

The Four Principles of an

Extraordinary

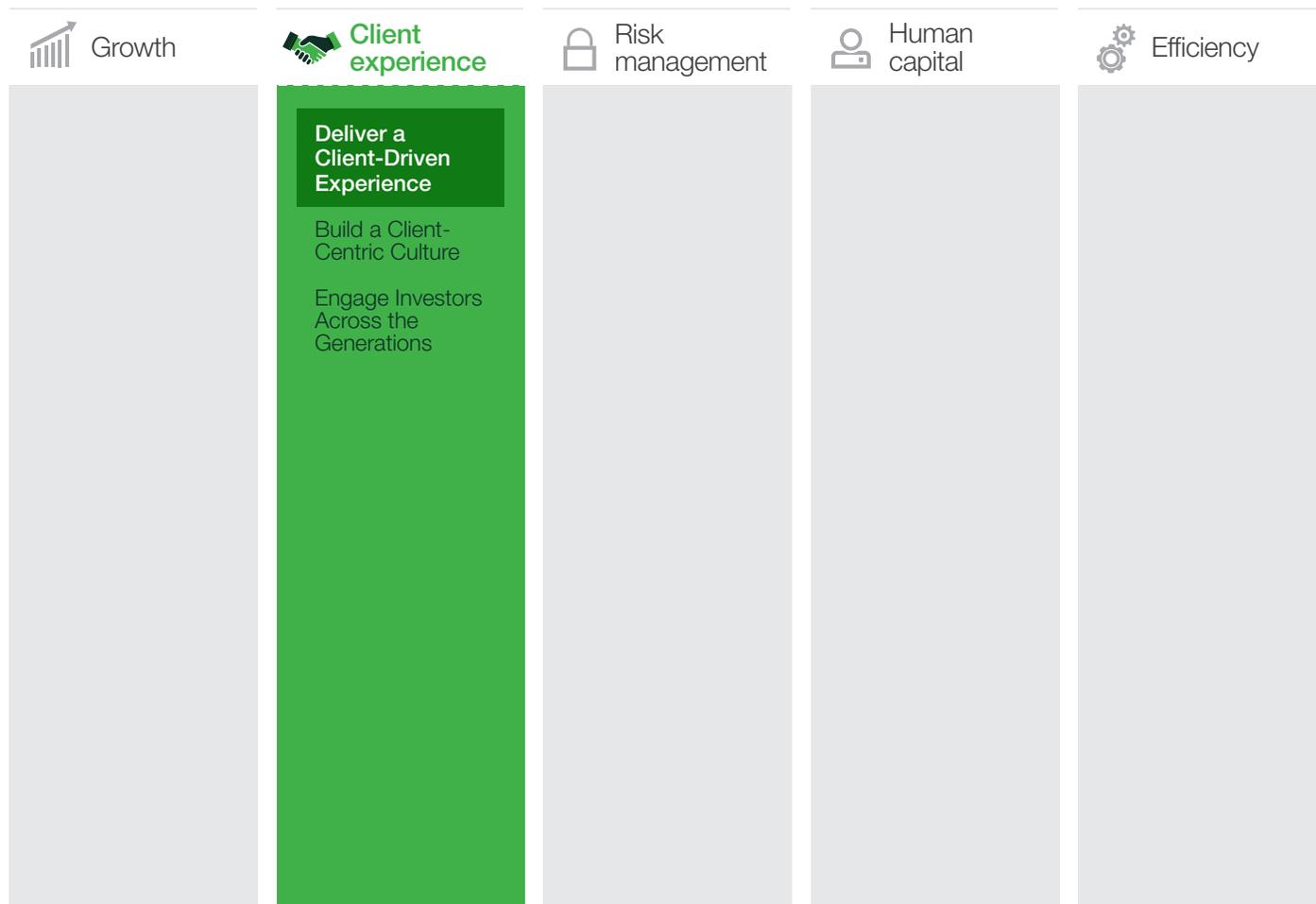
Client

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The Four Principles of an Extraordinary Client Experience, developed by AbsoluteEngagement.com in collaboration with TD Ameritrade Institutional, provides education to firms on investor insights and strategies advisors can consider to further strengthen their client experience. The white paper explores client preferences when working with an advisor and how advisors can take action within their advisory firms based on these insights.

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Executive summary

There is little doubt that every advisor wants to deliver extraordinary service and create deep and meaningful relationships with their clients. If only it were that simple. For many advisors, getting it right feels like a moving target, faced with changing interests and needs, new technology and new ways of communicating.

Despite the change, advisors agree that the client is at the center of the client experience. As a result, designing a client experience that sets you apart and drives true engagement demands that you understand what clients value today and how that is changing. This white paper focuses on the client experience, through the eyes of the client.

In order to ‘get inside the heads of clients,’ TD Ameritrade Institutional, in partnership with AbsoluteEngagement.com, spoke to 1,014 investors, all of whom work with a financial advisor and make or contribute to the financial decisions in the household. The sample was constructed to reflect the kinds of clients with whom advisors are working, including their household wealth. All statistics cited in this white paper were derived from AbsoluteEngagement.com as part of their annual Investor Research Program 2016. You can learn more about the survey methodology on page 52 and see a full participant profile on page 53.

On the following pages we have provided a framework for thinking about the client experience, highlight the results of the survey and share direct input from successful advisors who are taking meaningful action to create an extraordinary client experience. We explore how the client experience is being influenced by four key principles:

Four principles of extraordinary client experience





Principle #1: identifying the scope of the client experience.

The client experience begins when your client is a prospect and moves through four distinct phases. Advisors need to, therefore, understand the needs of clients and the associated objectives of their communications for clients at each phase:

1. The Universe Client is any potential client; the objective is brand awareness
2. The Prospective Client is a potential client with whom you have connected; the objective is demonstrating value
3. The First-Year Client is the client who is new to your business; the objective is creating a strong, positive first impression
4. Your Existing Client is the client with whom you work on an ongoing basis; the objective is creating client advocates by delivering experiences worth sharing

Principle #2: structuring the client experience around the unique needs of your ideal client.

The unique needs of your ideal client should influence how you structure the specific components of the client journey. We know that 84 percent of clients say that being asked for their feedback is somewhat important (47 percent) or very important (38 percent). We expand this concept to go beyond feedback on performance to invite the client into the process of defining an extraordinary client experience.



Principle #3: designing your client journey across all client interaction points.

The client journey should be intentionally designed across all of the ways clients interact with you and your business. There are, for most advisors, six key stages of the client journey:

1. Awareness
2. Initial Contact
3. Onboarding
4. Plan or Portfolio Creation
5. Reviews
6. Ongoing Communication

The research shows that the stages that receive the lowest satisfaction ratings from clients are those that are most closely connected to referral activity, creating gaps and opportunities. The data suggests that if the gaps can be closed in four specific areas (noted below), we can begin to create advocates for the business while delivering significant value.

- **Impactful review meetings.** Clients who refer place higher value on the quality of review meetings
- **Appreciation.** Clients who refer work with advisors who are more likely to find ways to thank them for being a client
- **Education.** Clients who refer are more likely to say their advisor provides meaningful educational opportunities
- **Brand management.** Clients who refer are more likely to say they found meaningful information on their advisor before reaching out to make contact



Principle # 4: implementing technology to support the more active role clients want along the journey.

Today's client journey reflects a more active role for the client than it did in the past. A majority of clients (62 percent) say they would like to carry out some tasks online, without having to contact their advisors. Age plays an interesting role when it comes to what clients want to do online.

- Older clients are actually more likely to want to use technology passively (e.g., view holding or performance)
- Clients who are under 50 are more likely to use technology actively (e.g., set up alerts, run scenarios, track expenses, or execute trades)

It is clear that as these clients age, the way in which technology will be used (and therefore the role of the client) will change significantly.

