WHAT INVESTORS ACTUALLY WANT FROM THEIR ADVISORS

Six Actionable Recommendations to Realign Expectations

INTRODUCTION

BRIDGING THE EXPECTATIONS GAP

Attracting and retaining affluent clients by successfully providing a broad array of services is the objective of most financial advisors. To better understand how advisors can meet the evolving needs of these clients, BNY Pershing, in partnership with WealthManagement IQ, recently conducted two related surveys focused on advisors' service offerings.

The first survey asked advisors to describe their service models and the value they provide to high-net-worth (HNW) and ultra-high-net-worth (UHNW) clients. The second survey asked HNW and UHNW investors for their perspectives on those same issues. The areas where advisors' views align with — and diverge from — investor expectations provide critical insights.

When it comes to financial advice, investor satisfaction is often shaped by perception. How does my portfolio compare to my benchmark? Am I on track to achieve my personal goals? Does my advisor truly understand me and my priorities? These perceptions are shaped by the expectations built throughout the advisor-investor relationship. To improve investor satisfaction and retention, advisors must first step back and assess whether their own perceptions align with what investors actually want. This report highlights key findings from both surveys and provides guidance for advisors looking to refine their service offerings, strengthen client relationships, and enhance long-term satisfaction among both existing and prospective HNW and UHNW clients.

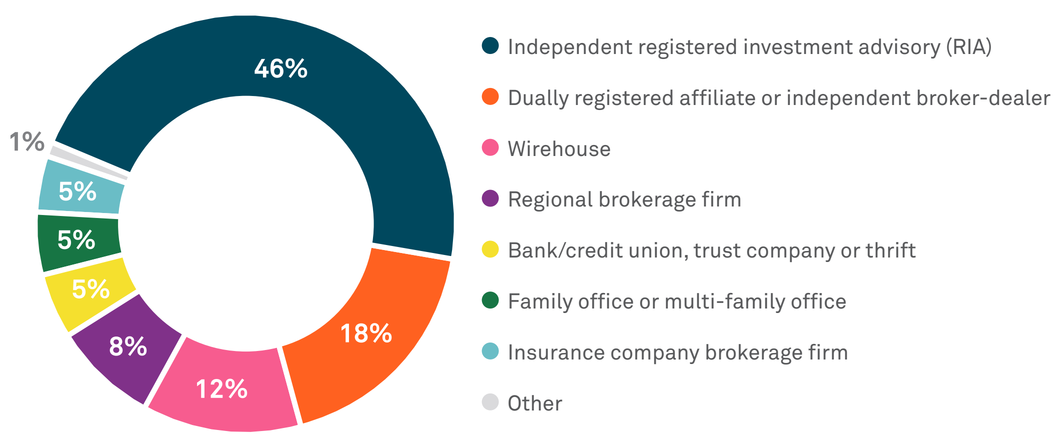
RESPONDENT

PROFILES

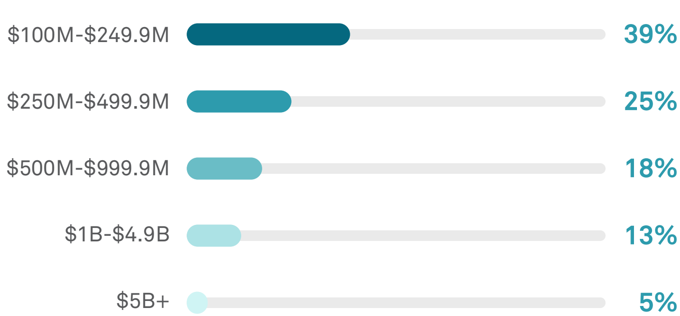
Advisors from a variety of firm types responded to the survey; most respondents (46%) were with RIA firms. The typical respondent was a 47-year-old male who personally manages or advises on an estimated $375 million in assets. Client having $20 million or more in assets comprise 42% of the client base of the typical respondent, the largest single proportion; clients having at least $2 million to $19.99 million assets comprise 33% of the client base of the typical respondent.

