4 WAYS CORONAVIRUS IS CHANGING WEALTHTECH P.31

Financial Planning

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1. IBD Report Card, Wealth Management Magazine, 2017 2. Industry Awards, Wealth Management Magazine, 2018
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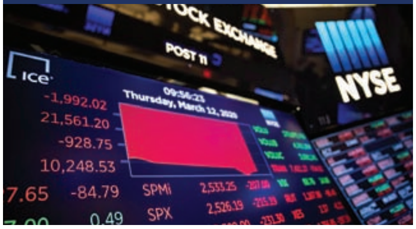

Retirement planning during coronavirus: Muni funds, debt strategies and more

When speaking with clients nearing retirement amid the pandemic, columnist Kimberly Foss reminds them to rely on one principle: Focus on what you can control. Go to: financial-planning.com/guide-to-growth

FEATURED PODCAST

Bringing incumbents up to speed in a digital age

Large wealth managers have shifted their tech focus dramatically to keep up with client expectations and industry disruption, Capco partner Bryant Fuller says in the latest episode of *Financial Planning's* Invest Podcast. Go to: financial-planning.com/podcasts.

Editor's View

Closing the diversity gap

It takes firmwide — and personal — commitment.

In April, as the coronavirus pandemic tore through America's most vulnerable communities, more than 40 women advisors and other staff at Dynasty Financial Partners turned from their portfolios and news feeds to virtually attend the firm's latest women's network gathering.

It was a particularly strong showing that day; members were anxious to learn and share ideas about supporting their clients, their families and themselves during the crisis. This commitment is what CEO Shirl Penney had in mind when he helped develop the women's network about three years ago.

"The initiative allows people to get together and talk about some really important issues," CEO Shirl Penney told me during an interview at Dynasty's New York City office earlier this year. "It's a confidential, safe environment."

The network benefits the company as well.

"I'm really proud to say that, in an industry that's still sub-20% women in financial services and wealth management, Dynasty is roughly 45% female," Penney says. "We need to do as much as we can to encourage more people to come into the profession. We have a talent gap right now, and it's on all of us to act on it."

Individuals, as well as networks, can make a difference when it comes to tackling diversity and inclusiveness challenges in the industry, as Sonya Dreizler writes in her column, "Why white advisors need to talk about race."

It took Dreizler years to be able to talk about the topic frankly, she writes. The perceived taboo is so powerful, she says, that her heart still races when she broaches it.

But the effort, she tells me, is vital to building an industry that attracts America's most talented planners, from all walks of life.

As she writes, "Everyone in financial services should be working toward an industry in which every professional feels they belong." — **Chelsea Emery**

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Retirement Advisor Confidence Index

Retirement contributions at record low

The COVID-19 economic downturn is forcing clients to scale back on long-term investments — with some even fearing a possible Depression.

By Kenneth Corbin

Retirement contributions and new enrollments in employer-sponsored plans have tumbled to record lows amid the coronavirus pandemic, advisors report in the latest Retirement Advisor Confidence Index — *Financial Planning's* monthly barometer of business conditions for wealth managers. "The coronavirus has really changed things," says one retirement planner. "People are scared and really nervous about the market and a possible Depression."

At a time when businesses are struggling to stay afloat and laying off workers, advisors are seeing fewer clients opening up workplace-sponsored savings accounts.

The component of RACI that tracks new participants in employer-sponsored plans dropped to 38.1, down 20 points from the same period a year ago, marking the lowest score ever reported in the survey.

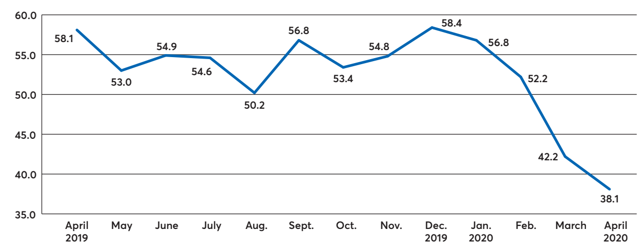
"It's clear the current pandemic and unfolding economic effects from it are taking a toll on not just retirement business, but all business in general," one advisor says. "Many people have been furloughed or are now unemployed, which halts retirement benefits being offered across the nation, as well as the amounts in retirement funds."

Overall, the composite RACI score in the most recent period checked in at 43.5, a one-point uptick from the previous month, but off 11.5 points from the same period a year ago.

RACI scores above 50 indicate an increase in client confidence, while scores below that mark signify that confidence is dropping.

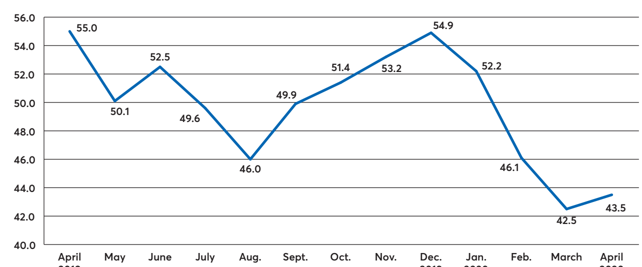
Many advisors offer anecdotal reports about the impact that the economic slowdown has had on retirement planning. "Business has dried up. Everyone is taking a wait-and-see approach," one retirement planner says. "A lot of local businesses are reducing hours and pay, which has resulted in less contributions to their retirement plans," says another.

NEW PARTICIPANTS ENROLLING IN EMPLOYER-SPONSORED RETIREMENT PLANS



Source: Arizent Research

RETIREMENT ADVISOR CONFIDENCE INDEX



Source: Arizent Research

Overall dollar contributions posted an all-time low score of 41.2, down 2.9 points from the previous month and off 22.9 points from a year ago, according to the survey.

The story was the same for the element of RACI that looks at total retirement products sold to clients.

That indicator notched a score of 37.4, another all-time

The Retirement Advisor Confidence Index, published in partnership with ADP®, is created by the editors of Financial Planning *and is based on a monthly survey of about 300 advisors. Visit financial-planning.com for more results.*

low and the first time the category dipped below 40.

The volume of retirement products sold was down 3.2 points from the previous month and 20 points from the year-earlier period.

"With the tremendously increased volatility of the stock market, clients have become much more wary and conservative in their retirement investing," one advisor says.

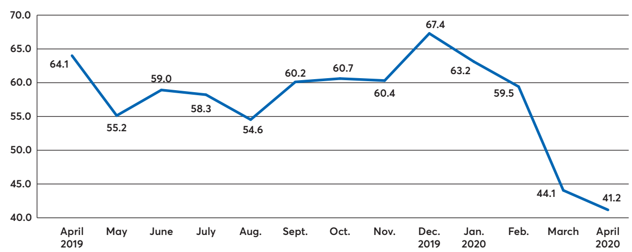
The fallout from the pandemic has many advisors trying to reassure clients that markets always recover and that their overall retirement plan is sound.

"I held various calls with clients to discuss current market conditions, reminding them that asset allocation we put in place is designed to ride out volatility," one advisor says.

"We're still consistent," another advisor says.

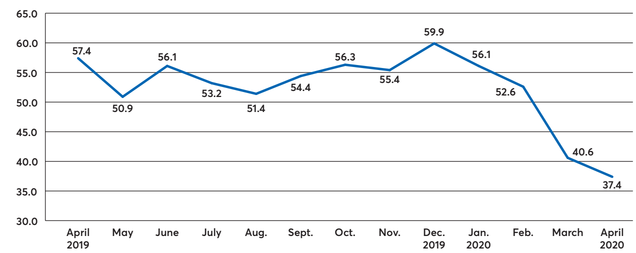
He adds, however: "There is concern and we're doing our best to soothe our clients' anxieties." **FP**

DOLLAR AMOUNT OF ALL CONTRIBUTIONS RECEIVED FOR RETIREMENT PLANS



Source: Arizent Research

TOTAL NUMBER OF RETIREMENT PRODUCTS SOLD TO CLIENTS



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***Kenneth Corbin** is a* Financial Planning *contributing writer in Boston and Washington. Follow him on Twitter at @kecorb.*

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Financial Wellness Report

How coronavirus may change clients' financial wellness

Amid anxiety stemming from the pandemic, retirement savers may be more engaged with their wealth, our exclusive research shows..

By Kenneth Corbin

Despite the massive economic disruption that has accompanied the response to the coronavirus pandemic, clients aren't quite pressing the panic button. If anything, the outbreak could encourage more retirement savers to think seriously about their long-term financial well-being.

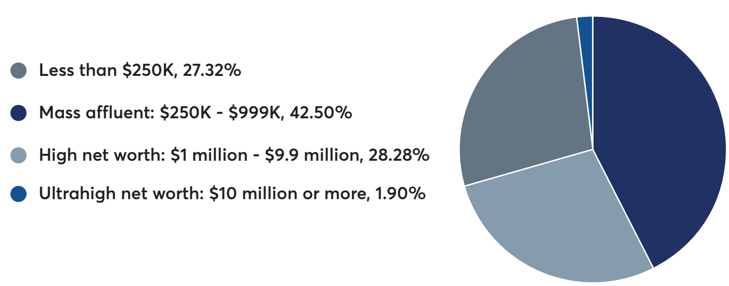
Advisors polled in *Financial Planning's* most recent Financial Wellness Report indicated that they are placing a premium on financial education and literacy these days, and that the fallout from the COVID-19 pandemic has helped bring some of those issues into focus.

"I think given the recent outbreak of COVID, clients are a lot more concerned about their savings and the welfare of their families," one advisor says. "The economic uncertainty and rates of unemployment have many people worried."

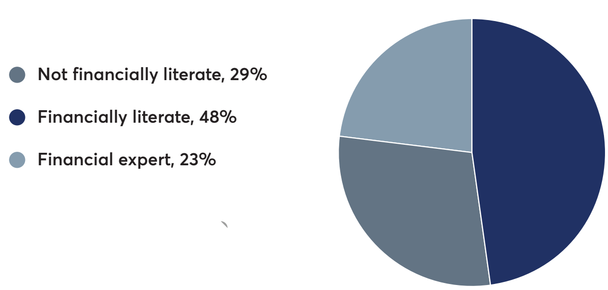
It can be an uphill battle. The 232 advisors surveyed for the Financial Wellness Report judge that just under 30% of their clients are not financially literate, which can weigh significantly on how advisors provide financial advice and offer education.

"With clients who are financially illiterate I have to tell more stories, allegories and give more easily intelligible explanations of things," one advisor says, observing that it can be difficult to reach a satisfactory "trust level" with those less-savvy investors."For those with more

Net worth of clients who have saved too little for retirement



What percentage of your clients are financially literate?



The Financial Wellness Report, published in partnership with ADP®, is created by the editors of Financial Planning *and is based on a survey of about 232 advisors in March. Clients were segmented by age and investible assets: less affluent (less than $250,000), mass affluent ($250,000 to $999,999), HNW ($1 million to $9.9 million) and UHNW ($10 million and more).*

literacy, the trust level is higher and they are capable of understanding some of the complexities associated with tax strategies, principles of asset allocation and diversification and strategic investment decision-making."

Advisors report that clients have at least a basic understanding of common tax strategies — such as minimizing liability and retirement plan contributions — though that baseline knowledge does not necessarily translate into general financial wellness.

For instance, while advisors say just 8% of their clients were either "not at all" or "not very" knowledgeable about retirement contributions as a tax strategy, they agreed that far more clients are not well-positioned for retirement.

Asked about their clients' overall preparedness for retirement, just short of a third of respondents say their clients are saving enough, and that nearly equal portions are saving enough or saving more than enough.

Of those, the largest single block of investors facing a retirement shortfall were the mass affluent investors — those with a net worth between $250,000 and $999,999 — though significant portions of clients in the surrounding net-worth brackets could also have trouble funding their retirement, according to the survey.

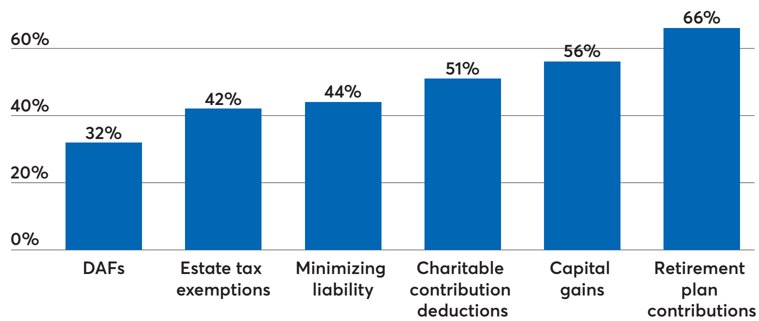
Advisors reported nearly even splits among their clients' respective preparedness in savings for emergency expenses and education, however they identified a major shortfall in savings for health expenses. Advisors said just over half of their clients either have no savings for health costs or not enough.

The survey found anecdotal signs that the economic anxiety from the coronavirus may have some positive impact.

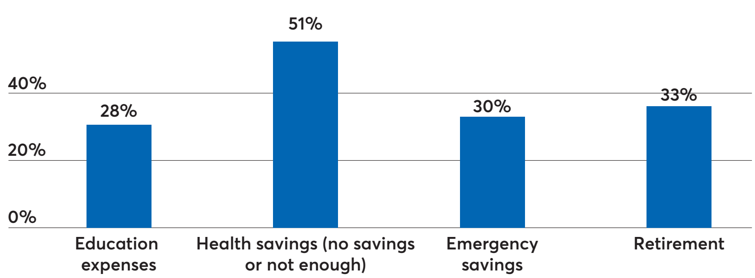
Many advisors also report that their clients' respective levels of financial literacy do not impact the products or planning strategies that they recommend, but some point to healthier relationships with higher levels of literacy.

"It impacts it a great deal," an advisor says. "Many of my clients come in confused and frustrated. I try to explain all aspects of their finances to give them the best options to save. The more literate they are, the better they feel they are putting their money in the right places." **FP**

How knowledgeable are your clients about retirement contributions as a tax strategy?



