

The Six Parts

of a Fiduciary Friendly Financial Plan

GOALS

- Advisors rarely dig deep into this conversation even though this is really what clients are saving for.
- Studies show that clients have 12 financial goals but that advisors only plan for an average of 2.7 of these goals.

HAVE THE CONVERSATION with your clients. **Identify their goals and formulate your recommendations to address them.**

EXPECTATIONS

- What is the client looking forward to in retirement (both physical and intangible)?

ASK THE RIGHT QUESTIONS and **document the client's expectations**. Refer back to them at least once a year, and show them the progress that was made in regard to their expectations.

RISKS

- The DOL states that you must invest in accordance with the client's risk tolerance.
- Most advisors think this pertains to market risk, but there are many other risk factors that need to be considered.
- Almost 2/3's of the time, these additional risk factors are never addressed.

ADDITIONAL RISK FACTORS FOR CONSIDERATION:

Inflation Risk, Longevity Risk, Mortality Risk, Time-Horizon Risk and Liquidity Risk

HEALTH CARE (LTC Expense)

- This is the **MOST COMMONLY IGNORED** with less than 10% of clients reporting that their advisor has discussed Long-Term Care (LTC) with them, and only 15% of those say the advisor proactively addressed it without them inquiring first.
- LTC costs are increasing at a rate of 6.5% a year
- 2/3 of clients in retirement will need some sort of LTC in their lifetime.
- **It is the biggest threat to any financial plan and can liquidate retirement assets in less than a year.**

SO WHY AREN'T ADVISORS TALKING ABOUT IT?

Advisors stay clear of asking their clients questions about their health. **If you, as an Advisor, aren't comfortable asking the questions find someone who is and align with them.**

SOCIAL SECURITY

- For many Americans, Social Security is their largest source of retirement income yet very few advisors make a Social Security filing recommendation.
- **Less than 12% of financial plans include a Social Security recommendation.**

DID YOU KNOW?

The strategy of deferring Social Security income (to age 70) means a guaranteed 8% increase in income per year. Usually, it is hard to demonstrate an 8% growth in income anywhere in the market

CONCERNS

- Are you asking your clients the right questions? Ex: What are you worried about?
- While many advisors think they address their clients concerns, studies show over 50% of client's don't feel like their advisor knows what they are most concerned about.

TOP CLIENT CONCERNS:

Running out of money, caring for elderly parents, cost of Long-Term Care and how their assets will be transferred to their children in the even of a premature death.

AimcoR Can Help: Your local AimcoR office can assist you in many of the areas above (indicated in green) and become an extension of your team. We function as wholesale practice management consultants for insurance and protection planning solutions. For information on AimcoR please contact 866.428.0108 or visit us at www.aimcorgroup.com