ADVISOR Profiles

Advisor Firm Type



Value of Assets Personally Managed or Advised



Estimated median

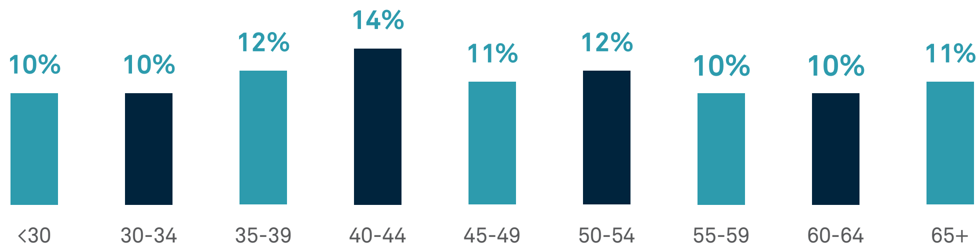
$375M

Estimated mean

$1,499.8M

ADVISOR Profiles

Respondent Age



Estimated mean

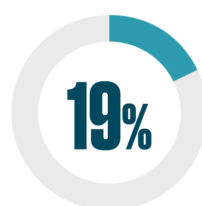
47 YEARS

Estimated median

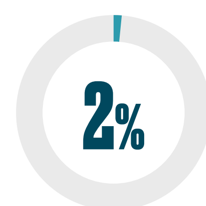
49 YEARS

Respondent Gender

Male

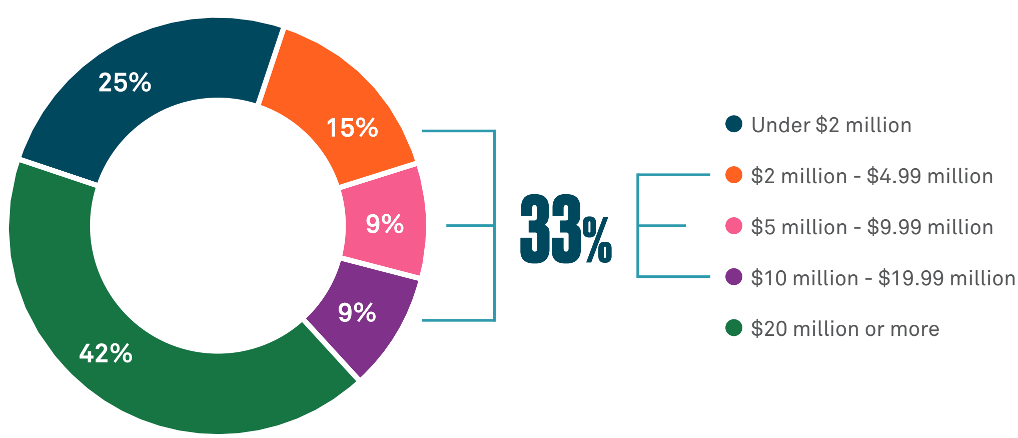


Female



Prefer not to answer

Advisor Profile: Mean Client Account Size



INVESTOR Profiles

The typical investor respondent is 46 years old, male (61%) and currently married (82%), with an estimated median of $4 million in investable financial assets; 32% report at least $5 million in investable financial assets.

Respondent Age

11%	9%	10%	6%
65+	60-64	55-59	50-54
9%	18%	18%	19%
45 - 49	40 - 44	35-39	30-34

Estimated mean

46 YEARS

Estimated median

42 YEARS

Respondent Gender

61%

Male

38%

Female

1%

Prefer not to answer

Marital Status

Single, never married	9%
Married	82%
Divorced	5%
Widow/Widower	2%
Prefer not to say	2%

Investor Profile: Investable Financial Assets

$1M - $2.99M	$3M - $4.99M	$5M - $9.99M	$10M - $14.99M	$15M - $19.99M	$20M or more
35%	33%	25%	3%	0%	4%

Estimated median

$4.0M

Estimated mean

$5.1M

STRIKING THE RIGHT BALANCE:

THE VARYING DEGREES OF ADVISOR INVOLVEMENT

Our survey of investors found that their use — or non-use — of an investment/financial professional may be more varied than advisors believe.

While most investors surveyed:

89%

rely at least in part on a financial advisor or team of advisors to handle their finances and investments

14%

delegate all investment and planning decisions to that advisor

15%

use more than one advisor. Among those surveyed

31%

collaborate with their advisor on decisions

29%

primarily make their own decisions and turn to advisors only when needed for advice, information, or investment execution.

