



**INVESTMENTS & WEALTH INSTITUTE®**

# **Welcome!**

## **WealthBoard™**

**June 24, 2020**

*Save the Date: Wednesday September 9, 2020 from 4:30 to 5:30 ET  
for the next WealthBoard call during BeFi Week.*

# Agenda

1. Welcome and Introductions.
2. New Cerulli Advisor Research.
3. New Absolute Engagement Investor Research.
4. Q&A on Research.
5. Discussion on how organizations are dealing with the crisis.
6. Closing Remarks and Adjourn.

# About WealthBoard™

- ◆ Develop and encourage the practice of high standards of professional conduct among advisors.
- ◆ Improve the professionalism of financial advisors through education and advanced certification.
- ◆ Promote and protect the interests of the financial advisor profession and the public it serves.
- ◆ Broaden understanding of investment consulting and wealth management.



**INVESTMENTS & WEALTH INSTITUTE®**

**CIMA®**  
CERTIFIED INVESTMENT  
MANAGEMENT ANALYST®

**CPWA®**  
CERTIFIED PRIVATE  
WEALTH ADVISOR®

**RMA®**  
RETIREMENT  
MANAGEMENT  
ADVISOR®

**CHICAGO BOOTH**   
The University of Chicago Booth School of Business

**CHICAGO BOOTH**   
The University of Chicago Booth School of Business

**INVESTMENTS  
& WEALTH  
INSTITUTE®** 

  
**Yale SCHOOL OF  
MANAGEMENT**

  
**Yale SCHOOL OF  
MANAGEMENT**

 **Wharton**  
UNIVERSITY of PENNSYLVANIA  
Aresty Institute of Executive Education

**INVESTMENTS  
& WEALTH  
INSTITUTE®** 

Registered  
Executive  
Education  
Providers

**13,168**  
**Members & Certificants**

**8,377 CIMA<sup>®</sup>**  
**Certificants**

**2,189 CPWA<sup>®</sup>**  
**Certificants**

**189 RMA<sup>®</sup>**  
**Certificants**

**10,286 Program**  
**Registrations**



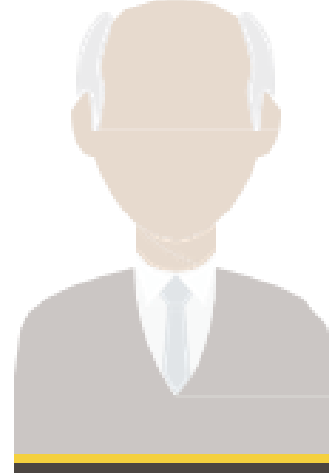
**9.5%**  
Millennials  
**<36**



**35.5%**  
Gen-X  
**36-51**

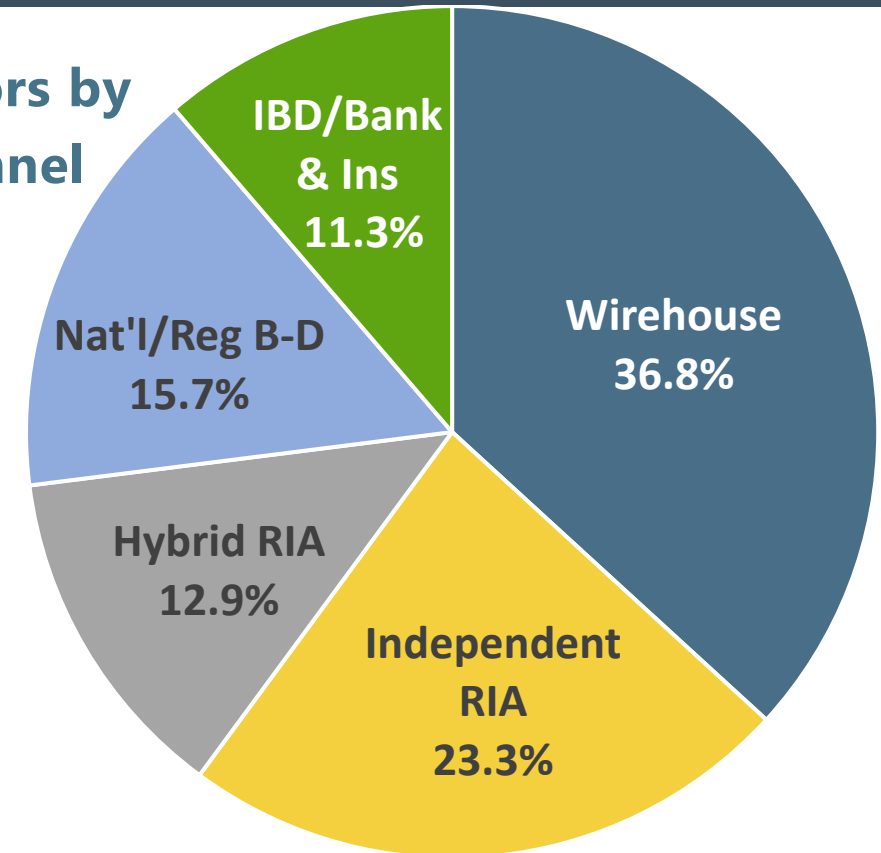


**52.1%**  
Baby Boomers  
**52-70**



**2.9%**  
Silent Generation  
**>71**

**Advisors by Channel**



**<5 Years**



**5-9 Years**



**10-14 Years**



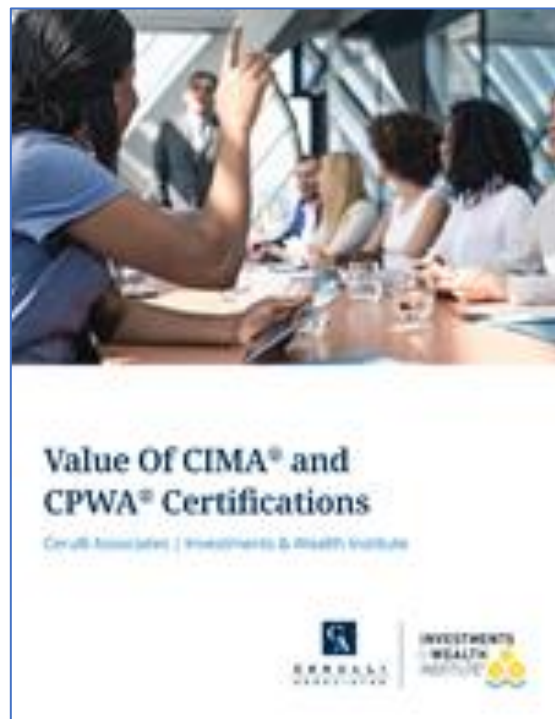
**15-19 Years**



**20+ Years**



**More than half bring  
over 20 years of  
industry experience.**



**Value Of CIMA® and CPWA® Certifications** — The financial advisory profession has grown dramatically in the last several decades. Today's investors have more choices than ever before, not only in how they invest but also in advisor services. Today, advisors must differentiate themselves, provide meaningful support to clients and remain relevant by undertaking ongoing academic training and earning advanced credentials. This 2020 research study finds that the Certified Investment Management Analyst® (CIMA® ) and Certified Private Wealth Advisor® (CPWA® ) provide high value for advisors.



