Sun Life | Consulting

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Industry Insights

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Reshaping the philanthropy conversation

Help clients retain their money

As clients prepare for the holidays, advisors can use this as a chance to talk about philanthropy. In this conversation, advisors can show clients that they understand their values and clearly see the full picture.

For clients concerned about giving during a recession, advisors can create a giving plan. This will provide a personalized approach to help ensure the client has plenty of money to live on while staying philanthropic, regardless of the economic situation.

Advisors can explain to clients that there is a choice when it comes to estate tax. The money can go to the family and to charity, or to the government in the form of taxes. When recommending charitable giving as a strategy, advisors can help the client identify organizations that fit with their values and hobbies. Clients can be creative in what they give. Clients can donate in multiple ways including:

- Money
- Appreciated stock
- Real estate
- Other valuable assets

Depending on the form of donation, the client may be eligible for other deductions. There are qualified professionals that can provide guidance.

Source: Wealth Management

Takeaway: Differentiate yourself and make a difference by working with clients on their charitable giving strategy.

The mindset shift needed to help wealthy families

Encouraging collaboration and foster a positive mindset

Takeaway: A positive approach when giving advice can help you help wealthy families. It can also help you keep the relationship with the family over time.

Providing advice based on fear can create a self-fulfilling prophecy. For ultra-high-net worth families, the fear is that future generations will "screw it up" and "waste their inheritance." Instead of fear, you can provide advice with an open mind and motivate with intention. Intention to help create a safe space based on trust and shared values among the entire family.

Here are a few ideas you can suggest to clients to help families while encouraging inclusion and collaboration across generations:

- Educate on financial literacy.
- Gather comments from both the younger and wealth-creating family members when creating financial plans.
- Encourage the entire family to join meetings and engage in decision-making.

Source: [Investment Executive]

Guiding clients to an unbiased portfolio

Address client fallacies before they make decisions

Clients may make biased investment decisions that can harm their portfolio. Here are six fallacies to be aware of and know how to address them.

Fallacy/bias	What is it?	Pay attention: what to watch for	Take action: what you can do about it
Sunk cost fallacy	The idea that one should keep a losing investment, otherwise they'll lose the invested resources.	Clients who don't want to accept losses. These clients would rather wait to break even.	Suggest a pros/cons list to assess what next steps to proceed with.
Hot hand fallacy	The idea that when an asset is trending upwards, it will continue to go up.	Clients who base their decisions on emotion rather than factual data.	Show today's data, reinforcing that past performance doesn't always predict the future state.
Confirmation bias	This happens when clients accept conclusions in line with their point of view and reject other responses.	Spot this by noticing if clients only focus on signals that support their viewpoint.	Work with clients to understand the whole picture and list the risks involved.
Availability bias	This comes from the human tendency to think that when thoughts come to mind easily, they are more meaningful than they are.	Clients who only consider breaking news and no other relevant data.	Work with clients to explore multiple data sources.
Gambler's fallacy	This occurs when someone assumes that if something happens repeatedly, the opposite will soon happen.	Take note when clients comment that an asset will increase, only because it has consistently been going down.	Relate the probability to that of a coin, with flipping a coin.
Mental accounting bias	This is when clients attach different values to different forms of money. For example, year-end bonus versus a salary.	A key giveaway this bias is present is when a client attaches labels to money.	Show clients that money is interchangeable within portfolios.

Source: Wealth Management

Takeaway: Help clients avoid biased investment decisions. Know how to spot and help correct the fallacies that may harm portfolios.

The rise of social trading

Copying someone else may not get clients where they need to go

Social trading is on the rise. You need to be aware of this investment strategy and how to talk to clients considering it.

What is social trading?

Social trading is when financial influencers promote trading strategies and platforms on social media. This makes it easy for their followers to copy the investment strategies of these "finfluencers." Both beginner and experienced investors follow these influencers. However, many don't have the credentials to offer advice.

Is social trading safe?

Most advisors wouldn't recommend social trading. Advisors lay the groundwork to help keep clients safe and meet their personal financial goals. Social trading doesn't. Clients likely have different goals than the traders they follow, so copying them may do more harm than good. Companies may pay traders to promote a certain investment strategy. This isn't always declared up front and can skew the advice they provide.

Source: [Investment Executive]

Takeaway: Educate clients on social trading so they can take precautions before they decide to proceed. Encourage clients to ask questions of the traders they follow. For example, are they accredited? What is their historical performance? What risk levels do they address?

Open banking in Canada

How open banking could change the wealth management industry

Open banking allows financial institutions to share client account details with a third party fintech company. It makes sharing data easier to benefit investors, especially to those who invest at many institutions. Clients won't need to give their login and password. However, they must give consent before sharing data with the third party.

A government committee recommended open banking go into effect in Canada in January 2023. However, an exact implementation date isn't confirmed.

Takeaway: It seems that open banking is coming to Canada. Things may not change overnight. However, technology firms could disrupt wealth management by automating processes and helping clients with multiple investment accounts.