> "It's true, we see that a third of investors value collaboration and a third prefer to make their own decisions and rely on the advisor only when they need them. Understanding an investor's persona is key to advisors developing strong relationships.
>
> *- Nancy Gordon*
> *Head of Advisor Growth*
> *BNY Pershing*

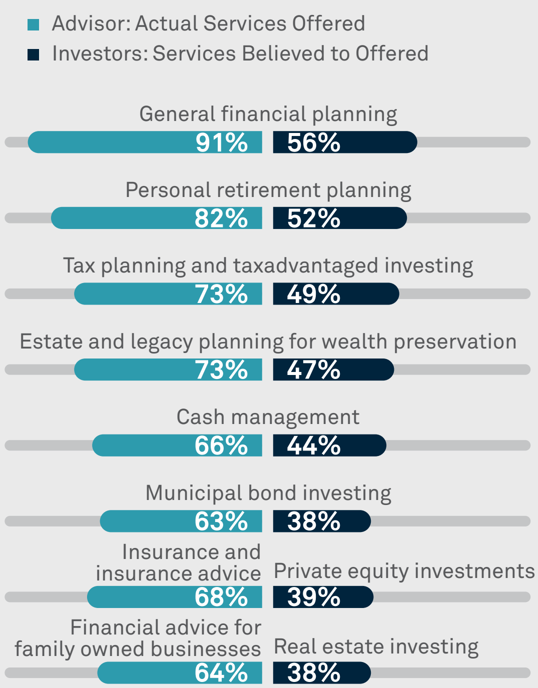
SERVICES:
A DIFFERENCE IN PERCEPTION

Most advisors say they offer the core planning services that their HNW and UHNW clients and prospects require and expect from their advisor. The core services advisors say they provide include general financial planning (91%), personal retirement planning (82%), tax planning and tax-advantaged investing (73%), estate and legacy planning strategies (73%), insurance and insurance advice (68%), and cash management (66%). However, investors' awareness of these services lags significantly.

Only 56% of investors say their advisor provides general financial planning, just 52% say their advisor provides personal retirement planning, and fewer than half (49%) say they can get tax-planning and tax-advantaged investment advice from their financial advisor. For the other major services that advisors say they provide, investor awareness is equally disappointing. Only 47% say their advisor offers estate and legacy planning strategies (compared with the 73% of advisors who say they offer that), just 36% say insurance and insurance advice is available (vs 68%), and 44% say they can ask for cash management (vs. 66%).

Equally significant is that while advisors deem the areas of estate planning, tax planning, general financial planning and personal retirement planning to be very important to investors, a much lower level of importance is attached to those services by investors.

Advisors vs. Investors: Key Services Offered



> The best way to close the awareness gap is through a multichannel approach to proactive communication. During regular client touchpoints, identifying and addressing unmet needs in the moment helps bridge that divide. Additionally, using targeted digital channels, such as social media and email, can further raise awareness of the full range of services you offer.

-Sudhir Tauro
Head of Commercial Wealth Products
BNY Pershing

The total percentages may not equal 100% due to rounding. In 'select all that apply' scenarios, respondents are free to choose multiple answers, leading to a combined percentage that can slightly exceed or fall below 100% when the figures are rounded.

BEYOND INVESTMENTS:

THE RISING DEMAND FOR PERSONALIZED SERVICES

Of the services their firm does not currently offer, advisors have the greatest interest in exploring family office services, which typically refers to a range of highly customized services (such as making travel arrangements or arranging art appraisals) requested by extremely affluent families. This interest coincides with advisor recognition of the importance of customization to meet client and prospect needs. Two in three advisor respondents (67%) believe it is very important to customize their offerings and services based on individual HNW/UHNW client needs and preferences, with 20% saying customization is critical. Investors tend to agree, with four in ten (40%) saying they would like more personalized advice. Interestingly, however, most investors would like more personalization in areas that are not particularly esoteric nor of interest only to the extremely affluent. The areas where investors would welcome more personalization are those where many advisors already provide advice, namely insurance risk and management (51%), estate planning (50%), tax strategies for specific situations (49%), and retirement income planning (49%).

> The data show a decent-sized number for folks who want personalized advice, and the financial plan is foundational to any investor relationship because it drives the personalized experience around the product set. Sometimes advisors may not have access to financial planning in-house, and they could be looking for a partner to help provide these services. For example, BNY will soon offer clients a toolkit around the services that they could provide, easily accessible through our Wove platform.

