



ADVISOR AUTHORITY 2017

The Future of Advice

The Innovation and Issues that RIAs, Fee-Based Advisors
and Investors Care About Most

CHAPTER 2

PATHS TO SUCCESS:

Profiles of Successful Advisors

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ADVISOR AUTHORITY: **The Innovation and Issues that RIAs, Fee-Based Advisors and Investors Care About Most**

As our industry faces rapid change—from the influx of new technologies, to the impact of Washington politics, the newly implemented DOL fiduciary rule and evolving client demands—one thing is clear: There is tremendous momentum in the independent fee-based channel. And the industry is clearly bullish on its future. As innovation disrupts the status quo, and financial advice continues to evolve, it creates new opportunities for you to transform your career and your practice by making the move to a fee-based future.

To help all advisors at every level tap into the tremendous potential of the independent fee-based channel, our 2017 *Advisor Authority* study, now in its third year, explores the issues and innovative solutions that matter most to RIAs, fee-based advisors and their clients. Conducted for us by Harris Poll, *Advisor Authority* surveys close to 800 RIAs and fee-based advisors nationwide, including thought leaders who are setting the trends in our industry, as well as over 800 individual investors, from the Mass Affluent to the Ultra High Net Worth.

In this Special Report of *Advisor Authority*, we zero in on two segments of highly successful advisors: Those who earn more and those who manage more AUM. As we studied different aspects of these top performers—how they build and run their practice, leverage technology and serve their clients—our findings reveal the mindset and focus that it takes to engineer a path to success. We believe that advisors at every level can learn from these actionable insights to build a more successful practice and establish a viable franchise for the future.

RIAs and fee-based advisors have every reason to be optimistic. They are fostering the creation of new business models with a level of ownership, entrepreneurship and innovation that doesn't exist in other channels. They are a powerful force, working to drive change and conceive the future state of our industry—built on simplicity, greater transparency, more choice, and ultimately greater value. And with the increasing complexity of building and protecting wealth in today's fast-paced market, more clients recognize—and demand—the value of transparent and unbiased guided advice.

Jefferson National, operating as Nationwide's advisory solutions, was built from the ground up with a singular focus on serving RIAs and fee-based advisors. We have never stopped in our efforts to develop a deeper understanding of the challenges you face and the solutions that you need to succeed. As change continues to reshape our industry, and more advisors make the move to independence, we will continue taking the pulse of RIAs, fee-based advisors and their clients, to establish the benchmarks that help you measure your progress and learn from recognized leaders and industry innovators. We believe you'll find our research insightful. And as always, we welcome your feedback about our findings and your suggestions for next year's study.



Mitch Caplan and Larry Greenberg

HOW TO USE THIS SPECIAL REPORT

Advisor Authority was conceived as a tool that takes the pulse of RIAs and fee-based advisors of all sizes and at every level of experience, to establish benchmarks that you can use to measure your own progress relative to your peers, leaders and industry innovators.

We also study investors, defined as primary/shared decision makers with investable assets greater than \$100,000, ranging from the Mass Affluent to the Ultra High Net Worth, of every generation from Millennials to Matures. Their responses can help you understand where advisors and investors align, where they don't—and the opportunities that emerge as a result.

Two Segments of Highly Successful Advisors:

We segment our research across several important categories that will allow you to learn more about the leaders in our industry who are driving innovation and setting the trends. In this Special Report, we look closely at the group we call Successful Advisors—those who earn more and manage more assets—and we compare this group to All Other advisors. In addition, we drill down more deeply to highlight the unique differences between two different segments of Successful Advisors—the Advisor with High AUM and the High Earning Advisor.



The Advisor with High AUM:

Those who individually manage a total AUM of \$250 million or more.



The High Earning Advisor:

Those with personal yearly income from advisor business of more than \$500,000.

Age	Successful Advisors	Advisors with High AUM	High Earning Advisors	All Other Advisors
Millennial: 18-36 years	44%	47%	39%	38%
Generation X: 37-52 years	36%	32%	41%	36%
Baby Boomer: 53-71 years	20%	21%	20%	24%
Mature: 72+ years	-	-	-	2%
Average Age	41.1	41	42.3	42.5
Personal Income				
Less than \$500,000	38%	59%	-	100%
\$500,000 - \$749,999	25%	7%	44%	-
\$750,000 - \$999,999	16%	12%	28%	-
\$1 Million or more	16%	14%	29%	-
Decline to Answer	5%	8%	-	-
Position				
Owner, or part owner	44%	37%	63%	43%
Management level	50%	58%	34%	45%
Non-management level	6%	6%	4%	12%
AUM Individually Manage				
\$0 to less than \$25 million	1%	-	1%	19%
\$25 to less than \$50 million	-	-	-	32%
\$50 to less than \$100 million	9%	-	15%	29%
\$100 to less than \$250 million	26%	-	46%	21%
\$250 to less than \$500 million	42%	66%	23%	-
Over \$500 million	22%	34%	15%	-
Segment Size	140	90	80	639

INTRODUCING OUR SUBJECT MATTER EXPERTS:

We interviewed leading subject matter experts to provide you with a deeper understanding of the innovations and issues that matter most. In this Special Report, profiling highly successful advisors who earn more and manage more AUM, our experts reveal how they approach every aspect of building and managing their practice. They share strategies for balancing short-term objectives with making long-term investments to ensure they can achieve their vision for the future of their firm.

You'll find their expert commentary at various points throughout our Special Report, as well as a more in-depth interview with each expert in a dedicated section at the end of this report. Their innovative solutions and actionable insights can help you engineer a path to success, to build a successful practice and establish a viable long-term franchise for the future.



Joseph W. Spada, CFP®
Senior Principal,
Summit Financial Resources, Inc.

Joseph W. Spada, CFP®, is a Senior Principal at Summit Financial Resources, Inc. based out of Parsippany, NJ. He also serves on the company's Board of Directors. With over 35 years of experience advising clients, Mr. Spada heads Summit Financial Resources' leading high net worth wealth management practice. Mr. Spada is a nationally recognized specialist on estate, business, wealth transfer, income tax, investment, retirement, philanthropic and asset protection planning for business owners, high net worth individuals and families.



Edward C. Swenson,
Co-Founder and Chief Operating Officer,
Dynasty Financial Partners

Mr. Swenson is Dynasty Financial Partners' Co-Founder, Chief Operating Officer, Chairman of the Operating Committee. He is responsible for strategic oversight of the operational, custodial and technology platform, including all partner relationships. He is also part of the executive team responsible for leading Dynasty's strategic road map, new product development and client servicing efforts. Prior to Dynasty, Mr. Swenson was a Portfolio Manager for the Legg Mason Large Cap Growth Fund, where he oversaw trading, rebalancing and distribution for Smith Barney's Multiple Discipline Accounts.

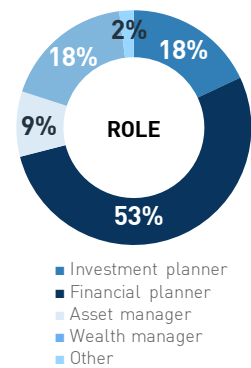
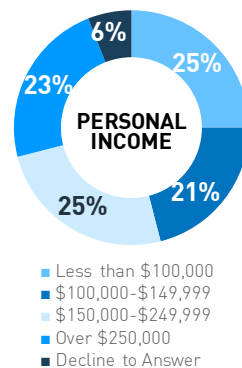
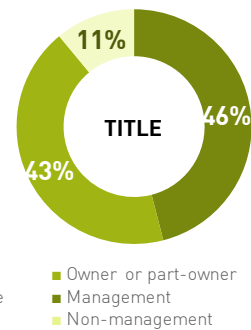
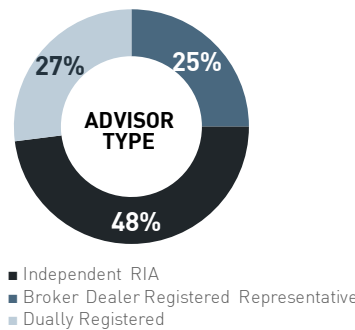
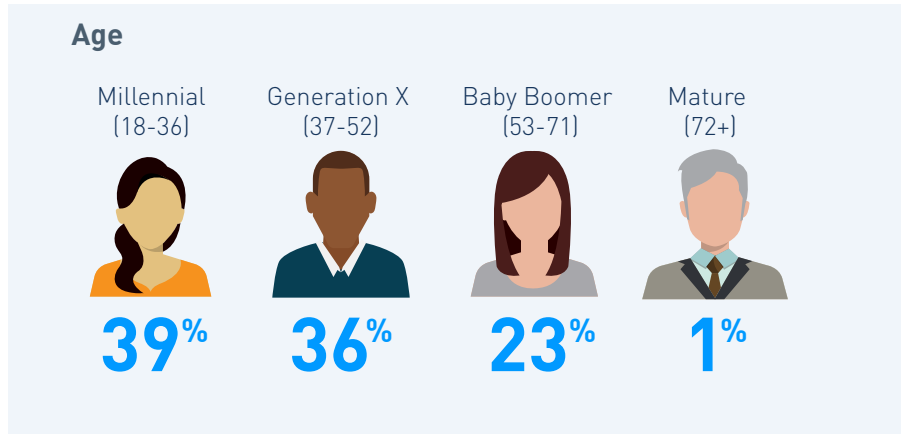
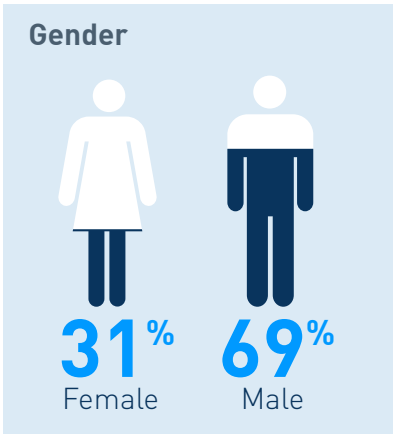


Adria M. Rosebrock, CFP®, NSSA®
Manager of Advisor Training & Research,
Hamilton Capital Management

As Manager of Advisor Training and Research, Adria Rosebrock is responsible for specialized financial and tax planning research, advisor training programs, developing and implementing integrated financial planning standards, and evaluating financial planning software and tools to improve the client experience at Hamilton Capital Management. A Certified Financial Planner®, Ms. Rosebrock previously served as a financial advisor in the Washington, D.C., metro area. Recognizing the complexities of Social Security, Ms. Rosebrock earned the National Social Security Advisor™ designation in order to better serve clients. She serves as a subject matter expert on Social Security planning for the firm's financial planning team and all of its clients. Ms. Rosebrock is passionate about educating and training financial advisors, and believes this is how she can have the greatest impact on the financial services industry.

Demographics & Methodology

This is Jefferson National’s third annual *Advisor Authority* study on the issues and innovative solutions that RIAs, fee-based advisors and individual investors care about most. Conducted by Harris Poll, a leading independent market research firm, the online survey was fielded from March 13 – April 7, 2017 using a sample from the Harris Poll Panel of Financial Advisors and Investors. It reflects the viewpoints of more than 1,600 RIAs, fee-based advisors and individual investors who reside in the U.S.



