

Enterprise

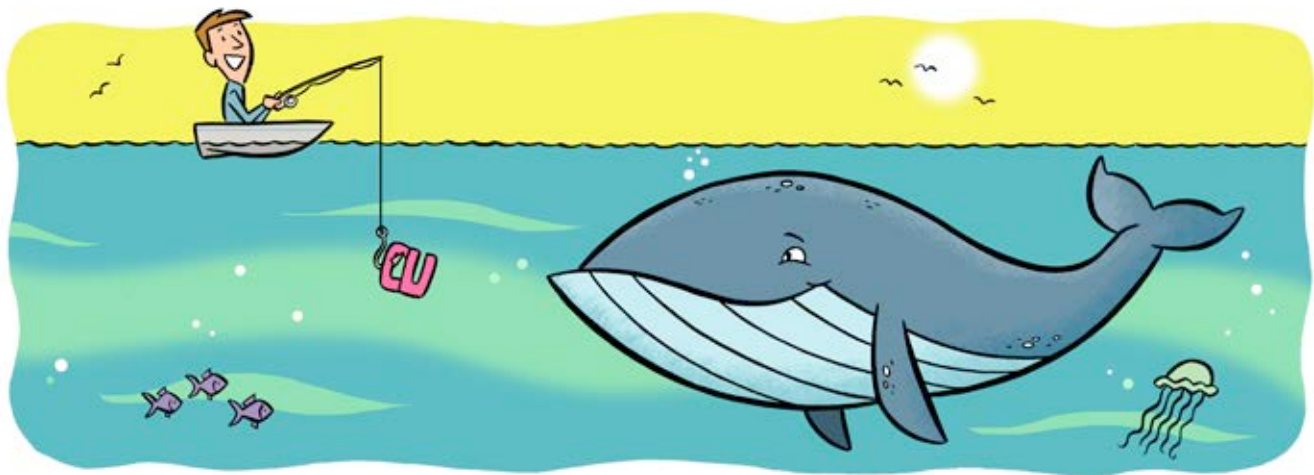
The Voice of Canadian Credit Unions

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Luring the high-net-worth client

HOW CREDIT UNIONS CAN COMPETE TO REACH THOSE WITH SIGNIFICANT ASSETS

By Sarah Brown

IT'S THE CLUB EVERYONE WANTS TO BELONG TO – and every financial institution is clamouring to serve: the high-net-worth investor. New research by Investor Economics estimates that by 2022 there will be nearly 2.2 million Canadians worth more than \$500,000 and they will control \$4.5 trillion in investable assets. But who are these investors and what are they looking for in an advisor?

It's Kim Thompson's job to find out. The SVP, Advisory Services, at the national wealth management firm Credential Financial, is on permanent trend-watch. Knowing what investors want – and how best to help them achieve their goals – is key to signing up new high-net-worth clients (and making sure existing clients don't cross the street). "I crisscross the country," explains Thompson. "But I also spend a lot of time in Toronto because it's the major financial hub of the country. It's really important to maintain a level of expertise with what's going on in the industry."

CONCERNS AND GOALS

Like others, high-net-worth investors worry about their retirement years. Where they differ from other investors is in their approach. Their in-depth financial knowledge varies, but they are generally more diligent about putting together long-term wealth plans. They see the value in working with a financial advisor who understands their needs.

Thompson notes a move to fee-based platforms, with advisors and clients collaborating to determine annual outlays. Clients are also looking for advisors to take a more holistic approach to their affairs, bringing into the conversation topics such as insurance and estate planning.

GOING THE EXTRA MILE

Credit unions excel at advocating on behalf of their members. That feeds into a trust factor that's attractive to high-net-worth clients. The key becomes having distinct programs with the discretionary services to meet their more complex needs. "To put it into one sentence, when it comes to investment management, you have to be efficient in terms of expertise," Thompson says.

For example, at the upper end of the support scale, the Credential Affiliates Program connects Credential's credit union partners with select portfolio management firms specializing in discretionary investment management for affluent investors. Advisors at credit unions can then focus on their specialties – establishing the client's needs and expectations – while sharing those requirements with the affiliate portfolio manager. Both sets of experts can concentrate on what they do best. For the client, it's a win-win.

TALKING TO CLIENTS

The best financial advisors really know their clients and aren't afraid to talk about the awkward aspects of money management. If questions aren't asked in a way that puts the client at ease, then important decisions get put off – and bad things can happen.

With that in mind, the Credential Wealth Consultant program was born in 2010. Promoted through the credit union network, the three- and five-day courses focus on how to have those conversations that allow advisors to gain a broader understanding of a client's life goals and concerns. "As an example, it's hard to ask a client outright what their thoughts are around transferring their estate, so this is a real skill that needs to be supported," says Thompson. If clients trust one advisor to plan for a full range of his life needs, they are less likely to take a piecemeal approach, going to different advisors for different aspects of their portfolios.

RETAINING CLIENTS

With more high-net-worth clients on the books, each credit union must also be mindful of its unique value proposition, choosing partners and programs that align with its principles. When credit unions do an excellent job in executing their wealth strategies, they gain momentum in the eyes of current and potential clients. Looking at Credential's role as a partner to credit unions and their advisors, Thompson wraps up the topic succinctly: "We're pleased with where we're at, but very mindful that our clients have choice, so we really need to continue collaborating and innovating with our partners." The same tenet is true of credit unions and their advisors. **E**