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Social Security and Generating Income in a Low Rate Environment Most Widely Used Value Add Support By Financial Advisors

New study examines financial advisors use of value add programs and tools from leading product providers and distributors

BOSTON, June 2, 2014 – The significant resources that asset managers, insurance companies, and broker-dealers dedicate to value add support are having an increasingly positive impact on financial advisor attitudes and behaviors, with programs focused on Social Security and adapting portfolios to a low rate environment the most widely used in the past year, according to a new report released today by **Practical Perspectives**, an independent consulting, competitive intelligence, and research firm working with wealth management providers and distributors.

The 82 page report “**Value Add Support to Financial Advisors – Insights and Opportunities 2014**” examines the types of value add support currently provided to financial advisors by product manufacturers and distributors. The analysis reviews what influence these programs have on advisor perceptions and behaviors, which firms offer the most useful value add support, and what enhancements advisors desire for value add support. It also examines the topics for support that are of most interest to advisors in the next 12 to 24 months.

The vast majority of advisors use value add support in some form and find it among the most useful marketing and sales support available from product providers and distributors. Yet satisfaction with these value add programs still lags, with advisors desiring more capabilities that can be used directly with investors and which are implementation oriented rather than theoretical or academic.

“Value add capabilities are a crucial part of the sales and marketing mix and advisors certainly rely on the capabilities offered by product providers and distributors” says Howard Schneider, President of Practical Perspectives author of the report. *“Firms are spending heavily on these programs to generate awareness*

and goodwill among advisors as they look to differentiate their products and services. In the past year, advisors indicate these programs have a growing influence on key factors such as their willingness to consider a particular provider and their loyalty to a provider. The challenge for firms is to differentiate and evolve their programs to meet the needs of different segments of advisors and to stand out in a crowded marketplace.”

The report is based on input from over 600 financial advisors gathered through an on-line survey conducted in May 2014. Those surveyed include full service brokers, independent brokers, financial planners, Registered Investment Advisors (RIAs), and bank representatives.

Highlights of the report include:

- Most advisors use value add support and are reliant on these tools and capabilities in running their practice. More than 7 in 10 advisors (71%) are heavily or somewhat reliant on value add support.
- At least 3 in 4 advisors (77%) indicate that value add support is useful to their practice, including 29% who believe the support is very useful.
- More than 8 in 10 advisors (84%) perceive value add programs as having a positive impact on their practice.
- American Funds and JP Morgan are the most frequently listed providers of useful value add support, although firms identified as offering leading support vary across key channels.
- Advisors have taken advantage of a broad range of value add support in the past year, with topics related to managing portfolios in a changing environment and those associated with retirement the most widely used.
- Looking ahead, advisors express continued need for support related to managing changes to interest rates, in helping clients plan for retirement or live in retirement, and for developing new sources of clients and assets.
- Advisors who are more entrepreneurial – notably RIAs and independent advisors – are looking for more comprehensive support spanning areas such as economic issues, compliance, practice management, business development, and retirement.

“Our report offers a unique, in-depth advisor driven view of value add support and builds off our study in 2013 to begin to see trends in how advisors use these capabilities. There is a huge investment being made by providers and distributors in delivering value add capabilities, so it is important to have insight on how

advisors actually use these solutions, what can be done to improve these programs, and what support they desire going forward” says Mr. Schneider.

The detailed report includes 56 Exhibits and is available for purchase by contacting: howard.schneider@practicalperspectives.com

About Practical Perspectives

Practical Perspectives was founded in 2002 and provides customized strategic and tactical support to companies involved in the creation and distribution of asset management products and services. Our support is provided for a variety of challenges including marketing, competitive intelligence, product, and retirement issues. www.practicalperspectives.com