Open banking has the potential to impact wealth management in the following ways:

1. **Speed up onboarding.**
   The third party with access to a client's banking data can automate the know-your-client processes.
2. **Allow for fee comparison.**
   A fintech could learn that a client has multiple accounts at different institutions with similar investments. The fintech can then compare fees.
3. **Improve risk assessments.**
   A fintech could determine whether all of a client's investments (as opposed to at just one institution) match their risk tolerance.

Source: Investment Executive

Overwhelmed by Google Analytics?

Three key data points to focus on

Google Analytics provides detailed information that can get overwhelming. Here are three data points that can help guide business decisions – if you're using Google Analytics:

1. **Where are visitors coming from?**
   Find out by clicking on Acquisition, then Overview.

   This report shows the percentage of visitors coming from various channels. Channels can include email, direct, newsletter, search, referral or social media to name a few. This data will help determine where to improve and where to capitalize on marketing.

2. **What pages are getting the most views?**
   Find out by clicking on Behavior, then Site Content, then All Pages.

   This data shows what pages on a website are getting the most views. This helps you know which pages to update regularly and which are obsolete. This report also helps show which social media posts followers find interesting.

3. **How many total visitors are coming to your website every month?**
   Find out by clicking on Home, then change the dropdown on the main graph to show the Last 28 days.

   You can have a direct impact on this data. This metric should continue to track upwards. You can generate more traffic with frequent social media posts, digital campaigns, ads or a compelling newsletter.

Source: Oechsli

Takeaway: If you're using Google Analytics, commit to using it. Gathering these simple bits of data every month can help you better understand and improve your digital outreach.

How user experience (UX) thinking can delight clients

See how UX can improve the client experience

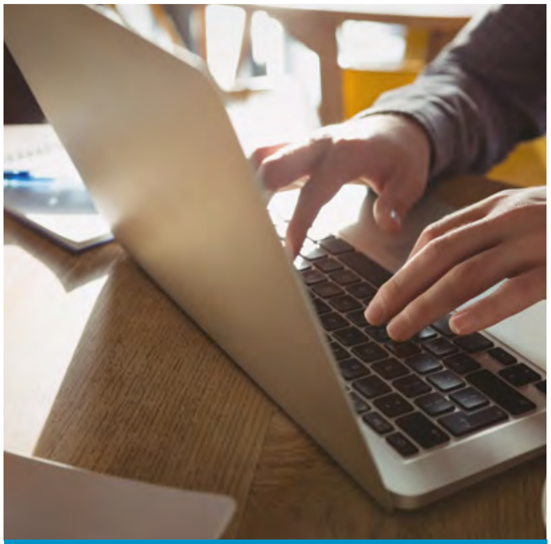
Keeping user experience (UX) top of mind is critical to the client experience. User experience goes beyond a website. It's about the overall user experience which includes:

- how you interact with prospects online, and
- all aspects of how you engage clients from an online presence, discovery process and daily interactions.

To help with the UX mindset, think about the leads journey. Consider how a prospect comes to your website. Is that journey easy? Is your website intuitive to their needs? Are there any wasted steps?

A way to improve UX is to make a list of the three important factors in client relationships. Then, think about the opportunities to improve the process. This helps anticipate client needs. And if you meet client needs, they're happier clients.

Source: Think Advisor



Takeaway: A deep understanding of clients helps support a great UX strategy. Think about the user experience from the client's perspective. Look at the interaction points and use the data about client needs to make the process easier.

Four things to consider when reviewing life insurance policies

Make the most of a policy checkup

Takeaway: It's a good time to review policies with clients. Discuss any life event changes, explore new/revised insurance needs and consider the different needs of clients.

The pandemic gave everyone a lesson about the importance of protection. Clients' lives may have also changed, but not their policies. It's a good idea for you to spend time conducting life insurance policy checkups with clients.

Here are four things to consider when reviewing policies with clients:

1. Identify any life changes
2. Evaluate the current policy for ongoing suitability
3. Ensure the insurance company is a good fit
4. Decide if the policy needs modifications or conversion

Source: Think Advisor

How to understand younger clients' position on money

See how the value of money drives younger Canadians' individual goals

A new study from Edward Jones found some interesting facts about younger generations. A majority (54%) of Gen Z (up to age 25) and millennials (aged 26 to 41) need an inheritance to reach their financial goals. Still, these same groups are most likely to pass money onto others compared to the older generation:

- 14% of Gen Z and millennials
- 4% of those age 55 and older

This presents an opportunity to ask questions and include these groups into the planning conversation.

Gen Z and millennials want to pass the money on to the next generation. And they're more willing to share wealth to help family and friends in need. Hence, discussions on financial and tax planning are crucial in managing client relationships with these generations.

Source: [Wealth Professional]

Takeaway: Ask deeper discovery questions to Gen Z and millennial clients to understand individual needs. This is important as research shows their reasons to save money and transfer wealth are different from boomers.

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