

A Powerful Tool to Organize Client Relationships and Finances

March 2, 2021

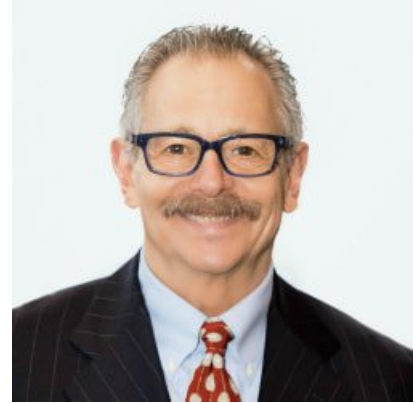
by David Leo

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On March 3, 2021, this article was corrected. In the third paragraph below, the author of the article cited was changed from Michael Kitces to Roger Whitney.

I was recently introduced to an impressive tool that organizes and simplifies the planning process, and shows clients how to meet their financial goals.

This tool fills a need that was identified in an *Investment News* article by Joe Duran, who wrote, "We have to simplify," and, "People might nod knowingly, but so many don't really understand what they own, how it works or what they pay."



Roger Whitney on Kitces.com¹ has spoken disparagingly about traditional financial planning when he wrote, "they'd take the leather-bound tome (eh, I mean 'plan'), put it on the shelf, check the mental box that they had it, and go back to their lives as usual. It ended up being a dead process, not a living one."

H. Adam Holt, CEO is the founder of **Asset-Map**, the developer of this tool. He has said, "People are overwhelmed with complexities of life," and "we need to communicate better with you (investor clients) to remain relevant." He did something about it with his process and software. I recently spent several days beginning to understand Asset-Map in its boot camp.

Asset-Map can be one of those approaches that delivers the clarity, understandability, and effectiveness that many clients and financial advisors want. The literal beauty of Asset-Map is that it presents a single page, visualization of a client's financial life. It may not address the complexities of an ultra-high-net worth client, but for the vast majority of investors at almost any level of wealth, modest to high-net worth, this is a beautiful tool for its accuracy, efficiency, completeness, simplicity, flexibility, ease of preparation, as well as its depth and breadth.

Because of its ease of preparation and clear and complete visualization, financial advisors can use Asset-Map as a significant enhancement in their business development efforts. A first step is to identify client advocates for the process and tool. Future articles will discuss additional steps for business development.

Here is a sample Asset-Map report for the hypothetical Spring family.

In a single page it shows:

- Every important member of the family, their age or birthday, and their relationship to the primary household member including their other professional advisors. There is no limit to the number of relationships.
- Every income source of each of the primary members and her or his partner, with its what, where, and why.
- Every asset of each of the primary members and her or his partner, with its what, where, and why.
- Every brokerage, banking, insurance position of each of the primary members and her or his partner, with its what, where, and why. It shows both individual and joint positions.
- Potential future sources and positions such as inheritances, LTC plans held for parents, etc.

This single page can be drafted in an hour² or less using a "stencil" (a template) to ensure an appropriate level of completeness.

Asset-Map brings completeness, clarity, and ease of preparation to advisors and great benefits to their clients because of its ease of understanding and flexibility to design a plan in context of their lives and modify it quickly and easily as those

