Introduction:

Ahead of the second Paraplanning Excellence we asked all confirmed participants to complete a series of questions. The objective was to gain a deeper understanding of the role they play within their businesses; the processes they undertake; and at the same time understand their concerns and ambitions. The following data is based on replies received from two thirds of our audience ie some 65 paraplanners.

We have now aggregated all the responses that we received to produce the following report.

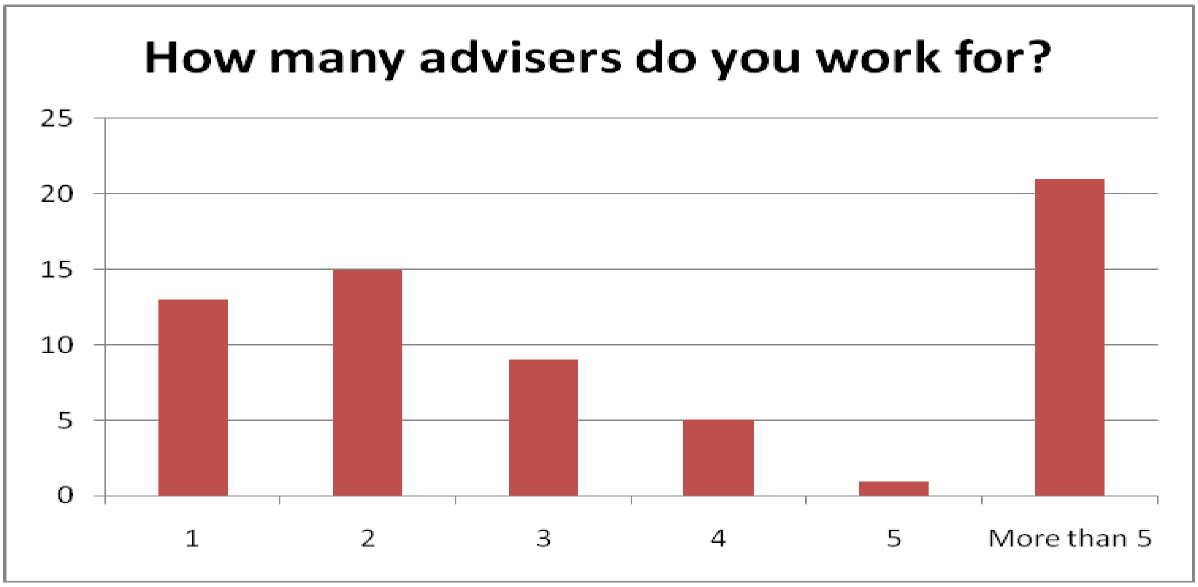
Key Findings:

- Today's paraplanner is a stressed out 35 year old with ambition!
- Is as likely to be female as male.
- He or she tends to work as a member of a team and the majority of them work for more than five advisers.
- Any help you can provide by way of streamlining processes or preventing information overload will make you very popular.
- Some 37% of our respondents hold influence over more than £100m of investments, half of them never even meet their clients.
- They choose funds more on the basis of performance than their costs.

In association with:

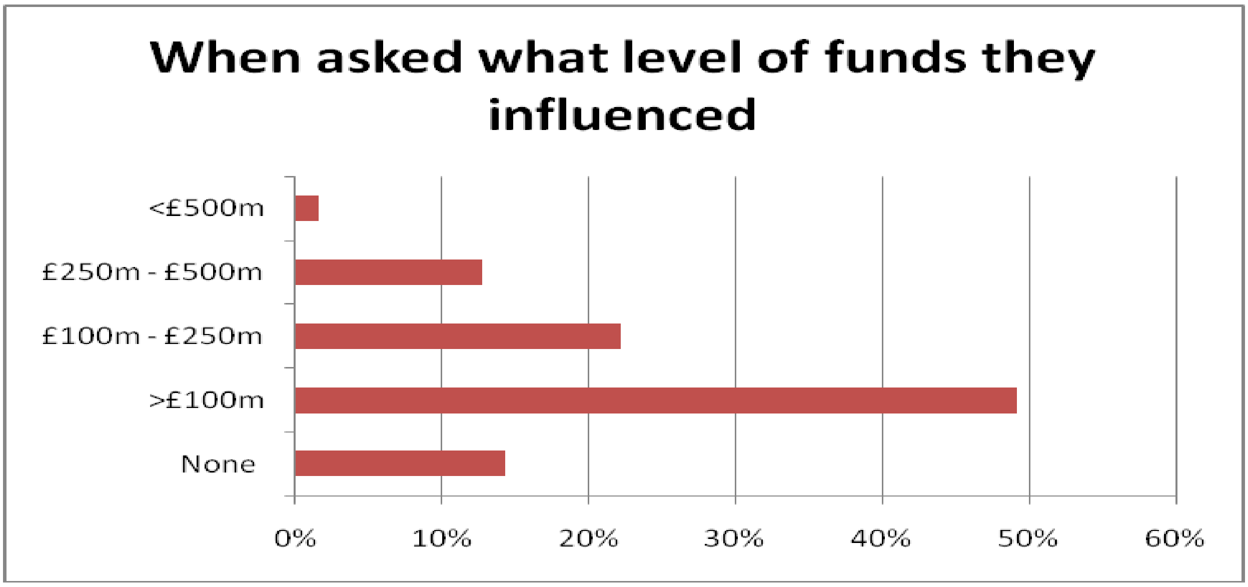
1. How many advisers do you work with?

The majority work with more than five advisers and as part of a team.



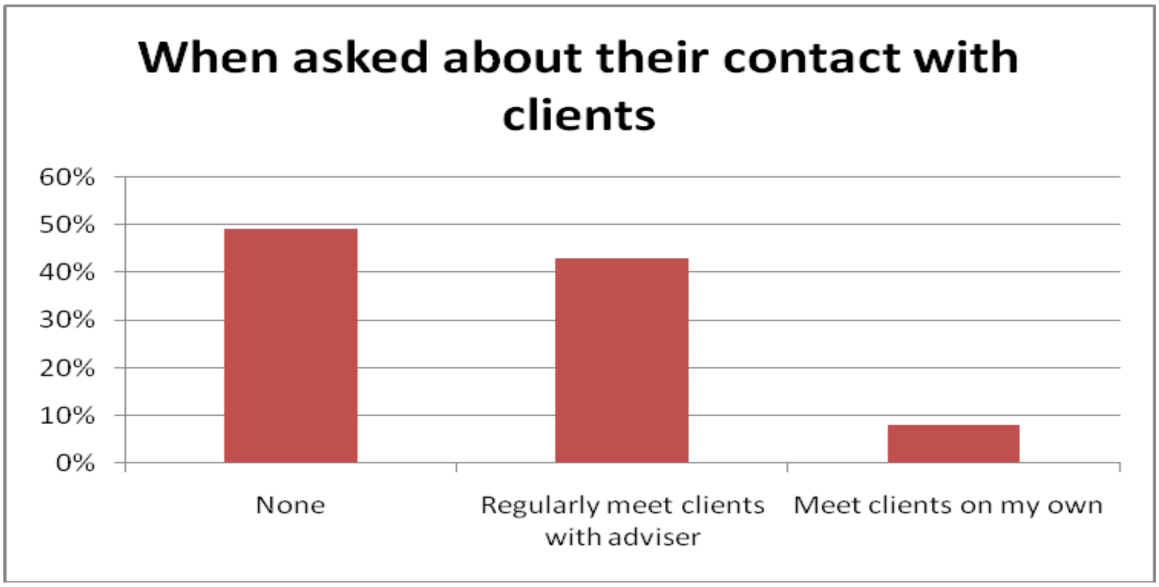
2. What level of assets are you involved in influencing?

