

What is the worth of a paraplanner?

I believe the “worth” of a paraplanner is the value that they bring to the company they work with, its advisers and its clients.

Paraplanners have previously been described as an “adviser’s critical friend”, however I do not believe we only deliver value to the adviser. I believe we add the ultimate value to the end client.

Being a paraplanner is not just about taking instructions, being a paraplanner, in my mind, is always looking to improve and question the way we do things for the benefit of the end client, the adviser and the company we work with.

Whilst writing a report is relatively easy, questioning the advice, methods, products and investments is another matter entirely. We know that the cost of getting things wrong is a lot more than the cost of getting it right and therefore having a second pair of eyes is invaluable.

We could consider the question of worth from three perspectives, the adviser, the company and the client.

The Adviser

An adviser’s ultimate aim is to be able to deliver effective, affordable and meaningful financial planning to the client, together with ongoing services if required.

With the demand for advice increasing and adviser numbers falling, having a paraplanner to share the work load can hugely assist the adviser in achieving their aims. Having a paraplanner not only means that he or she can service more clients, but can do so knowing that the advice provided has been delivered in a manner that is attuned to the values of the company.

The Company

Paraplanners can add value throughout the entire advice process but the cost savings they bring are a key benefit. The cost of an adviser’s time is typically more than that of a paraplanner and therefore the adviser’s time is better spent in front of clients, which is where they (the clients) perceive the true value is delivered.

Paraplanners, in having all the information at their fingertips can often also spot opportunities for new and repeat business. For example, I often find when writing a report that the adviser may have overlooked a protection need.

In identifying opportunities, spotting other options and implementing high level financial planning, paraplanners crucially also reduce the risk to the firm. Paraplanners, often having not met the client, can think objectively and give another opinion whereas an adviser might side with the client especially when the decision might be of an emotive nature.

An example of this I have come across on a few occasions is parents or grandparents who want to start saving for their children and or grandchildren. Whilst most parents and grandparents would like to believe that their children or grandchildren will be responsible adults when they reach age eighteen, the distinct reality is some aren’t. I would of course in no way suggest that someone’s children or grandchildren are or will become wayward, but it is a consideration that they need to think carefully about as upon reaching age sixteen or eighteen depending upon the product, the money becomes legally theirs.

This approach can be tricky on occasions, especially if you find yourself in conflict with the adviser you are working with. The paraplanner and the adviser need to have the correct blend of personalities for this relationship to work harmoniously.

The client

When a client makes the decision to engage with a financial adviser it is typically out of necessity rather than desire. The investment and pension world in which we operate is ever changing and accepting recommendations made to you as a client requires a great deal of trust. The decisions being made are life changing and to entrust those decisions to a third party can be a nerve wracking experience.

In much the same way we carry out due diligence, clients carry out due diligence on the adviser that they select. Clients are looking for a firm that they can trust and one that will have their best interests at heart.

Whilst the client may never see or meet a paraplanner, the value that they add to the service and the solutions the client receives is vital. Sometimes, alternative methods of achieving the same goals can be overlooked and it can be when it comes to the report writing process that this is identified. I think it is at this point the true value of a paraplanner becomes apparent, engaging the adviser in discussing an alternative, which may have already been discounted but not documented on the clients file.

Conclusion

I like to use Lego as an analogy when describing the relationship between paraplanner, adviser and client.

1. The client provides the adviser with an outline of the model they would like to end up with.
2. The adviser amasses all the individual shapes and pieces and a set of instructions, which could vary from basic to very detailed.
3. The paraplanner documents the client's objectives and any existing pieces. Models the other pieces needed to build the object and creates a plan that is both readable and engaging.



In summary, I believe that paraplanners can add value at every element of the client's journey. I say the client because it is the client that should be at the heart of everything we do.

We add value to advisers, the companies we work with and more importantly, indirectly to the end clients.

What is the worth of a paraplanner? Invaluable.