Overall, what percentage of your clients are not saving enough for ...?



Advisor vs. client wellness assessment

***Kenneth Corbin** is a* Financial Planning *contributing writer in Boston and Washington. Follow him on Twitter at @kecorb.*

Will conferences return?

A planner/M.D. gives her perspective on how the industry will reclaim its pre-pandemic sense of community.

By Carolyn McClanahan

One joy of financial planning is its sense of community. Thousands of planners volunteer for professional organizations and attend conferences to learn from each other and participate in study groups to elevate their practice. But this networking has been waylaid by the coronavirus.

Conferences are canceled and in-person events are shuttered for the time being. What will it take to get us back to rebuilding the communities that support our professional and personal growth?

My training in virology, laboratory pathology and emergency medicine gives me a different perspective of how to manage our profession and our society's new path forward. I do not pretend to be a futurist, but will share likely outcomes of what is in store.

Get the pandemic under control

There are four important components scientists must address to make our return to thriving in-person collaboration a reality.

Antigen testing — determines if someone is actively infected and carrying the virus. This is now the lowest-hanging fruit to control the spread of disease. Point-of-care tests where results are rapidly available are now in use and eventually testing can be done at home similar to a pregnancy test. Copious antigen testing is imperative to stop cases from surging again — we need the ability to test tens of millions of people quickly if we want to reopen the economy.

Antibody testing — reveals evidence of a current or prior infection. Many have the misconception that if they develop antibodies, they are immune to the virus. This is unproved and based on viral characteristics; it is highly likely that previous infection does not result in lifelong protection. The coronavirus is similar to viruses that cause the common cold and influenza and, as we know, we can get colds and the flu over and over in a season.

In a nutshell, antibody testing will likely not be useful as a gauge to whether we can move about safely without fear, but it will help us better understand how infectious the virus is and the true mortality rate for those who get it.

Vaccines — introduce antigens into our system to spur antibody development in advance of exposure to a virus or bacteria so our immune system can inactivate the offender before illness occurs. It takes at least 12 to 18 months to develop effective vaccines.

I do not pretend to be a futurist but I will share the likely outcomes of what is in store.

Some vaccines provide lifelong immunity from once-common and devastating diseases like polio. Others need occasional booster shots because our immunity wanes. Tetanus and diphtheria vaccines fit in this category.

The influenza vaccine must be given every year because this class of viruses undergoes small continual changes called antigenic drifts and occasional major changes called antigenic shifts. Antigenic shifts are responsible for epidemics. Virologists try to determine in advance what changes will occur to make more effective vaccines. Some years they get it right and some years they don't.

Where does coronavirus fit in this scheme? COVID-19 is a coronavirus that underwent a major antigenic shift to make it much more deadly than a common cold virus. Unfortunately, it will probably behave similarly to the influenza virus and its ability to morph over time will likely necessitate recurrent vaccinations.

Treatment — The current treatment for disease from coronavirus is supportive, that is, doctors treat the symptoms of the disease while the body clears the infection. People with less robust immune systems are more likely to develop serious illness, but seemingly healthy people are also becoming severely ill. We do not yet know why.

Antivirals stop the virus from replicating and, at best, mitigate the disease process. These drugs must be taken early in the exposure to work well. The coronavirus is difficult to stop because the virus replicates rapidly before causing illness. In most cases, patients don't know they are infected and are likely to start the antivirals too late to be very effective.

This pandemic will cause the quality of remote meeting technology to leapfrog prior systems.

The best hope is to have early testing through contact tracing of those exposed to the virus and to administer an effective antiviral drug before the person develops symptoms. Ideally, we'll discover a wonder drug that will do the job. In the meantime, doctors are developing best practices to support patients who become severely ill, but rigorous studies take time to show what truly works. The reason we are social distancing is to buy time to develop tests, vaccines, treatments and to let our health care system ramp up the ability to handle a large number of seriously ill patients.

Without social distancing, millions of Americans might already have died. As the case load dissipates, the smartest route is to gradually ease restrictions — allow businesses with low foot traffic to reopen while keeping common sense practices like wearing masks, copious cleaning and frequent handwashing.

Meanwhile, the incidence of new infections needs to be closely monitored with testing.

Incremental reopenings

As the number of cases declines and we have a grasp on disease characteristics and the best treatments, we can incrementally reopen more services and eventually larger venues — like conferences.

How long will this take? Likely the rest of the year. Ideally, all conferences will offer remote attendance. This pandemic will cause the quality of remote meeting technology to leapfrog prior systems. Those who are at high risk of serious illness should use abundant caution when attending conferences.

In addition to offering live session attendance, meeting rooms where electronic attendees can meet with other conference attendees to network or to virtually sit in on roundtable discussions would be a bonus.

The job of a financial planner is especially important in these troubled times. Humans — particularly those in our industry — are innovative. We will figure out the best way to use remote meeting technology combined with face-to-face interactions to maintain the human touch. **FP**

CHELSEA EMERY

The quality of remote meeting technology will leapfrog prior systems.

Carolyn McClanahan, *a CFP and M.D., is a* Financial Planning *columnist and director of financial planning at Life Planning Partners in Jacksonville, Florida. Follow her on Twitter at @CarolynMcC.*

Why white advisors need to talk about race

It's time to break the taboo for the benefit of your business, your colleagues and your community.

By Sonya Dreizler

White advisors need to talk about race.

When I say this to white advisors, they almost invariably ask: Why just us?

Because, I say, people of color in the industry — based on my discussions with them — are already accustomed to discussing race and ethnicity. They know this topic on an intimate level because it has almost certainly impacted their careers and personal lives.

Everyone in financial services should be working toward an industry in which every professional feels they belong. It is simply a moral imperative.

But for the purposes of this column, let's concentrate on the business reasons white financial planners need to get better at talking about race.

Although white Americans currently make up approximately 60% of the population, according to the U.S. Census Bureau, projections from the Brookings Institution show that by around 2045, white people will no longer make up the majority of the population. Already, "in 21 of the 25 biggest U.S. counties by population, nonwhite groups together make up more than half of residents," according to Pew Research data.

You may find it easier to stay silent and not take on this taboo subject. But by not acknowledging race, or by claiming to be colorblind, you ignore the lived experiences of people of color.

When we do that, whiteness becomes the assumed "normal" and people of color are made to feel like the "other."

Clients: To effectively serve clients of different races, being culturally knowledgeable about different attitudes toward money helps in relationship-building and aids in constructive communication with clients. Remember that cultural attitudes about money aren't always tied to race, but race often informs culture. Also remember that even if your primary client is white, that doesn't mean their spouse or kids are white, as well.

When white people stay silent, whiteness becomes the "normal" and people of color, the "other."

Staff: If you want access to the industry's full talent pool at a time when hiring and retaining top talent is crucial to growing a thriving business, it's absolutely foolish to alienate 40% of the population, even if that alienation is unintentional.

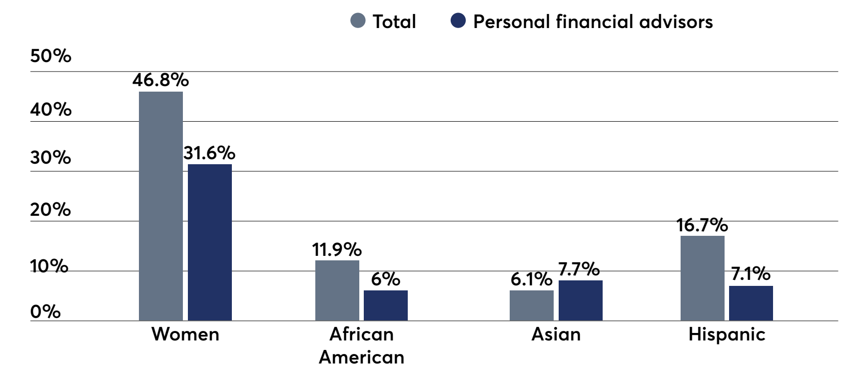
You can keep existing staff happy by learning about and acknowledging their personal and professional experiences.

Seek to open up deeper conversations about who they are outside of work.

By learning how to talk about race (more on that later) and by creating an inclusive workplace, you can allow your staff to be more themselves at the office. Otherwise, you may inadvertently be expecting them to code switch to conform to the default of whiteness.

Centers of Influence: The ability to talk about race and having an openness to understanding different cultures — especially those prevalent in your business community — will allow you to extend your business network and connect more deeply with centers of influence and with people who may refer business your way.

Diversity in America



Source: Bureau of labor statistics

None of this is easy. It has taken me eight years of conscious work to be able to talk about race frankly. But I can tell you that the effort has led to a more fulfilling life and has opened more doors than I could have imagined.

You don't have to know everything about a particular race or culture. You can learn by reading works by authors of color, or following experts and leaders on social media.

But the most important first step to expanding your thinking is to listen.

Keep in mind that everyone's experience is individual. For example, one black person's experience or opinions doesn't represent all black people's experience or opinions.

So please don't ask or expect colleagues from underrepresented backgrounds to give voice to entire communities of people who look like them. After all, we wouldn't assume that one white man's opinion is representative of all white men's opinions. We shouldn't do that with people of color either.

If someone from an underrepresented group shares their experience with you, believe them. Don't discount their experience because it is different from your own.

As you continue to listen and learn, you'll begin to see patterns emerging, and may well realize your lived experience has been substantially different from that of your colleagues or clients of color.

Not sure where to start listening? Try season one of the 2050 Trailblazers podcast, hosted by Rianka Dorsainvil, which addresses the lack of diversity in the financial planning profession via interviews with industry players. Or read "So You Want To Talk About Race" by Ijeoma Oluo.

Be candid about your learning journey and invite colleagues to give you feedback.

Enter conversations with a curious mind, but don't pry or expect people of color to use their time to educate you.

This is walking a fine line, to be sure. If you are worried about overstepping, be candid about your learning journey and invite those colleagues to give you feedback. And, If they give you feedback, don't be defensive; just keep listening with an open mind.

Finally, realize that the best intent and actions will not always translate to positive impact. If you find you've made mistakes, apologize for the negative impact you made.

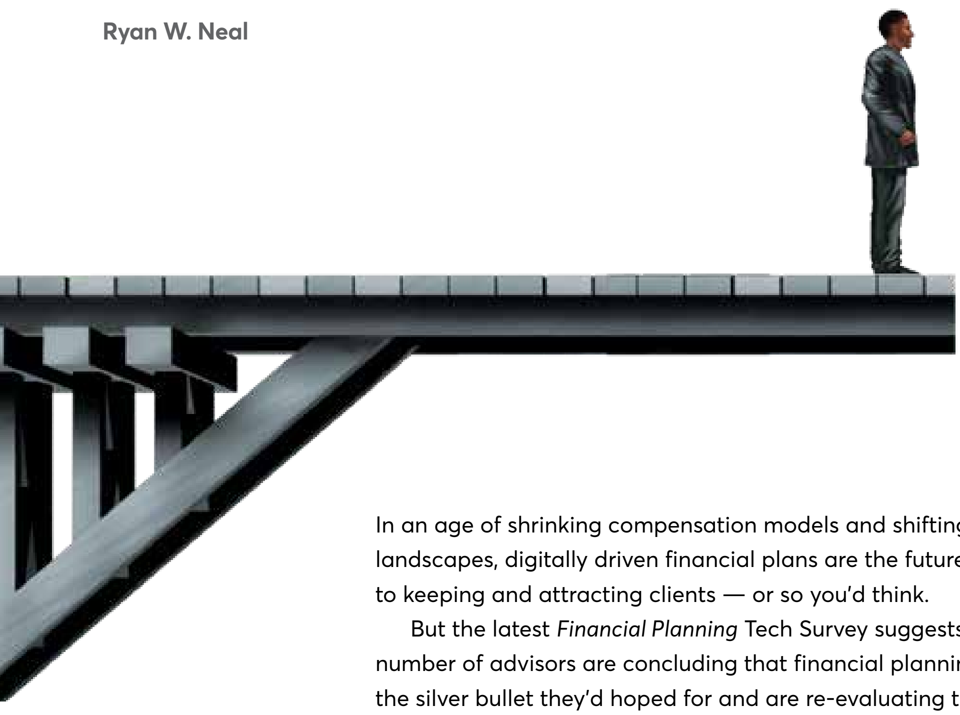
It's possible you'll never be entirely comfortable talking about race. It still makes my heart race a little when I talk about it on stage. But it's time to get used to being uncomfortable — for yourself, your business, your colleagues and your community. **FP**

Sonya Dreizler, a *Financial Planning* contributing writer, is the founder of Solutions With Sonya. Follow her on Twitter at @SonyaDreizler.

Advisors losing faith in planning software

Practitioners say it's too hard to use and too pricey and it doesn't meet the pandemic-economy moment.

