



WHITE PAPER

5 Reasons Clients Fire Their Advisors



Nobody wants to be on the wrong end of an ACAT form.

Losing clients can be discouraging at best, but...it happens. Even the best of advisors can't keep everyone for the long haul. How are we supposed to keep those favorite clients around? Whether you're looking to grow your business or become elite at retention, it'd be wise to ask and answer a simple question:

Why do clients fire their advisors?

[Financial Advisor](#) magazine conducted a study of nearly 1,400 advisors to discover the most common explanations clients gave for firing their previous advisor. Here are the top five documented reasons financial professionals get dumped.

5

23% SAID THE ADVISOR MADE CLAIMS WHICH THEY COULDN'T DELIVER.

Promoting your value by touting returns is old-school. Traditionally, we'd say something like, "We're targeting an 8% return with this portfolio." The investor doesn't consider your long-term perspective, and only hears "8%." Oops. We've locked in expectations. The market has only hit its own average once in about 25 years, and that's a tough risk to take.

4

34% SAID THE ADVISOR'S INVESTMENT PERFORMANCE WAS POOR.

Number four is a logical progression of number five. If you paint a target that's nearly impossible to hit, you shouldn't be surprised when you miss it. If performance ends up anything lower than the expectations you've cast, you'll hear, "Why aren't I getting my returns?" And when things are looking up? "Why is the market beating my portfolio?" It's a lose-lose. You're fired.

3

44% SAID THE ADVISOR FAILED TO RETURN THEIR PHONE CALLS PROMPTLY.

We've all experienced the phone ringing off the hook. The best solution (beyond leaning into your CRM and a finely-tuned schedule) is to curtail the volume of voicemails you're receiving by coaching your clients effectively. While no advisor could (or should) eradicate inbound inquiries completely, the best behavioral coaches receive the least amount of frantic calls spurred on by investment drama on CNN.

2

51% SAID THE ADVISOR FAILED TO UNDERSTAND THEIR GOALS AND OBJECTIVES.

It seems like a wealth management 101 topic, doesn't it? Of course you should demonstrate a crystal-clear understanding of your client's retirement objectives and investing goals. So, why do half of all former clients feel they've been misunderstood? It certainly sounds like a by-product of [The Best Interest Economy](#). Investors are more aware of the fiduciary standard they want from their advisor, and if you're not on the same page, they'll feel empowered enough to show you the door.

1

72% SAID THE ADVISOR FAILED TO COMMUNICATE WITH THEM.

Great news — The number one reason clients fire their advisor is the simplest one to address. Imagine a client engagement process where communication is a two-way street. Proactive advisors develop a plan to check in with clients regularly and gauge their sentiment about their financial future. They then systematize their client engagement process inside their favorite CRM or other software.

The verdict is in: clients stick around if they've received clear, realistic expectations and are then proactively coached by their advisor. We've found that investors who receive little communication about their wealth make unfortunate, short-term decisions.

It all stems from our definition of risk tolerance:

"How far can a portfolio fall within a fixed period of time before the investor will capitulate and make an emotionally-charged, poor investing decision?"

All of our research points to a simple truth: while investors should be focused on the long term, they react to risk in the short term, and emotional reactions to risk are the number one killers of long-term financial goals and results. So keep communicating, keep coaching your clients behaviorally, and keep them around for the long haul.

Curious about how thousands of advisors use the Risk Number[®] to clearly set and communicate expectations with their clients?

Drop us a line or [register for a tour](#).

We'd be thrilled to meet you.

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Riskalyze is the company that invented the Risk Number[®], which powers the world's first Risk Alignment Platform and was built on top of a Nobel Prize-winning academic framework. Advisors, broker-dealers, RIAs and asset managers use the Riskalyze platform to create alignment between clients and portfolios, leverage sophisticated analytics to increase the quality of their advice, automate trading and client account management, and access world-class models and research in the Riskalyze Partner Store — all with the mission of empowering the world to invest fearlessly. To learn more, visit riskalyze.com.

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