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FROM THE FIELD

Save Time and Serve More Clients

Capturing the attention and interest of prospects and inspiring them to take action is what separates you from the competition. Different approaches work at different times. In turbulent economic times like these, the challenge often appears even greater. In fact, the reverse may be true. You already know that the markets have affected them negatively in the last twelve months. Now you need a strategy to assess how they may be feeling about where they stand today.

We asked one of our top advisors, Steve Cordasco, of RBC in Philadelphia, how he is getting prospects' attention. "I am finding great success by asking prospects whether I can take their temperature to evaluate their risk tolerance and ensure it matches how they are currently invested," Cordasco explains. "If they need more prompting, I point out how their recent market experience could have changed signifi-

cantly where they fall on the risk tolerance continuum. I offer to 'take their risk temperature' to determine how that shift might affect their ability to achieve their goals," he adds.

Once he gets them to assess their risk tolerance, Cordasco asks to see their total financial picture so that he can examine their entire portfolio in detail. He explains that while he may not be advising them on all their assets, he needs a complete financial picture because sound recommendations require a comprehensive view. Clients benefit from this approach dramatically. Finally, and probably for the first time, everything in their financial world will be completely visible and immediately accessible. Armed with his clients' data, Cordasco can easily point out opportunities to minimize or redistribute risk. In doing so he also strongly confirms his role as the clients' primary advisor and long-term financial advocate.

in a nutshell



“The stimulus is starting to kick in and growth is coming, but watch out for an economic head fake.”

- Joel L. Naroff **CHIEF ECONOMIST**

We almost did it. I had been expecting the economy to eke out a small gain in the spring and while that forecast fell short, the recession's worst has been weathered. The recovery, though, could really surprise us—third quarter growth might be much stronger than expected. But if that happens, don't fall for it. We are still not likely to see a robust recovery.

The news just keeps getting better—or at least not nearly as bad as it had been. Take second quarter GDP growth. The economy declined again, this time by

1%. But that was an awful lot less than the 6.4% drop posted in the quarter or the -5.4% rate seen at the end of 2008. In addition, the details hint that third quarter growth may not only be positive, but could be robust.

Despite the fairly widespread spring weakness, the future looks a lot brighter. Consider consumer spending, which fell again. That may already be changing. The “Cash for Clunkers” program likely pushed some June vehicle sales into July. The additional \$2 billion for the program should keep

the showrooms hopping. A similar pattern should develop with investment. Inventories were drawn down at a record pace, but there appears to be nothing left on the shelves. Once the vehicle makers, especially Chrysler and GM, start ramping up assemblies again we could see a huge change in that component. And finally, the government claimed residential investment was negative. Yet we have already seen an upturn in home construction, and home sales rose for the fourth consecutive month.

Okay, going forward, some sectors may not be as strong. Double-digit federal government spending may not continue, and state and local governments are likely to cut spending, not increase it. Also, don't expect the trade deficit to narrow sharply since we will need more foreign goods as we expand.

It is clear from all the data we have received over the past month that the economy is shifting gears; out of reverse and into forward. Indeed, the third quarter could be amazingly strong. Firms should actually start keeping inventories on the shelves and in warehouses, the rise in vehicle sales will show up in the data, housing

should be a positive again and all that road building that has barely started should kick in.

Adding it up, third quarter growth might be well above 4%. However, that is not likely to be sustained. Jobs are still being cut. Yes, the July decline was “only” 247,000, the smallest cut back in almost a year. But we are months from when firms will begin adding to their payrolls. In the early part of a recovery, businesses expand production by first working their people longer and harder. When they start hiring, it will be cautiously. The unemployment rate is likely to rise again. That will keep income growth and spending down.

So here is my warning: we could have one or even two quarters of strong growth. But afterwards, reality is likely to set in. The damage from the financial market excesses will not be repaired quickly. The commercial real estate market is in for more problems. And critically, the bubbles of the past two decades will not be available to power strong growth. So enjoy the initial strong rebound, but watch for the head fake as the growth quickly decelerates.



FOR THE FIELD

The cards being played

The economic crisis has left the financial services industry with a serious black eye. Industry behemoths have fallen and consumer confidence has been shaken to the core. Sadly, customers have lost trust in the institutions and advisors they once relied upon to help them achieve their financial goals. Now we are all scrambling to regain trust and restore confidence. The stakes are high and the players have anted up in a big way.

Take a look at some of the hands that are being played. Schwab, Fidelity and E*TRADE have all laid down their cards and their strategies are virtually identical—they are trying to win your

clients. Click on the links below to see for yourself.

