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JOURNAL of Financial Planning IN INDIA

FEBRUARY 2020

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What's Inside...

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Letter from FPSB Ltd. CEO, Noel Maye

Welcome to FPSB Ltd.'s second edition of the *Journal of Financial Planning in India*, the first of three editions coming your way in 2020. To support your continued competence and renewal of your CFP[CM] certification, FPSB Ltd. will produce three Journals every year, each with a Continuing Professional Development (CPD) quiz. Additionally, FPSB Ltd. has developed a series of CPD webinars and approved several groups as providers of CPD for CFP professionals in India. Please check the india.fpsb.org website for an up-to-date list of FPSB Ltd. approved CPD options.

I invite you to explore this Journal's thought-provoking articles and diverse viewpoints from India and from around the world that will benefit you in your daily practice as a CFP professional, and connect you to our global financial planning profession. Once you have read the articles, you can take the CPD quiz at the back to earn **six** CPD points toward the 15 points needed annually to maintain your CFP certification.

I want to thank the FPSB Network organizations in Brazil, Canada, China, Hong Kong, Malaysia, Singapore, South Africa and the United States for their contributions of global content to this Journal. I also want to thank the CFP professionals featured in this Journal who answered our call for local articles. If you wish to submit an article for consideration for a future edition of the Journal, please see inside for more information.

Leading, promoting and growing the financial planning profession and number of CFP professionals in India is a priority for FPSB Ltd. Since we took over direct administration of the CFP certification program last April, FPSB Ltd. has grown the number of CFP professionals in India by **26%**, ending 2019 with a CFP professional count of 1,915 (up from 1,513 at the end of 2018). In addition, we built a pipeline of future candidates for CFP certification by registering 1,191 students in our program who ultimately sat for 3,751 CFP exams last year.

Candidates currently registered will be able to continue within FPSB Ltd.'s current education and exam structure for CFP certification, and will have until March 2021 to obtain their CFP certification. Starting this April, FPSB Ltd. is pleased to introduce a new integrated education and exam system, complete with localized textbooks, quizzes and practice exams to better prepare candidates to sit for the CFP exams.

This year, FPSB Ltd. will focus on deepening the value proposition of CFP certification in India by working with CFP professionals to: share practices and financial planning business know-how; foster engagement and connectivity within the community through local chapters and industry events; build recognition of CFP certification among regulatory bodies, professional associations and firms; and promote the value of financial planning and CFP certification to the Indian public via consumer media engagements, financial literacy and pro bono efforts, and events like World Financial Planning Day.

Thank you for your ongoing support of FPSB Ltd. and our mission to establish financial planning as a recognized profession, with CFP certification its symbol of excellence – in India and around the world. We are proud to have India's CFP professionals as part of our global community of nearly 190,000 CFP professionals, and I look forward to an even larger CFP professional community in India in the years to come.

Noel Maye
Chief Executive Officer
Financial Planning Standards Board Ltd.

About the Journal

The purpose of the Journal of Financial Planning in India is to expand the knowledge base of CERTIFIED FINANCIAL PLANNER^{CM} professionals and those interested in the profession.

Future contributions will span a variety of areas including industry interviews, viewpoint columns, insightful articles and peer-reviewed technical papers. We wish to provide content that is interesting, original and, most importantly, beneficial to CFP^{CM} professionals and their work on behalf of their clients.

Journal of Financial Planning in India is published by Financial Planning Standards Board Ltd. (FPSB Ltd.)

Writing Guidelines for Contributors

Be a voice and a support in the worldwide financial planning community and contribute to the growing body of knowledge created and delivered *by* financial planning practitioners *for* financial planning practitioners.

Authors of published articles will get **5 CPD points**

Articles:

We welcome previously written work and ideas that pertain to one of the areas of financial planning: tax planning, debt management, cash flow management, ethics, legal and regulatory environment, education planning, retirement planning, investment planning, insurance planning, and estate planning.

The articles should be of about 1500-3000 words in length with the goal of having an article between 6-8 pages long within the Journal, including all photos and graphics. Articles must be written in English and be relevant to Indian CFP^{CM} professionals and/or the global community of CFP professionals.

Audience:

You are writing for people like you – other CFP professionals! Please provide timely and accurate information that has practical implications.

Style:
The Journal of Financial Planning in India is focused on providing and promoting easy-to-comprehend, professional written work. A contributor's thoughts, comments, ideas, and graphics should be easy to understand and structured for flow.

Elements to be included for submission:

Publication date, June 2020. **Article due date: 30 April 2020.**

Publication date, September 2020. **Article due date: 31 July 2020.**

Publication date, February 2021. **Article due date: 31 December 2020.**

Send to: IndiaCFPCertification@fpsb.org

Format: When submitting an article, please include: author name(s), mailing address, email address, phone number, brief biographies of the author(s), and an executive summary.

Executive Summary: The executive summary is not a sales pitch for the article, but instead, a summary telling the reader what to expect, the purpose, the topic, the why, and the important practitioner implications. Executive summaries should be no more than 250 words.

Graphics: No more than 5 photos and graphics per article.

Endnotes/References: Please be sure to use APA formatting for references and endnotes.

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Our Work with Clients

Top Ways to Explain What We Do

Is Your Advisor a Fiduciary for Namesake?

Family Wealth. Raising the Bar

Top Ways to Explain What We Do as Financial Planners to Our Clients!

Taressh Bhatia, CFP

Things may come to those who wait, but only the things left by those who hustle
***- Abraham Lincoln*.**

Since I work as a CERTIFIED FINANCIAL PLANNER^{CM} professional, I come across many people who have big dreams, but they are reluctant to hire a financial planner. Most of the clients have an array of questions regarding how a financial planner works. This article helps one to understand the backstage story of financial planner and the best practices that I follow.

How Does a Financial Planner Work?

Being a CFP^{CM} professional, I understand people's goals and then look into the future to see what they would need to accomplish their goals. A fiduciary is a person who holds a legal or ethical relationship of trust with one or more other parties (person or group of persons). Typically, a fiduciary prudently takes care of money or other assets for another person. (Source: Wikipedia).

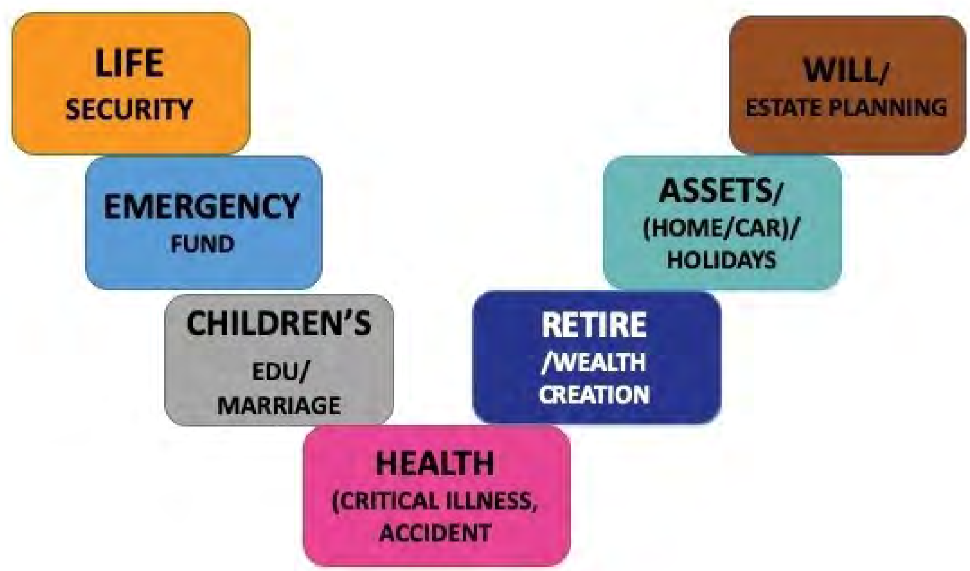
To help people make smarter decisions, I advise on specific methods and processes. I follow a system driven approach, which makes it easier for me to track all the investment decisions and provide the course corrections. Corrections that may be needed to keep the market movements or personal money equations balanced, always. As the captain of the ship, my role is to steer the ship away from dangers; to stop and then to provide the right direction for my clients, to reach their financial destinations.

Let's analyse how a financial planner works.

First, you need to find out if you need a financial planner. The visual here highlights the best available options. So choose if you have one or more such need.

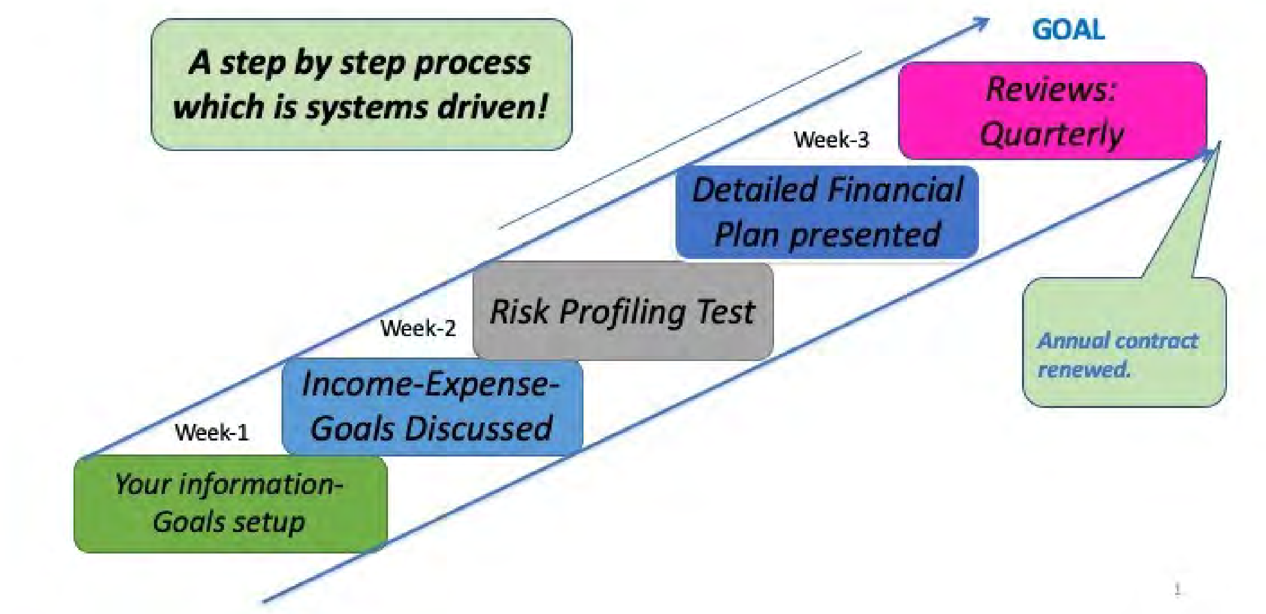
Once you are clear what you are looking forward to, the financial planner now tries to understand your specific goals more deeply. Here a significant point to be noted is that people who are looking at wealth creation or just looking at returns may not be requiring the services of a financial planner. They can go straight to a wealth manager or an investment advisor.

Now that financial goals are clear, the planner asks some necessary details to understand your vision of money, wealth and investments that you have already made. At this stage, he would show you the following kind of a visual to explain what are all the areas of personal finances that he is going to be working on with you.



He would then ask you for more detailed information about your income, expenses, current investments that have been made and exact future goals. These could be goals like your children's education, their marriage, house buying decisions, retirement, etc. He would also focus on evaluating your life and health insurance and check if they are adequate.

Once your goals are made on a timeline, your financial planner offers a step-by-step process for interacting with you like in the following chart:



Thus, your financial planner has given you a complete explanation of how he is going to be working with you. The planner (after having got the necessary information from you) takes the next step of conducting a risk profiling test.

Financial planners are not only for wealthy but for everyone who wants to ensure that their money is not rusting away and is put to optimum use.

Now that your goals are clear, the risk profiling test indicates whether you have an aggressive or balanced or conservative risk appetite. The planner now looks at mapping your saving systematically and always aligning all your investments with changing market conditions. This alignment is called as rebalancing your equity-debt portfolio. This alignment would ensure the smoothening of the trajectory and protects you from the peaks and troughs of the market.

Advice people have Signed up with me for:

The planner would continuously review all your necessary insurances like life, health, home, office, travel, disability, critical illness, etc. This review should ensure that you get advice on all insurances; relevant Insurance policies adequately cover you and your families. Thus, leaving no room to cause an effect on your money flows and safeguard your income to expenses flow too.

Why is this kind of goal achievement process a grey area for most of the people? More likely because they don't have goals.

Well, here, the planner's role becomes significant as he continuously mentors the clients on the specific methods for each of the goals and educates on the right focus areas. Meanwhile, he continues to give the know-how for each goal achieved. He also provides the proper action steps for each goal. This becomes a cycle and every 3-6 month's review meetings take care of all the doubts or fears.

Financial planners are not only for wealthy but for everyone who wants to ensure that their money is not rusting away and is put to optimum use. The planner makes you SMARTER with your goals and helps you secure your financial future. Thus he enables you to enjoy your current lifestyle and systematically achieve all your future dreams. He also works to get your existing cash flow work harder for you.

It is you who are responsible for your future. So, learn and make your money work harder for you. You may be befuddled about how to distinguish Financial Planning from other kinds of financial advice. To help you know what to expect from the Financial Planning process, CFP^{CM} practitioners follow specific standards - called Financial Planning Practice Standards when providing Financial Planning advice.

Practice Standards describe the process that you should reasonably expect a Financial Planner to apply during a Financial Planning engagement. These standards are grounded in a six-step Financial Planning process as prescribed by the Financial Planning Standards setting authorities around the world.

A financial planner can help you get answers to questions such as:

- How much should I save for my retirement?
- How much life insurance do I need, and how do I best get it?
- What is the ideal health insurance for my family?
- How will inflation hit my investments?
- How can I achieve financial freedom to pursue my passions in life?

Furthermore, he can alloy the "what if" scenarios with your plans. Like what if I don't want to retire at 60 but at 50? What if my life expectancy is not 75 but 85?

A financial planner can be your best friend to answer some of the following broad thoughts. These are the issues that you are not able to ask even your best friend. It would help if you then had a friend on whom you can trust and someone who can keep your cherished dreams and personal thoughts, entirely confidential. Some of these opinions could be:

- I am looking to get a divorce from my husband shortly
- I am worried about my job as I may be asked to quit in the next 3 months
- I want to have a confidential Will made
- I don't know the value of the house I should buy
- Should I save for my retirement first or my child's education
- I want to invest a lump sum amount in an aggressive mutual fund but is it the right time to enter the market

An excellent financial planner facilitates such solutions within the given resources and risk appetite of the client. They provide the right direction. They offer objective Advice that also has options attached to it. They do not place just any brochure of an investment opportunity across the table!

I have many friends who are my clients for life! I have many clients who are also friends for life! I enjoy working with them on their goals and make their money work harder for them.

As Robert Kiyosaki says: "We do not have to work hard for our money, rather our money should work hard for us."

A Financial planner would work very closely to study your family's financial health. You may call this as a process. Like a doctor, he first makes the diagnosis and then prescribes. Financial planners have questionnaires and an online test to understand your situations in detail. These are procedures, and most professional planners have systems and processes in place. This brings you confidence and saves you time and energy too. He would first ask about:

- The income of the family

- Expenses of all kinds of the entire family
- Where do you keep and invest?
- Your Loans and all liabilities
- Your Future Needs
- What are your financial goals (for every member)?
- What are the family's aspirations, desires and dreams?
- Where are the current investments lying, and what are they worth?
- Makes you understand the basics of personal finances
- Takes you through a risk appetite test to evaluate your risk-taking ability regarding the financial market, gives you an understanding of investment risks of various kinds.

He gives you complete knowledge and makes you understand everything in detail. You need to provide all the relevant information.

The financial planner will continually educate you on things which are relevant and vital to you. He informs about the pros and cons of essential aspects of taxation. Moreover, the implications of tax for each kind of investment are also discussed.

Competent planners can look into your financial future and tell you what will work for you and what will not.

He makes sure and makes you agree on the options selected by you. Depending on the diagnosis and prescription, continuous monitoring of your financial health becomes critical during the review meetings. By altering medicines or re-evaluating your current health, your doctor ensures continuity in your goal of health. Similarly, your financial planner endeavours to update your financial investments. Moreover, he also updates your goals and the prevailing economic conditions; conditions and assumptions of the overall investment scenario are updated during regular financial plan review meetings. All your questions and doubts also get cleared.

Besides, planners have a vast network with other related professionals. Like doctors who may recommend you for an Ultrasound or CT specialist, planners recommend you to competent persons like Chartered Accountants, Advocates. The entire process gives you complete faith and all-round service.

Competent planners can look into your financial future and tell you what will work for you and what will not. This comes from a thorough understanding and studying many things like:

- Your financial background
- Market economic indicators
- Facts and figures available
- Various studies and research available
- Attending conferences, seminars, conventions and other such study circles.
- Personal research and study of matters that are of current importance
- News, Views and updates of relevant industries

With these reasons, you would now be clear about:

- The similarity between a doctor and a financial planner
- The more precise picture of ethical and best practices
- How and why you can trust your financial planner
- What are the areas studied by a financial planner and how best his advice makes your financial future more certain
- How you can choose and trust your financial planner for life
- Why your entire family's financial future can be made better by consulting a good financial planner

Finally, once you are all set and have decided to appoint your financial planner, you need to finalise the fee. He understands your aspirations and charges a fee that you can afford. Take all such understandings in writing and sign an agreement also.

So go ahead and plan your financial future. Keep no doubts. Trust your financial planner now and enjoy the journey!

Taressh Bhatia works as a Financial Planner, from his Gurgaon office. Taressh is a CFP^{CM} professional and an MBA. He is the Founder and Partner in the firm, Advantage Financial Planners LLP- which is registered with SEBI as a "Registered Investment Advisor (RIA)". Taressh is the author of the book: "The Richness Principles."

Is Your Advisor A Fiduciary For Namesake?

Suresh Sadagopan, CFP

A Financial Advisor, who is a true fiduciary, acts only in their clients' best interests. They act with ethics and integrity and avoid conflicts of interest. But, find out if your advisor is a true fiduciary!

The investment world is plagued with conflicts of interest, obscure disclosure and an overall lack of transparency. Finding an investment/financial advisor who will act in your best interests as your fiduciary, can help eliminate many problems associated with commission-oriented or product-focused sales people.

In India, we respect gurus or people with wisdom a lot. They are the ones who have the knowledge and help us in our journey of life.

In this journey, money is an important constituent. We all spend our waking hours doing things to earn a living – for the better part of our lives.

