101 Things Advisors Do to Add Value Beyond Allocating a Portfolio

By Adam Van Deusen, CFP®
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Editor’s note: This article was published originally on Nerd’s Eye View (November 28, 2022), https://www.kites.com/blog/advisors-add-value-proposition-financial-planning-ideal-clients-target Persona-differentiation/.

For many years, one of the primary ways financial advisors added value to clients’ lives was by matching clients with mutual fund investments or life insurance policies that fit their needs in return for a commission. The rise of the fee-only planning movement encouraged a shift from commission-based compensation, which relies on fees charged for services, to a focus on new ways of differentiating themselves by offering a wider range of services—from cash-flow planning to specialized tax planning—that add value for clients.

However, as the field of comprehensive financial planning has continued to evolve, more advisors have begun to focus on new ways of differentiating themselves by offering a wider range of services—from cash-flow planning to specialized tax planning—that add value for clients.

At a time when working as a fee-only planner, or even as a fiduciary, is not the differentiator it once was, offering a value proposition tailored to client needs has become crucial and could be a key to success for advisors in the years ahead.

SHIFTING THE ADVISOR VALUE CONVERSATION

Advisors traditionally have been trained to discuss their value proposition with prospects and clients in terms of portfolio management. One reason for this emphasis is that the results of portfolio management are easy to explain and can show how the advisor adds actual value—as one of the more tangible and quantifiable aspects of financial planning. For example, an advisor can use portfolio management to point out how much better the annual return on the client’s portfolio was compared to a given benchmark.

But with the rise of index funds and the commoditization of investment advice, generating sufficient investment alpha to justify a fee has become more challenging for advisors. Although an advisor may be well-qualified to construct an appropriate asset allocation for a client, differentiating oneself from all other advisors, including low-cost robo-advisors, who use many of the same investment management strategies has become more difficult.

The centrality of investment management also is reflected in how advisors are paid. Historically, many advisors were paid on a commission basis for the mutual funds or other investment products they sold. Given that the fee a client paid through a mutual fund load or other charges was tied directly to the investments the client was advised to purchase, investment management by necessity had to be at the center of the value conversation. Even if the advisor created a financial plan for the client, e.g., going beyond portfolio management to examine other aspects of the client’s financial life, doing so was often a way to promote the investment recommendations rather than to provide a standalone value-add product.

At the same time, many fee-only advisors put portfolio management at the center of their client value proposition as well, in part because of how they charge their clients. For example, charging based on assets under management (AUM) can put portfolio management at the forefront of a client’s perception of the advisor’s value because the fee is based on the value and performance of assets rather than on whether the client achieved broader financial goals or other measures.

Some fee-only firms have adopted a fee-for-service model instead of charging on an AUM basis, which allows these firms to delink fees charged from portfolio performance and potentially reach a broader pool of prospective clients, who might have sufficient income to pay a fee but not enough assets to meet AUM minimums. This structure lets advisors take some emphasis off portfolio management with some firms not managing assets at all; with this model, however, it can be challenging to quantify the value the advisor offers, especially compared to being able to point to specific changes in portfolio value. However, for advisors using fee-for-service models, being able to
demonstrate value beyond portfolio management is often a necessity to attract and retain clients.

Despite the traditional emphasis on portfolio management among advisors and some consumers, the growing recognition among consumers about the value of comprehensive financial planning has given advisors the opportunity to change how they discuss their value proposition. Furthermore, because clients today have access to myriad options, from robo-advisors to do-it-yourself (DIY) retail platforms, setting up an appropriate asset allocation, often at a lower cost than using a human advisor, portfolio management is not the differentiator that it once was.

That means advisors now have an advantage when it comes to differentiating themselves based on the comprehensive financial planning services they provide beyond portfolio management, by offering services such as tax planning and retirement-income planning and by providing the type of relationship that consumers can benefit from—a relationship that they can’t get from a robo-advisor or DIY platforms, e.g., someone who listens to their needs and helps them feel understood.

Luckily, advisors have many ways to add value to clients’ lives, and most of these ways do not pertain to investment management. Notably, it’s not just the breadth of advisor value-adds that is important to clients but also the depth of knowledge the advisor has on the issues that matter most to clients. This suggests that advisors can consider going deeper into the key planning areas that are most important to their ideal clients to provide a more valuable service offering and to demonstrate their expertise to attract more clients in the process.