**2020 Investor Research** — This new investor research, fielded in March 2020 by Absolute Engagement, illuminates the changing client perceptions regarding their advisory relationship and outlines the steps that advisors can take to demonstrate and reinforce their value now and in the future. The research also focuses on expanding the Exceptional Advisor Model to understand how advisors need to adjust their offer when working with different client segments.



**CERULLI**  
ASSOCIATES

*Research | Analytics | Consulting*



**Marina Shtyrkov**

Senior Analyst, Wealth Management  
617-841-1032  
mshtyrkov@cerulli.com



**Ed Louis**

Senior Analyst, Wealth Management  
617-841-1025  
elouis@cerulli.com



# Project Summary

- Comparison of practices with the Certified Investment Management Analyst<sup>®</sup> (CIMA<sup>®</sup>) and the Certified Private Wealth Advisor<sup>®</sup> (CPWA<sup>®</sup>) certifications to all advisors across **three key trends**.
- Highlight how IWI-certified practices with the CIMA and CPWA certifications are positioned to thrive as they face these trends.



**Navigating an increasingly fiduciary environment**



**Maximizing human capital**



**Curating a client experience**








# Methodology

- Cerulli processes financial advisor survey responses on an annual basis as part of the industry's longest-running annual advisor survey in the U.S., having been in circulation for more than 10 years.
- Data for the report was collected on a continuous basis throughout 2019. Cerulli conducted approximately 2,000 total advisor surveys in 2019.
- Surveys were conducted in partnerships with industry organizations, including the Investments & Wealth Institute. This allows Cerulli to measure the value of the Certified Investment Management Analyst® (CIMA®) and the Certified Private Wealth Advisor® (CPWA®) certifications against all advisors.




## IWI-certified practices embrace financial planning at higher levels than the overall industry.

### SERVICES OFFERED, 2019

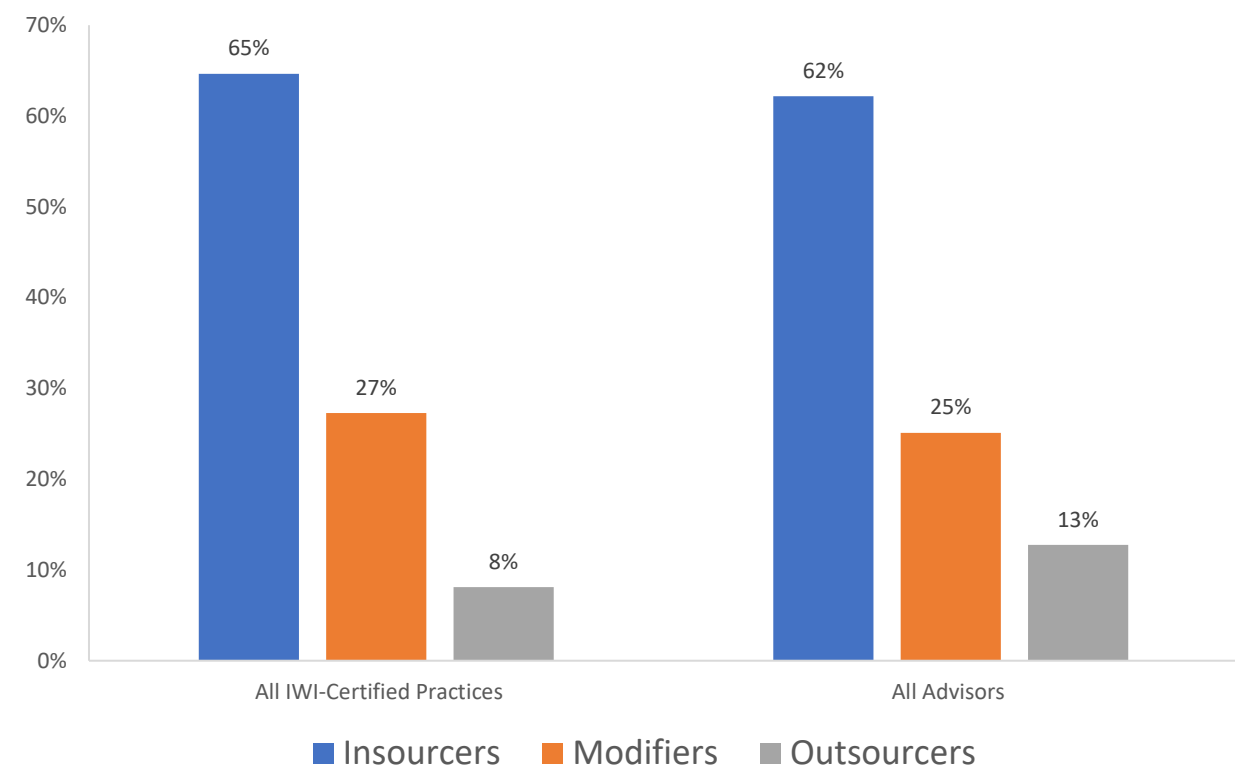
	 Private banking	 Charitable planning	 Trust services	 Intergenerational planning	 Estate planning
CIMA-Certified Practices	36%	69%	47%	60%	68%
CPWA-Certified Practices	49%	83%	60%	73%	82%
All IWI-Certified Practices	38%	70%	48%	62%	68%
All Advisors	20%	54%	32%	50%	61%

# Institute members have demonstrated a willingness to use a broader set of investment tools than their peers.

PRODUCT USE, 2019

	 Percent using ETFs	 Percent using alternatives (excluding liquid alts)	 Percent using separate accounts
CIMA-Certified Practices	81%	45%	70%
CPWA-Certified Practices	73%	59%	70%
All IWI-Certified Practices	78%	49%	68%
All Advisors	74%	32%	45%

