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PRACTICE MANAGEMENT CANADA:
Financial Plans Attract Assets

By Evelyn Juan

TORONTO (Dow Jones)—Financial planning isn't just about offering holistic financial advice. Done properly, it should also keep assets flowing into the financial adviser's business, and leave clients satisfied.

In a survey released recently by Vancouver-based research firm Vision Critical, Canadian investors who have a personalized financial plan tend to allocate more of their assets to their advisers and are significantly more satisfied with them.

The survey was conducted among more than 20,000 Canadian investors across different sectors: emerging affluents who have C$25,000 to less than C$100,000 in investable assets; mass affluent with C$100,000 to less than C$250,000 to invest; affluent investors with C$250,000 to less than C$1 million to invest; and high-net-worth investors with at least C$1 million in liquid assets.

Roughly 76% of those surveyed who have personalized financial plans said they are willing to share their assets with their advisers, while 68% of those who don't have a personalized financial plan would be willing to do so.

In terms of willingness to recommend their adviser, 55% of those with a financial plan said they are willing to refer their adviser, while only 35% of those who do not have a plan would do so. More clients with a financial plan - 55% of those surveyed - expressed satisfaction with their adviser, while only 38% of clients with no financial plan were satisfied.

Only 13% of those who have financial plans said they are considering leaving their adviser, while the probability is higher - 21% - for those who do not have a financial plan.

"We've seen how financial advisers are engaging their clients through financial planning," said Demitry Estrin, senior vice-president for financial services at Vision Critical.

He said only 42% of investors surveyed had a personalized financial plan last year.

Aside from having a personalized financial plan, clients who have been contacted more frequently by their advisers show greater satisfaction with their broker.

Dissatisfied investors cite that they speak with their advisers only four times a year while satisfied investors speak with their adviser nine times a year. The frequency of contact increases as the client's investable assets go higher.

Satisfied investors with more than C$1 million in assets show they were contacted by their advisers an average of 13 times a year, while those with C$25,000 to less than C$100,000 were contacted by their advisers seven times a year.

But Dan Richards, president of consulting firm Strategic Imperatives, said communicating with clients is more about quality than frequency, particularly in bigger and busier cities where it could be a hassle to meet, and people's schedules are more packed.

"Three to four good conversations a year will keep clients happy or satisfied," said Richards. "One (meeting) should be face-to-face if possible," he added.