These campaigns could cause you big problems unless you get out in front of them. Here's why: their messages are everywhere. These institutions are using their enormous marketing, advertising and sponsorship budgets to inundate your clients with their clever and convincing "come to us" spots on television and radio, online (via YouTube, Twitter, and Facebook), in stadiums, and on billboards. Unless you have secured your client relationships, you may be vulnerable. If there were ever a time to ramp up your marketing efforts, it's now.



While you cannot possibly outspend Chuck, you can outmaneuver him. Consider taking the following action steps:

♣ **Market aggressively.**

Position yourself as a trustworthy financial advocate who can help clients speed their own economic recovery. Hone in on some of your differentiators...like the fact that you can organize their entire financial picture, keep their accounts continually updated, and monitor and track their progress towards goals. Most importantly, message that you care. Assure them that you'll listen to their concerns and guide them continuously on their financial journey.

♦ **Perform financial check-ups for all clients.**

Organize and update client assets. Provide clients with a clear picture of where they are today. Give a realistic assessment of how the market downturn has impacted their ability to achieve their overall objectives. Zero in on their retirement plan to make sure their retirement goals are aligned with their current financial picture.

♠ **Create action plans.**

Work with your clients to make necessary tweaks to their plan to ensure long-term goals are met.

♥ **Keep in touch.**

Pledge to communicate with your clients more regularly. Don't wait for the phone to ring or the news to improve—reach out to your clients. Offer your wisdom, your guidance, and a listening ear.

Keep in mind you are in a position of power. You already own the relationship with your client. Your messages will stick because they go beyond sound bites. Your messages are backed by credible action.

Fidelity:

<http://www.youtube.com/watch?v=cVx3oXfX9Og>
<http://www.youtube.com/watch?v=AVIKURFJY6M>
<http://www.youtube.com/watch?v=U7atn5Zj5hY>

Schwab:

<http://www.youtube.com/watch?v=w1fwspaSwYk>
<http://www.youtube.com/watch?v=tqJh67ztHTM>
<http://www.youtube.com/watch?v=mj19X1tMVp0>

E*TRADE:

<http://www.youtube.com/watch?v=sl0Xn4m73lY>

ARE YOU USING THE VAULT FEATURE AS MUCH AS OTHER ADVISORS?

Every client is different, and the items each client stores in the Vault may be slightly different, but one comment remains consistent among our advisors...

If the client's Vault is full, I don't need to worry about client retention!

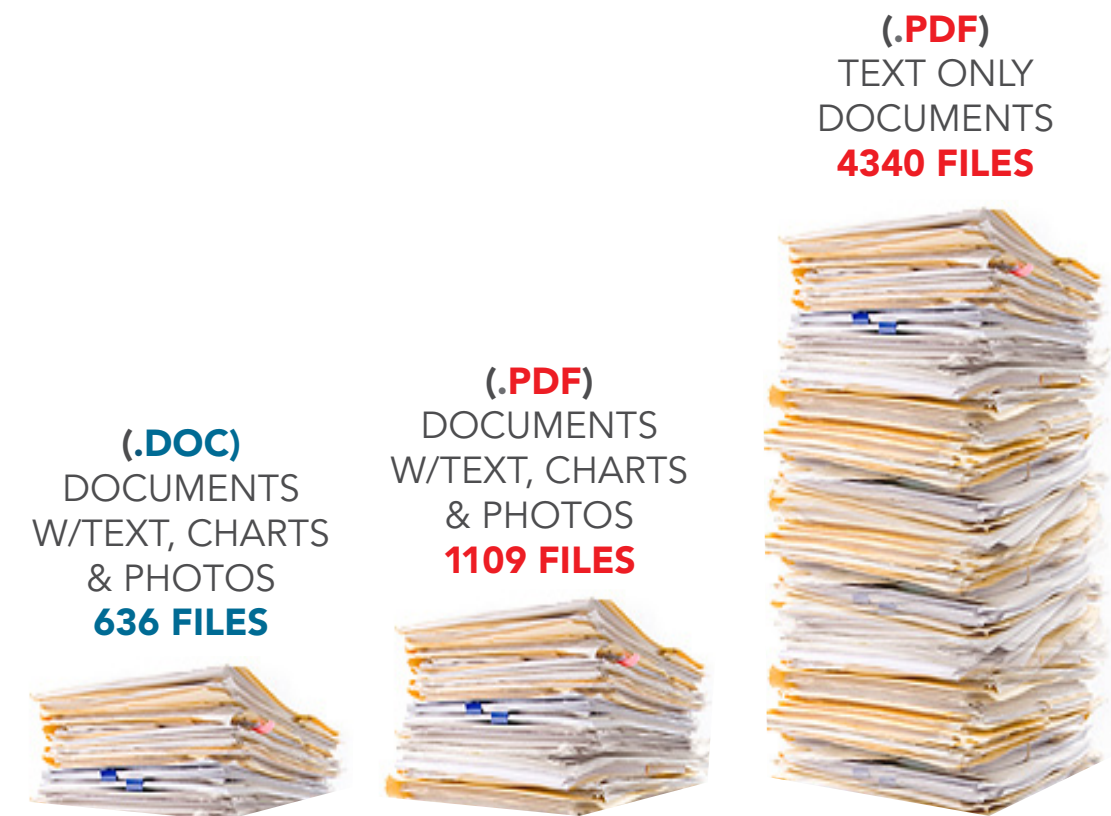
Don't think of the Vault as only a repository for your client's reports. Using the Vault to its full potential can further cement your relationship with your clients.

