What's in an advisor's title? Still not much, says Cerulli

By Editor Test *Tue, Jan 24, 2012*

Many advisor practices "offer some of the basic elements of financial planning, but focus their efforts nearly exclusively on asset accumulation strategies," Cerulli said in a release.

Just as 90% of all Frenchmen consider themselves to be above-average lovers, about twice as many advisors who call themselves "planners" offer planning services.

Registered reps who call themselves financial planners often merely recommend investments for accumulation, according to Cerulli Associates. The research firm suggested that the titles that brokerage employees use don't necessarily reflect their skills.

"Without industry-wide consistency in the nomenclature used by advisors, lack of clarity about what services an advisor actually offers investors is likely to continue," said Cerulli's seventh *Quantitative Update: Advisor Metrics*, an annual sourcebook for data and analysis on advisors' practices.

Although more than half (59%) of advisors perceive themselves as providing a level of service that merits the title of "financial planner," Cerulli's research showed, 56% are better categorized as "investment planners." Only about 30% offer planning services.

In a survey, Cerulli asked advisors to classify their practices based on their perception of the services they offer. Cerulli then reviewed the actual services they offered (data also garnered through surveys) and the client base of each advisor to see which classification matched the advisor's actual practice.

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"Firms have encouraged their advisors to expand their advice relationships with clients, [but] advisors tend to overestimate the degree to which they are involved in the planning process.

"The movement to extend advice services is likely being accelerated by turbulent markets, as advisors who base their value to investors on investment performance have suffered more than those with broad advice relationships," the release said.

Yet most investors don't need comprehensive planning, Cerulli pointed out. Clients with $500K to $2 million dollars in investable assets represent the largest pool of retail assets, but have relatively straightforward service requirements. Relatively few retail clients need estate, charitable, business planning, or private banking services.