PORTFOLIO CONSTRUCTION PROCESS, 2019



Sources: Cerulli Associates, Investments & Wealth Institute

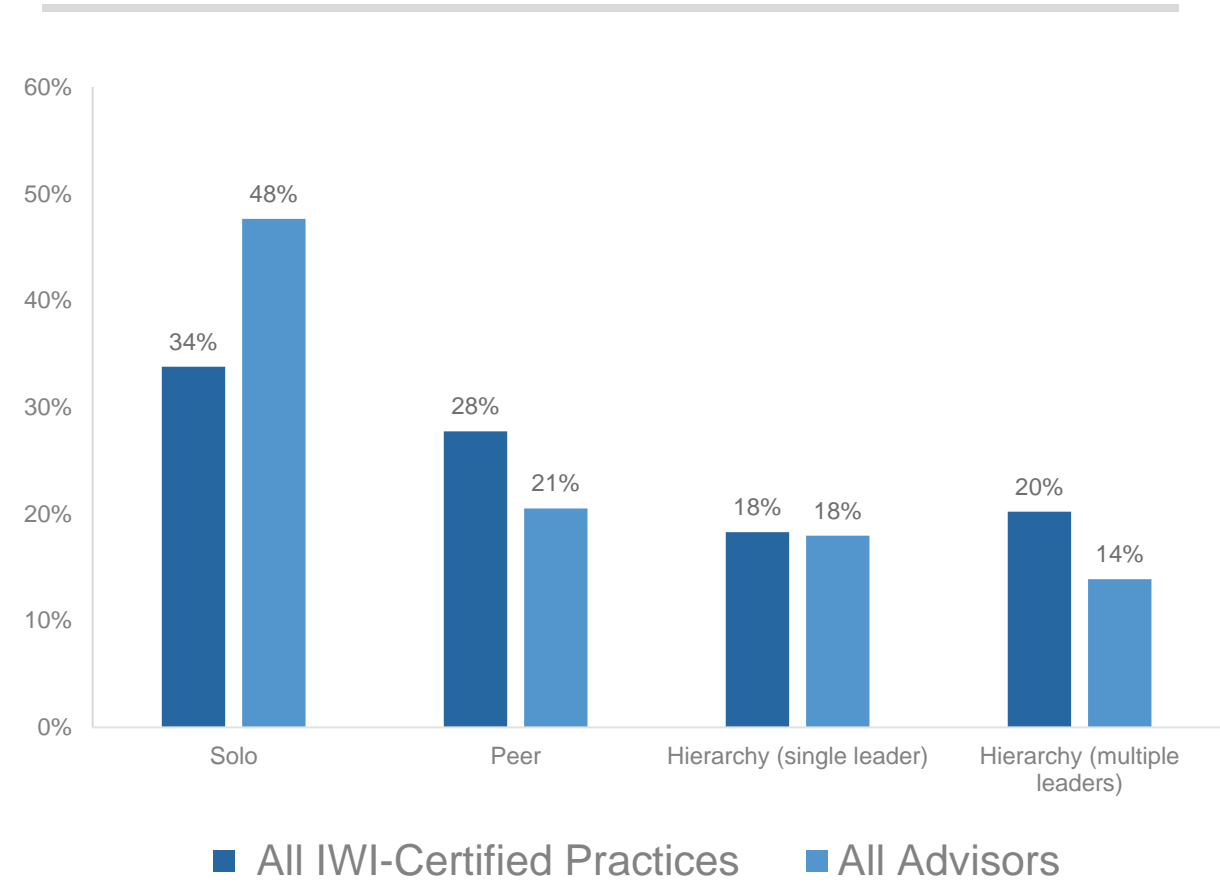
Analyst Note: “Insourcers” rely primarily on practice resources when constructing client portfolios. “Modifiers” start with others’ models customized to each client. “Outsourcers” cede discretion to their home office, custodian, or other third party.

# Teaming allows IWI-certified practices to specialize, extend their capabilities, and deepen intellectual capital.

PERCENT EMPLOYING SPECIALIZED STAFF, 2019



TEAM STRUCTURE, 2019



Sources: Cerulli Associates, Investments & Wealth Institute  
 Analyst Note: Practices with specialized staff have at least one designated financial planning, investment research, marketing, or compliance role.

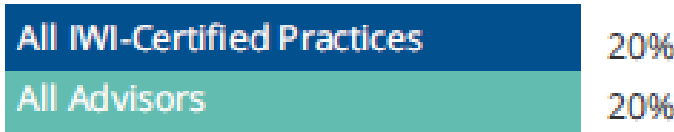
# IWI-certified practices are more likely to include younger advisors who can be groomed as successors.

## ADVISOR AGE, 2019

### <35 years old



### 35 to 44 years old



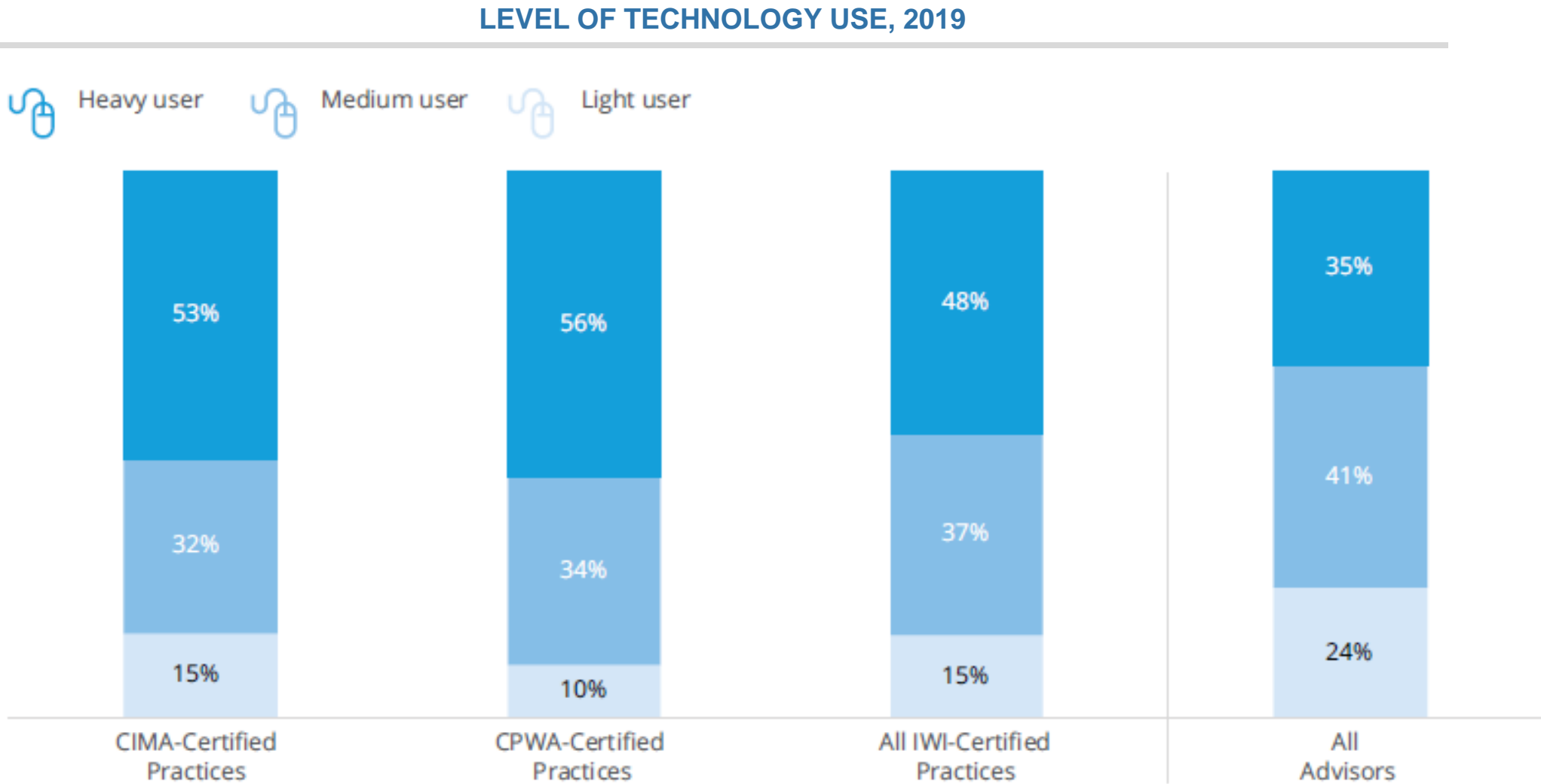
### 45 to 54 years old



- Nearly two-thirds (66%) of advisors in CPWA-certified practices are either Millennials or Generation X.
- Advisors in IWI-certified practices are, on average, 48 years old and moderately younger than the industry average.
- Close to three-quarters (71%) of IWI-certified practices are either open to acquiring another practice, or actively searching for acquisition opportunities.

