



10 Enhancements to Financial Advice

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by Dave Butler

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This year, Dimensional is celebrating 30 years of working with financial advisors, a collaboration that has helped change the way the world thinks about investing. To recognize that impact, we compiled 30 ways investors can benefit from the industry's transformation. Here are the first 10.



1. The advice industry shifts from ringing up sales to building client relationships.

With the rise of the independent financial advisor, a new financial advice model takes hold – one that puts the client at the center and changes the way advisors charge for services.

2. The regulatory environment signals that advisors ought to act in clients' best interest.

Regulatory rules obligate registered investment advisors to act in the best interests of their clients, which sets a higher standard for serving them.

3. Investment advice evolves into comprehensive wealth management.

Over time, investment advice advances beyond individual security selection to encompass a broader scope of services, from asset allocation to wealth management. Advisors focus on understanding each client's personal circumstances and objectives.

4. Financial advisors collaborate with other professionals on behalf of their clients.

To help clients manage multiple aspects of wealth, advisors take a central role in coordinating the services of accountants, attorneys, investment managers, insurance providers, and other third-party professionals.

5. Improved client discovery tools enable more relevant plan design.

Advisors apply new methods to identify a client's financial objectives, attitude toward risk, return expectations, and financial traits. The insight informs more advanced financial planning and investment

approaches.

6. New technologies and research help clients better understand probabilities of outcomes.

With advanced research and robust analytics tools, advisors offer clients a more sophisticated view of the range of possible outcomes associated with different investment and personal budgeting strategies.

7. Advisors build cost-efficient, globally diversified portfolios for individual investors.

Strategies based on financial science offer building blocks to help advisors design customized portfolios that systematically pursue capital market returns.

8. Digital technologies transform the ways advisors communicate with clients, prospects, and the world.

Access to global information networks expands an advisor's influence as publisher, educator, thought leader, and coach. Serving in these multiple roles helps to create more informed, disciplined investors.

9. Advisors join professional communities where they share best practices and ideas that can benefit clients.

These communities offer investment education, quantitative tools, and professional networking opportunities to help advisors build and manage their practices while elevating the client experience.

10. Advisors develop succession plans to ensure business continuity for their clients.

Advisors recognize the importance of planning for business and leadership succession, which can help provide continuity of services and support for both current and future clients.

Dave Butler is co-CEO of Dimensional.