



**PARAPLANNING**  
*Excellence*

VI

SCENE SETTER  
FINDINGS 2016

In association with:



Organised by:



## SCENE SETTER RESEARCH FINDINGS 2016

Paraplanning Excellence has been created specifically for the paraplanners of top financial advisory firms in the UK. Its goal is to provide a blend of investment focused training; an update on overarching industry themes as well as an opportunity to network with peers. It is an initiative sponsored by Invesco Perpetual and Schroders.

Now in its sixth year, Paraplanning Excellence will again take place in London and Cheshire.

- **Paraplanning Excellence South** to be held on Thursday 3 November at Schroders’ Offices, 31 Gresham Street, London EC2V 7QA; and
- **Paraplanning Excellence North** to be held on Tuesday 8 November at The Mere Golf Resort & Spa, Chester Road, Mere, Knutsford, Cheshire WA16 6L.

As participants confirm their places, we ask them to complete a questionnaire. Its goal is to ensure we understand the role they play within their businesses; the processes they undertake; and at the same time understand their concerns and ambitions. The following interim data is based on replies received from some 100 paraplanners to whom we say a big thank you. The text in italics is as written by the respondents.

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## **I. The Role of Paraplanner: as a starting point, we asked them to tell us what they consider to be the BIGGEST ISSUE facing the INDUSTRY?**

Last year, it was all about increasing costs and the non-stop changes in legislation and regulation which were causing concern for both the industry and the public. This year the angst has switched to the impact of Brexit and the resultant market volatility.

Concerns around regulation remain ongoing as are the frustrations around the public's appreciation of the value of the industry and the fact that the service doesn't come cheap.

As a large percentage of this data was collected in the run up to the summer "quiet time", there was clearly a lot of anxiety around the EU referendum – both before and afterwards. Key concerns were, not unsurprisingly, around the market and political uncertainties as well as the potential for even more upheaval on the regulatory front.

### **– Brexit (15 responses mentioned "Brexit"):**

*"In the event of either result, there could potentially be changes in regulation."*

*"Furthermore, uncertainty in markets will make the correct client investment proposition more important."*

*"Currently concerns over Brexit are surfacing, with the decision looming and how this will impact clients' investment performance and tax position going forward."*

Two respondents mentioned the uncertainty around the UK political structure. As we all know, these have been "parked" for the moment, however one respondent raised the issue of the UK's global relationships and how they might pan out post vote.

*"Politics and uncertainty."*

*"Market volatility and 'the present unknowns.'"*

### **– Constant change is a recurring theme:**

*"Changes to regulation and legislation."*

*"Changing regulation and the introduction of new rules by the Government."*

*"Ever changing legislation."*

*"Keeping abreast of changing legislation and FCA rules/suggestions."*

*"Maintaining the pace with compliance and ensuring we are always above and beyond the minimum level required."*

*"The constantly changing rules from the FCA."*

### **– Regulation:**

*"Ensuring suitability remains compliant whilst retaining the focus on the client's goals and objectives."*

*"With their increasing focus on conduct, the Regulator has been more likely to redress any balance in favour of the client. It is a challenge as at present there does not seem to be a regulated body fighting the financial planners' corner. A further issue is the numerous legislative changes that either come in to force or are abandoned meaning advice needs to continually evolve to stay relevant."*

*"The time and time-cost of regulation."*

*"Inconsistencies between regulators."*

*“Compliance and Complaints.”*

*“Compliance becoming too strict and limiting the personal touch with clients.”*

– **Client demands/expectations:**

*“Demographics: people living longer in retirement who are accustomed to a much higher standard of living than previous generations. On the flip side, the State cannot afford to pay the State Pension in its current form to all these people whilst the individuals don't realise the amount they need to save to enjoy a decent retirement.”*

*“Client expectations especially around income generation versus risk versus life expectancy.”*

*“The unwillingness of the public to pay for advice, combined with the rising cost of advice shrinking the pool of potential clients.”*

*“The value that people attach to financial advice: willing to pay less than for other chartered professions.”*

*“Business is having to limit help to wealthier clients due to profitability issues.”*

*“Lower end clients not receiving advice.”*

– **Poor public perception:**

*“Poor reputation in the media.”*

*“Professionalism.”*

*“Profitability and the need to provide good customer service.”*

*“Public understanding of what we do as an industry and the services that we provide - especially with younger individuals who might not see this industry as a career prospect.”*

– **Pensions stuff:**

*“IHT legislation changes.”*

*“Pension freedoms and the impact of the accessibility of pension savings on clients' future retirement income.”*

*“Pension freedoms, keeping compliant”*

*“DB transfers”*

– **Robo advice (3)**

**2. The Role of Paraplanner: we then asked them to tell us what they consider to be the BIGGEST ISSUE facing their INDIVIDUAL BUSINESS?**

It is really noticeable how much more emphasis there is on the client this year. The FCA would be very proud of us. There are fewer moans and groans around the volume of work; and indeed less angst being expressed about keeping up with technology. Maybe we just have a tech savvy crew signed up this year. Indeed the frustrations are more about the lack of processes being adhered to in the company.

A common theme across the industry is the ongoing hunt for good employees

– **Clients:**

*“Client Retention.”*

*“Clients wanting to invest in volatile environment.”*

*“Driving loyalty amongst clients in a commoditised and ever changing market.”*

*“Ensuring a bespoke service is offered whilst still maintaining a company standard proposition.”*

*“Ensuring a consistent message is delivered to clients across multiple advisers and offices.”*

*“Ensuring a personal touch whilst making sure everything is compliant.”*

*“Finding new clients.”*

*“Meeting people who need advice but not holistic planning.”*

*“Lack of understanding around the crafting out clear and robust client objectives.”*

*“Ageing clients.”*

*“The pressure of reducing fees whilst increasing demand from clients.”*

*“The advice gap and structuring of clients in terms of service and the most cost effective way of doing this to ensure clients receive a good ongoing service.”*

*“New business and regulation.”*

*“Adviser Fees.”*

*“Charging.”*

– **Efficiency and process:**

*“Coherence of process across the firm.”*

*“Efficiency in administration/database management.”*

*“Improving efficiency so that profitable business can be done in a market where the public are less willing to pay for advice.”*

*“Internal procedure and management.”*

*“Proposition Management.”*

*“Service level definitions.”*

*“Costs vs income.”*

*“Systems and efficiencies.”*

*“Technology.”*

– **Regulation**

*“Regulation - ensuring the highest standards are maintained consistently across the company.”*

*“Regulatory burden.”*

*“Regulatory requirements.”*

*“Compliance and complaints.”*

*“Constant legislative changes.”*

*“Ensuring all compliance procedures are in place and maintained.”*

– **“Politics and uncertainty.”**

– **“Property investments.”**

*“Property markets, property funds closing for investment and dropping their pricing to mid-price basis.”*

*“Drop in commercial property values and the suspension of property funds.”*

– **People issues:**

*“We do not have enough administration support and are finding it exceptionally difficult to recruit experienced staff.”*

*“Sourcing suitable and qualified new staff.”*

*“Retaining good staff.”*

*“Recruiting high quality advisers.”*

*“Recruitment - getting the right staff for the role.”*

*“Not being able to recruit the right people.”*

*“Time constraints, the company growing bigger than it can handle (we're just too popular!).”*

*“Lack of quality support staff below adviser/paraplanners to deliver quality service to client - linked to large turnover of staff.”*

