AdvisorFocus

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Opportunities in Numbers: FALLING SHORT IN RETIREMENT

eMoney Advisor

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10 Years... And Still Going Strong

Initial Vision

In June of 2000, Edmond Walters left his practice of over 20 years as a financial advisor and founded eMoney Advisor. His objective was straightforward—to build technology that would help advisors form stronger client relationships, create back office efficiencies, and stay one step ahead of their competition. This would ultimately lead to advisors maximizing their revenue potential.

The eMoney Advisor platform was created to meet this objective.

Evolution

The eMoney platform has continually evolved by innovating advisor technology. We were the first with technologies that are considered the standard in the industry today—like a custom client website, integrated account aggregation, an online document vault, and mobile device access to data.

We have worked to change the way advisors deliver their products and services. Going forward, we will continue to set the standard.

Future Vision

In the years to come, eMoney Advisor pledges to all its users to lead the industry and fulfill our initial vision in everything we do and everything we build.

We strive to continue to be both a game-changer in the industry and the game-changer for your practice.

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In April's AdvisorFocus we talked about the importance of telling a story as a way of fostering a relationship with a client. As one reader has advised us, it is as important to tell the client's story as it is to tell our own.

"Clients need to know that they have been heard, that their goals and concerns have all been factored into the planning process," explains Diane Pappas, Financial ParaPlanner, Shepherd Financial Partners. "They also need to know that you can relate to their circumstances and concerns on a personal level," she adds.

Pappas approaches the client presentation as an opportunity to tell clients their own stories. Reiterating each client's goals and objectives at various points, she emphasizes what specific concerns she is addressing with each of her recommendations and specifies how that recommendation is part of a client's comprehensive plan.

"We insert text into blank pages in the eMoney reports to show what we are trying to achieve. We put clients' objectives and goals in big, bold letters as a precursor to our reports and recommendations," she says, "thereby assuring clients that their concerns have been heard."

By also sharing anecdotes about similar experiences, Pappas clearly demonstrates that she can relate to clients' situations. After spending eighteen years at home raising her family, Pappas got divorced. Having to take control of her own fiscal life and become the architect of her own financial future led her to a career in financial services.

"My own experiences with financial management and with college and retirement planning have helped me relate to clients," she explains. "For example, in the budgeting process I can describe how I tackled my own family budget, and how I found pockets of money that could be redirected to help us achieve some of our longer term goals."

The more you can personalize a presentation, the more likely it is your recommendations will be adopted. Personalization comes not only in the preparation you devote to the presentation, but also in the personal experiences you provide to reinforce your recommendations. It is also a byproduct of the encouragement you give to clients to interact with the software. Your presentation should be flexible enough to convince clients both to change a few variables and to experiment with the reports, an approach which reveals clearly how a change — or a creative twist in the plot of their story — will affect their entire plan.

in a nutshell

“Economic conditions are rarely as strong or as soft as the monthly data seem to imply.”

- Joel L. Naroff **CHIEF ECONOMIST**

Last month, it seemed like the best of times for the economy. Housing was on the upturn, manufacturing activity was jumping, consumers were spending and inflation was low. Most critically, with jobs suddenly being created at a robust pace, it looked like the last piece of the puzzle was finally being put in place. And then the May employment report was released and all that we knew was suddenly put into question.

But let’s not panic. The reality is that economic data are fickle and the road from steep recession to full recovery will be filled with many more bumps and potholes.

The economy has been in the recovery stage for quite a while now. To move into the expansion stage, we need businesses to hire workers at a pace great enough to cut the unemployment rate. This will do two crucial things: It will raise consumer confidence and create more income, allowing household spending to drive the upturn.

While economists believe the recession ended months ago, most normal people think we are still in a downturn. Yes, consumer confidence is rising, but it is still near recession levels. The problem is the dearth of employment opportunities. Ultimately, job security is the critical factor in confidence and spending. Years ago, I redefined job security as being the ability to walk across the street and be hired. Few can do that today.

