

# The Efficient Practice

Newsletter for  
Financial and Business Professionals

## Retirement Planning: A View From Both Sides, Part One

The operational requirements, the time commitment and the resources needed to prepare a comprehensive retirement plan (along with concerns about client understanding such a plan) have caused some advisors to question the need to prepare such a large, complicated document for clients who may not need that level of specificity, much less want to sit through a several hour presentation. For those advisors, scaling back the client deliverable may be preferred. This is not to say that the research and documentation are any less, just that what the client sees may be a simpler,

and ‘easier to digest’ version. So, the question emerges as to how a financial advisory practice can accomplish such a retirement plan while satisfying all of the regulatory and ethical requirements of providing advice to their clients. There are concerns about operational efficiency and profitability to address as well.

Among the first and most fundamental steps to consider in this process is the selection of the software platform that would produce the retirement plan. Surprisingly, this may be

the easy part as most financial planning software that can address retirement planning already have the capability of scaling back the actual printed document. In most cases, all of the regulatory requirements are built in to such a printed document. Examples of software that can address the retirement planning ‘light’ approach include MoneyGuidePro ([www.moneyguidepro.com](http://www.moneyguidepro.com)), MoneyTree ([www.moneytree.com](http://www.moneytree.com)), and the new Naviplan Select ([www.eisi.com](http://www.eisi.com)).

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## Preparing a Retirement Plan for the Advisor

There is a lot of talk about retirement these days. Within the Financial Advisory community, the talk centers around an aging population of practitioners coupled with potentially unrealistic expectations about the value of a financial practice. To successfully retire, advisors will have to engage in careful planning and the development of a clear direction to

take before embarking on a course of action. The question is, what are the directions from which an advisor may choose? In short, there are essentially four courses of action available to an advisor; 1.) sell the practice outright, 2.) plan for succession, 3.) shut the practice down or 4.) work forever.

Let’s take a look at each of the options.

### 1. Sell the practice

With the investment markets downturn in recent years, many advisors have been confronted with the need to market themselves (beyond simply asking for referrals from existing clients). With this shift, many advisors have recognized the need to

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## Special Bonus Double Issue

Special points of  
interest:

- > Retirement Planning
- > Implementing Technology: The Real Challenge
- > Tools for Efficient Business
- > Commentary

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## The Efficient Practice

### Preparing a Retirement Plan for the Advisor

differentiate themselves by marketing specialties, background, personal experience, etc. Yet, it is those very things that could adversely affect the sale of a business, where a buyer could perceive that clients may not find the new ownership as appealing to them. To choose the direction of outright sale of a practice, a concerted effort would need to be made to provide differentiation messages to clients that transcend the specific owner of the firm.

The purpose of differentiation is to gain market share, or to put it more succinctly, gain new clients. By distancing oneself from other advisory firms, it is hoped that differentiation will attract a certain type of client that is desired by the firm. So, to make the direction of outright sale of a practice work, the advisor must navigate the waters of differentiation carefully, developing those elements of differentiation that will attract new clients while not isolating the practice itself from potential buyers. When a firm is associated with a broker/dealer, the process of finding a suitable buyer may be fundamentally easier (assuming the B/D has provisions in place to help facilitate such a sale).

One element of a sale that can add substantial value in a sale is the willingness of the original owner to stick around for awhile afterwards to personally

introduce the key clients of the firm to the new owner(s). This goes a long way toward continuity and provides the clients with some comfort that they are being left in good hands.

There are a number of firms assisting advisors in the sale of their practice. Perhaps best known among them is FPTransitions

([www.fptransitions.com](http://www.fptransitions.com)).

FPTransitions offers assistance to both buyers and sellers on succession planning and the sale/purchase of a financial practice. There are also firms actively involved in the purchase of multiple financial practices. With Mergers and Acquisitions (M & A) type firms, there are issues of operational compatibility and management style to address. And, in the last couple of years, with declining revenue at many financial firms, many M&A firms have pulled back from aggressive buying. However, this year and beyond promises to be a more active environment for such firms as the negotiated sale prices of firms could potentially be lower in a rising assets under management (AUM) environment. As with any firm that you might wish to handle a sale or transition, checking references, calling former clients, etc. is always a good idea.