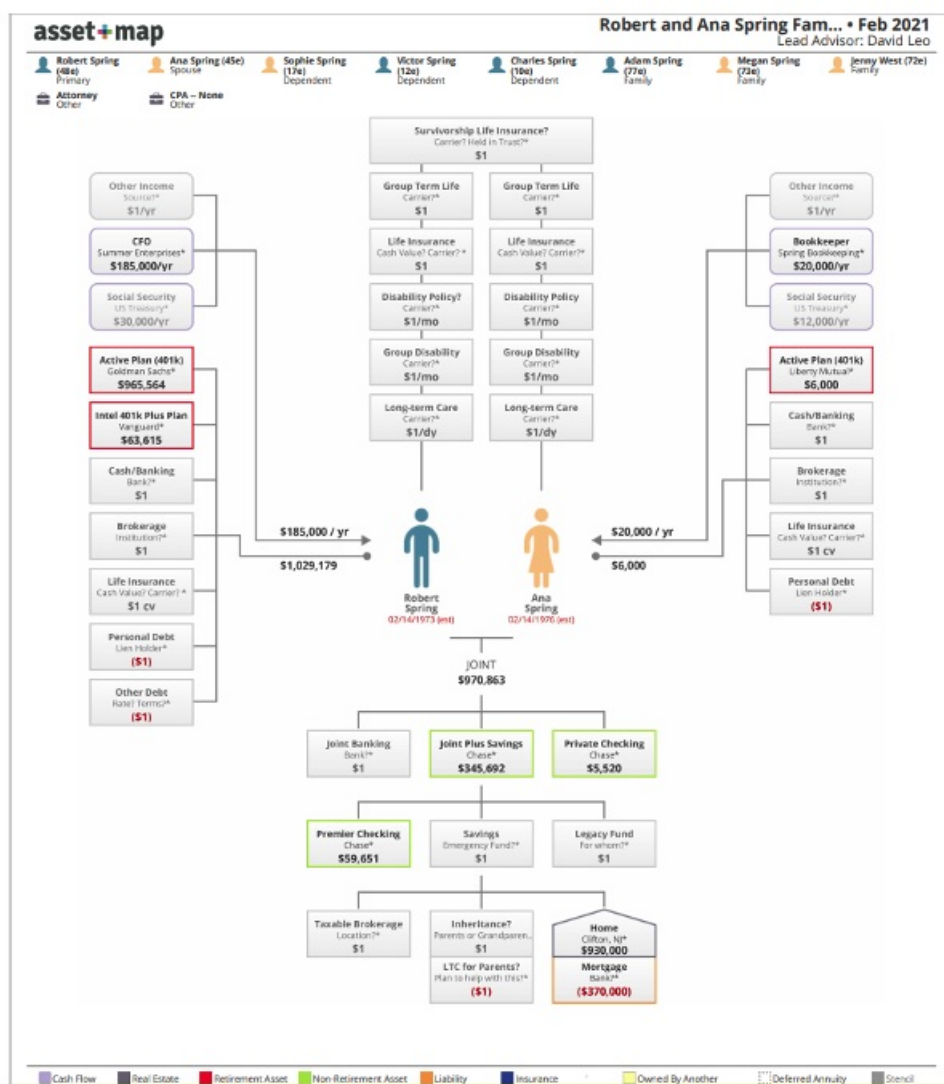
lives and the world and economics change. Because of its ease of use, the cost of preparation goes down, meaning more clients and prospects can be addressed and plans can be modified more frequently and used to facilitate meaningful conversations with clients and prospects.

The beauty of the map is also in its ability to leave open places (“tiles”) to be completed, for unknown data, such as dollar figures, locations, additional details, of other assets, income sources, etc. Free-form notes can be recorded to remind the advisor of what information she may be seeking. This provides opportunities to follow up with clients and prospects about potential issues and concerns in their overall financial well-being. For example, I posted placeholders (“tiles”) for LTC, disability, other assets, other income sources, etc. so they can be discussed, used for map updates, and to resolve client concerns.

An Asset-Map report can go from draft to “final” in perhaps an hour or less working with the prospect or client interactively, providing a significant opportunity for building and deepening the relationship. Open issues and concerns allow for discussion opportunities to develop a client life-centered financial plan.

Following is one page of an Asset-Map report. All members of the household, from the primary client and her spouse as well as children, parents, other relatives, and even other professionals (e.g., CPA, trust and estate attorney) can be shown. Of course, the same detail can be developed for any other relationship, such as business interests, trusts, or a corporate entity, which can be included as a member.