**101 WAYS FOR ADVISORS TO ADD VALUE**

Advisors who offer comprehensive financial planning services recognize that they provide significant value to clients beyond portfolio management; however, advisors might not have an easy way to quantify how these other ways contribute to clients’ personal and financial success. The value that advisors add is not just in broad categories, e.g., the CFP® Board’s Eight Principal Knowledge domains, but in the specific services they offer within these categories for clients. Although being broadly familiar with the following categories is a necessity for advisors, there is opportunity within each category to build specialization and expertise that can provide higher-level service to clients.

Plus, at a time when generalist advisors can have a hard time differentiating themselves for prospective clients, being able to go deeper with a specific set of value-adds that match target clients’ needs can be an effective way for advisors to grow their businesses without having to be an expert in every possible way that they could add value (see table 1).

**CASH-FLOW MANAGEMENT**

When consumers think about cash-flow management, the word “budget” might come to mind. However, cash-flow management entails much more than analysis of regular inflows and outflows.

For instance, advisors can help clients plan for a major purchase, such as a home or car, by assessing its impact on the broader plan and comparing financing options.

They also can help clients make the most of the money they do spend, for example, by maximizing credit card rewards.

Because clients typically also will keep some assets in cash, crafting a cash-management strategy can be a way for clients to make more from their cash holdings and serve as a measurable way for advisors to generate value.

For working-age clients, advisors can play a valuable role by helping them navigate the complexities of their careers by analyzing the financial impact of changing jobs, planning for a sabbatical, analyzing benefits packages, or ensuring their financial plans could survive a temporary bout of unemployment.

Furthermore, many of these clients might be saving for children’s educations or still have student loans themselves, which means that managing the complexities of student loan planning can save money for clients and give them greater peace of mind.

**INSURANCE PLANNING**

Insurance planning is not the most glamorous part of the planning process, especially compared with hitting a certain asset milestone or saving money on taxes, but advisors recognize the importance of proper insurance coverage to preserve client wealth in case of a disaster.

As some advisors who entered the industry working for a life insurance company may know, the added value of insurance planning can go well beyond proper life coverage. For instance, by reviewing clients’ homeowners and automobile policies, advisors can ensure there is proper coverage to replace a damaged home or car, help clients decide whether to file a claim in the first place, and to provide sufficient liability protection to cover their assets.

Similarly, assessing umbrella insurance coverage or suggesting that clients purchase an umbrella policy if they need one has the potential to contribute just as much to the success of a plan as proper portfolio management if a major liability event were to occur.

Advisors also can guide clients through health insurance decisions such as choosing the appropriate Medicare policy for retirees, assessing options during workplace open enrollment periods, and ensuring they have sufficient disability coverage to protect their income.
101 WAYS ADVISORS CAN ADD VALUE FOR CLIENTS

### Cash-Flow Management

1. Alignment of Spending with Values and Goals
2. Allocating and Bucketing Cash by Goal
3. Analysis of Changing Jobs/Salary
4. Analysis of Ways to Provide Financial Support for Adult Children or Aging Parents
5. Car Buy vs. Lease Analysis
6. Divorce Cash-Flow Analysis
7. Emergency Fund Planning
8. Expense Analysis to Find Forgotten/Unneeded Expenses
9. Home Buy vs. Rent Analysis
10. Optimize Returns on Cash Holdings
11. Planning for a Sabbatical
12. Planning for an International Move
13. Review Personal Credit Cards and Rewards
14. Setting Cash Balance Targets
15. Vacation Home Planning

### Debt Management

16. Creating a Total Debt Payoff Plan
17. Debt Payment Allocation
18. Federal Student Loan Debt Analysis and Planning/Consolidation, using IDR/PSLF* 
19. Home Equity Line of Credit Analysis
20. Home Mortgage Refinance Analysis
21. Intra-Family Loan Planning
22. Mortgage Comparison/Analysis When Buying a Home
23. Refinancing Credit Card Debt
24. Refinancing Student Loan Debt
25. Reverse Mortgage Analysis

### Education Planning

26. 529 Plan Comparison Analysis
27. Discussing College Financial Aid (Merit and Need-Based) and Strategies
28. Funding Strategy with 529, Uniform Transfers to Minor Act, Taxable Accounts, and/or Roth IRA
29. Support Filling Out Financial Aid Forms, e.g., FAFSA

### Insurance Planning

31. Curation of Insurance Professionals
32. Disability Insurance Analysis
33. Health Insurance Analysis
34. Homeowner’s Insurance Analysis
35. Life Insurance Coverage Needs Assessment
36. Long-Term Care Insurance Analysis
37. Medicare Analysis
38. Review Auto Insurance Coverage
39. Umbrella Insurance Analysis
40. Workplace Open Enrollment Period Benefits Planning