Some 37% of our respondents influence more than £100m of funds!



3. How much interaction do you have with clients?

Some 50% never meet the clients they are working for. 40% do but in the company of the adviser. Less than 10% meet the clients on their own.



4. When asked to describe the client journey in terms of the investment decision making process, there were no great surprises – in fact it's a fairly clearly defined process:

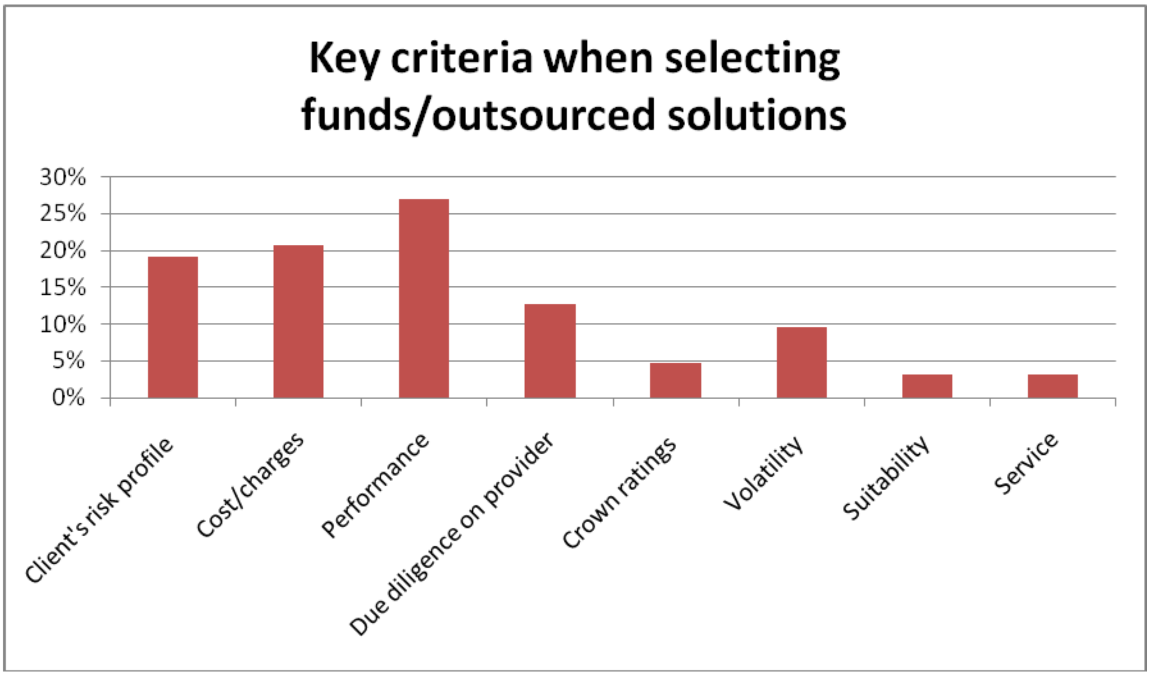
Every company asked suggested that the first point of action is to meet with the client face to face to gain an understanding of their circumstances, requirements, needs and expectations from investing their money with that specific IFA. Following the initial meeting each client undergoes a risk assessment, generally with the assistance of a risk profiling questionnaire and through conversation with the paraplanner or IFA. Approximately 50% of companies use risk profiling tools from external companies, namely:

- 360
- Cofunds
- Defaqto Aequos
- Distribution Technology
- eValue
- Finametrica
- Financial Express
- Ibbotson
- O&M
- Parmenion
- Rayner Spencer Mills
- Selectapension
- Skandia U-Skan
- Standard Life
- Synaptics
- Towers Watson

