delegators with money!



Source: "Spectrum Group, Market Insights Report 2016"

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Five Industry Trends

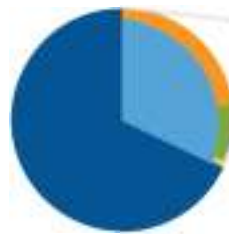
- But not everyone is a delegator!



Source: "Forrester Research"

Five Industry Trends

- How many baby boomer delegators are there...?
 - If 1/3rd of households are delegators...



About 7M Households
(1.5M Millionaires)



Total US Advisors
~300,000



Technology

The Great Convergence

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Five Industry Trends

- The search for new business models



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Technology

The Great Convergence

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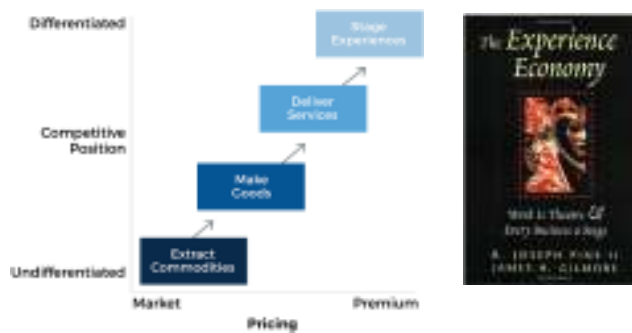
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Five Industry Trends

- The Experience Economy



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Five Industry Trends

- The Financial Planning “Experience”



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The Catalyst: Generational Change (Digital Natives)

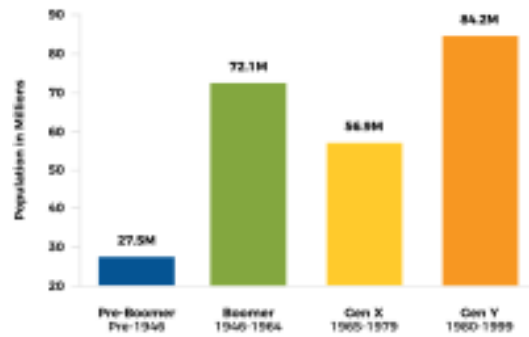
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Five Industry Trends



"Science Advances
One Funeral At A Time"



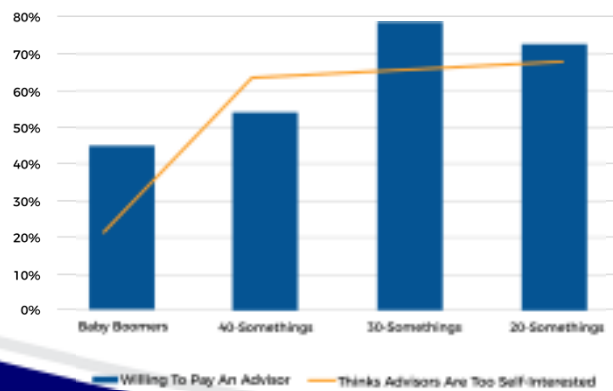
"Financial Planning Business Models Advance
One Retirement At A Time"

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Five Industry Trends

- Younger generations are digital natives:
Information is free... Wisdom is valuable