However, money so earned with so much effort, is not managed well. Many times people try to do it themselves. Even if they do want someone to advise them, good advisors are not easily available. Even if they are available, they are not those advisors who put the client's interest right at the top.

There are few such advisors, who put their client's interest ahead of everything else, including their own self interests. These advisors are known as Fiduciaries.

Fiduciary responsibility – under the SEBI Investment Adviser Regulations of 2013, Advisers who have registered have taken a fiduciary responsibility. This means that such Registered Investment Advisers (RIAs) will always need to act in the best interest of the client, in every way.

They are also expected to get directly paid fees only by the clients and not get embedded, indirect remuneration in the form of commissions, which would bring in conflicts of interest.

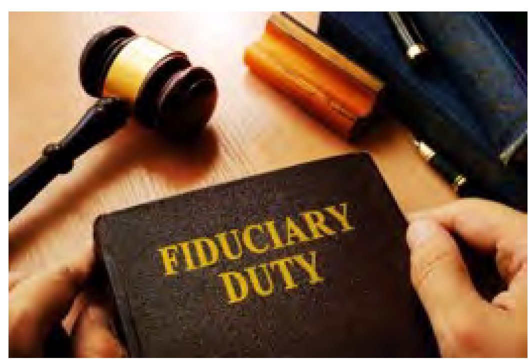
This is a wonderful development for the investor community as the financial services space is populated mostly by product sellers, who have their schemes to promote. Distributors of products/ schemes represent their principals, want to sell their wares, meet their targets and earn their commissions. The client's best interest gets sacrificed in this approach where the focus is on product sales.

However, there is a problem with the Fiduciary responsibility as well, as practiced by some advisors, which investors need to know in their best interests.

What one needs to know is whether the advisor is truly a Fiduciary or is the advisor checking the fiduciary box from the regulation point of view?

This is very confusing for a lay investor, to put it mildly.

Is your advisor a Fiduciary to the client in the true sense of the word? – This statement may sound confusing as one may assume that if an advisor is a Fiduciary, they are Fiduciaries to their clients.



Alas, the reality can be quite different! Let us see how.

The Advisers registered under Securities and Exchange Board of India (SEBI) Investor Advisor (IA) Regulations 2013, need to act in a Fiduciary capacity alright. But, SEBI, as a regulator, oversees some products in the financial services space. There are three other regulators who have different jurisdictions – like Insurance Regulatory and Development Authority of India (IRDAI) for insurance, Pension Fund Regulatory and Development Authority (PFRDA) for pension products and Reserve Bank of India (RBI) for banking related products.

If an advisor who is registered with SEBI sticks to the fee-only approach with regards to providing advice on products coming under SEBI and deals with other products outside SEBI ambit on a commission basis, they would still be following the SEBI IA Regulations. They would however be abusing the spirit of the regulation.

In the above case, they are a Fiduciary as per the SEBI IA regulation, but not from the client point of view!

How do commissions go against the fiduciary standard of care – commissions are not bad. Every person rendering a service will need to get remunerated. However, indirect, embedded remuneration along with the fact that they now represent a principal while at the same time claiming to represent the client, brings in conflicts of interest.

When intermediaries represent some principal, they may be beholden to their directions, guidance and targets. When their principal is paying them, there is a natural allegiance to them, which clearly would not be in client's best interests. Such intermediaries are also prone to offering products which give them the best commissions/ incentives.

Such conflict of interest compromises the independence and objectivity of the adviser. This takes away the intense client-centricity that otherwise a Fiduciary is supposed to work with. A true advisor needs to represent only their client and no one else, as also get paid only by them.

That is the reason why a true Fiduciary should not represent anyone except the client and not accept remuneration from anyone, except the client, even if the regulation permits it.

Disclosures by themselves do not reduce conflicts – Some advisers are registered under IA Regulation of SEBI, but have other departments, entities or related parties who are distributing products. This is permitted as per the existing regulation.

However, conflicts of interest is very much there in these cases, which they are supposed to mitigate by just disclosing it to their clients! This does not minimize the conflict – only the client knows that there are some conflicts and they may have to live with it.

Also, disclosure documents are long winding and in small print that no one really goes through. Disclosure documents have hence become a tool for obfuscation and not telling the truth, rather than clarifying and conveying.

Disclosures, along with disclaimers, are ironically permitted to paper over conflicts of interests. These are extensively used by advisors to hide behind.

A true Fiduciary to the client –

Fiduciary is an abused word today. Different people give different definitions to this.

Fiduciary is one who puts the client's best interests ahead of everything, including their own self-interest. It should be that way, irrespective of regulations, if they want to act as true Fiduciaries to their clients.

As seen earlier, that would be possible only if they are truly independent and do not receive indirect remuneration from some principal, whose product they are dealing in.

There is no immediate solution to this problem. This will get sorted only when a super regulator comes up, who will oversee all financial services intermediaries.

Till then, the advisors themselves will need to set themselves up for the higher standard in true fiduciary spirit, to only represent the client and be truly independent. They need to act with ethics and integrity and uphold the fiduciary standard from the client point of view.

Clients may find it hard to know this difference. They need to ask their advisors about the nature of their fiduciary position. They should hire them only if they are true fiduciaries.

Refer the link for the full blog: https://ladder7.co.in/is-your-advisor-a-fiduciary-for-name-sake/

Email: ladder7@gmail.com

Family Wealth: Raising the Bar

A Multi-Disciplinary Approach in Advising High Net Worth Individuals

Prof. Garach, CEO Garach Corporation

Most firms operating in the Financial Services Sector specialise in only one discipline when advising High Net Worth Individuals. However, over the years, it has become obvious that High Net Worth (HNW) Individuals with complex financial affairs require specialised advice on tax, financial, estate and succession planning on an integrated basis.

“HNW individuals are not sure who to turn to for advice in respect of their personal estate. Is it a lawyer, accountant, insurance advisor or banker? Each of these professionals is competent in their own area of expertise, but are unable to provide the holistic solution,” says Professor Dilip Garach – CEO of Garach Corporation.

Armed with this knowledge and with more than 40 years of experience in financial advising, Professor Garach had a vision – to offer a suite of professionals of different disciplines to provide a pinnacle service under a “single window” service concept. In other words, a team of dedicated experts able to provide HNW individuals with an integrated service offering, rather than many segregated professionals offering limited advice. These professionals have one goal in mind: to advise HNW individuals and their families on how to achieve financial well-being and peace of mind – not just for today, but for generations to come.

One of the primary concerns of HNW clients is the payment of taxes, especially taxes payable upon death which includes estate duty and capital gains tax. “These taxes are considered voluntary taxes and planning techniques to avoid or minimise these taxes are relatively easy to implement if it is done over a person’s lifetime,” says Professor Garach.

High Net Worth Individuals often need advice on how to structure an acquisition of a business or private asset. In cases like this, the professionals who are familiar with the Individuals affairs can immediately collaborate with other in-house professionals to advise on the best structure for the acquisition.

So a multi-disciplinary practice will have highly qualified staff which includes attorneys who may serve as legal advisors, chartered accountants, tax specialists, certified financial planners, evaluators, banking services and foreign exchange advisors, business and succession planning consultants. Working hand in hand with one another, the team may provide the ideal professional set of skills to best advise in matters about finance and creating a legacy for a family, which allows individuals to focus on family relationships and enjoy life.

Family wealth is created over generations; however, to protect their wealth it may be necessary for HNW Individuals to ask professionals the following questions:

- Are my personal assets structured in the appropriate entities?
- Is my wealth growing over time?
- Are my tax affairs in order?
- Are the trust(s) that have been set up properly managed?
- Is my insurance cover adequate?
- Are my investments properly managed?

- Are my beneficiaries properly reflected in my insurance and investment policies?
- Are my financial affairs all up to date?
- Is my last will and testament structured in a manner that will cater to the needs of my family?
- Will my estate be properly administered when I die?
- Is my tax bill minimised during my life and also upon my death?
- And finally, does my will, family trust, insurance policies and personal assets and liabilities all tie-up? In other words, there should be no loose ends!!

All of these concerns can be addressed if a firm can offer integrated advice and the family seeks the guidance of one office with diverse skills to advise them.

"It's well and good to have wealth but to enjoy it and be happy is a different matter altogether – It all about creating harmony and building family relationships, "said Professor Garach

Professor Garach is a chartered accountant, certified financial planner, financial coach to high net worth families and was South Africa's Financial Planner of the year in 2004.

Our Global Presence

Driving Economic Empowerment in Contemporary Women

Disruptive Trends in Wealth Management

Time, The Most Finite Resource of All

Fund Investment Advisory Business

Driving Economic Empowerment in Contemporary Women

The *4E Journal* gets up close and personal with four interesting women who take responsibility for their successes and failures, and provide us some important lessons along the way.

In today's world, the measure of attractiveness is no longer just skin deep. Even international beauty pageants are prioritizing intellectual capacity, substance and character, as opposed to mere physical appeal.

With this in mind, the *4E Journal* was fortunate enough to catch up with four 'economically empowered' Malaysian women who have demonstrated the ability to channel their self-realised resources, assets, income and time, with prudent risk management, into improving their very own economic status and well-being.

They have shared their stories below:

Leaderonomics is a social enterprise dedicated to transforming developing nations

Suganthi Subramaniam

Director of Learning and Development, Leaderonomics

I owe a lot to my mother, who was instrumental in moulding me into an individual who is driven, able to seize the opportunities found within challenges, capable of staying resilient and on course, and a continuous learner while being ever-willing to give back to the people around me.

Striking A Work-Life Balance

I guess we all have life-changing moments in our lives, and mine was when I had my first-born. I through the nurturing of leadership qualities and potential.

suddenly realised I had a far bigger priority in the world, which was being a mother.

At the same time, I had an insatiable desire to progress as a career woman, too. I made conscious decisions in two main respects to manage my work-life balance, which consisted of:

Managing my own expectations and keeping a positive mindset: I was absolutely clear that I wanted to be a hands-on mum, which resulted in me giving up some career progression opportunities. At these junctures, I avoided indulging in ‘victim syndrome’, in that I never looked at whatever I did as sacrifices.

Consciously managing my career through these constraints: I found ways to stay relevant in my career by ensuring that forgoing opportunities did not mean I got left behind or forgotten by the organisation I was attached to. I would attend to calls after my kids were asleep, from 10pm to midnight.

I acknowledge that this is no easy task, but it is definitely doable, with discipline, self-awareness and resilience.

Managing Leadership Issues

From my personal experience, I have observed that women generally need to work on two main issues in terms of leadership.

Some women tend to be hesitant to take on assignments or promotions where there is a skill or capability gap. I think women need to assess such opportunities based on the strengths and support structures they possess, which will allow them the developmental time needed to upskill themselves to take on new challenges.

Another observation is that women tend to be less interested in being well-networked, as opposed to just wanting to get the job done. However, networking is a pivotal element in gaining support when you need to push for promotion or for larger agendas, such as a transformation process that an organisation may need to undertake. I would recommend both substance in technical and functional capabilities, as well as strong networks built upon sincere relationships to develop credibility and visibility.

Women and Financial Planning

In my opinion, a woman must internalise the perspective that financial freedom is not an option. Financial freedom empowers a woman to be independent and self-sufficient in decision-making with confidence. This is immaterial of external support structures, including husbands, family members, or others.

As we have no control over some life circumstances, planning and the ability to understand and control your own finances is crucial. You have to make a conscious effort to prioritise your finances.

Sometimes we can be self-limiting by believing a subject like finance is complex. When this happens, we can be a hostage to our own minds, holding ourselves back and leaving us unable to walk out of difficult situations such as a bad relationship, unsatisfactory job, non-performing start-up, and so on.

Some studies have pointed to a rise in the number of women being sole breadwinners in their households globally, making financial acumen even more relevant. In the words of renowned Indian poet Rabindranath Tagore, “Everything comes to us that belongs to us, if we create the capacity to receive it.” This is surely an interesting thought to ponder on as we as women continue to harness our innate strengths!

A Malaysian millennial with a passion for personal finance, which led her to start her own blog, Ringgit Oh Ringgit, to chronicle her own financial journey.

Suraya Zainudin

Ringgit Oh Ringgit Blogger, content creation and management specialist

I have always blogged about personal finance. I started anonymously on various platforms, then started writing publicly on my *Ringgit Oh Ringgit* portal, which I launched in December 2015.

My decision to create a public platform turned out to be one of the best decisions in my life, as blogging combines what I love to do, what the world needs (financial education), what I'm good at, and what I can be paid for. Blogging about personal finance is my *ikigai* (a Japanese concept taken to mean "a reason for being").

My inspiration came from many places and many people. I must, however, give special acknowledgement to other personal finance bloggers in Malaysia and around the world for popularizing the idea and giving it legitimacy. They proved that edutaining personal finance content is indeed in demand.

Why personal finance?

This is an interesting question. Personally, I don't find financial matters difficult. Sure, they can sometimes be hard to digest, but I've always thought of it is a fascinating and fun subject.

I once went on a walking tour of a palace, and a couple beside me were having in-depth discussion about the architecture style of the building, while their best friends behind me were talking about the religious and historical events that took place in the same structure.

Personally, I don't find financial matters difficult. Sure, they can sometimes be hard to digest, but I've always thought of it is a fascinating and fun subject.

Meanwhile, there I was, wondering how royal families funded their extravagant lifestyles back then! Did they impose a lot of taxes? Did they borrow a lot of money (and if yes, from where/who?) Did they wage wars to get more resources?

All of us make sense of the world in different ways. This just happens to be how I make sense of mine.

Monetising My Passion

My day job comprises more than just my blogging at *RinggitOhRinggit.com* – I actually work full-time as a communications consultant, providing written content to external clients all the time, from annual reports to website landing pages to social media to resume writing, and everything in between.

That being said, I have also monetised *Ringgit Oh Ringgit*, because why not? There are many ways to earn income from websites, and the experimentation process is super-fun as well as profitable. So far, I have earned from these methods: Google Adsense, banner advertisements, referrals and affiliate marketing, as well as sponsored posts.

In essence, if you take blogging as a business, you can definitely make a living from it. However, one must put in hard work to build traffic and establish an audience before one can even consider monetising it.

I also invest in bitcoin and other cryptocurrencies to diversify my investment. I already had other safe investments in place, before deciding to allocate some money into cryptocurrencies.

I learned about cryptocurrencies from various sources – a combination of online communities, cryptocurrency focused news platforms and high-quality thought pieces by respected community members published on Medium.com and other websites.

Additionally, I am in the process of launching a book, *Money Stories Volume 1*, as an additional income source.

Views on Financial Planning

For me, financial literacy is about knowing how to get the most value out of your hard-earned money. The definition of 'value' is different for everyone. It's not always about getting the cheapest price!

Financial planning, on the other hand, is about being able to live life on your terms, however you define those. What kind of life do I want? Is such a life realistic with my current income level? What are the most important, non-negotiable aspects of my lifestyle that I definitely don't want to give up? How hard do I have to earn/save in order to get that lifestyle? What sacrifices do I have to make?

At the end of the day, we all want to live a meaningful, dignified life. I see financial planning as a way to achieve that life.

Chui Ling runs AW Communications Sdn Bhd, a boutique agency specialising in marketing and advertising; the School of Charisma (a special programme focused on soft skills training) and 28 Days Academy, a training centre for post-

Wong Chui

Celebrity TV/radio producer and host, speaker, soft skills coach and entrepreneur

While waiting for my scholarship to pursue my master's degree in the US, I decided to backpack. As I had already been to many European countries but had never set foot in any Asian countries at the time, I thought of giving the latter a shot.

I first landed in Singapore, followed by Kuala Lumpur. It was supposed to be my second stop-over, but it now looks like I am "stopping here" forever.

Life as a Celebrity

I find the world of celebrity in Malaysia different from that in Hong Kong in four respects:

Privacy: In terms of size, Malaysia is a much bigger country, so there is less likelihood of bumping into paparazzi, and you don't really need to be seen if you don't feel like it.

Culture: Audiences pay more attention to your work, rather than your personal life. They are also natal caregivers.

more receptive to new ideas and works, due to Malaysia's multicultural background.

Status: The grass is always greener on the other side. In Hong Kong, a celebrity with average popularity can fetch many fans/ followers. But if you are based in Malaysia, you'd better be really good or be able to stay relevant and earn respect in order to keep and grow your fan base.

Expenses: It's definitely much cheaper in terms of upkeep in Malaysia, compared to Hong Kong. Fans/followers find it very 'normal' to bump into celebrities at *kopi tiam* shops. They are also less likely to compare the brands of clothes you are wearing to those of others.

MAKING A DECENT LIVING

Usually, it's a bit difficult for an artist to scale up their 'business'. There is only one 'you'. As such, there are only two ways you can increase your revenue: you can increase your fees, or take on more jobs. But there are still challenges there, in that it's very easy for one to reach his or her limits.

In my case, I am very focused, given that I knew what I was getting into before I joined the entertainment line. Therefore, I made use of what I learnt and gained over the years to transform myself and my three businesses:

2012: I founded AW Communications Sdn Bhd, a boutique agency specialising in marketing and advertising. My team has grown from two personnel to eight over the years.

2013: I started the School of Charisma, a special programme focused on soft skills training, and public speaking in particular. We have successfully trained over 800 working individuals.

> I don't really believe in worklife balance, as I have a way to put everything nicely together.

2017: I founded the 28 Days Academy, which started off as a training centre for post-natal caregivers. Today, the centre is Malaysia's leading post-natal care education and services provider. We pride ourselves on maintaining an extensive network for our alumni and partners, providing them the support and resources they need to achieve their goals.

All-in, I was able to transform myself from an individual into a group of companies. Likewise, I've diversified my business from entertainment into other areas.

Managing Resources, Time and Ideas

I don't really believe in work-life balance as I have a way to put everything nicely together. If you are passionate about something, you wouldn't look at it as 'work'. My three main secrets to achieving what people call work-life balance are managing resources, time management and creating new ideas.

Resource management: You have to leverage on people, their time and skills to achieve your business needs. At work, I hire capable staff; at home, I hire professional nannies. Therefore, I can manage both areas efficiently.

Time management: I maximized the amount of time available to me by moving to a house which is just five minutes away from my office. Although the moving process was very tedious, it saved me a lot of time in the long run. I also consolidated three offices into one, so that I don't need to spend time running from one office to another.

New ideas: Entrepreneurs are usually creative people. I create ideas and businesses that my family and I can work on together. In 2018, my kids and I did two TV commercials. We had a great time, and most importantly, we created a lot of great memories. On a related note, I started post-natal care training so that I could learn more about parenting as my kids grew up.