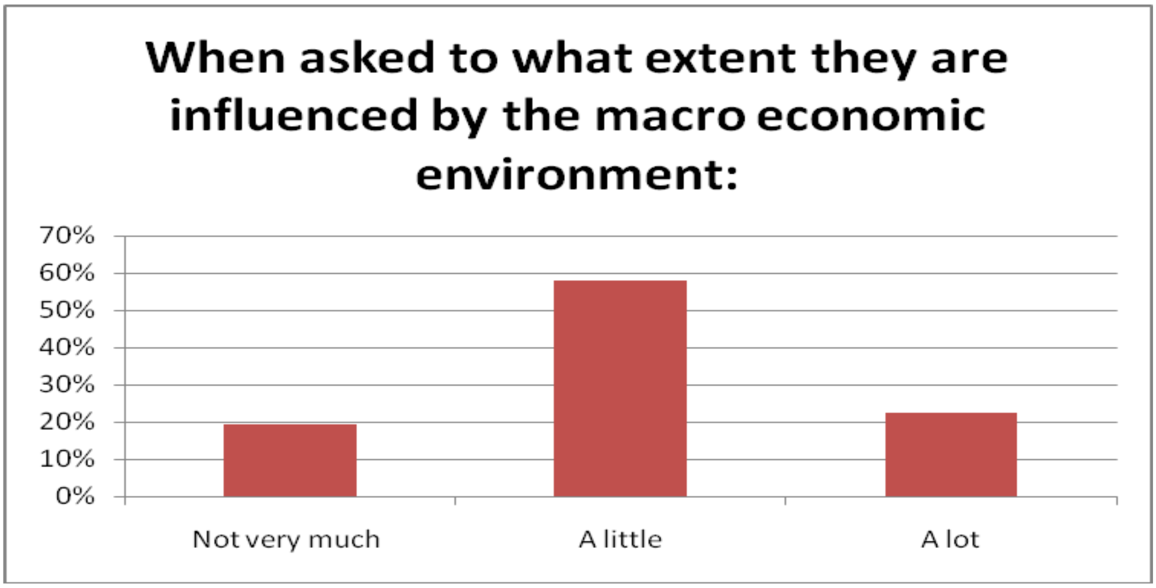
The other 50% use risk assessment tools developed in-house.

Once the preliminary meeting has taken place the profile of the client is established and a report is put together to provide a bespoke plan for the individual. The reporting aspect of the process is mostly carried out in-house, with only 13% saying that they outsource this duty.

5. When selecting funds or outsourcing solutions, key criteria were:



6. When asked to what extent the macro economic environment shaped their investment decision making?



7. How do you keep up with the large amount of information coming through on a daily basis?

There is an overwhelming sense that the role of the paraplanner is difficult, with a general agreement that they are under intense pressure. When asked how they deal with the huge amounts of information coming through on a daily basis, there was a mixed response with everyone agreeing that it is difficult to stay on top of the work load, and quite frankly struggling to know what to do about it.

The full list can be seen at Appendix I.

8. Is there any information that you would find helpful which you find difficult to source?

There were quite a few requests for specific information (full list at Appendix II). However to give you a feel our respondents felt that the following information is difficult to source and any help in accessing it would be beneficial:

- Regulatory changes
- Information on investment companies
- Providers who have phased drawdown facilities
- Obtaining info on existing policies from some providers in respect of charges
- Info/research on bank accounts that can be held within SIPPs
- How to ensure justification of replacement policies
- True charges for funds/products
- Specialist Investments
- Performance figures on Investment Trusts

9. *Is there any way in which the information could be provided that you would find more useful?*

The suggestion was raised by a few that there should be a place where all the information is collated on a weekly basis. (Standard Life's Techzone was mentioned as a good idea but a zone geared to paraplanners.)There is agreement that there is so much information, in so many different formats, that it is time consuming and difficult to ensure the market is covered. The general consensus is that if this kind of information was available in a collated way, then the paraplanner would have more time to spend on more important aspects of their role.

