

Tapping into Today's Number One Client Concern

By Dan Richards
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In today's competitive world, attracting new clients requires clearly differentiating yourself.

One way to do this is to address the number one concern among many investors approaching or in retirement - "Will I run out of money?"

How big a problem is this?

At the end of October, the U.S. Center for Retirement Research released a report that 51% of Americans are at risk of reduced living standards in retirement – including 42% of those in high income households. And if the cost of health care and long-term care were included, these numbers would be even higher.

And recently, Larry Porcelli, the head of the private client group for US fund giant BlackRock said that their research shows that 70% of Americans are willing to move their accounts if another firm or advisor offered expertise on constructing portfolios to avoid running out of money.

Advisors need to do two things to capitalize on this opportunity.

First, ramp up your expertise on financial planning issues like sustainable withdrawal rates and the range of available solutions for retirement income, particularly those that focus on tax effective income.

And second, having developed your expertise, get the word out.

The role of financial planning in retirement planning

In some cases, the first step is to increase your commitment to the financial planning process.





You can't really create an accurate investment plan without financial planning, even at a limited level. And if that's true of an investment plan, that's doubly true of a retirement plan.

The reason is simple – the essence of a financial plan is that it clarifies options and enables intelligent tradeoffs between goals.

In light of last year's markets, some investors believe they're worse off than they really are – they think they'll be eating cat food. In fact, they're just fine. The only way to demonstrate that is to walk them through the numbers.

Others suffer from the opposite problem and aren't going to be able to achieve everything they want – they won't be able to retire when or how they want without increasing the level of risk in their portfolios.

A financial plan clarifies the available options and tradeoffs and makes it possible to identify which goals can be achieved and which have to be sacrificed. It also leads to conversation about life spans – if you're talking to a typical 65 year old couple, there is a 50% probability that one of them will live to age 90. As a result, they need to plan to fund their retirement expenses to age 95 or older. In some cases, this also leads to discussion about long-term care insurance.

This video [interview](#) with Moshe Milevsky of the Schulich School at York University in Toronto could open the door to a useful conversation about life spans with clients.

Understanding retirement income options

Recently I've conducted interviews with retirement income experts and have been struck by the complexity of this topic.

This complexity is often tax-driven.

Advisors need a handle on issues like pension splitting, the role of back-to-back annuities, the impact of starting to take social security at various ages, managing cash flow, reallocating income between spouses through vehicles like spousal loans and avoiding clawbacks on government programs.

And you also need to address the risks of a stock market downturn in early retirement. This [video](#) outlines this "sequence of return" risk:

Finally, you need a solid grasp of the product solutions available for retirement income, including annuities and investments which provide tax efficient return of capital.



Getting the word out to prospects

The last piece of the puzzle is getting the story out to prospects. And you won't capitalize on all the work to build expertise unless you do that effectively.

There is no simple solution or magic bullet to attracting prospective clients in search of advice on retirement planning – the key is to pick one or two approaches and to focus on them.

Here are some of the strategies that have produced results for advisors:

Start with existing clients

Begin by making retirement income planning a focal point of your ongoing communication to existing clients. You can do this through information on your website, newsletters and articles you send clients, conference calls and client workshops.

Another solution is to invite clients approaching retirement to luncheon workshops in your boardroom on the topic "Creating a roadmap to a secure retirement." Over sandwiches, you walk interested clients through a 30-minute talk on the elements of an effective retirement plan and then open it up to questions.

By doing these things, you will not only better serve existing clients concerned about retirement income, you'll give yourself ammunition to use when talking to prospects.

Reach out to prospects

Once you're begun a stream of regular communication to clients on retirement income issues, leverage that with prospective clients.

One advisor carves out ninety minutes every Friday morning to call people he knows, with the goal of getting permission from three to five people to add them to the distribution list for the information he sends.

His approach is very simple: *"Many Americans are concerned about having enough money in retirement. Every two months, I send interested clients updates with new research, articles and information on planning for retirement. I've had a great response – and am calling because it occurred to me that you might be interested in this as well."*

Or if you're conducting those sandwich workshops on creating a retirement roadmap, you could have the goal of getting eight clients and three or four prospects into each session.