Plans for the Future

Celebrity is a status granted by others, so I don't think one can "retire" from bring a celebrity. But if one is referring to my retiring from being an "artist" or "performer", I don't really think I need to retire judging from both my personal and business development.

What I have been doing all this while is that I was building a humble empire. When you have an empire, you can't retire, right? I would say that I am now still 'in' the business, and I would want to rise to a higher level one day - and that's when you have much more flexibility in your time and finances.

She is also the Co-Founder/Director of PopTani Asia, which provides modular urban farming tools via the use of aquaponic technology and innovation.

Yasmin Rasyid

Founder and President of EcoKnights, a not-for-profit environmental organisation that delivers development and environmental interventions to communities, government agencies, learning institutes and companies.

Growing up in a lower middle-class multicultural family where having less in life was an everyday reality, I was always taught to be resilient, independent and knowledge-driven. So I worked hard, with my early influences being my grandparents and my mum, who raised me to value the principles that made me who I am today – namely humility, respect, gratitude and resourcefulness.

Making a Stand for the Environment

To be frank, I had no intention of starting a business in this area. I think it was the other way around! The idea that drove the business came from an area of need which I "saw" or "accidentally discovered," subsequently finding the courage to address it and take it to another level.

I know what I love to do – that is, I love the topic of sustainable community development. I think innovations in social and economic dimensions can help drive and spur more positive impacts on the environment, if done properly.

And I am a curious being, always trying to address issues or concerns differently. In short, this business idea chose me as much as I chose it. I was just a suitable vehicle for the idea to grow.

People-Related Challenges

The challenges I had as an entrepreneur were not financial ones, and neither were they operational in nature. Matters like funding or staffing are all manageable, as they are part and parcel of running a business. But toxic people are a challenge that you need to address swiftly by getting rid of them as soon as possible.

I didn't plan to venture into this field, but let's just say it doesn't take a formal education to get to where I am or where I'm heading. Today, the most important skill sets to have are the soft skill sets. I don't need to hire smart or intelligent people.

Suffice to say I hire people with a firm grasp on empathy or strong dose of creativity. I love people with versatile abilities. I hire people not based on their acquisition of knowledge. I hire them because I see how brilliant they are at applying the knowledge they have acquired.

> And never underestimate your self-worth. Always walk with courage in whichever direction or path you choose. If we allow fear to cloud our judgment, we will never be able to experience the other side, and grow our perspectives on life, work, family or anything else.

I have thrived in this sector because of the amazing connections I have made, the networks I've formed, the credibility that I built in terms of knowledge and experience, and the reputation for reliability I have established.

However, some of my peers see competition differently from how I do, hence sometimes competition is taken to a nasty level. Since I don't subscribe to such approaches, I have learnt to 'zen' out from such people by doing my own thing.

Time Management and Precision Planning

I don't think there is such a thing as work-life balance. You may have to give up some things in your life more than others to get where you want to go. Outside observers may think that I am doing a fine balancing act, when this is not actually the case.

Coping with life's challenges requires precision planning in many matters. Achieving work-life balance would mean that I finally figured out how to get a constant eight hours of sleep daily, which is never the case.

I can be a better organised person, but I think where I am now is pretty darn good. I do miss a lot of social events which I replace with sleep sometimes (what's the point of going to parties looking like someone who hasn't slept in days?).

One should always strive to set a goal and give it a realistic timeline, which can then be broken into smaller chunks or targets you intend to achieve, while also remembering to factor in all the social and familial chaos that life has to offer.

Issues Faced by Women Entrepreneurs

It's important to have confidence, self-esteem, courage, and a good, small emotional support group. Women just need to grow some confidence, in the same manner men are expected to grow some *cajones* in this dog-eat-dog world.

And never underestimate your self-worth. Always walk with courage in whichever direction or path you choose. If we allow fear to cloud our judgment, we will never be able to experience the other side, and grow our perspectives on life, work, family or anything else.

I don't have many friends – in terms of quantity – but the close friends I do have form my emotional backbone. This is important, as it brings some sanity back into the daily chaos of life.

Disruptive Trends in Wealth Management

Yash Mishra, CFP

Wealth Management is one of the most attractive sectors within financial services for at least two reasons: First, WM businesses tend to have greater growth prospects, lower capital requirements – unless you count the cost of human capital, and a higher return on equity (ROE) than most other retail banking businesses, hence their appeal to diversified financial services firms at a time when capital is viewed as more expensive, growth is hard to come by, and equity returns for the banking industry are close to the cost of capital.

The wealth management offerings are essential to attracting and retaining profitable retail customers. For instance, based on our experience, mass affluent customers can typically represent 80% or more of the net income generated by retail banks, and they often regard their relationship with a provider of WM services as their most important financial relationship. As a result, many diversified financial services firms are doubling down on their WM businesses.

However, this industry is in the midst of significant change: a new generation of investors, whose expectations and preferences have been shaped by new technologies and by their living through the last financial crisis, have brought new standards to the industry in terms of how advice and investment products are being delivered. Furthermore, a challenging investment environment, characterized by increased levels of uncertainty and rising costs of risk to investors, is making it harder for advisors to generate superior investment performance for their clients. Shifting demographics with the ageing of advisors and an upcoming transfer of wealth from baby boomers to the next generation will upset many established advisor/client relationships and create opportunities for new firms to grow market share at the extent of incumbent firms. Finally, increasing regulatory burdens, new business models like digital banks and new competitive patterns will compound the complexity.

From my perspective, there are 3 key trends:

Rise of the New Age Investor: This refers more to the changing expectations and standards by a new generation of investors. They have been labelled Gen X and Gen Y and the baby boomers who are being influenced by their younger peers. This New Age investor is more sceptical of authority than previous generations of the investor. They believe in the wisdom of the peers and likely to seek opinions and views from multiple sources of advice simultaneously, think their social media groups of peers that include University alumni, work colleagues, amongst others. The expectations are further shaped with non-financial digital firms (e.g. Google, Facebook) as well. They expect to be able to access advice anywhere and at any-time, through multiple channels as part of cohesive digital experience. They want tailored customized advice instead of being treated as a segment. They have their unique goals, with specific preferences (it's Me, not someone else). They seek to stay in control and reluctant to buy into discretionary services and increasingly comfortable doing their research.

The perception of risk has also changed for the investors as they perceive risk as downside rather than volatility. An example of this may be that advisors have had to emphasize on capital markets and hedging strategies that seek downside protection more than traditional portfolio allocations that seek to manage risk through diversification. This new age investor feels entitled to the same investment products and strategies available to Ultra High Net worth (UHNW) or even institutional investors forcing WM firms to think through new ways to give their retail investors access to alternative as investments and new asset class is likely to increase.

Holistic Goal-Based Advise: The business models have been based on investment advice where portfolio allocation, stock picking, mutual fund selection and tried to convince clients of their ability to deliver superior investment returns for them. However, investment advice has now largely commoditized, at least for mass-market or emerging affluent clients with most WM firms, even the smaller RIAs, having access to the same products, tools and models. Consequently, it is hard to differentiate the financial advisors to prove their services are differentiated based on their investing prowess.

Clients trying to achieve multiple goals over time need to understand the trade-offs and see how to make them. This requires a shift in Wealth Management firm's ability to develop and train advisors on goal-based advisory framework and tools.

Despite these developments industry still faces significant barriers to providing holistic advice to clients, including access to the right tools and software training, access a wide range of products and services and compensation. Wealth management firms need to address these barrier in order to meet their client's changing needs.

Longevity Challenge of Lifespans Capital and Advisory Talent Pool: Wealth managers serve clients across the wealth spectrum. All clients but the wealthiest have one primary concern, which is outliving their assets. Many investors simply want assurance that they can generate enough income in

retirement to continue their current
standard of living. Simple as it may sound, providing this assurance is no longer simple, as life expectancy has risen, medical costs have risen, and potential insolvency of government entitlement programs have generally shaken these investors confidence in their retirement security.

For advisors, providing advice and planning around retirement income is an incredibly complex task. Advisors need to help clients make numerous assumptions around portfolio returns, inflation, future tax rates, longevity, housing costs, healthcare expenses, the future of social security and many more issues. This is further compounded since 43% of financial advisors in the US will be over 55 years old and the industry contends that a third of those will retire from the workforce in the next decade.

We need to focus since as an advisor we are not only facing the rise of digitization, longer lifespans, changing life expectation, but also a shrinking pool of qualified, experienced financial advisors.

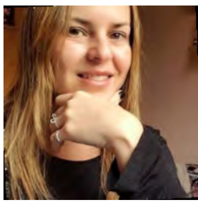
FINANCIAL PLANNING STANDARDS BOARD

Time, The Most Finite Resource of All

PLANEJAR

Pra vida

It is worth investing a few minutes in this reflection



São Paulo

Abstract

As professionals of the financial market, when we hear the word ‘resource’, the first image that usually comes to mind for most people is ‘money’. Similarly, clients who look for services specific to financial planning, think the same. I feel very glad to show that our work serves a wider perspective. We plan for life. Money, the economic resource, is only one of the aspects that we work on.

The objective of this article is to highlight the importance of time, the most finite resource of all. Time is life. It is every moment of our lives. In this article, We approach time aspects that are unnoticed due to daily routine.

Is time being used in a proper way? Some simple questions lead to these reflections: Has time been wasted or invested? How many roles do we play through our lives? How much time do we waste in traffic jams? How much time do we spend with our family? How much time do we dedicate to a meal? If we had more time, how would we use this resource? Usually, without noticing, time is wasted on useless subjects and important things are left aside due to lack of time.

As financial market professionals, we are used to turning almost everything we hear into money, numbers, accounts, data, assets, deadlines, strategies, institutions… In these conversations, time is usually in the equation, almost always as numerical time, absolutely chronological. The idea of this article is to notice that time is more than an important information. It is fundamental. But it’s crucial to look at time by other perspectives, because when we are talking about time, we are talking about life.

Just like money, time is a finite resource. The most finite of all. An increasingly scarce and non-renewable resource. With all the accumulated knowledge and technology, a lot of things that improved life of society have been created: we have eradicated diseases, produced more food, developed faster transportation and created a network of online communication around the world. However, a way to “produce time” has not yet been invented.

> *Unlike space, which allows going back and forth, the time dimension imposes itself as a flow without return. The present is a moment in which, when named, it’s already over. It does not stop or return, it simply goes on (Gianetti, 2005, p. 66).*

Sometimes, the client who hires us to create a financial planning comes for a first conversation carrying papers, bills, statements, income tax…because he is concerned in showing us his assets, or how he spends his money. However, the client is surprised when we tell him that, at first, the most important thing is to know how he spends his time.

How old you are, where you work, where you live, your marital status, your hobbies, what you enjoy doing in your free time, if you have children, what your daily life is like, how you relate to family and friends. What is important? What is urgent? Reread this paragraph and notice that we are talking about time. How does each one handle this resource?

It worth for all of us!

If your client asks you what is the difference between important and urgent, how would you explain? See if it makes sense to you:

> *Urgent is anything that generates punishment or loss if it is not done within the deadline; important is what helps you achieve goals, even if you have no deadlines. Some urgent tasks may also be important. Beware: Many people get stuck in the urgency room and leave the important things in the dream plan.*

If we get the client to think about it, he will be able to understand how important time is and how this resource has been used throughout their experiences. Realizing that, the conversation gets much richer: we can understand what the client wants for his life, what he expects from us and from the time we will be working to help him build not only a financial planning, but a life planning. Past experiences have built the person who is sitting in front of you in the present, and asking for your help in planning the future.

I have no time!

Scarcity is a fundamental point in economic science; after all, infinite human desires are observed in a world of limited resources. For Peter Drucker, in the Post-Capitalist Society, time is the scarcest resource we have, and he says: If we can't manage time, we can't manage anything else. Following this line, the theory of scarcity postulates that society has insufficient means of production and resources to meet the wants and needs of all human beings - when it comes to time, it seems quite true. How to get or produce time? For a good to be considered scarce, it must be difficult to obtain, difficult to produce, or both. Time fits both aspects. As a day is 24 hours, it is necessary to list priorities, make choices over others. Regardless of what time we are talking about, social time, time at school, at work, in traffic, on the beach, it doesn't matter, we are talking about the lifetime that is undoubtedly finite.

Time and Values

Before we talk about money, interest, spreadsheets, we need to identify what motivates the individual to use their resources the way they do. To talk about personal finances and to plan, you need to touch on often sensible subjects such as dreams, fears, health, death, motivations, goals, beliefs, experiences, time and values. Values that along the journey might be left behind. Beliefs and values change with aging, are socially influenced, and can change from past learning and experience, even if it is from other's experience. Values are not static, they are not printed on a photograph, they are part of a movie, the movie called life. How much of our time and other resources, including financial resources, are spent on meaningful things?

How many things am I? Time for happiness

In December 2015, the educator Heloísa Padilha participated in a panel at a seminar, where the topic was the implementation of Financial Education in Brazilian schools. There were also educators from other countries apart from

Brazil. The topic is controversial. Time and time management for a child is not an easy thing to deal with, it involves the time of parents, of school, of sleep… Time to be a child, to play, is a very serious thing. The link between being playful and the development of the cognitive system is extremely important for becoming a happy adult.

Padilha initiated her talk by sharing a self-reflection: "How many things am I?" She named a few, such as a driver, taxpayer, guest, mother, and asked the audience if they had any idea how many occupations she has found, 10? 20? She stopped at 80 (I have found already 50 in about ten minutes). Is there time to play so many roles?

How much time is devoted to roles that bring happiness? How much time is spent on bureaucratic activities, useless discussions? In lines? How much time is spent in traffic?

Time and Urban Mobility

A survey conducted by Rede Nossa São Paulo in association with Ibope Inteligência, released in September 2015, showed that the citizen of São Paulo spends an average time of 2h 46 in traffic if using their own means of transport, and 2h 53 if on public transportation. The data itself is already unpleasant and is even more if annualized and turned into days! 29.1 days of life a year stuck in traffic. Roughly, we can imagine that we spent a month that could be on vacation (who knows), crammed into a noisy bus.

Precious Time

Returning to Heloísa Padilha's presentation, we can build some more reflections: of "all the things I am", how much time is spent on what is precious? With what is considered sacred? With friends? In activities that refer to pleasure? How much quality time is spent with the family? For many, the family is a priceless asset. Over the years and in many societies, it has received less time, or a lower quality time. Less time was spent with children, with parents, less time was left to play, to educate, to talk, to strengthen ties, to hug, for family lunch and to gather around the table.

We still must work hard: Fast Family

Currently, it seems that there has been a trade-off between time and money. The advent of capitalism and the introduction of women into the labor market brought with it some genuine changes in social time, including the time for family life and eating.

Bean consumption in Brazil has been declining over time, from 23 kg in 1960 to 17 kg per capita / per year in 1990; according to the Embrapa Agency and according to IBGE, from 2003 to 2009 there was a 26.4% reduction, from 12.4 to 9.1 kg per capita / per year.

In a more subtle reading, it is noticed that rice and beans is more than a food, is part of the cultural identity of the Brazilian, which opens another range of reflections. In this survey, IBGE shows that from 2003 to 2009 there was an increase in the proportion of processed foods, such as breads (from 5.7% to 6.4%), foods like ham and sausage(from 1.78% to 2.2%), cookies (from 3.1% to 3.4%), soft drinks (from 1.5% to 1.8%) and TV dinners (from 3.3% to 4.6%), rice and beans have been replaced by foods of faster preparation combined with everyday meals away from home.

In another article, Marcelo Traldi observes the evolution of refrigerators from the 1960s to the present day. These are observations that certainly go unnoticed but are also related to the use of time. In this article, what is most striking is the increase in the freezer area, which is certainly related to the ingestion of frozen foods, that are prepared quickly.

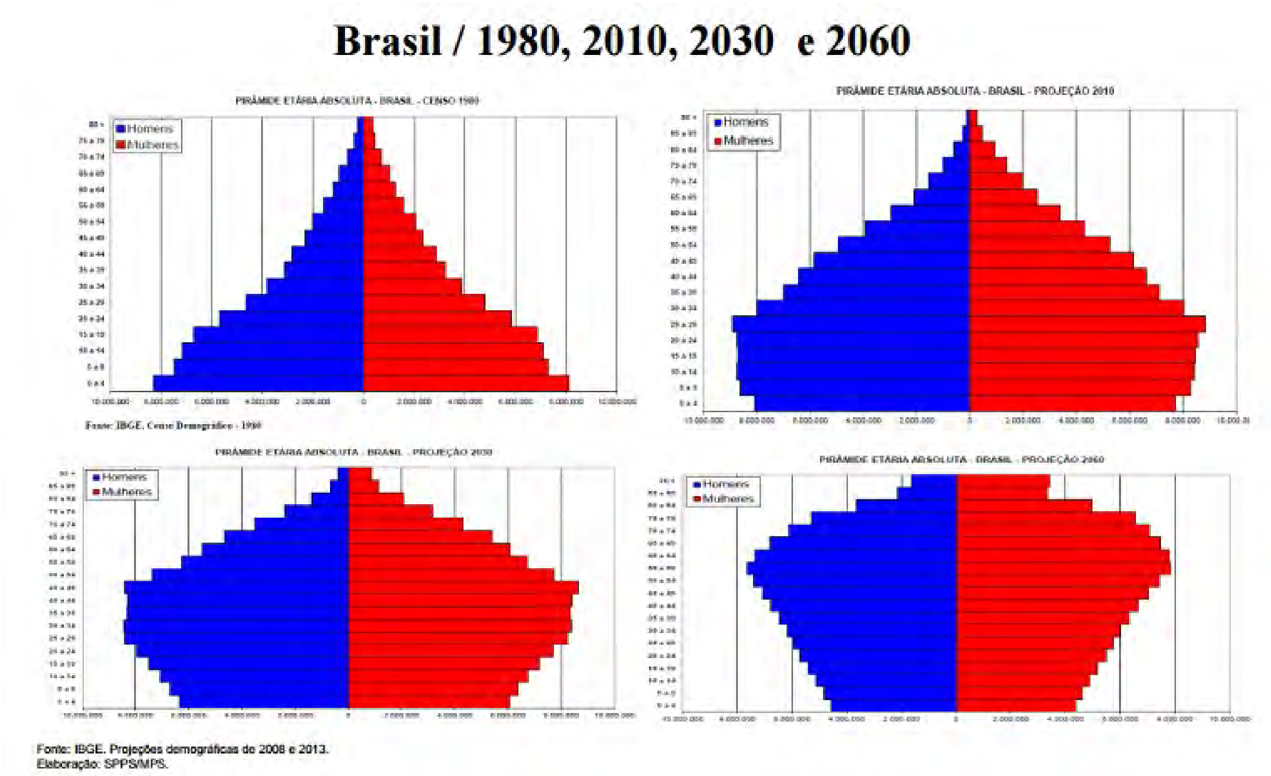
The mother who gathered her family at the table, who made *brigadeiro* (Brazilian traditional dessert) and also taught kids how to eat, who chose healthy foods, checked the origin, prepared carefully and with affection, is currently out of the house, working or looking for a job. There is room for a question: can fast meals, fast foods, lack of urban mobility, the trade-off between time and money, the necessary choices, among other time constraints, give rise to another concept? The "Fast Family", where family vigil time is restricted and for the most part without quality, is, for many, another shift in the daily journey.