Ryan W. Neal



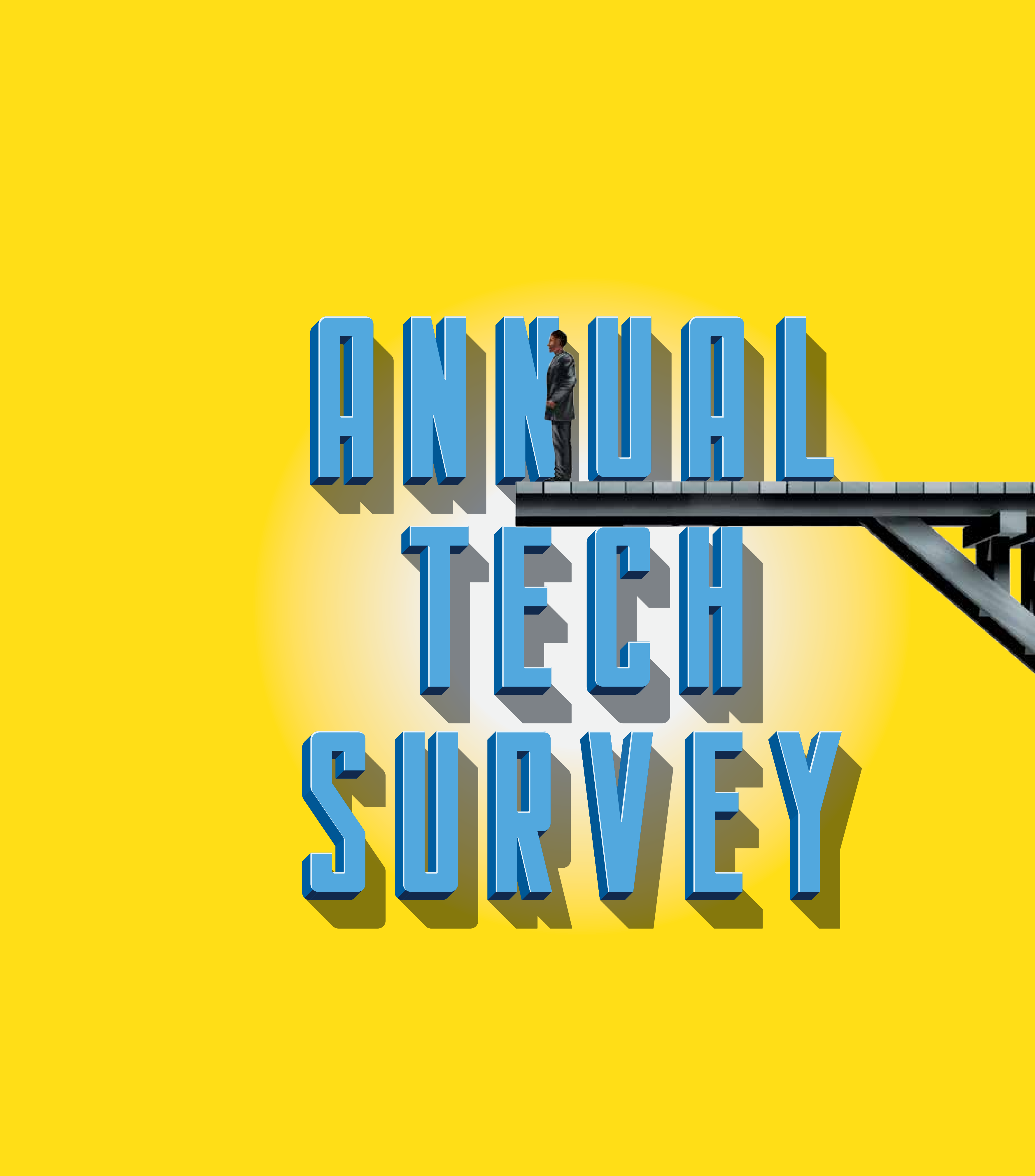
In an age of shrinking compensation models and shifting regulatory landscapes, digitally driven financial plans are the future when it comes to keeping and attracting clients — or so you'd think.

But the latest *Financial Planning* Tech Survey suggests a growing number of advisors are concluding that financial planning software is not the silver bullet they'd hoped for and are re-evaluating the value it brings to their practices.

Twenty percent of advisors say they are currently not using any financial planning software, a 16-point increase from the 2019 survey. Factor in that some advisors are using in-house solutions or consumer-facing tools, and the adoption rate of dedicated financial planning software falls even lower.

"I know advisors are still using [Microsoft] Excel and a piece of paper, basically," says William Trout, head of wealth management at research firm Celent.

Of course, an 80% user rate is very high for an industry typically slow to adopt new technology, but the decrease contradicts popular wisdom



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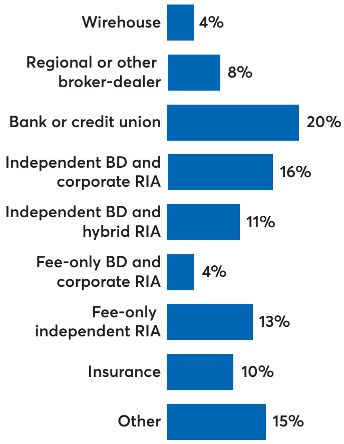
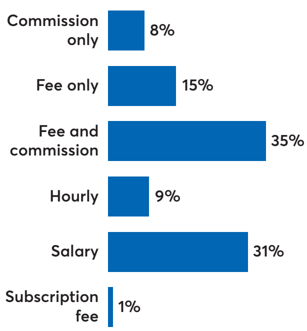
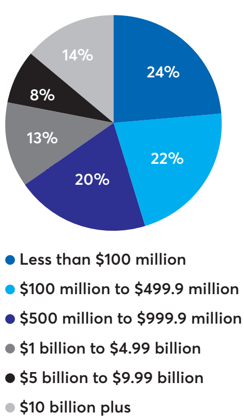


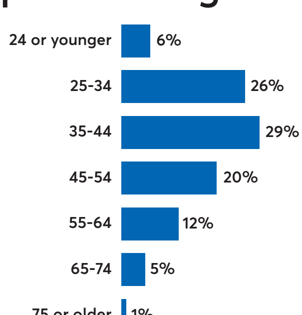
Revenue model



Firm's total AUM



Respondent age



about the direction of the advice industry. It could be that planning technology is so widespread that it no longer provides a real competitive advantage for firms, Trout suggests.

"[Advisors] are understanding that financial planning is not the panacea they've hoped," he says. "These tools are really playing a game of inches … they're really not moving the needle for advisors in terms of pricing power."

Like everything else, the global COVID-19 pandemic is impacting the tools advisors use.

Many are looking to get more hands-on with client portfolios during market fallout from the coronavirus.

Immediate advice

Clients are demanding advice that can help them in the here and now, says Erin Wood, vice president of wealth planning at Carson Wealth.

While planning tools on the market are great for long-term projections, she says, they fall short when it comes to immediate advice.

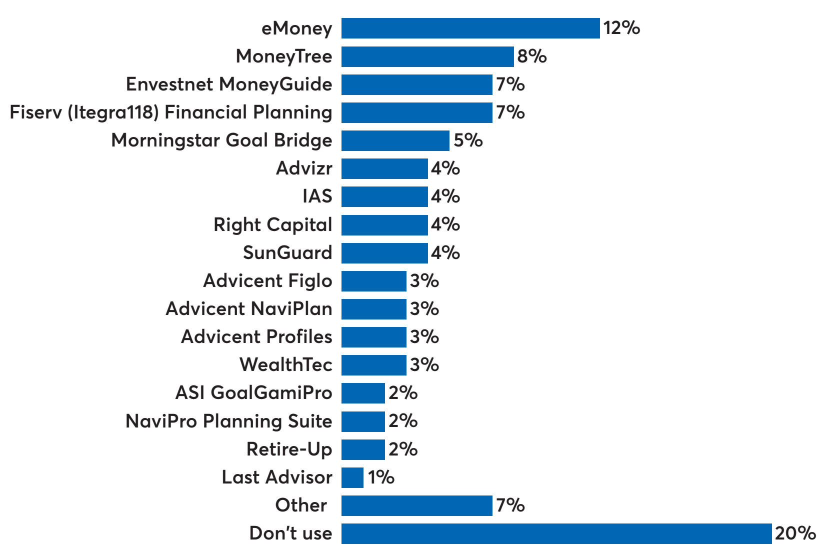
"The tools take time to update for the new rules, benefits and tax law changes. Advisors don't have time to wait for those updates to be completed, so they end up doing a lot of the work themselves ahead of software updates."

Rich Keltner, Tegra118's (formerly Fiserv Investment Services) director of

Celent's Will Trout says financial planning tools aren't "moving the needle" for clients in terms of pricing power.

Methodology:
The 2020 Financial Planning Tech Survey is based on the responses of 225 financial advisors. The survey was fielded online from March 31, 2020, to April 13, 2020. Note: The sum percentages may not equal 100% due to rounding.

Financial planning



product management, says advisors may be focusing less on making new plans and more on portfolio management and investment products such as annuities to help current clients get through the current market volatility in the midst of the coroanvirus pandemic.

"When an advisor is under pressure to get things done, the planning process may take too much time right now," Keltner says.

The market drop has also forced advisors to go over their budgets with a scalpel, says Nick Defenthaler, a partner with Center for Financial Planning. Some planning platforms are expensive, and advisors could see this as an opportunity to cut costs, especially if they are already putting planning on the back burner.

"I don't agree from a practitioner's standpoint, but at the end of the day, with so many solo advisory teams, that's going to be a common thing that you see," Defenthaler says.

Planning technology rose to prominence during the bull market of the past decade. Firms across the advice industry looked toward planning, once a niche offering, as a way to comply with new regulations, build stickier client relationships and justify fees as low-cost technology encroached on traditional investment management. Even wirehouses are pushing advisors to create financial plans for client accounts.

Lacking tech knowledge

But these advisors don't always have the technical knowledge or communication skills necessary to successfully integrate planning into a wealth management practice, says Cannon Financial Institute Executive Chairman Phil Buchanan.

"Experience shows while many use [financial planning tools] just on an ad hoc basis, others use them only on significant client relationships, and a smaller percentage uses it on a client base, full-scale effort," Buchanan says.

"We're asking people to change their business practices and to incorporate planning, and it goes back to the confidence in what to do and how to execute upon that. It can be a big challenge," he adds.

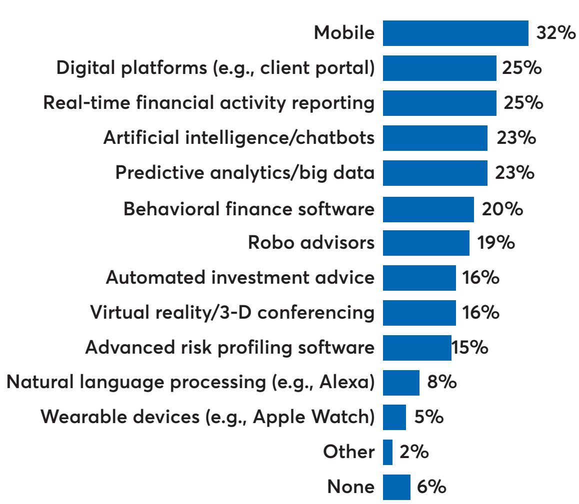
Digitizing and automating the heavy workloads involved in planning is supposed to make it easier for these firms to offer the service. That premise propelled some fintech startups into industry powerhouses. Two of the largest commanded nine-figure price tags, with eMoney Advisor selling to Fidelity for $250 million in 2015 and Envestnet buying MoneyGuide in 2019 for $900 million.

Mind the skills gap

Yet advisors still struggle with how to value the technology in their own firm, and how to express that value to clients. Clients are more aware of fees than ever before, and commercials advertising zero trading commissions aren't doing advisors any favors.

Portfolio gains are easy to talk about, while the benefits of a long-term plan remain "ephemeral or elusive," says Trout. "I think there has been some disillusion-

Which technology will change wealth management in the next 1-3 years?



Tools used by advisors

ment, or maybe a reality check, around the ability to charge for advice."

Some advisors end up only using a fraction of the available financial planning software capabilities, even though they are paying for the whole product.

Even leaders at top financial planning vendors agree this is a challenge facing advisors. Envestnet MoneyGuide President Tony Leal knows there are advisors who bought into planning despite being uncomfortable with some of the topics of conversation. While he hopes the next generation of planners coming out of graduate programs will change things, there will always be those who are better at helping people make money than at long-term life planning.

"There is no doubt in my mind that there are certain RIAs who struggle with that," Leal says. "It's just not how they were successful previously."

Jessica Liberi, eMoney Advisor's head of product, is trying to address the issue with enhancements to the technology. The eMoney Advisor's platform includes a "planning road map," she says, that quantifies the value-add for a client over the course of the plan.

But as these products expand, so does the learning curve and data entry burden on advisors, Wood says. Advisors end up only using a fraction of the available capabilities, even though they are paying for the whole product.

Keltner agrees. "Sometimes you only need a Ford and you're getting a Ferrari," she says.

Easier to use

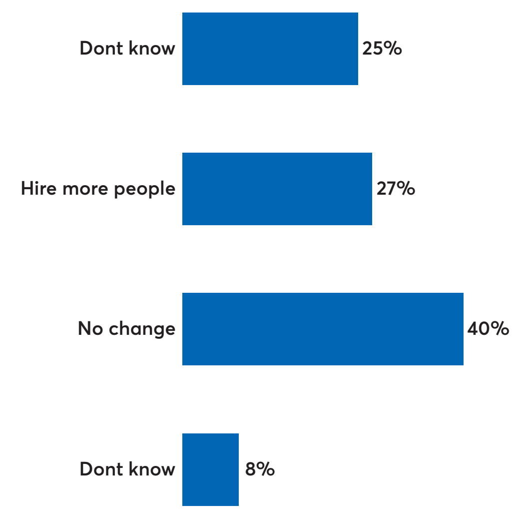
The vendors say they've heard this criticism and are investing toward making the products easier to use. MoneyGuide is developing its myBlocks program, which breaks down a plan into small pieces.

Carson Wealth's Erin Wood says clients are demanding advice that can help them in the here and now.

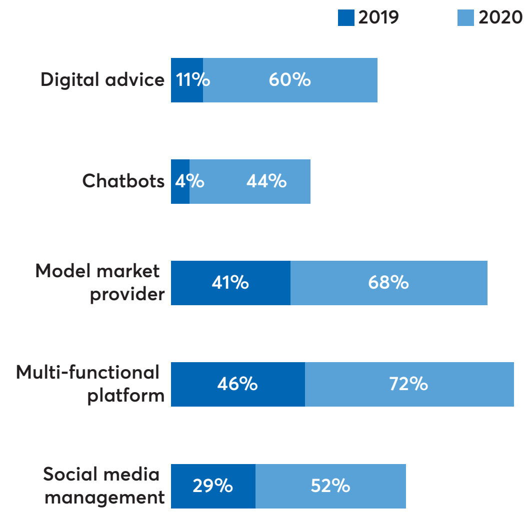
Using a Netflix-style menu, clients can complete the steps at their own pace and eventually build a comprehensive plan.

