
Cerulli sees convergence of technology and goal-based planning

By Editorial Staff *Thu, Mar 10, 2016*

"Clearing away the clutter of multiple accounts has allowed sponsor firms to build better tools for goals-based planning," said a Cerulli analyst.

Platform consolidation is fostering more goals-based planning in which advisors evaluate a client's assets on a macro level and shift the focus away from short-term performance, according to global analytics firm Cerulli Associates,

The first quarter 2016 issue of *The Cerulli Edge-Managed Accounts Edition* is dedicated to advice, goals-based planning, and the transition to fee-based accounts.

"While digital advisors and impending regulations are driving sponsors to provide low-cost managed account solutions for retirement, platform consolidation is also stimulating more goals-based planning," said Cerulli associate director Tom O'Shea in a release.

"Clearing away the clutter of multiple accounts has allowed sponsor firms to build better tools for goals-based planning," the release said. "It's impossible to consistently beat a benchmark, so updating the client on the performance of a widely-quoted market index sets up the advisor to fail. A more sensible approach is to keep the client[s] focused on their progress toward achieving their goal.

"Rather than cobble together a hodgepodge of accounts that might include a mutual fund wrap, a sub-advised separate account, and an advisor-managed portfolio, an advisor using a consolidated platform can minimize the number of client brokerage accounts.

"Streamlining the account setup and maintenance process frees the advisor to think about the client's household assets on a macro level. Instead of juggling five or six accounts assigned to a household goal, the advisor may only have to manage two, three, or possibly just one.

"Both sponsors and asset managers should recognize the preeminent importance of retirement to American consumers. Investors express apprehension about the rate of return on the stock market, the value of household investments, and the level of inflation. These factors are economic forces beyond their control that might erode their finances in retirement."

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