*“Finding the right people to help take us to the next level.”*

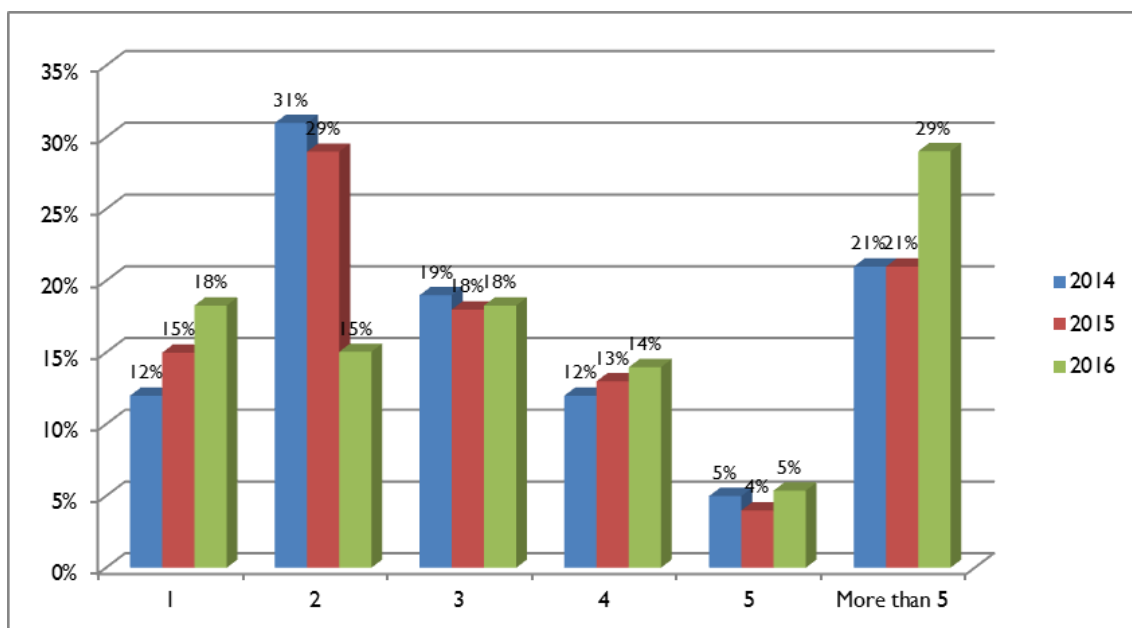
*“Lack of technically trained staff.”*

*“Increased business volume.”*

*“Wider economic turn down.”*

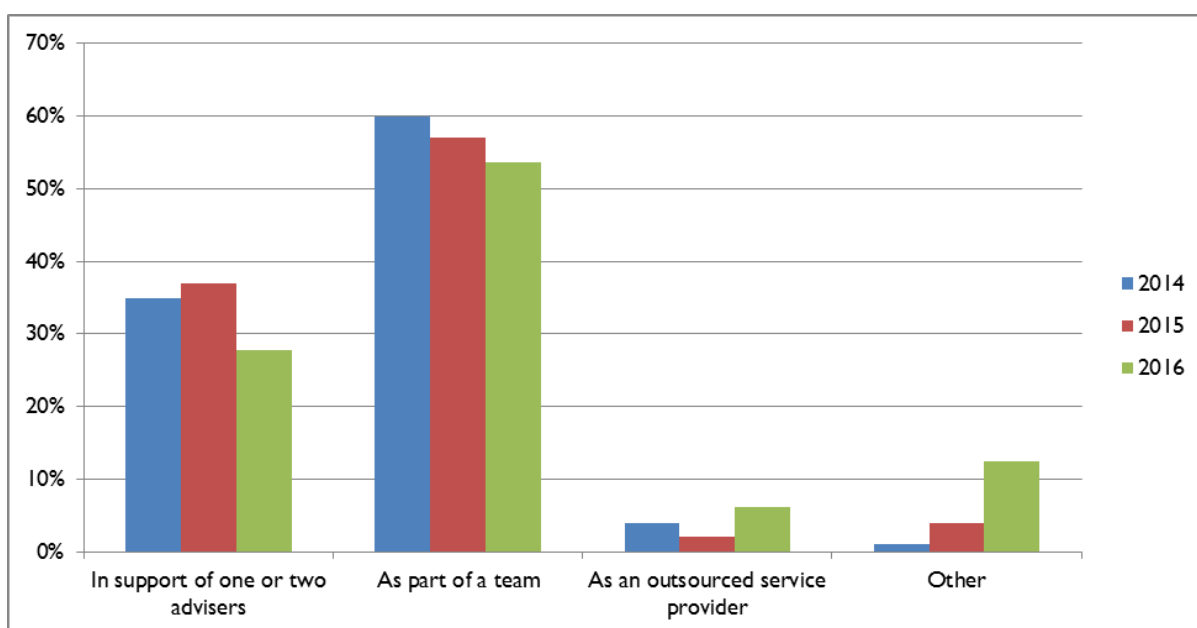
### **3. The Role of Paraplanner: respondents were asked how many advisers they typically work with:**

Having mapped this year’s responses with the previous two, it would appear that there are two discrepancies: fewer paraplanners are working with two advisers whereas there is a hike in the number now working with more than 5. This could be down to a different audience or a new trend – we will need to wait and see.



#### 4. The Role of Paraplanner: respondents were asked how they typically worked:

Drilling down into the question asked above, it would appear that the majority do work as part of a team.



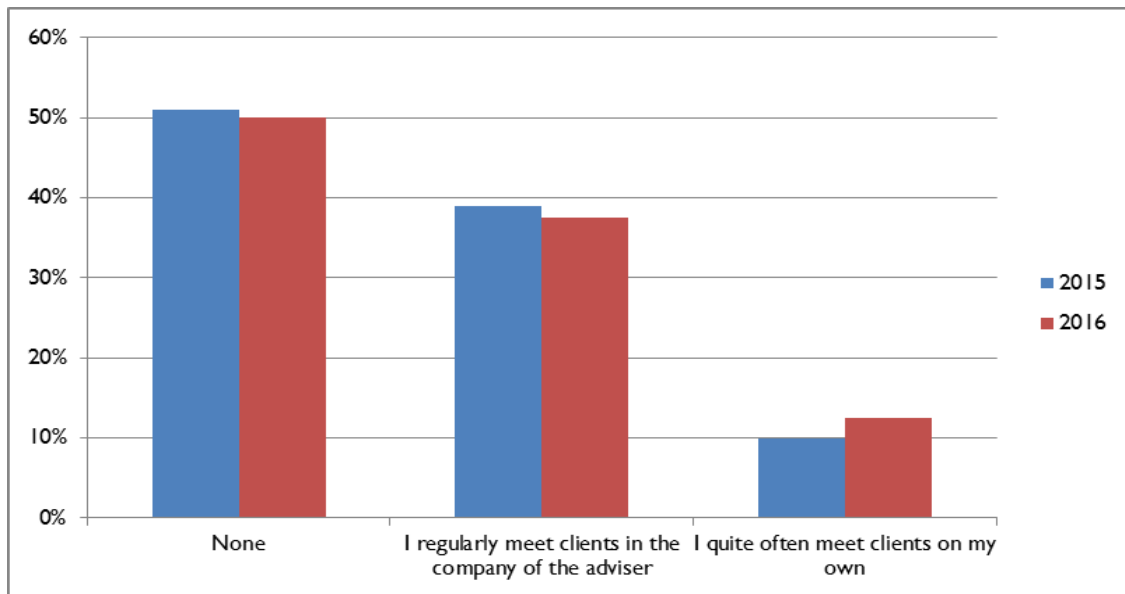
Here are some of the individual responses.

- As group manager for 11 paraplanners based in three hubs with approximately 50 advisers feeding in
- Authorised paraplanner but predominantly giving regulated advice
- Dedicated to one adviser but also lead a team of other paraplanners
- Head of Paraplanning
- Jointly manage the paraplanning team
- Lone paraplanner
- Manage a team
- Manage a team of paraplanners
- Management of paraplanners

- Research
- Sole paraplanner for three advisers
- There are seven advisers at the firm, three of which I am directly responsible for, but I also work as part of a team and have a wider role providing assistance on due diligence matters to the entire adviser team.