#### 2. Plan for Succession

The term 'succession planning'

would suggest that there is a process to continue the advisory practice, albeit under different ownership or control. However, the same irony that exists in the sale of practice also is possible in succession planning, which is the apparent conflict between an advisor's need to differentiate himself/herself from other advisors by emphasizing experience, expertise or other singular trait versus turning over the practice to another advisor who may not share those qualities. Overcoming this conflict is inherently easier in the succession planning direction, as the shift in ownership or control could be to existing staff or a family member. One practice, Sherwood Financial Group

([www.sherwoodfinancialgroup.com](http://www.sherwoodfinancialgroup.com)) in Florida, went through the succession planning process a few years ago by developing an employee/partner who would eventually take over the firm. Unfortunately, the employee chose to go in another direction before the process was completed and the advisor was forced to start from scratch again. However, the second time proved to be the charm as it was a successful process. Another firm, Costanzo Financial Group

([www.ajcostanzo.com](http://www.ajcostanzo.com)) in Monroeville, Pennsylvania has embarked on a multi-year process of transitioning the firm control to a family member. In this case,

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it is highly likely to succeed, as clients would perceive a seamless continuity of services and style of client relationships and the transition has been carefully planned to be phased in gradually, over a period of years. With the succession plan in place, the senior (or retiring) owner might assume an executive advisory role in the firm. While not actively involved in day-to-day operations, he/she might choose to remain a part of the firm on some level and receive compensation for that role. This has incredible value in the firm where staff have essentially purchased the firm from the original owner. Clients are made aware that the original guy/gal is still involved and the process of legitimizing the transition of ownership is considerably easier as a result.

### 3. Shut the practice down

On the surface, this might seem to be an extreme choice. However, many firms have chosen this path for a variety of reasons. Ease of implementation, cost factors and/or a lack of suitable buyers (or succession partners) are reasons why this may be chosen. With smaller practices that are closely tied to the principal of the firm, it may be perceived as exceedingly difficult to transition to a new owner. The purchase price of the firm may be substantially below what the original owner of the firm would expect. And, owing to many years of relationships with long-term clients, a new potential owner might assume that there would be a larger portion of client defections following a sale, which



would further drive down the value of the firm.

So, the firm owner may simply decide to shut it down. He/she might be content with retirement savings, other investments or income sources and may see little value in trying to sell a practice. However, most practitioners feel an obligation to help the clients transition to another firm. In the process of a shutdown, an attempt should be made to provide referrals for existing clients.



### 4. Work forever

As unrealistic as this sounds, there are financial advisors who firmly believe that this is their only choice. This may be due to a perception of an aging profession in general with few takers, it may be due to legal limitations with a broker/dealer on the sale of practice outside of the B/D or it may be that, due to financial circumstances, it is not perceived as practical to attempt to sell or transition the practice to others. In most cases, these are fallacious assumptions. With proper planning and with advice from industry experts, most practices can be transitioned in one form or another.

Consider that a financial advisor might have a client who perceives they cannot retire, due to a lack of savings, income sources following retirement or age factors. The financial advisor works with the variables: time to retirement, investment amounts, risk tolerance and savings capabilities to build a set of what-if scenarios to find a comfortable solution for that client. Yet, that same advisor is incapable of applying similar techniques to his/her own retirement situation. It may be for the same reason that a dentist does not pull his own teeth. In a word, he/she lacks **'perspective'**. Hence the advisor should seek out the same sort of independent ad-

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Taking a modular approach to the planning process, the advisor can account for all areas of the client's financial situation and needs, while drilling down to the retirement planning issue as a singular focus. Having the flexibility of creating multiple what-if scenarios is preferred as it can address different asset levels, varying time horizons and goal amounts in a comparison with the client's current financial scenario.