Sources: Cerulli Associates, Investments & Wealth Institute  
 Analyst Note: All advisors data is based on market sizing as of year-end 2018, whereas data for IWI-certified advisors is based on survey responses collected in 2019.













# Heavier technology use allows IWI-certified practices to improve productivity and curate a client experience.



Sources: Cerulli Associates, Investments & Wealth Institute

# IWI-certified practices are well aligned with industry trends, yielding measurable productivity benefits.

IWI-CERTIFIED VS. ALL ADVISORS: PRACTICE PROFILE, 2019

Attributes	CIMA-Certified Practices	CPWA-Certified Practices	All Advisors
 Practice	 <b>\$2,165,733</b> Average client size	 <b>\$3,667,059</b> Average client size	 <b>\$1,357,698</b> Average client size
 Services	 <b>39%</b> operating as advice-oriented practices	 <b>59%</b> operating as advice-oriented practices	 <b>30%</b> operating as advice-oriented practices
 Assets	 <b>\$166.0</b> Assets per senior advisor (\$ millions)	 <b>\$158.1</b> Assets per senior advisor (\$ millions)	 <b>\$96.7</b> Assets per senior advisor (\$ millions)

Sources: Cerulli Associates, Investments & Wealth Institute





## 2020 Investor Research:

The current crisis, the impact on client loyalty, and the implications for your business

**ABSOLUTE**  
**ENGAGEMENT**

**Julie Littlechild**

Founder & CEO, Absolute Engagement  
[jlittlechild@absoluteengagement.com](mailto:jlittlechild@absoluteengagement.com)

## Project Summary

---

For the past several years, IWI and Absolute Engagement have conducted research several among investors to understand their advisory relationship and provide advisors actionable steps advisors can take to demonstrate and reinforce their value. The research also expands the Exceptional Advisor® Model to understand how advisors need to adjust their offer when working with different client segments. This year we also asked several questions relating to investor behavior.

## Methodology

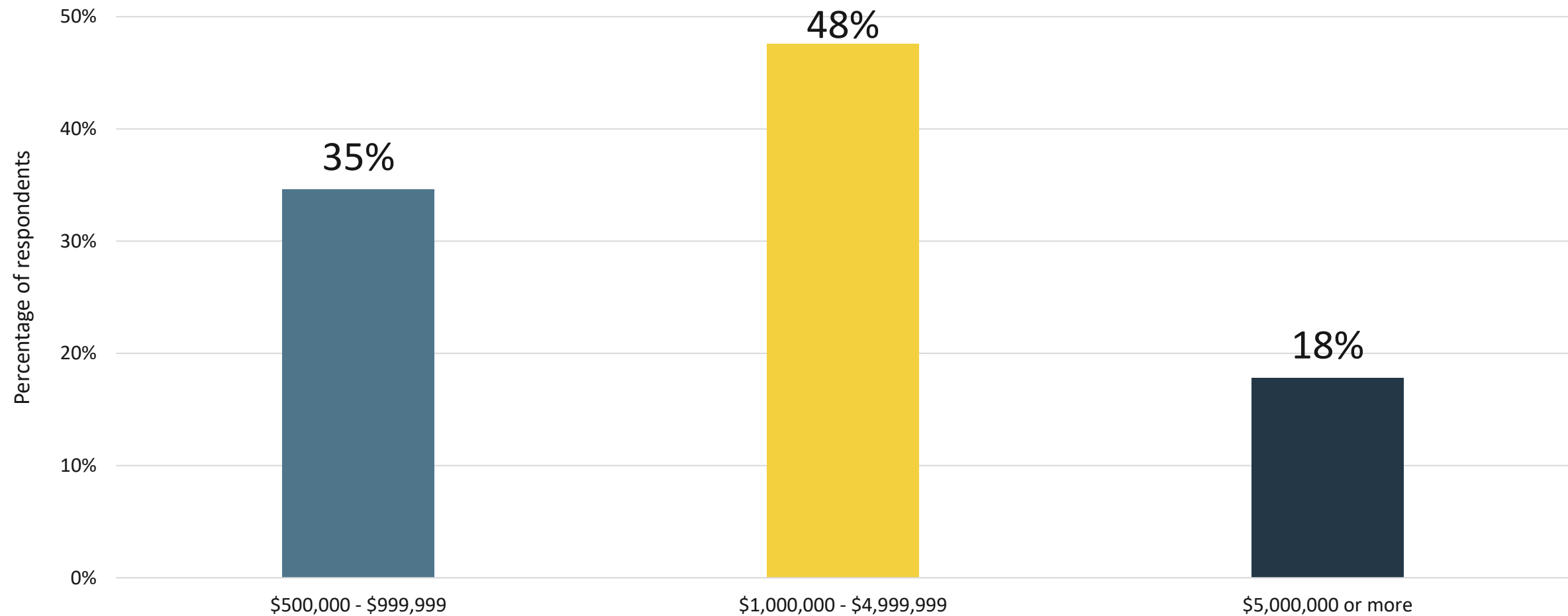
---

Absolute Engagement surveyed investors in the U.S. and Canada between March 10 and March 26, 2020. Data was collected from a total of 1,178 respondents, with 751 in the U.S. and 427 in Canada.

Survey participants:

- Worked with a financial advisor
- Made/contributed to financial decisions,
- Met investable assets criteria.