**5. The Role of Paraplanner: We then asked them how much interaction they had with their clients:**

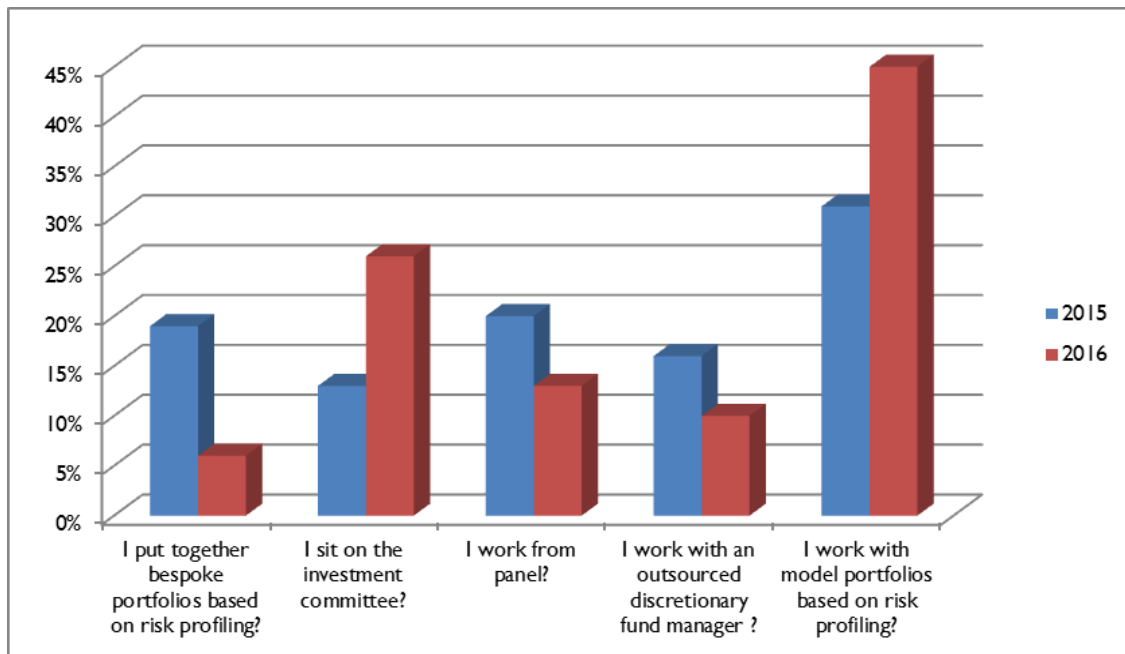
No change on last year – it is still 50/50 on whether or not they have much interaction with clients.



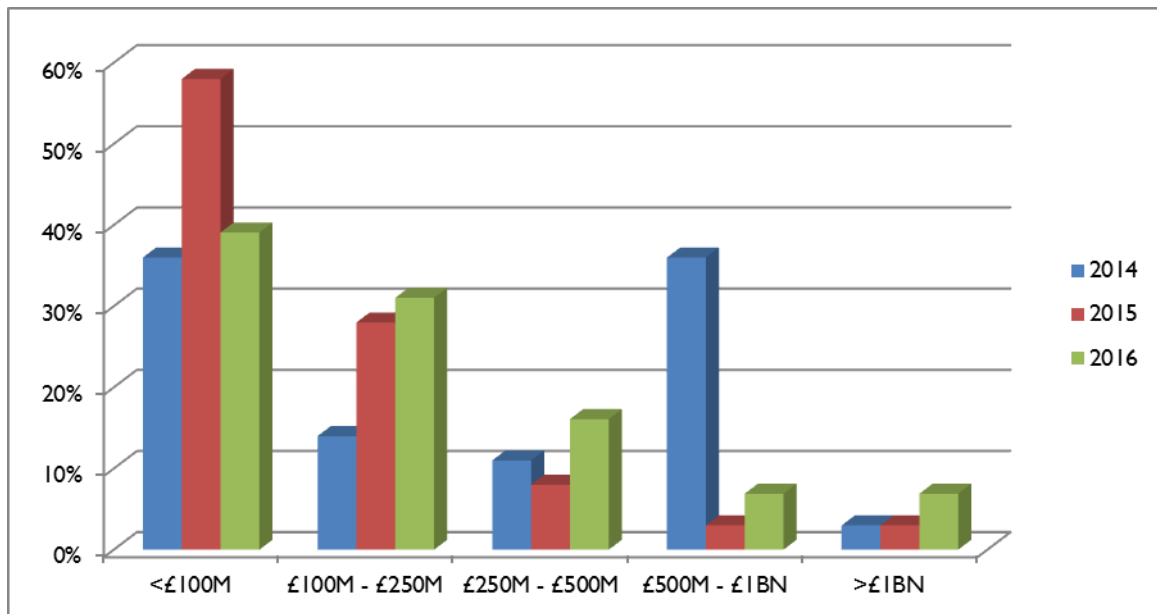


## 6. The Role of Paraplanner: in terms of their involvement in the investment process:

Notably, nearly 45% work with model portfolios and some 25% sit on the investment committee.