And while the major financial planning software companies (listed above) are popular with financial advisors, there are numerous other choices from which to consider including:

Plan Builder

([www.financialsoftware.com](http://www.financialsoftware.com))

Cheshire Software ([www.cheshire.com](http://www.cheshire.com))

Still River Retirement Planning Software ([www.stillriverretire.com](http://www.stillriverretire.com))

Torrid Technologies ([www.torrid-tech.com](http://www.torrid-tech.com))

PenD'Calc (<http://pendcalc.com>)

Money Minders Software ([www.money-software.com](http://www.money-software.com))

Depending on the style of presentation and the level of complexity, one of these choices might be worth a look. However, one issue to confront is the ability to integrate data from an advisor's client relationship management (CRM) software with their choice of a retirement planning software. In this regard, the major software platforms may have an edge as most maintain relationships with other software manufacturers. Depending on what CRM platform the advisor uses, it is possible that one of the retire-

ment planning softwares will have the capability of sharing data with that CRM software. Additionally, there are the so-called integrated platforms such as eMoney Advisor ([www.emoneyadvisor.com](http://www.emoneyadvisor.com)), Interactive Advisory Software ([www.IASsoftware.com](http://www.IASsoftware.com)) and others that offer built-in data sharing.

The data sharing issue is significant in the time required to perform initial data entry into a retirement plan. Often, this is a time consuming typing task that requires entering information such as names, addresses, social security numbers, birthdates, etc., most of which is generally stored in a CRM program. Having the ability to migrate that data directly into the front-end of a retirement plan can potentially save hours of work and increase the efficiency (and the profitability) of the plan production.

But is that the only way to increase efficiency? Certainly there are additional ways increase efficiency without necessarily sacrificing quality or compromising the regulatory or ethical issues involved in the process. Finding a retirement planning software that fits the advisor's style of presentation is one key. In that way, the advisor can adapt quickly to the back-end of the plan, the creation of recommendations, the development of what-if scenarios and the comparison of differing goals without a lengthy learning curve on the software itself.

Development of template presentation reports (client deliverables) can

significantly save time over writing plans from scratch. However, most advisors want to avoid the appearance of a cookie cutter or one-size-fits-all retirement plan. By building templates with merge codes (these pick up information unique to a client and inject it into a document), the advisor can customize the look and feel of such a document to appear as though it was hand typed just for that client. Many CRM software programs offer a merge document capability where you can create and customize any sort of document. For those advisors who wish to create an abbreviated summary of recommendations (for example), This type of document could prove to be invaluable as the advisor could create several versions of the merge document template to match differing types of clients (middle income, high net-worth, estate issues, etc.) Redtail Technologies ([www.redtailtechnology.com](http://www.redtailtechnology.com)) offers such a function as to others.

Even the live presentation meeting can be made to be more efficient, given the built-in tools available in many softwares. As an example, MoneyGuidePro offers a presentation mode, with a capability that permits the advisor to illustrate the client's current situation and then, by using the presentation slides, show altering the timelines, assets required, goal amounts, etc. to see the impact on the client's retirement goals, illustrating both the ideal to acceptable range. This can be done live, in front of the



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client. In illustrating future results and the likelihood of retaining goals, there is a probability of success speedometer.

Some financial advisors have chosen not to share the full-blown financial plan with their clients as the perception is it is too much. In the words of one such advisor, *‘If I ask you what time it is, don’t tell me how to build a clock.’* Instead, the financial plan is prepared for internal use and the client receives a summary document that is significantly smaller, but easier for the client to digest.

shared with a client, considerable time commitment in explaining these concepts to the client. While the client should possess a working knowledge of their investments and strategies, some advisors feel that sharing every last little detail is simply too much.

An example of this might be in the presentation of risk tolerance. For some advisors, risk tolerance is a complicated methodology, using mathematical algorithms. Some software can translate the algorithms into visual charts or classifications such as “conservative”, “moderately aggressive” and so on. A client

most likely will be able to identify with the classification rather than a numerical result of a mathematical expression.

Having said that, there is also the issue of full disclosure and living up to fiduciary standards of care (along with regulatory and ethical issues). No one would suggest that these steps be bypassed. Simply that the level of knowledge required of the client to fully appreciate their financial situation and needs relative to their goals may be less than what a comprehensive written, detailed retirement plan can potentially deliver.