While the report is structured around the four principles, there is a further, overriding, influence that impacts almost every aspect of the client experience and that is the age of the prospect or client. The data highlights the need to acknowledge the ways in which age influences how advisors craft their client experience, not just today but going forward. More specifically, the data highlights two key implications in this regard:

1. If advisors are targeting clients who are under 50, the client experience needs to respond to their unique needs and preferences
2. Within five years those 'younger' clients will become the pre-retiree target market and they will bring those needs and preferences along with them

As a result of both implications, any advisor who plans on being in business in the next decade not only needs to understand how the four principles will impact the client experience, but the specific influence of age. Age not only influences how advisors communicate (e.g., social media) but the nature of the communications (e.g., investment vs. lifestyle) and the core offer (e.g., services offered).

The Four Principles

The four principles of an extraordinary client experience

When it comes to building deeper relationships with clients, there is no shortage of great ideas. However, in order to build deeply engaged relationships and in order to set yourself apart, it's important to understand how the client experience is changing. To that end and based on input from more than 1,000 investors, TD Ameritrade Institutional, in partnership with AbsoluteEngagement.com, have identified four principles that will help guide advisors in crafting a client experience that is not only extraordinary but is crafted for the future.

- 1 Scope: identifying the scope of the client experience.**
The client experience begins when your client is a prospect and moves through four distinct phases.
- 2 Ideal: structuring the client experience around the unique needs of your ideal client.**
The unique needs of your ideal client should influence how you structure the specific components of the client journey.
- 3 Design: designing your client journey across all client interaction points.**
The client journey should be intentionally designed across all of the ways clients interact with you and your business.
- 4 Role: implementing technology to support the more active role clients want along the journey.**
Today's client journey reflects a more active role for the client than it did in the past.

As outlined in the executive summary, there is another, over-riding influence that impacts each one of these and that is the age of the prospect or client. Throughout the report we'll highlight difference in perception and need based on the age of the client and the differences are both clear and important as you think about the future of your client experience.



It won't be surprising to many that age influences the client communication process. We hear about the millennial market and their propensity to use social media, create communities and go online for information. Too often the response to this potential communications challenge is simplistic with many advisors simply avoiding this segment as a target.

The problems with this line of thinking are clear. The first issue is simply that it is no longer the youngest clients who have different needs and preferences; **clients who are under 50 have more in common with each other than clients who are above 50**. This group includes good target clients for financial advisors. The second issue is that, **within five years, many of those 'younger' clients will become the pre-retiree target market** and they will bring those needs and preferences along with them.

As you consider the principles that influence an extraordinary client experience and if you plan on being in business into the next decade and beyond, it will be important to dig deeper to understand how age is influencing this process.

The four principles influence the way communication is and will evolve as the following examples highlight.

Figure 1: Examples

| The Question | The Past | Today/Future |
|---|-----------------------------|-------------------------------------|
| When does the client experience start? | Starts with onboarding | Starts as a prospect |
| Where do you focus? | Focus on individual tactics | Focus on the overall experience |
| What is the flow of communication? | One-way communication | A two-way conversation |
| How do you reflect the interest of clients? | Mass customization | Personalization |
| What is the primary form of contact? | Focus on face-to-face | Focus on multiple points of contact |

Principle #1: Scope

Identifying the scope of the client experience

The first principle focuses on the scope of the client experience. Traditionally, we assumed that the client experience began at the point at which an advisor began working with the client. Today it is clear that impressions are formed and relationships started when the client is a prospect. The implications? Advisors need to be very aware of the way in which their brand is being presented and ensure that is not only positive but consistent with what a client would experience after starting to work together.

In many ways, we are seeing the blending of the client experience with elements of the new business development process. Even if your business is based on referrals, there is a point at which the prospect is experiencing what it is like to 'work with you' before he or she becomes a client. As a result, it's important to be consistent in the message you are sending and ensure that the message the prospect is receiving both reflects and reinforces your unique client experience.

Consider the following model as a way to think about the different phases of the client relationship and the communications and activities that would support building the relationship at each phase. While the person may be the same, the goals of your communications change over time depending on where the client is in the client experience journey.

Client experience journey

Universe
Client

Prospective
Client

First-Year
Client

Existing
Client



The Universe Client is any potential client.

Your goal is brand awareness so you can attract the attention of those individuals by communicating your expertise, establishing credibility and adding value. Your communications might include:

- Community (charitable events, teaching in local community, etc.)
- Social media, radio, and newspaper articles
- Word of mouth marketing
- Website

The Prospective Client is a potential client with whom you have connected.

Your goal is to demonstrate value and make it easy for the prospect to “test drive” the relationship. Your communications might include:

- Client events (e.g., prospect as guest of an existing client)
- Educational webcasts or virtual meetings
- Written communications (e.g., emails, blogs, etc.)

The First-Year Client is the client who is new to your business.

Your goal is to make a strong first impression and make the transition seamless. Your communications might include:

- Defining your onboarding experience
- Making introductions to the staff/team
- Defining ongoing check points for the relationship
- Providing choice to cater to client preferences whenever possible



Your Existing Client is the client with whom you work on an ongoing basis.

Your goal is to create client advocates by continually adding value based on their needs and exceeding expectations. Your focus is on:

- Ongoing meetings (delivered in meaningful ways)
- Understanding and exceeding expectations
- Providing value-added education and appreciation
- Serving as a trusted advisor



 **Take Action**

1. **Identify the questions, needs, or deliverables** that prospects or clients would have at each stage and then create communications and processes to support, anticipate, and respond to those questions/needs.
2. **Define your objective** at each phase, using the information above or refining it based on the unique needs of your business or clients.
3. **Create a list of all the client interaction points** you provide or processes you have defined and categorize based on the four phases. Determine if there are any critical gaps or opportunities to improve (e.g., provide choice to further customize experience).



Principle #2: Ideal

Structuring the client experience around the unique needs of your ideal client

The unique needs of your ideal client should influence how you structure the specific components of the client journey.

Now that we have highlighted the distinct phases of the client experience, we can begin to define what makes that experience extraordinary. It can feel as if there are an unlimited number of options, when it comes to how you communicate with clients and what you deliver as part of the overall experience. For that reason, your ability to narrow your focus on those things that drive significant value for a well-defined target client will support your ability to engage deeply. To that end, this first principle is about knowing your target client, understanding what he or she truly values and tailoring your client experience based on those insights.

Know your target

There is no single client experience that will be considered extraordinary by all clients. How clients think about value will be strongly influenced by their age, profession or, perhaps, their gender. For that reason, the more defined your target market, the easier it will be to deliver a meaningful client experience.

Even if you work with a range of clients, it's important to define the ideal client around which you'll build the client experience. The reality is that a client experience that is built for everyone is built for no one.

Understand 'extraordinary'

Once you have defined your target/ideal client you can begin to get inside their heads to understand what an extraordinary experience would look like to them.

How you communicate with, and what you offer to, clients will be influenced by how they define an 'extraordinary client experience' whether with a financial advisor or more generally. The process begins by formally inviting your clients to help you understand how they think about the components of an extraordinary client experience. You want to be sure that the services you are providing are actually seen as adding value by your clients.

It's not only important to understand how clients define 'extraordinary service' but how they think about bigger questions such as the role of money in their lives and how they measure success. By having a clear understanding of how clients think about these important questions, you can tailor your experience to support them and tailor your messaging appropriately.



Take Action

1. **Clearly define your target market.** Your target market is the total potential population with whom you want to work (e.g., women or business owners).
2. **Identify your ideal client.** Your ideal client is a subset of your target market and includes additional criteria that helps you narrow your focus based on the needs of a defined group (e.g., women in transition).
3. **Identify your deal breakers.** Your deal breakers are the characteristics that an ideal client should have to work with you (e.g., shared investment philosophy).



The data highlights how different messaging and communications will appeal to various age groups. We can see that while security and funding a better retirement are key concerns for all clients, those who are under 50 are more likely to be thinking about how investing can support their lifestyle today.