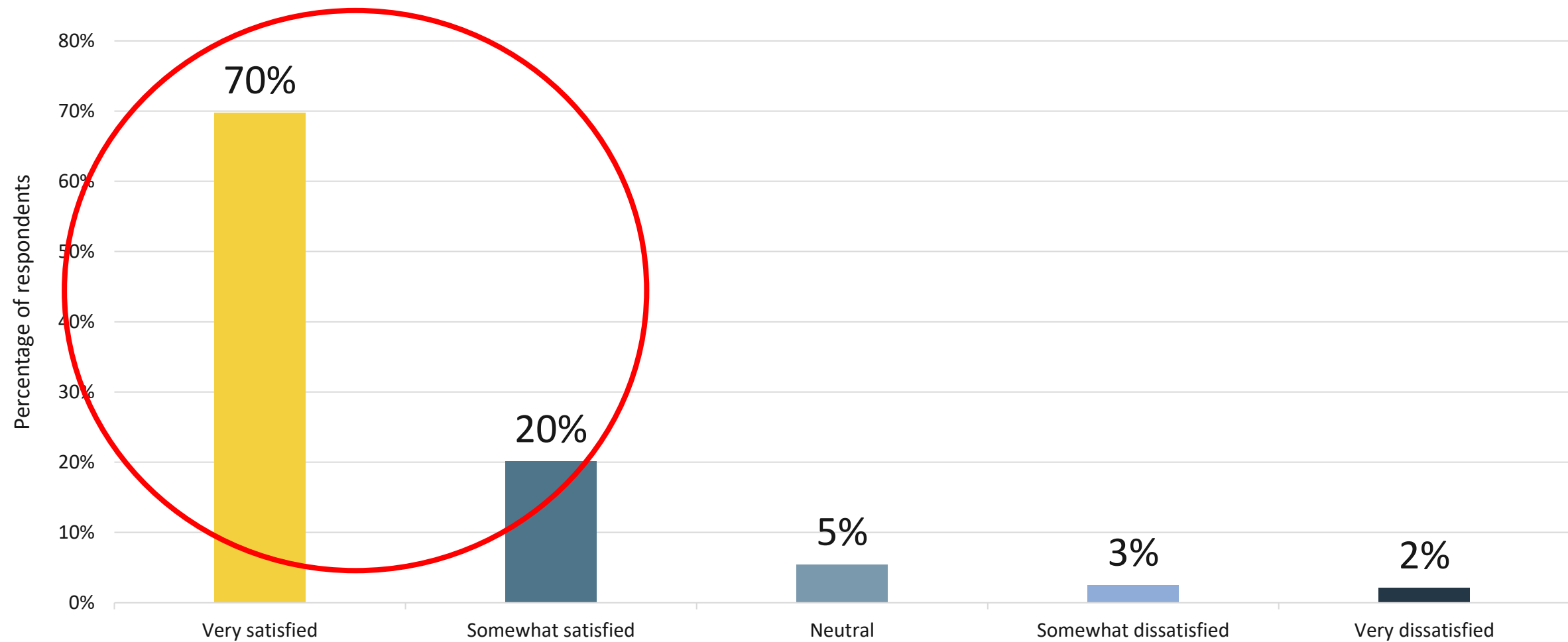
# Investor Profile: Assets



Q:Please tell us which best describes your current total investable assets?

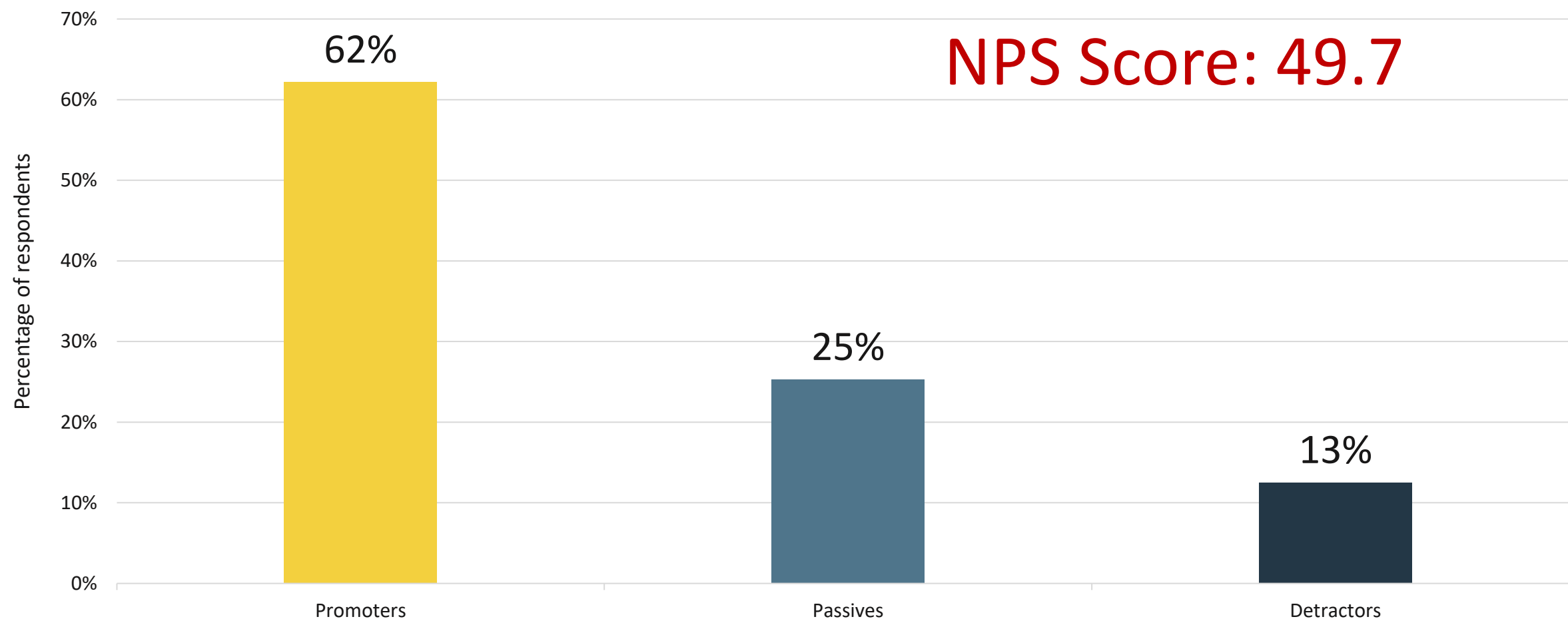


# Satisfaction is Still High



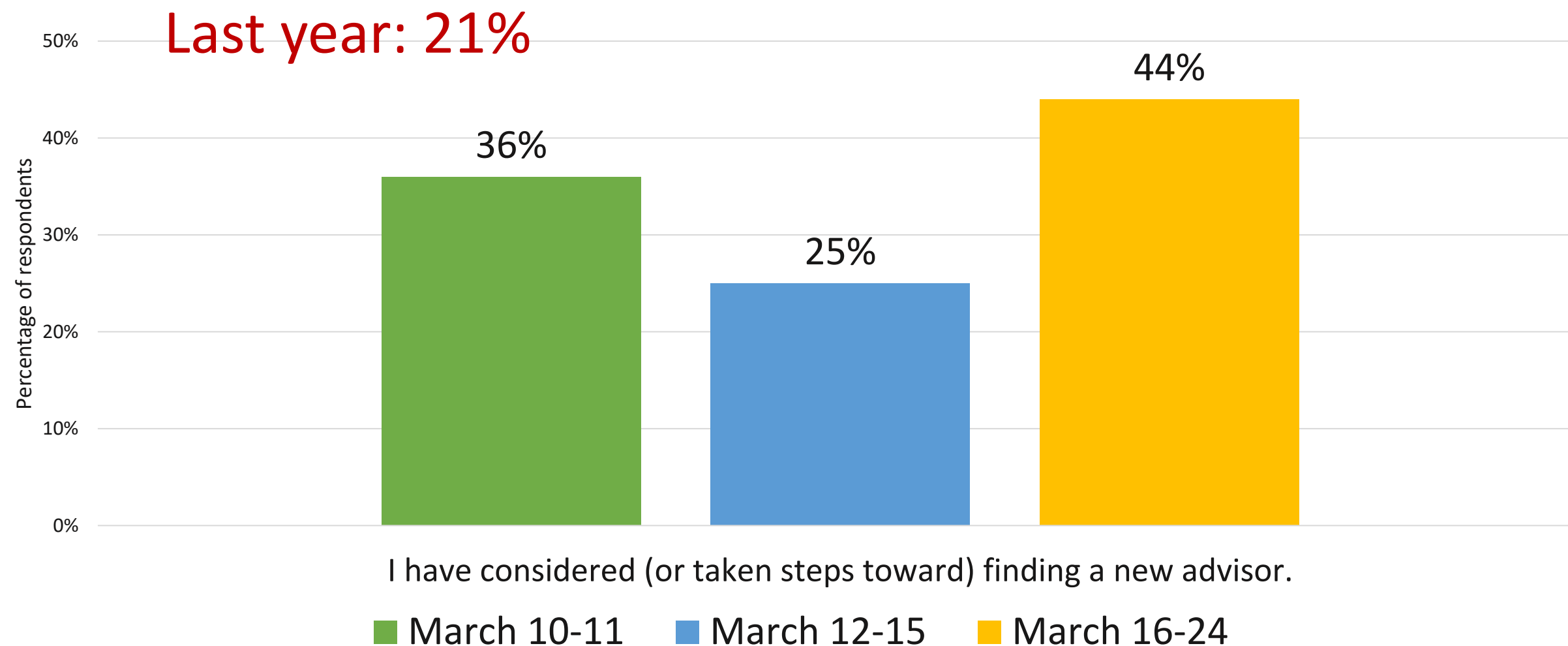
Q: Please rate your overall level of satisfaction with your financial advisor.

