



# The Next Wave of Advice

## Differentiate With Coaching

[Name]  
[Title]  
[Date]

# Agenda

1

**What  
Is Coaching?**

2

**How  
to Incorporate It**

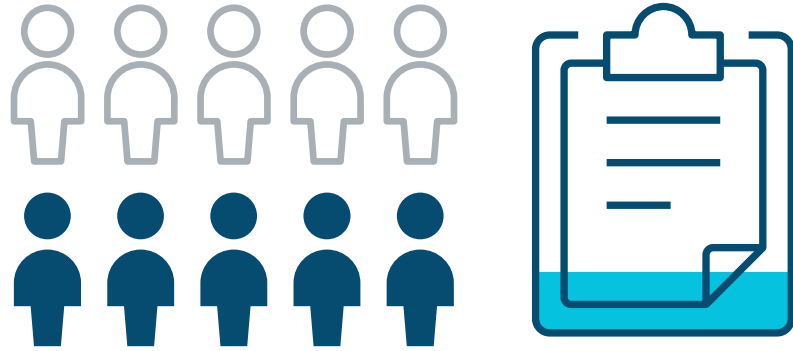
3

**Why  
It Matters**

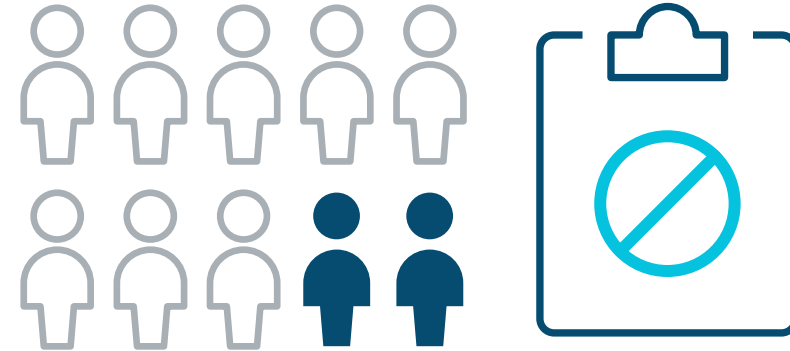


**How many times have  
you offered good advice  
that wasn't followed?**

# Clients Often Don't Act on the Advice They Pay for



**50% of clients** who pay for a formal plan **implement fewer than 20%** of the recommendations

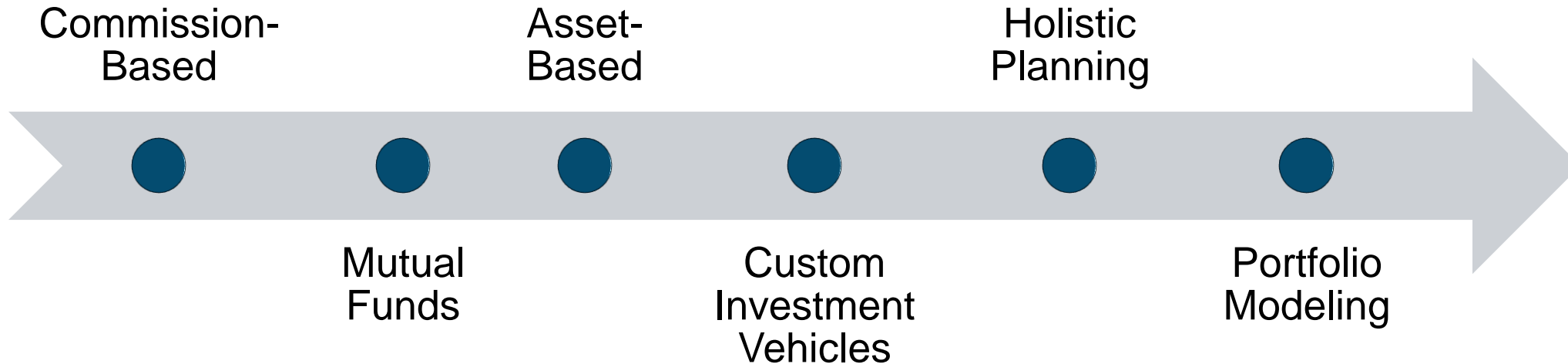


Almost **20% of clients don't implement any (0%)** of their financial plan

Source: *Wealth Professional*, "When formal financial plans are a poor fit," (<https://www.wealthprofessional.ca/news/industry-news/when-formal-financial-plans-are-a-poor-fit/323484>).