Figure 2: When you think about money, what does it mean to you?

| | All respondents | < 50 | 50–64 | 65+ |
|--|-----------------|------|-------|-----|
| It provides me with greater security or peace of mind | 76% | 62% | 79% | 79% |
| It will allow me to afford a better lifestyle in retirement | 61% | 62% | 67% | 57% |
| It gives me choices | 38% | 36% | 37% | 38% |
| It allows me to afford a better lifestyle today | 36% | 44% | 26% | 39% |
| It will allow me to leave something for my children | 29% | 31% | 23% | 32% |
| It will allow me to retire earlier to do things I want to do | 19% | 28% | 27% | 11% |

Similarly, it may also be important to understand how clients measure success in order to focus your conversations and communications. The data highlights that while investment returns are the most common yardstick for success, this changes based on the age of the client. Messaging that attempts to measure security will have less effect among younger clients however they are, relatively speaking, more focused on measuring progress against their goals.

Advisor Perspectives¹

“We actually have a Class Advisory Board. We started it about four years ago with six clients and it was equal men and women and different ages so we included some Gen X as well. We go to them typically a couple times a year and then we ask them about what’s happening. What do we need to fix or improve? What’s working that you want to make sure that we keep working? It’s along that, that line that we talked about and they’re very willing to talk and they’re very open.”

“We just completed our first client survey. We were able to tease out a couple of things based on that feedback and take action. We’ve added the feedback as the last agenda item at meetings. It allows us to talk about results of our client survey and it gives us a nice way to open up the conversation of, what are we doing that you like and what do you wish we were doing different?”

¹Advisor perspectives throughout this white paper were received from advisors who participated in focus groups asking them about the evolving client experience. They were held in July 2016 by AbsoluteEngagement.com.



Figure 3: How do you measure the value you receive from your advisor?

| | All respondents | < 50 | 50–64 | 65+ |
|--------------------------------------|-----------------|------|-------|-----|
| Investment returns/percentage return | 67% | 52% | 66% | 72% |
| Sense of security/peace of mind | 57% | 46% | 56% | 60% |
| Progress against my goals | 27% | 41% | 33% | 20% |
| How much money I have | 24% | 28% | 20% | 25% |



Take Action

Determine how you will gather information from your clients that uncovers what they believe constitutes an extraordinary client experience, what they worry about and how they measure success. Consider one or more of the following:

- A formal survey
- A focus group
- Informal client interviews, or
- A client advisory board

Principle #3: Design

Designing your client journey across all client interaction points

The client journey should be intentionally designed across all of the ways clients interact with you and your business.

Once you have a clear understanding of how your clients think about the client experience, you can tailor your client experience to support them. That experience goes beyond the technical work you do and includes the overall experience of meeting or communicating with you.

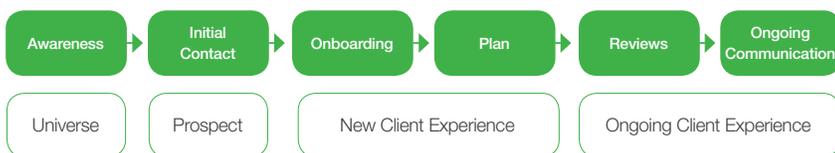
Your ability to tailor your experience to the needs of your clients also means having the right team, with the right skill sets in place.

Client journey mapping

Many advisors recognize that in order to understand the client experience, you need to walk in their shoes. Client journey mapping allows you to do just that. It is an effective way to ensure that you are both defining and delivering value at each stage of the relationship and across multiple points of contact.

To begin, a client journey map identifies the key stages of a client relationship. We have identified six distinct stages as follows:

Figure 4: Key Stages of a Client Relationship



An effective client journey map also recognizes that clients interact with you, your team and the firm in many different ways. In order to create both value and consistency, you need to define what 'extraordinary' looks like whether the client is online, on the phone or with you in person.

Advisor Perspectives

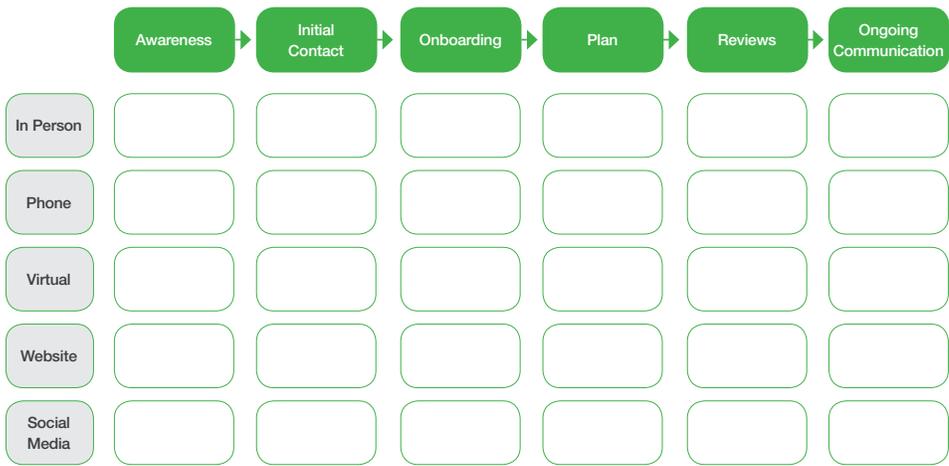
"For my firm we are hand and glove with their divorce attorney working out property settlement because whatever comes out of that property settlement sets the path for her. We want to paint the picture of what that's going to look like and so we do a lot of custom service around preparing divorce settlements with our property settlements and projections around what's this going to look like for your life."

"We do a fair amount of work with doctors and you know, what's involved for us, we get fairly intricately involved in the financials of the business itself. I don't know that that was necessarily the way investment advisor worked in the past, that is what creates the stickiness. So much of what we're doing is getting commoditized, for lack of a better phrase, that these are the things that they truly value and are going to pay for."

"We have relationship managers that focus on professional women as well as women in transition. We have a person who focuses on business owners, and the nuances there. We have another gentleman that focuses on law firm partners, which is an interesting area as well as domestic partnerships."



Figure 5: Client Journey Map



The client journey map provides an interesting perspective on where advisors add value and the data highlights where there are gaps. In order to assess how clients perceive value, they were asked about the extent to which they agreed or disagreed with a set of statements, each of which reflects a stage in the client journey.

The data makes it clear that advisors are focusing a great deal of time and energy on the core elements of the relationship (those related to the technical work they do such as onboarding and plan/portfolio construction). The data also shows, however that there is room to improve on several aspects of the client journey, specifically those related to building longer term advocates.

Figure 6: Stage and Statements

| Client Description | Client Journey Stage | Statement | Percentage who "completely agree" |
|---------------------------|-----------------------|---|-----------------------------------|
| Pre-client experience | Awareness | ■ I was able to find meaningful information on my advisor and his or her business online, before I reached out to make contact. | 33% |
| | Initial Contact | ■ I was made to feel welcome when I first reached out to make contact | 79% |
| New-client experience | Onboarding | ■ The process of getting set up/transitioning my account with him or her was seamless | 67% |
| | Portfolio/Plan | ■ The process of developing my plan/structuring my portfolio was effective | 63% |
| Ongoing client experience | Review Meetings | ■ How would you rate the value you receive from meetings with your financial advisor? ² | 59% |
| | Ongoing Communication | ■ My advisor provides meaningful educational opportunities | 32% |
| | | ■ My advisor finds ways to thank me for being a client. | 50% |

Advisor Perspectives

"We work with women in transition who have very unique needs. We have absolutely no technical collateral and we do not have CNBC streaming. I don't have the Wall Street Journal sitting in my magazine rack; you'll find Travel and Leisure and Food and Wine and Wine Spectator. And that's the key for this demographic—it's not girly pink hearts everywhere, but it's definitely not channeling men and power and aggression. When we go into the conference room, we've got maps on the walls and we've got clocks with different time zones. This is about bigger things in life."