The Asset-Map



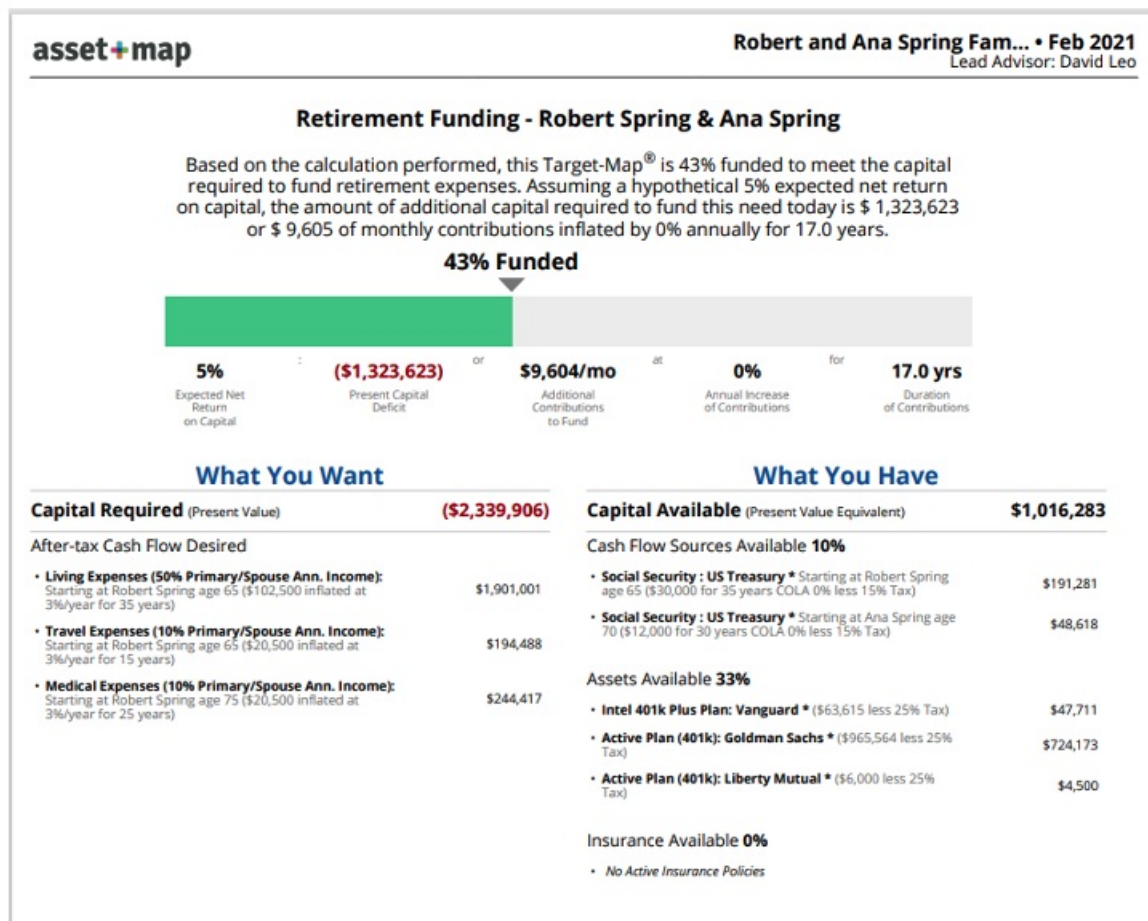
But this is just the beginning of this process and tool.

Target maps

Asset-Map also provides what is called a “target map.” Target maps can be shown by goal or plan, such as retirement, and

for individuals and/or couples as well as for any member in the household where the data exists. (Practically, and if appropriate, advisors should separately develop asset maps for other members whether parents, adult children, other financial dependents, etc.)

Below is a sample target map for Robert and Ana Spring based on the above asset map.



The target map has three parts:

1. What you want

- a. The present value of the after-tax cash flow you desire in retirement. This is based on a percentage of your current after-tax cash flow. In this example I used a total of 70% broken into three parts: living expenses, travel expenses, and medical expenses. I allow these percentages to change over time, as an example only, we can assume travel expenses go down and medical expenses go up at 80 years of age. You pick the category and the changes.

2. What you have

- a. The present value equivalent of the cash flows, assets and insurances from the Asset Map report that are assigned to the goal. For example, you would likely assign brokerage accounts, 401k plans, etc. to fund retirement but not assign 529 funds that will be earmarked to children’s education funding.

3. What it means

- a. $A - B = C$, what you have minus what you want results in your shortfall in funding the goal or the surplus you have that you can use for other goals, desires, or just to reduce worry and anxiety for those of us where that is even possible.
- b. The target map shows, “Based on the calculation performed above, this target map® is 43% funded to meet the capital required to fund retirement expenses. Assuming a hypothetical 5% expected net return on capital, the amount of additional capital required to fund this need today is \$1,323,623 or \$ 9,605 of monthly contributions inflated by 0% annually for 17.0 years.”