# How Do You Differentiate Versus Technology?

The advice business is changing



*Assets in robo/AI platforms are expected to increase*  
**68% by 2027.<sup>1</sup>**

<sup>1</sup>Source: CFA Institute, "Future State of the Investment Industry.", 2023.

# How Do You Differentiate Versus Human Competition?

56%

of the highest earners  
under age 50 want  
a financial coach



They want more meaningful connections and a deeper partnership



They want to feel motivated, inspired, and accountable



They believe coaching will help them achieve their goals

Source: T. Rowe Price Next Wave of Wealth Research Study, January 2020. Highest earners is defined here as the top 10% of earners under age 50.



# What Is Coaching?



Coaching is *unlocking people's potential to maximize their own performance.*

**It is helping them to learn rather than teaching them. Coaching focuses on future possibilities, not past mistakes.**

– Sir John Whitmore

*Coaching for Performance, Fifth Edition*



# Three C's of Exceptional Coaches

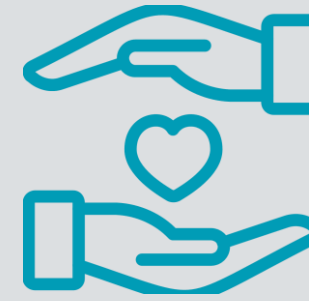
Curiosity



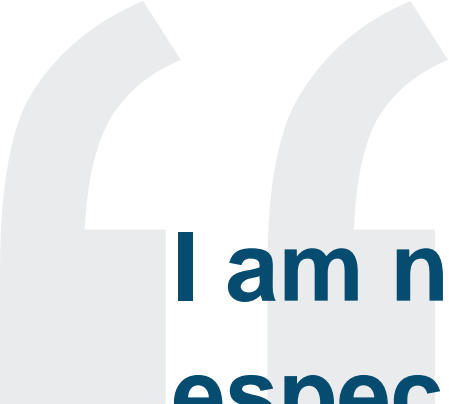
Courage



Compassion



# Curiosity



**I am neither especially clever nor especially gifted. I am only very, very curious.**

– Albert Einstein


# Courage



**Courage is *not the absence of fear,*  
but the triumph over it.**

– Nelson Mandela

# Compassion



**If you want others to be happy, *practice compassion*. If you want to be happy, *practice compassion*.**

– Dalai Lama

# Great Coaches Are Often Made, not Born.

Executives regularly rated themselves as above-average coaches, while their colleagues rated them in the bottom third of performers.



**business leaders significantly overestimate their coaching skills.**

Source: "People who think they're great coaches often aren't.", Jack Zenger and Joseph Folkman, *Harvard Business Review*, 2016.

# Great Coaches Evolve With the Times

Training



Openness to  
New Techniques



Seeking Feedback



Source: "People who think they're great coaches often aren't.", Jack Zenger and Joseph Folkman, *Harvard Business Review*, 2016.



# How to Incorporate It

# Groups That May Appreciate a Coaching Approach

Wealthy  
Investors Under  
Age 50



Investors Going  
Through a Major  
Life Event



Women



Investors Already  
Working With a  
Financial Advisor





# GROW—A Four-Step Process for Financial Coaching

**G**



**Goal**

Work with the client to choose a goal or outcome.

**R**



**Reality**

Develop a better understanding of their current state.

**O**



**Options**

Explore ideas for achieving goals, including overcoming obstacles to success.

**W**



**Will**

The client chooses, and commits to, taking specific actions moving forward.

# Step 1: Goals

## Client prompts:

- What are you looking to achieve? How will you know when you've achieved it?
- How do you want to **feel** after achieving your goal?
- What would you like to have accomplished by the end of our time today?
- What information do you want to have covered by the end of our session?



### Improve Client Satisfaction and Retention by Simply Talking Less

Remember, client satisfaction is directly related to the amount of airtime that the client takes up in meetings.<sup>1</sup>

<sup>1</sup> Source: *Dr. Moira Somers*, "Advice That Sticks: How to Give Financial Advice That People Will Follow." Permission to use the GROW Model granted by Performance Consultants International.



# Step 2: Reality

## Client prompts:

- What have you done thus far? Why haven't you been able to work toward your goal until now?
- Why do you feel this way?
- What prompted you to identify this as a goal?
- **What's true for you about the role money played in your childhood?**

**Use our Financial Behavior Assessment** to help clients become more aware of how their financial attitudes and beliefs are impacting their success.



### Awareness Leads to Influence

Once a client better understands their relationship with money, or why they are stuck in a particular spot, they can be more intentional—and take more control—over future behaviors and emotions.