"More and more we have to think about dealing with health issues. We're obviously not doctors but as you meet with these people you realize, you know, their health sometimes is failing or their capacity is failing and so you need to think about how you are going to deal with that? How are you going to help take care of them financially? You've got to get their kids or a corporate trustee involved, that's just part of life. We even help clients pick out retirement communities based on our local understanding of the Florida market."

²The question was asked differently. The shown percentage is who responded, "very valuable."



Perhaps more compelling is the fact that **four elements of the relationship that have the lowest ratings are those that are more closely connected to referral activity.**

Specifically, the data suggests that if we can **close the gaps in four areas, we can begin to create advocates for the business while delivering significant value.**

- **Impactful review meetings.** Clients who refer place higher value on the quality of review meetings
- **Appreciation.** Clients who refer work with advisors who are more likely to find ways to thank them for being a client
- **Education.** Clients who refer are more likely to say their advisor provides meaningful educational opportunities
- **Brand management.** Clients who refer are more likely to say they could find meaningful information on their advisor before reaching out to make contact

The gaps are highlighted by looking at the percentage of clients who ‘completely agreed’ with the following statements and separating those who referred and those who did not. The bigger the gap, the more important it is to focus on this area in order to drive advocacy.



Figure 7: Gaps between elements of relationship and referral activity

| Statement | Percentage who 'completely agree' | |
|---|-----------------------------------|--|
| | Clients who provided a referral | Clients who did not provide a referral |
| How would you rate the value you receive from meetings with your financial advisor?* | 78% | 50% |
| My advisor finds ways to thank me for being a client | 67% | 42% |
| My advisor provides meaningful educational opportunities | 46% | 24% |
| I was able to find meaningful information on my advisor and his or her business online, before I reached out to make contact. | 45% | 26% |
| The process of developing my plan/ structuring my portfolio was effective | 73% | 59% |
| The process of getting set up/transitioning my account with him or her was seamless | 74% | 64% |
| I was made to feel welcome when I first reached out to make contact | 85% | 76% |

Let's look further at each stage of the client journey, examining advisor perceptions and best practices shared by your peers.

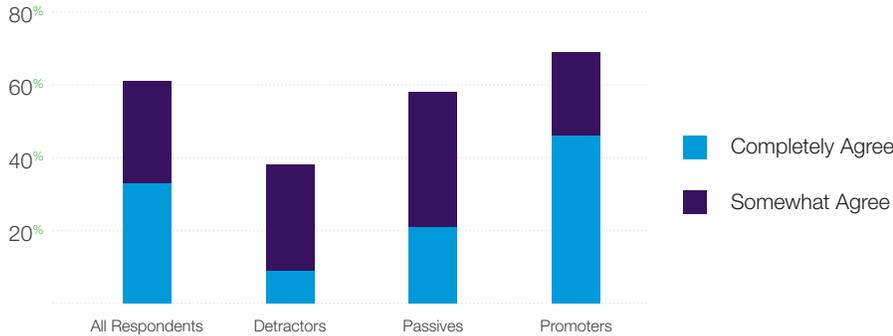
Stage 1: awareness

Clients begin to experience value when they are prospects. There is a good chance that if a prospect hears about you from a friend or colleague the message will be positive. The question is, once he or she has been referred, what information can be found about you? Further, does that information support the message you want to deliver to prospective clients? Your digital footprint becomes incredibly important, particularly for those clients who are promoters and more likely to refer.



The chart below shows the differences among Detractors, Passive and Promoters, all terms based on the popular Net Promoter Score³ metric. Net Promoter score reflects how likely a client is to provide a referral and is asked on an 11-point scale. Detractors rate 0–6, Passives rate 7–8 and Promoters rate 9–10. Therefore, Promoters are most likely to believe they will refer in the next 12 months.

Figure 8: I was able to find meaningful information on my advisor and his or her business online, before I reached out to make contact.



The connection to Net Promoter Score is important because it shows the ability to find relevant information on an advisor is tied to likelihood to refer. However, the chart on the next page highlights that clients first hear about their advisors in a variety of different ways, despite the dominance of referral activity.

³The Net Promoter Score asks clients how likely they are to refer in the next 12 months. Detractors rate a 0–6, Passives a 7–8 and Promoters a 9–10.



Figure 9: How did you first become aware of your financial advisor?

| Statement | All Respondents |
|--|-----------------|
| He/she was referred by a friend, family member or colleague | 38% |
| Other | 26% |
| He/she was referred by another professional (e.g., accountant or lawyer) | 19% |
| I don't remember | 9% |
| Advertisement | 4% |
| Radio | 2% |
| Newspaper/magazine article | 2% |
| Social media | 1% |

Note that the 'other' category included a range of responses, however the most common was that the client was 'assigned' by the bank or firm, referred by their bank or attended a presentation or event sponsored by the advisor.

While client and professional referrals are the most important source of new business for advisors, this does not mean you don't need to think about other channels, such as social media. Even if a client is referred, many prospects are going online to assess fit before reaching out to connect. **About 56 percent of clients say they sought to gather additional information on their advisor before they even connected or met with him or her.** For many that information came through conversations with friends, however more than a quarter of clients went online to find more information. There is no doubt that clients are under 50 are more likely to search for you online, including social and professional networks.



Figure 10: Which, if any, of the following did you do to learn more about your advisor prior to contacting or meeting with him or her?

| | All Respondents | < 50 | 50–64 | 65+ |
|---|-----------------|------|-------|-----|
| Online search | 28 | 49% | 25% | 20% |
| Checked for information on professional or social networks (e.g., LinkedIn, Facebook) | 19% | 40% | 14% | 12% |
| Spoke with friends or colleagues who had worked with him/her | 74% | 78% | 74% | 71% |
| Other | 12% | 2% | 11% | 16% |

A prospective client may hear great things about you from one of your existing clients. The bigger questions are these:

- What happens when he or she goes online before reaching out to set a meeting?
- Is the information not only supportive of what he or she has heard but does it compel that prospect to reach out?
- How, if at all, did that message change based on how they looked for information?
- Was there consistency if he or she did a google search on your name, checked your social media profiles, went to your website or called your office?
- Was the message consistent, compelling and representative of who you are?

Advisor Perspectives

“We’ve revamped the entire website because the first thing prospects do when they are referred is google the firm name and see what’s on the website. Now we even capture their names when they visit.”

“We changed our newsletter so it’s drawing people to the website and give prospective clients a way to see who we are without having to view too many pages and then we capture their information. We’re also working on a couple of webinars that enable us to capture more information than we did before.”

“We just started this Facebook page. It reaches a lot more people and is mainly to target the younger millennials or the next generation. When they come in they know all about you even though you don’t even know a thing about them.”

“We also use Google the other way. We have someone on the team Google the prospective client as well so that we have as much information as we can get.”



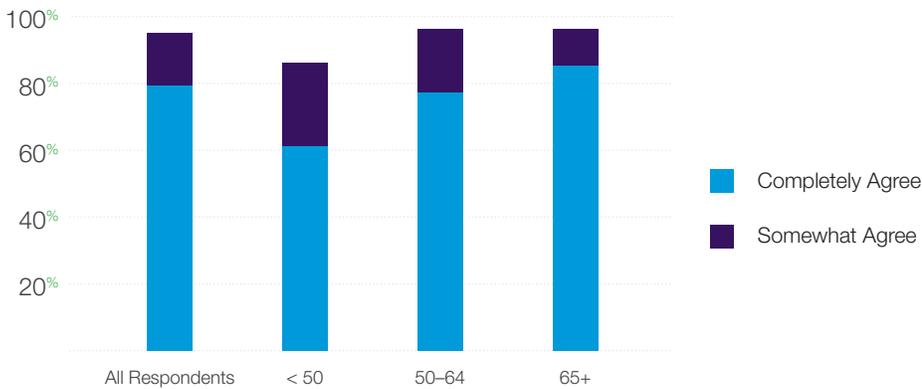
Stage 2: initial contact

The initial contact with your firm can make or break a relationship.