# Net Promoter Score is Still High



Q: How likely is it that you would recommend your financial advisor to a friend or colleague?

# Loyalty is Fluid and Decreasing





# The Relationship Gaps

- Working with an advisor who **puts my needs first** when making recommendations
- Working with an advisor who provides **good value** for the fees I pay
- Working with an advisor who **helps me make difficult decisions**
- Working with an advisor who **protects me from making bad financial decisions**
- Being satisfied with my **long-term investment performance/returns**
- Being comfortable with the **level of risk** in my plan/portfolio

Gaps calculated as difference between 'importance' to client and 'performance' by advisor

# The Confidence Gaps

- Feeling financially secure
- Feeling in control of reaching my financial goals
- Feeling confident in my ability to reach my financial goals
- Having a clear plan in place to reach my financial goals

Gaps calculated as difference between 'importance' to client and 'performance' by advisor

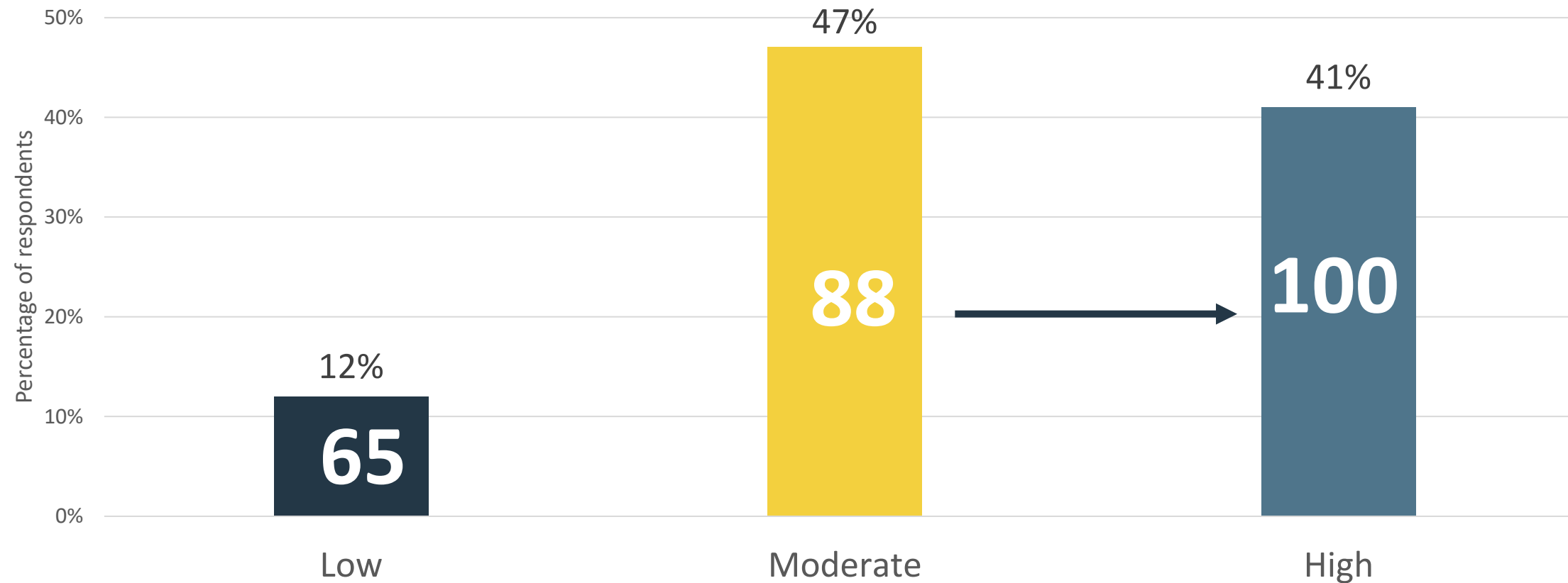
# The (Self) Confidence Index

- Feeling financially secure
- Feeling in control of reaching my financial goals
- Feeling confident in my ability to reach my financial goals
- Having a clear plan in place to reach my financial goals