Coincidentally, such a summary document is faster and more efficient to produce, which saves the firm money. For most advisors the highly analytical work associated with Risk Tolerance and Asset Allocation, requires a level of knowledge and experience lacking in most clients. Therefore, to build a sophisticated asset allocation strategy and tie it to the client’s risk tolerance, goal time horizons, assets to be managed and investments to be made over time would result in a detailed set of graphs and charts, considerable mathematical calculations and, if



## Bonus article: Building a Better Mousetrap

The Internet has profoundly transformed the way people learn about and shop for products. Ten years ago, companies reached their consumers through trade shows, print advertising, and other traditional marketing methods. Today, consumers start their shopping experience by looking on the Internet, in the search engines, the blogosphere, and social media sites. In order to remain competitive, businesses' websites need to be found online by the consumers already searching for the products and services that you sell.

Businesses must get found online by the consumers searching for their products and services in the:

- Search Engines
- Blogosphere
- Social Media

The Internet has changed the dynamics of the business world. For the past decades, marketers have used "outbound" marketing techniques such as trade shows and print advertising, where marketers push out a message far and wide hoping that it resonates with a few individuals. These outbound marketing methods are becoming less and less effective for two reasons: People are getting better at blocking out interruption-based marketing messages.

The average person is inundated with thousands of outbound marketing interruptions per day and is figuring out more creative ways to block them out, including caller ID, spam filtering, and on-demand TV and radio.

The Internet presents quick and easy ways for consumers to learn and shop.

Instead of flying to a trade show across the country, for example, a consumer can go the Internet to research and purchase products or services.

Today, consumers are going to the Internet to start their purchasing process. In order to remain competitive, businesses need to utilize "inbound" marketing techniques to "get found" by the consumers searching for their products and services online. Consumers most frequently go to the search engines to research and purchase products and services. Is your website getting found by consumers looking for you?

There are two kinds of search results: paid results and organic (or natural) results.

Paid results are those listings that require a fee for the search engines to list their link for particular keywords. The most widely used form of paid listing is Pay Per Click (PPC), where you pay each time someone clicks on the link in your advertisement. The price increases with the competitiveness of the keyword.

Organic results are gathered by search engines' web crawlers and ranked according to relevance to search terms. This relevance is calculated by criteria such as extent of keyword match and number of links into that website. Ranking in the organic search results is better because not only is it FREE, but research shows that people click on the organic results 75% of the time and paid results only 25% of the time.

### How Does Google Decide?

Google and the other search engines rank websites in search engine results pages according to relevance to the search terms. This relevance is calculated by looking at both on-page factors such as the content on your site and off-page factors in the form of inbound links to your website. Off-page factors are the biggest influencers in your website's ranking in search engine results.

### STEP 1: Find Keywords

Search Volume – Given two different keyword • phrases, optimize for the one with the larger number of searches.

Relevance – Choose keywords that your target market • is using to describe and search for your products and services.

Difficulty or Competition – Consider your chances for • ranking on the first page of Google for that keyword phrase. Look at the sites ranked in those first 10 slots, their authority and relevance to search terms, and gage if you will be able to overtake them to secure a spot on that first page.

### STEP 2: On-Page SEO

Place keywords in the page title, URL, headings, and • page text.

Optimize your page description for maximum click-• through-rate when your site ranks in Google searches.

Place keywords in other "invisible" places on your site, • including meta-keyword tags and alt-text on images.

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### STEP 3: Off-Page SEO

Build more inbound links from other sites into yours. • Each link serves as a recommendation or a reference to tell the search engines that your site is a quality site.

Build more links within context, i.e. those with • valuable keywords in the link anchor text (the text that is hyperlinked to your site). Link anchor text provides context for the search engines to understand what your site is about.

Build more links from trusted websites. Just as • references from well-respected friends and experts offer more value, so do links from trusted and well-respected websites.

Link-building tips:•

Submit your website to directories like the Yahoo! • Directory and Business.com

Communicate with others in your industry through • blogs and other social media

Create compelling tools (such as an interesting • calculator) and content (via a blog, for example)

### STEP 4: Measure & Analyze

Track number of inbound links, keyword rank over • time and compared to competition.

Measure real business results: number of visitors, • leads, and customers from SEO.

### Blogs:

What is a blog? A blog, or weblog, is a website that allows for regularly posted content or articles.

- Blogging is Inbound Marketing
- Blogging helps with SEO•
- Blogging helps with social news and networking sites•
- Blogging is permission centric•
- The conversation has already started... it's time that you're aware of it and develop a strategy for engaging in it

### STEP 1: Read

- Search for other blogs in your industry using Tech• norati.com or BlogSearch.Google.com.
- Read and subscribe to blogs via RSS (Really Simple • Syndication) or email – RSS allows users to subscribe anonymously and consume content however they want.

