

**eMoney**  
Advisor



**AdvisorFocus** 

JULY 2009

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## FROM THE FIELD

### Maximize Your Time – Outsourcing Administrative Functions

When it comes to time management, Wendy Kawolik, President, One Advocate Group, advises finding a way to delegate tasks that prevent you from meeting with clients and prospects. While the timing might not be right to hire staff, advisors who want their practices to grow cannot do everything themselves. Kawolik struggled with the decision to hire staff, but once she hired a paraplanner, fee-based planning revenue increased significantly because she now had more time to focus on expanding her business.

Advisors who are not quite ready to hire staff can, however, start by outsourcing administrative tasks associated with creating a financial plan, such as data entry, transcribing planners' notes, and scanning client documents. Kawolik points out that outsourcing administra-

tive functions is a way to ease into delegation and to gain efficiency without adding overhead. There is another significant benefit to outsourcing: it gives the small shop the feel of being something bigger.

Outsourcing certain components of the financial planning process is a sound strategy not only when seeking a more prosperous future, but also when responding to spikes in activity. Consider, for example, Lenox Advisors. Lenox Advisors' financial planning unit is robust and sophisticated, with five Certified Financial Planners and a total support staff of twelve. When Lenox faced the challenge of preparing customized financial plans for a group of 200 new clients, however, they knew the opportunity would temporarily stretch them beyond their current capacity. They were faced with three choices:

overwhelm the existing staff, hire more staff, or outsource certain components of the process. They outsourced the data entry functions and used existing staff to oversee the process and provide quality control.

If you think you might benefit from outsourcing, the first thing to do is identify the activities that can be delegated. Although it is unwise to outsource the personal aspects of client service, there are several aspects of creating and monitoring a financial plan that can occur behind the scenes.

You next need to get comfortable with where "behind the scenes" takes place---be it your office or someone else's.

Finally, you must choose the right vendor.



#### Important Vendor Considerations

- Their privacy and security standards.
- Their level of understanding of the financial process.
- Their experience with your wealth management strategy.

Outsourcing the administrative details when building a financial plan is a way to explore delegation, to get the extra support you need without adding to the bottom line, and, above all, to spend more time with your clients. As revenue grows, you can add staff to enhance your practice and continue to rely on outsource partners, either for day-to-day financial planning support, or for helping when there are significant spikes in activity.

# in a nutshell



“The road to a brighter future  
remains long and winding.”

- Joel L. Naroff **CHIEF ECONOMIST**

The recession continues to lose steam. Confidence is rising, the stock markets are holding their own and even the weather seems to be cooperating. Now the true test for the economy will come. Will the return of the sun bring smiles to people's faces and get them into a summer spending mode again or will this downturn linger on and on?

By now, it was expected that “shovel ready” construction projects would have kicked in and the stimulus bill would be generating jobs, income and a better world for you and me. Okay, that is overdoing it a touch. Eventually, there will be lots of ribbon cuttings and by August we will prob-

ably be getting stuck in more and more traffic jams. That will signal our government is at work. As for now, the stimulus is slow in getting going.

To pick up the slack from the lagging construction efforts, the consumer has to start spending again. They seem to be doing that, at least cautiously. People have realized the recession is going to end and confidence is rising steadily. They are adjusting their thinking and consumption to that new reality. With the sun shining and summer upon us, we could be poised for a breakout in vacation-related spending.

Realistically though, consumers are not going to open their wallets

wide. They have been bruised and battered and have modified their spending habits. The savings rate hit a fifteen-year high in May. There is only so far households are willing to part with their hard-earned cash. Motor vehicles and other big-ticket items are being purchased judiciously.