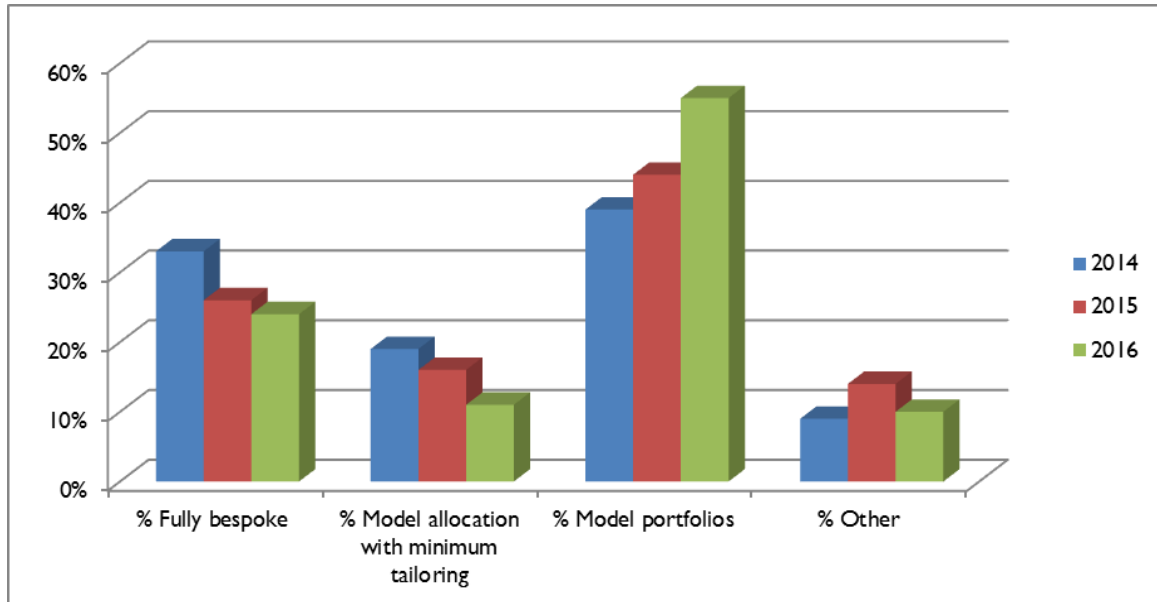


## 7. The Role of Paraplanner: in terms of the level of assets they are involved in influencing:



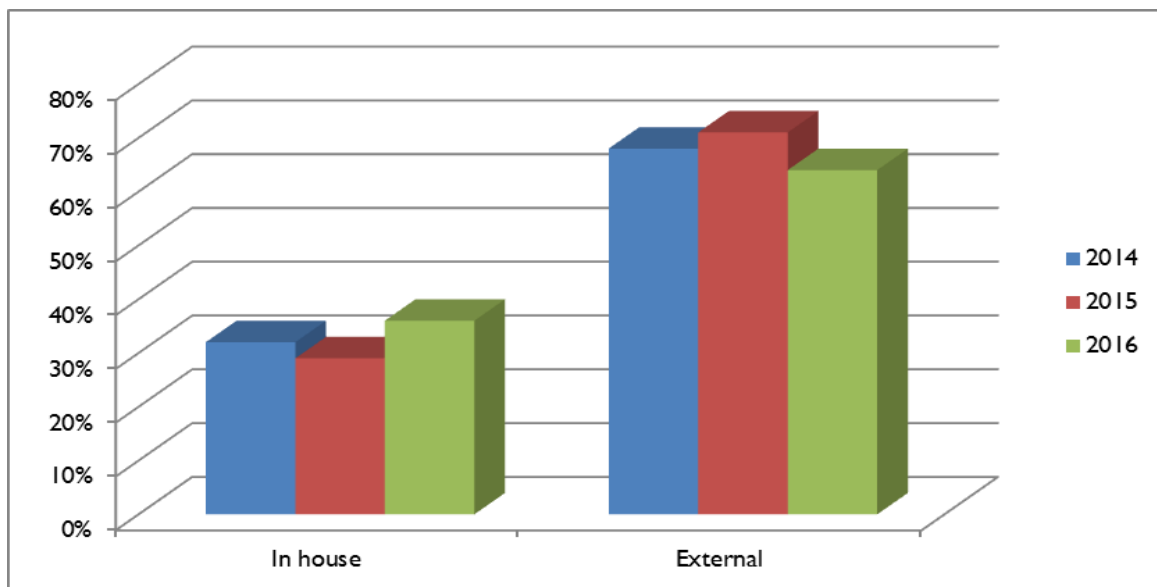
**8. The Business Model: the paraplanners were then asked what percentage of their client accounts are managed using the following different approaches?**

Clearly model portfolios is where it's at!



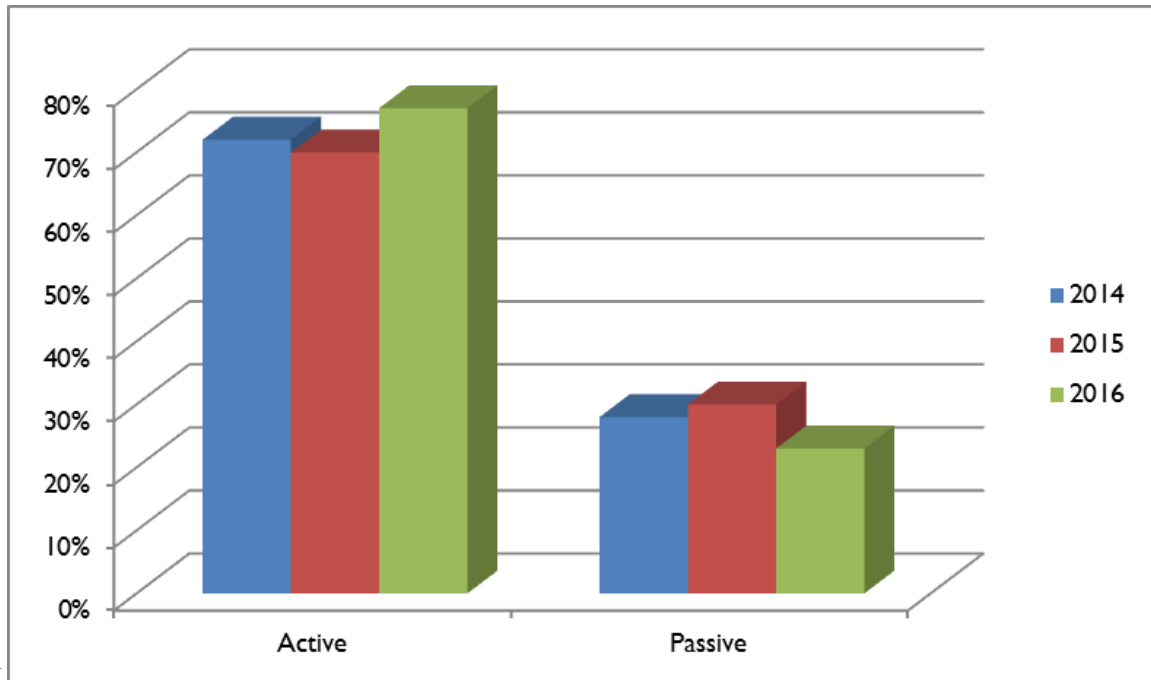
**9. The Business Model: we asked them to indicate the split between their use of in-house products versus externally sourced.**

Very slight increase in the use of in house products – but one suspects a blip.



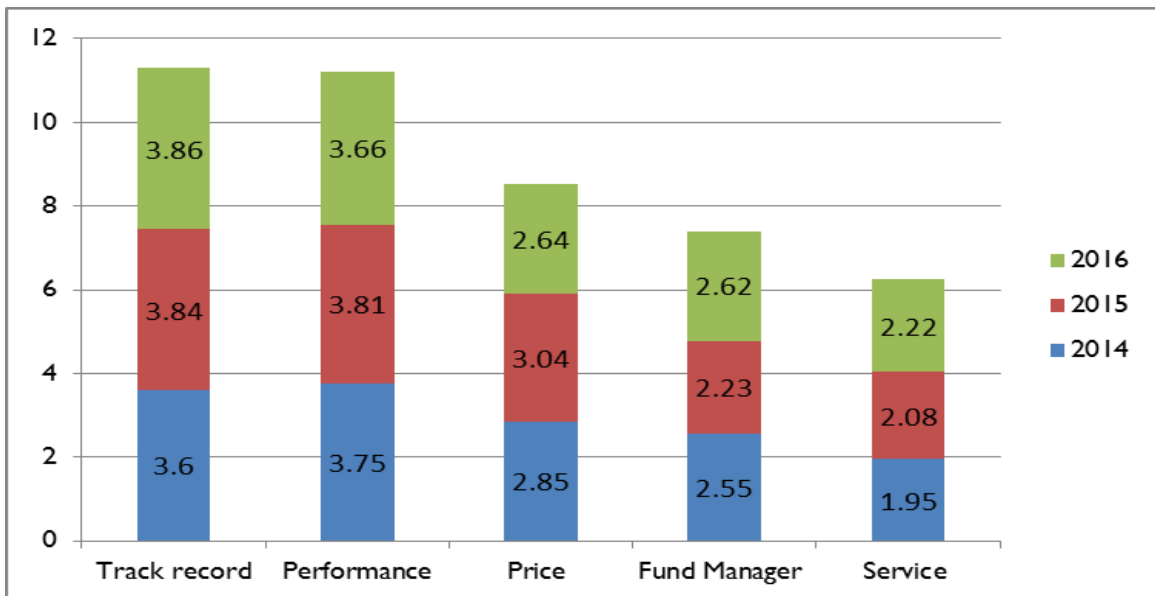
**10. The Business Model: we asked them to let us know the percentage split between active and passive fund management within their firm.**

Another slight blip perhaps – an increase in the use of active?