When talking to prospective clients, you could say: *“Many people are concerned about running out of money in retirement. On Friday December 4 I’m hosting a sandwich workshop in my boardroom for some clients on the subject of “Creating a roadmap to a secure retirement.” This is primarily for existing clients but I do have a spot available if you’d like to sit in. The workshop runs from 12:30 to 1:30 at my offices at 123 Main Street.”*

To read an article on using low cost client luncheon workshops to reach out to prospects, click [here](#).

Seek out speaking opportunities

Another strategy is to seek out speaking opportunities to centers of influence or groups of people that are approaching and in retirement.

After putting together a presentation, one advisor got a directory of organizations in his city and emailed the program chair of those organizations with an offer to deliver a talk, following up by phone about a week later.

In the first year, he spoke to 25 groups ranging in size from 10 to 300 people; in every case, he offered a draw for a book on retirement planning, with a spot for the people filling out the ballot to tick off if they’d like to receive his monthly e-newsletter on retirement planning.

He also approached local accounting and law firms, offering to come in and talk to their staff about the issues their clients were facing around retirement planning.

One final approach got him his largest audience. He told the program chairs that he had a talk ready to deliver that had been well received and would make himself available on short notice if they ever ran into a problem. Sure enough, a few months later a scheduled speaker broke his leg – and this advisor got the call to fill in.

This paid real dividends when he hired a summer student to call the people who had been receiving his e-newsletter, asking if they’d like to schedule a meeting. For this approach to work, just emailing newsletters isn’t enough – after building credibility through the material you send, you need to pick up the phone and ask for a meeting.

Borrow credibility from local media

Still another approach is to contact local publications about publishing articles on retirement planning issues. In many instances, firms who provide solutions related to retirement income may have articles already written that you can use as a starting point.



Just remember that a one-off article – or even a series of articles – won't typically lead to calls from prospective clients. Those articles raise your credibility when talking to prospective clients, especially if you're trying to get in the door to do workshops for local accounting and law firms.

Finally, if your firm allows it, seek out opportunities to be interviewed on retirement issues in the media. Every community needs a local expert on important topics. Consider investing the time and effort to position yourself as the go-to resource on retirement planning.

I speak from experience on this – I write a regular column on financial issues in the leading paper in my home market and am regularly interviewed on television, radio and in newspapers.

When approaching local media, you need to be credible and you need to be prepared – it helps to be able to point to articles, conference calls and workshops on retirement planning you're already doing for your existing clients. You also need to have a story idea – what's the hook that the reporter you're talking to can build a story around.

Stuck for inspiration? Consider the second paragraph in this article:

At the end of October, the U.S. Center for Retirement Research released a report that 51% of Americans are at risk of reduced living standards in retirement – including 42% of those in high income households. And if the cost of health care and long term care were included, these numbers would be even higher.

Make this happen

The key to positioning yourself as an expert on retirement income is understanding that having expertise isn't enough; prospects have to know you have that expertise.

One solution to making this a priority is carving out two half-days a week in your calendar, say Tuesday afternoons and Friday mornings, to focus on marketing your expertise on retirement planning issues – and treat that as one of the most important appointments you have every week.

Once you've done that, put together a manageable plan of attack. Don't try to do all or even most of the things outlined above – you're far better off focusing on a couple of key strategies than spreading yourself thin and doing a bit of one, a bit of another and never really getting good at anything.

The role of patience

Finally, be patient.



Positioning yourself as a retirement income expert won't happen overnight – chances are you will see some early results, but it will take at least a year and more likely 18 to 24 months before you really start seeing strong returns.

The patience required for this to work is actually a good thing – if it was quick and easy, every advisor would do it and those prepared to invest the time and effort to gain the “retirement expert” positioning wouldn't have a competitive advantage.

Given the magnitude of the investment entailed, deciding to go after that retirement expert positioning shouldn't be made lightly. For those advisors prepared to do it, however, making that commitment could be the most important decision in driving the long-term success of your business.

** Dan Richards conducts programs to help advisors gain and retain clients and is an award winning faculty member in the MBA program at the University of Toronto. To see more of his written and video commentaries and to reach him, go to www.strategicimperatives.ca.*

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