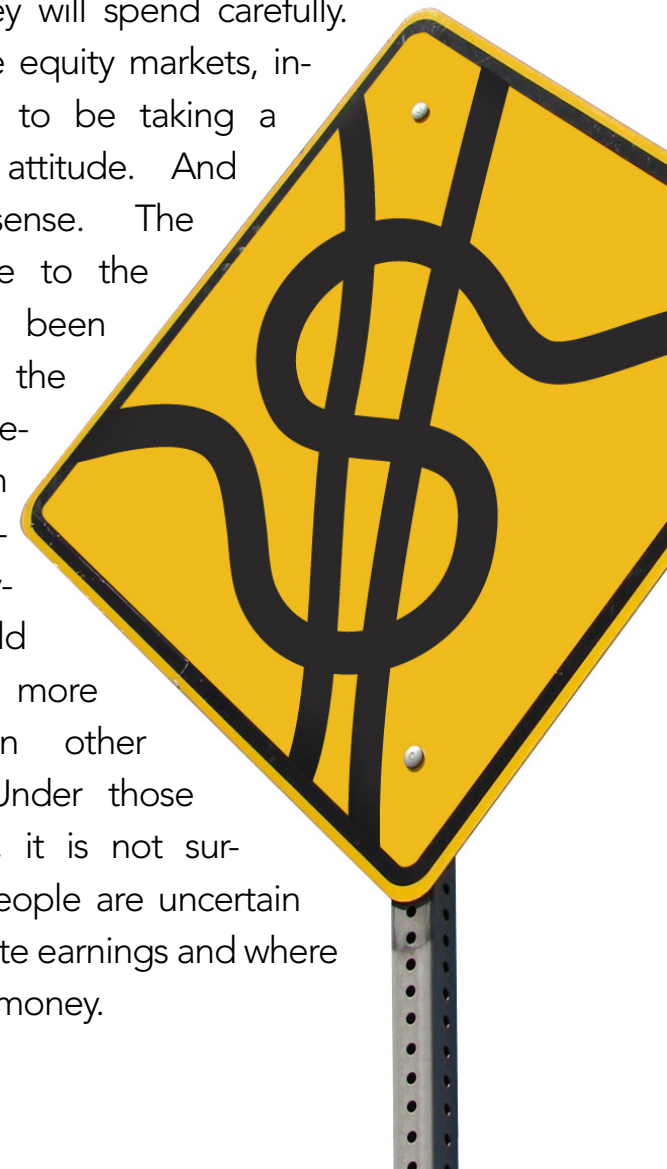
In contrast, smaller-ticket sales and the things that make people happy are beginning to move. The services sector has been the major beneficiary. The Institute for Supply Management's June reading of the non-manufacturing portion of the economy showed that conditions have just about stabilized. Also, their survey of manufacturers found that the decline is easing markedly. Okay, the upturn has not yet begun, but the skies are starting to clear.

Another place where the rain is letting up is housing. Home sales are inching upward and construction looks to have finally hit a bottom. Yes, that argument has been made before, but this time it really does seem to be happening. In addition, housing prices are finally showing signs of turning. The drop over the year has moderated and a rising number of metropolitan areas posted monthly increases in prices. Once buyers understand that they are not purchasing

a declining asset, they will be more willing to make offers. Sales are likely to continue to improve even though mortgage rates have edged up.

The one big remaining dark cloud is the labor market. Although the recovery is looking like it should be here soon, job losses are still way too high and the unemployment rate continues to rise. Unemployment data are lagging indicators and they are likely to rise well after the economy turns back up. As long as people are concerned about their jobs, they will spend carefully.

As for the equity markets, investors seem to be taking a wait and see attitude. And that makes sense. The damage done to the economy has been great and the upturn will likely be slow in coming, leading to a recovery that could be much more sluggish than other rebounds. Under those circumstances, it is not surprising that people are uncertain about corporate earnings and where to invest their money.





# FOR THE FIELD

## Retirement Stress Tests

Before a retirement plan can be shared with a client, it must be tested...by you, not by life. Many advisors overlook the testing phase, but it is an important way to put your client's mind at ease.

To put a retirement plan through a stress test, you need to be able to play "What If?" by subjecting the current financial situation to changing variables and then evaluating the resulting impact. Stress tests allow you to confront your clients' fears and demonstrate how adjustments can solve some of their worries.

When doing a stress test, test variables such as investment return or inflation rate. For instance, what would the impact be on the portfolio if a 3 percent return was earned instead of the 8 percent return you originally anticipated? How would the long term strategy change if inflation increased by a percentage or two? What happens

when you run a long term care analysis to prepare the portfolio for potential health issues? An advisor with tools to track the dynamic changes and test the consequence of those changes going forward can allay their clients' worries.