**11. The Business Model: We asked them to rank the basis on which they choose funds:**

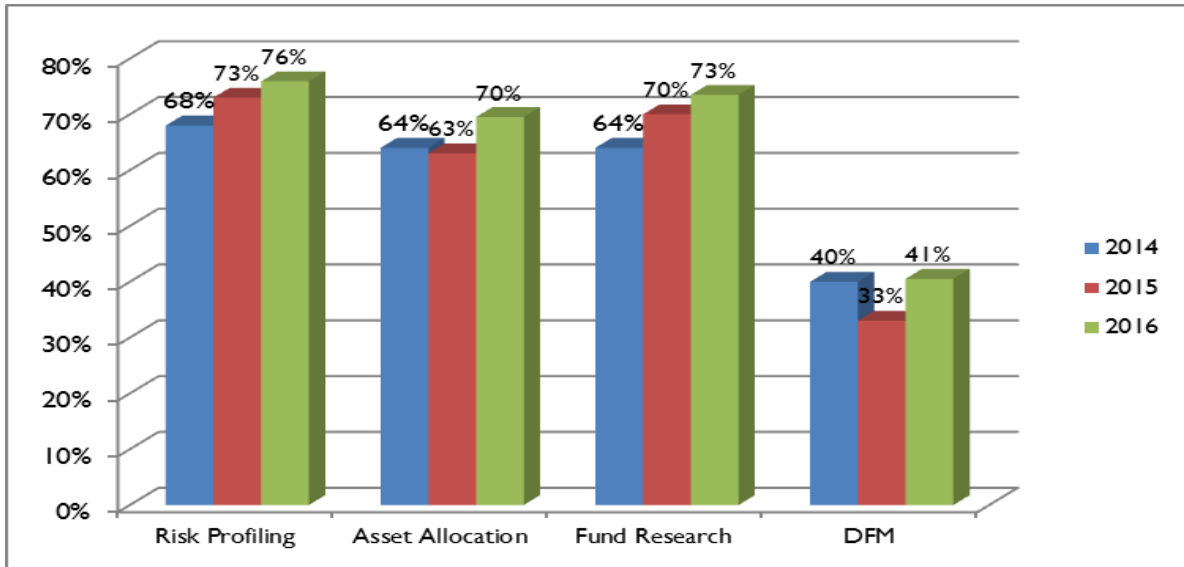
Price has dropped slightly in terms of importance and the fund manager and level of service have increased slightly. Think this question needs a little more refining!



**12. The Business Model: We asked about their in house versus externally sourced activities:**

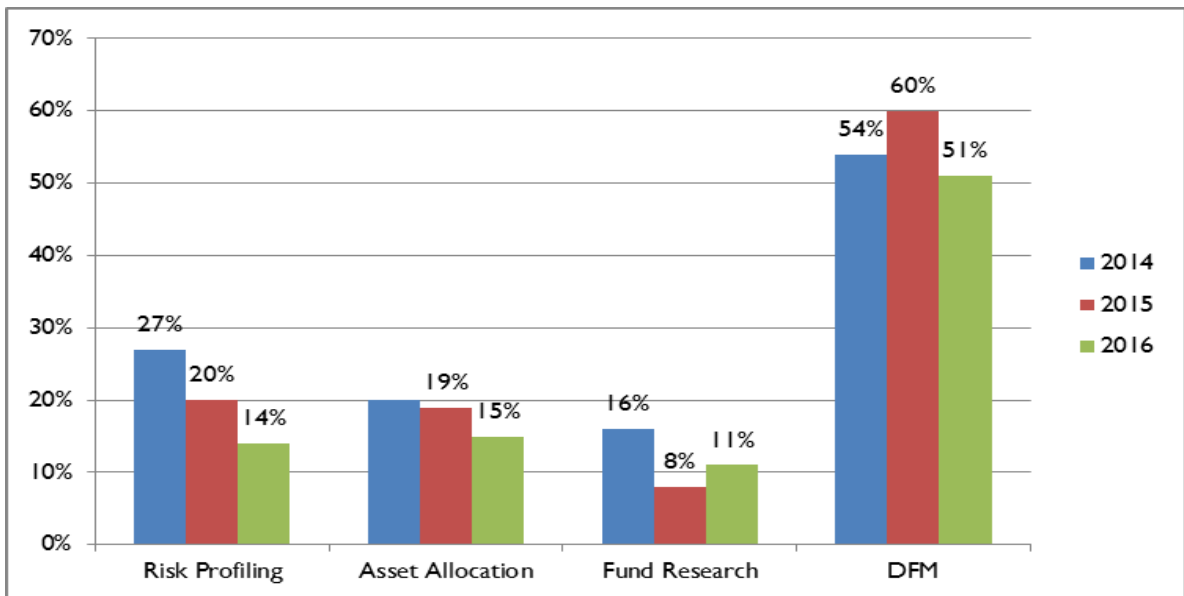
**In House:**

Is this an indication of a trend to bring activities back in house?

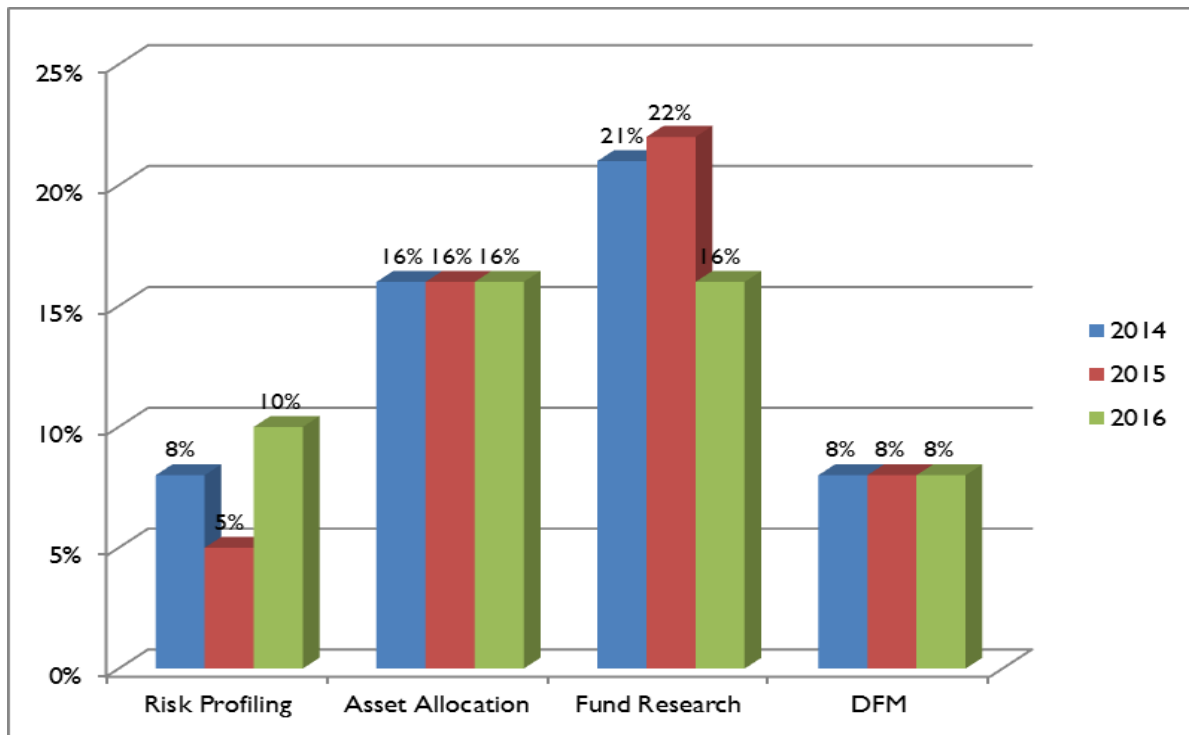


**Outsourced:**

Backed up by a slight reduction in outsourced activity.