Time to work, time to retire

Thinking about aging, it is worth mentioning in the list of “urgent” subjects that a very honest financial planning is necessary for the long term, because life expectancy increases due to the improvement in the quality of life - improvement of water treatment and sewage, good nutrition and medical care. All these costs a lot of money. Leaving this issue aside can make the money that maintains the current life standard end long before planned; meaning life can get a little complicated.

A good financial reserve represents, in the present, the freedom to choose how to spend time, whether starting a new career, traveling, taking care of your health, or having solidity in times of economic insecurity. This, in the future, will make the difference between a dignified, pleasurable old age, or a difficult old age dependent on others.

In this respect, one approach becomes essential: increased life expectancy (people are living longer) and falling fertility. If we analyze only in the perspective of retirement through public resources, we can see that people will be retired consuming the lifelong benefit, which increases Social Security costs. As fertility declines, there will be fewer and fewer young contributors for each older person living longer.



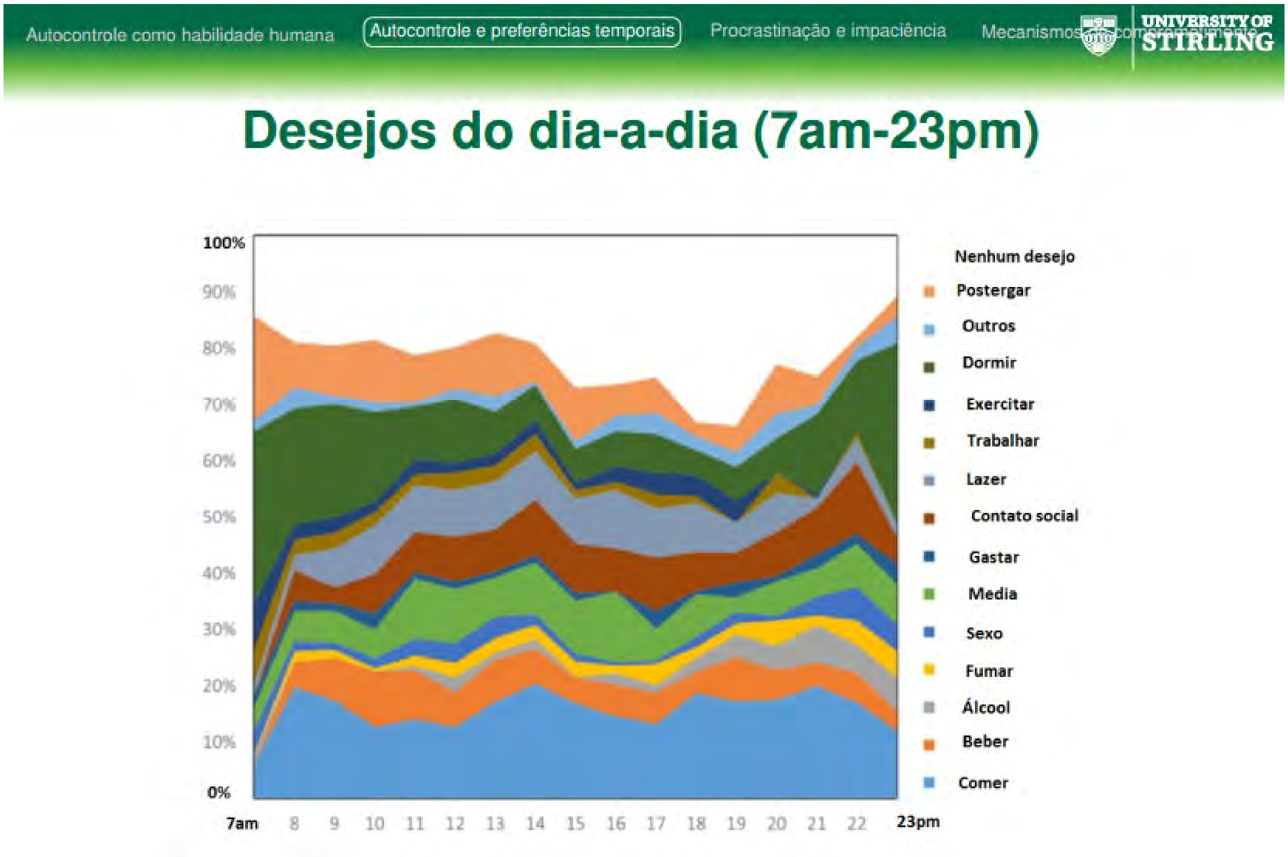
The graph shows the evolution of the demographic pyramid over the years. The first pyramid shows a wider base, representing a greater number of young people than the elderly; in the last pyramid, not only are there a smaller number of births and young people, but also a larger number of older people who are no longer likely to be in paid work and will depend on the resources they have accumulated (or not) over their lifetime, which is closely related to your financial behavior throughout your working age.

Today, according to research by the Ministry of Social Security, there are more than 9 people at working age for each elderly. In 2030 there will be only 5 for each elderly. By 2050, 3 and, by 2060, only 2.3 people at working age. Ideologies aside, this is a case where a change in the rules is important during the game, as it is a dynamic process. For the taxpayer, it is extremely important to understand this process and, above all, to be clear if the benefit to be received in the future will be enough to maintain their current standard of living. Without relying on the charity of family members, third parties or the government to have a good life in old age, with dignity and heath care.

It is up to us, as financial planners, to guide people not only with their bills, but to get them to reflect on the importance of time in its various aspects.

Time to Desire: The Thought Over a Day

The figure presented is part of the article from the researcher Dr. Bernardo Fonseca Nunes, presented at the 3rd Conference on Financial Education and Investor Behavior in 2015, in Rio de Janeiro. In the reflection, it shows what are the main desires of people during a common day (from 7h to 23h), mapped and presented in this image. Time has been divided into hours. The research focuses on observing attitudes such as self-control through a wide range of consumer opportunities, impatience and procrastination. In the image, you can see a large part of the day spent with procrastination. This is important data. The survey was conducted with 1779 individuals. For some, this time can be considered a waste, for others, a necessary time.



Time to Live - *Time is Money*

Speaking of time is not an easy task, after all, we have several roles throughout our lifetime and we wish, to leave, after death, beliefs and values, a good legacy. If we would divide this work into topics, somehow connected as proposed at the beginning of this essay, we would see important topics such as choice and scarcity, education, family, freedom, work, increased life expectancy, self-control and procrastination. The idea of this article does not end here. There are so many "times" that were not covered in the text: time to fall in love, time to take care of someone, time to start over, time to leave… To finish the article, I would like to quote Professor Ladislaw Dowbor with his sweet way of telling stories and sharing experiences:

> *"Time is our main non-renewable resource. Its waste by ourselves, or others, is monumental. We all know that time is money, but few think about what they are comparing. Time is the time of our life ... by confusing the means and the ends, we confuse the use of our time with a happiness always postponed" (Dowbor, 2013, p. 143).*

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Article originally published on July 11, 2017.

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Fund Investment Advisory Business Will Bring Challenges and Opportunities to Financial Planners

Ms. Peng Zhang, Director of Marketing and Brand Promotion, FPSB China.

In China, the supervision of fund sales is conducted by China Securities Regulatory Commission (CSRC). Recently, the CSRC announced the second batch of funds to invest in the pilot qualification list, the three pilot institutions qualified are Ant (Hangzhou) Fund Sales Co., Ltd., Tengan Fund Sales Co., Ltd. and Zhuhai Yingmi Fund Sales Co., Ltd. Among them, Ant Fund is the subsidiary of Ant Financial Service (i.e., Alipay parent company), Tengan Fund is the subsidiary of Tencent, and Yingmi Fund is one of the earliest fund sales agencies in China to carry out robo-advice investment business. All of the three companies are independent third-party fund sales institutions. It's different from the first five eligible institutions, all of which are fund companies or their sales subsidiaries.

The institutions involved in the fund's investment pilot will introduce a new fund sales model, which has been changed from collecting the product sales fees such as requisition redemptions to the collection of investment advisory fees based on the size of the assets held by investors. Under the original model, the commission income earned by the intermediary selling the fund is provided by the fund company. As a result, the intermediary will only sell the fund with high commission income. Under the new model, investors pay commissions directly to intermediaries, who are required to recommend fund products that are more suitable for clients in order to maintain their clients. The advantage is that, on the one hand, the intermediary is more representative of the buyer's interests. On the other hand, it also helps to practice the long-term investment concept.

After the new rules on asset management, the fund investment consulting business pilot, the establishment of banking subsidiaries（In order to promote the return of bank financial management to the source of capital management business, orderly break the rigid payment and achieve the "seller has responsibility" and "buyer's own", the China Banking Regulatory Commission issued the "Management Measures for The Financial Management Subsidiary of Commercial Banks". The bank set up financial management subsidiaries to carry out asset management business）and a series of measures may change the pattern of wealth management market and the way financial planners work.

Until 2015, the share of funds sold by banks accounted for more than 60% of the public fund market, in order to change this situation, the CSRC opened the flood gates to introduce third-party sales institutions. After that, the fund sales platforms such as the Daily Fund Network has rapid rise. At one point, more than 1.6 trillion CNY (In the money market) of fund platform spawned. The Tengan Fund and Ant Fund, which participated in the fund investment advisor pilot, will rely on the flow advantages of WeChat (the most popular instant online chat app) and Alipay. Its development will further compress the traditional fund sales channels, including banks, brokerages and other market share. This will pose a challenge for financial planners who earn commissions from selling funds.

On the other hand, investment advisors are likely to become the core of fund sales in the future. From the recent policy level to institutional trends, it can be seen that the domestic wealth management industry will increasingly return to its ultimate source and become more formal. Under this background, professionals who can provide clients with high-quality financial services and investment experiences will have more and more markets. In fact, even in the field of robo-advisor, as the world’s largest firm with more than $140 billion assets under management, Vanguard Personal Advisory Service adopts a semi robo-advisor mode in which CFP certificants provide artificial online services.

However, unlike China, the U.S. financial and wealth management industry has gone through nearly half a century and has penetrated into the life of the middle class. The success of the Vanguard Group's products is just to transfer its customers' services from offline to online, which is a continuation of the original service method, but the domestic financial management industry has not really gained popularity. Just like ignoring the stage of digital mobile phone and jumping from "no mobile phone" to "everyone has a smart phone", the domestic wealth management market has experienced this "jump", and we have no idea what kind of pattern will be formed.

In fact, Ant Financial has already prepared in advance. In July 2019, it cooperated with Vanguard Group, the largest public fund in the United States, to set up an investment advisory company. This pilot project was approved, and fund investment advisory products will soon appear on the Alipay App. Among the first five institutions that have obtained the pilot qualification, Southern Fund's investment advisory products have been launched; Huaxia Fund has formed a "offline investment advisor + online wealth management robot" service model, and Huaxia Wealth has now established a professional investment advisory team of more than 100 people.

What kind of waves will fund investment advisers set off? Financial planners may wish to pay more attention. Facing the changes in the sales pattern of funds, we hope that financial planners can seize opportunities and meet challenges, provide more high-quality services to more investors, and push the financial management business to a new height.

Our Changing Marketplace

How to Adapt Your Business to the Millennial Revolution

Fairness and Transparency Through CSR Approach

Client Expectations from the New Age Advisor

Digital Advice Working Group

How to Adapt Your Business to the Millennial Revolution

Andrew Au

There's a revolution underway and it's one that will fundamentally transform the way that financial planners do their jobs. It's known by some as the "millennial shift" and it's the global recognition that those born between 1980 and 2000 now make up the largest generational group.

"Millennials are experiencing life's major milestones: graduating college, advancing their careers, starting families. It's all happening for them right now," says Au. "They work, live and play differently than generations before them. They bring a different set of values, communication styles and working preferences. They expect hyper-personalized, on-demand and omnichannel experiences, which are enabled by technology."

A key area of concern for millennials—which may be different from their parents' priorities at the same age—is financial planning. Millennials are highly focused on the quality of their lives, rather than the drive for stability that motivated previous generations, Au notes. They may well want to retire at 35, while living and working in some of the world's most expensive cities. "Financial institutions and advisors need to cater to this new definition of success," he says.

That new mindset applies to the interior of organizations, as well as to their clients. "We survey 3,000 millennials across North America each year," Au says. "What we've learned is that 75% of employed millennials are open to new employment opportunities. Four-in-10 are actively seeking a new job: they're not happy at work. And, based on the demographics, if you aren't appealing to millennials, you aren't appealing to the majority of today's workforce."

Up to date digital pathways are crucial for this group, especially when it comes to customization. "They expect their work apps to work the same way their Amazon or Netflix app does," Au says. "Fast. Personalized. Intuitive. Organizations will be challenged to modernize legacy infrastructure and applications to keep up with these rising expectations."

It's important to consider the bigger picture, too. "Navigating disruption isn't just about building your digital marketing chops," Au says. "It's a much more holistic approach that involves rethinking customer engagement, employee empowerment, operational excellence and product/service innovation."

Staying relevant means embracing this kind of change, says Au. "Since the year 2000, 52% of the Fortune 500 list has turned over largely because they couldn't adapt to the fourth industrial revolution, which is digital."

Au's prediction for businesses that fail to do so? "Irrelevance."

Andrew is Co-Founder and President of Intercept Group, a marketing agency that helps global brands navigate this shift by helping them build organic relationships with millennials.

Fairness and Transparency Through CSR Approach

CM Rajesh Khandelwal, CFP

Rajesh Khandelwal suggests that insurers could consider rewarding those agents who perform well in the field of customer satisfaction in the long run, which can act as a strong motivator for performing better

Insurers shall embed and deepen the responsibility dimension into all aspects of their management, and should be well advanced on the path to sustainability with respect to the best standards of conduct in the insurance sector. I shall thus highlight and as well make a few suggestions to enrich the range of potential responses to further improve the reputation of insurance industry through Corporate Social Responsibility (CSR) approach. Three paths can be followed here:

- Fair and Standardized commercial practices, enhancing employees' competency and ethical awareness;
- To address behavioral, transparency and responsibility issues; and
- To act as lever for change in society.

There are legitimate concerns about mis-selling practices and problems linked to insurance agents' remuneration model, which cast an enduring slur on the industry's image. There is a pressing need to simplify and standardize the system, in order to reach a greater transparency and to enhance customer confidence. There should be a change in the sales systems of the long-term savings business, and a greater transparency on fees and commissions. Insurers must bring fairness in its selling practices and in remuneration system, especially - but not only – in the long-term savings business. The commission structure for any given product should provide advisers the incentive to give the right advice and to review product suitability and performance over time on behalf of the customer. The cost of initial advice should be - if legally possible – separated from the cost of on-going advice; and customers should not be forced to pay up-front for financial advice, or if they decide not to purchase a product. Hence, there is need for insurers to incorporate behavioral control measures, such as incentives to encourage customer-oriented attitudes, into their agents' compensation system. It seems that a balance of outcome-based and behavioral-based control measures would be the best approach.

Sales force control systems can be classified into those that monitor the final outcomes of a process (i.e. outcome-based control), and those that monitor individual stages in the process (i.e. behavior based control). In an outcome based control system, salespeople are assessed and rewarded based on end results, such as their sales volume, number of new accounts gained, and whether they meet sales quotas or targets. On the other hand, in a behavior – based control system, sales people are evaluated and compensated based on their behavioral performance (i.e. their activities, knowledge and skills); taking into account the methods they use to achieve sales results and whether they maintain good relationships with customers.

Insurers should make such a policy highly visible to its agents, so that it will act as an effective deterrent to unethical behavior and unfriendly attitudes toward customers.

When a salesperson's performance is assessed based on end results, he bears performance risk because he will be penalized if he does not succeed in bringing in sales. Hence, he is more likely to behave unethically to achieve sales results. An over-emphasis on end results may lead to a culture that focuses on short term sales and neglects after-sales, long-term customer care. Hence, insurers should not rely only on sales-based assessments in rewarding their agents. Instead, they should also incorporate further behavioral based control measures into its reward system. This will reduce undue pressure on agents to meet short-term sales targets. At the same time, it will encourage them to act in an ethical way to establish long term relationships with customers.

One way of assessing agents' behavioral performance is to look at the number of complaints and compliments that insurers receive on each agent. The insurance industry's common practice is to hand out awards to agents based on their sales results. Perhaps, insurers could consider rewarding those agents who perform well according to the complaints and compliments received, and who deliver long-term customer satisfaction. Such awards would act as strong incentives for agents to devote their efforts to building good, long-lasting relationships with policyholders. Conversely, insurers could stop working with agents who generate a high level of complaints. Insurers should make such a policy highly visible to its agents, so that it will act as an effective deterrent to unethical behavior and unfriendly attitudes toward customers.

Cultivation of buyer's trust is particularly important in a relational sales contest, where the customer needs to have a confident belief that the salesperson can be relied upon to behave in such a manner that his/her long-term interest will be served. Therefore, insurance companies and their agents must win customers' confidence and build long-term relationships with them. Customers' trust in the insurance industry is not only dependent on the quality of the products' design, but very importantly, on the insurers' and their sales forces' level of integrity and professionalism when dealing with the public. To improve public confidence, insurers in many ways must make sure that all their commercial practices are fair and customer-focused.

Insurers must commit to dealing with customers' complaints fairly and swiftly. The awareness that a customer advocate exists may reduce feelings of helplessness, dissatisfaction, or resentment that consumers *may ordinarily have when dealing with a large insurance company.*

Besides, policyholders should be able to see that channels are readily available for them to voice their dissatisfaction or file complaints, if this becomes necessary. Insurers must commit to dealing with customers' complaints fairly and swiftly. The awareness that a customer advocate exists may reduce feelings of helplessness, dissatisfaction, or resentment that consumers may ordinarily have when dealing with a large insurance company. I can perhaps make the following prediction: if insurance companies make customers aware that besides being able to seek recourse with the regulator, they also have a right to complain to their insurer and to the industry's associations, and that their complaints will be fairly dealt with, this is likely to also reduce consumers' feeling of helplessness, dissatisfaction, or resentment with their insurer. In fact, every complaint should be considered as a business opportunity, since this form of consumer feedback can help the company avoid future errors.