Among the **817 Investors**, we surveyed:



208
Mass Affluent



204
Emerging High Net Worth



204
High Net Worth



201
Ultra High Net Worth

Investors are weighted where necessary by age, gender, race/ethnicity, region, education, income, marital status, household size, investable assets and propensity to be online in order to bring them in line with their actual proportions in the population.

Gender



43%
Female



57%
Male

Age

Millennial
(18-36)



26%

Generation X
(37-52)



27%

Baby Boomer
(53-71)



36%

Matures
(72+)



11%

Financial Decision Maker

69%
Primary Financial Decision Maker



31%
Joint Financial Decision Maker

Household Investable Assets



53%
Mass Affluent
\$100,000 to less than \$500,000



18%
Emerging HNW
\$500,000 to less than \$1 Million



14%
HNW
\$1 Million to less than \$5 Million



15%
Ultra HNW
\$5 Million or more

Advisor Relationship Status

58%
Have a financial advisor



42%
Do not have a financial advisor

EXECUTIVE SUMMARY

Paths to Success: Eight Traits of Highly Successful Advisors

As markets move faster and the world around us becomes more complex, the most successful advisors are a step ahead. They are the leaders and innovators who look to the future, set the trends, manage more AUM and earn more than their peers.

By studying the competitive advantages at the core of their success, we discovered eight traits of highly successful advisors, to help you define and ruthlessly refine your own path to success.

1 Think Like a CEO:

When it comes to managing their practice, successful advisors act like business owners and think like CEOs. Every aspect of their practice—from technology and marketing, to building their client base and cultivating their in-house team—aligns with their vision for the future of their firm.

3 Target an Emerging Market of New Clients:

Year-over-year, the pursuit of profitability is a top priority—and the push for new clients remains a top driver of profits for successful advisors, while helping them build a strong base for the future of their practice.

5 Retain Heirs:

Determined to retain their share of the \$30 trillion that Baby Boomers will transfer to the next generation, the most successful advisors are far more likely to have an actionable strategy in place to retain clients' heirs.

7 Be Bullish on M&A:

Successful advisors leverage industry trends like M&A to benefit the growth of their firm. Whether buying another practice, or selling their own, successful advisors are optimistic about the impact of M&A and consolidation as a way to tap into greater resources.

2 Be a Tech Innovator:

Successful advisors understand the power of technology to create an optimal client experience on the front end, and greater efficiencies on the back end. Similar to our findings from previous years, successful advisors are more likely to adopt more technology into their practice—and this year, those who manage more AUM are even more tech obsessed.

4 Be a Marketing Innovator:

To target an emerging market of new clients, the most successful advisors are more likely to have strategies to attract the next generation of investor. But while technology can optimize their marketing efforts and enhance the customer experience, successful advisors still say face-to-face is a number-one priority.

6 Plan Your Succession:

Successful advisors understand the importance of establishing a succession plan for their firm. They build teams, not only to optimize current workload, but also to cultivate a future generation of leadership.

8 Put Clients First:

Successful advisors understand that the customer experience is a competitive advantage. They know that putting clients first is the foundation for a thriving practice. They make communication and listening a priority—ensuring that clients know they are heard and understood.

THINK LIKE A CEO

A key driver for the successful advisor is to think like a business owner. You’re not just an employee—you’re an entrepreneur. With this outlook, you can create value and unlock it—for your clients, for your employees and for yourself.

Like the best CEOs, successful advisors are forward looking strategists. Successful advisors recognize the importance of balancing short-term objectives with long-term investments, to create operational efficiencies, drive growth, achieve scale and build an enduring franchise.

As we discuss throughout this Special Report, every aspect of the successful advisor’s practice—from the technology they leverage, to the clients they target, to the marketing they implement, and the in-house teams that they cultivate—aligns with their vision for the future of their firm.

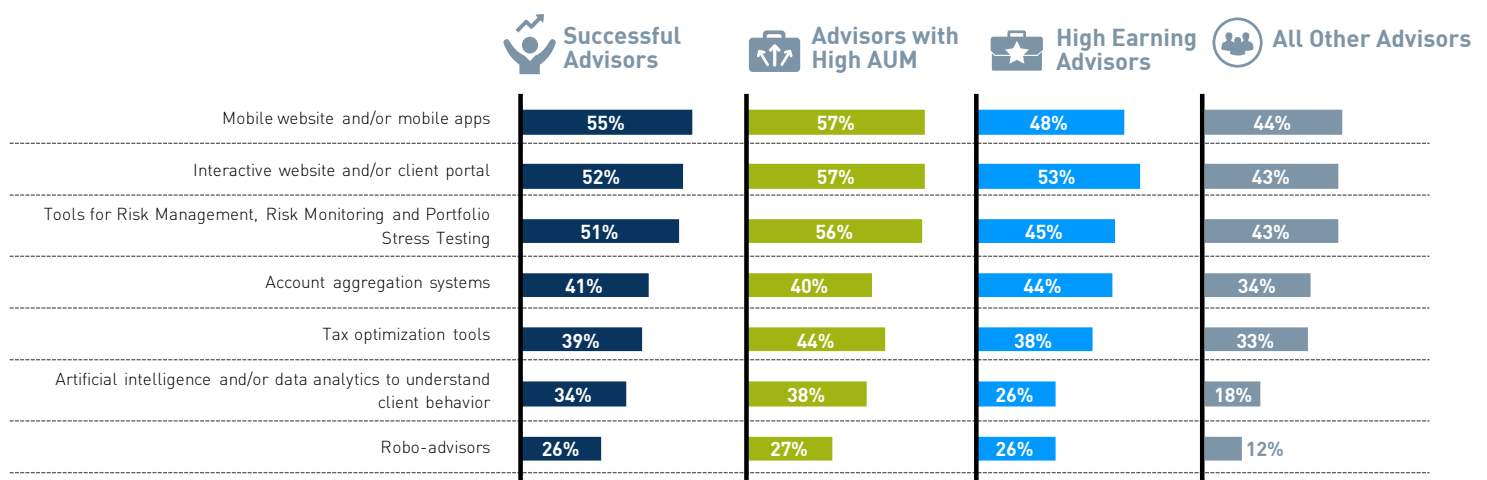
BE A TECH INNOVATOR

In an environment that is increasingly commoditized and competitive, the most successful advisors use more technology—and spend more on technology—to drive growth and scale. Successful advisors recognize the value of technology, helping to create a better customer experience on the front-end, and create greater efficiencies on the back-end, allowing them to spend more quality time with their clients.

Among the two types of successful advisors, this year’s findings show that those with High AUM are more “tech obsessed”—more likely to adopt new technology, and far more likely to consider new technology a number-one factor to enhance profitability. When compared to all other advisors, High AUM advisors are more likely than All Other advisors to add interactive websites (57%), mobile technologies (57%), and tools for risk management (56%). They are also more likely to prioritize tax optimization tools (44%) and artificial intelligence (38%) than All Other advisors.

In previous years, our study has shown that both types of successful advisors are more likely to consider robo advisors as allies—not enemies—using robo advice as an efficient way to provide portfolio management for a range of clients, from the smallest to the most affluent. In this year’s study, High AUM advisors (27%) and High Earning advisors (26%) were nearly twice as likely to be interested in adding robo advisors to their practice in the next 12 months, compared All Other advisors (12%).

THE TECHNOLOGY ADVISORS ARE MOST INTERESTED IN INTEGRATING IN THE NEXT 12 MONTHS



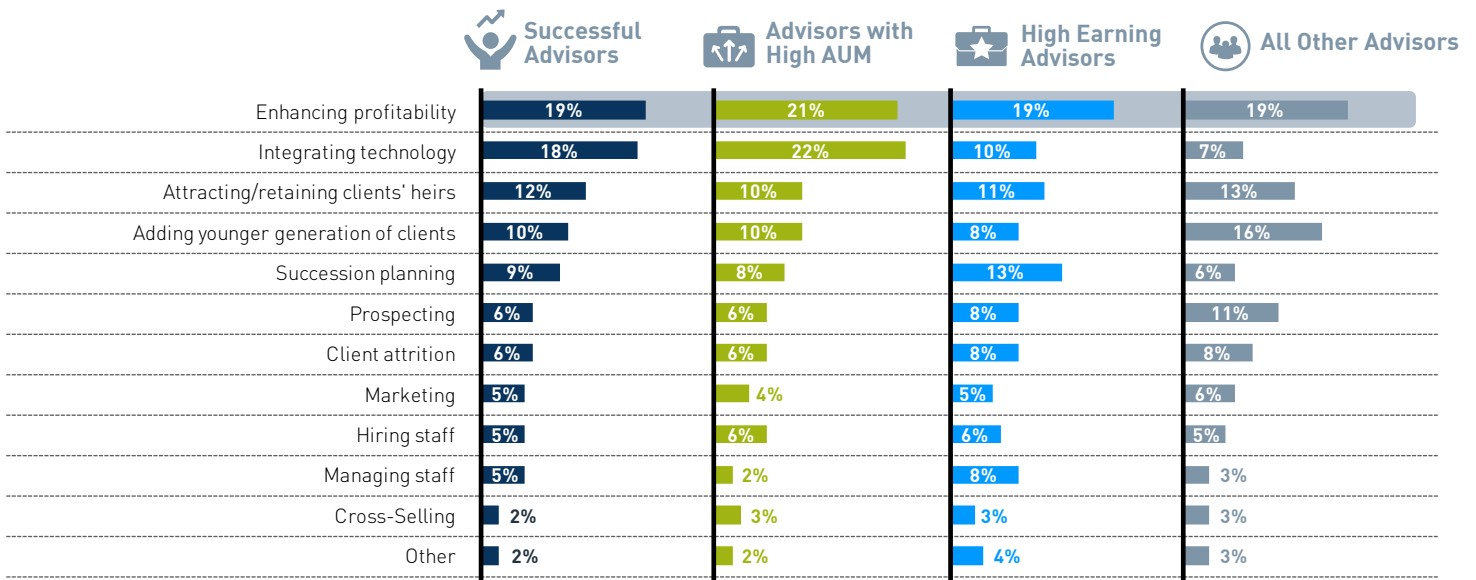
*Responses less than 4% based on Successful Advisors not displayed

TARGET AN EMERGING MARKET OF NEW CLIENTS

Year-over-year, the pursuit of profitability is among the top priorities for both segments of successful advisors—and the push for new clients remains one of their most important solutions to enhance profitability over the next 12 months.

In 2016, enhancing profits was rated the number one practice management concern by both High Earning (16%) and High AUM advisors (19%). This year, High Earning advisors continue to rate enhancing profitability (19%) as their number one concern, and succession planning (13%) a somewhat distant second. Given their greater focus on technology, High AUM advisors rate integrating technology (22%) as their number one practice management concern, while enhancing profitability (21%) comes in at a close second.