EMoney is investing in easier-to-use experiences and advisor training, Liberi says. Advicent also wants to encourage advisors to leverage its entire NaviPlan platform by easing the learning curve without sacrificing any of its sophistication.

Impact of new technology on hiring



Technology with largest year-over-year adoption increases



Vendors, however, say they don't have any internal indication that advisors are pulling back on planning technology. Both Liberi and Hussain Zaidi, president of Orion Planning (formerly Advizr), say that, on the contrary, they are seeing steady growth.

"EMoney is pretty well positioned as a technology to better engage with existing clients," Liberi says. "People need to have a solid and updated financial plan."

Marketing strategies

Advisors may be worried about keeping their clients, but Advicent chief operating officer Anthony Stich says they can use market volatility to build business with the right marketing strategy.

"There is increased demand around the concerns of financial certainty," Stich says. "Now is the time people are actually looking online, Googling topics around saving more money and rainy day funds."

But Michael Garry, chief compliance officer of Yardley Wealth Management, is doing so much rebalancing, tax-loss harvesting and fielding client questions that he doesn't have time to find new clients or undergo the lengthy process of creating a new financial plan.

> **"We've spent so much much time … talking to clients and responding to their calls and emails that we haven't done nearly as much planning as we ordinarily would do." — Michael Garry, Yardley**

"We've spent so much much time doing outreach, talking to clients and responding to their calls and emails that we haven't done nearly as much planning as we ordinarily would do," Garry says.

Nor is he revisiting plans for current clients, saying this market drop is the kind of scenario he's planned for.

"I have only opened the software up a couple of times, and not really making any changes," he says.

While Garry, a planning-centric advisor, isn't considering cutting back on his technology, he suspects other advisors who don't offer much planning to begin with could see it as a place to cut costs.

Stephen Cavagnaro, director of private clients at Anchor Capital Advisors, agrees that planning tools are more likely to be set aside during the current environment.

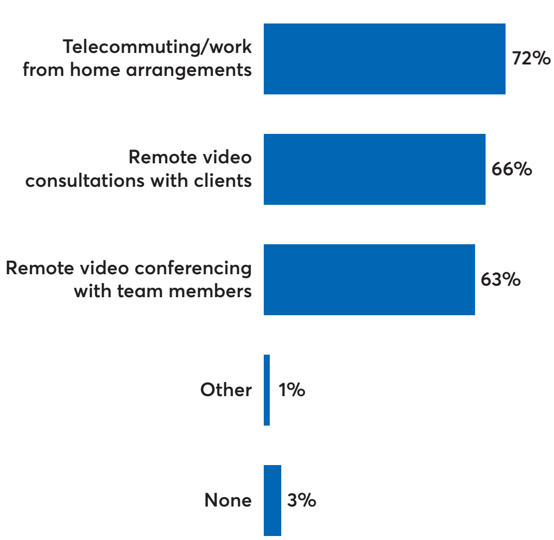
The conversations he's having with clients tend to be more emotional than strategic. That doesn't mean advisors should abandon planning altogether.

"While volatility can quickly skew the results in the short term, investors need to be reminded that the plan is a long-term solution," Cavagnaro says. **FP**

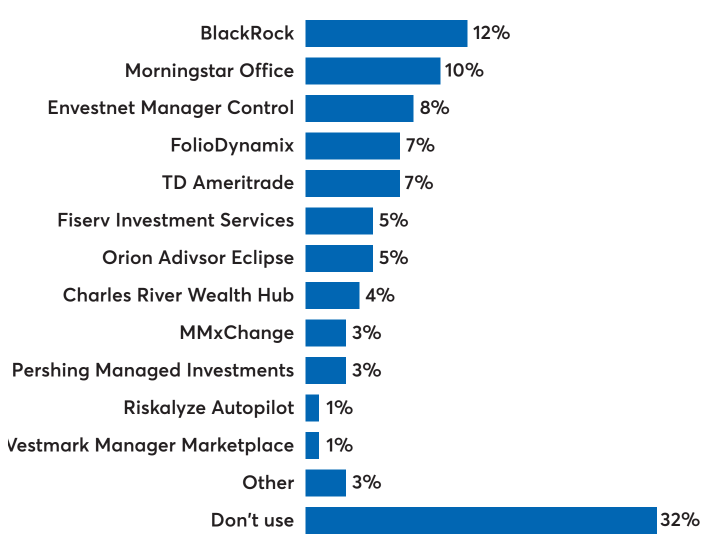
***Editor's Note:** Craig Iskowitz, founder and CEO of strategy consulting firm Ezra Group, contributed to this year's survey and analysis.*

Ryan W. Neal *is technology editor* at Financial Planning. Follow him on Twitter at @ryanWneal

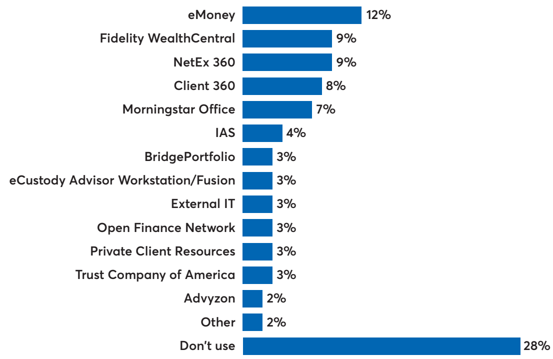
Technologies advisors are using more amid coronavirus pandemic



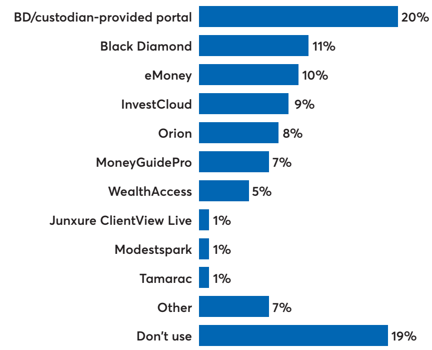
Model market provider



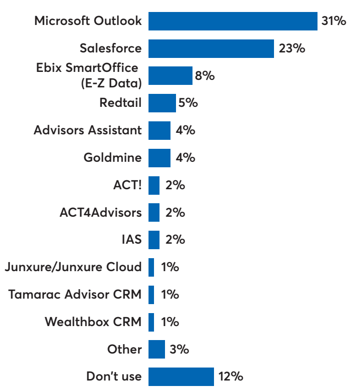
Multifunctional platform



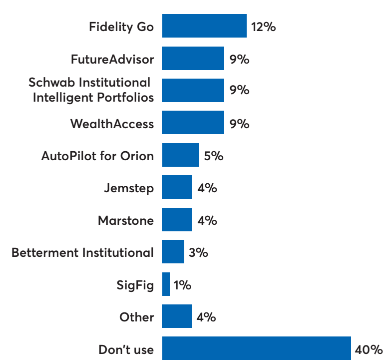
Client portal



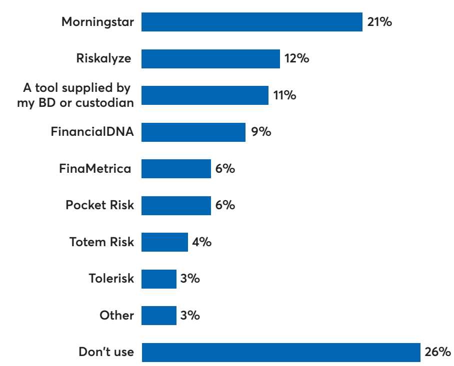
CRM



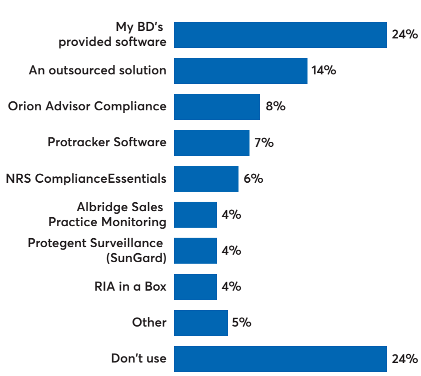
Robo advisor



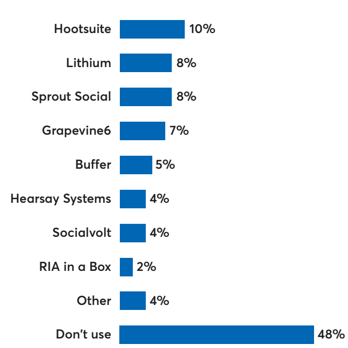
Risk assessment



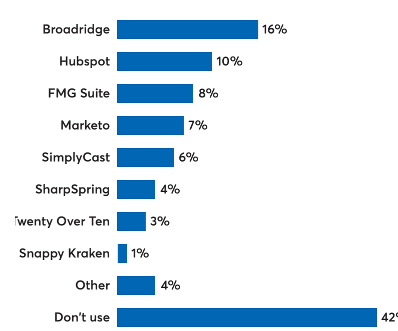
Compliance



Social media management



Marketing automation



How COVID-19 is changing wealthtech

From digital advice to fee transparency and fintech investment, the pandemic has touched almost every corner of wealth management.

By Suleman Din

Waves of tech-enabled disruption over the last decade still couldn't have prepared financial planning for the level of change that's been compressed into the last few months.

The impact of the coronavirus has been so swift and broad across the global economy, it's hard to say what lasting changes will come to planning and financial services overall.

But there are some early trends that advisors and wealth management firms should pay attention to.

No more digital advice debates

The pandemic has forced everyone online. The ubiquity of videoconferencing has demonstrated to Americans that much of their work can be done anywhere digitally; according to polling firm Gallup, 59% of employed Americans would want to continue working remotely if it were left up to them.

The realization that much of business can be done remotely will apply to the practice of wealth management. The in-person versus digital-only debate is now a moot point.

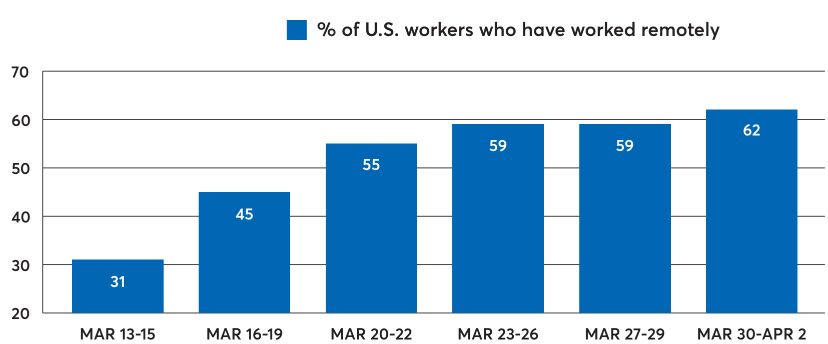
Necessity has also negated the premise that only one demographic can use digital. Firms set up for digital investing have reported brisk uptakes in their offerings — UBS, for instance, reported that client log-ins for its Americas wealth management business soared 26% in March compared to December, according to the firm's first-quarter earnings report.

The idea that independent robo advisors will falter in a crisis has found little traction, too, as Wealthfront and Betterment, the leading digital advice firms, reported double-digit percent increases in account sign-ups despite stock market turmoil.

Any firm without a digital advice offering is missing out.

As budgets continue to get punished, expect every firm to be investing in digital platforms and chasing the online-only client, and maybe start making choices to cut back spending on maintaining a large physical presence.

More Americans are working remotely



Source: Gallup panel, 2020

Little tolerance for surprises

The emerging investor generation has now lived through three market upheavals: 9/11, the 2008 economic crisis, and the current pandemic.

It's safe to say that this investor will have little tolerance for surprises like hidden fees and even less for unnecessary expenses.

"As much as we think everyone wants to do it all from their home on their iPhone, it eventually becomes complicated enough that you want to talk to someone."

Successful advisory firms will heed the psychic toll the crisis has wrought on clients and truly embrace the call for transparency in fees and investments that has swelled over the past few years.

Advisory firms that find favor won't play cute with legal explanations about fees, fine print, or offer up lengthy, scholarly treatises on their investing that make investor eyes glaze over; they will make it plain and simple enough that client fees and costs can be deduced in a glance.

Product risks will be clearly labeled and understandable.

Investment strategy explanations will be concise and written for clients, not experts, and easily available for one-click review, rather than placed deep within the entrails of a website.

The crisis is showing that the young investor is looking for opportunities and willing to invest.

Successful firms will eschew traditional bad practices and meet these clients online in good faith.

A new investing risk?

Though robo advisors and online brokerages are experiencing record increases in activity, it also means current hybrid digital advice models are being tested to capacity.

Before the pandemic, the industry was ramping up its efforts to add more advisors dedicated to working with digital-only clients.

JPMorgan in February announced it would be growing its advisor force to support new digital offerings like the You Invest platform.

"As much as we think everyone wants to do it all from their home on their iPhone, it eventually becomes complicated enough that you want to talk to someone," said Asset & Wealth Management CEO Mary Callahan Erdoes at the time.

However, most of these plans were being done under the premise of gradual growth in digital advice, not the volume of activity advisory firms are witnessing now.

That means service blockages across virtually every hybrid digital advice platform as clients wait to speak with a human advisor.

Global fintech funding has dropped from $11 billion in the fourth quarter of 2019 to $6 billion in the first quarter of 2020, according to CBInsights.

There's also the real likelihood of a system glitch taking down a digital platform at the worst time possible. For example, Robinhood has been the recipient of multiple class-action lawsuits after outages in March caused its trading customers to miss the biggest one-day point gain in the stock market's history.

Advisors with clients who have digital investments may begin to apprise them that these technical and capacity issues are in fact modern investment risks.

