Clients Don’t Tell Financial Advisors Their Secrets

ST. PAUL, MINN. (AUGUST 22, 2013)
BY MICHAEL COHN

Nearly a third of consumers who work with financial advisors confess they have not told their advisors critical information that could affect their finances, according to a new survey.

The survey, by Securian Financial Group, found that 29 percent of the 720 consumers it polled admitted they haven’t told their advisors about everything that could have an impact on their finances.

According to Securian’s report, “**Client secrets: What people don’t tell their financial advisors**,” 52 percent of those with secrets said the information is too personal to share. Another 45 percent 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 of those polled said their secrets are too embarrassing to reveal.

Some people may hold back because they don’t want to hear what their advisors would say if they had the full picture. About 25 percent of the respondents to the poll said they carry debt their advisors do not know about. When asked what changes their advisors would probably recommend to them, 50 percent of the survey respondents said it would be to increase savings or reduce spending, while 25 percent said their advisors would want them to create new financial plans.

Nearly half (48 percent) of all the respondents said that trust is the most important aspect of their advisor relationships. Forty-three percent said they discuss other personal issues with their advisors. Of the 29 percent who withhold critical information, only 11 percent said it’s because of a lack of trust.

“They may not realize it, but personal matters can profoundly affect a family’s financial stability,” said Michelle Hall, manager of market research at Securian, in a statement. “Health and marital difficulties rank high among the critical subjects clients do not discuss with their advisors.”

A sizable portion of those who withhold critical financial information from their advisors appear—demographically at least—to fall in many advisors' 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 to $149,000 in income. Among those who are employed, two-thirds are in professional or managerial careers.

Rich Preuss, an advisor with The Healy Group in South Bend, Ind., said he is not surprised by the 29 percent figure, though he doubts the percentage is that high among his clients because his relationships are strong.

Joel Twedt of Twedt Financial Services in Lake Mills, Iowa., said that 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," he said. "Once they get comfortable, it's amazing what they reveal. Quality advisors 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, Minn., also feels her client relationships are strong, but she said she worries about people who don't share important facts with their advisors. "If they keep secrets they likely have duplication in their investment portfolios, are underinsured or carry debt that eats away at their net worth," said Tietel. "Ultimately, they are taking more risk."

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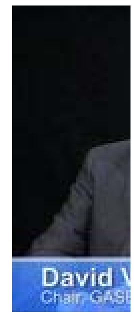

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