

Creating Financial Plan For Clients Increases Loyalty and Assets, Spectrem Report Determines

Research Reveals Significant Gaps between What Investors are Looking for in a Financial Plan and What They are Actually Receiving

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[/EINPresswire.com/](http://EINPresswire.com/) -- A new Spectrem report, *Defining Financial Planning*, reveals the underlying motivating factors behind the decision by wealthy investors to set up a financial plan, the psychological barriers to moving forward with a plan, and what clients are expecting from their financial plan.

This research focuses on investors with a net worth between \$100,000 and \$25 million, not including the value of their primary residence. It begins with a look at what prompted an investor to create a financial plan, and the exact services or topics addressed in their plan. The report also includes a detailed list of topics and services investors would like to have included in their financial plan but may not currently receive.

One of the study's primary findings is that once an advisor develops a financial plan for a client, that client is very likely to turn over more of their assets to the advisor involved, and their loyalty to that advisor is significantly strengthened.

According to the study, more than three-quarters of investors currently have a financial plan, but only one-third have a plan that is completely customized. Just 8 percent of investors have what might be considered a "standard" boilerplate financial plan with no customization. Over a quarter of investors (27 percent) have created their own financial plan without the guidance of a financial advisor.

Other key findings include:

- More than two-thirds of investors become more loyal to the firm that has created their financial plan, and over half of investors say they have moved more money to the firm that helped create their financial plan.
- While nearly three-quarters (72 percent) of investors believe education funding advice should be included in a financial plan, just 11 percent of investors receive advice or guidance on that topic. Similarly, 85 percent believe they should receive insurance planning and analysis, while just 45 percent receive that service.
- Eighty-one percent of investors say retirement planning was the initial reason they developed a financial plan.



• Three-quarters of investors spent five hours or less meeting with a professional to understand the financial planning process and identify what documents are needed. Less than 10 percent of investors spent more than 10 hours in this meeting.

“In 2018, Spectrem issued a report, Defining Wealth Management, and found there was significant confusion among investors about what the term ‘wealth management’ means,” said Spectrem President George H. Walper Jr. “The same is true for financial planning, and that term is even more predominant in the industry. As a result, the study Defining Financial Planning impacts more clients, and advisors should be clear about which services they offer in a financial plan and should also be aware of what clients are looking for in their plan. The study also underscores that advisors should address client concerns about the amount of time required to gather the information necessary to create a viable financial plan.”

Additional information on Defining Financial Planning and other Spectrem studies can be found at Spectrem.com.

About Spectrem Group: Spectrem Group (www.spectrem.com) strategically analyzes its ongoing primary research with investors to assist financial providers and advisors in understanding the Voice of the Investor.

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