PRACTICE MANAGEMENT ISSUE OF MOST CONCERN IN NEXT 12 MONTHS

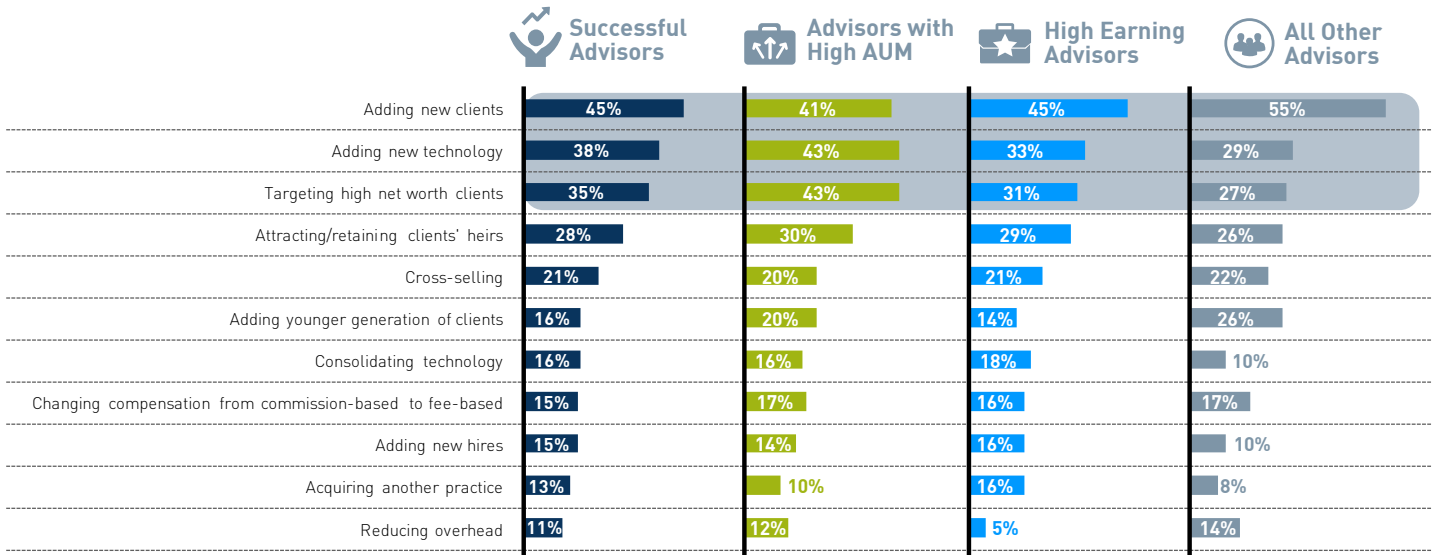


"For adding new clients, it's more important to add the right kind of clients by knowing your unique value proposition, segmenting your market correctly, and using technology to optimize the way you serve and communicate with them."

Edward C. Swenson,
Co-Founder and Chief Operating Officer,
Dynasty Financial Partners

For a third consecutive year, successful advisors say that adding new clients is among the most important solutions to enhance profitability. This year, High Earning advisors rate adding new clients their number one solution (45%), while adding new technology (33%) and targeting high net worth clients (31%) are a distant second and third. High AUM advisors who are more “tech-obsessed” say their number-one solution for enhancing profitability is adding new technology, tied with targeting high net worth clients (both 43%), while adding new clients comes in at a close second (41%).

MOST IMPORTANT SOLUTION TO ENHANCE PROFITABILITY OVER NEXT 12 MONTHS



*Responses less than 2% based on Successful Advisors not displayed

“The most successful advisors know exactly which part of the market they’re going to serve. It’s about having deep expertise in one area, not broad expertise in all areas.”

Edward C. Swenson,
Co-Founder and Chief Operating Officer,
Dynasty Financial Partners

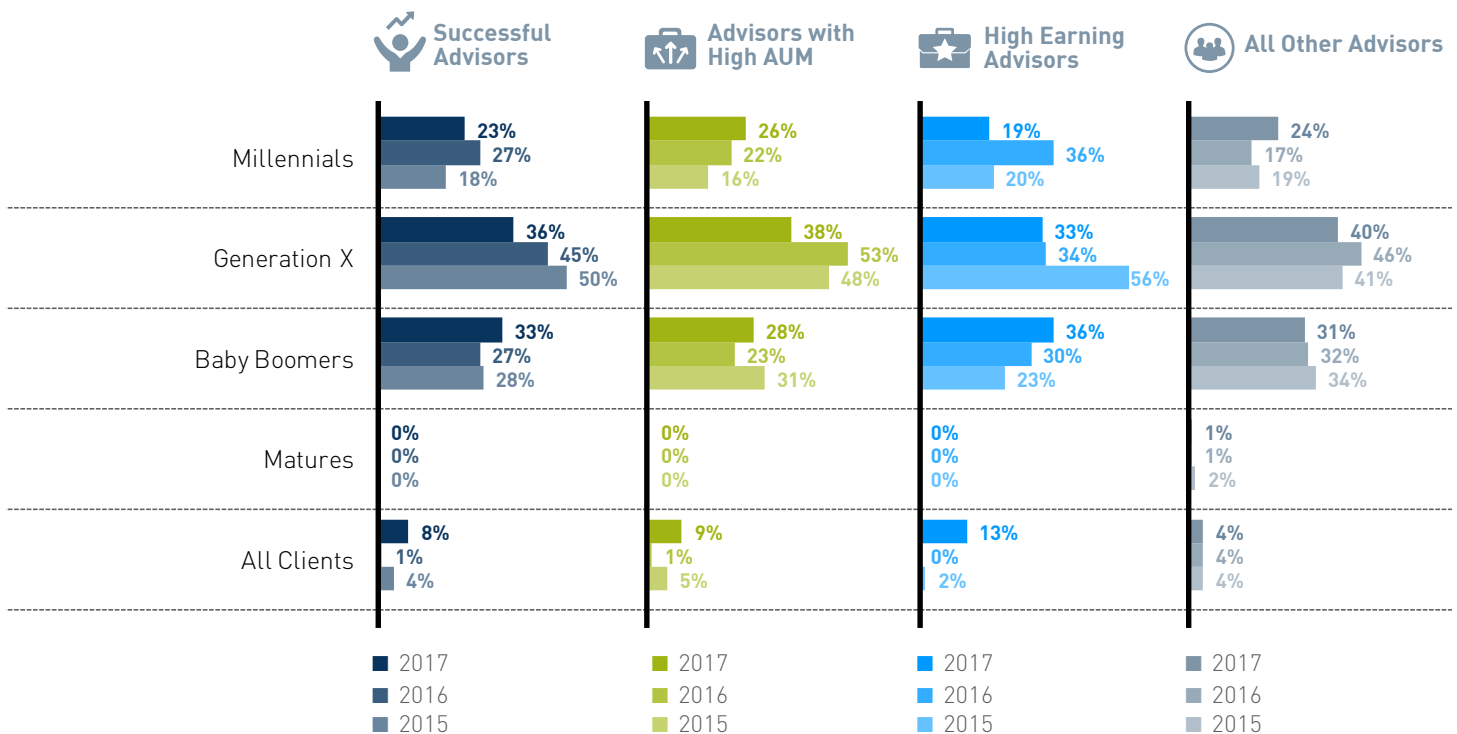
To optimize their practice, successful advisors define their ideal client—identifying who they are, what they do, what they need. They customize their practice in ways that can anticipate and understand these clients’ concerns—oftentimes better than the clients themselves.

Advisors, including the most successful, have been likely to focus on Generation X investors as their primary target year-over-year. Gen Xers are in their prime earning years, poised to build more wealth over the next two decades, and also positioned to inherit wealth.

Likewise, advisors with High AUM have somewhat increased their focus on Millennials year-over-year—perhaps with an eye to building the future foundation for their firm. While many Millennials are still burdened with debt as they embark on the early stages of establishing a career, this generation has grown to become the largest cohort—and they are likely to present tremendous potential in the future.

Meanwhile, High Earning advisors have moved their focus away from Gen X and increased their focus on Baby Boomers year-over-year. While Baby Boomers are shifting into retirement at a rate of 10,000 per day, and transitioning away from accumulating assets, it should be noted that this generation continues to control the [largest percentage of assets overall](#).

WHICH GENERATION OF INVESTORS WILL BE THE PRIMARY TARGET OVER THE NEXT 12 MONTHS



“Financial planning isn’t just technical, it’s also interpersonal. You’re going to provide investing knowledge and influence client behaviors. So you need to find people that you relate to well. I don’t believe that demographics like baby boomers or women are niches; instead, narrow that down further to people with whom you share similar values.”

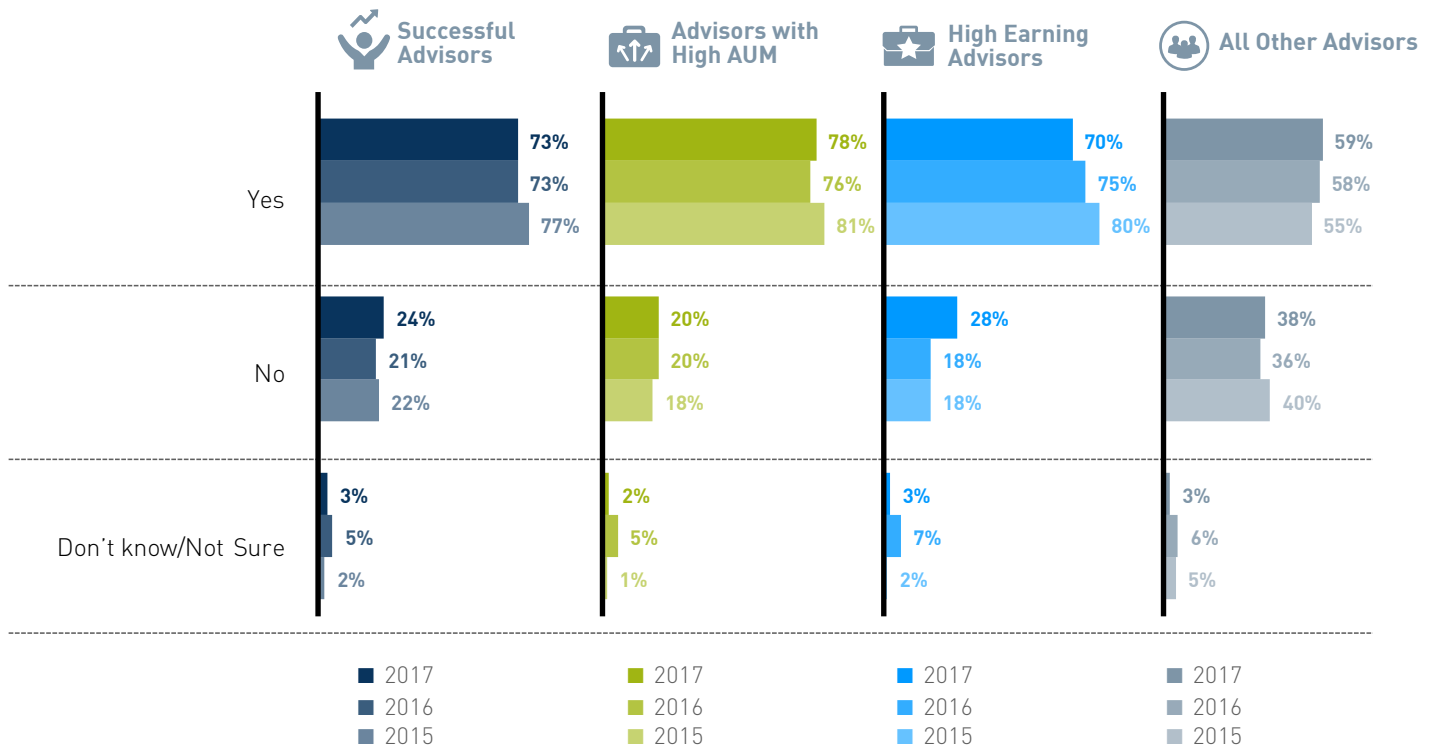
Adria M. Rosebrock, CFP®, NSSA®
 Manager of Advisor Training & Research,
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BE A MARKETING INNOVATOR

To extend their reach, build brand equity, and capture their share of the emerging market of new clients, successful advisors are more likely to change their marketing strategies to attract the next generation of investors. This year, 78% of High AUM advisors and 70% of High Earning advisors have changed strategies, compared with only 59% of All Other advisors.