-Nancy Gordon
Head of Advisor Growth
BNY Pershing

67%

of advisor respondents believe it is very important to customize their offerings and services based on individual HNW/UHNW client needs and preferences

40%

of investors saying they would like more personalized advice

EXPLORING ALTERNATIVES:

NEW HORIZONS FOR ADVISORS AND INVESTORS

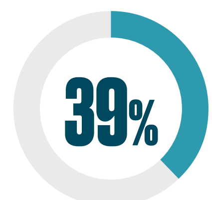
Alternative investments are another area of great interest to both advisors and investors. Advisors report their clients are most likely to request private equity (50%) and real estate (49%) investments, despite a majority of advisors (57%) noting that a lack of liquidity is their biggest barrier to offering alternatives.

Investors corroborate advisors' views about their interest in alternatives, with 39% saying that private equity investments constitute the most important service that advisors provide, followed by 31% who say the same for private credit, and 27% who feel real estate investing is their advisor's most important service offering.

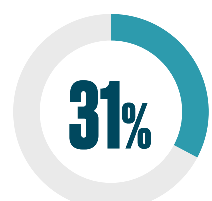
> Client demand for alternatives has exploded over the last few years, and lower minimums are helping drive further growth. On Pershing's platform, we have a series of funds with minimums as low as $10,000, making it easier for advisors to diversify portfolios and manage liquidity concerns.

-Sudhir Tauro
Head of Commercial Wealth Products
BNY Pershing

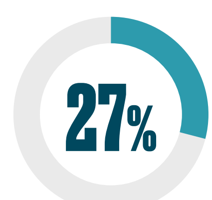
Investors' interest in Alternative Investments



Private equity investments



Private credit



Real estate investing

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NEXT-GEN WEALTH TECH: FROM AI TO SEAMLESS DIGITAL TOOLS

A decisive majority of advisor respondents (90%) would like their firm, broker-dealer, or custodian to provide them with tools to better serve their HNW/UHNW clients. While roughly a third of advisors would like more administrative and marketing support, and a quarter would like a wider array of products and more product education, they most cited wanting better advisor technology (49%) and more advanced/user-friendly access and digital tools for clients (45%).

Advisors said they would most like to see client portals with more robust features (cited by 47% of respondents), the integration of mobile apps with third-party financial tools (43%), digital onboarding and document signing (39%) and AI-powered chatbots for client support (21%).

Half of investors (49%) expressed strong interest in using AI tools as part of their wealth management experience and another 35% are possibly open to doing so. Respondents interested in using AI tools for their wealth management experience said they would be most likely to do so for automated rebalancing and investment execution (59%), followed by personalized goal setting and planning (53%). Another 43% said they would be interested in using AI for risk management and portfolio optimization, while 26% might like it for retirement planning and goal tracking.

> Maximizing technology is really about seamlessly connecting data, applications, and workflows. A smooth user experience across planning, portfolio building, and account management – without redundant data entry – is essential. By layering in tools like advanced reporting, flexible billing, financial planning, and cross-custodial trading, you can deliver a more satisfying experience. That's why we launched Wove, a software solution that brings it all together for advisors and their clients.
>
> *-Nancy Gordon*
> *Head of Advisor Growth*
> *BNY Pershing*

FROM FEES TO FOLLOW-UPS:

ALIGNING ADVISOR SERVICES WITH CLIENT EXPECTATIONS

When investors were asked to identify their preferred advisory pricing model, flat fees emerged as the clear winner, with 32% of respondents indicating that as their choice. Bundled fees and wrap fees, at 21% each, were the second-favorite choices, followed by a la carte pricing (16%) and per-transaction fees (10%).

Investors' interest in Alternative Investments

> I think we have to add another dimension to this data, which is willingness to pay. In the high-net-worth segment, investors will pay for services where they see value, and will pay for holistic advice. They will pay for personalization. They will pay for estate planning. When you find the areas where investors see value, pricing becomes less of a factor in the investor decision-making process.

-Sudhir Tauro
Head of Commercial Wealth Products
BNY Pershing

In contrast, investor preferences for the frequency and mode of advisor communications were more varied. Half (51%) prefer quarterly or semi-annual phone calls from their advisor about investments and financial plans, followed closely by online reports and updates (46%). Less preferred were regular in-person meetings (40%), mobile app notifications (35%) and text messages (18%).

Slightly more than one-third (35%) of respondents would like their advisors to proactively reach out to them monthly with updates on investment recommendations or financial plans. The next most popular frequency was quarterly (21%), followed by 17% who would like bi-weekly updates, and 13% who would like to be contacted weekly. At either end of the contact spectrum were the 9% who wish to be contacted only when necessary and 5% who want to be contacted daily.

