



Berkshire

DIVIDEND STRATEGY

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Practice Management Insights

“All Instinct, No Plan and... Unrealistic Expectations?”

As 2015 draws to a close, we expect many advisors are well into their planning for 2016. A key resource? The Natixis Global Survey of Financial Advisors (Link available below).

The white paper identifies challenges, opportunities and key trends. It tackles big, structural issues that get to the heart of your business's success.

Some interesting insights from past surveys:

- "37% of all wealth is now controlled by investors under the age of 50."
- "An inter-generational wealth transfer of \$15 trillion is at stake, yet over 80% of heirs will fire their parents' advisors."
- "75% of all advisors cite asset growth as a key priority, but nearly 1/3 of advisor time is spent on admin and compliance."
- "54% of all ULTRA high net worth clients used LinkedIn for financial communications and research."
- The failure rate of breakaway advisors apparently is quite high. How else would one explain that "4% of breakaway brokers control 90% of the breakaway assets"

This year's survey presents new challenges and insights for an ever changing world of wealth management. Ever increasing regulation and compliance burdens are here to stay. (No surprise there)

Advisor success will require a set of highly technical and qualitative skills that go well beyond providing access to investment vehicles. Advisors will be required to provide specialized expertise ranging from estate and tax advice, social security benefit analysis and health care planning. Clients will expect this to be delivered through a variety of accessible technology platforms.

To capture the on-going opportunity with millennials, advisors will have to rethink their entire delivery system and value proposition, with fees, technology and mobility being the key issues.

The potentially largest challenge for advisors? Overcoming some potentially damaging perception gaps that may exist in the minds of their clients.

Berkshire is a fee-based, SEC registered advisory firm serving the portfolio management needs of high net worth and institutional clients. Over the past 29 years, we have successfully implemented highly focused equity, fixed income and balanced portfolios. Our guiding principle is a belief that success is achieved by combining rigorous, well-crafted investment processes with an exceptional level of client service and attention to detail. Asset Management with a Difference... Diligence, Integrity and Focus.

From the 2015 survey:

- 57% of clients said they had “no financial plan” yet over 70% of advisors say they feature financial planning as a key part of their practice. (This one is particularly puzzling given the stories I hear from individual advisors).
- 77% of clients said they go on instinct alone when making financial decisions.
- Investors said they need average returns of 9.7% to meet their goals, yet 84% cite preservation of capital as a top priority.

So in addition to new technical skills, advisor success will be predicated on increasing their interpersonal and communication skills to harmonize client perceptions vs. economic reality.

The article also presents good talking points to help advisors justify the on-going use of active strategies as well as how they can articulate their value vs. the robo-advisor.

While I don't agree with all the conclusions in the article, I strongly recommend every advisor give some reflection to the issues presented. We would welcome the opportunity to discuss anything specific to your practice as you embark on what we hope is a great 2016 for you!

Link to: [2015 Natixis Global Survey of Investors](#)

For more practical business building ideas or information about our Dividend Strategy call or email me.

- Gerry

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