Successful advisors say increased use of social media is their top solution to attract the next generation of investors (38%). High AUM advisors are somewhat more likely than High Earning advisors to focus on enhancements to their website (22%), hiring a multi-generational team (20%), offering socially responsible investing (19%) and reducing fees for younger clients (18%). High Earning advisors are somewhat more likely than High AUM advisors to leverage mobile technology (35%) and highlight historical performance (13%). Both types of successful advisors (11%) are somewhat more likely than All Other advisors to leverage robo advisors as a way to attract the next generation.

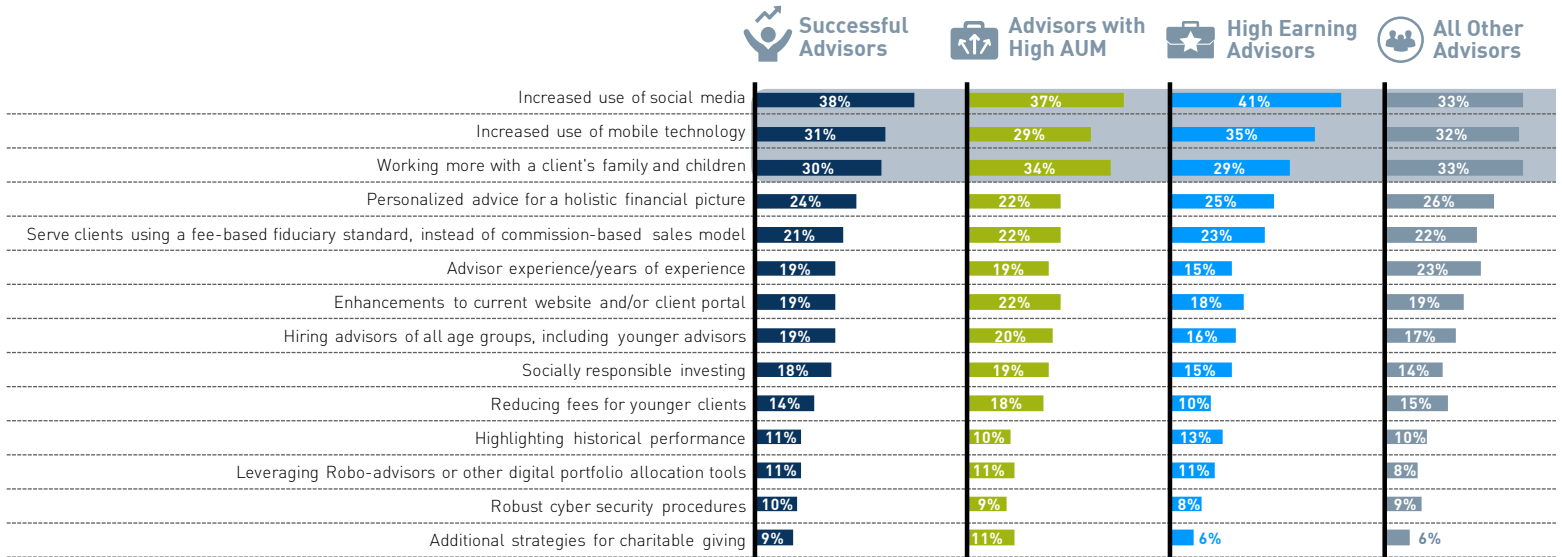
CHANGED STRATEGY TO ATTRACT NEXT GENERATION OF INVESTORS



"The most important way to differentiate is to become a subject matter expert in one segment of the market and go after clients who need your expertise. You must learn what you are really passionate about and determine the exact service that you're offering. It's very important that you do not try to be an advisor to everyone."

Edward C. Swenson,
Co-Founder and Chief Operating Officer,
Dynasty Financial Partners

SOLUTIONS TO ATTRACT NEXT GENERATION OF INVESTORS



*Responses less than 1% based on Successful Advisors not displayed

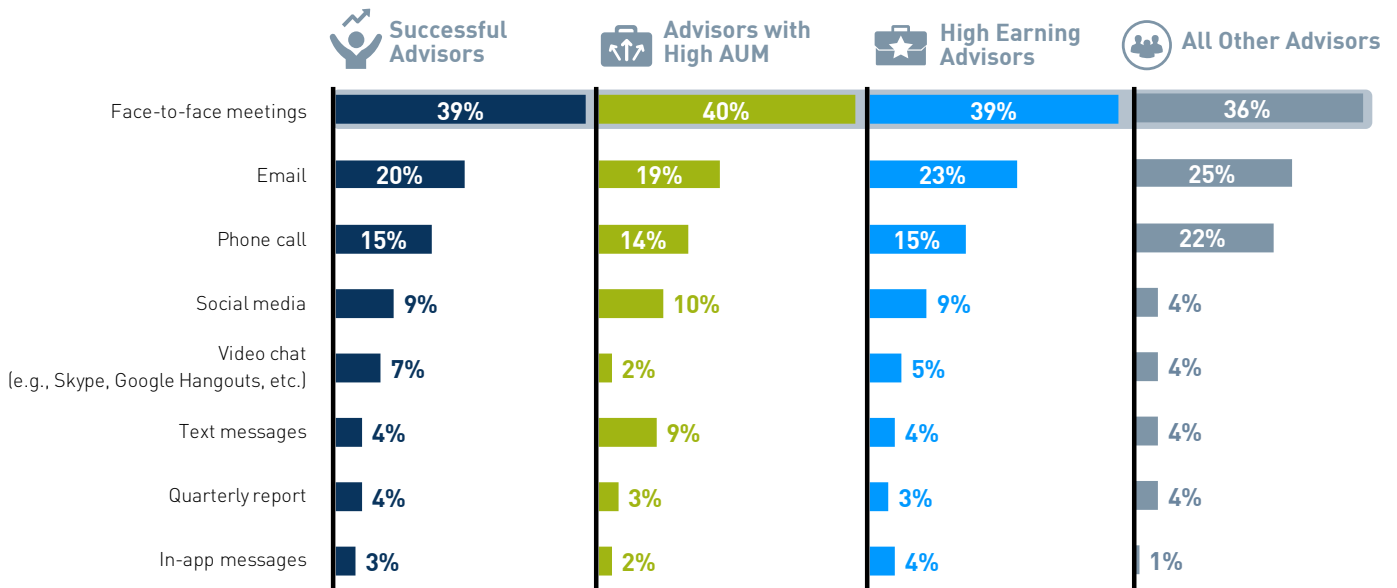
“The financial plan and advice that you give is only as good as the action that follows it. It’s important to be able to both educate and influence your clients to take action, make a change, and ultimately modify their behavior.”

Adria M. Rosebrock, CFP®, NSSA®
 Manager of Advisor Training & Research,
 Hamilton Capital Management

We are connected to data now more than ever before. You can know how many people visit your website, which of your articles, blog posts and materials are the most popular, how many people are responding to your emails, and what type of client is answering your phone calls.

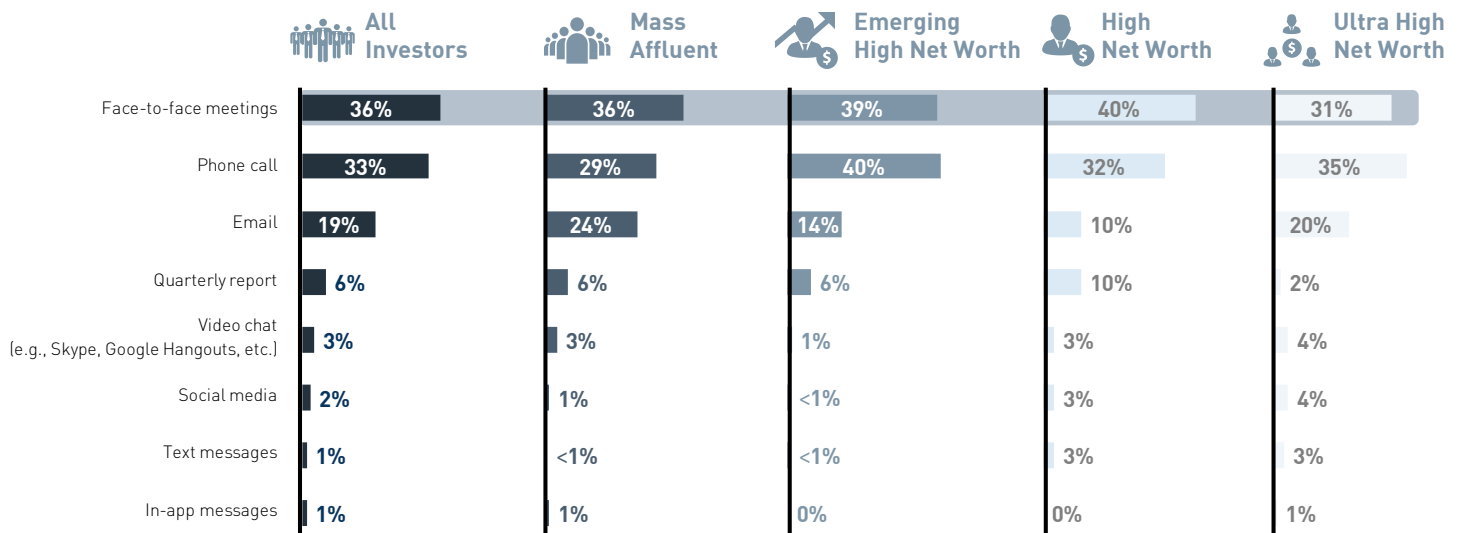
But while technology can expand the reach and enhance the effectiveness of your marketing strategies—and multi-channel communication is a reality—successful advisors still say face-to-face is their preferred form of communication—and investors agree.