### Investment Planning

41. Asset Allocation Analysis/Adjustments
42. Asset Location Analysis/Adjustments
43. Creating Investment Policy Statements
44. Employee Stock Purchase Plan Analysis
45. Handling Concentrated Stock Positions
46. How to Invest an Inheritance/Windfall
47. Moving to Lower-Cost Investments
48. Paying Off Margin Interest Balances
49. Rebalancing Execution
50. Rental Real Estate Analysis
51. Withdrawal Strategies

### Tax Planning

52. Adjusting Strategies for Changes in Tax Policy
53. Adjusting Tax Withholding/Allowances
54. Analyzing Options to Maximize Qualified Business Income Deduction
55. Capital Gains Harvesting Analysis
56. Charitable Giving Location Planning
57. Curating of Tax Professionals
58. Leveraging College Tax Credits
59. Reviewing Annual Tax Return
60. Roth Conversion Analysis
61. Standard/Itemized Deduction Analysis
62. Stock Option Planning
63. Strategies for Accelerating/Deferring Business Income
64. Tax Bracket Management/0% Gains Harvesting
65. Tax Credit Analysis/Opportunities
66. Tax Loss Harvesting Analysis

### Retirement Planning

67. Analysis of How Much to Contribute to Retirement Accounts Each Year
68. Analysis of Roth vs. Traditional 401(k) Plan Account
69. Considering Backdoor and “Mega” Backdoor Roth IRAs
70. Coordinating Income with Tax-Sensitive Items, e.g., Medicare Premiums
71. Defined Benefit Pension Claiming Analysis
72. Determine When Clients Can Retire
73. Helping Clients Avoid Financial Fraud
74. Planning for Housing Transition, e.g., Continuing Care Retirement Communities
75. Retirement Cash-Flow Analysis
76. Retirement Lifestyle Goal Planning/Guidance
77. Retirement Plan Distribution Option Analysis
78. Review Annual Social Security Statements
79. Required Minimum Distribution Planning/Execution
80. Safe Withdrawal Rate Analysis/Retirement Income Strategies
81. Social Security Claiming Analysis

### Estate Planning

82. Business Succession Planning
83. Federal Estate Tax Planning/Analysis
84. Funding of Trusts/Re-Titling of Assets
85. Gift Planning
86. Guidance on Creating/Reviewing the Advance Directive
87. Guidance on Creating/Reviewing Healthcare Proxy
88. Guidance on Creating/Reviewing Power of Attorney
89. Guidance on Creating/Reviewing Will
90. Guidance on Pre-Nuptial Agreements
91. Recommendation/Curation of Estate Attorneys
92. Review Bequest Planning
93. Review Potential Trust Options
94. State Estate Tax Planning/Analysis
95. Surviving Spouse Analysis After the Death of a Client

### Psychology of Financial Planning

96. Developing and Envisioning Financial/Life Goals
97. Financial Coaching for Implementation of a Plan
98. Identifying Money Scripts
99. Offering Peace of Mind by Tracking Financial Life
100. Support Overcoming Financial Biases
101. Support Overcoming the Investment Behavior Gap

*IDR = Income-Driven Repayment; PSLF = Public Service Loan Forgiveness

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Source: Kitces.com

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Given increasing longevity and an ever-changing market, advisors who assist clients with long-term care (LTC) coverage also can add value by helping them choose the most appropriate LTC policy or none at all, if it is in the client’s best interest.

INVESTMENT PLANNING
Portfolio management does not always play the same central role that it has historically, but it remains a key part of the comprehensive planning process. An advisor’s added value may go well beyond picking stocks or mutual funds, and in fact, advisors are increasingly outsourcing investment selection; however, a core part of their value often lies in creating an asset allocation that meets or develops clients’ goals, risk tolerance, and other preferences.

Along with designing a client’s asset allocation, optimizing asset location is another way advisors can add value because putting different investments in taxable versus tax-deferred accounts can have a significant impact on after-tax returns.

Another area where advisor expertise can add value for clients is in the decision-making process surrounding employee stock options or an otherwise concentrated stock position.

Further, thoughtful portfolio construction can provide a client with a diversified portfolio that is subject to less market risk than a specific stock or industry.

Advisors also can execute rebalancing transactions to ensure client portfolios remain in line with the desired asset allocation.

TAX PLANNING
In addition to managing investments, tax planning is an area where advisors can demonstrate value in dollar terms. This often starts with reviewing clients’ tax returns to ensure they received the credits and deductions for which they were eligible.

