

The Advisory Career ▼

DEFINING YOUR CAREER

What value do you bring to your clients?



by **Michael Kalen**

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Remember high school? Labels abounded. Were you a jock, a brain or a musician? Whatever your 'label' was, I bet you were more than that and as you grew into your many talents you became very successful. Our industry puts labels on financial professionals as well. Are you an agent, an advisor, a broker, a registered rep or a financial planner? Are you an independent or a career agent? These labels are just as limiting as the ones placed on us in high school. But it's only when you peel off the label and focus on what you do day to day that matters to the success of an advisor and a distribution organization.

Objective Mindset For Long Term Success

The goal of a distribution or marketing organization is to focus on the success of their advisors. I am a believer in providing a platform that supports an "objective mindset". When an advisor feels free to listen to client needs without pressure to recommend one product over another or one carrier over another, that advisor will achieve long-term loyalty and satisfaction.

To eliminate potential biases for an objective mindset, barriers must be removed. Some barriers are created by distributor compensation schemes and others are created by advisors focusing too much on commission schedules. When these conditions are removed, the client feels more confident in recommendations made by the advisor.

As a result, client trust grows; more cross sales are made; advisor incomes rise; and, advisor satisfaction increases.

Distribution companies that avoid commission biases do a better job supporting advisors and play a major role in helping advisors attain this objective mindset. When combined with a solutions-based approach to serving clients, a strong support platform, and ease of doing business, advisor incomes grow. Just as advisors must be client-centric to achieve the best results, distribution organizations must be advisor-centric to achieve greater growth and productivity in an incredibly competitive industry.

To bring this message home, a white paper on building client loyalty developed by CEG Worldwide, a coaching, research and consulting firm advising top financial advisors and institutions, lays out the 6 factors to create trust among clients. They are: character, chemistry, caring, competence, cost effectiveness, and consultation. Each of these factors reflects the fact that advisors must be able to bring objectivity along with the 6 "C's" to the table when building client satisfaction and loyalty.

Demographic Trends and Product Considerations

A panel of experts at the recent Aging in America conference reinforced what we know in the financial services business. Baby boomers will transform aging in America over the next decade. According to the conference moderator, Ken Dychtwald, president and CEO of consulting firm AgeWave, by 2020, the population of Americans age 55 to 64 will have grown an unprecedented 73 percent since 2000, and that boomers will continue to change every stage of life though which they travel. The very magnitude of the baby boomer demographic gives advisors and distribution companies a huge opportunity to serve boomer needs for financial products and guidance.

The boomers are influencing a number of undeniable product trends. Safe money planning strategies are in demand with a focus on buying products that provide both growth and security. We have experienced strong growth in annuity business. Why? When the

stock market is volatile and clients ask our advisors about creating an income for life, the clients are open to discussions around annuities, how they work, how they fit into a retirement income strategy, and their unique guarantees.

However, client emotions are evident throughout the planning process. When the stock market is bad, clients can tend to cash in their equity investments at the worst possible time. They lose capital and income potential when they react too quickly. When markets rise, clients are more confident and can tend to leave their money in riskier investments too long with hopes of higher returns. Advisors who create confidence with their clients through an objective planning mindset are better positioned to help clients make decisions through these cycles.

In addition to safe money planning strategies, boomers are looking for their financial products to accomplish multiple goals. As a result, hybrid products have finally taken hold with clients who are looking for more options. Long term care or confinement riders on annuity or life insurance chassis have found their place with boomers. Life insurance, surprisingly, is still a planning topic for boomers and seniors. We have found three solid opportunities to use life insurance solutions with boomers. First, we can either save money on life insurance through re-qualifying healthy seniors for new cost effective coverage or use existing policies more effectively by contributing additional funds to take advantage of cash accumulation. Second, cash value life insurance is still an extremely effective way to accumulate tax preferred savings and achieve inter-generational planning. Finally, simple single premium life sales, at times in a hybrid product, work very well for clients looking to leverage assets they aren't planning to use in retirement.

While keeping up with product trends and advancements is key to advisor success in recommending solutions, perhaps more important to long-term practice management is preparing boomers and seniors for "what's next". Leading advisors are the ones who listen and ask questions. The more they probe, the more they know about a client, the more able they are to pinpoint the financial concern that's most pressing at that moment. For example, when working with a 55-year-old couple on insurance protection needs or retirement asset accumulation, a top advisor knows it's also the perfect time to lay the groundwork for what will happen 5 to 10 years from now. Advisors should start talking about how the retirement planning will shift from building wealth to spending that wealth by creating a reliable retirement income stream. In another scenario, advisors working with 65-70 year olds on Medicare supplemental plans may learn that these clients are interested in long term care insurance. But if an advisor waits until this issue becomes a major financial concern at later ages, it's too late to do anything about it. The time to educate and move toward decision making is when clients are in their 50s.

By address pressing needs now while looking ahead to future life events, the advisor not only gains trust by providing a value-added service, but also reaps the benefits of a long-term relationship and multiple cross selling opportunities. This approach toward life event solutions and planning puts both the advisor and the client in much stronger positions for future success and financial security.

Recruiting and Retention Challenges for Distributors

Perhaps the greatest challenge for distribution organizations is recruiting and retaining strong advisors. Clearly, the most attractive services advisors look for are a diverse product portfolio, strong marketing ideas focused on client solutions, effective marketing programs to access new clients, as well as competitive compensation, benefits, and recognition programs. In addition, sales support and simplified new business and commission tracking are critical when dealing with multiple carriers and product lines. Just as important, the ability to speak to a knowledgeable person who can navigate the nuances of the product set can make a big difference between growth and stagnation. A recent brokerage survey revealed that 68% of independent agents gave live telephone support the highest rating

as "Very Valuable" among many other services from carriers and distributors.

As a distribution organization, we continually look for ways to establish marketing programs with talented advisors. Our approach to recruiting dovetails with how our advisors work with Baby Boomer clients – treat them like individuals, not labels. ❖