PREFERRED COMMUNICATION: FACE-TO-FACE COMES FIRST



*Responses less than 2% on Successful Advisors not displayed

PREFERRED COMMUNICATION: FACE-TO-FACE COMES FIRST



*Responses less than 1% on All Investors not displayed

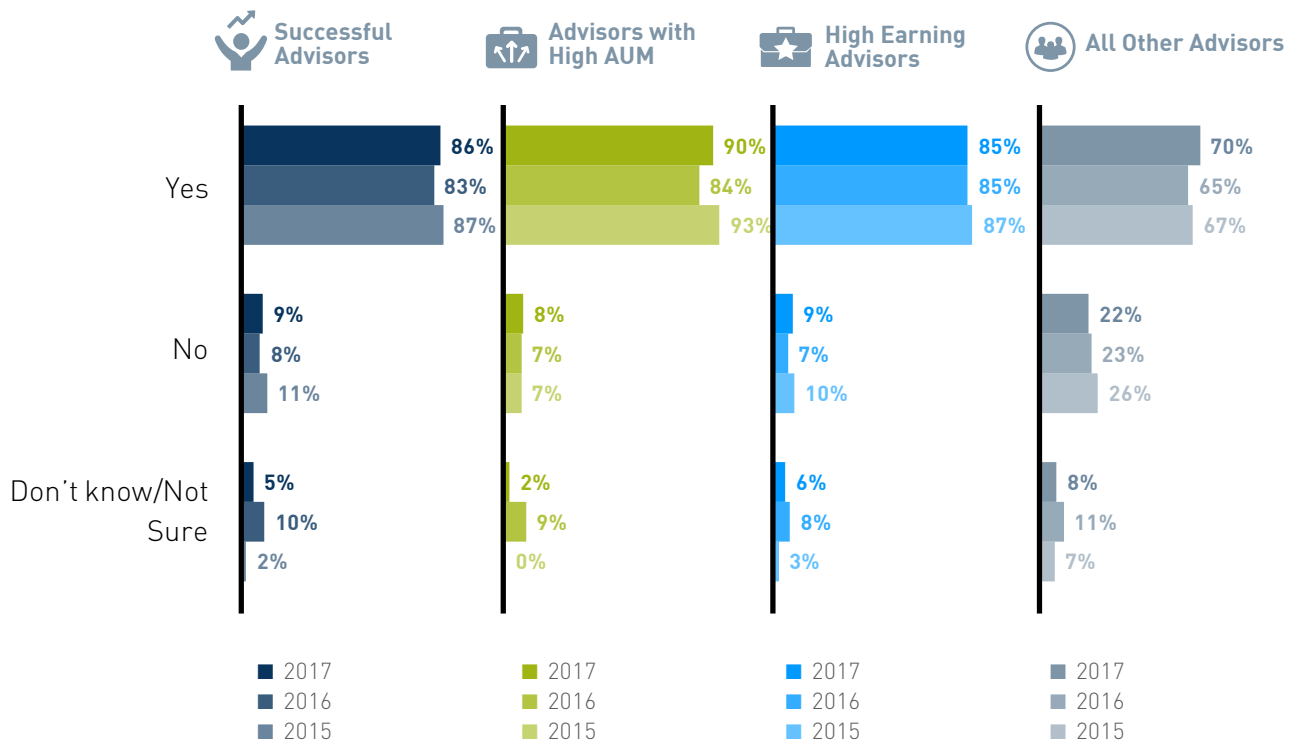
RETAIN HEIRS

A great transfer of wealth is taking place as Baby Boomers pass on their financial legacy to the younger generations. Over the next three decades, **\$30 trillion**—almost twice the GDP of the United States—will pass from Boomers to their to their Gen X and Millennial heirs. Yet, recent studies have revealed that advisors face a tremendous challenge retaining clients’ heirs—with drop-off rates ranging of **65%** to as much as **90%**.

This “Great Wealth Transfer” has become a priority for advisors—especially the most successful, who are determined to retain this next generation of clients as wealth changes hands. Year-over-year, the most successful advisors are far more likely to have an actionable strategy in place to retain clients’ heirs. This year, 90% of High AUM advisors, and 85% of High Earning advisors have a strategy to retain the heirs of their current clients, compared to only 70% of All Other advisors.

By establishing a proactive strategy to retain heirs—including building a multi-generational team, involving clients’ heirs in the planning process, offering innovative wealth transfer solutions, and partnering with experts such as estate attorneys—successful advisors can serve clients across generations, provide heirs with the tools to preserve their inheritance, and help to ensure the long-term success of their firm.

HAVE A STRATEGY TO RETAIN HEIRS OF CURRENT CLIENTS



“Ultimately, clients work with advisors who can provide specialized expertise, holistic integrated financial planning, and prudent unbiased advice. Clients are going to hire you if they trust your competency and your integrity.”

Joseph W. Spada, CFP®
Senior Principal,
Summit Financial Resources

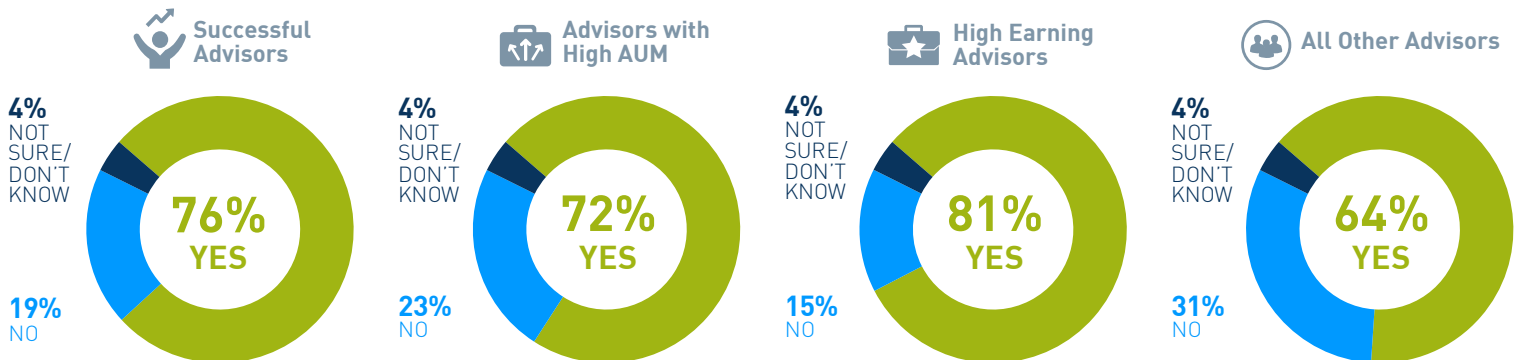
PLAN YOUR SUCCESSION

The most successful advisors are far more likely to have a succession plan in place. This year, **72% of High AUM advisors, and 81% of High Earning advisors have a strategy to retain the heirs of their current clients, compared to only 64% of All Other advisors.**

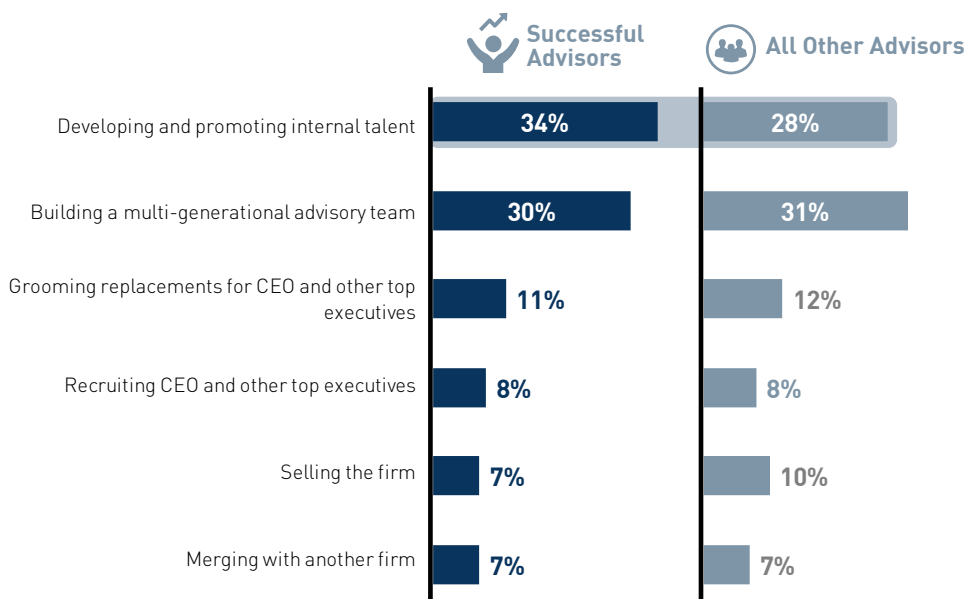
For successful advisors to build a truly lasting, long-term franchise, the success of their practice and the success of their brand can't be tied to just one or two individuals. Successful advisors build diversified ownership and establish ongoing continuity. They understand the importance of building teams, not only to optimize current workload, but also to develop and promote the internal talent from within that will cultivate new leadership for their firm.

Likewise, successful advisors' firms are not tied to a single generation of advisors—or a single generation of clients. An effective succession plan includes building a multi-generational advisory team to pair investors with advisors of a similar age, to help attract a new generation of clients, as well as to retain current clients' heirs, keeping their practice viable for the long-term.

HAS A SUCCESSION PLAN IN PLACE



MOST IMPORTANT FACTOR FOR AN EFFECTIVE SUCCESSION PLAN



"Succession planning is very important for building continuity with your current clients and attracting that next generation of new clients. As you approach your own retirement, your clients don't want to be uprooted from a trusted relationship that has been built over years of working together."