From there, the advisor can help analyze other factors, such as assessing the potential benefits of tax-loss or capital-gains harvesting or projecting the value of Roth conversions.

Charitable clients can benefit from a planner’s analysis of the best time to give, e.g., whether to bunch contributions, as well as location planning for charitable giving, e.g., donor-advised funds or qualified charitable distributions.

Advisors can help clients who are business owners select the optimal workplace retirement plan to meet their needs, as well as advise on tax planning issues for the business.

Employees also can benefit from a planner’s analysis of how using a health savings account or a flexible savings account could benefit their tax situations.

RETIREMENT PLANNING
Prospects often seek the services of a financial advisor when they are approaching or entering retirement, so retirement planning is often at the core of many firms’ service offerings. Given the wide range of options for creating a retirement-income plan, advisors have many ways to add value for clients in this area.

Many of these value-adds begin well before the client retires, such as whether contributions to traditional or Roth accounts would be optimal in a given year and reviewing annual Social Security statements.

Of course, one of the major questions from clients is, “When can I retire?” Providing clients with peace of mind in this area is a significant value-add in itself, because it involves the complex interplay among a client’s retirement-income preferences, cash-flow needs, Social Security claiming strategy, available assets, federal and state taxes, and more.

Whether an advisor prefers to use simple guidelines or more-advanced withdrawal strategies, by updating the plan regularly, the advisor can be aware of adjustments the client might need to make to remain on a sustainable path throughout retirement.

ESTATE PLANNING
Because thinking about one’s own death typically is unpleasant, many individuals put off creating an estate plan. This creates an opportunity for advisors to add value by helping clients consider what they would want an estate plan to look like and by nudging them to have the appropriate legal documents drafted.

Although many clients already might have an estate plan in place, an advisor can add value by regularly reviewing their documents to ensure that they continue to reflect the client’s wishes and that the client’s accounts are titled appropriately.

Advisors also can help ensure that a client’s estate plans are tax-efficient by managing the estate and gift-tax exemptions (both federal and state), leveraging trusts when appropriate, and selecting the optimal assets for charitable giving.

PSYCHOLOGY OF FINANCIAL PLANNING
When prospective clients approach a financial advisor, many might be looking for help with the technical aspects of their financial lives, from investment management to retirement-income planning. Advisors also can add significant value by working with clients to explore their goals and preferences, as well as serving as a steady voice during turbulent market conditions.

For instance, although some clients might be focused on attaining a certain level of assets or generating a particular amount of income, they might not stop to think about what they want to do with the money. Whether it is informal
goal-setting or using a more structured method, advisors can help clients build up assets and help them live their best lives with the resources they have.

Sometimes clients recognize that psychological factors are standing in the way of making better financial decisions. Whether it is helping clients identify and address “money scripts” that shape their financial views, helping them to overcome biases toward financial decision-making, or spurring conversations within families to work through challenging financial discussions, advisors have a range of ways to add value for clients in this area.

Advisors add value for clients in countless ways. At the same time, an advisor is not likely to have expertise in every listed area, although advisors can pursue supplemental certifications for areas that are important to their clients. Being able to dig deeper into specific areas can attract an ideal target client whose needs match those services.

**CRAFTING A TAILORED MENU OF VALUE-ADDS FOR AN IDEAL TARGET CLIENT**

Advisors thinking about their value proposition for clients might be tempted to list as many value-adds as they can. Because advisors might find it appealing to market to the widest possible base of prospective clients, offering a huge menu with something for everyone can be tempting. However, this approach can create challenges for advisors as well.

Advisors have to gain expertise in a wide range of planning topics, but they likely will have to spend significant time managing the variability of the needs of a diverse client base. Because of the diverse array of needs, advisors may find themselves challenged to create operational efficiencies to service all their clients.

An alternate approach, however, is for advisors to focus their client service proposition on the planning needs of a specific target client, e.g., clients who make up a broad group such as pre-retirees or a more specific niche such as clients who work in a given profession. This can increase the efficiency of the planning process and facilitate marketing efforts, because prospects who fit the target profile will be attracted by the depth and specificity of an advisor’s planning services.

**Being able to dig deeper into specific areas can attract an ideal target client whose needs match those services.**

**CREATING AN IDEAL TARGET CLIENT**

The first step to create a more tailored service offering is for an advisor to identify the ideal target client. By having a clear idea of the clients that they want to serve, advisors can focus on the value-adds that will attract these clients.