Regulators may also be moved to examine the issues surrounding these factors as well.

Cold water on hot investment

The pandemic has thrown cold water on what was a hot fintech investment scene.

Global fintech funding has dropped from $11 billion in the fourth quarter of 2019 to $6 billion in the first quarter of 2020, according to CBInsights, a low point not reached since 2017.

Already, the pandemic seems to have claimed one wealthtech innovation pioneer, Motif Investing, which abruptly announced in April it was shuttering.

CEO Hardeep Walia was prescient enough to pivot his brokerage app to subscription pricing three years before industry giants such as Schwab embraced the subscription model.

That sort of fresh thinking kept the industry on its toes, says Doug Fritz, head of industry consultancy F2 Strategy.

"He was smart and had great folks on his board. And if he wasn't successful? I don't think we can chalk it up to a bad business model — I think it's a harbinger of what's to come."

The industry has relied too much on startups to be nimble and create innovation, Fritz suggests, and incumbents will find themselves vulnerable if fintechs they've leaned on to get them digital find themselves out of capital.

Industry innovation will slow down as venture capital firms close down weak startups, Fritz says.

So in finding a path out of the current crisis and serving more customers in a more efficient way, the robo advice industry may move toward joint innovation efforts to sustain and protect a flow of the best ideas and new technology. **FP**

If you had the choice, would you...

Work remotely as much as possible	59%
Return to working at your office as much as previously did	41%

Source: Gallup panel, March 25-April 2, 2020. Based on U.S. adult workers who are working from home because of the coronavirus crisis.

Suleman Din, *former technology editor for* American Banker *and* Financial Planning, *is content lead for Arizent conferences. Follow him on Twitter at* @sulemandn

Wells Fargo drops robo advisor price

The hybrid platform gives investors affordable access to live advisors, the firm says.

By Ryan W. Neal

Wells Fargo has significantly dropped the price of its digital advice platform, which includes access to a human advisor. The new price undercuts competitive products and puts new pressure on digital advice fees, which some think could follow trading commissions in a race to zero.

Wells Fargo Advisors reduced the annual fee of its hybrid robo, Intuitive Investor, to 0.35% from 0.50%, and brought account minimums down from $10,000 to $5,000. Wells Fargo will shave an additional 5 basis points off the advisory fee if clients link their robo account with a premium Wells Fargo checking account.

The company has been discussing a cut since the third quarter of 2019 when Charles Schwab kicked off a chain reaction that brought trading commissions to zero across the industry, says Joe Nadreau, Wells Fargo Advisors head of independent brokerage and platforms services. When Wells Fargo followed suit, the firm decided to focus more on diversified portfolios, financial advice and recurring revenue.

First foray

The previous price point was too prohibitive for newbie investors, says Nadreau especially when IRA contribution limits make it difficult to reach the $10,000 minimum. The bank too often saw prospects drop out of the account opening process and take investing dollars elsewhere, he says.

Nadreau hopes lowering the barrier to entry will help bank customers feel more comfortable about keeping assets with Wells Fargo.

"For a lot of these people, it's really their first foray into investing. They are a little bit gun shy until they get comfortable with it," he says.

Intuitive Investor's new pricing makes it one of the most affordable hybrid robos on the market and also beats many digital-only options, according to Backend Benchmarking research analyst, David Goldstone.

"Wells Fargo is staying ahead of the curve with this recent fee reduction, he wrote in an email, adding that "[35 basis points] is quite low for an offering that has access to live advisors."

Live minimums

Robo advisors from Morgan Stanley, JPMorgan Chase and Citigroup don't provide access to a human advisor, while Bank of America's Merrill Edge Guided Investing requires a $20,000 minimum and charges 85 basis points for human advice. Betterment has advisors on its premium service at 40 basis points for investors with $100,000. Lower-fee options like Vanguard Personal Advisor Services and Charles Schwab Intelligent Portfolios Premium also carry higher minimums.

The closest comparison to Wells Fargo's offering is US Bank's Automated Investor with digital investing plus a human advisor for a $5,000 minimum and 0.24% fee, Goldstone says. "This is Wells Fargo making adjustments to be highly competitive with what else is available out there," Goldstone said.

Fee competition is nothing new in the robo-advisor space, but Goldstone sees Wells Fargo escalating pressure on a model already operating on "razor-thin margins."

The next salvo could come from Vanguard, which is currently beta testing a purely digital robo charging 15 basis points with a $3,000 minimum. "A digital-only robo advice product is highly scalable and we may see these products eventually have management costs reduced to zero over time," he says.

"Those that are purely robo, if they are beating us on price, so be it. We believe in having a human."

Nadreau says Wells Fargo isn't planning a digital-only version of Intuitive Investor with lower fees or minimums. "At some point with a product like this, people should probably stay in a deposit product … as opposed to a full diversified portfolio. Those that are purely robo, if they are beating us on price, so be it. We believe in having a human."

However, Anders Jones, CEO of Facet Wealth, says traditional firms like Wells Fargo are still overlooking a basic that consumers need: dynamic financial planning that takes into account every aspect of their financial lives. "Automated investing, no matter how you slice the fee structures or minimums, is not the panacea that legacy companies think it is," Jones says. **FP**

Ryan W. Neal *is technology editor at* Financial Planning. *Follow him on Twitter at @ryanWneal.*

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BLOOMBERG NEWS

Battling security hazards

Without centralized IT protocols, RIA cyber fraud scenarios are becoming nightmarish. Here's how firms can defend themselves.

By Ann Marsh

In early April, a financial advisor and her team met with an insurance company wholesaler via — as per the current coronavirus quarantine — the video conferencing platform Zoom.

Unbeknownst to them, another participant had joined the virtual meeting.

As the hacker captured details, the wholesaler named the price of a new policy and the advisor agreed to the terms.

It's likely that, even before the meeting ended, the eavesdropper generated an email to the advisor so it appeared to come from the insurer.

In a later forensic analysis, an overlooked detail revealed the spoof: It was a single letter the hacker changed in the insurance company's name.

After the meeting ended, the advisor received the message with instructions to wire money — in the low six figures — to a New York bank account. She did as instructed, sending the money to the hacker.

"This is how fast the bad actors are," says Brian Edelman, cyber consultant and founder of FCI in Bloomfield, New Jersey, who the insurer brought in to handle the breach. (He agreed to provide only general details, as he is legally constrained from discussing client cases.) Only rapid intervention by the FBI managed to recover the money, Edelman says.

Zoom has announced upgrades to its service, including enhanced encryption.

In response to issues such as this, Zoom has announced a series of ongoing upgrades to its service, including enhanced encryption and protection against tampering. The tool now comes with default passwords and participant monitoring, via virtual "waiting rooms," among other features.

In the midst of the COVID-19 crisis, similar fiascos are unfolding throughout the field of financial advice, Edelman and other experts say — some with better endings than others.

Given the rapidity with which the entire industry was forced to virtualize its operations in response to the coronavirus quarantine, many advisors and their firms have not taken remedial steps to protect themselves from attacks. When financial services went virtual in March, few advisors stopped to consider the agreements they clicked on to enable video meetings. Since then, sweeping security problems with such providers have been reported.

If even a small percentage of the trillions of dollars under management across all financial services is vulnerable, that amounts to billions on the line, says Sid Yenamandra, founder of cyber security software provider Entreda, based in Santa Clara, California.

"It's a train wreck," says Edelman, whose company provides cyber security consulting to large banks and other financial firms. "Without question, we are facing the single largest data breaches in the history of financial services today."

A Zoom spokesperson says the company has taken complaints seriously. CEO Eric Yuan now holds weekly webinars highlighting security upgrades, and users can access regularly posted tutorials and webinars on how to better secure meetings.

The dangers come not just from hackers making use of video conference platforms, experts say, but potentially from the platform providers themselves. Many apps own content generated during the meetings they host, according to privacy agreements users click to accept.

For example, Zoom can automatically generate transcripts of meeting conversations and later data mine those transcripts, according to Consumer Reports. A Zoom spokeswoman pushed back against that characterization, saying the company does not monitor its users meetings or sell user data and does not ever intend to.

"Working from home is fundamentally changing the risk paradigm for all industries, but particularly for wealth managers," says Yenamandra, whose clients include hundreds of RIAs and eight of the top 15 broker-dealers.

The scope of the change is illustrated by the explosion of Zoom's user base: from 10 million users in December to 300 million in April, the San Jose, California-based firm reports.

That upswing includes people in financial services, banking and asset management professionals. To cope with the night-and-day change in their business operations, many firms left highly secure systems tightly overseen by their firms' IT departments and allowed their advisors to move onto whatever setups they have at home.

"We are facing the single largest data breaches in the history of financial services today." — Brian Edelman, FCI

Resulting total dollar losses to the industry from theft through unsecure virtual channels are "going to be huge," says cyber consultant Wes Stillman, of RightSize Solutions in Lenexa, Kansas.

"Do you think home networks are as secure as what you've built in your company's RIA office?" asks Stillman, who is a *Financial Planning* contributing writer. "The answer is probably no. But yet we said, 'Hey, jump on your home network and do business as normal. That is very scary to me.'"

And scary as things may seem now, it's in the coming months that advisors and their firms will start facing tough questions in court as mounting claims to cyber insurers roll in, say Stillman, Edelman and Yenamandra.

All three consultants' firms provide planners and firms with cyber software or support packages.

Hack of family-run RIA

In the matter of the bogus insurance policy wire transfer, the money was recovered only because the loss was quickly discovered, Edelman says.

But increasingly, hackers are figuring out ways to build in delays to ensure wire transfers cannot be clawed back by authorities.

In a matter Stillman handled, two family members who own an RIA left town at the same time. The owners sent internal emails informing colleagues who was in charge in their absence. For hackers who had already been monitoring their emails — and who had also taken over one client's email — this was the moment they'd been waiting for, Stillman says.

Weeks earlier, the hackers sent a message purportedly from that client to the RIA, informing it of a new phone number. In response, the firm sent the client a form to fill out, confirming the new phone number. The hacker promptly did so and returned the form. The firm then updated the client's account in its CRM with the hacker's phone number.

That's a deep hack, according to Stillman. After the RIA owners left for vacation, the firm suffered wire fraud, according to Stillman. When employees called the client to verify that the request for funds was legitimate, Stillman says, the hacker answered.

Edelman says that some hackers move with such alacrity and uncanny timing that he suspects many are state-sponsored.

Stillman, for his part, imagines his foes as smaller fry.

"After I quit seeing red, I think they are just normal people. This is a job to them," says Stillman, "I picture it as a very bright person. Lazy. This is a great way to earn income, and they don't have to work for corporations."

Not that he'll ever know.

"When we turn this over to people like the FBI, we never get the details back," Stillman says.

But there is good news, experts say.

Advisors and their firms can reduce their chances of being hacked, phished, spoofed and otherwise digitally fleeced via their virtual workspaces:

• Always use up-to-date versions of virtual meeting tools. Automatically update the software when prompted.

• Use paid commercial versions of the apps, which come with more security — and not free ones.

• Use passwords for meetings and do not post passwords publicly, such as on social media sites.

• Use the "waiting room" feature where available, which enables a meeting organizer to admit participants, one-by-one, to join.

• Use two-factor identification to verify users via more multiple devices.

• Do not click on Zoom invites, especially from unknown senders. Instead, paste them into your browser directly. When users are unknown, do not use them at all.

• Ensure Alexa or Nest Cam devices in home offices are up to date and secured. If not, they could be hacked.

• Never say anything on a virtual meeting that you wouldn't want a stranger to overhear, Edelman says.

• Use code names when referring to specific client accounts or mention just the last four digits of any account number, in the manner that all paper account statements do, for security reasons, he adds.

• Don't share files or other sensitive data in a video conference. Although virtualized meeting services have enhanced their offerings by enabling meeting participants to chat with each other, share files and view white board notes, some apps may keep that data, and hackers who manage to get into a meeting may, too.

• Choose services with the best reputations for security. Experts interviewed for this story hesitated to recommend any providers, given how rapidly security standards can be breached and, in response, strengthened by companies. However, all cited the virtual meeting service Teams, part of Microsoft's Office 365 software package, as one of the most secure at the moment. They also note that Teams' strong security means it's neither as easy nor intuitive to use as Zoom.

While Stillman knows firms that have paid into the six figures for deductibles on their cyber risk policies following breaches, their insurers likely paid out more — well into seven figures, he says.

Despite steep losses such as these, Stillman thinks all the rude change foisted upon financial services will be a good thing over the long haul.

"There is a silver lining here," he says. "Once we get this figured out, it is going to change the way we in the industry talk to our clients, period, to the convenience of our clients."

Penny Crosman, executive editor of American Banker, *contributed to this report.* **FP**

Ann Marsh *is a senior editor and the West Coast bureau chief of* Financial Planning. *Follow her on Twitter at @Ann_Marsh.*

Tackling 'historic' call volumes

As clients expect more from their planners, companies that service advisors are doing what they can to help.

By Jessica Mathews

Some financial advisors are nearly losing their voices from speaking to clients, but they're not alone in fielding a flood of questions.

Companies including YCharts and AssetMark told *Financial Planning* their advisor communications have spiked in recent months. Fidelity Institutional had "historic call volumes" in March, according to the firm.

"People have been working late nights and weekends to make sure that we're staying current on those [advisor] requests," says Carrie Hansen, COO of AssetMark.

Clients want to hear more from their advisors — they opened up 47% more emails from their planners in March than February, according to data from advisor marketing platform Advisor-Stream. Demand is up for vendors, too.

The surge for YCharts came after an initial decline — early in the coronavirus crisis, advisor interactions slipped as planners started working from home and spent more time on client outreach, says James Han, vice president of customer success at YCharts.

Then it flipped in the last two weeks of March. Advisor conversations — whether via phone call, email or digital chat — were up about 50% compared to last year, Han says. The types of questions have been more in-depth, and conversations tend to be longer. "[Advisors] are asking a couple follow-up questions," he says.