A retirement stress test also provides a good lead-in for prospects. When setting a meeting with a prospect, ask him or her whether their retirement plan has been tested against changing variables like those listed above. Offer to test their existing plan and come back with a detailed analysis. You are likely to find that their interest is piqued.

Retiring comfortably is as much a state of mind as it is a financial state. Help clients find a comfort zone that is right for them. Help them tune out the noise and listen to the facts. Help them see that their comfort zone ought not to be set by uncertainty and doubt, but by facts, data, hopes and dreams.

## Consider Asset Location when Determining Asset Allocation

In the past, implementing asset allocation strategies has been done account by account, because advisors did not have access to all of their clients' holdings. Now the eMoney platform gives advisors, and in many cases clients, their first look at a single comprehensive asset allocation view.

Using this "full view" allows you to extend the asset allocation discussion to include asset location. This conversation should cover how to allocate investments between taxable and tax-deferred accounts. By solely focusing on the allocation of stocks and bonds, it is easy to overlook the potential return impact account location can have on these asset allocation decisions.

In general, taxable investments like government bonds, corporate bonds, and preferred stocks should be held in tax-deferred accounts, while tax-advantaged investments like stocks (given current favorable tax rates for long-term capital gains and dividends) and municipal bonds should be in taxable accounts.

What many advisors are finding with the "full view" eMoney provides is that the allocation between these Qualified and Non-Qualified accounts could be made more tax efficient.

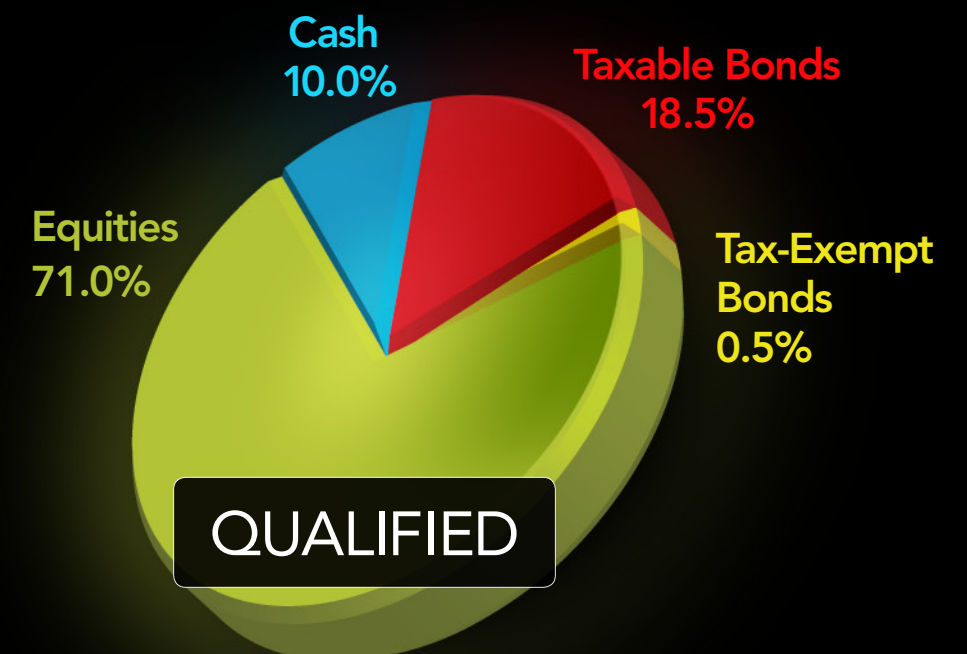
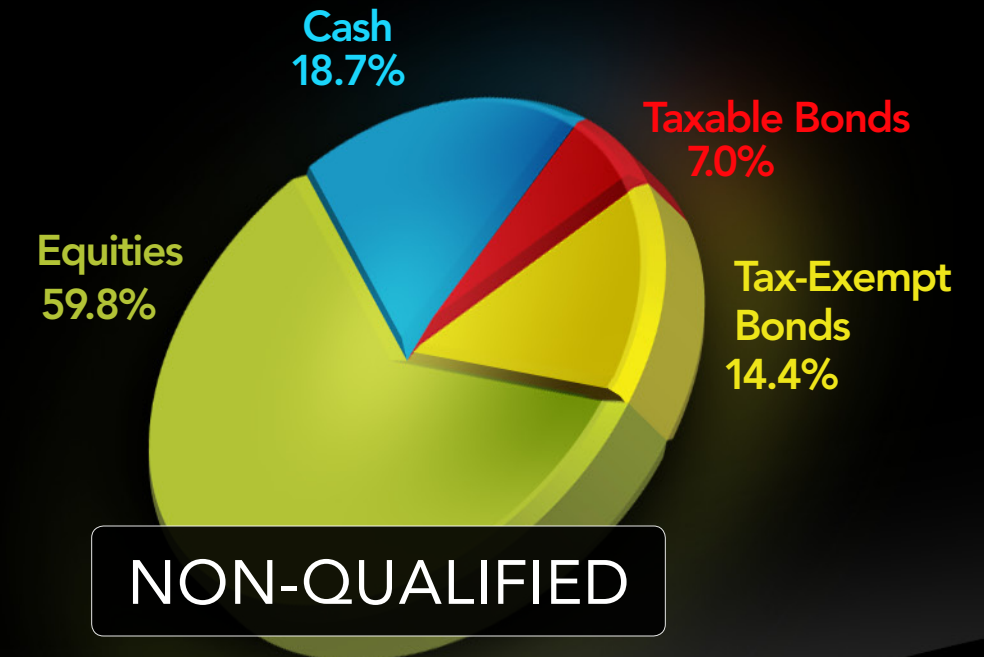
View the Investments report family in the application to take a look at your clients' "Full View" asset allocation and see what you find . . .