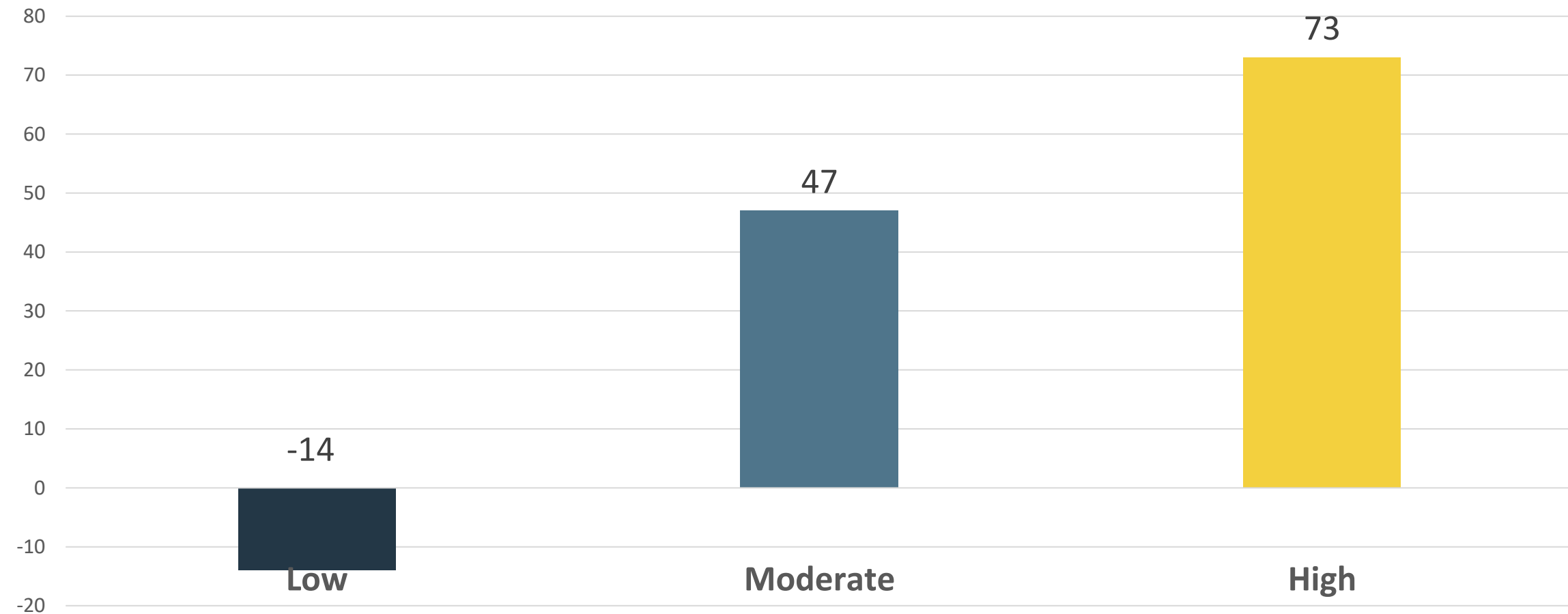
100

# The (Self) Confidence Index

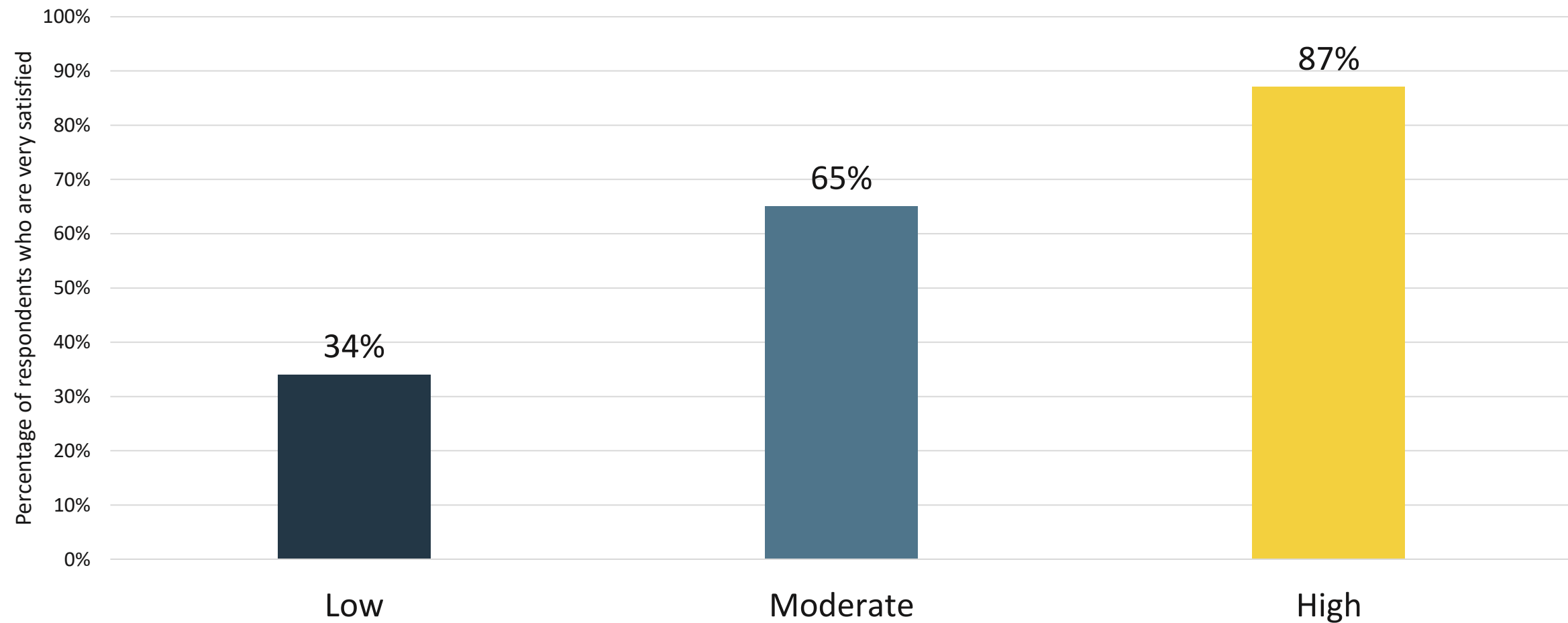


Shows self confidence index within the bars.

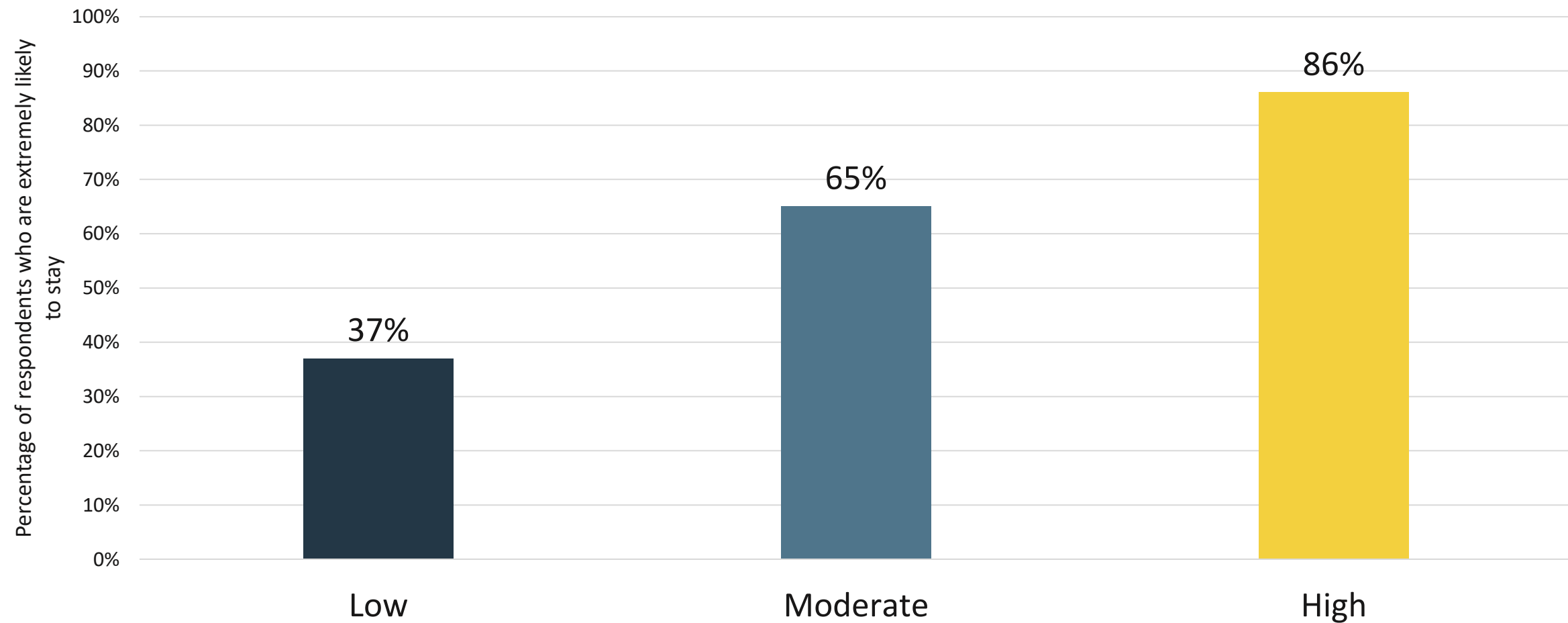
# The (Self) Confidence Index: Net Promoter Score