Schwab, which also saw advisor inquiries slip in early March, says planners now are looking for reassurance that Schwab will function at the same level they're used to.

"The most reassuring thing we can do is continue to operate the way that we always have in terms of being able to deliver … whether it's handling their transaction, or being here to answer the call for them," says Jalina Kerr, senior vice president of client experience at Schwab Advisor Services.

Kerr says her team of about 150 people is focused on helping advisors learn to adopt digital tools. The custodian now offers webinars four times a week to demonstrate useful tech and business practices.

The team is also using its data to find firms still generating a lot of paperwork. Then they reach out to those RIAs to recommend tools such as DocuSign or electronic authorization features. The client experience team has added new popups for digital tools in the Advisor Center platform.

Asset manager AssetMark, which has about 7,000 advisors using its platform and TAMP, says calls are up. Over the last two weeks of March, the firm fielded approximately 1,600 to 1,900 calls a day — up from the standard 1,000 or 1,200 daily calls from advisors, Hansen says.

Advisors and clients make changes/new selections of investment products about 100 times a day, Hansen says, but trading volume has shot up. "Our highest day we got 1,800 investment solution changes," she says.

Firms that service advisors are having to meet this demand while settling into a remote environment. All YCharts and AssetMark employees are working from home. About 90% of Schwab's employees are doing so, according to Kerr, who spoke with *Financial Planning* April 3.


Gene Johnson, senior director of client experience at Fidelity Institutional, displays his home office.

Schwab has separated employees into groups — some of whom are fielding inbound phone calls and others who are supporting inbound operational processing support. Kerr says the strategy is working well, and calls are answered in four seconds, on average.

For YCharts, streamlining operations has been key. "We are just being more efficient with our time," Han says, noting they have become more efficient at answering commonly asked questions. For example, YCharts has added chart templates that allow advisors to see data related to coronavirus — including hospitalizations and cases per day.

Hansen says the company has upped communications with all advisors on its platform through meetings, including webinars. She updates them on the latest trading volume and how many calls are coming in, and lets advisors know the company is answering all inbound calls within 20 seconds.

At the beginning of April, David Canter, head of Fidelity's RIA custody division, began a LinkedIn virtual "coffee break with Canter" during which he is able to communicate with advisors and hear how they are helping clients at this time.

Companies say employees are also supporting one another and getting creative with ways to keep morale high. Schwab and AssetMark are passing along pictures of employees' home offices. YCharts had a "Tiger King" happy hour April 3.

"I think it's just really trying to find those connection points and find the silver lining in the challenges that people are facing, and I think it's helping the team rally and stay together," Schwab's Kerr says. **FP**

***Jessica Mathews** is an associate editor of* Financial Planning. *Follow her on Twitter at @jessicakmathews.*

Is a PPP loan reportable on my U4?

An advisor's broker-dealer warned that, because it's forgivable, it could be seen as a compromise with creditors.

By Alan J. Foxman

Q: I'm a dually registered investment advisor and registered representative. I'm registered with a broker-dealer but also have my own registered investment advisory firm.

I've heard about the Paycheck Protection Program loan available for those affected by COVID-19, but my broker-dealer warned me against taking the loan, saying it might be a reportable event on my U4 since it's a forgivable loan and could be seen as a compromise with creditors. Can you shed any light on this?

A: The U.S. Small Business Administration has made Paycheck Protection Program loans available to certain individuals and small businesses to offset some of the financial hardships they are experiencing during the coronavirus crisis.

A PPP loan is eligible for forgiveness if the terms of the loan are satisfied. FINRA has issued some guidance on this topic and has indicated that, if a registered person or their business obtains a PPP loan and the loan or part of the loan is forgiven, the registered person will not be required to report that forgiveness in response to Question 14K on their Form U4 as a "compromise with a creditor," as long as the PPP loan is forgiven in accordance with the original terms of the loan.

FINRA's Form U4 and U5 interpretive questions and answers section explains that "a compromise with one or more creditors generally involves an agreement between a borrower and a creditor in which a creditor agrees to accept less than the full amount owed in full satisfaction of an outstanding debt," unless such an agreement is included in the original terms of the loan.'

In the agency's other FAQ, it states that "because a PPP loan contemplates forgiveness of some or all of the loan as part of the original terms of the loan, such forgiveness will not involve a new agreement by the creditor, but will be an event consistent with the loan's original terms. … In those circumstances, the forgiveness of a PPP loan will not be a 'compromise with creditors' for purposes of Form U4 Question 14K. Any forgiveness beyond the original terms of the loan would be considered a 'compromise with creditors.'"

However, as you also own a registered investment advisory firm, you should be aware of possible disclosure requirements in Item 18 of the Form ADV Part 2A disclosure brochure.

That section requires disclosure of any "financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients."

The loan requires that the signatory certify that "current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant."

The commission says that, if you took the loan in order to pay the salaries of your employees, you should disclose that in your Form ADV disclosure brochure.

This should not be read narrowly, however. It is just an example that the commission gives in the FAQ.

My takeaway from the SEC's FAQ is that they will likely consider any use of the loan for any sort of operational purposes as "likely to impair your ability to meet your contractual commitments to your clients."

Think of it this way: If you have to furlough employees, or even close your doors because of your finances, that would likely then impair your ability to meet your contractual commitments to your clients.

Based on this guidance, I would suggest that investment advisors who have taken a PPP loan, should, in most cases, disclose it in Item 18 of the Form ADV Part 2A.

At a minimum, they might give this information in a separate disclosure document delivered to all clients. **FP**

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Alan J. Foxman is a Financial Planning *contributing writer and managing director at Foreside Financial Group in Delray Beach, Florida.*

ALSO IN CLIENT: SOCIAL SECURITY AT RISK? P. 43 | SAVVY WAYS TO GIFT ASSETS, P. 44

The CARES Act does not grant a free rollover for every RMD dollar, but subsequent IRS guidance relaxed restrictions.

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The most-asked CARES Act questions

How will the relief package impact retirement accounts? CPA Ed Slott fields this and other top financial planning queries.

By Ed Slott

The retirement provisions in the CARES Act may at first seem straightforward, but dig deeper into the legislation, and questions may start accumulating.

The points I've been asked about most seem to center on waivers of RMDs for 2020 and the availability to clients of penalty-free withdrawals of up to $100,000 from retirement accounts for coronavirus-related distributions (CRDs).

Here are some of the specific and most frequently asked queries I've been fielding:

What types of accounts are impacted by the RMD waiver?

The waiver applies to traditional IRAs and accounts including SEP, SIMPLE, 401(k), 403(b) and 457(b) plans.

Defined-benefit plans are not a part of the waiver.

Does a client have the option to take a 2020 RMD?

Yes. Any withdrawal taken in 2020 will be treated as a voluntary distribution.

Be aware that taxes will still apply, but the withdrawal can also be converted to a Roth IRA, as it is no longer an RMD.

An RMD already taken in 2020 is not considered an RMD and can be rolled over to a Roth IRA if it meets the 60-day rule.

My client turned 70 ½ last year. His first RMD was for 2019, but his required beginning date was April 1, 2020. He elected to delay taking this first RMD until 2020. Is that RMD waived under the CARES Act?

Yes.

The CARES Act also impacts 2019 RMDs for those who reached age 70 ½ in 2019 and had an RBD as of April 1, 2020. Any 2019 RMD amount not already withdrawn by Jan. 1, 2020, is waived.

We have many clients who receive RMDs automatically on a monthly schedule. Even though those clients already took a portion of their 2020 RMD, can they elect to stop the remaining payments?

Yes, they can.

Earlier this year, my client took an RMD for 2020 from a traditional IRA. Then the CARES Act came along. Now she would like to have this RMD payment go into her Roth IRA instead, leaving the taxes paid exactly as is. Can this be done? It is beyond 60 days.

Usually, RMDs cannot be rolled over or converted to Roth IRAs. However, since the CARES Act waived 2020 RMDs, any RMD already taken in 2020 is no longer considered an RMD, which means it can be rolled over to a Roth IRA as long as — and this is important — it meets the 60-day rule.

OK, but if a client already received all or a portion of her 2020 RMD, can she return it to the IRA and eliminate the tax bill?

It depends.

While the CARES Act does not grant a free rollover to everyone for every RMD dollar, subsequent IRS guidance in Notice 2020-23 further relaxed rollover restrictions.

As of this writing, anyone who takes an RMD between Feb. 1 and May 15, 2020, has until July 15 to roll over the RMD payment. Future guidance could further expand rollover relief.

For all RMDs received in January 2020 and after May 15, the 60-day deadline still applies.

Any client who takes an RMD between Feb. 1 and May 15, 2020, has until July 15 to roll over the RMD payment.

Under the act, the once-per-year rollover rule also still applies. If another IRA-to-IRA (or Roth IRA-to-Roth IRA) 60-day rollover was done in the previous 365 days, then the RMD cannot be put back.

This means that if a person received monthly RMD payments in 2020, only one can be rolled over.

Note that rollovers from employer plans to IRAs, and vice versa, do not count toward the once-per-year rule. This rule is unaffected by the rollover relief in Notice 2020-23.

While the CARES Act waived 2020 RMDs from both inherited IRAs and Roth IRAs, they cannot be rolled over.

My client passed away in January without taking his 2020 RMD. I am working with his children to establish inherited IRAs. Do they need to take his year-of-death RMD?

No.

Since the decedent passed away in 2020, when RMDs were waived, there is no year-of-death RMD to take. Beneficiary stretch rules under the SECURE Act will apply.

Eligible designated beneficiaries inheriting in 2020 looking to stretch payments are unaffected by the CARES Act and will have their first RMD due in 2021. Non-eligible designated beneficiaries unable to stretch inherited payments under the SECURE Act are still bound by the standard 10-year payout rule. The 10-year rule does not become an 11-year rule.

Can I still do qualified charitable distributions for my clients, even though their RMDs are waived?

Yes.

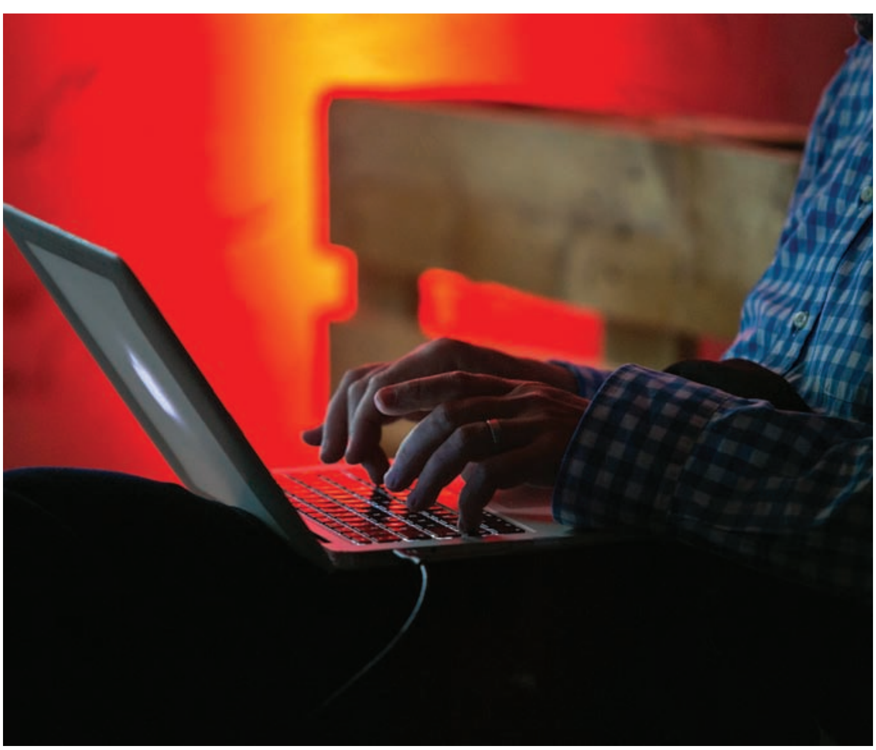
QCDs can still be made even in years when no RMD is required.

As long as clients are otherwise eligible (age 70 ½ or over), then QCDs from IRAs are still available in 2020 as a planning tool.

Are 72(t) withdrawal requirements waived for 2020?

No.

This law does not apply to anyone taking early distributions under the 72(t) exception to the 10% early



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Questions about the CARES Act have advisors working late into the night.

withdrawal penalty. Such 72(t) payments are not RMDs, even if they are being calculated using the RMD method.

These schedules must continue as is for 2020.

Any modification or failure to take the required payment could result in retroactive penalties.

Eligible beneficiaries inheriting in 2020 looking to stretch payments are unaffected by the CARES Act.

Can I do a Roth conversion for my client, or roll their 401(k) dollars into an IRA without taking the RMD first?

You can go ahead with the conversion and/or rollover without concern about taking the 2020 RMD prior to the transaction.

In a normal year, the "first dollars out" rule dictates that the first money withdrawn from an IRA or a workplace plan is the RMD.

These first dollars out, however, are ineligible for a rollover.

That said, because RMDs are waived, the "first dollars out" rule does not apply for 2020.

Will the government waive the 60-day rollover requirement and/or the once-per-year rollover rule?

Only time will tell.

In 2009, the last time RMDs were waived, the IRS did eventually also waive the 60-day rollover requirement, but that guidance did not arrive until late in the year.

In that instance, the IRS didn't waive the once-per-year rule or allow non-spouse beneficiaries to roll over funds.

Do inherited IRAs fall under the waiver?

Yes.

2020 RMDs are waived for both inherited Roth and inherited traditional IRAs. For those IRAs inherited by non-designated beneficiaries (say, a charity, estate or non-qualifying trust) that are subject to the five-year payout rule, 2020 can be disregarded.

Must my client be negatively affected by the coronavirus for the RMD waiver to apply to her?