10. *What would you do to enhance your levels of productivity?*

In a nutshell – other than stating the need for a longer day – there were quite a few requests for more streamlined processes within their companies:

"The whole process of doing the Research and writing Reports needs to be brought up to more clear and defined format, so it is the same across the board. This is currently being worked on within the company."

"Try to streamline process between adviser, paraplanner and administrator as much as possible."

"Further streamline our processes to ensure a 'smooth journey' from IFA meeting to research/report writing to presenting the report to the client."

"Would like to introduce more standard templates that cover off standard compliance."

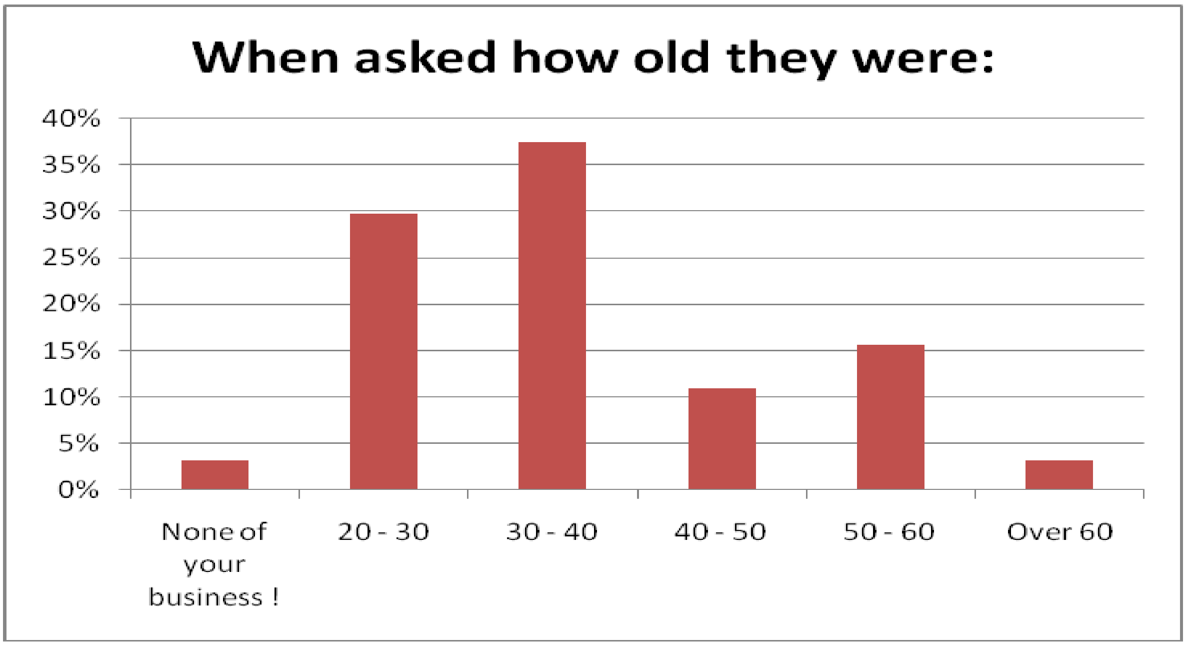
"A more standardised format for adviser submissions to the team would save time."

"Better planning within our company as a whole, so that a steady flow of work can be strategically planned rather than last minute rushing, and waiting for information /decisions."

The Paraplanner Profile:

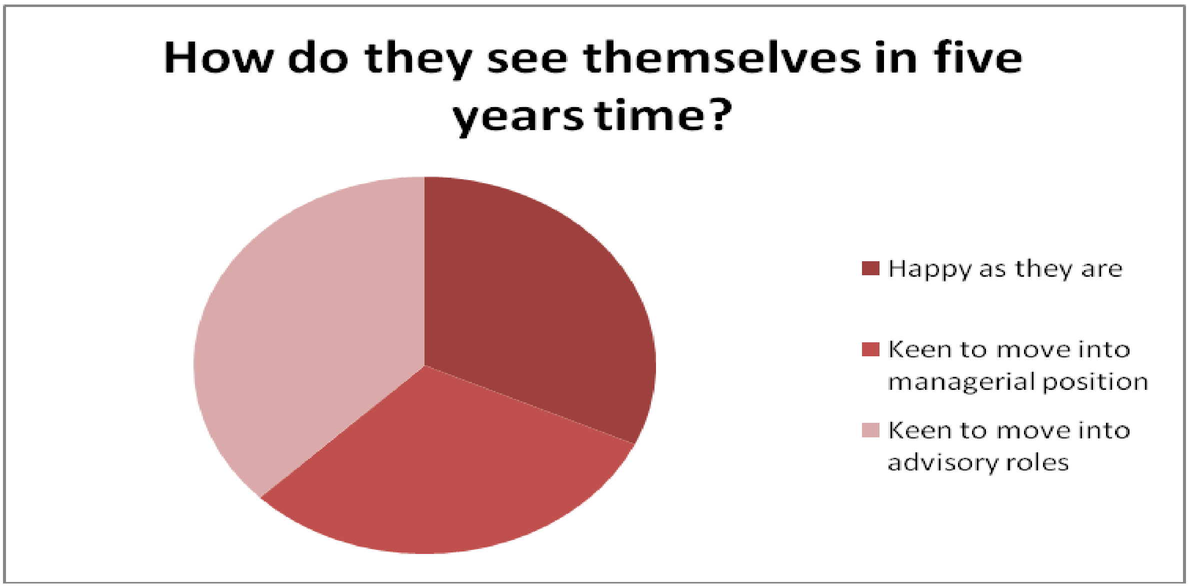
11. How old?

The majority of our paraplanners fall into the 30 – 40 year age bracket. However, the next major tranche is the 20 – 30 age bracket reinforcing the view that this is a young part of the industry. And it is also noticeably female: indeed the gender split is 50/50! There were also a couple of people who told us to "mind our own business".



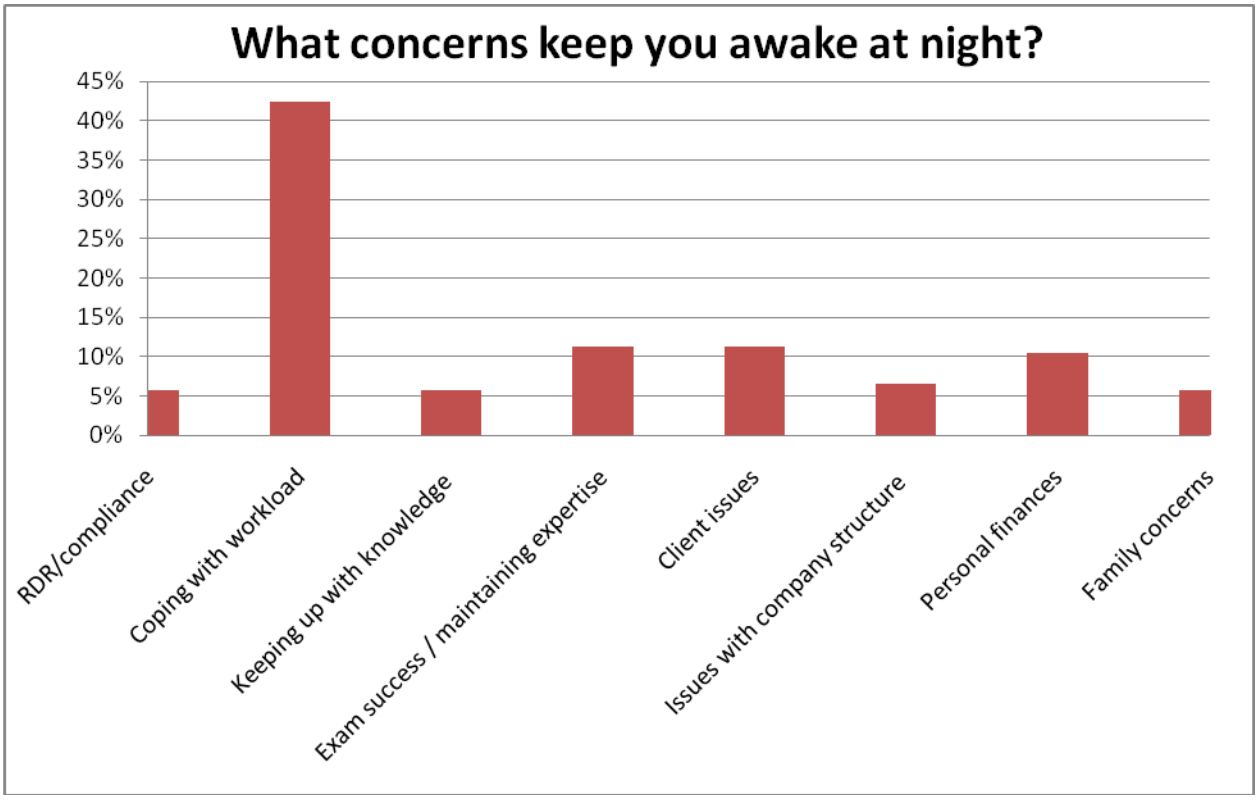
12. How ambitious?