- Did the prospective client feel welcome?
- Was it easy to set a meeting?
- Did your team fully represent the values and culture of the firm?

Based on the data, we see that while clients generally felt welcomed, younger clients felt less so. This raises an interesting question as to whether the process was different for younger clients or if they simply reacted differently to the same process. Does 'welcome' mean different things based on age?

Figure 11: I was made to feel welcome when I first reached out to make contact.





There are three distinct interactions within 'initial contact' to consider:

1 **Once a client has made the decision to reach out and meet with you, what does he or she experience?**

- How is he or she greeted on the phone?
- Is there an easy way to get in touch from your website?
- If I reach out on a weekend is there something I can access that answers some of the questions I may have at that moment?
- Are there links from your social media profiles that make it easy to connect with you?

2 **What happens once that meeting is booked?**

- Does the prospect receive a pre-meeting package that begins to build the relationship?
- Do you send directions and a map to the office?
- Do you gather any information on what led the prospect to reach out before that meeting?

3 **What happens after the initial meeting?**

- Does the client receive an immediate text or email saying how happy you were to connect?
- Is there a formal follow-up highlighting the key issues raised and how you can help?
- Does someone on the team reach out to ensure that all of the prospects questions were answered?

The reality is that booking the meeting is the easy part. There are many ways to communicate that you care, that you are excited to meet the client and to demonstrate the level of care that he or she can expect when working with you.



Advisor Perspectives: First Impressions

Creating Comfort

"We focus on what it feels like to come to our office. We take time to consider the fact that there's a personality coming in so let's address them by name and make them feel comfortable. We try to engage them in a conversation. Typically when people are new, they may be a little tense because they're coming there because there's an experience that's happened, either a sudden money experience that they've never had or they're not pleased about where they are. So the whole focus with our staff, our team is to make them feel comfortable and make them feel like they just walked into someone's living room to have a conversation."

"Between the first call and that first meeting we send a letter to set expectations around the purpose of the first meeting. What do we hope to accomplish? We always contact them the day before to say we're really looking forward to seeing them. We ask if they have a preference on beverage because we want to make sure we've got what they like. We also ask if they need instructions on how to get to our office."

"We've started to make sure that even a new person is introduced to the whole team in the office because it just helps in the long run. They have the opportunity to break the ice and people really enjoy meeting the young associate and the person who's going to be talking to them as they process things."



Advisor Perspectives: First Impressions

Discovery Process

"Before we meet with clients, we have someone on the team talk to them to see if there is even a possibility of a good fit and if it's a good idea to schedule an appointment. If they don't fit our profile, we won't fit theirs."

"We try to ask good questions. We ask, if we're sitting here three years from today looking back on its three years, what would have to happen? And they talk. The first half an hour is nothing more than listening. I find that most people at that point really get engaged. Now they want to know about you but they want to know that you care about them. The one thing that we interject in between that is called a "communication DNA" which is an online questionnaire they can do in two or three minutes. And we tell them they'll get an email and it has to do with understanding who they are."

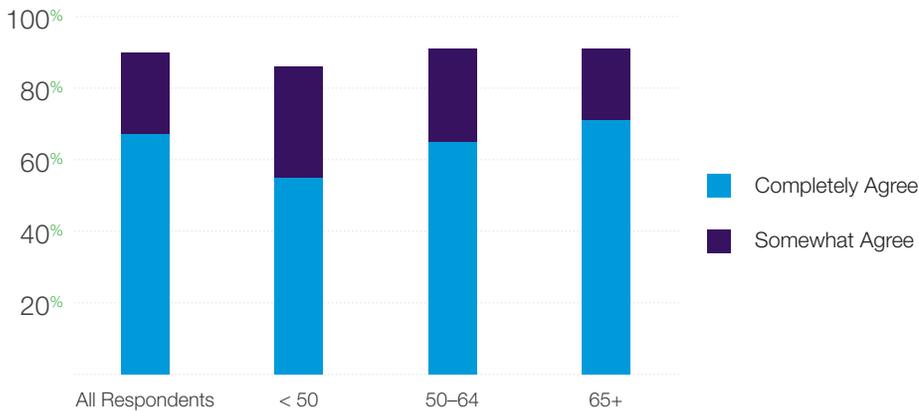
"We find out how they prefer to communicate. Would you rather us mail you the information or would you like us to email it to you? And if we email it, do you want a fillable PDF file? Because we have a four-page, very simple document for them to complete to get them thinking about what is the event that's driving them to come in."



Stage 3: onboarding

Once a client has decided to work with you, they enter a phase of the relationship that can be arduous and, sometimes, frustrating. During that time, your goal is to keep clients informed, anticipate their questions and reinforce that they made the right decision to work with you. As with the previous phase, younger clients are less satisfied with this process. Is it possible that expectations around efficiency and automation are higher among clients who are under 50?

Figure 12: The process of getting set up/transitioning my account with him or her was seamless.



Part of this phase of the relationship is helping clients to understand what they can expect. It's clear that helping clients to understand what they can expect is tied to positive outcomes such as referral activity and satisfaction. Eighty percent of satisfied clients have been informed (in some way) about what they can expect; this drops to 48 percent among those clients who are dissatisfied.



Figure 13: Has your advisor outlined the level of service you can expect in a 12-month period (e.g., the number of review meetings you can expect)?

| | All Respondents | Dissatisfied | Satisfied | Very Satisfied |
|--|-----------------|--------------|-----------|----------------|
| No, this hasn't been discussed or documented | 26% | 52% | 29% | 21% |
| Yes, informally | 56% | 38% | 55% | 59% |
| Yes, through a written service agreement | 12% | 5% | 12% | 12% |
| Yes, by some other means | 6% | 6% | 3% | 7% |

Advisor Perspectives

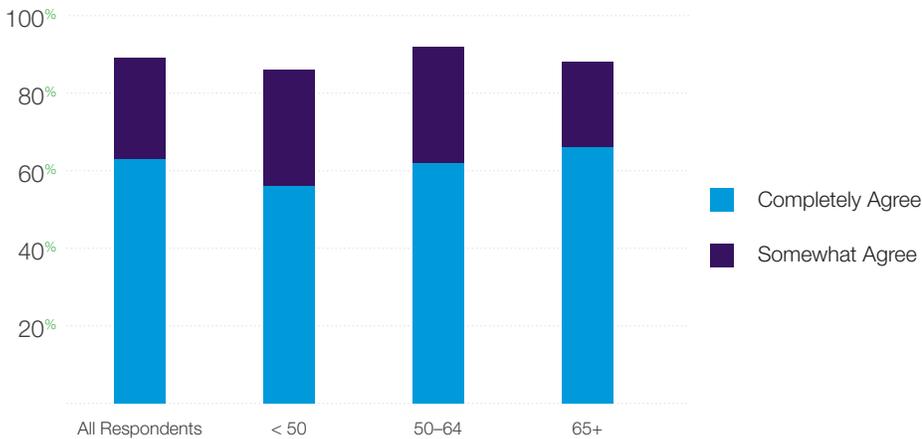
"We have documented the entire process. In addition to our internal written process, we have a map that shows them where they are today, what the process is going to look like going forward. So it gives them a sense of what's going to happen over the next 12 to 18 months."



Stage 4: the plan

During the onboarding phase you are, no doubt, gathering the information you need to structure the plan or portfolio. However, this critical piece of the puzzle, which reflects the real technical work that you provide, is a separate stage and a critical piece of the client experience puzzle. Clients are generally satisfied with this phase of the process.

Figure 14: The process of developing my plan/structuring my portfolio was effective.



In order to dig deeper into client perception regarding their plan, we asked clients about the full range of services that they have in place today, which they value and, based on that information, where they may be additional opportunities. The data highlights low penetration rates with some services, although this would clearly need to be evaluated on a client-by-client basis.