Surveys conducted on insurance professionals have highlighted the existence of serious concerns regarding their competencies. Insurers must set high expectations in both the technical competence and ethical behavior of its agents. This involves adopting stringent requirements for the selection of affiliated sales agencies and individual agents. At the same time, there is need to pay close attention to staff training, so as to make sure that the sales force is technically competent to make the correct product recommendations to customers. This will minimize the incidence of mis-selling. The financial services industry has undergone rapid transformation. Financial institutions like insurance companies and banks are offering more sophisticated products in their bid to uphold their market share in an increasingly competitive environment. Hence, insurers must make sure that their sales force has the technical skills to handle the enhanced complexity of such products, by stepping up on staff training. Improving – on a continuous basis – the competence and professional standards of their agents helps insurers win the public's trust and confidence. To deepen the incorporation of CSR into the business as a whole, insurers must continue to mobilize its employees in this regard, by including this dimension into internal company training programs. The board and senior management must clearly support and fully commit to the CSR program as well as be conscious of the need to lead by example.

In order to win the trust of policyholders there should be better disclosure of information about products in sales materials. Before consumers sign up for the products, they should be informed about all charges that would be incurred for the product, the projected returns that they would be getting, as well as the assumptions that the projections are based on. The projections should be credible, not unachievable. If returns are not guaranteed, the company should be very clear about that. The terms and provisions of policies should be accurate, truthful, upfront, and written in a language that policyholders can easily understand as consumers frequently find insurance products complex and difficult to comprehend. Conditions and risks that are excluded from the insurance coverage should be clearly highlighted and explained to customers' at the point when policies are sold. This will avoid unhappiness later on when customers file for claims. When it comes to selling insurance policies, the old saying "Honesty is the best policy" can't be more true.

A pro-active attitude is essential to foster significant progress, which implies to create and market insurance product and services that encourage responsible organizational and individual behavior.

Insurers must encourage the incorporation of CSR-related issues by all the industry's businesses and stakeholders. Insurance companies have repeated interactions with almost all economic sectors, with all kinds of organizations, and with the citizens of the countries in which they operate, through the myriad insurance contracts that are signed every year. Therefore, the insurance industry can bring an essential contribution to raise the awareness of its business stakeholders on societal and environmental concerns, and to promote sound practices on their part of its customers and suppliers. A pro-active attitude is essential to foster significant progress, which implies to create and market insurance product and services that encourage responsible organizational and individual behavior.

Conclusion

To conclude, for the financial services and insurance industry, it is only by demonstrating that it understands its responsibilities and operates with fairness, transparency and integrity that the industry will be able to build the trust of all stakeholders. Insurance business is affected by the huge uncertainty in financial markets, but people around the world are still saving and buying insurance from brands they trust. Trust is vital to the insurance business; it represents its main asset. Hence, transparent and ethical practices are needed to build the reputation of the industry. It will demand skills in managing the change – now very visible in some parts of the industry. Insurers should take active and prudent approach in managing their capital and making appropriate disclosures. Investors and policy holders should feel confident that the disclosures provide a full picture of financial position. Enlightened leadership is essential to provide the impetus, to set the organization in motion, and to follow up the internalization process. Beyond implementing compliance programs, defining sets of values and elaborating codes of conduct, the challenge for insurance companies – as well for the multinational firms – is to live the responsibility dimension in their daily operations, and to maintain a high ethical profile through all the aspects of their activities. Well written CSR reports, professionally managed customer and public relation exercises will, in that case, not be substitutes for a genuine incorporation of responsibility (at all levels) but its illustration.

The heart of the matter is that insurance companies, being financial institutions, have the power to shape our common future: they manage investment funds, which gives them the possibility to invest in responsible companies to sustain sound projects; and they have set up contractual relationships with millions of individuals and organizations of all kinds – in fact, with all of us in a way or another -, and this provides them with a tremendous leverage. By the policies they define, the products they design, the methods they promote to sell them; by the way they manage and reward their employees; or by the level of transparency they are able to reach, insurance companies influence significantly the way individuals and organizations behave. If they can introduce new methods of risk assessment and management that foster environmental protection and contribute to social equity. If they can make it explicit that responsibility starts at the top and effectively percolates through the organization, then an enduring change in the image of the industry will take place. The faith in the insurance industry will be enhanced because the reality will have changed. Let us all resolve to bring this change so that the future generation may have the possibility to cope better with the more risky world they will inherit from us.

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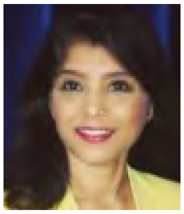
Client Expectations from the New Age Advisor



Nita Menezes, FIII, CFP

The eight most important aspects of a financial planning business are - time management, prospecting, sales, relationship building, client servicing, marketing, product knowledge, and portfolio management.

Whilst all these aspects are important, in this article we will focus on what a client expects from his advisor and what is required from any advisor who is getting into this domain, to standout and leave a mark.

As we see today, the Financial Planning industry is very dynamic and one main concern about financial advice is that it must reflect the changing requirement. The New Age Financial Advisor now needs to play the dual role of an advisor and a coach who coaches families to tackle life's changes and helps them achieve their goals.

What does a client expect from his/her advisor?

Every client needs a coach and a guide. He looks forward to someone who can relate to him and provide valuable guidance, which is not just thorough but also insightful. He needs someone who can be his planning partner, guide him about his cash flows, budgeting, and saving. He needs help to understand how to manage his debts and liabilities with the help of a proper Risk Management strategy. He is looking for someone to give him the assurance that everything is ok and he can achieve his goals if he is focused.

The New Age Advisor needs to position himself as *a Thought Leader and an authority in his/her domain.*

The Changing Role of the New-age Advisor –

The New- age advisor needs to go beyond everyday investment issues, by giving his client a patient listening, understanding his requirements and helping him to set investment goals. Managing client's fears and dreams when dealing with the new wealth, retirement expectations and the impact of taxation is also inevitable.

The advisor needs to be abreast with the latest technology and use it as a tool to provide valuable service and inputs to the client.

More so, the New Age Advisor needs to position himself as a Thought Leader and an authority in his/her domain. The advisor needs to be a magnet so that people are attracted to him/her and want to work and be associated with him/her. He needs to stand out from the rest of the financial professionals in this field. He needs to be so good that no one can afford to ignore him.

Thus, he needs to constantly provide VALUE.

How is Value defined?

Value is a highly personalized concept. It varies from person to person. Let's take the value of performance. While one investment may produce greater returns, the required volatility may not be acceptable to a client.

How then do we measure value? According to me, each person has an inherent sense of what he or she considers value. Value can also refer to the services rendered.

For eg. Does your client value your advice and is he willing to pay you for it? ...If yes... What will you consider a fair price?

How does an Advisor standout?

The Advisor should see how he can add value. Most advisors focus on products and fail to connect to the client. They use the same yardstick for all. The time now is to focus on your conversation with your clients:

- Have engaging conversations. Show genuine interests and help them develop successful habits.

- Focus on the “Why” rather than the “What”. It’s time to be a Specialist rather than a Generalist, which means you need to identify your segment and do a deep dive to see what your clients’ needs and wants are, help them manage their cash flows and help them make smart and informed choices about their money.
- Help them get clarity with respect to their dreams, goals, and vision and give them the confidence that you are with them on their journey as their coach and their guide.
- Make use of technology to the best of your advantage, but remember that technology cannot replace emotions.
- Use the tools available to help keep them on track and give them an experience and memories that they will treasure.
- Celebrate their achievement and become an important part of the family. Always work in their best interest, as a Fiduciary and the go-to person for any of the family members whenever there is a crisis or a requirement.
- Ask the right questions and provide them with solutions and alternatives...involve them in the decision process.

In short, you need to prepare a well written customized strategy through a proper Discovery process, a Financial Planning process and follow it up with an amazing Client Experience Process.

The **Discovery process** can be divided into two parts – Partly done on a call and a 30-minute meeting that will involve the following steps:

- Capturing personal and financial details of the prospect
- Their assets and liabilities
- Their goals and desires
- Understanding their purpose or their "WHY"
- Understanding their challenges
- Determining their risk appetite

The Financial planning process is a logical, six-step procedure:

1. Determining the clients’ current **financial** situation.
2. Developing **financial** goals.
3. Identifying alternative courses of action.
4. Evaluating alternatives.
5. Creating and implementing a **financial** action plan, and.

6. Re-evaluating and revising the plan.

Client Experience Process

Ideally, client experience is not just about segmenting clients and creating a service matrix (A, B, C category of clients) for the firm to follow.

It's about defining the various touch points, understanding their challenges and working with them to co-create a client experience by mapping out your client's journey. It also involves preparing a client communication plan and the necessary business infrastructure.

Ultimately, it's not about finding the one particular tactic that is going to make the difference, but instead, the building of a strong foundation that supports a specific target clientele and is consistent with the client's journey that truly makes a client's experience extraordinary.

Your constant endeavour should be to convey your expertise, experience and value proposition to existing clients, prospects and critical referral resources. Have only one agenda - their best interest. Play a leadership role in the lives of your clients and be their coach, guide, and fiduciary.

Nita is Founder & CEO of Financially Smart, a financial advisory firm (www.financiallysmart.in). She can be reached at nita.menezes@financiallysmart.in

In order to make the article, more relevant and interesting, I have borrowed some inferences from the book "Advisor for Life" by Stephen D. Gresham and the blog of "Michael Kitces at Nerd's Eye View."

FINANCIAL PLANNING STANDARDS BOARD

Digital Advice Working Group

CFP BOARD

CFP Board formed the Digital Advice Working Group 2016 to address the impact the advent of digital financial advice would have on consumers, firms, and the financial planning profession. Comprised of senior business executives, industry professionals and thought leaders in financial advice, wealth management, and technology, the Digital Advice Working Group's mission is to better study this trend and prepare for an unknown future.

This paper serves as a summary and record of the work of the Digital Advice Working Group to better understand the ecosystem of digital financial advice and its evolution. The individuals from CFP Board involved in the writing of the paper include Kevin R. Keller, CAE, Chief Executive Officer, Joseph Maugeri, CFP® , Managing Director of Corporate Relations, Sara Muehlbauer, Manager of Corporate Relations and Marilyn Mohrman-Gillis, Esq., Executive Director, Center for Financial Planning from 2016-2019.

Introduction

The world of financial advice continues to undergo change and disruption. Prior to 2015, the market for digital financial advice was made up of small digital pioneers, but as major direct retail firms entered the market we began to see rapid change. In the years since, larger firms have raced to build or acquire their own digital advice capabilities, raising new questions about the impact digital advice would have on consumers, firms, and the financial planning profession. Shortly after these developments began, CFP Board formed the Digital Advice Working Group, a group of senior business executives, industry professionals and thought leaders in financial advice, wealth management, and technology to better study and prepare for this unknown future.

In their first meeting in 2016, the Digital Advice Working Group developed multiple future scenarios to examine the five-year outlook for digital financial advice and to create greater clarity around the changes and implications for the profession. The working group then reconvened in 2017 to compare these predictions with their own experience over the past year, identifying key areas of uncertainty and forecasting where the industry may be headed.



The Digital Advice Working Group assembled on October 25th and 26th, 2018 in Washington, DC in order to better understand the ecosystem of digital financial advice and its evolution. This paper serves as a summary and record of the work of the 2018 Digital Advice Working Group[1].

The authors of this report would like to thank each of the 2018 Digital Advice Working Group members and guests who participated in this year's session for their thoughtful questions, discussion, and debate. It was their insight and dialogue that drove the findings in this report.

Jarrad Roeder
Principal, Heidrick Consulting

Eric Skoritowski
Consultant, Heidrick Consulting

[1]This paper was generated based on working group discussion and debate aimed at generating multiple alternative viewpoints and is not meant to be representative of the views of any one firm or individual that

participated in the working group. The paper is also not intended to represent the views of CFP Board or Heidrick & Struggles who hosted and facilitated the working group.

An Ecosystem Framework

In this year's meeting, with greater clarity on many of the uncertainties that characterized their first discussions, the working group refocused its attention on learning from peers across an ecosystem of digital financial advice (Figure 1 below).

The five segments of the digital advice ecosystem — technology, consumers, regulation, firms, and advisors — were developed through input from working group members, and provided a framework for the group to surface key challenges that their firms were facing as well as key questions they hoped to address with their peers. At the 2018 meeting, Heidrick Consulting (a leading advisor on strategy, talent, and culture) paired their experience in facilitating senior teams through difficult strategic discussions with CFP Board's deep knowledge of the financial planning profession. Heidrick Consulting and CFP Board framed the session in a way that would enable the mutual learning and dialog across all segments of the digital advice ecosystem.

Figure 1: The Digital Financial Advice Ecosystem

Key Findings and Takeaways from the 2018 Digital Advice Working Group Meeting

Questions and challenges that were surfaced from working group members fell under five broad areas that we refer to as the components of the digital advice ecosystem. The following questions prompted the flow of the group's discussion this year and thus serve as a framework for the key insights in this report.

Technology: Moving Towards Personalized, Scalable, and More Intelligent Advice

Technology drives the progression of digital advice given its role in enhancing consumers' experiences and elevating the role of advisors. The technology component of the digital advice ecosystem encompasses enterprise technology, global systems integrators, digital platforms and startups, and advisor software and solutions.

How will innovations that facilitate financial planning evolve?

Discussions in the first Digital Advice Working Group meeting of 2016 largely focused on artificial intelligence as a threat to the human financial advisor. One of the four future scenarios created by the working group was titled "Judgement Day" in reference to the science fiction movie Terminator. In this scenario for 2020, consumers displayed a high level of comfort with digital experiences and received holistic financial advice through one-stop-shop digital advice platforms. Big tech players that owned all the data and customer interaction points entered the space and provided advice in stream with other services. As a result, human advisors represented a much smaller segment of the market.

However, rather than reaching a "Judgement Day" future where AI displaces human employees, the group found that technologies like AI are more likely to serve as an amplifier of human intelligence in support of advisors. It was discussed that with an annual growth in data of 4300%, such technologies will become a necessary complement for humans to utilize the vast amount of data and knowledge available.

… rather than reaching a "Judgement Day" future where AI displaces human employees, the group found that technologies like AI are more likely to serve as an amplifier of human intelligence …

Furthermore, as conversational AI advances from "one-turn" questions (e.g. today's Siri or Alexa), it has the potential to surface consumers' core problems from their questions more quickly and efficiently, potentially automating the time-intensive fact-finding process in financial planning.

As the market for financial advice moves towards greater consumer comfort with digital interactions, AI can also enhance consumers' experiences and elevate the role of advisors in providing more holistic advice. Thus, advisors should consider how their skillsets can complement digital platforms and technologies.

What are the challenges in delivering digital financial advice today?

Several key pressures continue to shape the market for financial advice: preservation of advice quality at scale, client demand for digital solutions, regulatory pressure, fee compression, and the increasing longevity of investors.

In order to alleviate these pressures, major players in the FinTech space are developing digital solutions that drive mass personalization through scalable and intelligent advice platforms. Core to this process is continuous improvement, building in capabilities for A/B testing, and realtime feedback loops to test different strategies for different customers. Both clients and advisors are being tapped to provide valuable and instantaneous feedback on technology as it is deployed, which is helping solutions to reach greater scale and deliver a more seamless user experience.

Overall, these digital solutions aim to provide better quality financial advice to a greater number of consumers.

Where does today's technology leave opportunities for growth in the future?

One opportunity area identified by the working group was decumulation, particularly as an aging population drives the need for more and more effective decumulation services. Research from FINRA's Report on Digital Investment Advice revealed that the majority of digital advice providers do not independently address decumulation today and that virtually all digital advice providers believe that some level of human involvement is a necessary component of decumulation services.

The group did see some digital platforms for advisors and investors beginning to help users work through the complexity of decumulation by providing a more holistic view of financial health (e.g. via account aggregation, investment management, and cash flow analysis). Yet the group emphasized caution given the large scale of success or failure in decumulation as these solutions are scaled. As one member noted: "If digital advice providers get it wrong, they get it wrong for lots of people. If digital advice providers get it right, they can successfully deliver low-cost advice to a large swath of investors." Before scaling decumulation solutions to the mass market, the working group felt it imperative that these approaches be 'beta tested' and that a common framework and approach for decumulation be developed.

As more stages of the financial planning process are automated, advisors will have greater opportunity to drive deeper conversations with clients and play larger roles in clients' financial lives. In today's environment, all advisors already operate somewhere along a spectrum of digital enablement — that is, all advisors are utilizing some level of technology to deliver advice to their clients. Looking toward the future, however, the working group could see the technology to enable fully automated, direct-to-consumer, holistic financial planning without a human advisor as soon as 2023. Still, despite the availability of the technology, most working group members believe that advisors will remain the primary conduit for providing financial advice to clients even when fully automated solutions exist. How clients will respond to those services is still highly uncertain, as is the effectiveness of digital tools vs. a human advisor in effecting the actual behavioral changes that lead to financial health.

Consumers: An Age of Digitally Savvy, Well-Informed, "Do-It-Yourself" Consumers

As consumers become more digitally savvy, adoption of digital advice will increase. Digital advice providers will be tasked to ramp up consumer experiences in order to meet rising expectations. The consumer component of the digital advice ecosystem encompasses aging consumers, baby boomers, millennials, and generation Z as well as the spectrum from UHNW to HNW and mass market consumers.

How will the advisor-client relationship evolve in the future?

The working group saw the evolution of the advisor-client relationship of the future featuring many of the same components of financial advice today, but connected through a seamless digital experience. Financial plans will live in the cloud, where they can be accessed anywhere, from any device. Many financial advisors will never meet their clients in person, but will connect frequently through digital channels such as video-conferencing, texting, and social media, greatly increasing accessibility and enabling greater specialization of advisors across geographic boundaries.

Still, human relationships will continue to have a role in financial advice. Compared to human interventions and face-to-face communication, digital approaches are believed to have less impact on human behavior. For instance, studies show that even in the age of FitBits and mobile health apps, the greatest weight-loss tactic is a ‘workout buddy’. In addition, technologies such as AI have displayed limitations in interpreting human aspects of communication such as sarcasm, inflexion points, and non-verbal cues.