**A Mixture:**



**13. The Business Model: we then asked which external providers they worked with in terms of these different activities:**

**Risk Profiling**

Risk profiling  
 Distribution Technology (3)  
 eValue (2)  
 Finametrica (5)  
 Morningstar (2)  
 Old Mutual  
 Oxford Risk  
 RSMR

**Asset Allocation**

AdviserCentre  
 Asset Intelligence (2)  
 Distribution Technology (3)  
 Finametrica  
 Ibbotson (2)  
 Margetts  
 RSM

**Fund Research**

360  
 Asset Intelligence (3)  
 Margetts  
 Morningstar  
 Ibbotson

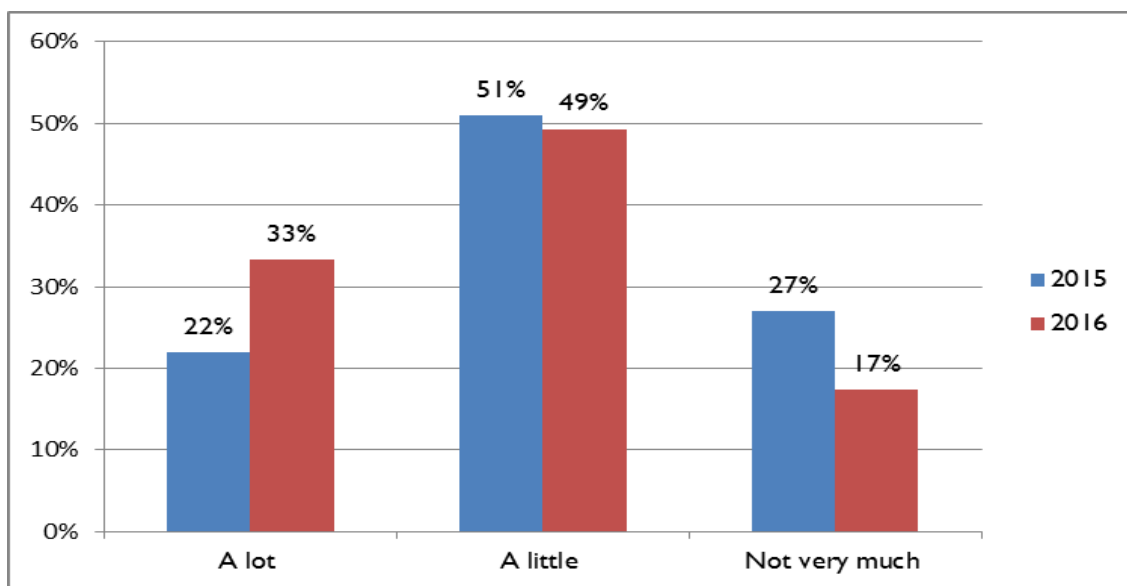
OBSR  
 RSMR (3)  
 Sesame fund list + internal filtering  
 Square Mile  
 Tenet  
 Trustnet  
 O&M

**Discretionary Fund Management**

Brewin Dolphin  
 Brooks  
 Rathbones  
 Maseco  
 Investec Wealth  
 Margetts  
 Parmenion  
 Tatton (3)  
 Tenet  
 Clearly a wide variety of DFMs used by individual firms

**14. Profiling the paraplanner: we asked how influenced they were by the macro economic environment:**

A wider perspective coming into view!



**15. The Paraplanner Role: In terms of the content/information they currently receive from fund managers, we asked what they considered to be the MOST helpful.**

**Face to face/video/webinars:**

Face to face meetings and roadshows.  
 Face to face review meetings  
 When they come in to personally speak about their funds  
 Q&A sessions in webinars and fund meetings  
 Video blogs and market updates

**Specific data relating to fund and performance:**

Access to factsheets and further info if needed  
Fund fact sheet  
Fund holding info.  
Fund performance updates including changes to management etc.  
Fund philosophy, performance information and charting  
General fund/product/legislation updates  
Graphs with short explanations.  
How the funds are positioned going forwards.  
Information ratios  
Investment strategies used, breakdown of underlying investments and fixed interest ratings  
KIIDs  
Performance  
Performance data  
Performance Updates  
Performance, volatility and asset allocation  
Regular updates on fund positioning and key quant figures  
Research into previous performance to see how we have been performing.  
Unbiased fund history  
Up to date asset allocation  
Updates on funds and market conditions

**Overview:**

Concise regular updates  
Current market views  
Description of their investment strategies and philosophies, charges and past performance  
Investment outlooks. Upcoming events that could affect markets.  
Macro economic updates  
Macro views  
Market commentary  
Market outlook commentaries and strategy updates  
Market outlook summaries  
Market overviews  
Market summaries and developments  
Market summaries, pricing information  
Market updates & fund commentary on the funds we have in our portfolio  
Market updates and communication for clients  
Market updates around particular events  
Perspectives on the current economic climate  
View of economic environment both now and in the future

**Miscellaneous:**

Light touch. Info on new funds (2-3 years old) which are likely to meet our quantitative shifts.  
Fund reviews, budget summaries, face to face presentations, legislation updates.  
Mostly Financial Express, sometimes request specific info from managers  
Reliable service with expert input  
Short articles - fund related  
Technical support/case studies in related planning areas. Technical updates

**In-house:**

The monthly investment committee meetings, discussing macro and micro economics and correlating that to the performance of our portfolios  
We have an in-house research team who do this  
No involvement - In house research team

**16. The Paraplanner Role: In terms of the content/information they currently receive from fund managers, we asked what they considered to be the LEAST helpful.**

**A positive:**

Everything has its uses

### **Irrelevance and, dare one say, slightly distorted?**

Factsheets - can see online  
Generic info  
Generic objectives  
Information on funds not on our approved list.  
Performance and sales pushes  
Positive figures and marketing  
Product Pushing  
Provider led performance figures  
Random irrelevant  
Reports with not enough contents  
Sales literature  
Sales pitches  
Short history that distort the returns over the long period  
Standardised online literature

### **Jargon, emails and too much:**

Constant economic views (i.e. about ten emails per day on Brexit)  
Constant emails  
Detailed market updates  
Emails  
Emails encouraging advisers to use specific providers, e.g. "Win an iPad", etc  
Emails with lots of links  
Emails with surveys, or competitions  
Endless charts and graphs  
General jargon  
Long economic reports  
Market commentary  
Technical jargon  
The volume of it and being able to select what is relevant. Also some of the jargon.  
Too many e-mails  
Too many mailshots  
Too many phone calls  
Too much information  
Too much information provided on funds we have no interest in  
Wordy documents.

### **A general moan:**

Cost of charges and OCF's.  
Lack of information provided directly  
Unable to help with queries in a timely fashion

### **17. The Paraplanner Role: In terms of the content/information they currently receive from fund managers we asked what they would also like to receive.**

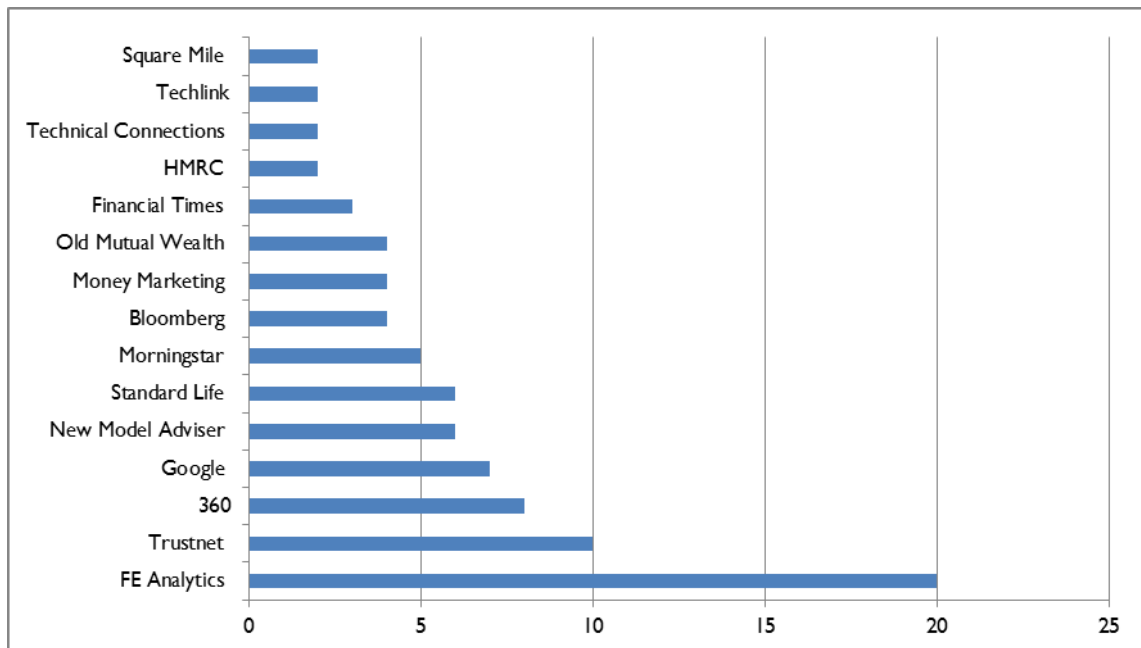
It must be so difficult to get the balance right. This list of what the Paraplanners would like to receive bears a distinct resemblance to what they least want to receive. Perhaps relevance is the key word?