There are no prerequisites for the RMD waiver. It automatically applies to everyone who has an RMD from an impacted account.

Do not confuse rules in the CARES Act for coronavirus-related distributions with the RMD waiver — these are separate and distinct provisions. Frequently asked questions about CRDs follow below.

What special tax relief is available for coronavirus-related distributions?

The CARES Act allows qualified individuals to take distributions of up to $100,000 penalty-free from their IRA or company plan during 2020.

Further, it allows the distributions to be repaid to IRAs or company plans, and permits federal income tax on those withdrawals to be spread out over three years.

The three-year repayment period begins the day after the date the funds were received.

Who qualifies for relief?

Unlike IRS relief for disasters such as hurricanes and wildfires, this relief is available only to qualified individuals:

- Who have been diagnosed with the SARS-CoV-2 or COVID-19 virus by a test approved by the CDC
- Whose spouse or dependent is diagnosed with the SARS-CoV-2 or COVID-19 virus
- Who experiences "adverse financial consequences" from being quarantined; being furloughed or laid off or having work hours reduced; being unable to work due to lack of child care; or having closed or reduced hours of a business they owned or operated.

Can someone with both an IRA and company plan withdraw the $100,000 limit from each?

No. The $100,000 is an overall limit. IRA and company plan withdrawals are aggregated for this purpose.

Are there any restrictions on how the CRDs are used?

Surprisingly, no.

When must the CRDs be taken?

CRDs can be taken at any time during 2020. This means distributions taken between Jan. 1, 2020, and March 26, 2020 — before the CARES Act date of enactment — also qualify.

Are CRDs taxable?

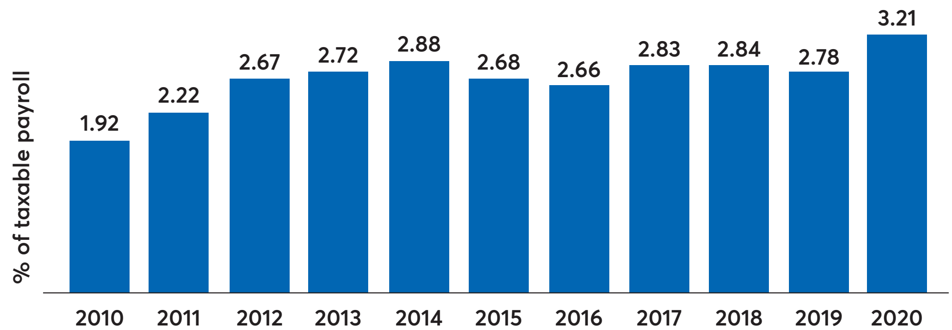
Generally yes, but CRDs can be repaid tax-free. If they are not repaid, income can be spread over three years.

Can those age 59 ½ or over qualify for CRDs?

Yes, although those individuals would not be subject to the 10% penalty anyway. They still get to repay the CRD or spread the income. **FP**

Ed Slott, *a CPA in Rockville Centre, New York, is a* Financial Planning *contributing writer and an IRA distribution expert, professional speaker and author of several books on IRAs. Follow him on Twitter at @theslottreport.*

Social Security's 75-year deficit projection rises



Source: Social Security Trustee reports data compiled by the Center for Retirement Research at Boston College

Social Security at risk?

People born in 1960 could see a permanent cut in benefits.

By Tobias Salinger

The coronavirus pandemic and accompanying economic upheaval could have lasting and ugly effects on Social Security benefits for millions of clients, according to a new report.

Falling wages "can have significant implications for the Social Security benefits of those currently nearing retirement," Alicia Munnell, the director of the Center for Retirement Research at Boston College, wrote in an April 28 study of the Social Security and Medicare Boards of Trustees' latest annual report. The pandemic casts an uncertain shadow over this year's data.

"To the extent that COVID-19 results in a decline in average earnings in 2020, those born in 1960 (who turn 60 in 2020) could see a permanent cut in their benefits," Munnell said. Until there are updates in the average wage index next year, it won't be possible to know by how much.

Since the trustees compiled the report before the coronavirus began spreading in the U.S., it includes a projection that the average wage metric will rise by 7% in the next two years. Still, the 2019 repeal of Obamacare's tax on so-called Cadillac healthcare plans, economic modeling and demographics pushed up the program's 75-year deficit by 43 basis points to 3.21% of payrolls.

"Lawmakers should address these financial challenges as soon as possible," the trustees said in a statement. "Taking action sooner rather than later will permit consideration of a broader range of solutions and provide more time to phase in changes so that the public has adequate time to prepare."

The program could still be fully solvent through 2094 with payroll tax increases of 3.1 percentage points in 2020, or 4.1 when it's projected to become insolvent in 2035, according to the nonpartisan Committee for a Responsible Federal Budget. A benefits cut of 19% this year or 25% in 15 years would have the same effect.

The economic and health impact of the pandemic will likely trigger lower payroll tax revenue and an increase in disability claims, among other factors, that "will almost certainly" speed up the insolvency, the report adds.

However, the combined Social Security trust funds would be able to pay 79% of currently legislated benefits in 2035 without any actions. In fact, simply increasing payroll taxes by 1.6 percentage points on employees and employers would solve the program's "manageable financing shortfall," Munnell notes.

Regardless of economic damage from the coronavirus, policymakers could protect benefits. For example, they could use first-quarter payrolls in their formula or provide ad hoc wage growth for 60-year-olds. If there's no cost-of-living adjustment in 2020, a loan to the Medicare Part B Trust Fund could help avoid premium hikes.

"Once again, the problem can be solved, but the impact of COVID-19 on Social Security is multifaceted," Munnell wrote. "As soon as we get the immediate issue of the pandemic off our plate, it would be a good idea to take steps to ensure that people retiring in the mid-2030s and later do not see a 20% to 25% cut in benefits." **FP**

Tobias Salinger *is a senior editor of* Financial Planning. *Follow him on Twitter at @TobySalFP.*

To shift taxable income, grandparents can transfer dividend-paying equities to a younger family member.

Savvy ways to gift assets

Here's how clients can offer meaningful financial assistance to their children or parents.

By Donald Jay Korn

Shifting money "upstream" or "downstream" can be an effective and tax-efficient way to transfer assets to family members.

Aid to aging parents who may be living on tight budgets is termed "upstream" gifting, says Ryan Halpern, a CPA and wealth advisor with Brightworth in Atlanta, while "downstream" transfers refer to plans involving younger generations — although the so-called kiddie tax can add an extra layer of complexity.

"For income shifting, client motivation usually results from a desire to make gifts to parents or adult children who are in much lower tax brackets," says Sheila Padden, a CPA and planner who heads Padden Financial Planning in Chicago.

Transfers to parents may involve gifts of dividend-paying stocks or stock funds. The payouts usually are qualified dividends, on which clients might owe 15% or 20% in tax. For taxpayers with 2020 taxable income up to $80,000 on a joint return ($40,000 for singles), such income falls into a 0% tax rate.

Ultimately, the clients who gave away the equities might inherit them in the future with a basis step-up, effectively removing any tax on all prior appreciation.

Another plan is to give appreciated securities to seniors, who can sell them for needed cash. Again, if taxable income is up to the amounts mentioned previously, there will 0% tax on profits treated as long-term capital gains.

Gifting often stems from a desire to assist parents or adult children who are in much lower tax brackets.

Whereas parents may have significantly reduced income in retirement, clients' children may be a long time away from their peak earnings years.

To shift taxable income, dividend-paying equities might move to a younger generation to generate untaxed dividends, or clients might transfer appreciated securities that are planned for sale so their children can cash in without paying tax on the gains.

The kiddie tax, which applies to dependents under age 19 and full-time students under 24, may affect downstream gifting.

"To determine if a dependent child is subject to the kiddie tax, add up the child's net earned income and net unearned income," Halpern says. "Then subtract the child's standard deduc-

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tion to arrive at taxable income."

The portion of taxable income consisting of net earned income is taxed at regular rates, while net unearned income over $2,200 this year is taxed at the parents' marginal federal income tax rate, Halpern notes. Thus, if clients have kids, tax planning would focus on keeping investment interest, dividends and capital gains below $2,200, where taxes will be low.

"Gifting highly appreciated shares to adult children who are not subject to the kiddie tax, while staying under the $15,000 annual gift tax exclusion limit, can be a good strategy if the children are in very low income tax brackets," Padden says.

Assuming these assets have a long-term holding period carried over from the parents, the child could sell, possibly use the 0% tax rate, and use the proceeds for a down payment on a first home, Padden points out.

Downstream income shifting also can be part of a larger estate plan, says Brooke Salvini, a CPA and financial advisor, who heads Salvini Financial Planning in Avila Beach, California.

"A client has been gifting shares of an LLC that mainly holds farm land to younger relatives," she says. "The LLC generates some income from leasing land for row crops, so increasing the children's and grandchildren's ownership percentage, without giving them a controlling interest, spreads the income into lower tax brackets."

Salvini says her main role has been guiding the parents through the decision-making process. "We've discussed how much control and ownership they are comfortable transferring," she says.

For kids, tax planning should focus on keeping investment interest, dividends and capital gains below $2,200.

An alternative to gifting assets, Halpern notes, is for business-owner parents to hire their children. Earned income is not subject to the kiddie tax, so salaries that are deductible for a business can be reported by a son or daughter who will owe little tax.

When hiring family members, it's vital to document that their compensation is reasonable for the work performed, and that the parents' reported earnings also are reasonable.

COVID-19 wrinkle

The complexities involved in explaining income shifting to clients have been heightened by the coronavirus pandemic.

"Recent market volatility has put a halt to, or at least slowed, some of these tactics," says Halpern, "as clients are feeling a bit more hesitant about transferring assets to their children or parents. Once markets settle down and the recovery is in sight, I believe these tactics will resume."

Salvini says her clients with the LLC had planned to give more shares to younger relatives, starting in February. "COVID-19 brought it to a halt," she says. "It makes sense to take care of this now — estate planning is always important but never more so than now, with the health crisis.

"The uncertainty of these times is making it hard for them to move forward, but I'll keep encouraging them to start the process,"she adds.

With some encouragement from advisors, clients can strengthen family ties and reduce the tax collector's share of multigenerational income. **FP**

Median annual income of the population age 65+

Demographic	Income
Individuals	$24,224
Households	$41,125

Source: pensionrights.org, 2017

Life post-paychecks

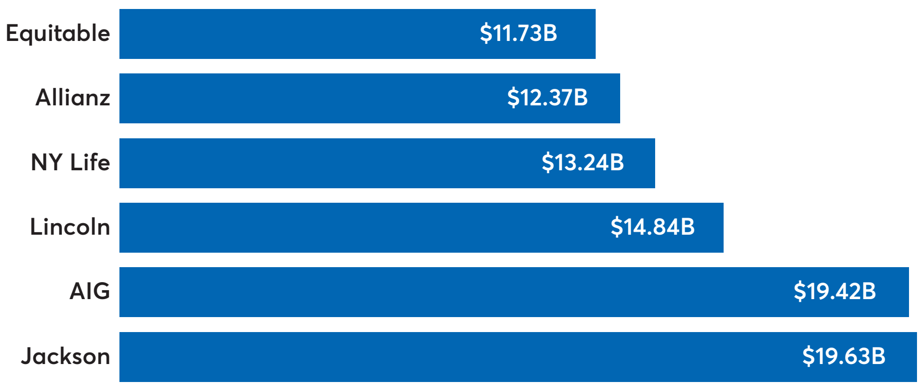
Median income, by age, with no earnings

Age	Income of individuals
65+	$19,352
65-74	$19,317
65-69	$18,300
70-74	$20,292
75+	$19,382

Source: pensionrights.org, 2017

__Donald Jay Korn__ is a contributing writer for Financial Planning *in New York.*

Top U.S annuity issuers by 2019 sales



Source: LIMRA secure retirement institute, U.S individual annuities sales survey

Is it time to talk to clients about annuities?

Just as in the wake of the 2008 financial crisis, experts say there is rising interest in the products among advisors.

By Tobias Salinger

In the middle of a public health and economic crisis, a so-called flight to safety sounds like a great idea.

That's what happened in the last financial crisis, experts say. Even as the coronavirus has already prompted annuity issuers to alter their products following the Fed's interest rate cut in March, annuities are still coming off their best year for sales since 2008.

Fixed annuities, fixed-index products and structured annuities — which hadn't even hit the marketplace that year — could prove attractive to advisors and clients in 2020 as low interest rates slash the yields on CDs and bonds, according to experts. In some cases, the annuities could present returns three times as high as 10-year Treasurys that have fallen below 1%.

These conditions make it a good time to discuss whether annuities might fit a client's goals, says Sheryl J. Moore, CEO of research firm Wink. The suspended sales of certain annuities, lower-ceilinged rates on other products and further adjustments to the shelf in response to the macroeconomic factors could be spooking some planners, according to Moore.

"There's a sense of impending doom for a lot of advisors," she says. "The great thing is that, once we get through this, we're probably going to get record sales."

She and Michael Robinson, co-founder of The Blueprint Insurance Services, recall the flight to safety that happened in the wake of the financial crisis years ago. Index annuities with lifetime income riders could play a critical role in the current one, Robinson says.

"Every insurance carrier across the board has lowered rates in conjunction with what's happening in the marketplace," he says. "The true actual concrete ability of the client solution has not changed, and that goes across the board for all clients using this solution: it's the upside potential with limited downside risk."

> "Once we get through this [time period], we're probably going to get record sales."

Fixed account payouts between 2.30% and 2.85% look compelling at a time when 10-year Treasury rates are around 0.70%, agrees David Lau, CEO of DPL Financial Partners. To the fee-only insurance network's founder, the situation displays how much portfolios have changed in recent decades.

Cash that's "basically earning zero" these days would have been delivering far higher yields to clients some 15 or 30 years earlier, according to Lau.