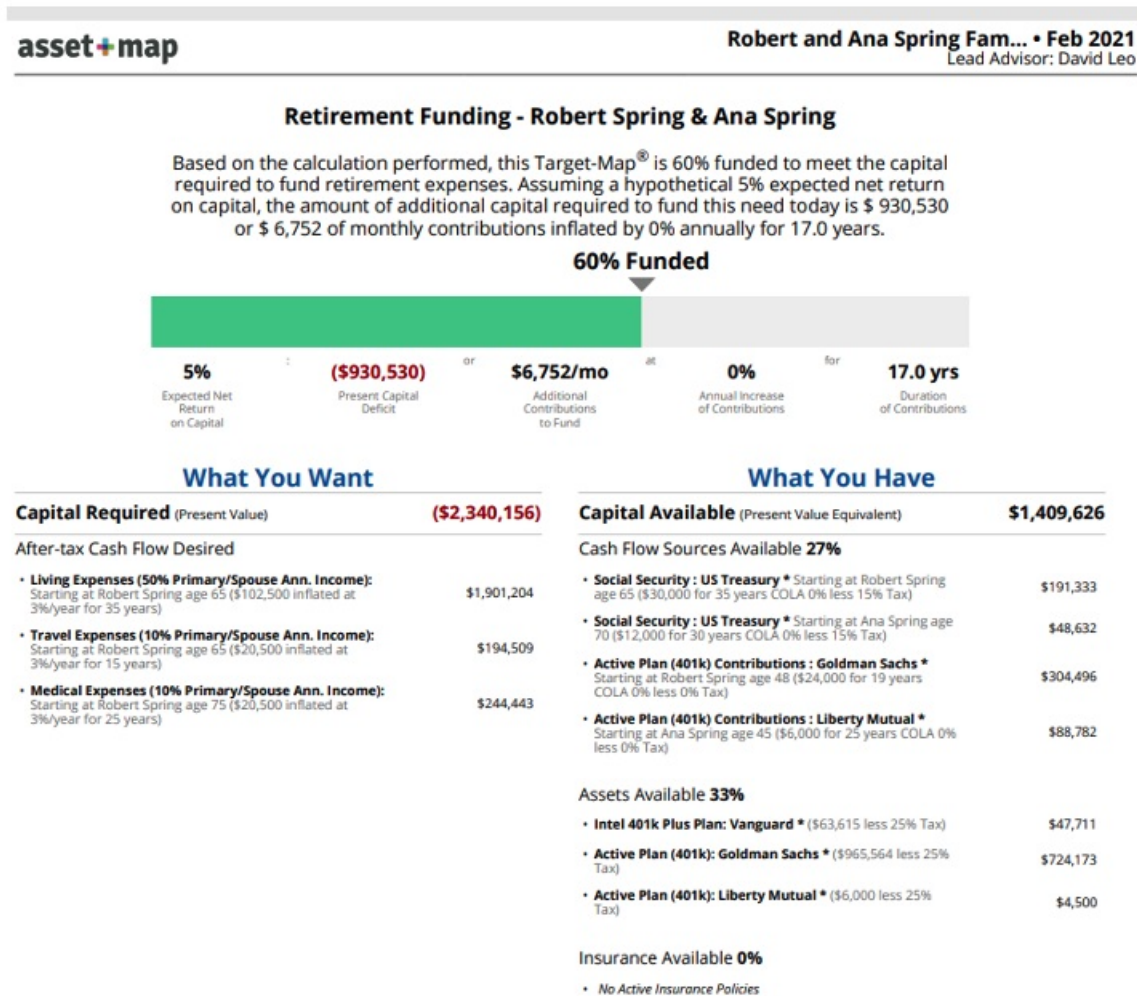
Is this an *ouch*? No, it’s a starting point for discussing alternatives and developing a plan to resolve the issue. Important conversations are needed about spending, mortality, inflation, expected return on capital, savings, and the efficiency of

instruments selected – all excellent parts of managing expectations in the planning process.

The conversation may lead to lengthy discussions, but with the tool, in a matter of minutes, I can modify the data and report the effects of:

- Having Robert contribute an additional \$2,000/month to one of his IRAs and retire at 67 vs. 65.
- Having Ana contribute an additional \$500/month to one of her IRAs and retire at 70 vs. 65.

The results would show retirement is 60% funded vs. 43% funded. If I had reduced the COLA on living expenses from 3% to 2%³, the results would show retirement would be 77% funded. There are many options and flexibility to develop a realistic plan for clients, so they “own” their numbers.