Answers to whatever is requested  
Clear and concise reasoning for recent performance - good or bad.  
Clear pricing  
Clearer descriptions on prices and charges.  
Discrete performance data  
Emails  
Factsheets as up to date as possible  
Full fund history and discreet performance year on year  
Fund aims and objectives, charges and comparison with benchmark  
Fund managers' point of view



Fund/product launch information  
 Information to help with the job!  
 Information with Performance, volatility, costs and asset allocation  
 'Live' info  
 Market commentary and economic outlook  
 Market commentary and updates  
 Market updates, short video blogs  
 Market views, information regarding changes to funds  
 More comments from the fund managers i.e. Q&A questions answered  
 More 'forward looking' predictions from managers. So many hide behind their funds and only explain their positions after they've gone wrong, or avoid the subjects entirely and focus on where they have done well  
 More Market updates  
 More of the above  
 More up to date fund fact sheets/KIIDs  
 None, on request only  
 Not relevant - looking to pull away from fund performance to focus on goals and aspirations  
 Short updates on asset changes with reasoning  
 Strategy updates  
 Technical updates and better practices  
 Updates on funds and market conditions  
 Useful updates on products  
 War stories  
 What makes the fund different?  
 Whatever is requested on a case by case basis

**18. The Paraplanner Role: We asked them to name their three favoured sources of information.**



Other mentions made were:

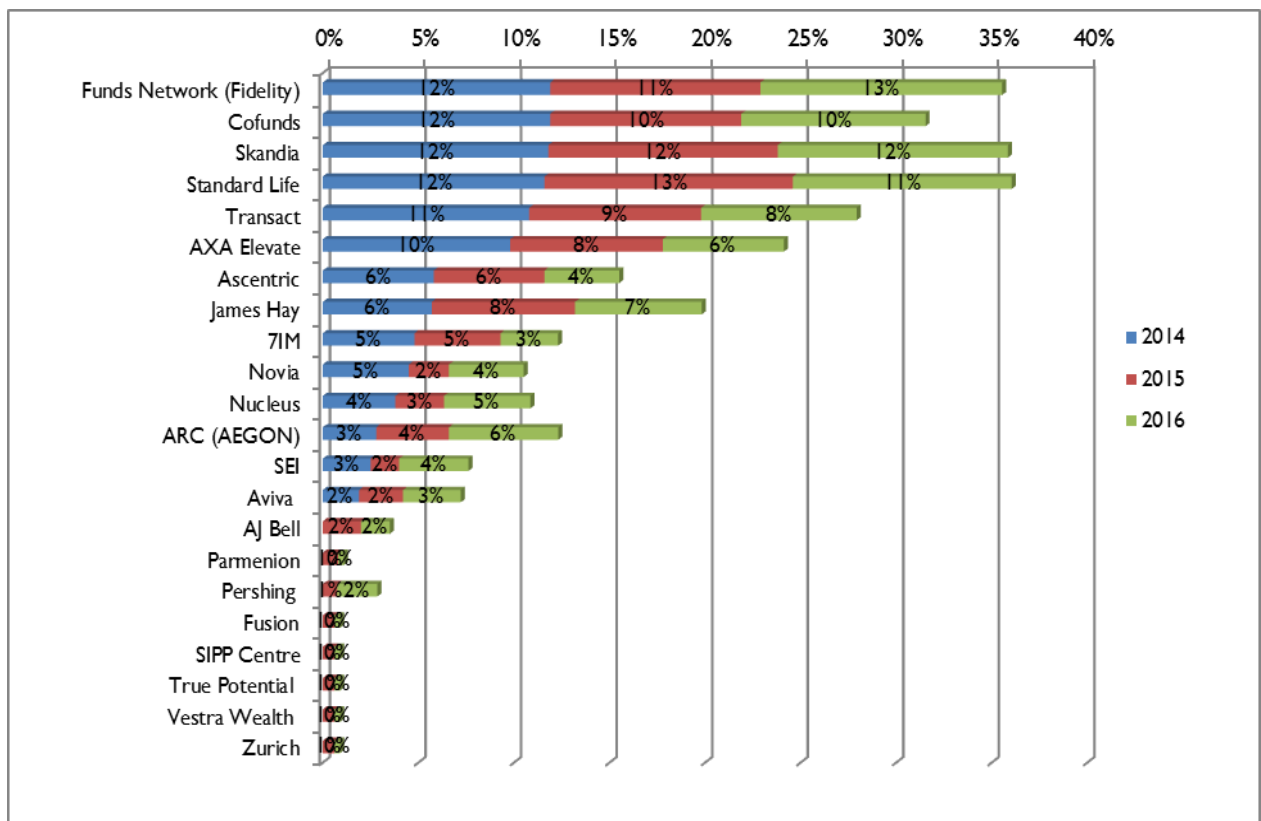
7IM  
 AJ Bell  
 AXA  
 BBC  
 Blankstone Sington Market Report  
 Citywire

Defaqto  
 Dimensional  
 Distribution Technology  
 Fidelity "Perspectives"  
 Finametrica  
 Government  
 Invesco Perpetual  
 LGIM  
 Professional Paraplanner  
 Prudential  
 RSMR  
 Schroders website  
 Scottish Widows

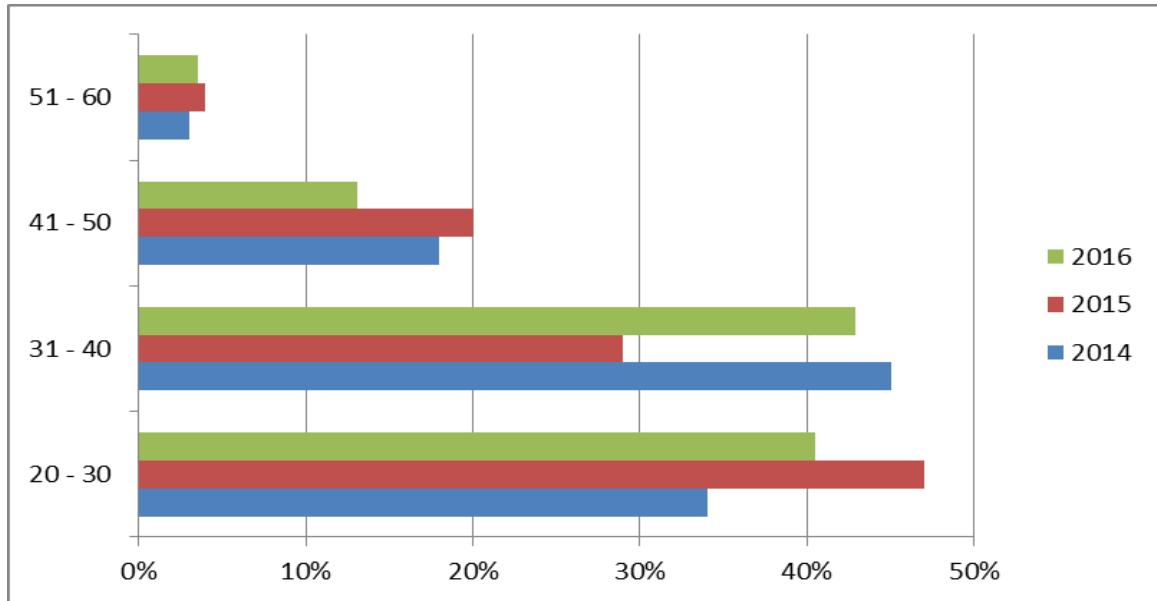
**19. And finally, we asked them if there were anyway the information could be provided that you would find more useful?**

A weekly email with links to the most relevant updates  
 Details available via spreadsheet to assist in speedy analysis  
 FCA website not really user friendly  
 For it to be more standardised  
 Full policy information on existing plans via provider websites  
 No - just need as much detail as possible AND then Not really - just less of it!  
 Pictograms  
 Simplification and digital delivery  
 Some provider websites could be improved with easier navigation  
 Video blogs  
 Video clips  
 Websites need to be updated more frequently, and webinars should be a regular thing too.