Within the financial planning space, recent research also demonstrates technology’s limitations in improving productivity of advisors. In terms of revenue per advisor, from 2013 to 2017, while staff productivity increased 18%, advisor productivity *decreased* by 22%.[2] One theory for this decline is that technology is enabling greater client interaction and thus surfacing more (and more complex) problems that require more advisor time to address with increasingly sophisticated advice. Automation in the back office is enabling advisors to spend more time coaching and counseling clients, but in turn raises the importance of often overlooked and less technical skillsets in areas such as client psychology.[3]

… both digital financial advice and digital healthcare are witnessing the emergence of a more digitally savvy, well-informed, “do-it-yourself” consumer …

What can we learn from other industries about consumer engagement?

Many comparisons can be drawn between digital financial advice and digital health from the lens of consumer engagement. In both industries, technology exists as a channel for consumers to more easily interact with experts, provides greater transparency and more information to consumers, and empowers consumers to take action on their own.

In addition, both digital financial advice and digital healthcare are witnessing the emergence of a more digitally savvy, well-informed, “do-it-yourself” consumer — those consumers who desire to make informed decisions on their own behalf with minimal or no guidance from advisors. In healthcare, these may be consumers who self-diagnose online and seek over-the-counter treatment or home remedies without seeing a doctor. In financial advice, these may be consumers that seek to guide their own investing and rely on point solutions across investment management, tax, cash flow management, etc. to assemble their own financial picture.

While key differences do exist, inviting a health tech CMO to this year’s meeting surfaced important learnings that financial advisors can take away — namely, consumers’ desire to move quickly between searching for information and the ability to take action, their strong interest in (but unwillingness to pay more for) virtual consultations, and their inclination to value access to information and insights they can use on their own over the opinions of authority figures.

Regulation: Evolving Regulation to Keep Pace with Innovations in Digital Advice

As more advice is delivered digitally, regulatory components of the digital advice ecosystem will define the guidelines in which digital platforms must operate. The regulatory component of the ecosystem includes the Department of Labor, SEC, FINRA, and OCC in addition to other regulatory bodies.

How are regulators thinking about digital financial advice?

During the 2018 meeting, a speaker from a key regulatory body presented current perspectives on digital advice to provide firms with an outside-in view for how regulators are thinking about this evolving sector. Overall, the group saw that regulators are not distinguishing digital advice providers from human advisors in their responsibilities to clients. Rather, both digital advice providers and human advisors are held to the same regulatory standards — a duty of care and duty of loyalty.

Recent guidance on digital platforms shared by bodies like the SEC was meant to clarify and interpret existing standards rather than impose new ones. Regulators continue to review policies and legislation around digital advice as the space evolves with a constant race to ensure regulation keeps pace with the convenience and efficiency offered by emerging technologies and business models while protecting the interest of consumers. Regulators present at the meeting expressed a desire for input and ongoing collaboration with firms and advisors as digital tools take on a greater role in the profession.

… regulators are not distinguishing digital advice providers from human advisors …

Firms: Stronger Together: Blending The Capabilities of Digital Advice and Human Advisors

In an effort to keep pace with evolving competitors and technology-savvy consumers, many firms are blending the strengths of both digital advice and human advisors. The firm component of the digital advice ecosystem encompasses large retail banks and financial institutions, brokerage firms, insurance firms, and custody and clearing firms.

How are business models for financial advice (e.g. pure-digital, hybrid) changing?

Many of the large players in financial advice have developed offerings that marry the capabilities of technology and human advisors. Some firms focus more on the advisor, building in-house solutions or offering white-labeled digital platforms that enable advisors to customize the digital tools and services they want to offer. Others have developed their offerings to address demand from retail clients. These B2C models enable advisors to deliver their services at scale to next generation clients and clients who otherwise may not be willing to pay large fees for advice.

However, both approaches have witnessed a consistent desire from clients to interact with human advisors throughout the experience. Technology has enabled advisors to bring geographically dispersed groups of people together (e.g. multiple advisors, family members) to develop financial plans, but the people component is still at the center. Likewise, even under more tech-enabled models, the human advisor is viewed by clients as a critical one-stop-shop for customer service and technical support in addition to the financial guidance they provide.

Accelerated widespread adoption of digital tools by advisors has left the term "hybrid" largely irrelevant.

This marriage of human advisors and a digital client experience was once referred to as a "hybrid model" of digital advice. However, the group recognized that all financial advisors are now using some form of these digital tools. There are no longer advisors who do not leverage technology in some way and pure-digital models now make up the minority of the market. Advisors will differentiate themselves based on how much they dial up or dial down the digital experience to best suit each client's needs. Accelerated widespread adoption of digital tools by advisors has left the term "hybrid" largely irrelevant.

How are firms differentiating themselves and pulling ahead?

The working group also discussed how firms can accelerate their performance by learning from the best practices of "superaccelerating" organizations. Based on research performed by Heidrick & Struggles, superaccelerators are those organizations that consistently, organically, profitably and sustainably outperform and outgrow their peers.

Members of the Digital Advice Working Group completed an abridged version of Heidrick's Organization Accelerator Questionnaire to get an aggregate view of how the financial advising sector stacks up on its ability to mobilize, execute, transform, and operate with agility — the four characteristics of superaccelerators. Data from that survey drove the insights on the following page.

In viewing the 13 component "drive factors" that accelerate growth (see Figure 2 below) and the "drag factors" that inhibit them, working group members felt that the sector's biggest gap was in Simplicity — that is, many working group members felt that their firms experienced additional bureaucracy, inefficient processes, and complex organizational structures. Even financial firms with very different operating models (e.g. tech-driven advisory firms vs. traditional broker-dealers) and a strong focus on the customer experienced similar challenges addressing the complexity of internal processes and legacy systems. On the other hand, the financial firms that scored highest on simplicity shared a common focus on simplifying the financial planning experience for their advisors, not just their clients.

Other areas of focus for attendee firms include Collaboration — the ability to break down silos and operate as one organization with high levels of trust — and Foresight — the ability to look ahead to spot opportunities and threats in the market. Compared to Heidrick & Struggles' broader financial services benchmark, however, financial advisory firms scored much stronger on Winning Capabilities — having the right talent in the critical roles needed for the future.

The ability of the sector to accelerate performance may depend on how well firms can unlock those raw capabilities they have in house, and break through organizational silos and complexity to develop the next generation of digital solutions.

MOBILIZE	EXECUTE	TRANSFORM	AGILITY
Customer First Always responsive to changing customer demands, low customer attrition, consitent service excellence	**Simplicity** No bureaucracy, lean processes, streamlined structure	**Innovation** Culture of disruptive thinking, ideas generation and experimentation, fast adoption	**Foresight** Think ahead to anticipate and plan for changing circumstances
Energizing Leadertship High energy buzz, empowerment at every level, strong role models who inspire others to bring their best performance	**Ownership** Meritocracy, delivery culture, integrity driven processes	**Challenge** Supportive, frank feedback and debate, highest performance expectations	**Learning** Learn quickly to avoid repeating the same mistakes and continuously improve
Clarity Everyone aligned and committed to purpose, ambition and clear priorities	**Winning Capabilities** Talent magnet, great talent develiopment processes, best talent in key roles	**Collaboration** Work as one organization, high level of trust, joined up processes and communication	**Adaptability** Quick to adapt to changing circumstances
			Resilience Recover quickly and emerge stronger from setbacks

Figure 2: Drive Factors that Help Organizations Accelerate

Advisors: Adapting New Digital Tools and Skillsets to Thrive in Future Markets

As digital advice evolves, advisors must adapt their tools, skillsets, and styles to meet increasing consumer expectations. The advisor component of the digital advice ecosystem encompasses RIAs, asset managers, financial planners and advisors, and employers of financial advisors.

How will the role and skillsets of advisors evolve?

The digital tools and skillsets that advisors need to serve tomorrow's clients are likely to continue to see significant change. When polled during the workshop, 67% of attendees said they could see "significant change" in the role and skillsets of advisors within the next 5 years and 91% could see at least "moderate change." No single member of the working group expected advisor skillsets to remain unchanged going forward.

These new skillsets include social media expertise for attracting and engaging with clients, the ability to utilize new technology in the delivery of advice (e.g. fluidly moving between screen-sharing, FaceTime, texting and other channels), behavioral coaching, and the ability to serve as a one-stop shop for client needs, whether they be financial, personal, or technology-related.

While most of the new skillsets discussed involved technical capabilities, communication and interpersonal skills will also grow in importance. As more activities in financial advice are automated, advisors will have greater capacity to establish deeper and broader relationships covering a wider array of financial topics. Furthermore, as technology increases both the capability and complexity of the financial planning systems, human advisors will be tasked with simplifying and translating that complexity to clients.

As virtual delivery of advice becomes increasingly commonplace, advisors should also be mindful of blending their technical and interpersonal skillsets. In order to more effectively deliver advice digitally, advisors can thoughtfully adjust their virtual presence (i.e. how they look and communicate on screen) as well as when and how they utilize digital tools in the financial planning process to more closely mimic face-to-face interactions. As technology continues to evolve, advisors will need to be agile in learning and adopting best practices of new digital tools to provide a seamless experience for their clients.

No single member of the working group expected advisor skillsets to remain unchanged ...

Lastly, the skillsets needed for advisors to build and grow a practice are also evolving with the times. The group acknowledged that client acquisition in the digital world will require a baseline social media and web presence. In larger firms, entire teams are dedicated to supporting and driving advisor adoption of social media tools to ensure they remain competitive. In the future, growing a base of clients and personal brand will require not only a solid grounding in the financial planning process, but also the ability to continuously add to an advisor's toolkit by learning and adapting to new technologies and communication channels with clients.

Conclusions

As the digital financial advice ecosystem continues to take shape, we see many firms and advisors facing similar challenges; each are looking to scale their impact using digital tools and to provide quality advice to more clients at affordable costs. As improving the quality of financial advice and growing the size of the market is ultimately in the best interest of all firms (and their clients), the 2018 Digital Advice Working Group concluded its meeting with several important calls to action:

Embrace New Technology

It is imperative that firms and advisors quickly embrace new technologies rather than work against them, and focus the use of these tools on elevating the role and impact of skilled human advisors.

Improve Advisor Experience

Additional focus is needed on improving the advisor experience in addition to the client experience. As the complexity of financial planning technology grows, advisors serve as a critical translation point for clients and can benefit from welldesigned systems that enable them to focus on adding their uniquely human value to client interactions.

Expand Advisor Training

As technology changes the role of advisors, firms must rethink their approach to onboarding and training. Serving the clients of the future will require that advisors be equipped not only with the relevant financial knowledge, but also with the be equipped not only with the relevant financial knowledge, but also with the digital skillsets and understanding of client psychology that will enable them to drive clients toward positive behavioral change in a digital world.

Competition in the financial advisory space will no doubt continue to remain fierce, with firms investing in new technologies, client experiences, and advisor capabilities to win in the market. As consumer expectations continue to rise, failure to invest in these crucial areas ultimately risks a firm's reputation with clients, profitability, and market share.

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The Digital Advice Working Group is an invitation-only collaborative that brings together leaders in technology, financial services, and academia. If you are interested in learning more about the Digital Advice Working Group please contact Joseph Maugeri, Managing Director of Corporate Relations, CFP Board at JMaugeri@CFPBoard.org.

[2]The 2018 InvestmentNews Study of Pricing & Profitability. (2018). *InvestmentNews*.

[3]CFP Board. (2018). *Client Psychology* (C. R. Chaffin, Ed.). John Wiley & Sons, Inc.

*As of October 11, 2018

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Our Shared Wisdom

Ten Key Steps to Becoming an Industry Influencer

Financial Functions in Microsoft Excel

Estate Planning on Digital Assets

Ten steps to becoming an industry influencer

Hardi Swart, Director, Autus Private Clients and 2019 Financial Planner of the Year

Becoming an influencer is the best marketing strategy ever. But what is an influencer and how do you become one?

You're an influencer if you're seen as an expert in your field and you've got a sizable following. Influencers have authority, and their word is as good as gold. People recognise the value you bring to the table and are genuinely interested in what you have to say. Here are the ten key steps I've taken to becoming an influencer.

1. Craft your niche offering

To gain traction and be recognised as an authority figure, people need to link your name to a particular industry niche. My niche is family financial planning and the creation of intergenerational wealth. I didn't just stumble upon this niche: it's what I do every day and it's where my passion lies.

2. Define your value proposition

Your value proposition should encapsulate why someone should use your service. A clearly defined value proposition is an essential guide to all your business communication. It explains why people should do business with you and it must set you apart from the competition. My value proposition is that I regard my clients as friends for life.

3. Create a captivating elevator pitch

Sometimes it can be difficult to know what to say when you are in a networking situation. To avoid missed opportunities, write and rehearse an elevator pitch that succinctly explains your niche offering and value proposition. Successful networking starts with nailing this pitch…But don't forget to ask your new acquaintances about themselves when you're done!

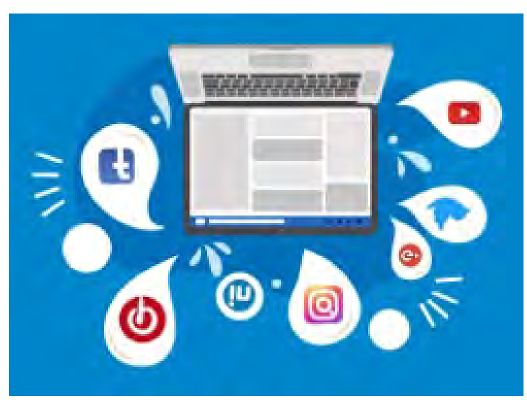
4. Find your style and be authentic

Now more than ever both colleagues and clients expect humanity and honesty in business. Authentic communication requires taking responsibility for your message and owning the response. Once you've settled on a communication style, you have to stick to it. In both word and deed.

5. Generate and publish content

To establish a meaningful presence, you need to create plenty of insightful content. This is a sure-fire way of proving that you know your stuff and demonstrating the value you bring. Invest time in identifying relevant and interesting topics and presenting the information in a highly professional manner. Once you're done, be sure to get a wordsmith to check your writing for errors and fluidity: falling at the last hurdle simply isn't an option.

6. Create a strong online presence and leverage social media



Sharing your carefully crafted content has never been easier. I'd advise maintaining profiles on at least three different social media platforms. This increases your reach and allows you to establish a strong brand identity while networking with like-minded colleagues and clients. It may seem like a schlep, but the benefits easily justify the effort.

7. Write a book

I'm also a huge advocate of writing a book. Being a published author provides a certain gravitas that sends your credibility through the roof and forces clients to take notice. An e-book is nice, but a bona fide printed book is even better. I'm currently putting the finishing touches on my first book…Watch this space.

8. Invest in yourself and build your own professional profile

Take the time and money to invest in your creativity, self-confidence, knowledge, health and relationships. Your future as an influencer depends on it. Once you've got *that* qualification, gained *that* experience or scaled *that* peak, be sure to tell the world about your professional development by employing marketing specialists.

9. Forge partnerships

It may be a cliché, but when you're faced with a challenge, two heads are always better than one. Harnessing the strengths and abilities of others from different corners of the industry is one of the most strategic ways to scale innovation and increase your reach.

10. Never doubt yourself

Whenever I'm a little unsure of myself I turn to the same quote from Wilma Rudolph. "Never underestimate the power of dreams and the influence of the human spirit. We are all the same in this notion: the potential for greatness lives within each of us." And then I get back to work.

The bottom line

You don't become an influencer overnight. It takes a lot of hard work, consistent effort, and dogged persistence. And once you've made it, you need to keep your foot on the pedal to maintain your status. It might not be easy, but it's definitely worthwhile. Once you're an influencer, anything's possible.

Financial Functions in Microsoft Excel

‘Goal Seek’ & ‘What-if’ Functions — Leverage these tools during client interactions

Dr. Alok Kumar, Ph.D, CFP, MBA

As a financial advisor we are well aware of the range and versatility of the Financial Functions available in Microsoft Excel. In our profession, these functions have come to our rescue time and again - whether they are common financial calculations such as yield, interest rate, valuation, present and future value of annuities, or whether it is extracting information from the database of products. We also use multiple features of these Financial Functions to run the client through the calculations of their financial plan.

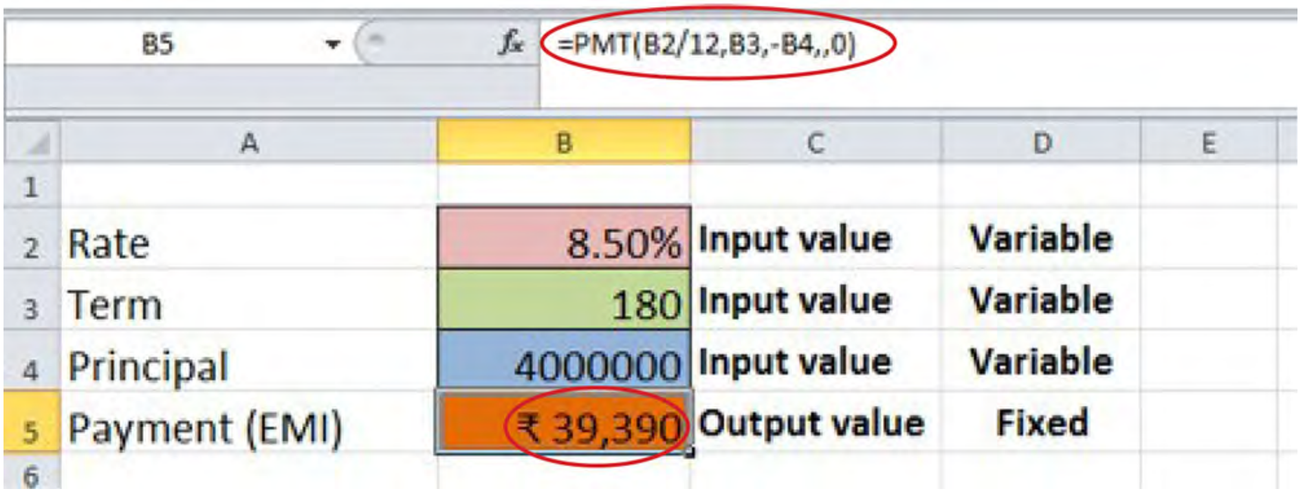
What-if tools, a set of Financial Functions, show the result of making a change in the input data without impacting the actual data. Often referred as Sensitivity Analysis in financial modelling, What-if tools help us analyse how different values for a set of independent variables will affect a dependent variable.

In the present article let us explore ‘Goal Seek’ - one of the three functions under What-if. Goal Seek determines the input value (the variables) based on a fixed output value (the financial goal) which is already known. Simply put, it uses a trial and error approach to back-solve the problem by plugging in the guesses until the answer is achieved.