When the April employment report came out, it appeared the jobless recovery was over. And then the May numbers showed up and we went from over 220,000 new private sector positions being added to fewer than 50,000. What seemed like a rebounding labor market now was being feared as a faltering job situation. The reality is that both views were wrong.

When evaluating economic data, it is critical not to assume the number du jour is exact and reflective of longer trends. Take the payroll numbers. Over the past fifty years, the month-to-month changes have differed by an average of 125,000. In other words, the numbers always bounce around a lot. Thus, it should not have been a surprise that the May rise was vastly different from April’s gain.

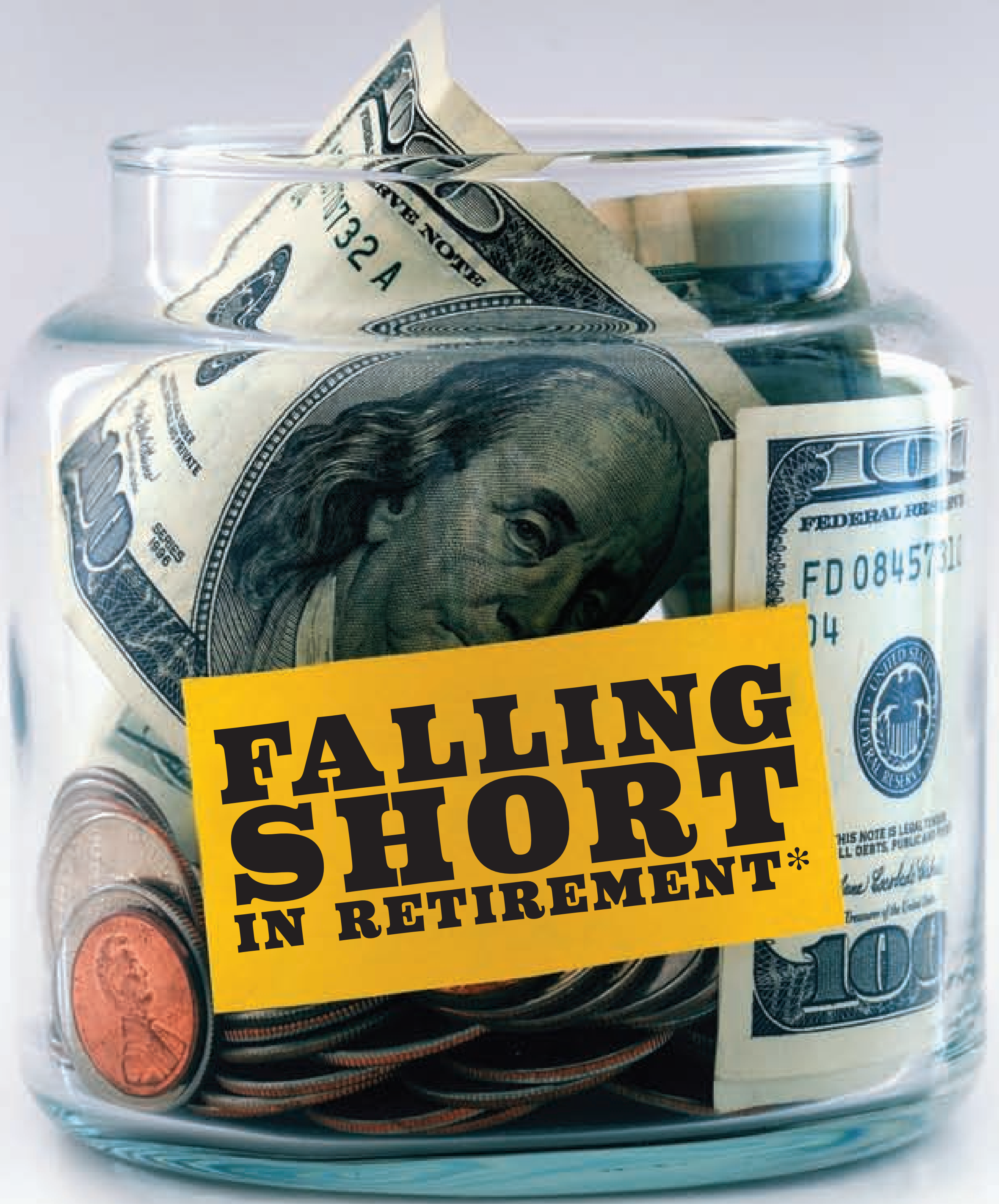
Examining the trend provides a better picture of the labor market. This year, businesses have added an average of 100,000 new positions and that has accelerated to 140,000 the past three months. That is pretty much what was expected.

