
Advisors' main goal: More wealthy clients

By Editor Test Mon, Jun 10, 2013

More than 80% of advisors reported in a Curian Capital poll that they have access to adequate investment products to meet their clients' retirement income needs.

More advisors are optimistic about the economy than in previous years, but are concerned with rising interest rates and tax burdens, and few advisors rank social media as a priority for them, according to the Curian Advisor Survey: 2013 Outlook for Advisor Priorities."

Curian is a registered investment advisor affiliated with Jackson National Life, a unit of the UK's Prudential plc. In its sixth annual advisor survey, the firm polled 2,088 independent financial advisors with average AUM of \$96.2 million at 186 firms.

Among the survey findings:

- Acquiring more affluent clients was advisor's most frequently stated goal for 2013 (72%). When asked the single biggest challenge advisors face, respondents reported growing and attracting clients and generating referrals (49%).
- Fixed annuities ranked as the product that advisors were expecting to increase their usage of the least (at 2.5%)
- 83% of advisors reported that they have access to adequate investment products to meet their clients' retirement income needs.
- More than 30% of advisors said they have 10% or more of their assets under management allocated to alternatives.
- More than 87% of respondents said that tax efficiency and after-tax performance are important aspects of the solutions they propose to clients, while nearly 9% said they were not important (4% said they were unsure).
- 54% of respondents believe the economy will improve in the next 12 months, while 26% were unsure. Only one-fifth of respondents reported they were pessimistic. In December 2011, only 34% of respondents felt optimistic.
- Unemployment topped the list of the economic issues that advisors believe are the biggest threats to their clients' wealth management plans at 23%, followed by government spending at 20%.
- 30% of respondents reported that their clients also feel unemployment is the biggest threat to their wealth management plans, while 14% believe their clients perceive market volatility as the biggest threat. Declining Social Security benefits ranked as the lowest perceived threat for both advisors and their clients.
- Nearly 95% of respondents were moderately or very concerned about rising interest rates and the impact this may have on the value of clients' fixed-income investments; close to 6% were not concerned.
- 63% of advisors also said they have access to and actively use tools and strategies to reduce the impact of taxes on clients' investment portfolios. However, more than 28% of respondents said they have access to such tools but don't use them.
- 27% of advisors surveyed expect to increase their usage of separately managed accounts (SMAs) this

year, while 24% said they expect to increase their usage of alternative investment products.

- More than 31% of advisors report that they plan to increase their usage of alternative investments this year by 5-10%, and one-fifth of advisors plan to increase their usage by 10-15%.
- 57% of advisors use multi-strategy open-end mutual funds, and 38% of advisors use single-strategy open-end mutual funds, to gain access or exposure to alternative asset classes.
- More than three-fourths of advisors said they value ease-of-use of the platform and technology as the most valuable service from their advisory solutions provider, closely followed by strong performance history of the investment options provided (nearly 68%).
- 94% of advisors said their existing clients garner them the most leads, followed by referrals from industry professionals such as CPAs, attorneys, insurance professionals and mortgage/real estate professionals (nearly 50%).
- Only 6% of respondents selected social media, and fewer than 5% chose traditional media advertising, as one of their top three sources of leads.
- Most advisors do not use social media within their practices, but those who do said they most frequently use LinkedIn (35%).
- When asked what type of mobile device advisors would like to see from an asset management firm, the response was split; 49% preferred apps that mimic a firm's primary website and 46% preferred calculators or tools for business purposes.
- While one-third of advisors don't use a tablet device, more than 50% of respondents reportedly prefer to use an Apple iPad or Apple iPad Mini; 7% use a Samsung Galaxy tablet, fewer than 3% use an Amazon Kindle Fire and other tablet devices had reported usage of less than 2% each.