### STEP 2: Comment

- Contribute to the conversation via a comment.•
- Increase the value of the article – share an example, • add a point, add a useful link, disagree, ask a question.

### Why?•

Engage in the community•

Get noticed by other bloggers and blog readers•

Get links back to your blog•

For the full text of this article on Search Engine Optimization, Please join the Efficient Practice Advisor Network, which not only contains this, but tons of other resources you cannot do without.

### Tools for Efficient Business: Scheduling Solutions

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There are many solutions available to electronically schedule appointments. The simple fact is that there may be so many choices it is difficult to determine which of them is best for you. So, to help unravel the mystery, here are a few solutions that are distinctly different. First is Microsoft Outlook, the granddaddy of contact management and email software. Inside of Outlook, you have the ability to schedule a meeting and send an invitation to a client/prospect or other person. In the calendar function, if you click on New | Meeting Request, you can set up the meeting and invite potential attendees. What is lacking with this solution is the ability to solicit members on times that are good for them.

For this, you may wish to consider When Is Good (<http://whenisgood.net>). This service, which can be free, offers the ability to sync with popular programs such as google calendar or Outlook and allows you to set parameters on scheduling, based on your schedule, then collate with others on times that work. But, even this solution requires a second step, scheduling the appointment or meeting.

So, to automate the scheduling process even further, you may wish to check out TimeTrade (formerly TimeDriver) ([www.timetrade.com](http://www.timetrade.com)). Here's how it works: TimeTrade hosts your appointment book on powerful servers within their secure data center. With a valid username and password, your customers can log in, check your availability, and book an appointment.

There are never any conflicts or accidental double-bookings because TimeTrade is a "real-time" web based scheduling application. Whenever a timeslot is booked, it is immediately removed from your inventory of available timeslots.

And everything is safe and secure. You see a detailed master schedule, but your customers see only their own appointments and your available timeslots. TimeTrade can be integrated right into your website.

TimeTrade has a fixed monthly fee based on the size of your business and the amount of usage.



## Commentary: The Irony of Regulation

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The Financial Planning Association (FPA), the CFP Board of Standards and the National Association of Personal Financial Advisors (NAPFA) (among others) fought hard to win legislation aimed at standardizing regulation in the financial services industry. This landmark legislation which recently passed marks the first real major change in securities regulation since the great depression. Although, at this point there is little in place to define what this legislation will produce, one thing is abundantly clear. Increased regulation will mean more paperwork for advisors.

Expanding an already overburdened financial profession with additional compliance and regulatory hoop jumping will undoubtedly produce a cottage industry among compliance consultants and other entities who can offer such services. One of those entities are the broker/dealers (B/D's) originally targeted by the loose confederation of associations who came together to end what they saw as inequities in the way advisors are regulated, based on whether or not they are affiliated with a B/D. In their eyes, the B/D affiliated rep was not subject to the same requirements as a Registered Investment Advisor (Independent). Thus, a double-standard was perceived, even though B/Ds typically had higher levels of compliance accountabilities in place.

The irony of all this lies in the fact that the independent advisors, faced now with substantially increased regulatory requirements and, potentially new fiduciary standards, may ultimately have to turn to the broker/dealers to solve the costs and headaches associated with these things. Most B/Ds are gearing up already for what is anticipated in the form of mass breakaways from independent ranks back into the B/D environment.

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*-David L. Lawrence*

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We assist our clients in realizing additional profits through a thorough analysis of your business operations from a variety of tactical perspectives that stress the efficient use of resources. We have identified **four broad areas of operational efficiency** which form the basis of our evaluative process. We do this by taking the time to learn everything we can about your business and then offer recommendations based on where you want to take it. And we offer on-going support and coaching to ensure that your path to increased profit continues unabated.

**Note:** No software, service, product or company mentioned in this newsletter paid for such mention. This newsletter remains totally independent.

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Phone: 877-296-6876  
Fax: 813-649-8755  
E-mail:  
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David L. Lawrence, President

Questions or comments?  
Email:  
[info@efficientpractice.com](mailto:info@efficientpractice.com)