Figure 15: Which if any, of the following does your advisor provide to you today? How would you rate the value of the each of the following?

| Service | Percentage 'Already in Place' | Percentage rating 'very valuable' |
|---|-------------------------------|-----------------------------------|
| Financial Planning | 73% | 79% |
| Retirement Planning | 68% | 77% |
| Tax Planning Strategies | 43% | 69% |
| Estate Planning | 40% | 63% |
| Life Insurance | 38% | 50% |
| Trust Services | 30% | 60% |
| Coordinate with Other Professionals (e.g., CPA, Attorney) | 29% | 55% |
| Disability/Long-term Care Insurance | 28% | 61% |
| Check Writing and Bill Payment | 26% | 47% |
| Life Planning, Counseling | 22% | 50% |
| Charitable Giving | 19% | 42% |
| Saving for your Child's Education | 14% | 61% |
| Assistance with the Purchase of Major Assets (e.g., Home, Boat, etc.) | 14% | 52% |
| Debt Management | 12% | 58% |
| Planning for the Need of Aging Parents | 6% | 59% |



There is little doubt that the scope of the offer will be influenced by the needs and life stage of the client. Investor research from AbsoluteEngagement.com, however, highlights a clear and enduring link between having a written financial plan and the depth of the client relationship. Forty-five percent of clients report having a comprehensive financial plan however that number drops to 27 percent for clients who are dissatisfied and increases to 50 percent for those who are very satisfied. Perhaps more compelling is that the percentage of clients with a written financial plan increases to 62 percent among clients who have provided a referral and declines to 38 percent for those who have not. While the range of services offered is broad, there are still opportunities to be uncovered.

Figure 16: Which, if any, of the following would be of interest? (Shows percentage responding 'yes')

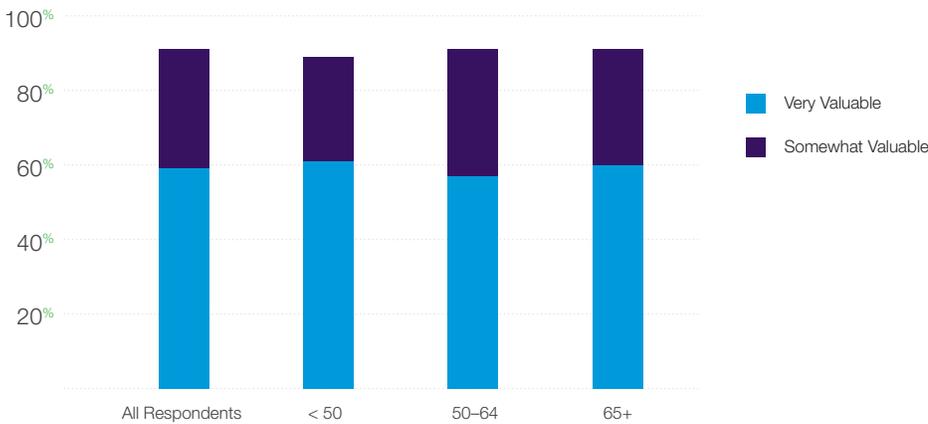
| | All Respondents |
|--|-----------------|
| Disability/long-term care insurance | 29% |
| Tax Planning Strategies | 24% |
| Estate Planning | 24% |
| Coordinate with Other Professionals | 21% |
| Trust Services | 21% |
| Life Planning/Counseling | 14% |
| Charitable Giving | 13% |
| Financial Planning | 12% |
| Assistance with the Purchase of Major Assets | 11% |
| Retirement Planning | 10% |



Stage 5: client reviews

There is evidence that the quality of a review is more closely tied to client engagement than the frequency of contact. In general, clients are happy with the value of the review meetings although there is room to improve.

Figure 17: How would you rate the value you receive from meetings with your financial advisor?



While two thirds of clients feel very engaged during the review process, they indicate this is not necessarily the case for their spouses. However, when partners are more highly engaged, it is tied to positive outcomes such as satisfaction. Eighty-one percent of promoters said they were very engaged and 54 percent indicated their spouse was very engaged. Those numbers drop to 37 percent and 32 percent, respectively for Detractors.

There is a gender split on this question. Women are more likely to indicate their partner is engaged although they are almost equally likely to describe themselves as engaged.



Figure 18: To what extent do you agree or disagree with the following statement?
“I feel completely engaged during review meetings with my advisor.”

| | All Respondents | Male | Female |
|-------------------|-----------------|------|--------|
| Strongly Disagree | 2% | 2% | 3% |
| Somewhat Disagree | 2% | 2% | 3% |
| Neutral | 6% | 6% | 6% |
| Somewhat Agree | 23% | 21% | 26% |
| Strongly Agree | 67% | 69% | 62% |

Figure 19: To what extent do you agree or disagree with the following statement?
“My spouse/partner is completely engaged during review meetings with my advisor.”

| | All Respondents | Male | Female |
|-------------------|-----------------|------|--------|
| Strongly Disagree | 8% | 9% | 6% |
| Somewhat Disagree | 6% | 6% | 5% |
| Neutral | 14% | 15% | 12% |
| Somewhat Agree | 25% | 28% | 17% |
| Strongly Agree | 47% | 42% | 60% |

The way in which meetings are held is also changing as advisors seek greater efficiencies and ways to add greater value. Today, the traditional face to face review meeting dominates, with a small percentage meeting via web. It is no surprise, however, that age plays a role in how meetings are (or will be) held.

Figure 20: Today, how are your review meetings held?

| | All Respondents | < 50 | 50-64 | 65+ |
|-------------|-----------------|------|-------|-----|
| Phone | 45% | 44% | 40% | 47% |
| In-Person | 73% | 76% | 73% | 72% |
| Web Meeting | 5% | 17% | 4% | 2% |

A similar pattern, based on age, is discernable when looking at how clients prefer to communicate directly with their advisor. The biggest age-driven difference is with the use of the telephone. Younger clients are considerably less likely to call their advisor and more likely to email.

Figure 21: If you had a question about your plan or portfolio, how would you typically reach out to your advisor or his/her team?

| | All Respondents | < 50 | 50-64 | 65+ |
|-----------|-----------------|------|-------|-----|
| Email | 29% | 41% | 35% | 22% |
| Text | 2% | 6% | 2% | 0% |
| Phone | 61% | 37% | 57% | 70% |
| In-Person | 8% | 16% | 5% | 7% |

Advisor Perspectives

"I'll communicate in any way that the client wants. They can email me or Facebook me or however they want to do it. Younger clients aren't going to come in for the quarterly meeting or yearly meeting. I think everything is changing."



Figure 22: How do you prefer your advisor communicate with you when responding to questions (specifically when not sharing sensitive information)?

| | All Respondents | < 50 | 50-64 | 65+ |
|-------------------|-----------------|------|-------|-----|
| Email | 29% | 36% | 37% | 23% |
| Text | 2% | 5% | 2% | 1% |
| Phone | 55% | 38% | 50% | 63% |
| In-Person Meeting | 11% | 18% | 11% | 10% |
| No Preference | 2% | 0% | 1% | 2% |

Technology plays a role in ongoing communication but may also play an important role during the review process. Used effectively, technology can make reviews more visual and engaging, providing clients with the opportunity to see the impact of changes in real time. A majority of clients say their advisor is using technology to make reviews more interactive, once again skewed by age. Clients who are under 50 are considerably more likely to say they view a screen together during review meetings.



Figure 23: Does your advisor use technology during your review meetings to share information on your plan or portfolio?

| | All Respondents | < 50 | 50-64 | 65+ |
|---|-----------------|------|-------|-----|
| Yes, we view a plan on a screen together | 42% | 64% | 40% | 37% |
| Yes, he or she runs different scenarios so we can see the impact on our portfolio | 31% | 33% | 34% | 28% |
| No, we don't use technology during review meetings | 36% | 23% | 36% | 40% |

Advisor Perspectives

"We project the plan on the television or can walk through it on an iPad or laptop. But we print and bind one copy of the plan and give it to them. We say we're going to go over this on the television, but this is so you can take it home."