To start crafting the persona of their ideal client, advisors can write down a list of the attributes the target client would have. Advisors at established firms could think about their top clients’ attributes, e.g., based on profitability, similarity to other clients, or by those who have needs that match the advisor’s expertise. Those starting new firms could think about the type of clients they want to serve, advisors can focus on the value-adds that will attract these clients.

Client differentiators can include age, occupation, location, affinity affiliations, planning needs, and other criteria. The key is not necessarily to narrow it down to a specific niche that meets every trait of the ideal client, e.g., divorced veterans in their 50s, but rather to generate a sample persona that allows the advisor to start thinking about this ideal client’s planning needs. Advisors can complete Mary Beth Storjohann’s “Ideal Client Avatar” exercise to help them identify the types of clients they want to serve.

**CRAFTING AN ADVISOR SERVICE OFFERING BASED ON THE IDEAL TARGET CLIENT**

Once an advisor has a better idea of the target client, the advisor can then consider how to tailor the business’s value proposition for clients (see figure 1). Because the advisor’s target client probably will have only certain planning needs and may not require others, advisors can select the value-adds from the options that best serve this target client.

**Example one**

Ted has extensive experience creating retirement-income plans for clients who retire before traditional retirement age and he is an avid traveler, so his ideal clients are individuals in their 50s who love to travel and are considering early retirement.

Based on this ideal target client, Ted could focus on adding value for clients through retirement-income planning and projections, maximizing Roth conversions and capital-gains harvesting, helping clients take advantage of credit card rewards to help fund travel, expertise in health insurance options for individuals who retire before reaching Medicare age, and, given that their retirements could last 40 years, support clients in discovering what they actually want retirement to look like.

By focusing his marketing on these areas of added value, Ted can attract his target clients, who will see how Ted can address their needs better than an advisor serving more general clientele. As more of his clients start to fit this ideal persona, Ted can spend more of his time on these core value-adds and less on other areas that are not as applicable to these clients.

Although it might seem like creating an ideal target client and focusing marketing on their needs might be limiting the pool of potential prospects, it also can open the door to clients who might not fit into a more traditional asset-based fee model.
HOW AN ADVISOR CAN CRAFT A SERVICE OFFERING BASED ON A TARGET CLIENT PROFILE

Example two
Rebecca is a financial advisor and her wife is a doctor, so she is familiar with many of the issues new doctors face, from paying off a large student loan balance to avoiding the temptation of dramatically expanding their lifestyle in line with their higher incomes.

Rebecca decides that her ideal target client will be doctors with student loan balances.

Based on this ideal target client, Rebecca could go deep into areas such as student loan repayment strategies, proper disability coverage for physicians, and cash-flow-management techniques. Given that newer physicians likely have high incomes but limited assets, Rebecca decides to offer an income-based, rather than an asset-based, fee model so that she will be able to serve members of her identified target demographic profitably.

By applying the ideal target client framework, advisors can target marketing efforts through website alignment and other advertising efforts, and also streamline their day-to-day work, because they will encounter fewer new issues as their client base grows.

Notably, having a single ideal target client can promote efficiency, but advisors can work with more than one ideal client persona. The key, though, is to create separate lists of value-adds for each target client so that each list is maximally relevant to them.

Example three
Based on his background and expertise, Roy has identified two ideal target clients he wants to serve: retirees who are either recently divorced or philanthropically minded.

Although the specific needs of these two groups are different, focusing on these ideal client profiles allows him to better tailor his marketing and provide a deep level of service for their planning needs, e.g., cash flow and estate planning needs for clients going through a divorce and advanced giving strategies for his philanthropically inclined clients.

Altogether, identifying ideal target clients and focusing on the value-adds that are most important to them can lead to a better experience for clients, who can easily identify an advisor who has expertise in the issues they are facing, and for advisors, who will have expertise with clients’ issues and be able to target marketing efforts accordingly.

Even if an advisor’s ideal target is broad, e.g., pre-retirees and retirees with significant assets, the advisor still can develop a profile around a narrower set of value-adds that are most important to clients from the larger list of possibilities.

Ultimately, the key point is that, although there are more than 100 different ways advisors can add value to clients’ lives, advisors who are able to go deeper for their ideal target client have many more ways to do so.

In fact, by crafting an ideal target client persona and shaping service offerings around the value-adds that most apply to these clients, advisors can enhance their efficiency and better differentiate themselves from more generalist firms, potentially leading to more efficient marketing and greater client growth in the long run.

ENDNOTES