

The future's looking bright for advice-only advisors

by Will Ashworth | 27 Jan 2015

Although they represent a tiny fraction of the total number of advisors in this country, they see the glass half-full post-CRM2.

The editorial staff here at Wealth Professional spend a lot of time talking to frontline advisors. By doing so we learn more about the issues that advisors face in their practices.

This past Friday WP had the pleasure of speaking with David Stewart, a partner in Toronto-based advice only firm Stewart & Kett. In the financial planning business since 1986, Stewart's partnered with Cynthia Kett for the last 20 years. He's a great example of the talent that exists in the rather obscure advice-only arena.

Statistics vary as to the number of individuals providing advice-only planning in Canada but 150 seems to be the number quoted by most practitioners. That's 150 out of 90,000.

There's a limited number of people in this business because it's easier to make money on the advisor side selling product. "But there's always going to be a market for it," says Stewart. "There will always be people that value objectivity... There are those that aren't willing to spend money for fees and there are those that are."

But will advice-only planning grow?

Stewart's rather ambivalent about this question. Certainly, his firm has plenty of business to keep it busy but when you're charging on a project or hourly basis and not on percentage of assets under management, you're always looking for that next client. That said it provides a bevy of services including retirement income projections, estate planning, charitable giving planning, portfolio assessments and manager searches.

By providing these services to clients with fees set out on its website and totally transparent to them, CRM2 is a non-starter for advice-only planners. When you combine this transparency with lower fees

available through robo-advisors, it's a potential business model whose best days appear in front of it.

To learn more about the future growth in advice-only planning, WP spoke to Jason Heath who operates a practice in Markham, Ontario and routinely writes for the Financial Post.

He believes that only a small number of people are doing advice-only planning in this country for one simple reason: "If you do any sort of Google search for 'financial advice' there are a lot of recommendations to seek out advice-only planning yet nobody's doing it... When I look at my client base and how much money they pay in investment management fees, a good financial planner can make 10 times as much money as an advice-only planner."

With CRM2 predicted to upend the apple cart when it comes to fees, advice-only practices will surely become a more competitive business model.

Not so sure.

Money Coaches Canada have 21 advice-only coaches across the country at present. **Sheila Walkington is the founder of MCC**. Her firm's adding 10 more coaches in 2015 and hopes to have 50-plus within the next 2-3 years.

In January, MCC's website had 60 requests for information. Its biggest areas of growth: Ontario, Alberta and B.C.

As Walkington states, "More Canadians are looking for unbiased advice on everything from retirement planning, portfolio review, and planning for short- and medium-term goals." Further, "Growth of the DIY investor and online investing options are replacing traditional investment advisors but clients still need financial planning advice."

The drum beats louder.