Stage 6: ongoing communication

At the highest level, there are two objectives of ongoing communication with clients: to educate or to appreciate. In both of these areas there are apparent satisfaction gaps and both are tied to overall satisfaction.

Figure 24: To what extent do you agree or disagree with the following statements?
“My advisor provides meaningful educational opportunities.”

| | All Respondents | Dissatisfied | Satisfied | Very Satisfied |
|---------------------|-----------------|--------------|-----------|----------------|
| Completely Disagree | 3% | 12% | 3% | 2% |
| Somewhat Disagree | 7% | 22% | 10% | 4% |
| Neutral | 25% | 32% | 32% | 21% |
| Somewhat Agree | 33% | 23% | 41% | 30% |
| Completely Agree | 32% | 12% | 14% | 43% |

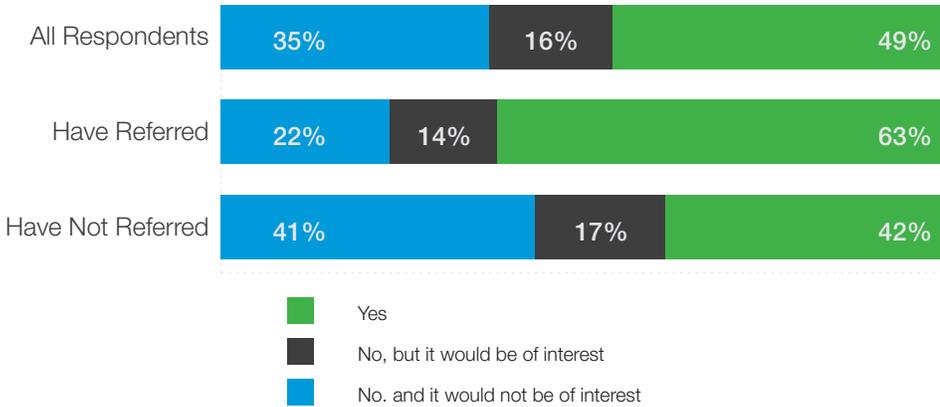
“My advisor finds way to thank me for being a client.”

| | All Respondents | Dissatisfied | Satisfied | Very Satisfied |
|---------------------|-----------------|--------------|-----------|----------------|
| Completely Disagree | 2% | 16% | 2% | 0% |
| Somewhat Disagree | 5% | 13% | 8% | 2% |
| Neutral | 16% | 37% | 26% | 10% |
| Somewhat Agree | 26% | 22% | 37% | 22% |
| Completely Agree | 50% | 12% | 27% | 65% |



With respect to education, almost half of advisors are providing something to their clients today despite the connection between education and referral activity. Among those clients who have referred, there is a much greater likelihood that they have received some form of education from their advisor. There is also a relatively small but clear opportunity to provide education to the 16 percent of clients who say that would be of interest.

Figure 25: Does your advisor provide educational opportunities such as workshops, articles or other events?



In general, education focuses on investments and the markets however nearly 40 percent of those who receive education also access information on lifestyle topics. There are no significant differences across segments related to the high-level focus of the education.



Figure 26: Which of the following best describes those educational opportunities?

| | All Respondents |
|---|-----------------|
| They are focused on issues related to investments, the markets, or financial planning | 56% |
| They are focused on lifestyle issues, and are unrelated to investments, the markets or financial planning | 4% |
| They are a mix of both of the above. | 40% |

While some advisors are taking advantage of a range of communications vehicles, face to face is still the dominant form of education. Once again, age influences both the way in which clients receive education today and their interests going forward. In general, clients who are under 50 are more interested in a range of educational opportunities. In particular, vehicles such as webinars, podcasts and videos are of interest to this age group.



Figure 27: How does your advisor deliver educational opportunities today and how would you like to receive such information in the future?

| Delivery of Educational Content | All Respondents | < 50 | 50–64 | 65+ |
|--|-----------------|------|-------|-----|
| One-on-one when we meet | | | | |
| ▪ Receive today | 77% | 65% | 82% | 78% |
| ▪ Don't receive today, but it would be of interest | 14% | 30% | 11% | 9% |
| Group webinars | | | | |
| ▪ Receive today | 22% | 33% | 23% | 18% |
| ▪ Don't receive today, but it would be of interest | 22% | 47% | 23% | 12% |
| Group conference calls | | | | |
| ▪ Receive today | 18% | 39% | 14% | 14% |
| ▪ Don't receive today, but it would be of interest | 13% | 34% | 11% | 6% |
| Group in-person workshops | | | | |
| ▪ Receive today | 38% | 54% | 39% | 32% |
| ▪ Don't receive today, but it would be of interest | 17% | 30% | 21% | 11% |



Figure 27 (cont): How does your advisor deliver educational opportunities today and how would you like to receive such information in the future?

| Delivery of Educational Content | All Respondents | < 50 | 50–64 | 65+ |
|--|-----------------|------|-------|-----|
| Links to articles written by other experts | | | | |
| ■ Receive today | 57% | 55% | 62% | 55% |
| ■ Don't receive today, but it would be of interest | 21% | 37% | 16% | 18% |
| Links to articles written by my advisor or his/her team | | | | |
| ■ Receive today | 53% | 57% | 53% | 51% |
| ■ Don't receive today, but it would be of interest | 21% | 31% | 20% | 17% |
| Videos I can watch/listen to anytime (on-demand) | | | | |
| ■ Receive today | 29% | 47% | 27% | 23% |
| ■ Don't receive today, but it would be of interest | 29% | 39% | 29% | 25% |
| A podcast | | | | |
| ■ Receive today | 17% | 42% | 12% | 12% |
| ■ Don't receive today, but it would be of interest | 18% | 36% | 20% | 10% |

Going deeper, TD Ameritrade Institutional, in partnership with AbsoluteEngagement.com, asked clients what they want to learn about. There is a demand for general investment information but also support in crafting a vision for retirement and information to help children make better financial decisions. It is clear that any educational strategy needs to reflect the needs of different age groups. As noted earlier, younger clients are generally hungrier for education in any form. Note the striking difference between the 52 percent of clients over the age of 65 who indicated they were not interested in any of the topics outlined and the only 13 percent of clients under 50 who responded in the same way.

Figure 28: On which if the following topics would you be interested in learning more from your advisor?

| | < 50 | 50–64 | 65+ |
|---|------|-------|-----|
| Education on investments or the market | 39% | 29% | 23% |
| Communicating about money with your children | 25% | 11% | 9% |
| Communicating with your spouse/partner about money | 22% | 7% | 9% |
| Helping children make better financial decisions | 27% | 18% | 13% |
| Caring for aging parents | 26% | 6% | 1% |
| Non-investment related topics (e.g., health and wellness) | 20% | 9% | 6% |
| Helping you with philanthropic/charitable giving | 21% | 7% | 6% |
| Creating a meaningful legacy | 32% | 10% | 10% |
| Crafting a vision for meaningful retirement | 43% | 28% | 13% |
| Thinking about second careers | 19% | 9% | 1% |
| Finding volunteer opportunities | 18% | 6% | 4% |
| Business succession planning | 25% | 3% | 2% |
| None of the above | 13% | 38% | 52% |



Take Action

1. Identify the core stages of your client journey, using the stages above or customizing to fit your business.
2. For each stage, identify what would make it extraordinary, drawing on input from clients and your own vision for that stage.
3. Identify the gaps between where you are today and where you want to be at each stage.



The other way to understand what will be of interest to clients is to understand their primary financial concerns. When asked about those concerns, clients tend to think first about their own future, then about their spouse and then their children. All issues are important, however this suggests that you may want to prioritize your communications, focusing on the core issues first and then moving out into additional concerns or priorities.