**20. The Business Model: we asked which platforms they use?**

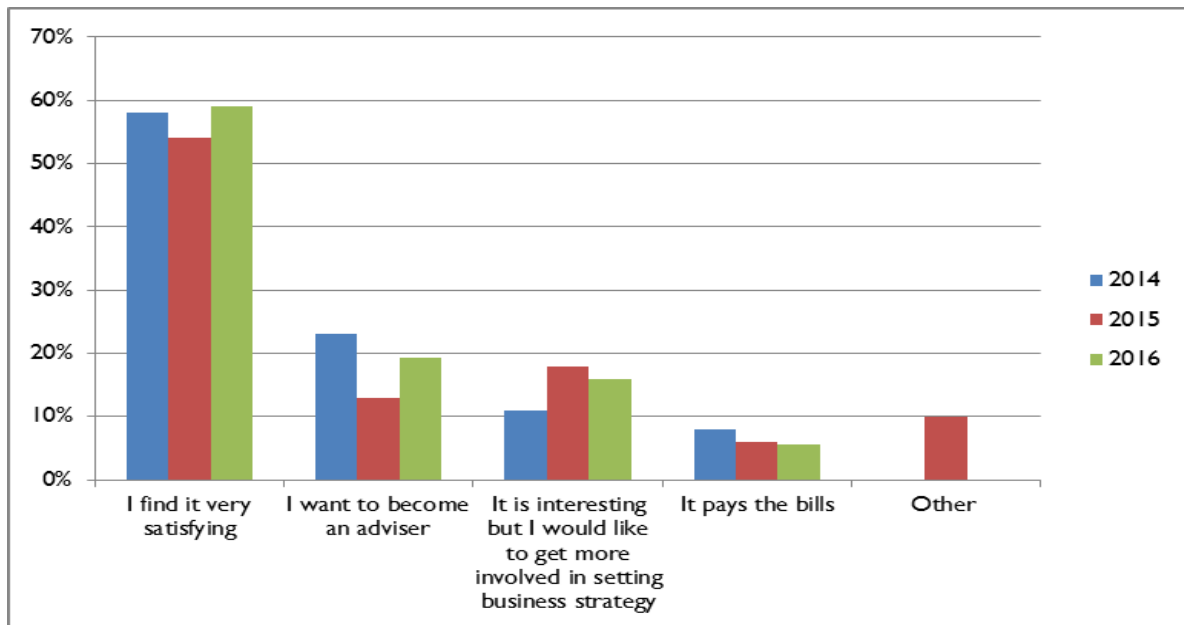


## 21. How old?

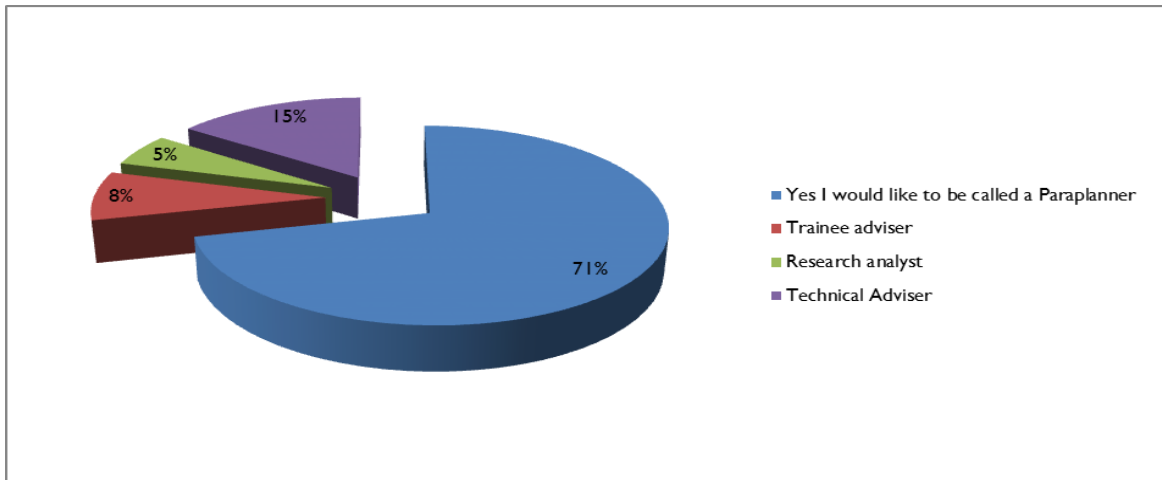


## 22. The Paraplanner profile: we then asked them how they feel about their job:

They are clearly happy in their jobs!



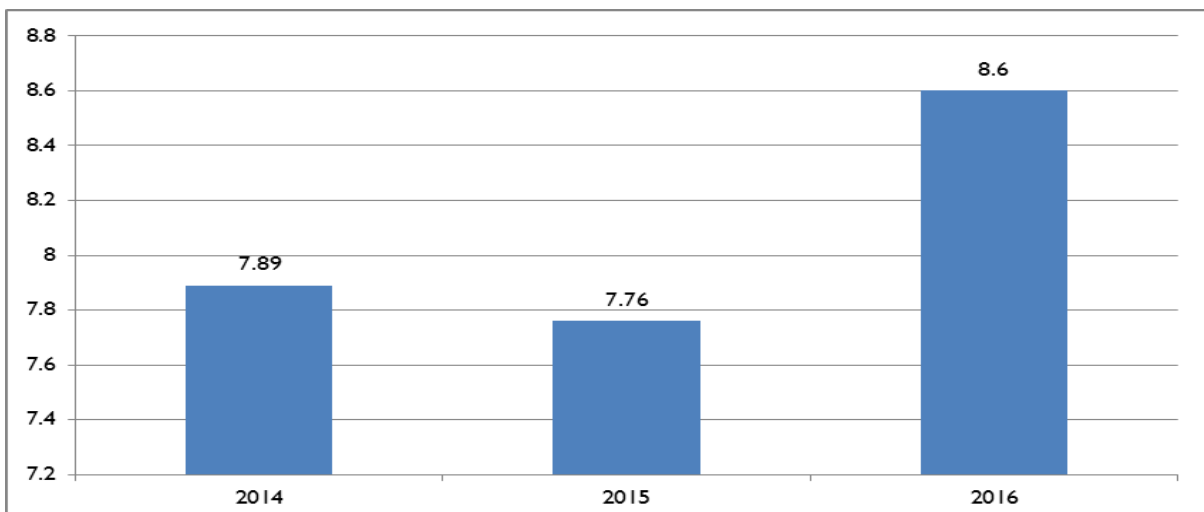
**23. We asked if they feel comfortable being called a paraplanner? And where not, what they would like to be called?**



**Other suggestions:**

- Director
- Director/Paraplanner
- Finance Executive
- Financial Planner
- Analyst
- IDC
- Team Leader, Paraplanning
- Technical Analyst
- Technical Assistant
- Technical Financial Planner
- Valued Colleague (but of course!)

**24. And finally we asked how they felt about the year ahead – it is a bit of a finger in the air exercise - but unless my sums are wrong – they are definitely feeling quite a lot happier!**



If you have got this far we salute you. If you would like to discuss any aspect of this research, do please call Evie Owen at Owen James on 01483 861334 or email her at [evieowen@owenjamesgroup.com](mailto:evieowen@owenjamesgroup.com).

Thank you.