"Sometimes you unfortunately need an event to cause people to pay attention, and I think this really highlighted the risks that are in portfolios, along with the benefits that annuities can provide," Lau says. "The amount of risk being put into portfolios is just far greater than it has been in the past just because interest rates are so low."

Low interest rates hurt annuity sales before the pandemic ushered in a new recession. Fixed annuity sales tumbled 18% year-over-year in the fourth quarter to $30.8 billion, and total sales slipped by 8% to $57.6 billion, according to the LIMRA Secure Retirement Institute.

Still, fixed products and FIAs set records in sales in 2019, with fixed annuity contracts rising by 5% from the previous year to $139.8 billion and FIAs up 6% to $73.5 billion. Total sales expanded by 3% to $241.7 billion — the largest value of contracts sold since 2008.

In terms of issuers, Jackson National Life Insurance regained its position as the No. 1 seller after losing the top spot to AIG in 2018. After Jackson ($19.6 billion) and AIG ($19.4 billion), Lincoln Financial Group ($14.8 billion), New York Life Insurance ($13.2 billion) and Allianz Life ($12.4 billion) rounded out the rest of the top five issuers in 2019, the institute's figures show.

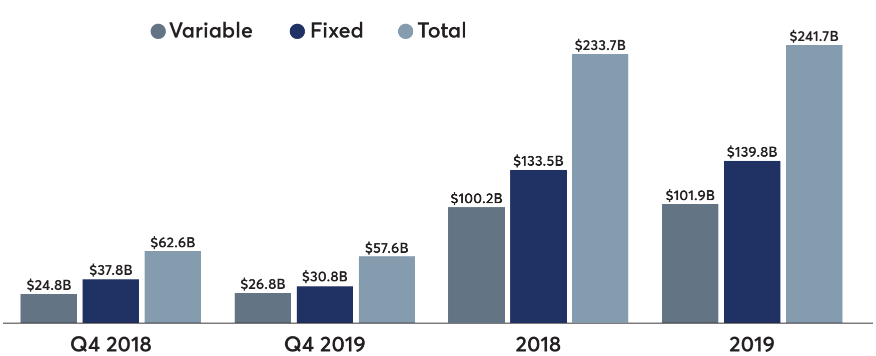
The list may look the same in the coming year as the macro environment reaps changes across the product shelf. In addition to striking their rates, issuers are also reducing the premium bonuses offered with certain products and tweaking payouts on their guaranteed lifetime withdrawal benefits, Moore says.

If the economic fallout from the pandemic lasts longer, issuers could also begin altering the commission structure of their products, according to Moore. Still, advisors may find it useful to compare CDs to annuities at this time.

"With insurance, especially on the annuity side, it's all about a bond alternative, but it's also about protection."

"It's kind of a perfect storm that's resulting in some really undesirable rates right now," says Moore. "These products are about risk transfer rather than rate return … They're still competitive, it's just the current market environment is not good for anybody."

Annuity sales reached 11-year high in 2019 despite slipping 8% in the fourth quarter



Source: LIMRA secure retirement institute, U.S individual annuity sales survey

Sheryl J. Moore, CEO of research firm Wink, says current conditions make it a good time to discuss annuities with clients.

It's of the "utmost urgency" that advisors reach out to their clients, according to Robinson, whose firm provides outsourced insurance services to RIAs. Annuities could offer "yield in a safe fiduciary manner" under the correct circumstances, he says.

"With insurance, especially on the annuity side, it's all about a bond alternative, but it's also about protection," Robinson says. "And third, it's about income for life. Those are the three variables you're looking at."

FIAs weren't yet as popular after the last recession as they are today, according to Lau, who cites a "big spike" in variable annuity sales after the 2008 crisis. Structured VAs, also known as buffered or registered index-linked annuities, can also provide downside protection. DPL offered its fee-only annuity services free to all RIAs in April and May.

"There's just so much more activity around annuities," he says. "You've got to be prepared to talk about them, because your clients are getting touched by people propositioning them with annuities at all times." **FP**

***Tobias Salinger** is a senior editor of* Financial Planning. *Follow him on Twitter at @TobySalFP.*

High fees and big gains

Analysis of the best-performing — and most expensive — funds of the decade may reveal some surprises.

By Andrew Shilling

Does highest cost mean highest return? Not always.

Analysis of the largest 10-year gains from some of the industry's highest-priced funds show the products managed to give some bang for the buck, albeit at a price. The top 20 with net expense ratios over 1% — and at least $500 million in AUM — edged out the major benchmarks with an average gain of 14.80%, Morningstar Direct data show as of April 22. The funds had an average expense ratio above 1.15%.

Over the same period, the Dow had a 10.40% gain, as measured by the SPDR Dow Jones Industrial Average ETF Tracker (DIA); the S&P returned 11.02%, as measured by SPDR S&P 500 ETF Trust (SPY); and the Bloomberg Barclays U.S. Aggregate Bond Index returned 3.95%, as measured by the iShares Core US Aggregate Bond ETF (AGG).

"Overall, expense ratios have gone down in just about every sector," notes Marc Pfeffer, CIO of CLS Investments, adding that clients can also "buy passive funds for virtually nothing."

The top-performers, all of which are mutual funds, carry an average net expense ratio of 1.16% — well above the broader industry's average of 0.48%, according to Morningstar's most recent annual fee survey.

"If your clients are invested in the right funds ... you have done well, even if management fees are high," Pfeffer says. "The asset allocation is more important than the expense ratio. However, that doesn't mean you should ignore any single component." **FP**

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Andrew Shilling *is associate managing editor for* Financial Planning. *Follow him on Twitter at @AndrewWShilling.*

20 AB Growth A A
(AGRFX)

AllianceBernstein

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-6.75%	13.15%	1.19%	$1,088.66

19 Wells Fargo Growth A
(SGRAX)

Wells Fargo

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-6.57%	13.19%	1.16%	$4,056.98

18 Columbia Seligman Communications & Info A
(SLMCX)

Columbia Threadneedle Investments

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-12.47%	13.60%	1.24%	$5,915.24

17 Columbia Seligman Global Tech A
(SHGTX)

Columbia Threadneedle Investments

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-11.86%	13.72%	1.32%	$1,076.19

16 Putnam Growth Opportunities A
(POGAX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-2.33%	13.75%	1.03%	$5,487.32

15 Eventide Gilead I
(ETILX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-9.42%	13.79%	1.19%	$2,397.62

14 Goldman Sachs Technology Opportunities A
(GITAX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-0.14%	14.13%	1.25%	$520.57

13 Wasatch Ultra Growth
(WAMCX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-6.12%	14.18%	1.25%	$896.04

12 Touchstone Sands Capital Select Growth Y
(CFSIX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
0.00%	14.33%	1.19%	$1,600.20

11 Delaware Smid Cap Growth A A
(DFCIX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-0.85%	14.41%	1.12%	$1,836.49

10 Hartford Healthcare A
(HGHAX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-2.97%	14.57%	1.31%	$1,328.30

9 Franklin Biotechnology Discovery A
(FBDIX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-0.42%	14.72%	1.02%	$1,018.11

Portfolio

8 USAA Science & Technology
(USSCX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-5.25%	15.20%	1.06%	$1,316.72

7 Delaware Healthcare I
(DLHIX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-5.16%	15.30%	1.03%	$1,021.61

6 Rydex NASDAQ-100 Inv
(RYOCX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-1.01%	15.37%	1.36%	$1,260.35

5 Fidelity Advisor Technology A
(FADTX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-3.18%	15.49%	1.02%	$2,213.87

4 MFS Technology A
(MTCAX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-1.78%	15.59%	1.19%	$1,373.61

3 Virtus KAR Small-Cap Growth I
(PXSGX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-12.67%	16.44%	1.11%	$4,547.31

2 Morgan Stanley Insight A
(CPOAX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
12.27%	17.42%	1.17%	$2,561.79

1 VALIC Company I Health Sciences
(VCHSX)

YTD Returns	10-Yr Returns	Expense Ratio	Net Assets (millions)
-2.29%	17.61%	1.05%	$781.84

Note: Funds with less than $500 million in AUM and investment minimums over $100,000 were excluded, as were leveraged and institutional funds. The data show each fund's primary share class. Data as of April 22. Source: Morningstar Direct.

CE Quiz

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From: How the Secure Act's changes to RMDs impact retirement accounts (Online only)

1. QCDs allow clients aged 70 ½ or older to transfer up to what amount per year from their IRA to go directly to charity?

1. $50,000
2. $75,000
3. $100,000
4. $150,000

2. What is the additional standard deduction amount for clients ages 65 and older?

1. $1,500
2. $1,300
3. $1,800
4. $2,000

3. If a client made a post-70 ½ deductible traditional IRA contribution on March 5, 2020, up until what date can the contribution — along with any earnings or losses — be voluntarily removed by the client?

1. Oct. 15, 2020
2. Jan. 15, 2021
3. March 15, 2021
4. Oct. 15, 2021

From: High fees and big gains

4. Which of these funds had the best 10-year return?

1. Fidelity Advisor Technology A (FADTX)
2. Morgan Stanley Insight A (CPOAX)
3. Eventide Gilead I (ETILX)
4. Putnam Growth Opportunities A (POGAX)

5. Which of these funds had the best one-year return?

1. Columbia Seligman Global Tech A (SHGTX)
2. Goldman Sachs Technology Opportunities A (GITAX)
3. Wasatch Ultra Growth (WAMCK)
4. Hartford Healthcare A (HGHAX)

From: Is a PPP loan reportable on my U4?

6. Which section of Form ADV requires disclosure of a "financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients?"

1. Item 18, Part 2A
2. Item 13, Part 2B

3 Item 5, Part 3A

4. None of the above

From: Should clients take advantage of CARES Act 401(k) early-withdrawal benefit? (Online only)

7. Per the CARES Act, a client can withdraw $100,000 from their retirement savings accounts without penalty as long as they do so by what date?

1. Oct. 15, 2020
2. Nov. 25, 2020
3. July 31, 2020
4. Dec. 31, 2020

8. The client who does the above has how many years to pay taxes on such a withdrawal?

1. One year
2. Two years
3. Three years
4. Five years

From: The most-asked CARES Act questions

9. If a client took an RMD on Feb. 1, 2020, until which date do they have to roll over the RMD payment, and eliminate the tax bill, per the CARES Act?

1. July 15, 2020
2. May 15, 2020
3. June 15, 2020
4. Aug. 15, 2020

From: Savvy ways to gift assets

10. A client's child who is under the age of 19, or is a full-time student under age 24, may be subject to the kiddie tax if his or her investment interest, dividends and capital gains income exceed what amount?

1. $3,500
2. $4,200
3. $2,200
4. $1,800

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To earn one hour of continuing education credit from the CFP Board of Standards, please visit our website and answer the questions above. Planners must answer eight out of 10 questions correctly to pass. Credit will count under CFP Board subject A: financial planning process/general principles. The deadline for participation is Aug. 31, 2020.

In addition, the Investments & Wealth Institute, formerly the Investment Management Consultants Association, has accepted this quiz for CIMA, CIMC and CPWA CE credit. Advisors must answer eight out of 10 questions correctly to pass. The deadline is Aug. 31, 2020.

If you need assistance, please contact Arizent customer service at help@arizent.com or (212) 803-8500.

Financial Planning

New routine, old habits

Now is not the time to disconnect from supportive networks of other advisors.

By Scott Frank

It wasn't obvious at first how this global coronavirus pandemic was affecting me. But, after a while, I realized the abrupt change in life and routine had left me feeling groundless. That is, until I made a couple of shifts.

By the end of March, a couple of weeks after the quarantine began, I'd been sleeping less, exercising less, drinking more and paying more attention to news and social media. None of that helped the balance of my professional and family lives.

One night, in the middle of dinner with my wife, Amanda, and our boys, Lucas, who is eight, and Daxton, who's one and a half, I found myself checking the S&P 500 futures for the next day's open. "Limit down!" I thought, seeing the price of futures contracts had fallen more than 5%. I was not present with those I cherish most. I have no doubt I am not alone here.

Realizing I needed to make a shift, I crafted a new routine to reinforce old habits that had fallen by the wayside and to add new ones.

Meditation

For a couple of weeks, I had allowed late night TV and social media to take away from my early mornings. Now, first thing in the morning when I wake up .... I breathe. I don't check my phone. Instead I drink a glass of water and meditate for 15 to 30 minutes on a cushion in a quiet space in our living room, while everyone else is asleep. Meditation apps like Calm or Headspace sometimes help. Letting my feelings be and my thoughts go prepares me for my day and may do the same for you.

Exercise

Sadly I can't surf right now, with the beaches closed. But I can run, practice yoga, go on a bike ride with my son or simply walk for 30 minutes. I have more energy and focus if I move my body, so I am committed to doing so at least five days a week. It's pretty easy as an advisor to give in to the temptation to sit all day, but regular movement resets my energy and sharpens my thinking.

Sleep

In the immediate aftermath of the quarantine, it was easy to overlook sleep. But I need seven and half to eight hours, or I feel worthless. I now turn in at 9:30 p.m., to read and wind down, so I can start the next day refreshed.

Mastermind meetings

The importance of my weekly mastermind meetings with four other fee-only RIAs has intensified recently. We've been meeting for more than five years and are a family.

By connecting regularly through the quarantine, I know I'm not the only advisor carrying all this on my shoulders. There are at least four other planners doing the same thing. There have been times when we've missed a week or two, but now is not that time! We come together as advisers and don't hold back. If I am having a rough day, they know it. If I am celebrating a win, they are there for that, too. I am so grateful that I am not going through this alone. We are here to support one another and help each other take the next step.

I do these things so that I can be who I need to be for my family and my clients. They are helping me; what's helping you? **FP**

Scott Frank is the founder of Stone Steps Financial in Encintas, California.

To submit a Selfie commentary, email fpeditor@arizent.com.

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