Source:
Cerulli Associates

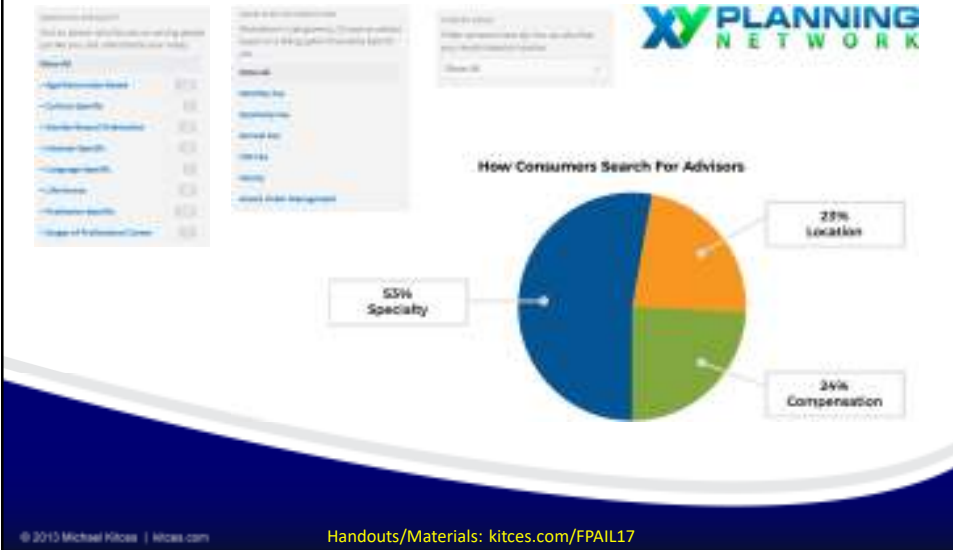
Source:
Scotttrade 2017
Retirement Study

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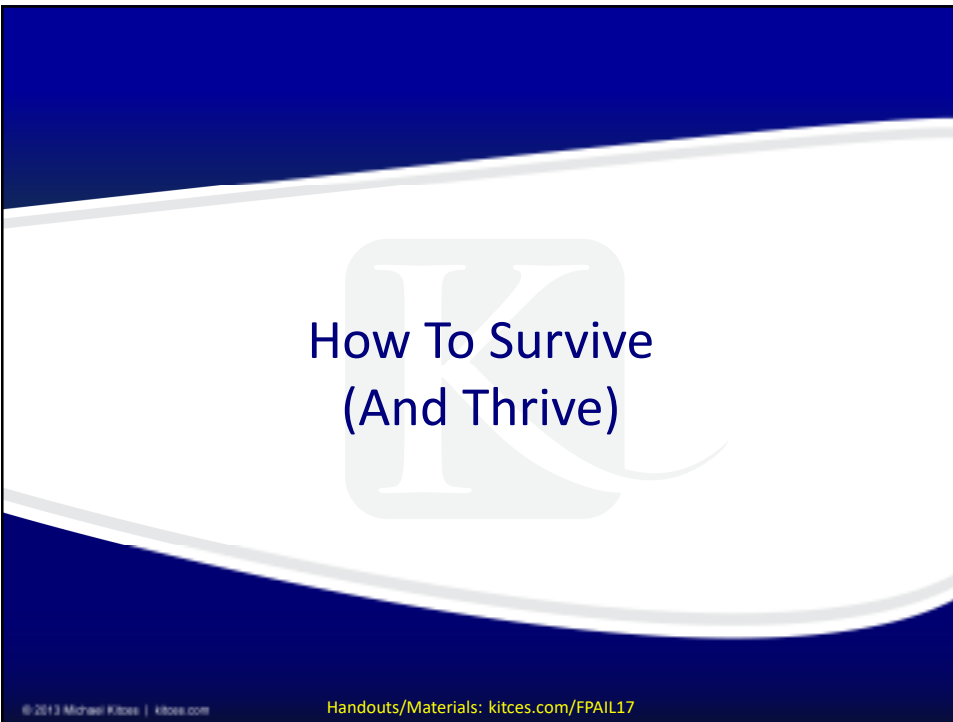
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- Digital natives want solutions to problems

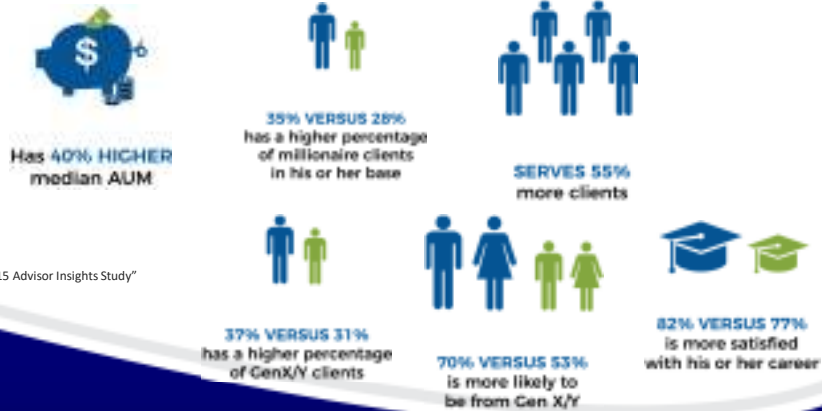


How To Survive
(And Thrive)



Five Industry Trends

- Technology is no longer a choice, it's a necessity – And an opportunity!