Indexes

## ASSET LOCATION COMPARISON

Sampling of eMoney Advisor users



# TECH CORNER

## TOP 5 TECH TOYS

### 1. AMAZON KINDLE



Amazon has released two new versions of the Kindle already this year (Generation 2 and the DX model). The DX is slightly bigger than the G2 version, and was supposedly designed for the college textbook market. The DX is capable

of holding over 3,500 books compared to the G2, which can hold 1,500 books. The Kindle Store allows the download of books, newspapers, magazines, and blogs directly to your Kindle. Amazon states that they have more than 300,000 titles (and growing) available for download. (Also according to Amazon, 109 of the 112 books currently on the New York Times Best Seller list are available.) With its free built-in wireless capabilities and PC-free operation, Amazon's Kindle holds a distinct advantage over Sony's Reader, and is a promising evolution of the electronic book.

**website:**  
[www.amazon.com/kindle](http://www.amazon.com/kindle)



### 2. SONOS

Installing a full home audio system has never been easier with the Sonos Multi-Room Music System. ZonePlayers talk wirelessly to each other and provide access to all of your music, whether available via computer, iPod, Free Internet Radio or through a music provider service like Rhapsody or Pandora. Sonos makes it simple to stream the music sources through every room of your entire house. (Note that you will need a wireless network in your home for this system.)

**website:**  
[www.sonos.com](http://www.sonos.com)



### 3. CONTROL4

If you are looking for more than music, then Control4 is the way to go. Not as simple as Sonos (because it is only sold thru installers), Control4 systems offer much of the same as Sonos with the addition of being able to control the entire house. In addition to controlling music throughout the home, Control4 offers one touch home theater, smart lighting, advanced temperature control, and safety and security systems. You don't need to start out with all the features – you can add on over time based on what your wallet can afford.

**website:**  
[www.control4.com](http://www.control4.com)

### 4. MOBILE DEVICES

It is practically impossible to keep up with the latest and greatest models of phones that come out each year. Even Apple has managed to upgrade and change their phone several times over the course of the year. As of right now, the iPhone, Palm Pre, and Blackberry Storm are the epitome of the cool tech toy.

**websites:** **iPhone**  
[www.apple.com/iphone](http://www.apple.com/iphone)

**Blackberry Storm**  
[www.blackberry.com](http://www.blackberry.com)

**Palm Pre**  
[www.palm.com](http://www.palm.com)



### 5. FLIP VIDEO

Pocketsize, easy-to-use, and high quality are the three main characteristics that describe the Flip Video devices.

The motto on their website – “As simple as it is Fun” – is a perfect description for this product.

**website:**  
[www.theflip.com](http://www.theflip.com)



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