The Plan Is the Thing

Financial advisors have their work cut out for them.

Appointment after appointment asking personal questions and suggesting financial fixes. Reading up on economic news, banking regulations, trusts, and the ever-changing tax laws. Digesting the endless stream of on-line info. “I want to stay focused on what’s best for my clients,” says one People’s United Bank advisor.

One Size Doesn’t Fit All

Advisors are listeners, but they’re also doers. “I need to take in what my clients are sharing with me,” says another advisor, “and then structure a responsive plan—one with ‘what-if’ scenarios.”

For some clients, a simple plan fits; for others, the complexity is off the chart. “Large families with multiple generations, obligations, attitudes toward risk, and affinities for specific investments will demand more planning time,” explains one advisor. “For other clients, it’s more of a straight shot.”

Meanwhile, data, research, and investment ideas surround clients 24/7. “My clients like to tell me about new ideas they’ve heard about,” shares one of our advisors. “And that’s fine. But I might spend an entire meeting unpacking why something that enticed them isn’t relevant to their situation.”

When? Now

There’s an aphorism that the best time to set a financial plan is 30 years ago. *The second best time is today.*

“Financial planning these days uses a suite of tools that can aggregate a client’s total holdings—from stocks and bonds to mutual funds, 401(k) plans, bank accounts, insurance, and so forth,” one advisor reminds us. “I try to get a 360-degree view of my clients‘ resources, and fold in their goals, risk-tolerance levels, and time frames.”

One hot planning topic as the American population ages centers on retirement *(see article on page 7)*. “I talk with my clients all the time about converting their investments and savings into retirement income,” says one of our advisors. With life expectancy now edging into the 80s, there’s usually a lot of life after 65. As Joseph Coughlin of the MIT Age Lab explains, “8,000 days from birth to graduation. Another 8,000 days from graduation to the first mid-life crisis. 8,000 days from there to retirement, and then 8,000 more days after retirement.” Eight thousand days is roughly 22 years. That’s a lot of time to plan for financially, and it could be a lot longer. It’s never too early to start.

Setting Expectations: Expense Denial

Budgeting is a significant, but often overlooked, factor in financial planning. “We find that while clients usually know a lot about their earning abilities and their rising incomes, they’re less realistic about their expenses,” one advisor tells us. “It’s one thing to take a higher-paying job, but another thing to recognize that one’s cost of living might rise even *higher*.”

The market’s outsized gains over the past several years have skewed investor expectations. “I often talk about diversification and performance correlations. And the first quarter of this year was a wake-up call,” says one of our advisors.

Correcting for home-country bias is another part of the planning conversation. “Helping my clients understand that approximately 50% of the world’s stock-market capitalization is outside our borders helps the geographic diversification conversation,” says an advisor.

Teamwork Is Key

Financial planning is not a solo effort. “As a planner,” adds another advisor, “I see myself as a quarterback, assembling a team of skilled professionals.” Typically an advisor will work closely with trust-and-estate attorneys, CPAs, and insurance specialists to design customized long-term plans.

“We talk, updating documents, sharing notes about new tax laws, discussing regulatory implications, and exchanging information—both happy and sad—about clients and their families. As an advisor, you need to be connected.”

Finally, family circumstances evolve. While annual or even quarterly catch-up meetings with clients have been the norm, many advisors speak often, email and text, especially for more complex relationships. “I meet with my clients as often as they like and send out articles relevant to issues that matter to them. No matter how much you know about your client, there’s always more to learn. Remember, this is a marathon, not a sprint,” sums up one of our advisors.