When questioned about ambition, there was a divided response. A third were content and happy to stay as they are; a third were keen to move into a managerial position; and a third focused on moving into advisory roles. So more than two thirds were keen to move up the ladder!



13. What are the key issues that keep you awake at night?

When asked what the key stresses and strains facing Paraplanners are, a few recurring issues arose but coping with the onerous work load is clearly their biggest concern.



14. When asked whether they were happy being called paraplanners, 70% said yes.

However there were some frustrations at the loose definition:

"I believe the paraplanner role is too broad. There needs to be some distinction – maybe three main sections such as "Support Paraplanner" (2 years experience); Paraplanner (2-5 years); and Senior Paraplanner (5+ years).

A feeling that it means little to the clients.

"...the title does not mean anything to clients and it does not explain what we do. Perhaps something more along the lines of Financial Planner Assistant or Research Assistant."

Other suggested titles: *Trainee Adviser; Analyst; Technical Adviser; Assistant Consultant.*

To Conclude:

The clear message coming through is that they feel slightly overwhelmed by their workload and anything that can be done to streamline processes and provide information in a consistent format and preferably in one place will make you very popular indeed.

28 August 2012

APPENDIX I

How do you keep up with the large amount of information coming through on a daily basis?

With difficulty. I tend to keep an eye on the trade newspapers as well as alerts from our in-house compliance team and the networks compliance updates

I find it very difficult.

I segment into three loads: to do, to dump, to delegate.

Manage using Outlook.

Note sheets/ Outlook.

With difficulty. I try to be selective.

With difficulty. I try to be selective.

With difficulty. I try to leave time during the day to read through the relevant information received.

I prefer weekly bulletins.

With difficulty!! Reading emails from all sources; New Model Adviser; Financial Adviser; diiscussion as a team.

I manage my tasks to the best of my abilities and try to devote time to this on a daily basis to ensure information is getting added or sent to the relevant colleagues.

It's outsourced.

Try and stick to market commentary that will provide me with a summary of the issues and to make further investigation if it is warranted.

I tend to have preferred publications and emails which I read in more depth, and only scan headlines of others.

Try to read as it comes in.

Lots of reading !

Read in brief all and then in depth if deemed important.

Prioritise.

Have a task list.

To filter out anything that is not important to my role.

I do not have a large amount of information coming through on a daily basis. What info I do have I read and if relevant to my job I write it down so I can refer back to it.

Constant research reading and many e-mail links.

