

529 CONFERENCE

Uncovering the Most Effective Strategies for 529 Growth

September 9 – 11, 2013
JW Marriott, Grand Lakes
Orlando

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What Do Clients Keep from Advisers?

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Health and marital problems are secrets most often kept from advisers, according to research by Securian Financial Group.

“Client Secrets: What People Don’t Tell Their Financial Advisers” turned up what many advisers already know: that some of their clients do not tell them everything about their personal finances. Nearly one-third of those surveyed (29%) said they haven’t told their advisers about everything that could affect their finances. The bigger questions are: How many clients? What are they withholding? Why?

“They may not realize it, but personal matters can profoundly affect a family’s financial stability,” said Michelle Hall, manager, market research at Securian. “Health and marital difficulties rank high among the critical subjects clients do not discuss with their advisers.” More than one-fourth (25%) carry debt their advisers do not know about.

A sizable portion of those who withhold critical financial information from their advisers appear – demographically at least – to fall in many advisers’ target markets:

- Nearly one-third are pre-retirees and retirees. Two-thirds are 40 and older.
- One-fifth are affluent, with \$150,000 or more in annual household income, or mass affluent, with \$100,000-\$149,000 income.
- Among those who are employed, two-thirds are in professional or managerial careers.

More than half (52%) of those with secrets said the information is too personal to share. Almost half said their secrets are outside of their financial strategies and don’t need to be shared. These responses may suggest a lack of education about the benefits of holistic planning and a need to raise awareness about the financial risks associated with not sharing these matters. One fifth said their secrets are too embarrassing to reveal.

Some people may hold back because they don’t want to hear what their advisers would say if they had the full picture. Half said they thought their advisers would likely recommend increasing savings or reducing spending. One-fourth said their advisers would want to create new financial plans.

Trust Is Paramount

Nearly half (48%) of all respondents said trust is the most important aspect of their adviser relationships. Forty-three percent said they discuss other personal issues with

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their advisers. Of the 29% who withhold critical information, only 11% said it's because of a lack of trust.

Rich Preuss with The Healy Group in South Bend, Indiana, said he's not surprised by the 29%, though he doubts the percentage is that high among his clients because his relationships are strong. "You have to understand what's important and what's driving them," Preuss said. He has been a financial adviser for 31 years. He said, however, that trust is a two-way street. "I make sure up front that they know I can only help them as much as they reveal to me."

Joel Twedt, Twedt Financial Services, has been an adviser for 34 years in Lake Mills, Iowa. When clients withhold information that could affect their financial plans, he doesn't pry. "Some people are embarrassed to provide information so I don't ask. Once they get comfortable, it's amazing what they reveal," Twedt said. "Quality advisers are counselors. It's not just about the clients' money: It's about their dreams, their fears, their families."

Nicole Winter Tietel of Winter & Associates in St. Paul, Minnesota, also feels her client relationships are strong. But she worries about people who don't share important facts. "If they keep secrets, they likely have duplication in their investment portfolios, are underinsured or carry debt that eats away at their net worth," Tietel said. "Ultimately, they are taking more risk."

Avoidance and distrust have always been hurdles for advisers to overcome. The data in this study helps them understand what some clients are withholding and why. To provide the best financial strategies for their clients, advisers will do what they've always done: Be patient, educate and look for opportunities to prove they are trustworthy.

"Client Secrets: What People Don't Tell Their Financial Advisers" is a survey with responses from 720 consumers who work with financial advisers. The survey can be downloaded [here](#).

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