Six things advisers can do in the wake of Covid-19

The last few weeks have been a testing time for advisers and their clients. Dealing with the fallout of a catastrophic market crash would normally be all encompassing. But advisers are also having to find new ways of working with clients, navigate administrative issues as providers also find themselves in uncharted territory and, in some cases, having to deal with the HR repercussions of furloughing staff or making them redundant. So, what can advisers do to make the best of a bad situation?

We recently surveyed 85 adviser firms to find out how they are coping with these unconventional conditions. The results were largely positive, with nearly 80% saying they have been able to carry on with 'business as usual' by embracing the use of technology and transacting business online. Amid all the doom and gloom, this is good news, so we thought we would look at what advisers could be focussing on in the next few weeks and months, while clients and potential clients come to terms with the repercussions of Covid-19.

1. Embed 'remote business' practises into BAU

One of the lasting legacies of this crisis will surely be the realisation that it's feasible to conduct meetings and 'do business' online. While face-to-face human interaction will always have its place, there will be clients who feel very comfortable with the idea of meeting online. Indeed, it may suit them better, which means they are more likely to make the time to sort their financial plans, when before they might have procrastinated because they couldn't leave the office. This might help to improve the reach and efficiency of your meetings, ironically enabling you to give clients more personal time, rather than less.

2. Ensure 'vulnerable' clients are protected

Client vulnerability is not just about wealth, and you may find that some of your clients are in danger of falling into the 'vulnerable' category due to a sudden change in circumstances. The FCA has made it clear that looking after these clients is of paramount importance and defines the key drivers of vulnerability as: health, life events, resilience, and financial capability. You should look out for those who may be about to go through a divorce, are unable to work, are now more susceptible to future financial shocks, or have experienced stress or other health related issues. It's important to check they (and you) remain confident that their current financial plan is fit for purpose given their changing circumstances, and to be able to evidence this if required.

3. Review investment and product strategies

Investors have enjoyed over a decade of relatively calm and optimistic market conditions. But the investment landscape has changed in recent weeks, and the longer-term economic outlook has never been so opaque. What was right for clients only a few weeks ago, might not be right for them today. In particular, we're seeing a dramatic impact on some drawdown clients. Industry statistics suggest there has been a large increase in requests for fixed term annuity quotes. For some clients, it might make sense to guarantee at least some of their future income, while leaving the rest invested to recover from recent falls.

At the same time, if clients have been taking an income from relatively high-risk funds, now is a good time to ensure they are adequately protected against sequencing risk. This might involve setting up a lower-risk fund from which income is taken, and then 'topping up' that fund from a higher-risk fund when needed. Far from being too late to employ this strategy, it's important to ensure clients are well positioned for future volatility, which is almost inevitable.

4. Target non-advised investors

For most advisers, the last few weeks have been all about looking after existing clients and getting to grips with the repercussions of 'social distancing'. Most will not have had the opportunity to think about growing their business. Now, however, is a good time to reach out to potential clients who are concerned about the impact this crisis is having on their long-term savings. Self-investors are particularly vulnerable, as are those who have no retirement planning in place. Advisers should also gather testimonials from clients who have been happy with the service they have received in recent weeks as new customers will be eager to hear that.

5. Move processes online

Admittedly, this will largely rely on product providers increasing their pace of technological change, but now is a great time to move the industry into the 21st century and towards digitalisation. Certain awkward processes, such as the need for wet signatures, will perhaps be overcome as we think laterally about using technology to bridge the 'self-isolation' divide. Such changes will help improve processes for advisers, making your business more efficient.

6. Keep your clients informed

Markets are volatile, several funds are gated, and the length and depth of the ensuing recession is unknown and hard to predict. The next few months are not going to be easy for people, so now is a good time to re-visit client communication plans. There is a plethora of content being produced by providers, which can be used to educate and reassure clients. Most providers will happily white label their content for advisers to use and, as it will have been through regulatory and technical checks, it should be easy to turn these communications into regular updates.

We should not underestimate how important financial advisers will become over the next few weeks and months. There is a huge amount of fear and uncertainty abound, and advisers are ideally positioned to calm nerves and help clients regain control of their finances. As most people are still based from home, this is a good opportunity to turn client 'spare' time into client 'financial planning' time.

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