Women were relatively more concerned about meeting lifetime income needs and dealing with the rising costs of healthcare. Men were relatively more concerned with ensuring their spouse was taken care of.

Figure 29: For each, please indicate your level of personal concern/worry.

| | Percentage 'very concerned' | | | | | |
|--|-----------------------------|------|--------|------|-------|-----|
| | All Respondents | Male | Female | < 50 | 50-64 | 65+ |
| Maintaining sufficient assets to meet lifetime income needs | 45% | 43% | 51% | 57% | 47% | 41% |
| Dealing with the rising costs of health/long-term care | 38% | 35% | 44% | 50% | 40% | 34% |
| Leaving a financial legacy for my children | 14% | 14% | 15% | 32% | 9% | 11% |
| Leaving a financial legacy for a charity | 5% | 5% | 5% | 20% | 1% | 3% |
| Coping with a significant market downturn | 25% | 23% | 29% | 35% | 26% | 22% |
| Caring for elderly parents | 8% | 7% | 9% | 24% | 5% | 3% |
| Ensuring my partner/spouse is taken care of should I pass away first | 40% | 45% | 28% | 42% | 33% | 44% |

Principle #4: Role

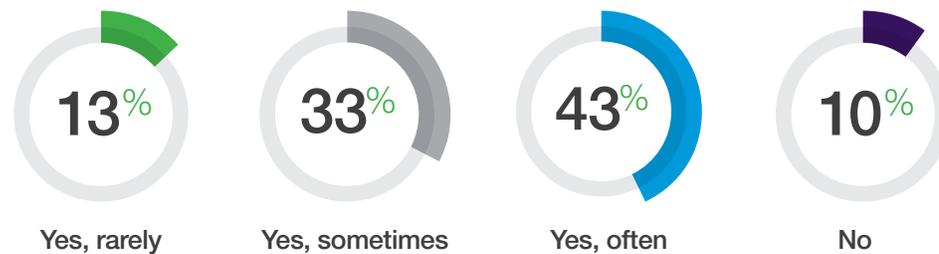
Implementing technology to support the more active role clients want along the journey

Today's client journey reflects a more active role for the client than it did in the past.

When examining the client journey, there is a tendency to focus on what communications, activities or processes need to be in place. However, it's equally as important to consider how those are being delivered. Technology was a key focus of the questions asked of investors and it is clear that there are generational influences on how we will communicate going forward. However, just as importantly, most clients are increasingly taking an active role in their finances using the tools available to help them do so.

A majority of clients have access to their accounts online. Eighty-seven percent of clients indicated that they had access to their accounts online. They access their accounts regularly and age does not play a significant role in how often they access their account information online.

Figure 30: Do you access your accounts online?



A majority of clients (62 percent) say they would like to carry out some tasks online, without having to contact their advisors. Among that group who want to do some things themselves, they were primarily focused on doing three things:

- Viewing their holdings
- Viewing portfolio performance
- Asset allocation

Age plays an interesting role when it comes to what clients want to do online. Older clients are actually more likely to want to use technology passively (e.g, view holding or performance). Clients who are under 50 are more likely to use technology actively (e.g., set up alerts, run scenarios, track expenses or execute trades). It is clear that as these clients age, the way in which technology will be used (and therefore the role of the client) will change significantly.

Figure 31: Which, if any, of the following would you like to be able to do yourself rather than contacting your advisor?

| | All Respondents | < 50 | 50–64 | 65+ |
|--|-----------------|------|-------|-----|
| View the holdings in my portfolio | 59% | 46% | 64% | 61% |
| View my asset allocation | 52% | 51% | 54% | 52% |
| View portfolio performance | 63% | 50% | 63% | 69% |
| Set up alerts related to specific holdings | 23% | 31% | 23% | 20% |
| Run scenarios based on changes in my financial goals | 29% | 39% | 36% | 21% |
| Create a personal budget or track expense | 24% | 39% | 23% | 19% |
| Execute trades | 22% | 35% | 25% | 16% |
| Pay bills | 39% | 45% | 32% | 40% |
| Write checks | 37% | 38% | 29% | 42% |



Take Action

1. **Gather input from clients** on what they would like to do themselves and how they use the information and data that you provide.
2. **Identify opportunities** to enhance the review or overall experience using technology.
3. **Look forward and ask yourself if and how the client experience might need to change** in the next several years and what you are doing today to prepare yourself



Summary

This whitepaper was focused on input from investors and the client experience. However, when talking to advisors, the role of team and culture emerged as critical in both defining and sustaining an extraordinary client experience.

Overall, we know that clients change, needs change and the client experience, as a result, must also change. While there are changes that we attribute to the age of the clients, they are more than that. Never before have we had such opportunity to engage actively with clients, personalize the experience and add significant value. This whitepaper provides some insight into what is being done today, what is possible going forward and, as a result, what you may need to consider as you seek to differentiate your business and engage your clients.

Advisor Perspectives

“What we’ve tried to do is make great service part of our culture. We talk about it constantly with the expectation that everybody on the team will do things like return client emails in less than 24 hours.”

“This summer we’re having a workshop for our client service team. I think for the most part the financial strategist or relationship manager will do a good job, and go out of their way but it’s important that everyone, at every level of the firm, is doing that.

“As an organization there’s nothing more powerful than having a leader who can set a vision, articulate the vision, and constantly communicate that with the firm. Probably more important is letting the team know the role that they play, and that they can each have an impact on the outcome. So that’s getting to this idea of culture. You have to constantly communicate these things, good and bad. We do this with a continuous feedback loop, and we always talk in terms of outcomes, where are we going, how are we going to accomplish this, why are we doing this, what’s the role you play. Every meeting starts with that, and that has been incredibly powerful for us.”

Methodology



This report is based on data gathered from 1,014 investors across the United States in June, 2016. The margin of error is calculated at +/- 3.08 percent.

The research was conducted by AbsoluteEngagement.com as part of their annual Investor Research Program. The questions and data presented in this report are exclusive to TD Ameritrade.

Participants were identified using established investor panels and invited to participate in an on-line survey. The survey took an average of 20 minutes to complete.

The sample was carefully structured so that respondents:

- worked with a financial advisor,
- made or contributed to the financial decisions in the household, and
- met specific household wealth criteria (details of which are found on page 53)

Participant profile

Please tell us which best describes your current total investable assets, including all mutual funds, stocks, bonds, 401(k), IRA and other retirement accounts, but excluding real estate?

| Household Investable Assets | Percentage of Respondents |
|-----------------------------|---------------------------|
| \$50,000–\$99,999 | 10% |
| \$100,000–\$249,000 | 13% |
| \$250,000–\$499,000 | 13% |
| \$500,000–\$999,999 | 30% |
| \$1,000,000–\$4,999,999 | 25% |
| \$5,000,000+ | 10% |

| What is your gender? | What is your age? |
|----------------------|-------------------|
| Male 66% | 18–29 2% |
| Female 34% | 30–39 7% |
| | 40–49 6% |
| | 50–64 31% |
| | 65+ 54% |

| What is your marital status? | |
|------------------------------|-----|
| Single, never married | 9% |
| Living with partner/married | 76% |
| Widowed/divorced/separated | 15% |

About the authors



About Julie Littlechild

Julie Littlechild is a speaker, writer and the founder of absoluteengagement.com.

She helps successful financial professionals design businesses that support the lives they want to live and to create lives that fuel their capacity to do just that. Julie has worked with and studied top-producing advisors, their clients and their teams for 20 years. She is a recognized expert on driving deeper engagement and growth and the author of a popular blog. She sat on the national board of the Financial Planning Association from 2010 to 2013, was twice identified as one of the 25 Most Influential People in Financial Planning by Investment Advisor magazine and won the Influencer Award in practice management from Financial Planning magazine. She works in the U.S., Canada, U.K. and Europe and holds an MBA from the University of Toronto.

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About TD Ameritrade Institutional

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