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Many advisors shy away from offering financial planning for reasons that do not hold up to the forgotten truths of today's financial service industry. Reality tells us otherwise: Incorporating planning services will not only provide additional revenue and longer-standing customers, but will be required in order for all representatives to remain competitive.

Most of the arguments made for not incorporating needs-analysis in their regular practice fall into four categories, or myths:

- **Financial Planning is cumbersome.** Many brokers and agents feel that going through the process of data collection, entry and multiple steps of analysis is unnecessary when the bulk of situations can be categorized similarly. But for the client, there is perceived value in going through the process as they make the advisor part of the family. Agents and brokers who conduct needs-analysis exercises will find that they establish trust much more quickly with their clients and with a greater probability that the call to action will be taken.
- **Financial Planning is outside a broker's or agent's core service.** Quite the opposite is true. In fact, an adherence to financial planning principles strengthens the bond and moves one's practice out of direct competition with others. Many firms out there are trying to take away books of business from their counterparts. Some already have part of it and look to increase wallet share, like banks and mortgage firms. Others don't have it, but spend significant marketing dollars to convince investors that the grass is greener and more assets should be moved under their management.

- **Financial Planning**

  substantially higher income and referral rates. A 2005 Cerulli Associates report that surveyed more than 350 broker/dealers noted that financial planning offerings can boost revenues 75 percent within five years. The analyst firm also stated that advisors who provide needs-analysis advice can help attain 80 percent of a client's investable assets versus 33 percent by typical non-planners.

To the latter point, earnings for financial planners rose 27 percent this year, according to a survey conducted by the College for Financial Planning in conjunction with the Financial Planning Association. The 2005 Survey of Trends in the
Financial Planning Industry also noted the median gross amount of planner earnings has increased to $277,800.

If the increased revenue opportunities weren't enough, with the abundance of direct-to-consumer financial products, brokers and agents must acknowledge that the advice they provide is the only value proposition left. Discount brokerage services and lenders have leapt into the game but only offer limited expertise in asset allocation planning. Financial web sites continue to offer low-cost mutual funds and life insurance policies, and now are getting in the game of providing information on estate planning tips, such as Credit Shelter Trusts and Qualified Personal Residence Trusts, even going so far as allowing access to template documents for their creation.

In addition, more investors need advice than at any other time in recent history. A May article in InvestmentNews noted that by 2030, Social Security will provide only 26.9 percent of retirement income, down from 38 percent for current retirees. More than half of the nation's 132 million workers do not participate in any kind of employer-provided pension or retirement plan. People in their mid-50s and early 60s had median savings of just $42,000 in retirement accounts in 2001, which is well below the estimated $1 million that financial advisors estimate the average household with an annual income of about $40,000 will need in order to

advisor. In the ability to be tailored to each client’s situation, the right tool will increase a financial representative’s productivity as well as their value to the client — a win-win situation.

Ross Emmer is a 15-year financial service veteran, and a product consultant at Financial Profiles, Inc., producers of comprehensive financial advice software, consulting, training and support services. The company works with many nationally recognized financial services organizations. For more information about this or other Financial Profiles products and services, visit the company’s Web site at www.profiles.com.

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