

Behind every successful adviser is a great paraplanner

Paraplanners now have an essential role to play in helping financial advisers rise to the challenge of an ever more demanding profession serving an increasingly discerning clientele

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Those of us who have been in the profession for a long time remember when an IFA's main task was simply to find clients, sell a policy to them and move on. How times have changed!

Today's successful IFAs have had to improve their research, analysis, computer administration, audit trails, compliance and client communication. This clearly presents too many tasks for one person to accomplish properly and so the role of the paraplanner has emerged.

My business has a small team of paraplanners and what has become obvious is that we would be nowhere near as profitable without them. However, if the current trend among a number of our peers is to be believed, many are dispensing with the services of their paraplanners. In a service-led environment such as ours, this strikes me as madness. Paraplanners provide an essential link between advisers and clients, especially as advisers are often out of the office. They also free up advisers to concentrate on revenue generating activities, by taking over some of the more technical tasks.

Over the last few years my firm has gradually moved its business model away from simply sales to a successful combination of sales and service. As a result, the role of our paraplanners has blossomed. As we now



INVALUABLE: Sharon Bahia, one of Regency's paraplanners

generate a comfortable 50% trail commission, our paraplanners provide the link between the functional back-office administration and technical face-to-face advice with clients. There is overlap at each end of this process and it is here that paraplanners can define their own roles.

What makes a good paraplanner?

An effective paraplanner must have a basic understanding of financial planning concepts and terminology. They should be capable of collecting and assessing relevant personal and financial information, and able to interpret that data so that they can provide updates and clarification for both the client and the adviser. Where appropriate, they sit in on client meetings, especially if it is a new business meeting, as this builds the client/IFA relationship right from the start. This is vital in creating client confidence in the whole IFA practice.

A good paraplanner can also identify financial goals and objectives alongside an adviser and work independently on solutions. This requires a high level of commitment, as well as considerable technical expertise. At Regency we believe, therefore, that paraplanners should be trained to a minimum of FPC3 and we encourage all of our paraplanners to work towards level 4 qualifications.

Recruiting good paraplanners

Finding suitable paraplanners is not easy. While industry experience is useful, a person who is both literate and numerate, who comes from a suitable background such as banking or a non-financial commercial background, can make a great paraplanner. As the paraplanner role develops and the bar is raised even further, paraplanning could be an excellent career for a graduate entrant who may not necessarily wish to become a face-to-face adviser.

At our firm, paraplanners work closely with an adviser to provide written recommendations in a report format. They are aware of the implications of their recommendations and make a point of understanding the client's attitude to risk and the effectiveness of the solutions. When the recommendations are accepted by the client, our paraplanners step in to play a co-ordinating role overseeing the implementation of the client plan. In this respect, they are a lynch pin between advisers and administrators, providing that all-important knowledgeable contact point, especially when the adviser is not available.

Picking up on anomalies

Our business model typically involves running pre- and post-retirement funds and other non-pension related

investment portfolios. These require regular reviews, updating and re-balancing and we rely on our paraplanners to spearhead these functions. Consequently, our paraplanners have a good 'feel' for numbers. They can spot inconsistencies, which sometimes arise in valuations, and are generally aware and understand how investments should perform. If a

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particular investment looks completely out of kilter with its market peers, then our paraplanners can bring them to the notice of the adviser – this is one of the most important parts of the paraplanner's role.

At Regency we take the view that the directors should never be allowed near the computer system for they will surely cause havoc! Our paraplanners, with their excellent computer skills definitely take precedence in this area.

Complementing an adviser's skills

Although we are a generalist practice, the variety and complexity of modern financial advice means we have developed a wide range of specialist skills such as long-term care, model portfolio investment, taxation and trusts. It is early days, but our paraplanners are starting to develop complementary skills in the same areas.

The journey from meeting the client to completion of the sale is now far more complex than it used to be. This is partly because the modern IFA has a much broader knowledge than was generally available years ago, and partly because of the impact of compliance procedures. Alongside this, the functional role of an administrator still exists, but clients expect companies like ours to give them the very best financial advice as well as taking responsibility for a whole range of financial transactions, the role of the paraplanner will play an increasingly important part in the process. Can we therefore do without them, or is this really a false economy?