For example, if revenue is the product of the number of units sold and the sale price per unit, Goal Seek can easily determine the number of units which have to be sold to reach, say, Rs. 1 million of revenue, if the selling price is known. Here, the number of units, which is the input value, is variable and the revenue, which is the output value, is fixed.

Now, let us see how we can leverage the Goal Seek function in our Financial Advisory practice.

Scenario 1: In present times, most clients prefer to buy house property by taking a loan. Figure A shows a simple mortgage calculation where all the variables are known: To repay an 8.50% loan of Rs. 4 million over 15 years (180 months) the monthly payment (EMI) works out to Rs. 39,390.



(Figure A)

Consider that the client finds the EMI of Rs. 39,390 to be high for his budget; his ideal payment being Rs. 30,000. In such a situation, as a financial advisor, we could be spending a lot of time plugging in new values for the variables (Term/Principal/Rate) till we arrive at the optimum Payment (EMI) for the client.

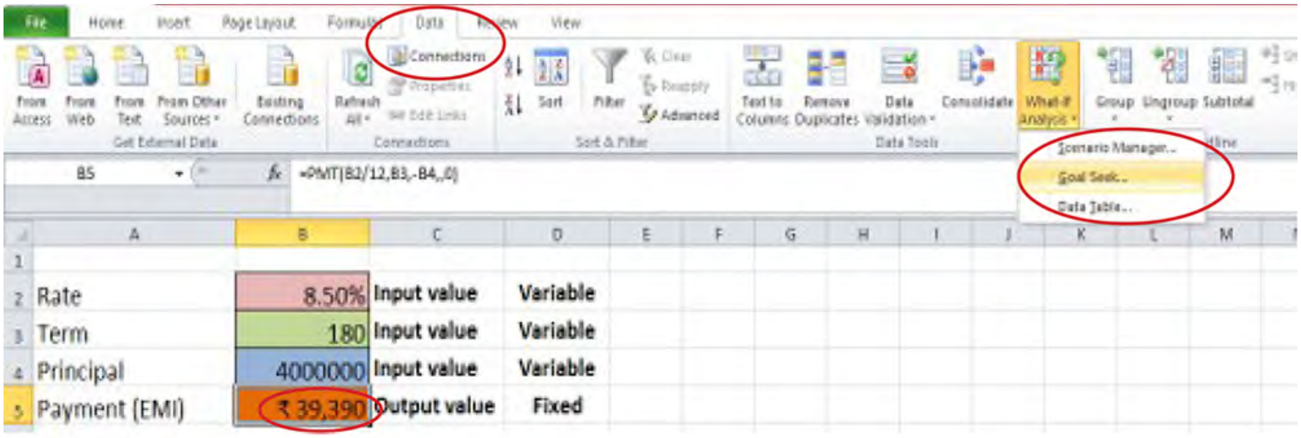
A better way is to use the Goal Seek function, which helps by evaluating the EMI formula and returning new values for each of the variables (the Rate, Term, and even the Principal) to fit the Payments (EMIs) of desired budget for the client.

Let us first check what the Principal (loan amount) should be, without changing the Rate and the Term. So, we will fix the output value (EMI) to Rs. 30,000 and then use Goal Seek to arrive at the optimum value of the Principal (loan amount). For this purpose, we shall follow the steps given below.

Step 1. Select the cell that contains the output value i.e. cell B5 (Refer Figure B).

Step 2. Click the ‘Data’ tab.

Step 3. Click ‘What-If Analysis’ and of the three sub-functions under it choose ‘Goal Seek’.

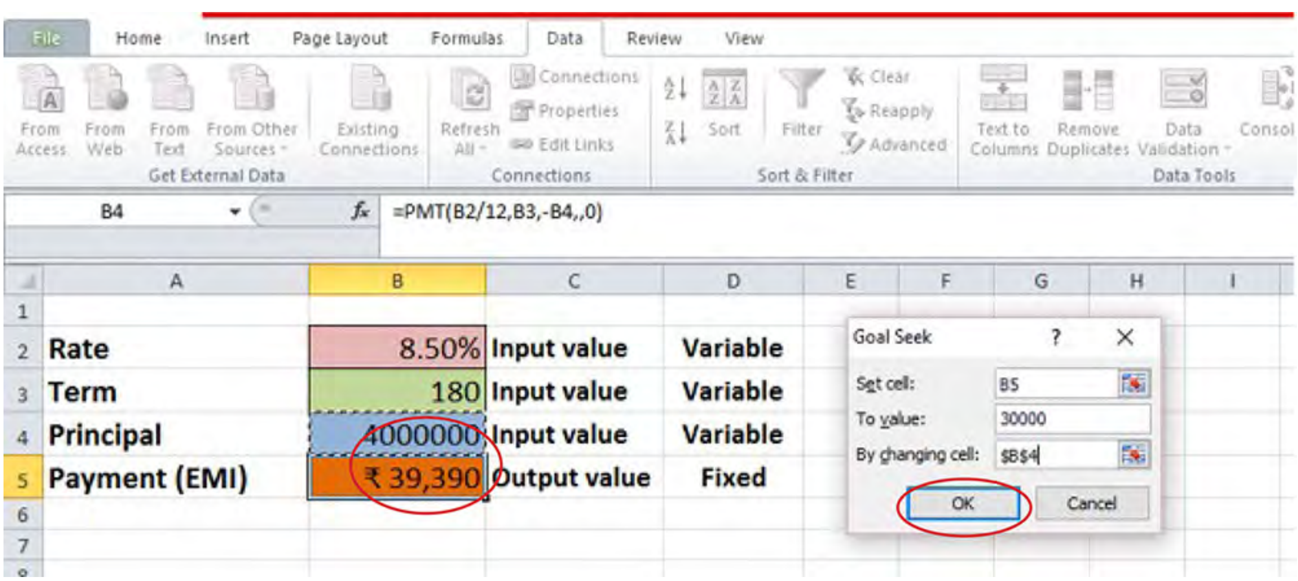


(Figure B)

Step 4. In the Goal Seek dialog box (Refer Figure C) make 'Set cell' equal to the cell which contains our output value i.e. cell B5.

Step 5. Set the 'To value' equal to the desired output value - so, type in Rs. 30,000.

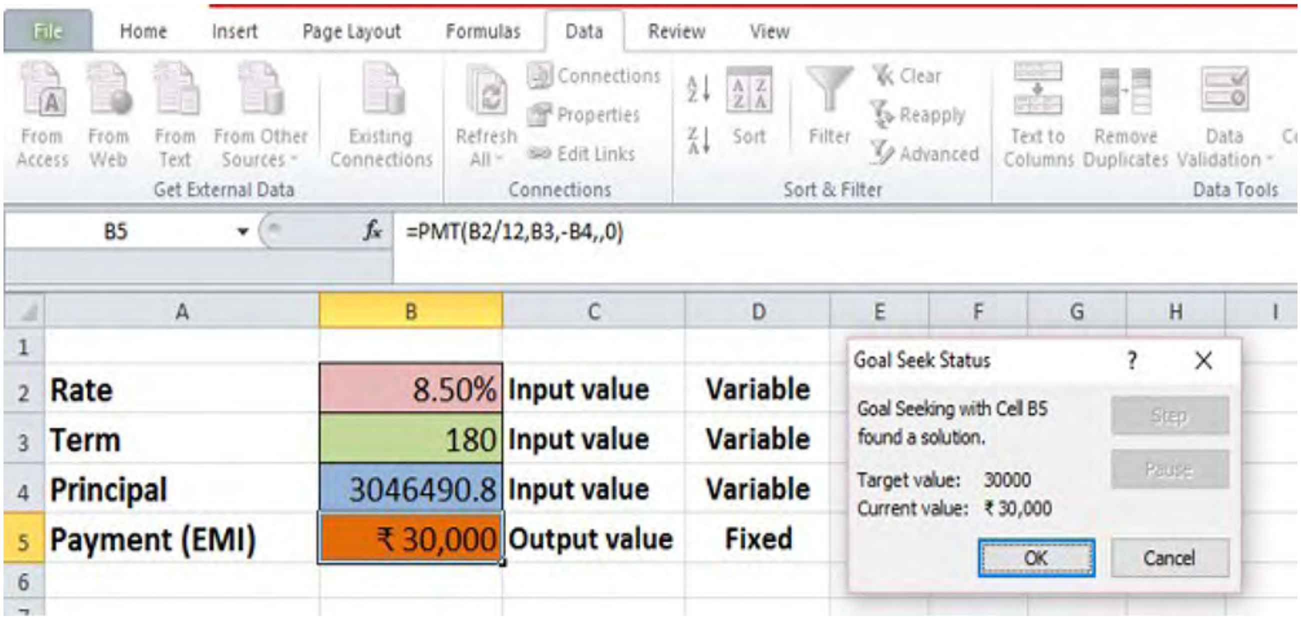
Step 6. Set the 'By changing cell' equal to cell B4, which is the variable we want to change i.e. the Principal (loan amount) in our case.



(Figure C)

Step 7. Click 'OK'.

Excel will now iterate (using the built-in settings) until it finds the best result. Once done, the Goal Seek dialog box confirms (Refer Figure D) that a solution has been found, wherein, the output value of Rs. 30,000 (cell B5) has been achieved by a corresponding change in the desired cell B4 (the Principal) which is now displaying the solution as Rs. 3.04 million instead of the earlier Rs. 4 million. Note that the solution is displayed directly in the cell B4 and not in the dialog box.

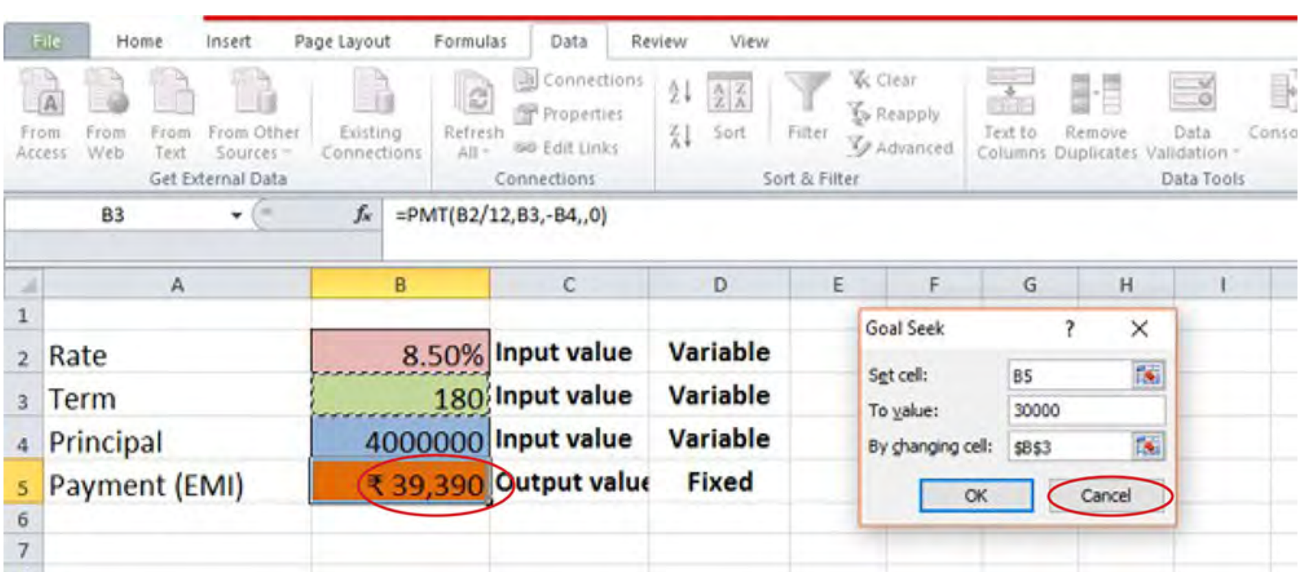


(Figure D)

Step 8. To return to the original values, click 'Cancel' in the dialog box. (Refer Figure D)

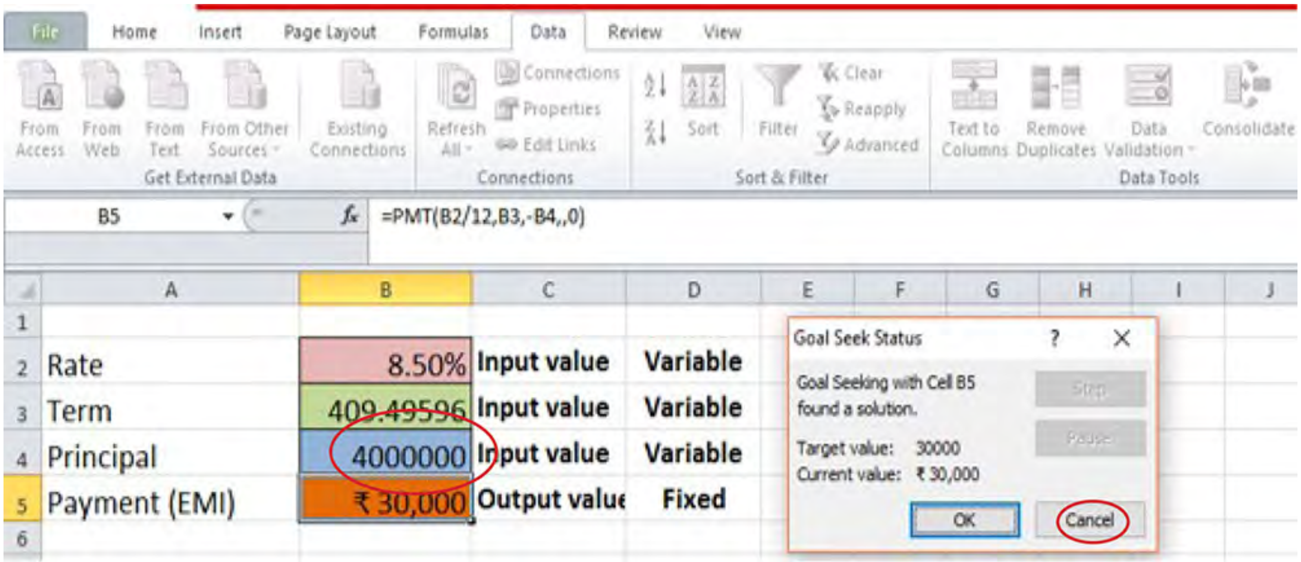
As we have seen, with the help of Goal Seek we could quickly evaluate that if the client downsizes his Principal (loan amount) to Rs. 3.04 million, his Payments (EMIs) will come down to Rs. 30,000, other parameters remaining the same. However, a situation could arise where the client is not able to find a suitable house for Rs. 3 million !! Or, he might not be in a position to contribute Rs. 1 million from his own savings for investing in the house worth Rs. 4 million.

So, to figure out other workable permutations for him, this time let us use the Goal Seek function to lengthen the Term of the loan (number of months) for reducing his EMIs. In Step 6, (Refer Figure E), set the 'By changing cell' equal to the cell B3 (and not B4), which is the variable we want to change i.e. the Term.



(Figure E)

Once we click ‘OK’, the Goal Seek dialog box confirms (Refer Figure F) that a solution has been found wherein the output value of Rs. 30,000 (cell B5) has been achieved by a corresponding change in the desired cell B3 (the Term), which is now working out to 409 odd months instead of the earlier 180 months, while keeping the Principal (loan amount) unchanged at Rs. 4 million. Note that the solution is displayed directly in the cell B3 and not in the Goal Seek dialog box.



(Figure F)

After viewing the result, click ‘Cancel’ in the dialog box to return to the original values.

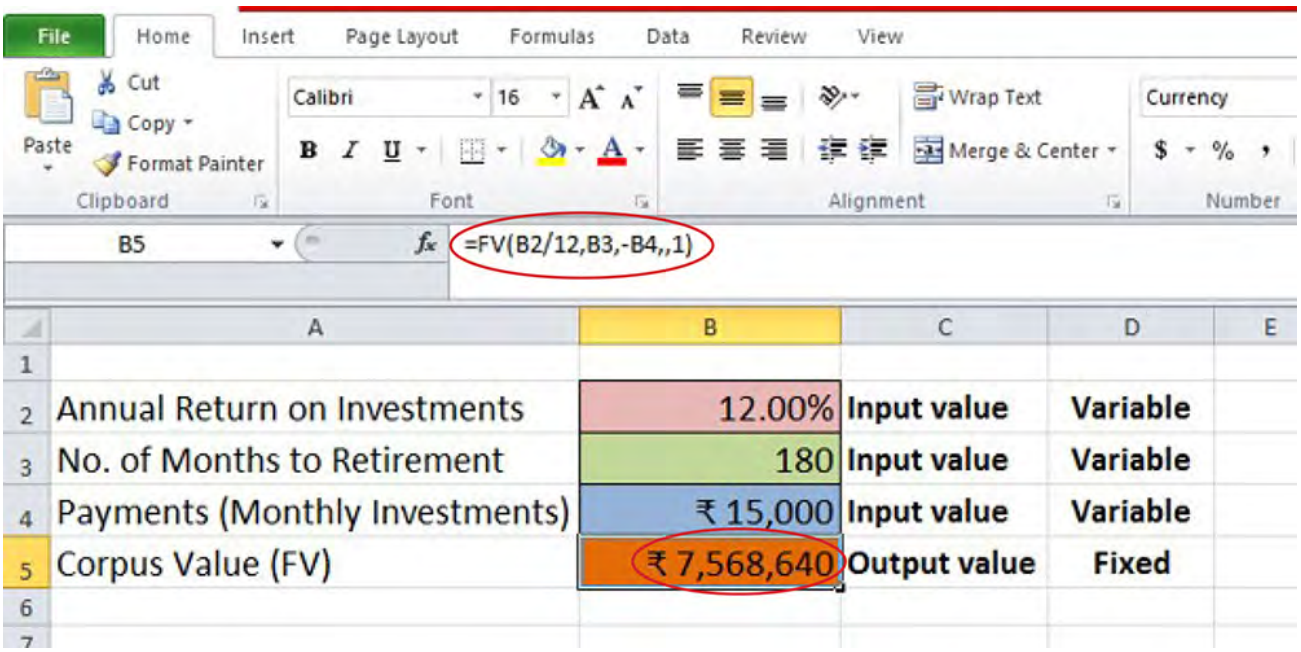
Using Goal Seek this time we found the Term (number of months) for the client in case a suitable property is not available below Rs. 4 million but he wants the EMIs reduced to Rs. 30,000.

In this way we can ascertain the permutations of the available variables to arrive at the desired value of the financial goal. Whether the variables are suitable, or some more adjustments are required, can be a matter of further discussion between the financial advisor and the client before the financial plan is finalised.