# Step 3: Options (and Obstacles)

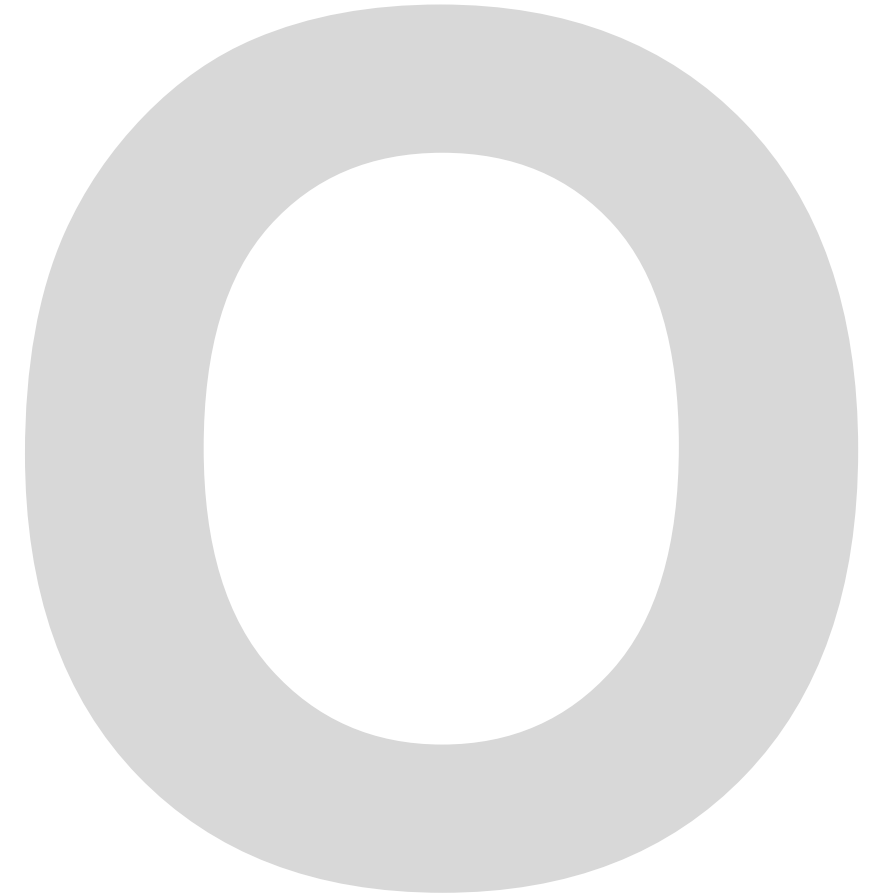
## Client prompts:

- What has gotten in the way (derailed you) in the past?
- What challenges could arise in the next 12 months that you need to consider?
- What are the various options, and the pros and cons of each?



### Leverage Behavioral Finance Principles

Walk clients through the emotional and cognitive biases that can negatively influence investor behaviors and decision-making.



# Step 4: Will

## Client prompts:

- What will you do now? By when will you do it?
- How will we know when you've done it?
- How will you keep yourself—and how can I keep you—motivated?



### Client-Driven Action Items Are Critical

People are more likely to follow through on tasks, especially difficult ones, when they feel responsible for choosing to do it.<sup>1</sup>

<sup>1</sup> Source: "Self-Efficacy: The Exercise of Control." ,Albert Bandura. *Annual Review of Psychology*.  
Permission to use the GROW Model granted by Performance Consultants International.