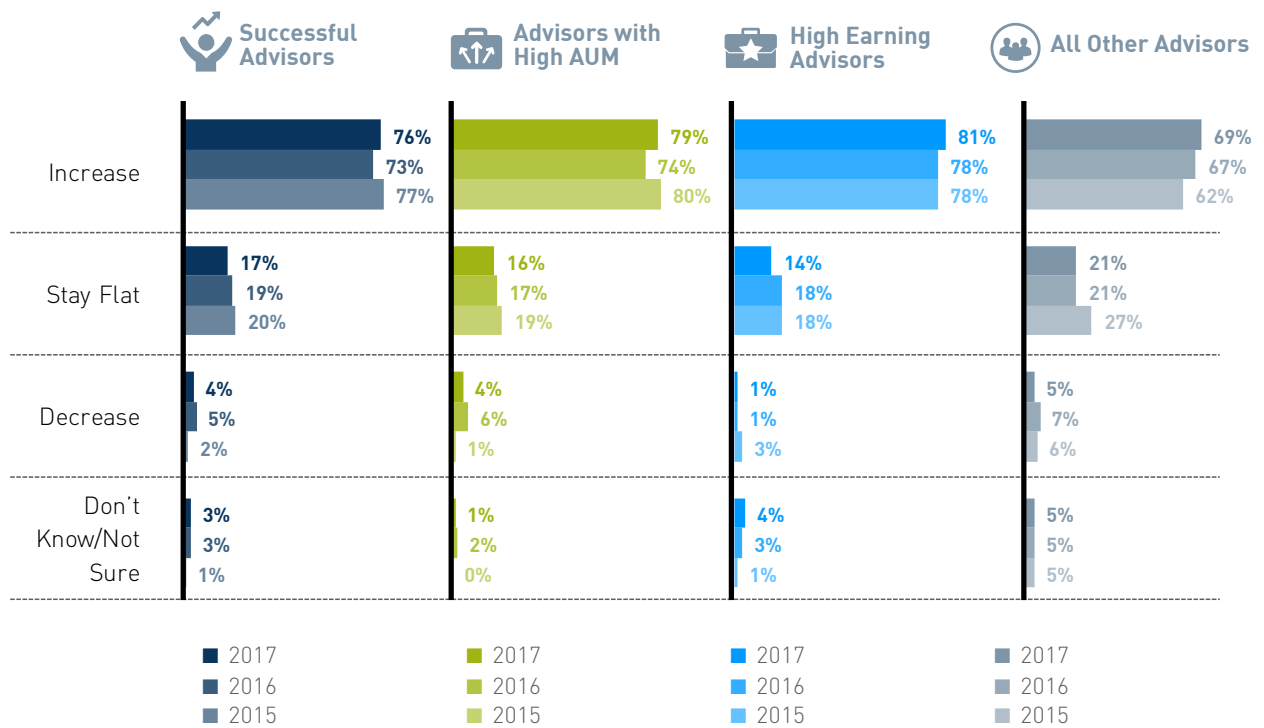
Joseph W. Spada, CFP®
Senior Principal,
Summit Financial Resources

*Responses less than 3% on Successful Advisors not displayed

BE BULLISH ON M&A

Successful advisors also understand how to leverage industry trends like M&A to benefit the growth of their firm. Year-over-year, advisors with High AUM and High Earning advisors say M&A activity in the RIA industry will increase—and year-over-year they are bullish about the impact on their business. Whether buying another practice, or selling their own, successful advisors are optimistic about the impact of M&A and consolidation as a way to tap into greater resources.

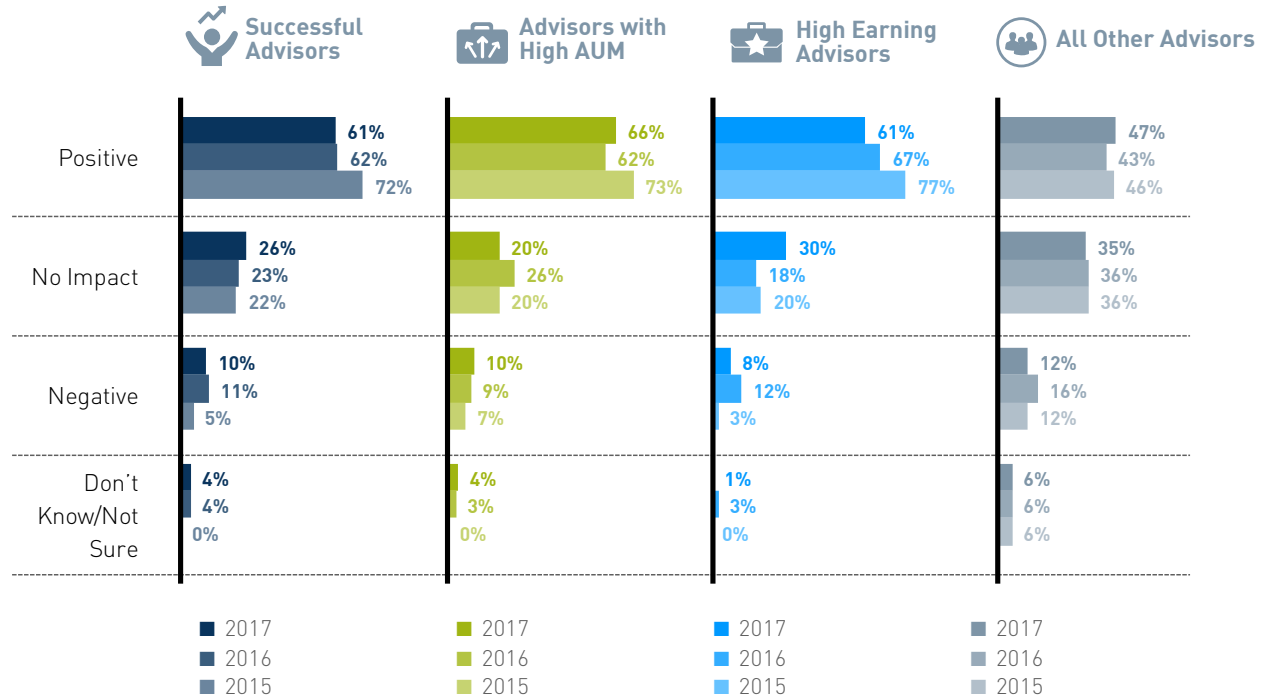
EXPECTED CHANGE IN CONSOLIDATION/M&A ACTIVITY IN RIA INDUSTRY



"In the next 10 years, you'll see more consolidation within the independent space. Where large teams do M&A and hire smaller teams, where smaller teams join other smaller teams, where advisors retire and their teams join other firms. That is a huge opportunity for professional advisors to take advantage of."

Edward C. Swenson,
Co-Founder and Chief Operating Officer,
Dynasty Financial Partners

IMPACT OF CONSOLIDATION/M&A ACTIVITY IN RIA INDUSTRY



WHY POSITIVE ABOUT M&A ACTIVITY IN RIA INDUSTRY



"There's going to be more consolidation, as operational costs for compliance, legal, and technology continue to increase significantly. For the smaller firms, it's already becoming more difficult for them to stay independent, and we will start to see those firms integrate with larger firms."

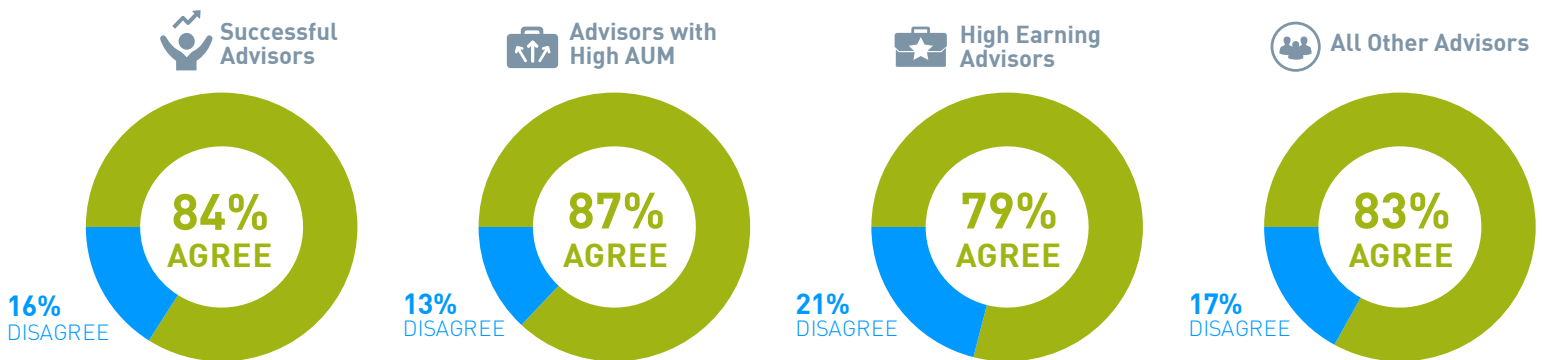
Joseph W. Spada, CFP®
Senior Principal,
Summit Financial Resources

*Responses less than 2% on Successful Advisors not displayed

PUT CLIENTS FIRST

Successful advisors know that putting clients first is fundamental. They recognize that the key to the growth, health and sustainability of a profitable practice is linked to their ability to understand, align with, and serve their clients' needs. To this end, the vast majority of successful advisors agree that offering a fiduciary model will benefit the growth of their practice, regardless of the status of the DOL fiduciary rule.

FIDUCIARY MODEL WILL BENEFIT PRACTICE, REGARDLESS OF DOL FIDUCIARY RULE

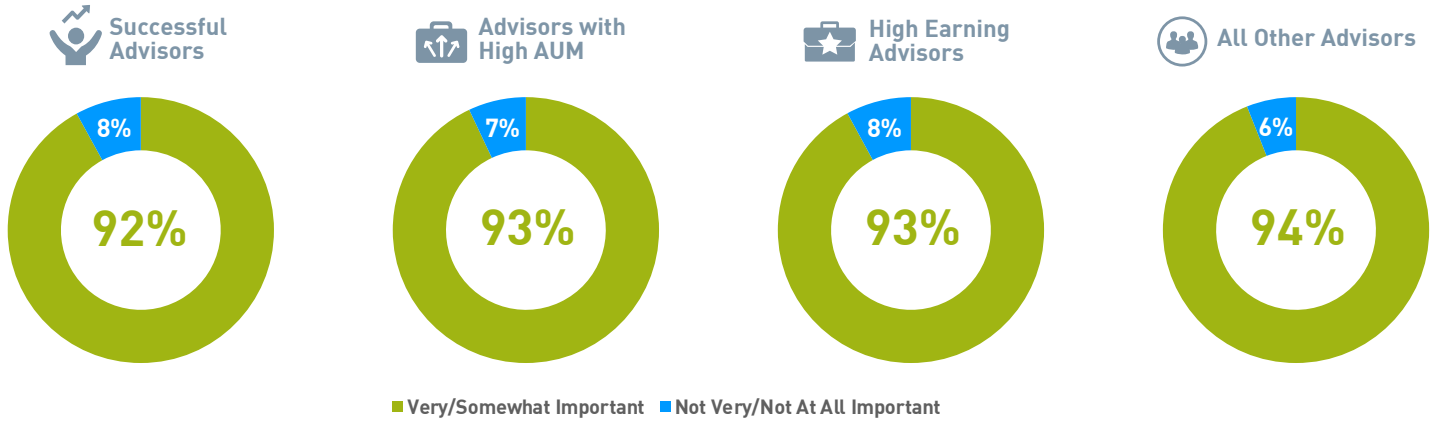


“First and foremost, I do not recommend anything to a client that I wouldn’t put in place for my family. I always ask myself, ‘Would I do this if I were in the client’s situation?’ Next, it’s important to do your due diligence and make sure any products you recommend are the best of breed and suitable for your client. If you’re focused on holistic integrated financial planning, if you do your due diligence, and you only recommend what you would do for your own family, then you’re on the right track.”