This client has more thinking and planning to determine whether save more, spend less, change assumptions, identify other assets that can be used for retirement such as downsizing a home, or taking on part-time work.

In addition to a summary, target maps can be generated for:

- Retirement funding – For couples and individuals with and without cashflow details
- Loss of life – For every member with and without cashflow details
- Education funding – For all dependents, or any member with and without cashflow details
- Long-term disability funding – For every member with and without cashflow details
- Long-term care funding – For every member with and without cashflow details

Additional reports within the Asset-Map tool and process

Other reports include:

- Balance sheets – For every member
- Policy summary – For every insured member and by policy type, e.g., life, disability, LTC, P&C
- Beneficiary report – For every member

- Member inventory – Who’s who
- Financial inventory – A summary of the Income, Assets, and Liabilities shown on the Asset-Map and the associated detail, e.g., type, status, owner, location, value, other.
- Fact finder summary – A data gathering single page to enter more details on:
 - Contacts
 - Financial information summary
 - Insurance information
 - Investment Experience
 - Financial priorities
 - Risk preferences
 - Investment objectives
 - Investment horizon

For those who use firmwide forms and your CRM this form serves as a reminder of important data classes.

- Financial fire drills (6Ls) – A conversation guide for the FA to discuss the household’s plan to deal with six critical events as part of the planning process:
 - Liquidity needs
 - Long-term disability
 - Loss of life
 - Long-term care
 - Longevity
 - Legal, liability, and legacies
- A complete beneficiary report by member shows who is the beneficiary of each appropriate policy.

A cover page and FINRA reviewed disclosure page are also included.

In summary

It is a lot? Yes, but you only need to use that which is appropriate to help a client or prospect address their wants, needs, issues, and concerns.

Asset-Map is a comprehensive financial planning support process and tool. It offers completeness, simplicity, clarity, and ease of preparation.

Asset-Map offers flexibility and an ability to interactively make changes and show the results in seconds without the lengthy reports that often are left unread and on shelves forever.

Asset-Maps can be generated for every client and prospect meeting because of its ease of use and modification.

As a practice management coach for financial advisors for the last 20 years, the capability of Asset-Map fits squarely in the model I use in working with advisors and outlined in more detail in my book, *The Financial Advisor’s Success Manual*



Finally, the Asset-Map site contains tools, documents, formats, and ideas along with a search capability that is easily accessible. I have found it has a competent, friendly, and helpful support staff that is honestly there to help users answer questions and improve your use of the offerings. They have many videos starting with, “How to Introduce Asset-Map in a Meeting.” Adam Holt founded Asset-Map about 13 years ago and has been a principal and financial professional in the Philadelphia area for over 20 years, having built a highly successful financial advisory practice.

In future articles, I will discuss how Asset-Map can be used to develop new business using various approaches such as:

- Introductions from clients
- Introductions from COIs
- LinkedIn
- Book of life

- Niche marketing
- Networking (pers./corp.)
- Intimate events
- Targeted roundtables
- Client events
- Drips
- Public forums
- Beneficiary campaign
- Advisory boards

David Leo has not been compensated by and has no commercial relationship with Asset Map.

David Leo is founder of Street Smart Research Group LLC. He is an author, speaker, coach, consultant, and trainer to financial professionals. David is an experienced business manager who works solely with financial advisors, planners and firms who want to organize, structure & grow their businesses by attracting, servicing, and retaining affluent clients.

If you would like additional details or have any questions about his articles or an interest in coaching schedule a free 45 Minute Strategy Session @ <https://calendly.com/davidleo> or contact him @ David@CoachDavidLeo.com. Call 212-598-4229 (Office) or 917-379-1249 (Cell) and visit @ www.CoachDavidLeo.com

¹ Agile Financial Planning: Replacing “The Plan” With A Process Of Continuous Planning Improvement, December 16, 2019

² Stencils are provided for various demographics like Millennials, GenXers, Baby Boomers, as well as generalized stencils and sample maps such as for Physicians, Small Business Owners, etc. All stencils can be customized, and unique stencils can be easily built by advisors for specific niches.

³ While it may not be prudent to lower COLAs for younger people, it may be logical to reduce them as people become aged and you are perhaps planning longevity to 100 years of age.