

FinaMetrica's Benefits ...

... for Consumers

... for Clients

... for Advisers

... for Advisory Firms

... for Advisory Networks

... for Product Manufacturers/Distributors

... for Consumers

- ❖ The very process of completing the risk tolerance questionnaire and reading the risk profile report adds to a consumer's understanding of themselves ... and of risk and risk tolerance issues. Consumers find the experience both interesting and informative.
 - ❖ Consumers learn how risk tolerant they are compared to others and also where they might differ from those with similar overall risk tolerance. This knowledge gives consumers a more accurate perspective of themselves in any financial context.
 - ❖ Where there is a risk tolerance mismatch within couples, the magnitude of the overall difference is quantified and the specific points of difference are highlighted. Couples know one another better and are more able to manage any risk tolerance mismatch because it is better understood.
 - ❖ FinaMetrica's educational materials provide unique illustrations of historical portfolio performance compared with consumer expectations for varying levels of risk tolerance. Consumers will have a more informed understanding of risk and return, particularly patterns of downside volatility.
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... for Clients (i.e. consumers whose financial adviser is a FinaMetrica user)

In addition to the benefits for consumers above,

- ❖ Clients can be confident that their adviser has an accurate, in-depth understanding of their risk tolerance based on a robust assessment process that has scientific endorsement and is fully transparent.
 - ❖ Gap analysis, the identification of any mismatch between risk tolerance and the risk required to achieve goals, can be done objectively and transparently, leading to a clearer understanding of the elements in any trade-off decision required of the client.
 - ❖ Because any risk-tolerance/risk-required trade-off decision is properly informed, the client is able to give properly informed commitment to their plan with regard to risk tolerance. Clients more fully "own" their plans.
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... for Advisers

- ❖ Using a scientific risk tolerance test provides a competitive point-of-difference and an early demonstration of a commitment to best practice, aiding in converting prospects to clients.

- ❖ The information-rich risk profile report and supporting materials lead to a more informed discussion of risk and risk tolerance resulting in the adviser having a deeper understanding of the client and a clearer articulation of any differences within couples, so strengthening the adviser-client relationship.
 - ❖ The benefits for clients outlined in the previous section, mean that clients will
 - at the very start of the relationship, see the adviser delivering a valuable risk profiling service,
 - have more confidence and trust in, respect for and appreciation of the adviser, and
 - more fully understand the alternatives presented and the decisions to be made,all of which result in faster, more confident decision-making by clients and greater commitment to decisions once made. Such clients are easier to take on, easier to service and more likely to refer.
 - ❖ Advisers are less likely to suffer complaints and are more able to demonstrate that they have met fiduciary and compliance obligations through following a transparent, robust process, so protecting their professional reputations and financial well-being.
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... for Advisory Firms

- ❖ The benefits for clients, described above,
 - increase referrals, which builds goodwill, profitability and growth, and
 - decrease complaints, which protects firm profitability and goodwill.
 - ❖ The benefits for advisers, described above, increase adviser productivity and aid adviser recruitment, building firm profitability and growth.
 - ❖ Having an auditable, robust process for dealing with risk tolerance,
 - lowers compliance costs,
 - reduces the incidence of complaints,
 - aids defending complaints,
 - facilitates client transfers between advisers,
 - provides an opportunity for improving PI insurance terms and conditions, and
 - enhances the market value of the firm for a potential purchaser.
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... for Advisory Networks

- ❖ The benefits for advisory firms, described above, apply on a larger scale at the network level, and additionally have a positive impact on
 - protecting the interests of Directors as representatives of the business owner(s),
 - lowering training and supervision costs,
 - lowering business risks to the brand, and
 - increasing the ability to adapt to change.
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... for Product Manufacturers/Distributors

Because consumers will be better informed about their risk tolerance and have more realistic risk and return expectations, they will be more likely to make appropriate purchase decisions. Clients will be more fully committed to and have greater ownership of their plans. In both cases, this will increase the longevity of product purchase decisions, which in turn will increase retention for Product Manufacturers/Distributors.