With the economy expanding for almost a year, demand firms are finally filling in the gaps created by the extraordinary cuts made last spring. But the robust top line GDP increases posted in the last six months are a mirage. Most of the growth has come from warehouse restocking. Excluding inventories, demand is rising at a less than 2% pace and that doesn’t require major increases in payrolls.

Since job gains mirror economic growth, there is little reason to expect robust hiring until the expansion accelerates. That has major implications for confidence, income, consumer demand and the equity markets. If the forecast of moderate job growth is correct, the unemployment rate will fall slowly, restraining household confidence. With income growth limited, neither consumer demand nor the overall economy is likely to surge.

What does this all mean for the equity markets and interest rates? Investors who had fully bought into the “V” shaped or rapid recovery might need to re-evaluate their expectations. Robust earnings gains may not be sustained if growth doesn’t accelerate. As for the Fed, the policy has been go slow until it is absolutely clear the expansion is sustainable. A moderate expansion should not trigger any major uptick in inflation so the strategy of keeping rates low for an extended period just might be retained for the rest of this year.

OPPORTUNITIES IN NUMBERS



80%

4 out of 5 Americans are expected to fall short of meeting their retirement income needs

15.7

Employees will need 15.7 times their final pay when factoring in inflation and postretirement medical costs

4.7

Social Security is estimated to provide 4.7 of the 15.7 times final pay needed

11

Employees will be responsible for providing 11 times their final pay in personal savings or company-provided plans

13.3

On average, employees are projected to accumulate 13.3 times their final pay with Social Security, leaving them short by 2.4 times pay

