2018: The Year for Advisors to Listen Better, Dig Deeper, and Look Further

By JC Abusaid
HALBERT HARGROVE

From seeking out new alternatives investment solutions, to cultivating our emotional IQ and becoming more thoughtful listeners, to helping clients plan for longer lives, these four practices can help advisors understand what their clients are truly striving for—and help ensure they get there.

1.) Listen more attentively. How do advisors know what their clients truly want? How much time do they spend talking vs. listening while meeting with them? For many advisors, careful listening requires considerable practice and discipline.

In an advisor's first encounter with prospects, asking a few basic questions helps identify the individual's wealth management goals and their challenges to meet them. Advisors can then focus exclusively on understanding the prospect's answers to develop effective listening skills, and ultimately gain the trust of the potential client.

Listening to clients and hearing their goals is essential for every client meeting, and the listening should never stop.

2.) Develop emotional intelligence. As wealth managers, the notion of relationships with respect to clients is commonplace. Can we do better in honoring these important interactions? Can we be more empathic and more aware of the cues our clients are giving us? How about ditching the financial jargon and engaging in real conversations about what truly matters? When we invest more of ourselves, everyone benefits.

3.) Explore the scope of longevity-related impacts. Collectively, we're living longer: so, it's critical that advisors are helping clients plan for and take the necessary steps, so they don't outlive their wealth. But the dimensions of the longevity challenge go far beyond that. Lengthening lifespans also mean that transfers of family wealth are occurring later. Other potential impacts include caring for aging parents, transitioning to new careers, and the many implications for our clients' health and wellbeing.

As our culture undergoes change, advisors need to work harder to help their clients be prepared for the unexpected. A significant part of this is engaging with the clients to learn about the bigger pictures of their lives—including their hopes of growing their family, dreams for post-retirement, and commitment to philanthropic giving.

4.) Seek out new investment solutions to create returns. Increasing longevity implies that many portfolios will need to supply cash flow to clients for much longer than expected. However, in today's market as interest rates are at generational lows, this is easier said than done. Advisors need to be exploring alternative strategies to add diverse elements and value to client's portfolios. These strategies must also replace a significant portion of the 40% allocation traditionally held by bonds in a 60/40 portfolio. In this new environment of lackluster rates and higher correlations between stocks and bonds, innovative and unique strategies are required to provide higher returns for clients.

As we look ahead to 2018, advisors must acknowledge that the traditional strategies, which have led to their prior success, may no longer play as large of a role. Instead, advisors need to adopt new strategies and perspectives to ensure their clients reach their goals. ■

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