> In aggregate, these numbers are speaking to more communication being warranted. But I think trying to create a balance between proactive outreach with client-specific preferences gets down to that one-on-one level. Since CRM systems have gotten very sophisticated with AI tools, alerts and triggers, advisors can use their CRM tools and analytics to anticipate clients' needs and deliver timely updates.

-Nancy Gordon
Head of Advisor Growth
BNY Pershing

MOVING FORWARD:
HOW ADVISORS CAN TAKE ACTION

01

Many clients and prospects prefer greater involvement in financial decision-making.

Only 14% of HNW and UHNW investors surveyed delegate all financial and investment decision-making to their advisor. Many investors want to participate with their advisor in making those decisions, while others prefer only occasional help from an advisor. This means that advisors who project a “leave everything to me” attitude in their client dealings and marketing communications may turn off many clients and prospects.

What to do:

The first and perhaps most difficult step is to acknowledge that there are a variety of ways in which HNW and UHNW clients prefer to engage with an advisor. Expecting 100% of a client’s business or not attempting to capture the attention of those who might want only periodic assistance may put an advisor at a competitive disadvantage. Be open to exploring new engagement possibilities and fee arrangements. Ask clients about the services you provide that they value most to discover those on which to focus in your outreach efforts.

02

Make clients aware of all the services you provide and how you can help them.

Something is clearly amiss when 91% of advisors say they offer general financial planning and only 56% of investors are aware that service is available. Worse, similar advisor/investor perception gaps exist involving many other services offered.

What to do:

Advisors must bridge the perception divide with better communication. That involves not only more comprehensible and more frequent written, audio, video and in-person exchanges, but also better listening on the part of advisors and staff to discern the specific problems that clients are trying to solve for.

Better two-way communication is also key to understanding why investors place less value on services that advisors consider to be very important, such as estate planning. One hypothesis is that investors may not understand advisors’ contributions in those areas or how general terms like “financial planning” or “retirement planning” translate into ways advisors can provide practical help in addressing clients’ specific concerns.

03

Personalized service may be easier to provide than you think.

More than two-thirds of advisors say clients want more personalized service. Fortunately, that may be less difficult to provide than advisors believe. Since the range of investment products now available is greater than ever, finding the right investment solution is not the main challenge—identifying the core problem the client is trying to solve (which often involves non-financial issues) is what takes time and effort.

What to do:

Here again, more careful attention to unearthing specific client concerns or problems is likely to reveal areas where advisors and their firms already have the tools to meet client needs. Once a problem is identified, crafting a solution that a client may perceive as highly personalized may be accomplished with actually very little that is bespoke in terms of products or operations.

04

Alternatives present many opportunities.

Illiquidity appears to be a stumbling block in offering clients alternative investments—especially in private equity, private debt and real estate. But liquidity concerns can be overcome.

What to do:

First, when advisors more fully explain the illiquidity/return trade-off that alternative investments can offer, illiquidity may become less of an impediment. Also noteworthy are the lower minimums now required for some alternative investments, which makes smaller alts investments possible, thus making an alts investment possible and perhaps an appropriate fit within an investor's overall plan and portfolio. Finally, the growth of evergreen funds, which permit withdrawals or redemptions at predetermined intervals, is making alternative investing more liquid and more accessible to greater numbers of investors.

05

The advisor-client tech experience must keep pace.

Advisors and clients alike want more and better technology. Advisors want technology that makes the administrative and operational parts of their jobs less cumbersome, and technology that makes interacting with clients easier. Clients want advisor technology that is every bit as helpful and easy to use as technology in other aspects of their lives.

What to do:

Advisors and their firms should actively pursue technology integration efforts throughout their operations, and especially those that enhance the client experience. Most important, however, remains the human element; technology adoption is not an end in itself but rather a means to simplify tasks for advisors and clients alike, and enable advisors to spend more quality time with clients.

06

Clients are willing to pay for the services they want.

If they feel their needs are being met, clients have little reluctance to pay for advice and are open to several forms of compensation. However they pay their advisors, they want regular communication.

What to do:

Many advisors have the flexibility to meet client preferences in the areas of fee structures, contact style and frequency. In this area, and regarding client preferences generally, one practice management suggestion that may prove valuable is to periodically ask clients about their preferences and what more you could do for them.