

INVESTMENT PERSPECTIVES

The new challenges of financial planning

Providing investment advice in the context of a comprehensive financial plan has never been more important — or more in sync with investor demands. How is technology changing the way comprehensive financial planning is being done? To find out, *InvestmentNews* Content Strategy Studio's Evan Cooper recently discussed the issue with President of Investment Services at Fiserv Cheryl Nash. Highlights of their conversation follow:



CHERYL NASH
President
Investment Services, Fiserv

IN CONTENT STRATEGY STUDIO: Where do you see the current opportunities in the advisory world — and where does technology fit?

CHERYL NASH: As more and more people realize how much they will have to save and invest to cover the high cost of college for their children, for example, and the increasing length of their own retirement years, they are recognizing they want and need help managing the financial aspects of their life. They are looking for assistance in setting short- and long-term goals. That need translates into a tremendous opportunity for advisors who can help by creating and delivering goals-based financial plans.

Technology is a great enabler of goals-based planning because it can provide the data that paints a more holistic and complete picture of that individual client's life. Through data aggregation, an advisor can view all of the client's assets, liabilities and spending patterns to create a significantly more accurate and useful plan, giving the client a better picture of how much they will need to save and invest in order to reach their goals.

INCSS: Has technology changed the way advisors should think about risk tolerance?

CN: The availability of so much useful data, combined with an understanding of a client's short- and long-term goals, provides a better way to assess risk tolerance than traditional assessment tools. When you can look at a client's history of spending, and take into consideration several other factors such as age, household, and where the client lives, the advisor gets a better picture of how much needs to be saved and invested to meet their specific goals — whether that's sending a child to college in three years or retiring a decade or two from now. Shifting from picking stocks or trying to outperform the market to strategic advice that is both informed by client goals and intelligent data is a smarter approach that many of today's advisors are adopting.

INCSS: In what other ways is technology changing financial planning?

CN: More technologically advanced financial planning tools highlight the need for greater efficiency at all points in an advisor's workflow. Financial planning requires collaboration and information gathering, which ultimately means an advisor will spend more quality time sitting in front of prospects and clients. To free up time to do that, our advisor clients tell us they are looking to technology and automation for help.

They point to the moving of information and data from one system to another as a time-waster that also increases the potential for errors; they want to reduce the number of times they re-enter the same information.

INCSS: How can advisors address the information inefficiency problem?

CN: Technology and data integration can offer advisors many benefits in terms of efficiency. For that reason, we created a new financial planning tool as part of our Advisor Solutions package that is totally integrated with everything else on our platform. Rather than standing alone, the tool integrates the client's financial plan, the advisor's recommended investment model for the client, and our Fiserv trading platform, enabling the advisor to easily execute on the plan. It also provides a record of all transactions and the client's total positions in easy-to-produce reports. For advisory firms, that's a lot more efficient than buying disparate systems and then trying to get them to 'talk' to each other.

INCSS: Can the planning solution be used on its own?

CN: Yes. While our new planning tool is fully integrated with our platform, it's also completely modular. Advisors can use it on a standalone basis at a reasonable price, and we've built it to make it fully compatible with whatever system and other tools an advisor or firm is using.

INCSS: Where do automated advice solutions fit in with the growing emphasis on technology?

CN: Robos have been very good for the advice business, particularly in the way they have demonstrated a faster and more efficient onboarding process and helped to shape a better user experience. For some investors, robos as a stand-alone investment enabling tool are a fine choice, and many of us in the industry believe digital advice should be a component of any advice platform. But as investors' lives change, there's greater complexity, for example, taxes, selling a business, retirement concerns—and it's imperative that a human advisor be a part of the equation.

People want help. A survey we did on consumers and finance found that one in three people view managing their personal finances and investments as a burden; 59% say that managing money is something they have to do, not want to do. Advisors using a goals-based planning approach and tools that maximize the efficiency that technology can offer are in the best position to truly help clients, as well as build a successful and profitable business. ■

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