

Insurance Times: Financial advisor relationships trump performance for clients
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Many high-income investors can and do remain loyal to their financial advisors, regardless of market conditions or performance. That is a key finding from the 2002 Nationwide Financial Survey of High Income Professionals.

Forty-four percent of high-income professionals surveyed report that they have never switched their main source of financial planning help. Furthermore, 46 percent have changed sources of advice only once or twice.

"Every investment professional wants to know the secret to attracting and retaining affluent clients," said Michael Butler, senior vice president of Nationwide Financial Distributors Inc. "This survey reveals that performance is not everything. The key is relationships -- knowing and communicating with your clients and colleagues will help you keep and grow your business."

The third annual Nationwide Financial High Income Survey, conducted by Mathew Greenwald & Associates, a Washington D.C.-based independent polling firm, surveyed 500 people with annual household incomes greater than \$150,000 per year. Respondents were younger than age 60 and were either engaged in financial planning or intending to be involved in it in the near future. Respondents were attorneys, medical doctors, corporate executives or small- business owners.

Nine percent of respondents have changed advisors more than three times. Some of the reasons respondents gave for switching advisors were:

- * They met another advisor who seemed more appealing (63 percent)
- * They were dissatisfied with investment performance (54 percent)
- * Their advisor did not communicate frequently enough (54 percent)
- * Their advisor did not provide enough information or options(45 percent)
- * Their advisor did not have their best interest in mind (34 percent)

"Great investment performance does not ensure a client's happiness with his or her advisor," said Mathew Greenwald, president of Mathew Greenwald & Associates.

"High-income investors want to feel included and involved in their plans -- especially now, following the volatile market of 2001. Advisors should invest time in this important segment of clientele, to nurture and maintain a trusting relationship with them."

Even though the majority still check financial advice with their own research or even a second opinion, survey respondents report a strong sense of confidence in their current advisor:

- * 88 percent say their advisor takes extra time to explain things they don't understand.
- * 86 percent are confident their advisor presents objective analysis.
- * 85 percent are confident their advisor always has their best interests in mind.
- * 83 percent feel their advisor does a good job staying in touch with them.

High-income clients may not be easily inclined to change main sources of financial planning help, but survey results reflect that they are definitely looking for more help this year. As a result, financial professionals (especially professional investment advisors) have an opportunity to grow their business by cooperating with other financial professionals.

"The data indicate a significant increase in how many sources of advice high-income investors are consulting," Greenwald said. "It suggests that perhaps, after a year of market volatility, they are seeking out an expert for each particular service."

"For instance, 93 percent said they would go to attorney first for estate planning needs, and 67 percent chose an accountant first for tax advice. Sixty-three percent look to a professional investment advisor first for help with retirement plans."

"Affluent investors are clearly seeking advice from several sources, using each for their particular area of expertise. Financial professionals can increase prospects and grow their retirement plan business by forming referral partnerships and alliances with each other," Butler said.

Sources of financial planning help used by those currently engaged in financial planning:

	2002	2001
Professional investment advisor	70%	54%
Stockbroker or national firm	54%	32%
Accountant	50%	22%
Attorney	23%	13%
Banker	18%	7%
Insurance Agent	27%	7%

Source: Nationwide Financial High Income Survey
