



THE ELITE WEALTH MANAGER

BUILD A SIMPLE AND ELEGANT WEALTH MANAGEMENT BUSINESS

IMPLEMENT WEALTH MANAGEMENT THE AFFLUENT MARKET

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John Bowen: The affluent market. There is so much money out there. There's been an explosion of wealth really for a long time now, but particularly since the 2008/2009 downturn, you remember that, don't you? I know you do if you were in the business. And there's a real opportunity now with the... If we think about it, we have more wealth than ever before. We have more wealthy people than ever before and they each have more wealth. And in addition to that, in every one of our surveys, we find that the vast majority of the wealthy are more than happy to engage a financial advisor that they believe can add value. And this is really a great opportunity, particularly when you go back to some of the things, I've talked about with how many of your peers are complacent. This is a huge opportunity.

So, let's take a look at this. Let's dive into the affluent market because if we're going to move up market, that's where we should look. So, as we look at this, first of all, let's define some of the levels of affluence. And what we found is in the elite wealth manager, we're really focusing on three levels of affluents. There is the simple affluent, you have 1 to 5 million and we'll use affluent generically for everyone over a million dollars of financial assets. So, this is investible money, doesn't mean you'll get 100% of it, but all of the investible money. We'll generically use it at one million but when we do subsets of it, we'll call the affluent on 1 to 5 million, the super affluent, 5 to 25 million of investible assets. And then the ultra-fluid are those people with 25 million or more.

Now, one of the challenges for most advisors is we really... Particularly when we first get in the business, there's... A lot of us focus on the mass affluent. I did as well. And it just seems like a logical thing, this is, we define it as a hundred to a million dollars of investible assets. And it is attracted because there's an awful lot of people, but it's exceedingly difficult because you're competing against really... You're the large operational players. So, it's like Schwab, Fidelity, Vanguard, and so on, that are really good at what they're doing. And all of a sudden now it's hard. And the margins are compressed and what we're also seeing is there's not that much money. So, the percentage you're earning per client is very low.

Now, it doesn't mean that you can't do well in this if you have a good offering. However, what you have is you have a real challenge. The real challenge is that you have to make it up on scale. And what we find is for most advisors, unless you're looking to build a national practice, it really doesn't make sense. It's just the opportunity is so much better moving into the affluent marketplace.

So, one of the things we want to do, and as we go up in the affluent to actually point out, that one big thing is with people having small amounts, relatively small amounts of wealth that aren't affluent in the mass affluent, there's not a lot you can do on the wealth management, helping them beyond simply investing. So, we need to have usually for almost everybody, we

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recommend \$1 million minimum. And talk with your coach because you might have a unique situation, but almost everybody, \$1 million minimum works in today's market with the explosion of wealth and that allows you to deliver this whole experience.

Now, in addition to that, what we look at is that as we go up and moving up market, what we find individuals in the top two strata's, particularly the ultra-affluent now you're going to get people to come to you that are ultra-affluent as you're marketing and everything else. It's 25 million and above in investible assets, typically their concerns are a little different. Obviously, they've got experience with advisors, a much more competitive, quality competitive market up there. Now you're going to find this process, you can do very well. We tend to see now in today's market, they're moving more toward what we call a virtual family office offering. So, VFO inner circle, the thought leadership material that we're doing, the books that we're writing on family office and so on are geared toward that.

One of the things we made is a business decision in The Elite Wealth Manager to not try to do everything for you and just really overwhelm. So, we've segmented the market. So, if you have clients in the ultra-affluent that... either prospective clients coming in or clients that you have, talk with your coach because we do have material in round table and we're doing a lot of work in this area and having success. But before we do that, we've got to deliver the whole elite wealth management experience. You got to have that clarity. You got to have the world-class client experience, and this works both in the affluent market. From 1 to 25 million what we're doing works exceptionally well in the business development side too.

So, I want to be careful of going too high, but we do have that and that's whereas we go, you'll see the writeup up here. Roundtable are our mastermind group, let me hit the right button. The Roundtable mastermind group is devoted to serving at the higher levels. Also, we'll talk about super rich. I know every once in a while, I'll get... somebody doesn't like the term super rich and what we do is we try the standard around industry standards and then the family office sector, they call it super rich. So, we do two and we define that as the families that have 500 million of net worth or more. Pretty darn rich by almost any standard and there we're by no means are we telling you should work with those people, very much an institutional sale.

So, like selling a large pension plan, you're selling a product typically in that if you're in the investment side. Having said that, there's all kinds of lessons from those groups and that's what we bring down and we use both in the CED advantage through our thought leadership or our business development platform that you have access to now as an elite wealth manager and then also in Roundtable. So, we're focused on raising the bar and one of the nice things is that the super-rich, these very successful family offices are showing us the direction. It's much like

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so often technology or in cars that they'll be a big premium for the latest version and then as scale builds up and it's spread and diffused, then the pricing goes down dramatically.

Well, what we can do is take the strategies of the family offices that are dealing with the full-blown wealth management in often other areas as well, which we'll get into later. And they in turn, you can use that as models. So, you'll hear us refer to that on a regular basis. These insights are very valuable. Also, as we go up and we look at, and I believe this is from Capgemini, and when you look at it, we'll go ahead and source it. It's right down that source, but what we see is from 2009 remember the downturn of 2008/2009, March 2009 was the bottom of the market.

And we've had an explosion of wealth, not only in listed securities but in real estate and businesses and so on. And what we find is, the number of households right now by their estimates is... And I actually think it's a little higher than this, but you can see the explosion of growth is that families that have over \$1 million in the US, individuals with assets of a million or more, we've seen it grow from 2.9 million families to 5.3 million families. And the total wealth that they have is now families with over \$1 million.

I don't know that I believe the number going down 2017 to 2018, but what I do believe is there's a lot of money. We've seen it double between 2009 and 2018 and this is a huge growth, and this is why I keep on saying there's more wealthy people. They control more wealth than ever before in the super majority want to work with you, what a business we're in and that's one of the reasons why we want to move up market. The big thing though is as we go through, we got to be able to differentiate ourselves from a marketing perspective and actually deliver the experience which is a world class client experience.

So, going back to the model, what we're talking about here is we've got to have a great client experience that is going to deliver fantastic... And then the business development so that we have that steady stream of pre-qualified, pre-endorsed clients coming in. There's plenty of wealth to feel that. Now, one of the interesting things out there is about 420,000 financial advisors in the US right now. If we go with a number of 5.3 million individuals with a million or more of investible assets, then what happens is you on average, level playing field, should get 12 affluent clients.

I got to tell you; we want you to have an unfair competitive advantage. And that's what the elite wealth manager program is all about. Is that you're going to have an unfair advantage and we're going to get way over 12 on this. But that's where you've got to... realistically, every advisor is supposedly competing with you. The reality is we're going to make that competition in material, okay? So, the playing field is not level, nor do you want it to be, the big thing is I want you to

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have more than your fair share of affluent clients and to gain this advantage you've got an implement the elite wealth manager.

Okay, where are we going to go from here? Well, we just went through the very first, let's go over strategy, strategy too. I did the overview, the affluent market. Now, I want to go into the psychographics. This is an area that many people don't really understand how it fits in, and I can tell you that this is one of the most valuable, when we put it in our very first coaching program. I wasn't sure it was that valuable. It was. You're going to want to see it. I'll see you there.