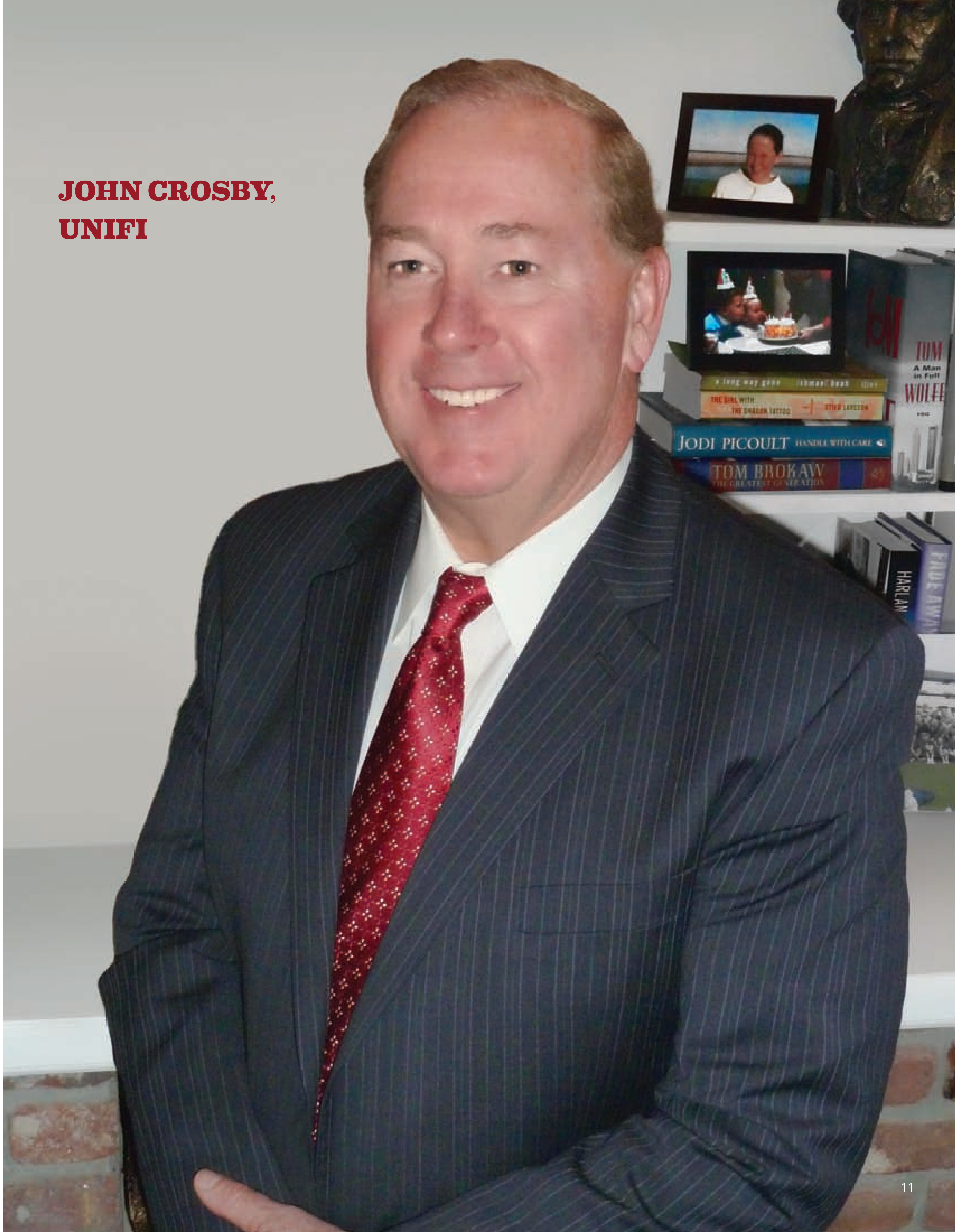
Bottom Line:

Tomorrow's retirees will need to rely on personal savings much more than their parents did. Worries about the rising cost of health care and the future of Social Security leave your clients and prospects with many questions. The cost of waiting to put a "Financial Plan" in place could be losing that client to an advisor who will.

*Source: Hewitt Associates, 2010 study

advisor SPOTLIGHT

JOHN CROSBY, UNIFI



What did you do before you became an advisor?

After graduating from college with a degree in accounting and business law, I found I did not want to be an accountant. I wanted to get started in financial sales of some kind, but I had no sales experience. So I worked for an environmental services company as a sales representative selling disaster recovery contracts in the event of oil spills, and bidding jobs to clean oil tanks. Just think—I could be in the Gulf of Mexico right now—good luck to the folks down there. I am glad my career took another direction in 1983 when I started my training with CIGNA. I have been in financial services ever since.

What do you like to do in your downtime?

There seems to be very little spare time available lately, but I am constantly working on education for my career and practicing my golf game. My wife and I enjoy riding bikes, visiting with our two children, and watching college football and basketball. (Go Irish!)

What was the single business decision that had the most impact on your success or the success of your practice?

Being introduced to eMoney Advisor. In the past, we used Excel spreadsheets to do comprehensive financial planning. Each time we did an update to the plan we had go back and collect updated financial and investment statements from the client, reenter the information into the spreadsheets, and then hope the timing of meeting with the client was quick enough so as not to let the data become inaccurate. Utilizing the eMoney system has allowed me to provide a higher, more consistent level of planning and provide my clients with updated information on a daily basis. I've had clients—husbands and wives—where one person knew where the assets and the income sources were and the other knew where it was going. Now, each of them has a great comfort level to see and understand both. When dealing with money it can become very emotional. Now they can focus on their specific goals and provide the "what if" scenarios without conflict or upset.

What job would you be doing if you weren't an advisor?