While we have explained the Goal Seek function taking the example of a house loan, the same steps can be used while working with each type of loan to arrive at the most workable option for the client.

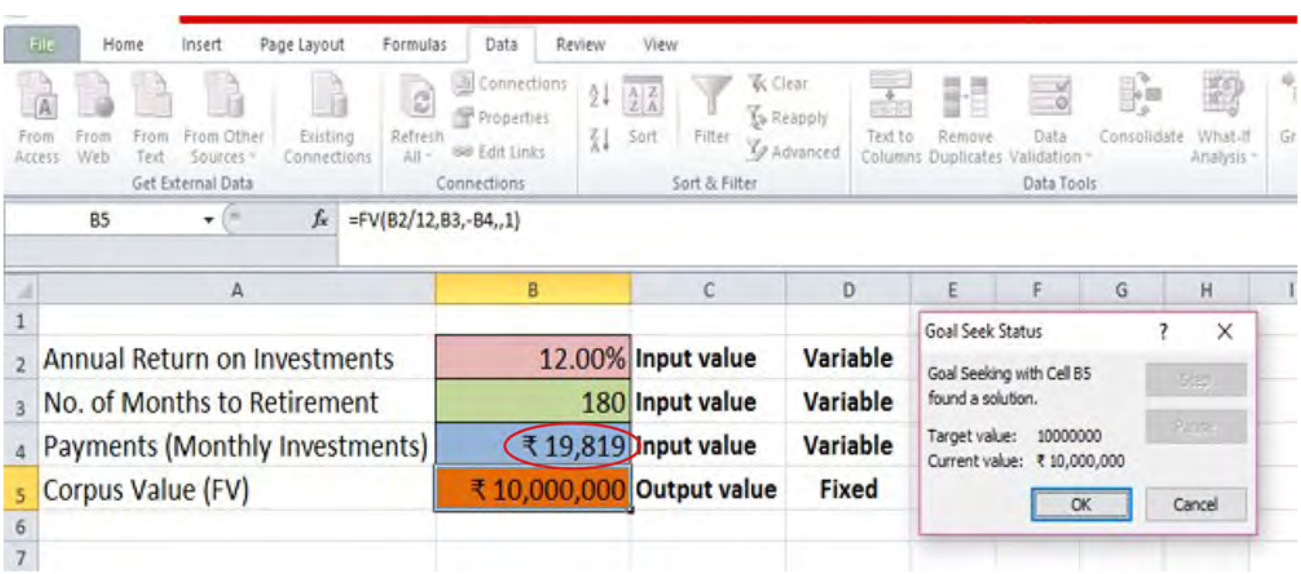
Now, let us look at another example to fully grasp the technicality of the Goal Seek function. It is as simple as the first example of house loan explained above but leans more towards Retirement Planning.

Scenario 2: A client, aged 45, wants to build a retirement corpus of Rs. 10 million at the end of 15 years by investing Rs. 15,000 every month in a portfolio mix of equity and debt schemes yielding 12% p.a. average portfolio return. A quick check with the FV function tells us that such investments by the client will be sufficient to create a corpus of Rs. 7.56 million only and there would be a shortfall of Rs. 2.44 million (Refer Figure G).



(Figure G)

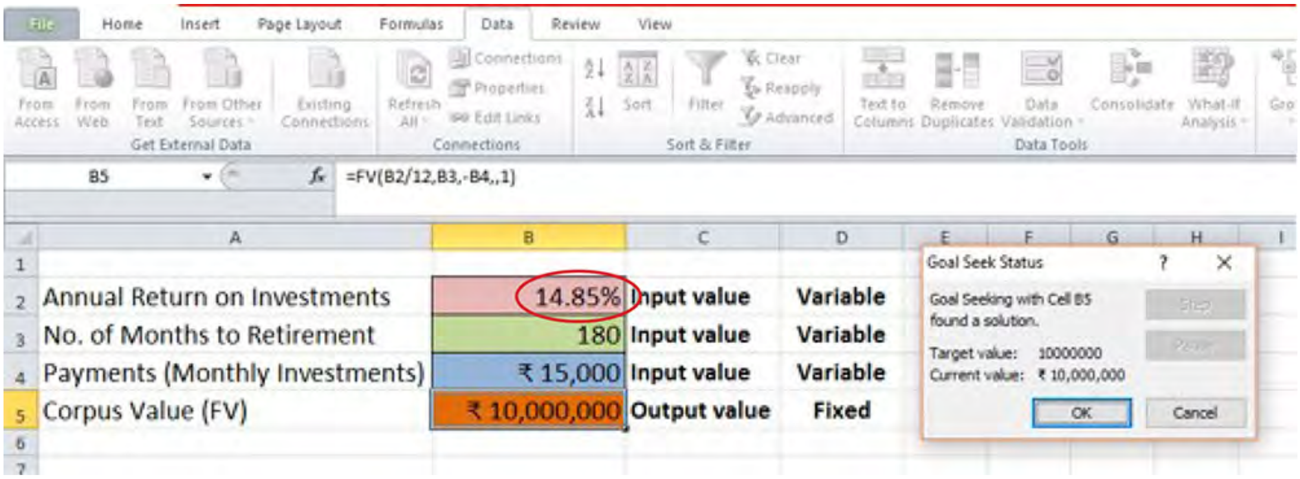
Since there is a shortfall in the retirement corpus, using the Goal Seek function, we can help the client in ascertaining the monthly investments to be done by him to build the desired corpus of Rs. 10 million keeping the annual return on investments and the contribution period (i.e. the number of months to retirement) unchanged. Goal Seek helps us calculate that Rs. 19,819 would be required instead of Rs. 15,000 (Refer Figure H).



(Figure H)

(Figure H)

In the same way, we can present an alternative position to the client that if he chooses a more aggressive portfolio mix of equity and debt, yielding a higher average portfolio return, it is possible for him to build the desired retirement corpus of Rs. 10 million by investing Rs. 15,000 per month only (Refer Figure I).



(Figure I)

This time we have kept the contribution period and the monthly investments unchanged. By using Goal Seek, we have ascertained that if the portfolio is able to give a CAGR of 14.85% for the entire 15 year (180 months) period, the client would still be able to build a corpus of Rs. 10 million with Rs. 15,000 monthly investment (Refer Figure I).

Conclusion

Goal Seek helps provide meaningful interpretations of the financial situations wherein we can engage the client with a lot more conviction. It is easy to use and can help you take decisions for the future based on today's data. Mastering these unique tips and tools will help automate, streamline and analyse calculations thereby revolutionizing your workflow with MS Excel.

I would be more than happy to have your inputs at akumar.indiacfp@gmail.com.

Estate Planning on Digital Assets

FPAS
FINANCIAL PLANNING
Association Of Singapore

John Sim, CFP®

Each of us have two lives, one that we live out in the real world and the other one, we live out in the virtual world. It is this latter life, our digital lives, that is the focus on this article. While we are generally familiar with estate planning as it pertains to our life in the real world, the digital realm is a whole different ball game and much more confusing. But before we delve into the complexities of that realm, let us first define what we mean by digital assets.

What are Digital Assets?

Wikipedia describes digital assets as anything that exists in a binary (or digital) format and comes with the right to use. While some digital assets have financial value, like cryptocurrency wallets and PayPal accounts, others have more sentimental or emotional value, like social media accounts and online pictures and videos. Digital assets can also take the form of hardware. Think about your laptop computer and mobile phone. How much valuable information and data are stored in just those two devices?

Risk of Not Planning

Therefore, if we do not plan for the effective transfer of these digital assets, there are quite a few things that can go wrong.

Impact on Traditional Estate Planning

The traditional way of digging through the deceased person's drawers and files to look for documents, in preparation for the probate or administration process is not quite possible anymore. In the name of going green and reducing waste, many financial institutions like banks, insurers and investment firms, are now using electronic means to update their customers on status of their accounts. As such, we do not receive paper statements for our various financial assets anymore; they are sent electronically to our email accounts. So, it will require access to the deceased's email accounts and computer devices to gather the list of assets for probate or administration.

So the pertinent question in this context is this: how then will your surviving family access your (many) email accounts to gather the required information to begin the legal process of probate?

Using Yahoo Mail as an example, you cannot transfer your Yahoo email account to someone else since you only have a "right to use" the email service and do not own it. And Yahoo's terms of service indicates that the email account is non-transferable and they will not reveal the contents of a deceased person's account to anyone else.

Transfer of Ownership of Digital Assets

Secondly, ownership status and rights of transfer of digital assets does not follow principles that govern real assets. Rather they are highly asset dependent. In another words, how you transfer ownership of a digital asset, or whether you can even transfer ownership is very dependent on the specific asset you are referring to. Let's consider an example:

Many of us curate our online lives in various social media accounts, like Facebook. We upload our pictures and videos, create status updates and posts and we generally believe that since we created those content, we own them and can do as we please with them. And that includes transferring our account to our loved ones to serve as a legacy for us. But if you read Facebook's legal terms of service, you don't own your own Facebook account and they have "a nonexclusive, transferable, sub-licensable, royalty-free, worldwide license to use any IP content that you post on or in connection with Facebook."

So, what is our recourse? We need to work within their terms of service. And for Facebook, this means we can setup a Legacy Contact to have our Facebook account Memorialized.

Estate Planning for Digital Assets

Here are some practical steps you can take to avoid some of the issues highlighted above and to be better prepared:

Maintain a digital asset inventory

Just as you maintain a list of your real-world assets, you should also maintain a list of your digital assets, that is, a digital asset inventory (social media accounts, online brokerage accounts, cryptocurrency wallets and exchange accounts, etc). These two documents can be kept together or in the same file for easy reference.

Maintain a secure list of digital asset credentials

Along with this list, you will need to maintain the list of credentials to access the various digital assets, that is, a digital asset credentials list (of login IDs and passwords, private keys, PINS etc). This list will need to be kept very securely, either traditionally on paper in a physical safe or through a software encryption solution.

Update your estate documents

Update your will to indicate the location of your digital asset inventory and credentials list and include appropriate instructions on how your executor should deal with them. You can also consider directing your executor to someone who is technically savvy, like a son or daughter, to assist in carrying out your disposition wishes regarding your digital assets.

Conclusion

Digital assets are a very real and important aspect of our lives and more care and thought should be given to how they are handled when we are no longer around. We need to recognize that each digital asset potentially has different ways of being dealt with upon one's death and a detailed disposition plan should be considered for each digital asset individually. If we do not deal with them appropriately, our loved ones may have to deal with the problems that can arise from their inability to access them or worse, the misuse of those assets by malicious third parties. As this is a rapidly developing area of estate planning, it will be best to speak with a technically savvy estate planner to address any concerns you may have, and to help you develop a plan that works for your unique circumstances.

Our Shining Moments

Q&A with Swathi NM, CFP

Q&A

Swathi N M, CFP

Swathi is a post-graduate in Public and Personnel Management and a Certified Associate of Indian Institute of Banking and Finance. She completed her CFP^{CM} certification in 2019 and is presently working as a manager in State Bank of India in Hyderabad.

Q 1 - Congratulations on completing your CFP certification in 2019! Will you share with us a bit about how your blindness impacts your practice, and how you've tailored your approach to be successful in this profession?

Ans: My passion remained driving force for my success and also I use an assistive technology called (JAWS – Job Access With Speech) developed by Freedom Scientific, a US based company, which supports in using basic applications like MS Office and internet by screen reading. I use MS Excel for my calculations and also my faculty has played a very important role in my success.

Q 2 - How has been your journey so far as a CERTIFIED FINANCIAL PLANNER^{CM} professional?

Ans: I am a banker by profession, presently working in the section which looks into recovery of loans. However, I help my clients in resolving issues relating to financial products and services in all those cases which are referred to me.

I guide my customers regarding general insurance claims settlement. In my present assignment also I give advice to my existing customers regarding insurance and investments in State Bank of India (SBI) over phone.

Q 3 - What factors inspired you to choose financial planning as a career option?

Ans: During the last 10 years of my work with State Bank of India I came across many customers and mentors who played an important role in my decision to choose CFP^{CM} certification as a professional career.

Most importantly, I found that people were not giving the right advice to the client, keeping their interest first. I believe we can do this only when we have knowledge about our financial products and services, which comes by going through the CFP^{CM} Program.

Also, in my initial days I was working as a Grahak-Mitra (Client-friend), sort of an enquiry counter where one has to deal with each and every customer who comes to the branch. Gradually, I developed a good rapport with the bank's customers who would trust me and ask for advice regarding any product/service rather than checking at the concerned counter.

Q 4 - What is your model of practice - is it fee-based only or distribution-based or a mix of both?

Ans: At present I am not having my own advisory setup; but I am working in the same profile in the bank. Also, I was distributing Mutual Funds and General Insurance products as a corporate agent in my previous assignment as a Customer Relation Officer with the bank.

Q 5 - What are the critical skill areas which you feel are essential for every practicing financial planner?

Ans: Being assertive, trust worthy and quick in resolving deadlocks are crucial qualities of a good financial planner. I also feel that good communication skills are equally important. Practising CFP professionals should follow a counselling approach rather than an advisory approach because there should be win-win situation for the financial planner and his/her client.

Having the know-how of the financial industry and keeping client's interest first at all times and in all circumstances would ensure a safe, risk free and satisfactory practise for every practising financial planners.

Lastly I would rather not deal in areas about which I am not aware as a CFP professional. In my view we should recommend the lead to other professionals. So, it is also important for a CFP professional to have a good liaison with other related professionals to keep our client's interest first.

Q 6 - What would be your words of wisdom for the people joining the CFP program in India?

Ans: I would only say that we should enjoy what we do and we should have a passion for the profession because when there is passion towards a particular profession we enjoy every bit of that profession including the challenges we face.

At present employment for a young CFP professional is a big challenge in India. It is an upcoming profession and employment opportunities are less in comparison to other professions. I believe that a CFP professional is like a medical doctor and a psychological counsellor who deals with the client based on inputs given by him/her in various stages of interaction and then prescribes a medicine or provide advice.

So, we as CFP professionals should also gain experience in the financial products/service domains helping us to gain professional stability and render advisory services side by side.

Swathi can be reached at brilliant.swathi@gmail.com

Continuing Professional Development (CPD)

FPSB Ltd. seeks CFP^{CM} professionals to serve on the CFP^{CM} Practitioner Advisory Panel. The Panel will support a comprehensive review of the CFP^{CM} Certification program in India including the education, examination, CPD and self-study options required for CFP Certification. If selected, you may be chosen to support the creation of course content, serve as a reviewer or writer of exam questions and share case studies of your work with clients.

This volunteer opportunity has threefold benefits:

1. It's a great chance to serve your profession.
2. It's a great learning opportunity.
3. You can earn CPD points through your participation.

Please contact IndiaCFPStandards@fpsb.org to submit your resume if you are interested in being selected for the panel. Ideally panel members will have at least five years of experience in practicing, teaching, or writing about financial planning.

Welcome to the CPD quiz!

Earn 6 CPD Points!

This quiz is 10 questions long, and you need to answer 7 out of 10 correctly to earn six (6) CPD points. Your quiz results will be provided after you complete all the questions.

After you receive your score, you will be able to review the quiz to see the individual answers for each question. You will be able to take the quiz up to two times.

Good luck!

Top Ways to Explain What We Do as Financial Planners to Our Clients

1. According to the article, what types of questions can a financial planner help answer for their clients?

   a. How can I achieve financial freedom to pursue my passions in life?
   b. How much should I save for my retirement?
   c. How do I go about creating a will?
   d. All of the above.

‘Goal-seek’ and ‘What-if’ Functions – Leverage These Tools During Client Interactions

2. What types of scenarios could financial planners use the ‘Goal-seek’ functions?

   a. A client is interested in building their retirement.
   b. When a client wants to know how much optimum payment (EMI) should be.
   c. When a client is interested in buying property and is looking into getting a loan.
   d. All of the above.

Client Expectations from a New Age Advisor

3. For a financial planner preparing a well written customized strategy defining the various touch points of a client, understanding their challenges, and drafting a communication plan are all part of which of the following process?

a. Discovery process.
b. Financial Planning process.
c. Client Experience process.
d. Coaching process.

Fairness and Transparency Through CSR Approach

4. The author feels that assessment of an agent by the insurance company, based on over-emphasis on the end result, leads to a culture that neglects after-sales and long-term customer care. What is the way suggested by the author for the insurers to effectively address this matter?

a. Insurers must commit to dealing with customers' complaints fairly and swiftly.
b. Insurers must incorporate behavioral based control measures into their reward system.
c. Insurers should ensure that their sales force has the technical skills to handle the enhanced complexity of products.
d. Insurers should ensure better disclosure of information about products in sales materials.

Is Your Advisor a Fiduciary for Name Sake?

5. The article suggests that to avoid conflict of interest a financial advisor should not represent anyone except the ____ and not accept remuneration from anyone, except the ____, even if the regulation permits it.

a. Client.
b. Principal company.
c. Product sellers.
d. Regulating agency.

Estate Planning on Digital Assets

6. The author is concerned that ownership status and rights of transfer of digital assets do not follow principles that govern real assets. What are the steps suggested by the author which every individual should follow to avoid these issues?

a. Maintain a digital asset inventory.
b. Maintain a secure list of digital asset credentials.
c. Update estate documents.

d. All of the above.

Disruptive Trends in Wealth Management

7. In this article the author opines that longevity of lifespans and the rise of the new age investor are two trends that are disrupting wealth management. Which is the third trend?

a. Holistic goal-based advice.
b. Comprehensive health care.
c. The millennial generation.
d. Shifting technology.

Family Wealth: Raising the Bar

8. While offering an integrated service in his financial advisory the author feels one of the primary concerns of his High Net Worth clients is __________ .

a. generation of high return.
b. acquisition of assets.
c. taxes, which include estate duty and capital gains tax.
d. succession planning.

Time, The Most Finite Resource of All

9. In the article, the author discusses the concept of self-reflection ‘How many things am I?’ what is meant by that?

a. How many jobs a person has.
b. How many children a person has.
c. How much money someone has.
d. How many roles someone plays in their life and where their time is spent.

2018 Digital Advice Working Group (DAWG)

10. One of the key findings and takeaways of the 2018 DAWG under ‘Firms’ component of the digital advice ecosystem suggested that large players in financial advice:

a. developing offerings that marry the capabilities of technology and human advisors.
b. focus more on the advisor, building in-house solutions.
c. make their advisors customize the digital tools and services they want to offer.

d. believe the digital ecosystem is temporary and will not replace the advisor model.

End of Quiz

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