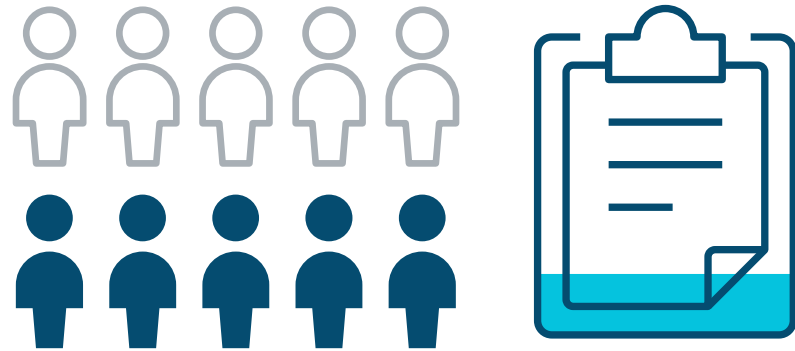


# Why It Matters

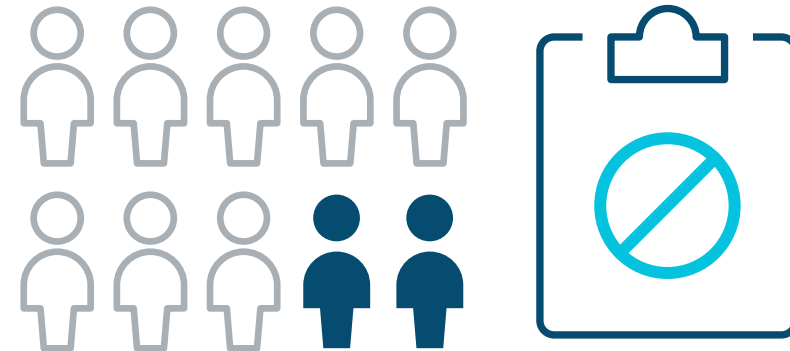


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# Coaching Is the Spark That Ignites Investor Action

Coaching connects the financial plan to **implementation**.



And coaches focus on building the kind of relationship that fosters **client satisfaction**.

# Start to Measure Success Differently

There is no progress without measurement. Be sure to keep track of your client's satisfaction with:

- Their financial health
- Their confidence in their ability to achieve their goals
- Their emotional state—how they're feeling about their financial journey at the moment
- You, being sure to give them an opportunity to provide feedback on how you're doing



## Be Able to Show Clients How Far They've Come

By documenting client satisfaction, you can encourage clients and reinforce your value by showing them the progress they've made. Conversely, dropping satisfaction scores can indicate a need to refocus the relationship.

# Take Greater Control Over Your Success



# Consider How Best to Incorporate Coaching

## You Have Options: Degrees of Possible Incorporation Into Your Practice

### Fundamental

- Identify situations to incorporate the “3 C’s” into your client conversations or communications
- Practice financial coaching conversations with colleagues—giving and receiving feedback
- Informally test the GROW method using client prompts
- Test the Financial Behavior Assessment in the field

### Intermediate

- Offer or increase the coaching-oriented conversations you’re having with clients
- Make the Financial Behavior Assessment a part of your client onboarding and annual review processes
- Use two to three characteristics or lessons from an influential coach and make them a part of your culture

### Expert

- Rewrite your marketing and promotional materials to include coaching phrases and philosophy
- Become a certified financial coach
- Enter into formal coaching relationships with clients

# Bottom Line

- Create more meaningful connections that lead to financial plan implementation and adherence.
- Deliver value that only humans can deliver.
- Connect with your clients of tomorrow in a way that many prefer—and in a way that differentiates you.
- Redefine and take greater control over your measures of success and effectiveness

**Any level of coaching can help you connect.  
It's about connection—not perfection.**

# Program Resources

Use the Next Wave of Advice materials to support your efforts

- Playbook
- Financial Behavior Assessment
- Financial Behavior Assessment Advisor Guide
- Financial Behavior Assessment Presentation

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Next Wave of Advice  
**Financial Behavior Assessment  
Advisor Guide**

Effective financial coaching requires understanding the needs and goals of your clients. It must go beyond gathering and get to the emotional behaviors that underlie their financial decisions. The Financial Behavior Assessment is designed to help develop this deep understanding. After clients have completed the assessment, follow up with them to create and maintain a more successful financial future.

**Getting Started: Positioning with your clients and prospects**

After identifying clients who are good candidates for the assessment (under age 50—share the Financial Behavior Assessment with them), share their responses to each of the questions.

The type of open-ended questions in the assessment is based on behavioral psychology and T. Rowe Price's own research. These kinds of questions were shown to be more effective in getting clients to open up about how they really feel about money.

- Create a judgment-free environment to coach your clients.
- Emphasize there are no right or wrong answers and encourage open behaviors and motivations about money.

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Next Wave of Advice  
**Financial Behavior Assessment**

Being good with money is like any other skill—anyone willing to commit can become better as long as they have the right guidance and support.

This assessment is designed to help you maximize your potential for financial success by helping you see yourself, and your finances, in a new light—revealing opportunities for positive growth. As a result we hope that you will feel more empowered to make decisions and initiate the kind of change that will lead you to a richer life.

All responses are confidential—your answers are your own and will never be shared without your permission.

**1 Looking Back**

What's true for you about the role money played in your childhood?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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# Next Steps



★ **Right now:**  
**Identify** three coaching candidates from your existing book of business.

★ **Next week:**  
**Have a conversation** with them that follows the GROW framework.

★ **Next week:**  
**Test** the Financial Behavior Assessment with a prospect.