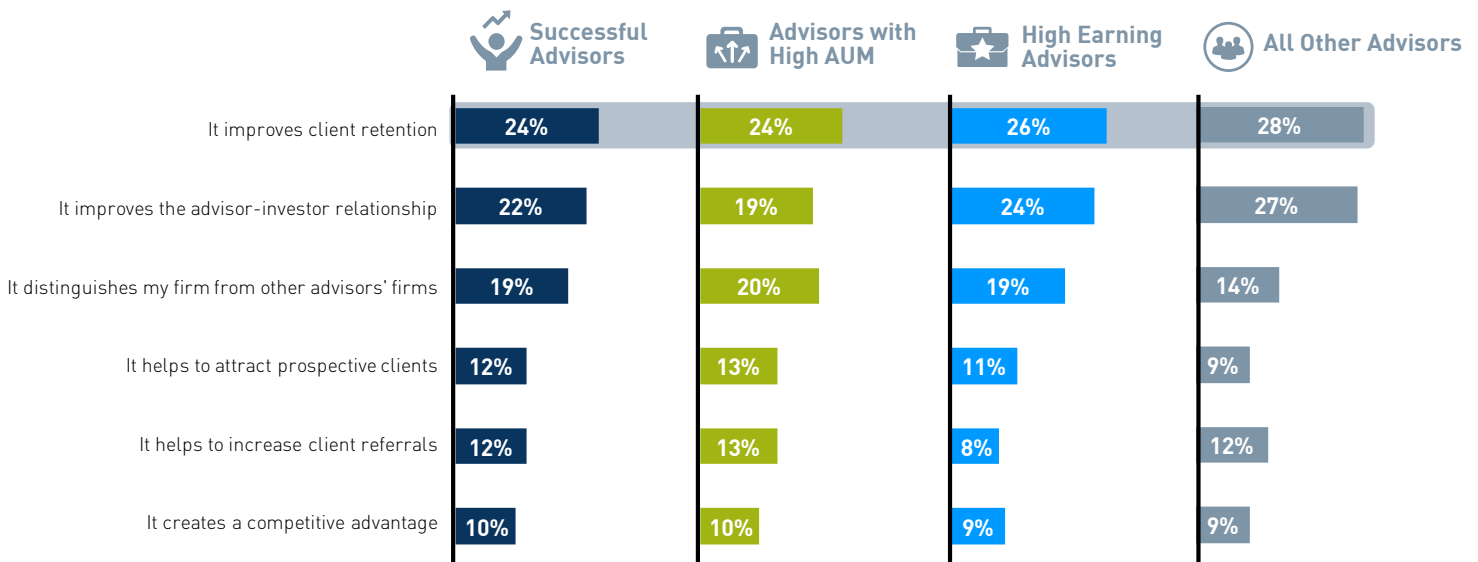
Joseph W. Spada, CFP®
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Successful advisors also understand that providing the right customer experience is a competitive advantage, essential to attract and retain satisfied clients. In fact, when compared to All Other advisors, successful advisors are somewhat more likely to say that customer experience distinguishes their firm from other advisors' firms.

CUSTOMER EXPERIENCE: IMPORTANT TO ADVISORS' VALUE PROPOSITION



WHY CUSTOMER EXPERIENCE IS CRITICAL TO VALUE PROPOSITION



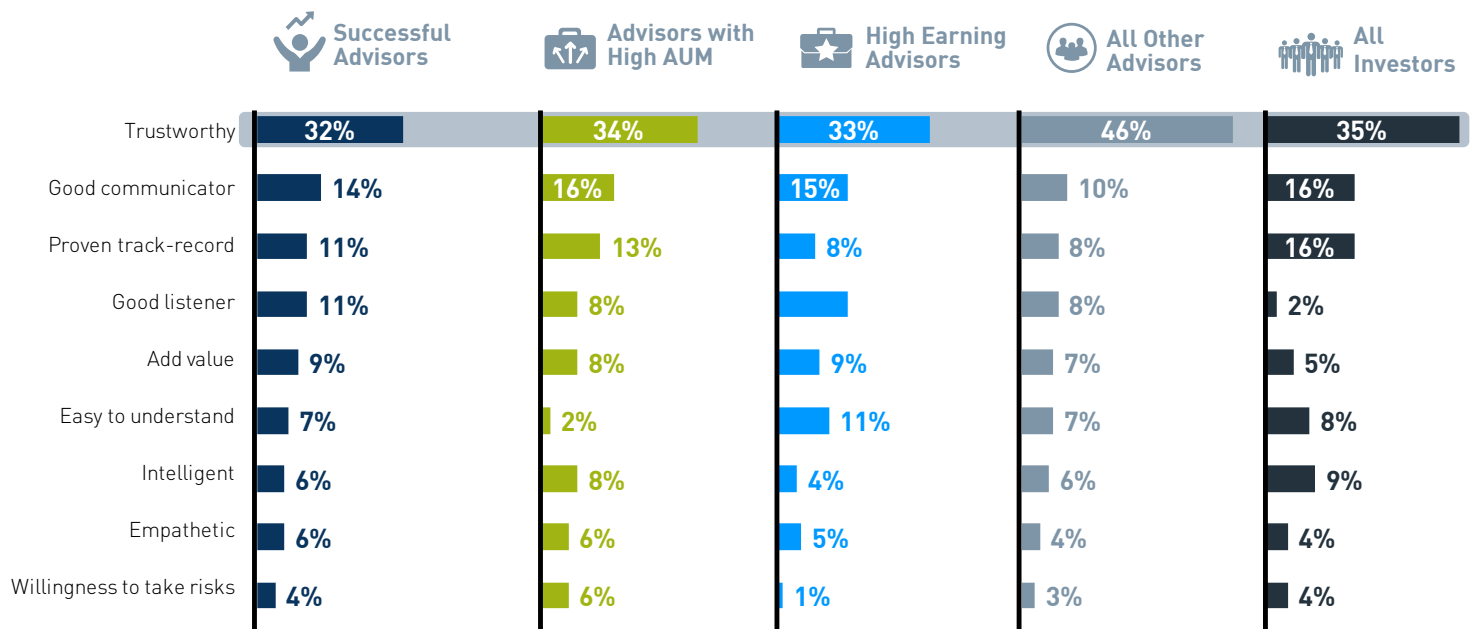
*Responses less than 3% on Successful Advisors not displayed

"There is no easy route to success. It takes a lot of hard work and perseverance to earn your clients' trust. You're responsible for helping clients achieve their goals and dreams by assisting them with some of life's most emotional and complex problems. It's important to figure out where on the spectrum you fit to set yourself up for success."

Edward C. Swenson,
Co-Founder and Chief Operating Officer,
Dynasty Financial Partners

Customer experience is the [DNA of the advisor/investor relationship](#)—and to make this relationship work both advisors and investors say that trust must come first. Successful advisors also know that clients want to be heard and understood—so they are somewhat more likely to make good communication a priority. Likewise, High Earning advisors are more focused on being good listeners and easy to understand, while High AUM advisors are somewhat more likely to make a proven track record a priority and are more willing to take risks.

MOST IMPORTANT ATTRIBUTE OF ADVISOR/INVESTOR RELATIONSHIP



*Responses less than 3% on Successful Advisors not displayed

“For me, success has always been about making a difference in the lives of clients. When I was an advisor, I didn’t just measure my success by how much income I was making or how many appointments I had—it came down to positively impacting my clients’ financial lives.”

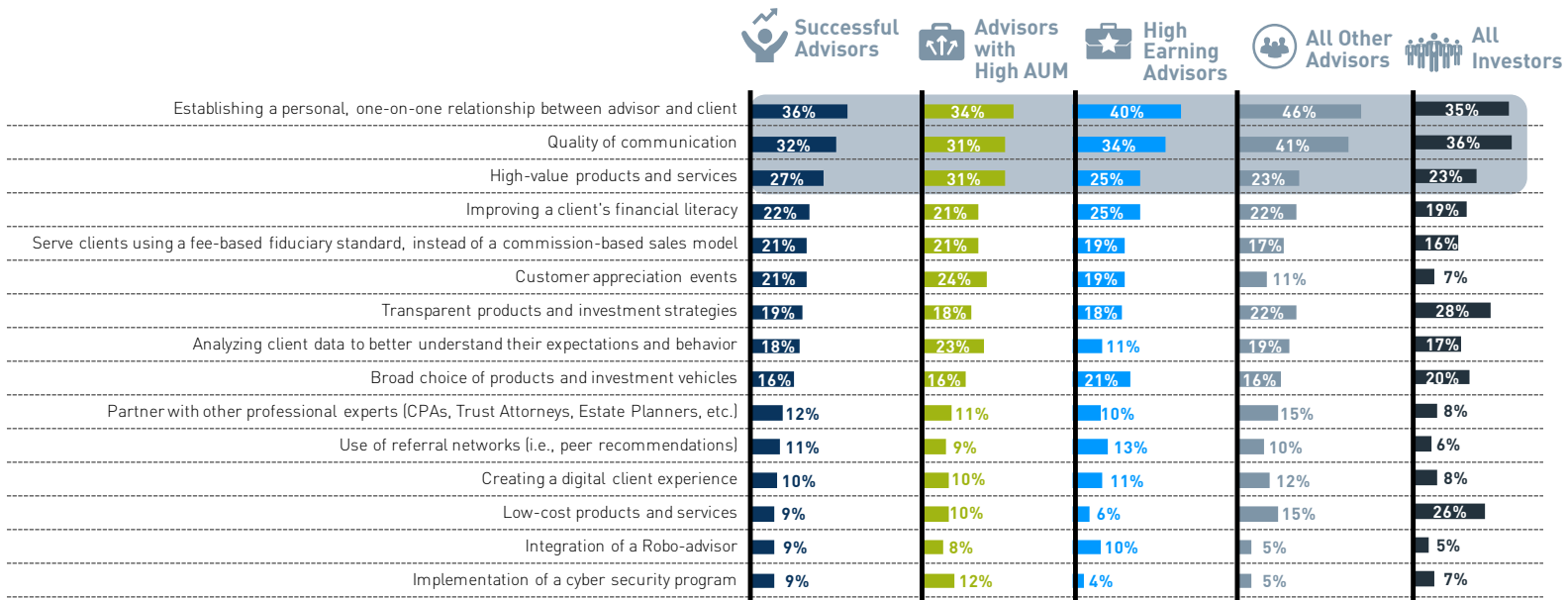
Adria M. Rosebrock, CFP®, NSSA®
 Manager of Advisor Training & Research,
 Hamilton Capital Management

To create a superior customer experience, advisors and investors agree that a personal one-on-one relationship and quality of communication are among the top two factors.

High AUM advisors are more likely to prioritize high value products and services (31%), offer customer appreciation events (24%), analyze data to understand their clients (23%), and implement robust cyber security programs to create a successful customer experience (12%).

High Earning advisors are somewhat more likely to focus on improving clients' financial literacy (25%) and offer a broad choice of products and investment vehicles (21%). Both types of successful advisors are somewhat more likely than all other advisors to use robo advisors to create a successful customer experience.