Either a basketball coach or a golf course superintendent. (I have a strange fascination with bent-grass species and pest control.) More likely, I'd be a basketball coach. I've enjoyed coaching a girls' AAU team for many years and countless other kids in our local basketball programs. I find a lot of similarities between coaching and financial services. I am now coaching my clients on their financial path to success.

A team approach is so vital in working with other financial professionals. Being part of a team is about developing a game plan and executing a strategy. All the players have a role in achieving the desired outcome.

Where do you go for ideas? Do you reference particular books or online resources?

I am a big believer in continuing education. I have developed a substantial library of reference books over the years. I subscribe to various newsletters and get updates from other professionals: attorneys, accountants, economists, other financial coaches, and top advisors. There are many regional and national seminars, along with daily e-mails of WebExes constantly available. As a member of the FPA (Financial Planning Association) of both New York and New Jersey, the EFPCNJ (Estate and Financial Planning Council of Central New Jersey), the Society of Financial Services Professionals, and the New Jersey Square Table, I keep up-to-date with new planning ideas. It can sometimes be daunting to stay focused on the areas that I specialize in, because of the overlapping of laws and the impact they have on a client's financial future. But knowledge is power, and there's much to be gleaned by keeping eyes and ears open.

Suggested Books - Tax Facts, I & II

Resources: Steve Liemberg, Bob Keebler, Ed Slott, HS Dent

PRACTICE **PROFILES**

PRACTICE HISTORY

I started in the financial services field in 1986 and was trained on a financial planning platform. We've continued to work under a financial planning model, and have structured our practice based upon this model. I hired my first personal assistant in 1993 and currently have two full-time staff. We purchased our own office in 2008.

CORPORATE CULTURE

We maintain a disciplined focus on customer service and professionalism. Providing outstanding customer service in a professional manner is how we separate ourselves from our competition. It's also the mechanism that allows us to position ourselves for desirable referrals.

TARGET MARKET/SCOPE OF SERVICE

We market predominantly to corporate executives, professionals, small business owners and professional athletes. The northern New Jersey area is filled with corporate offices of many large Fortune 500 type corporations, so that presents a natural market. Most of our corporate clientele are middle and upper management level and that group represents the biggest segment of our client base. Over the past decade, we've had the opportunity to work with some professional athletes. A significant portion of our client base is retirees.

We work from a comprehensive financial planning approach, so we start with an analysis of the client's situation and then follow that with strategic recommendations.

SINGLE BUSINESS DECISION THAT'S MOST IMPACTED THE PRACTICE

After about five years in the business, I finally wised up, listened to some successful peers, and started to put a major emphasis and focus on activity and client building. I measured my activity daily and began setting activity goals. This focus paid immediate dividends as I saw both my activity and production grow. This client-building focus has been responsible for building a loyal client base resulting in significant revenues from repeat business each year.

KEEPING PACE WITH INDUSTRY CHANGES

We stay current through the normal channels of industry periodicals and online sessions. We are also fortunate that we receive a wealth of information from our primary insurance carrier and broker dealer. Additionally, I attend several industry conferences each year. One of the more valuable resources is the study group I belong to because that avenue brings me new ideas on practice management as well as strategies to deal with industry changes.

THE TEAM'S BEST PRACTICES

A simple but incredibly effective practice we are very disciplined about is systematic client contact. We segment our clientele by client type (A,B,C) and then systematically "touch" the client a certain number of times per year dependent on what type of client they are. It's reassuring to the client to hear from us on a regular basis. One of the easiest and most effective touches is a simple birthday call to check in with the client.

EMBRACE 80/20: CONDUCT CLIENT MEETINGS

(Part 1 in a 3-part series designed to help you increase client retention)

We live our lives by the numbers: phone numbers, PIN numbers, and stock market numbers.