Source:
"Fidelity 2015 Advisor Insights Study"

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- What technology can you adopt/add?



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Five Industry Trends

- The future is fiduciary. It's global. Embrace it.
 - And it's more valuable anyway!

Commission-Based Practice



Niche-Expertise Practice



(Fiduciary)

Recurring Revenue Practice



(Fiduciary)

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- Real differentiation isn't just financial planning.
 - What are you the best at?



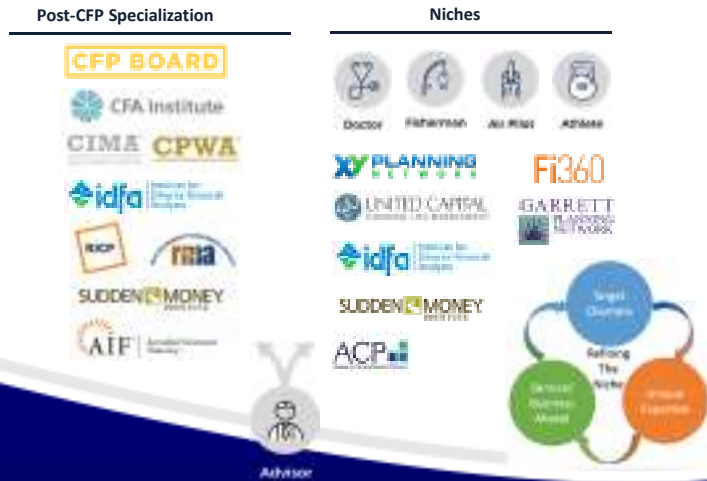
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- Finding your niche/specialization

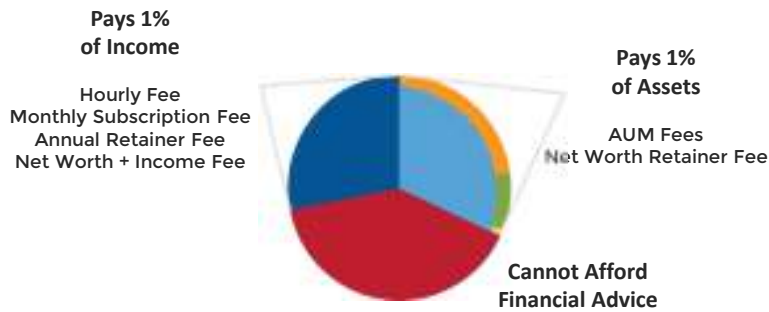


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- What's YOUR business model in the future?



- Don't change your pricing to compete on price
 - Change who you serve, and price in a relevant way!

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- Are you selling a product, a service, or an experience?
 - Excellent experiences are standardized!



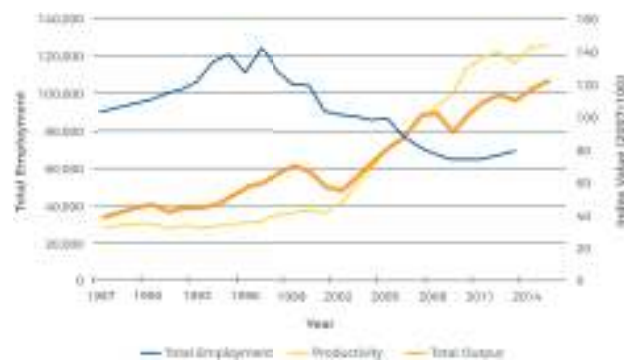
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theodysseyonline.com (right), money.cnn.com (left)

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- The Internet vs. Travel Agents...



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