The Vault provides your clients with an online "safe deposit box" to store all types of personal records. The Vault can be used to store traditional documents (such as wills, trusts, and tax returns), personal files (such as birth certificates, passports, and monthly statements), and unique items (such as family photos, audio files, and medical records).

Remember that when clients use the Vault as their chosen method of organizing and storing their important documents, it creates a stronger investment in their relationship with you.

A sampling of our advisors found that the typical Vault space used per client was:

10.97 MB



**TYPICAL NUMBER OF FILES STORED
BY EACH CLIENT (BY FILE TYPE)
USING 10.97MB OF SPACE**

tech **toys** for your television



TECH CORNER

1. PROGRAMMABLE REMOTES

Combining the functions of all of your remotes into one easy-to-use universal remote used to be a complicated process, but the latest generation of remotes allow programming them via your computer. And the new look and functionality of these remotes make them a must-have.



The Logitech Harmony One can replace up to 15 remotes, has a color touch-screen, backlit buttons, and can be recharged with a docking station. Actions are listed by activities, so if the "Turn on TV" activity requires your television, cable box, and AV receiver to be turned on, the remote completes all of those actions with the click of one button. If you have problems with your remote, you can click the Help button for assistance.

www.logitech.com



The Philips Pronto has a customizable interface that allows you to design the buttons that appear on the remote's touch-screen. The ProntoPro NG allows for even greater design flexibility---enabling you to customize the button colors, background colors, and icons that appear on the remote. Adding the RF extender allows the Pronto to control devices out of the line of sight—like those in other rooms and in closed cabinets.

www.philips.com



2. BLUE RAY DISC

Now that Blu-ray has decisively won the high-definition format war against HD DVD, it's a good time to consider investing in a Blu-ray Disc player. Blu-ray provides a sharper image and better sound quality than standard DVDs, and Blu-ray Discs can hold more than five times the storage of standard DVDs (25GB on a single-layer disc and 50GB on a dual-layer disk). Another advantage is the coating on Blu-ray Discs, which make them difficult to scratch.

Although the best quality image will come from viewing Blu-ray Discs, Blu-ray players can play standard definition DVDs, and most players have an upscaling feature that can even improve the quality of standard definition DVDs.

Many Blu-ray movies come with both the Blu-ray version and Standard Version, as well as a digital version that can be copied and played on video players like the Apple iPods and iTouches.

www.blu-ray.com

3. DIGITAL VIDEO RECORDERS (DVRs)



If you never seem to be able to catch the shows you like to watch at the times they're shown or just want to skip the commercials, then a Digital Video Recorder (DVR) is for you. TiVo (one brand of DVR) allows you to search for shows by title, actor, category, or keyword, and then set WishLists of shows you'd like to record. When you select the shows you want to record, TiVo will record them, even if the viewing times change. TiVo also provides a mobile app for setting show schedules.

Watching TiVo allows you to pause, rewind, and fast forward, and even use instant replay and slow motion. TiVos can now record two different TV shows at the same time while you're watching a third recorded show. In addition, you can use TiVo to stream music, view movies from Netflix and Amazon, and browse YouTube.

If TiVo doesn't work with your cable provider, many of the cable providers are providing the DVR functionality inside of the cable boxes.

www.tivo.com

4. HOME THEATER SYSTEMS

To simulate the theater-quality movie experience without having to leave your house, you need a good home theater system. Most home theater systems include a speaker system for surround sound, an AV receiver, a DVD player, and remote. Both Sony and Philips make a number of good models, depending on your need and price range.

Sony's best models include a Blu-ray Disc player, wireless speakers, and access to streaming video. Philips systems provide ambisound surround sound, which produces surround sound with fewer speakers than a traditional system. Their SoundBars combine speakers, amplifiers, and a DVD player into one small unit that can be easily mounted below a flat-screen TV.

When price is not an object and you are looking for the best in sound, try either the Bose LifeStyle system (get the system that comes without the DVD player since you will be using your own Blu-ray DVD player, like the Lifestyle V30) or Yamaha YSP-4000.

www.sony.com www.philips.com
www.bose.com www.yamaha.com





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and your thoughts will be sent directly to our editors.



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