But, do you know the numbers that can help you grow your practice? They are easy to remember, but often discarded. 80/20 and 5/25. Most financial advisory practices can attribute 80% of their business to existing clients and only 20% to new. And raising customer retention rates by only 5% will likely increases sales by 25%.*

Understanding and adapting the way you do business around the numbers 80/20 and 5/25 is central to long-term growth. When you know the source of your growth, you spend your time and energy on that source — existing clients. Committing to cultivate client relationships and increase client retention is the first step. Putting a strategy in place is the next.

One of the most effective tactics to strengthen client relationships is to conduct regular, organized status reviews. These meetings give you a forum to offer guidance on how current conditions impact their long- and short-term strategies and goals. They are proactive and not in response to a certain issue the client raised.

The purpose of the meeting is to assure the client you are on top of their financial situation and have their best interest in mind. During the meeting, you inform clients where they stand financially, answer questions, calm fears, and listen to concerns. Most important, it helps you learn of changes in their circumstance that warrant changes to their plan.

Preparation will make your client meetings an engine for growth for your practice. Block off roughly three weeks every quarter and dedicate that time to meeting existing clients. At each client meeting, review the following:

- Balance sheet
- Net worth statement
- Investment performance
- Cash flow
- Retirement overview

If meeting with all clients quarterly is not logistically possible, refer to client categories to prioritize. Set a goal to meet with A clients quarterly, B clients semi-annually, and all other clients annually.

Schedule your appointments a few months out, confirm them as they approach, collaborate with any other advisors about the meeting topic, and send out an agenda well in advance. Clients will appreciate your foresight and thoroughness. Don't worry about the impact of these meetings on your marketing activities. These meetings are marketing opportunities. If you meet regularly with clients and offer value-added services, your retention rates will improve. Think of client meetings as opportunities for you to improve your numbers.

*Source: Harvard Business Review

Next month's For the Field covers client meeting themes

TECH CORNER

Should You *dash* Out and Buy Sony's New Internet Viewer?

Sony has introduced a new product it calls a "Personal Internet Viewer". Its name — the Dash — hints at its dashboard interface, which provides easy access to multiple functions right at your fingertips. It has a "home" screen, from which you can display thousands of possible applications.

The Dash is not meant to replace your PC or smartphone, instead, it's meant to occupy a niche all its own. Since the Dash requires a WiFi Internet connection at all times and uses a power cord, it's not meant to be used outside of the home, but Sony markets the device as providing value and usefulness from the kitchen to the bedroom.

There's a seven-inch color touch screen and stereo speakers on the front, volume buttons and a menu button that doubles as a snooze button (for using the Dash as an alarm clock) on the top, a USB port and headphone jack under a flap on the left, and a power connection tucked into a recess on the bottom. An internal accelerometer supports vertical flip, allowing for both upright and tilted viewing angles.

The device supports applications like Netflix, Pandora, YouTube, Facebook, Reuters News, CNBC News and Stock Quotes, and Accuweather. All are provided free of charge. The Dash allows users to choose apps either directly from the device or online through a PC. It can run multiple sources of content simultaneously, so, for example, you can enjoy listening to Internet radio while browsing through other apps on the device. Another interesting feature is the ability to create and maintain multiple user profiles, allowing customization by different members of the family.

Initial setup is a little bit clunky since you must register the device on the Internet with Sony, and then customizations can be made through the Dash portal website. When plugging in the Dash, it takes around 30 to 50 seconds to actually start up. The next step involved in setup is creating an account online on the Dash website, which you'll need to do from your computer, since the Dash lacks a Web browser. Here, you'll enter the product serial number and set up which apps, games, and services you want to appear on your Dash.

One article about the device asked the question "Should you buy the world's most complicated alarm clock?" It all depends on what you want to do with the Dash. If you're looking for something that can sit by your bed, allow you to wake up to Internet radio, show you daily weather and traffic reports, check e-mail, and display photos, the Dash is a nice fit. If you're looking for something for watching movies and updating Twitter and Facebook, I would get an iPad. Despite its name, the Dash is too stationary and too slow to be valuable in those situations.

It's important to note that the next version of the Dash is slated to include a battery, which should significantly boost its portability.

($199) www.sonystyle.com/dash

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