★ **This month:**  
**Schedule a meeting** with your T. Rowe Price representative to bring this program to your practice or team, and to your clients.



# Explore Other Resources at Your Disposal

## Explore other T. Rowe Price Practice Management programs

- *Prospecting the Next Wave of Wealth*
- *Intergenerational Wealth Transfer*
- *Understanding Family Dynamics*
- *Visualize Retirement*
- *Women & Investing*

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**Prospecting the Next Wave of Wealth**

How can you adapt your practice to serve the investors of the future?

**KEY INSIGHTS**

- Younger clients are concerned about their finances, some even feel the financial house is on fire.
- These younger investors represent the "next wave" of wealth and will be Boomers in terms of the wealth they control in the next decade.
- Many next wave clients don't feel that they are wealthy enough or "worth" advice from a professional financial advisor.
- Both the attitudes and needs of these next wave clients are markedly different from current clients in terms of goals, communication style and expected return advisor.

**Your future clients don't look or act the same as your current clients**

Most successful advisory practices have been set up to serve the needs of older, "traditional" clients. This has served many advisors well but may not be the ideal way to tap into future growth as advisors continue to compete for the same—less affluent clients. This leaves attractive future clients overlooked.

The large wave of wealth transfer currently underway in the U.S. is well-documented and documented. By 2030, estimates predict Gen X and Generation Y households will control significant wealth in the future.

**Younger Clients' Inheritances are Accelerating**

Even if not affluent today, many younger clients will control significant wealth in the future.

Requests forecast to be received (\$ billion)

Source: Deloitte Center for Financial Services, 2016.

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**All In The Family**  
**CREATE CLIENT LOYALTY ACROSS GENERATIONS BY UNDERSTANDING FAMILY DYNAMICS**

Intergenerational wealth transfer represents one of the largest attrition risks to a financial professional's book of business. But there are steps you can take to build better relationships with an entire family by modeling their specific needs and serving them better, in turn, this will help you expand your practice to the next generation.

**22%** of your clients will likely experience a wealth transfer in the next decade.<sup>1</sup>

**70%** of heirs plan to change their financial professional when they inherit the assets.<sup>2</sup>

**Financial Professional Presentation**

- Customize your presentation to the client's needs and expectations.
- Use your own experience with you, based on personal history for family dynamics to make your family more likely to connect.
- Use the "Next Wave" tool to help you understand the next wave of wealth.

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**PROSPECTING THE NEXT WAVE OF WEALTH**

A how-to guide for connecting with the next wave of investors

**The clients of tomorrow likely don't look like your clients today.**

The top 10% of earners under 50 represent the single largest high potential group of prospects for an advisor's practice. They are a large group, with years of earning potential ahead. They are on track to control more and more wealth over time. And they are underserved. They often forgo professional financial advice even though they're less likely to feel like they are on track toward their goals and less likely to feel comfortable managing money on their own than traditional clients.

**How much potential is there in the "next wave" of wealth?**

- The top 10% of earners under 50 represent the single largest high potential group of prospects for an advisor's practice.<sup>1</sup>
- There are nearly 10 times as many households with \$100,000–\$2 million in investable assets as households with \$2 million–\$10 million.<sup>2</sup>
- For advisors in the top quartile of practice growth, 37% of their clients are 55 or younger. For the bottom quartile that proportion is only 12%.<sup>3</sup>

This guide can help you take action to better understand, find and serve clients who represent the next wave of wealth.

<sup>1</sup>MetLife Wealth Management Research, "The Next Wave of Wealth," 2016.  
<sup>2</sup>The Owl's Nest: U.S. High Net Worth and Ultra-High Net Worth Markets, 2015.  
<sup>3</sup>PriceWaterhouseCoopers, "State of Retail 2019: Age 55 Is as of 2020, so defined as clients born after 1965."



# Important Information

This material is provided for general and educational purposes only and is not intended to provide legal, tax, or investment advice. This material does not provide recommendations concerning investments, investment strategies, or account types; it is not intended to suggest that any particular investment action is appropriate for you. Please consider your own circumstances before making an investment decision.

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# Thank You



# Coaching Certification Resources

If you want to pursue the path of becoming a certified financial coach, you have several options, including:

- Accredited Financial Counselor (AFC) from the Association for Financial Counseling and Planning Education
- International Coaching Federation (ICF) Professional Certified Coach and Master Certified Coach
- Personal Financial Wellness Consultant from the National Financial Educators Council
- Certified Money Coach (CMC) from the Money Coaching Institute
- Certified Financial Transitionist (CeFT) from the Financial Transitionist<sup>®</sup> Institute