7 Questions Clients Wish Their Financial Advisors Would Ask

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Financial advisors need an edge. As the industry changes, the battleground for keeping and growing a book of business is being fought on two connected fronts – providing a better wealth experience and deepening client relationships.

Winning this battle starts with asking clients great questions.

For too many advisors, early interactions with clients amount to little more than fact finding. They ask cursory questions from a checklist or ask clients to fill out a standard risk tolerance questionnaire. Even those who claim to use a goals-based approach often fail to develop a real strategy for these meetings.

In fact, asking great questions should be the centerpiece of early conversations with a client. Great questions give advisors a glimpse beyond a client's goals, into his or her personality, priorities and preferences. These essential elements allow advisors to personalize the service they provide and adapt as client needs and expectations shift.

GOOD QUESTIONS SPUR GOOD CONVERSATION

There are three broad elements of facilitating a better wealth experience for clients:

- **Ask open questions.** Avoid yes and no questions as much as possible. Don't be afraid to dig a little deeper by asking "why do you feel that way?"
- **Get personal.** Developing a relationship will be different with every client. It's why so many advisors default to generic worksheets and questionnaires. But goals are personal – so advisors must be, too.
- **Be an active participant.** A great wealth experience is a two-way conversation, not a one-way interview. Engage in the conversation by sharing details about your own life, asking follow-up questions and reacting honestly to what the client says.

With these best practices in mind, here's a closer look at seven questions clients wish advisors would ask them.

1 WHY DID YOU CHOOSE TO WORK WITH ME?

Most people speak to a number of advisors before ultimately deciding on their financial partner. Getting insight into why a particular client chose you reveals a lot about their priorities and the services they expect.

It also helps to understand why clients sought out an advisor in the first place. In some cases it may be prompted by a specific life event (perhaps an inheritance or a divorce). In other cases clients may have recently left an advisor they weren't happy with. In either case, it pays to find out as much as you can about what brought them to your office.

Good follow-up questions: How did you hear about me? What's the biggest challenge you want me to solve?

2 WHAT ARE THREE FINANCIAL MILESTONES YOU ARE PLANNING FOR?

> *"WHEN THE CONVERSATION DOES TURN TO RETIREMENT, ASK WHAT THE CLIENT IS LOOKING FORWARD TO MOST.*

Most advisors default to asking clients about their retirement goals and timeline. But this retirement tunnel vision often results in advisors overlooking other key planning priorities, such as charitable giving goals, travel and college planning. Separate yourself from other advisors by asking the client to rank these milestones based on which are most important to them.

When the conversation does turn to retirement, ask what the client is looking forward to most. The answer will provide insight into the client's priorities – family, travel, hobbies, etc. The client will realize this will be a broader conversation about life goals and priorities, not just financial goals.

Good follow-up questions: What will your ideal day be five or 25 years from now? Beyond your spouse, who are the people you could be supporting?

3 WHAT WOULD YOU DO IF YOU WERE FORCED INTO EARLY RETIREMENT?

Plenty of people would like to retire as early as they can. But early retirement isn't always a good thing, and it's not always optional. Employers may force clients to retire before they planned to. Or, health issues facing the client or family members may compel them to stop working.

In fact, one recent Morningstar report concluded that the median retirement age is 61, rather than 65. Those four years can make a big difference. Grab your client's attention by mentioning potential disruptions to retirement plans, and then start a conversation about contingency plans, priorities and tradeoffs.

Rather than focusing on a single, static goal like retirement age, advisors and clients should talk about goals in terms of ideal and acceptable outcomes. That is, what the client really wants (ideal) versus what they'll be ok with (acceptable). We know that everyday life has a way of turning most goals into moving targets, so plans must be flexible. Advisors should know which client priorities are "nice to have" and which are "need to have" and be able to map various scenarios within a client's comfort (confidence) level.

Good follow-up questions: Have other employees at your workplace been forced into early retirement? What's your ideal retirement age?

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4 CAN YOU TELL ME THE DIFFERENCE BETWEEN ACTIVE AND PASSIVE INVESTING?

Getting a handle on a client's financial knowledge is a crucial early step, and sometimes it means putting clients on the spot.

However, it can guide how advisors should talk about investments in the context of client goals and what financial details require a little more explanation. It's a key step in understanding clients and identifying where advisors can add value by offering educational insight and resources.

Good follow-up questions: Where do you go for investing news? What topics do you want to learn more about?

5 IF THE MARKET WERE TO CRASH TOMORROW, WOULD YOU SEE THAT AS A THREAT OR AN OPPORTUNITY?

Crafting an accurate risk profile relative to a client's goals is one of the primary objectives of initial conversations with new clients. A question like this provides insight into their personal investment philosophy and true tolerance for risk.

It can also shed light on their goal priorities and life stage. Someone needing liquidity in the near future will have a different perspective on a potential market downturn than someone with a longer-term view.

Good follow-up questions: What was your strategy during the Credit Crisis? Do you follow the stock market daily?

WHAT HEALTH CONDITIONS RUN IN YOUR FAMILY?

Health care costs can be a major source of stress, particularly as retirement approaches. It's not hard to see why -- a couple retiring this year will spend an average of $280,000 on health care costs during retirement, according to research from Fidelity Investments.

However, most clients underestimate the cost of caring for themselves and their aging parents. Advisors who can anticipate the savings need for potential healthcare costs are better positioned to recommend an approach or product that may provide long-term peace of mind.

Good follow-up questions: How do you feel about assisted living facilities? Do you know how your parents have handled their healthcare expenses?

> *“MOST CLIENTS WILL UNDERESTIMATE THE COST OF CARING FOR THEMSELVES AND THEIR AGING PARENTS.*

WHAT KEEPS YOU UP AT NIGHT?

It's hard to ask clients to face their demons. It puts them in a vulnerable, sometimes uncomfortable place – which many advisors make great efforts to avoid.

Without understanding the source of your client's financial stress, it's nearly impossible to deliver a plan that alleviates it. Addressing these fundamental concerns with clients starts with conversations that dig deeper and reveal true motivations for their goals.

Good follow-up questions: How long have you been concerned about these things? Who else from your family carries these burdens?

TAKEAWAY FOR ADVISORS

These questions are not intended to replace due diligence when it comes to understanding a client's holistic financial picture. But numbers don't tell the whole story. To truly understand a client's goals, you have to truly understand the client.

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