By having weekly paraplanners' meeting to share the info and discuss current workload Keeping records of the tasks to do/ in progress/completed.

Keep logs of workloads, phone conversations etc. Weekly paraplanning forum to discuss any issues and share ideas and information.

Ignore most of it.

Our company regularly meet up weekly to discuss the markets and focus.

Carefully select trusted news sources and ignore the rest.

As we have not been constructing portfolios and actively choosing funds, we do not get large amount of information coming through on daily basis.

We receive a regular flow of info which we pass on to our clients either through emails/letters or booklets. We tend to send out a monthly newsletter that keeps them informed of the current financial climate and any changes that have occurred.

By working hard!

I read over important e-mails, discuss important issues with adviser/colleagues.

I read the FT and other financial documents and websites and focus on relevant subjects that effect our business (Good or Bad).

Information overload! Just read trustworthy articles.

The majority of information provided on a daily basis is broadly the same, but with an investment house twist towards their own funds. Better to take into account those which are not biased.

Only accept emails and mailings from trusted/known sources and set aside time for technical reading.

We only retain what is relevant.

Use Avelo.

Read financial press for trends etc. Compliance team briefs on major legislative changes. Generally ignore all fund promos etc. We make contact with providers if specific product info is required.

We have an in house investment team that send out weekly notes covering the salient market points.

Using a service provider (360) fund updates and provider updates online via emails particularly webinars.

Reading finance magazines, Reports from in-house teams, speaking with colleagues.

Efficiency.

With difficulty! Subscribe to a number of news alert websites and also trade papers as well as general financial press.

Investment team.

Scan it and deal with it as soon as it comes, Don't let it build up.

By reading the newspapers, watching the news and subscribing to specific periodicals.

Filter what is applicable to my job role.

Keeping up with news (pink papers / asset TV etc) along with frequent meetings with investment house and product provider representatives. Utilising tools such as Financial Express to gather data.

Skim read headlines and only read articles etc that may be of importance.

Selective article reading daily, Cpd weekly.

We are a large company and have different teams specialising in different things. Our investment committee provides a weekly update on the macro environment.

Doesn't affect my role.

Good spam filters.

Organisation.

APPENDIX II

Is there any information that you would find helpful which you find difficult to source?

Direct comparisons are always quite difficult and there is always some little quirk.

Sometimes difficult to obtain generic information from provider websites as they require FSA login which as an outsourced paraplanner I don't have ready access to.

Suitability letters.

Difficulty sourcing independent asset-allocation tool to link to an independent risk profiling tool (eg Finametrica).

Had no luck finding an independent asset allocation modelling tool, with direct links to model portfolios or funds.

Changes in regulation that would affect our clients.

Keeping up to date with legislative changes and changes by FSA

SIPP provider profitability for due diligence purposes. A perennial problem is obtaining information on some with-profits funds.

ARC data

Services like techzone via Standard Life are very helpful - something like this aimed at Paraplanners would be useful.

Google enables most information to be located and we have several websites that we use for specific information requirements.

Providers who have phased drawdown facilities

Obtaining info on existing policies from some providers in respect of charges.

True charges for funds/products.

Specialist Investments, Pension & Protection products.

VCT/EIS research tools

There is very little, actually probably none, that go through different report template that paraplanners can use, or looks at different styles of writing. It would always be better if providers offered training courses or workshops specifically aimed at paraplanners.

VCT Fixed Term Deposits for Offshore Bonds & SIPPs

Comparisons of provider quotes are getting increasingly difficult to compare on the same set of assumptions. O&M falls short on this.

Performance figures on Investment Trusts

Can be very difficult to find true TER for funds as opposed to AMC.

There is plenty of information out there. It is just a question of trying to obtain it in a concise and easy to understand format that doesn't take too much time to access.

Information related to legacy business, charges, fund options etc. True comparisons between products/funds/charges/ growth illustrations.

With profits information

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