WHAT MAKES A SUCCESSFUL CUSTOMER EXPERIENCE



*Responses less than 3% on Successful Advisors not displayed

"Our core competency is holistic integrated financial planning. It's the most important thing that we do—quarterbacking the entire process. In order for it to work, you must have the right professional talent on staff. We have a team-based approach to planning, including Certified Financial Planners, like myself, Tax Specialists and CFAs, and we work as a team to design the plan that meets each client's unique objectives. It gives our advisors the ability to work with higher income and higher net worth clients, who have more complex needs."

Joseph W. Spada, CFP®
Senior Principal,
Summit Financial Resources

PATHS TO SUCCESS: Profiles of Successful Advisors

SUBJECT MATTER EXPERT INTERVIEWS

We interviewed leading subject matter experts to provide you with a deeper understanding of the innovations and issues that matter most. In this Special Report, our experts help us understand the mindset of highly successful advisors who earn more and manage more AUM. They discuss their approach to every aspect of their practice, from balancing short-term objectives to making the long-term investments that will align with their vision for the future of their firm. Their innovative solutions and actionable insights can help you engineer a path to success, build a successful practice and establish a viable long-term franchise for the future.

PATHS TO SUCCESS: Profiles of Successful Advisors

Joseph W. Spada, CFP®

Senior Principal,
Summit Financial Resources, Inc.

Advisor Authority: As your firm's #1 Financial Advisor of 2016 (and nearly 20 years in a row), what would you say is your secret to success? And what are some actionable steps other advisors can take to set themselves up for success?

SPADA: Number one, being growth-oriented and thinking like a business owner are critical to success in this very competitive space. While there are a number of talented advisors, many don't properly market themselves. Number two, you need to make personal and professional development a priority if you want to work with high net worth clients. Ultimately, clients work with advisors who can provide specialized expertise, holistic integrated financial planning, and prudent unbiased advice. Clients are going to hire you if they trust your competency and your integrity.

AA: When choosing to work with an advisor, our findings show investors rank "Years of Experience" number one. What advice do you give to younger advisors who want to be successful in this competitive market?

SPADA: The best thing younger advisors can do to succeed in this competitive market is to pair up with a senior advisor in their firm. Working alongside a senior professional is the best education – it's like getting an MBA, with the added benefit of hands-on experience. Likewise, it's equally important for senior advisors to hire junior advisors, and work closely with them to cultivate a next generation of leadership for their firm. Developing talent and hiring from within is fundamental for an effective succession plan.

AA: What is essential to building a successful practice for the High Net Worth Investor? And what is important for serving the entire HNW family?

SPADA: Before you get in front of your high net worth clients, you must understand their needs, concerns and problems—and you must have the right expertise and specialized solutions to meet their complex needs. This level of understanding comes from professional training and personal development. Another key to success with the high net worth is the support of a diversified professional network, including CPAs, trust attorneys and estate planners. Lastly, it's important to practice what you preach by managing your own wealth with the same products and solutions that you recommend to your clients.

AA: Broadly, what does the future of financial advice look like? What do you think are the biggest areas of opportunity for the industry overall?

SPADA: In the future, the biggest opportunity for advisors and firms to succeed will be moving beyond investment management to focus on holistic integrated financial planning and unbiased advice. In fact, we already see investment management becoming increasingly commoditized, through the growing use of indexation and the continued migration from active to passive investing. Both of these trends are only going to increase. In addition, there's going to be more consolidation, as operational costs for compliance, legal, and technology continue to increase significantly. For the smaller firms, it's already becoming more difficult for them to stay independent, and we will start to see those firms integrate with larger firms.

PATHS TO SUCCESS: Profiles of Successful Advisors

Edward C. Swenson,
 Co-Founder and Chief Operating Officer,
 Dynasty Financial Partners

Advisor Authority: As the co-founder and Chief Operating Officer of Dynasty Financial Partners, what would you say is your secret to success? And what are some actionable steps other advisors can take to set themselves up for success?

SWENSON: There is no easy route to success. It takes a lot of hard work and perseverance to earn your clients' trust. You're responsible for helping clients achieve their goals and dreams by assisting them with some of life's most emotional and complex problems. It's important to figure out where on the spectrum you fit to set yourself up for success. What segment of the market do you serve? What is your value proposition to your client? How do you differentiate yourself from the competition? If you figure that out, work hard and put the client first, you'll be massively successful in this industry.

AA: When choosing to work with an advisor, our findings show investors rank "Years of Experience" number one. How can younger advisors be successful in this competitive market? And how can all advisors differentiate themselves to attract and retain clients?

SWENSON: First, you have to be passionate about your clients and their success. You have to be invested in what's important to them to achieve their goals. Second, you need to differentiate. For younger advisors, the most important way to do this is to become a subject matter expert in one segment of the market and go after clients who need your expertise. You must learn what you are really passionate about and determine the exact service that you're offering. It's very important that you do not try to be an advisor to everyone. The most successful advisors know exactly which part of the market they're going to serve. It's about having deep expertise in one area, not broad expertise in all areas.

AA: To enhance the profitability of their practice over the next 12 months, High AUM advisors ranked "Adding New Technology" number one, and High Earning advisors ranked "Adding New Clients" number one. What do you consider most important for advisors to enhance profitability?

SWENSON: In the last 10 years, we've seen a paradigm shift away from big infrastructure technology to more Cloud-based, SAS-based, modular technology. And there are two aspects of leveraging technology: focus on "tech-enabling" your company (internal) and focus on delivering a great client experience (external). By tech-enabling your firm from the inside, you can scale your business, increase efficiencies as you add new clients, maximize profitability over the long-term, and create a higher enterprise value. The flip side is that client expectations are fundamentally changing due to technology. And it has nothing to do with millennials. For example, even my mother, who's 72, wants to see her financial statements on her iPhone. As for adding new clients, it's more important to add the right kind of clients by knowing your unique value proposition, segmenting your market correctly, and using technology to optimize the way you serve and communicate with them.

AA: What does the future of financial advice look like? What do you think are the biggest areas of opportunity for the industry overall?

SWENSON: In some ways, the market's become more competitive, but there's never been a better time to be in this industry for advisors who are specialized. As for where this industry is heading, technology is key. It will be essential for delivering value to your clients as their expectations continue to accelerate, but I don't predict that the financial advisor will be replaced by automation. We all search for communities. We all search for meaning. We all search for advice. That's why a financial advisor will always be central to clients' goals and how they achieve them.

PATHS TO SUCCESS: Profiles of Successful Advisors

Adria M. Rosebrock, CFP®, NISSA®
Manager of Advisor Training & Research,
Hamilton Capital Management

Advisor Authority: As a CFP®, tell us about when you served as a financial advisor, and what it takes to be successful, based on your experience.

ROSEBROCK: For me, success has always been about making a difference in the lives of clients. When I was an advisor, I didn't just measure my success by how much income I was making or how many appointments I had—it came down to positively impacting my clients' financial lives. Money is one of the main causes of stress and has an effect on overall wellness. My goal was to be able to help clients overcome those stressors and make a difference. My success was driven by working with other advisors and having opportunities to be in front of clients—to see new situations, help with the processes and develop solutions to influence clients.

AA: When choosing to work with an advisor, our findings show that investors rank "Years of Experience" number one. What advice can you give to younger advisors who do not have that experience yet, and want to set themselves up for success in this competitive market?

ROSEBROCK: I can relate. I was a 22-year-old living in D.C. I knew no one, and was quote, unquote, a "financial advisor." What led me to be successful was my desire to learn. My advice to younger advisors is to continually educate yourself, learn as much as you possibly can, as quickly as you can. Our industry is set up well for young advisors. In order to grow, you have to be hungry for knowledge and immerse yourself with more seasoned advisors.

AA: Where do you see opportunities for advisors to differentiate themselves to attract clients?

ROSEBROCK: Financial planning isn't just technical, it's also interpersonal. You're going to provide investing knowledge and influence client behaviors. So you need to find people that you relate to well. I don't believe that demographics like baby boomers or women are niches; instead, narrow that down further to people with whom you share similar values.

AA: What do you think the future of financial advice looks like and where are the biggest areas of opportunity?

ROSEBROCK: First, I think our profession will continue to become a more respected, and a more bonafide profession. Second, it will continue to become more virtual, while still maintaining a level of human interaction. Lastly, it will become more consultative in nature. We will start to see advisors acting more as life coaches or financial coaches, guiding clients down the right financial path.

Methodology

The third annual *Advisory Authority* Survey was conducted online within the United States by Harris Poll on behalf of Jefferson National from March 13 – April 7, 2017 among 779 financial advisors and 817 investors, ages 18+. Among the 779 financial advisors, there were 521 Registered Investment Advisors and 258 Broker/Dealers. Among the 817 investors, there were 208 Mass Affluent, 204 Emerging High Net Worth, 204 High Net Worth and 201 Ultra High Net Worth. Investors are weighted where necessary by age, gender, race/ethnicity, region, education, income, marital status, household size, investable assets and propensity to be online to bring them in line with their actual proportions in the population.

Respondents for this survey were selected from among those who have agreed to participate in Harris Poll surveys. Because the sample is based on those who were invited to participate in the Harris Poll online research panel, no estimates of theoretical sampling error can be calculated. A complete survey method is available upon request.

Reading this Report

Responses may not add up to 100% due to weighting, computer rounding, or the acceptance of multiple responses.

About Harris Poll

Over the last 5 decades, Harris Polls have become media staples. With comprehensive experience and precise technique in public opinion polling, along with a proven track record of uncovering consumers' motivations and behaviors, Harris Poll has gained strong brand recognition around the world. **Contact** us for more information.

About Jefferson National

Jefferson National, operating as Nationwide's advisory solutions, is a recognized innovator of a leading tax-advantaged investing platform for RIAs, fee-based advisors and the clients they serve. Trusted partner to a network of over 4,000 advisors, Jefferson National provides greater efficiency, transparency and choice through an adaptable technology platform, award-winning distribution strategy and cost-effective servicing capabilities. Named the industry "Gold Standard" as of 2012 and winner of more than 50 industry awards, including the DMA 2010 Financial Services Company of the Year. The company serves advisors and clients nationwide, through its subsidiaries Jefferson National Life Insurance Company and Jefferson National Life Insurance Company of New York. To reach our advisor support desk, please call 1-866-WHY-FLAT (1-866-949-3528). To learn more, please visit www.jeffnat.com.

About Nationwide

Nationwide, a Fortune 100 company based in Columbus, Ohio, is one of the largest and strongest diversified insurance and financial services organizations in the U.S. and is rated A+ by both A.M. Best and Standard & Poor's. The company provides a full range of insurance and financial services, including auto, commercial, homeowners, farm and life insurance; public and private sector retirement plans, annuities and mutual funds; banking and mortgages; excess & surplus, specialty and surety; pet, motorcycle and boat insurance. For more information, visit www.nationwide.com.

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