# The (Self) Confidence Index: Satisfaction



# The (Self) Confidence Index: Loyalty





# Relationship Drivers Most Strongly Correlated with High (Self) Confidence

---

- **Focus on Goals**
  - I am clear about my financial goals.
  - My advisor helps me define my financial goals and objectives.
  - My advisor fully understands my life goals.
- **Deliver on Core Expectations**
  - I am satisfied with my long-term investment performance/returns.
  - I am comfortable with the level of risk in my plan/portfolio.
- **Communicate Offer and Value**
  - If asked, I could clearly describe the value my advisor provides.
  - The range of services my advisor provides meets all of my needs.
  - I fully understand the range of services that my advisor provides.

# Relationship Drivers Most Strongly Correlated with High (Self) Confidence

---

- **Provide meaningful guidance**
  - My advisor helps me make difficult decisions.
  - My advisor helps me to understand the impact that market turbulence can have on my plan.
- **Enhance reviews**
  - I feel energized and inspired about my future when I meet with my advisor.
  - I get a great deal of value from my review meetings with my advisor.
- **Go beyond investments**
  - The support that my advisor provides goes beyond managing my money/investments.
  - My advisor adds value above and beyond investment performance.

# **#1** **Invite input from clients.**





Julie Littlechild  
To Julie Littlechild

3:02 PM

*What else can we do to help?*

This was the question we asked ourselves, as we thought about our clients and about our community. I'm sure you've done the same.

Our immediate focus has, of course, been on helping you understand the implications of the current crisis on your portfolio and your plan. But this is about so much more.

- How are they feeling?
- What do they need?
- What do they need *from their advisor going forward?*

# **#2** **Use input to change the client conversation.**



**#3**

**Use  
input to  
personalize  
client  
communications  
and support.**



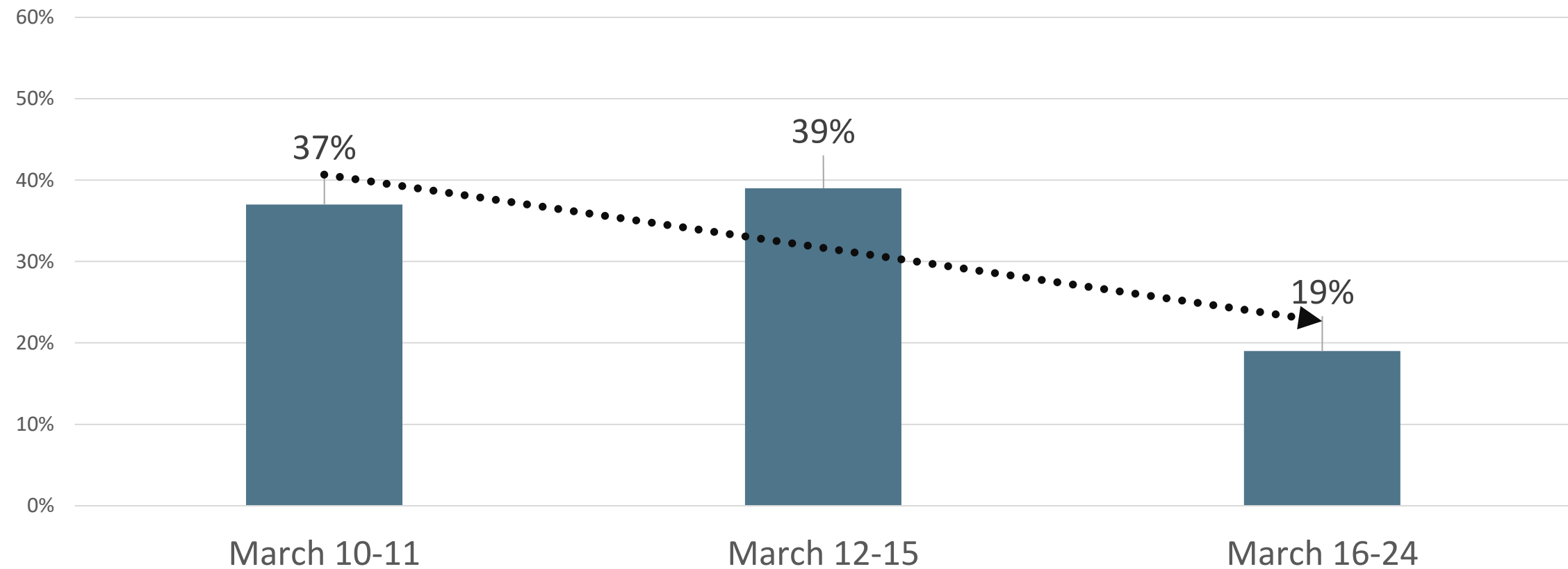
# Overall: Most Popular Topics

Percent responding 'yes'	
Maintaining sufficient assets to meet lifetime income needs	39%
Coping with a significant market downturn	36%
Education on investments or the markets	32%
Dealing with the rising costs of health/long-term care	29%
Ensuring my partner/spouse is taken care of should I pass away first	28%

Q: Which topics would you be interested in learning more about from your advisor? Please select all that apply.



# Interest: Coping with a Significant Market Downturn



Q: Which topics would you be interested in learning more about from your advisor? Please select all that apply.

# The Impact of Time:

## Biggest changes between March 10 – March 24

---

	Percentage 'yes' change
Health and wellness	19% - 48%
Thinking about second careers	12% - 23%
Caring for aging parents	12% - 21%
Helping children make better financial decisions	24% - 32%
Education on investments and markets	30% - 38%
Leaving a financial legacy for a charity	20% - 26%
Finding volunteer opportunities	11% - 17%

Q: Which topics would you be interested in learning more about from your advisor? Please select all that apply.

# Research Q&A

---



**CERULLI**  
ASSOCIATES

*Research | Analytics | Consulting*

**ABSOLUTE**  
**ENGAGEMENT**

# Discussion

## How are firms dealing with the post COVID-19 crisis?

1. What have been the most significant changes?
  - a) For your firm?
  - b) How you work with employees and peers?
  - c) How you serve advisors?
2. How are advisors adapting their business and what are the long-term ramifications of those changes?
3. What can IWI do to help strategically and/or what should we be aware of to better support and educate the advisor community?



**For More Information Please Visit:**

**[www.investmentsandwealth.org](http://www.investmentsandwealth.org)**