

***OVERVIEW:***  
**Wealth Management  
Designation Study**

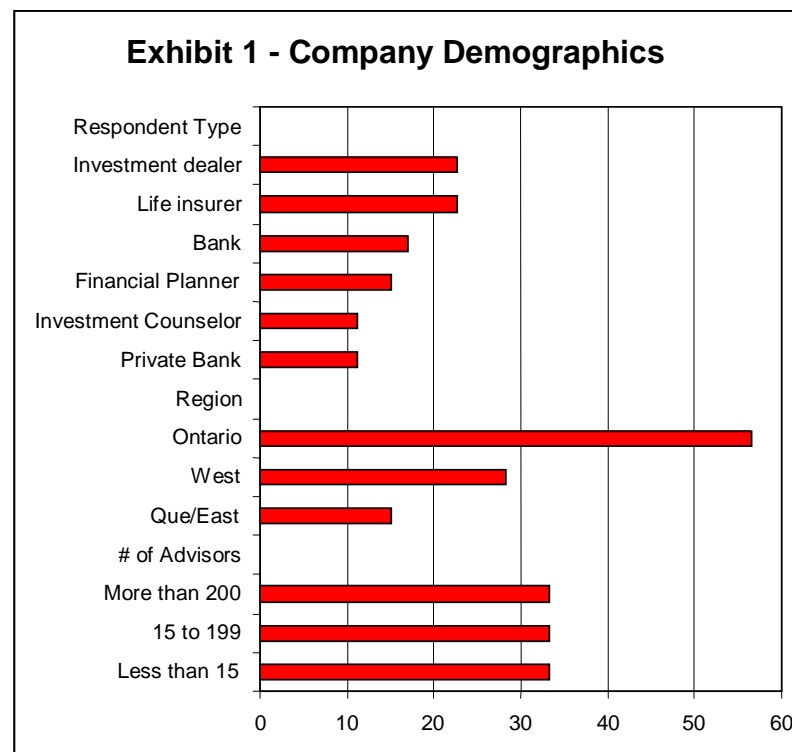
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*Prepared for our Commentators  
June 2004*

*On Behalf of the Canadian Securities Institute*

## 1.0 INTRODUCTION

- The Wealth Management Designation Study was conducted on behalf of the Canadian Securities Institute. During March and April 2004, The Brondesbury Group conducted 53 personal and telephone interviews with selected commentators. In appreciation for the time you spent with us as commentators, we have prepared this overview highlighting the key findings of the research. We hope you enjoy reading the results.
- The purpose of the Wealth Management Designation Study was to gauge market needs for education related to wealth management and to assess how well market needs are met by current offerings.
- A cross-section of financial institutions across Canada were interviewed. In Toronto and Waterloo, most respondents were senior level people directly involved in managing a force of wealth management advisors. Outside Toronto, most respondents were branch managers supervising wealth management advisors.
- **Exhibit 1** highlights characteristics of the respondents and companies we interviewed. The largest group of respondents were from Ontario (57%), followed by Western Canada (28%) and Quebec/Eastern Canada (15%). **Exhibit 2** gives a more detailed breakdown of respondent type and location and shows the actual number of interviews from each type of financial institution and region that participated.



**Exhibit 2 - Respondent Demographics**

	Total	West	Ontario	Que/East
Bank	9	2	6	1
Financial Planner	8	2	6	
Investment Counselor	6	3	2	1
Investment dealer	12	4	5	3
Life insurer	12	3	6	3
Private Bank	6	1	5	
Total	53	15	30	8

## 2.0 WEALTH MANAGEMENT & DESIGNATIONS

- When respondents talked about the role of wealth management advisors (WMA), a few key words were often repeated: **holistic, client-driven, long-term, deal with complexity**. These set the stage for defining what a WMA is to most senior people in financial services that deal with the wealthy.
- Commentators say that a wealth management advisor (WMA) offers **comprehensive** advice and planning that is client-driven and **holistic** in nature. There is a degree of **complexity** in the work of a WMA that reflects the pinnacle of financial planning. Note that the identification of the respondent in the text that follows is based on the level of identification they permitted us to provide.

*Financial professional - advises clients specifically on their investment needs - estate planning, retirement planning, taxation related to investments - Jeff Plate, Director, Investment Research, Manulife Financial, Waterloo, ON*

*They are financial planners that deal with estate planning, taxes, insurance & investment. They are also compensated through asset base practice as opposed to commission base – Ian Davidson, Vice President, Senior Financial Advisor, Assante, Toronto, ON*

- A WMA brings a **high level of knowledge** to critical areas such as tax and estate planning, insurance needs and investment. **Their advice deals with debt, as well as investment and risk management**. A WMA is above all else, **client-centric**. A professional who works in the best interest of the client providing advice and planning that covers all aspects of a client's financial well-being over the course of a life cycle.

- **Client values, needs and requirements are primary drivers** for a wealth management advisor. The focus on advice is a key benefit. WMA advisory aims to build, preserve and transfer wealth in a comfort zone that is acceptable to the client. A broad base knowledge of products and services that offer solutions is complemented by their access to specialized expertise and knowing when it is needed.

*Brings a higher level of knowledge in critical areas. Broader scope - estate planning, insurance needs, handling of debt, tax issues – Banker (anonymous), Toronto, ON*

*Looks at client from all perspectives of financial wealth such as banking, investment, tax and estate planning - Geoff D. Michie, Vice President and Managing Director, Private Client Centre, TD Waterhouse Canada Inc., Private Client Group, Toronto, ON*

*Accreditation on both sides of the balance sheet. Holistic approach -- practitioner that works for a company that harnesses CRM to manage price & service. Client requirements and values of client drive activity – Banker (anonymous), Toronto, ON*

*Holistic type attitude, not an expert in everything but has access to all info a client would need - Branch Manager, Assante, Toronto, ON*

*Someone who deals with clients and helps them accumulate wealth and transfers it to their heirs - Robert MacKenzie, Chairman of the Board, Independent Financial Brokers of Canada, Ottawa.*

## How do WMA differ from regular retail advisors?

- When asked how a WMA differs from a regular retail advisor, concepts such as product vs. service, order taking vs. advice/planning, and degree of complexity are all mentioned again. A wealth management advisory role is seen as more complex -- incorporating advice and planning that meets the short and long term financial goals of the client. It is focused on servicing the client as opposed to selling products. It includes borrowing, investing and risk management. **Exhibit 3** offers a concise comparison.

Exhibit 3 Comparing WMA and Regular Retail Advisor	
WM Advisor	Regular Retail Advisor
Focus on service	Focus on selling product with limited client services
Advice and planning to reach short and long term financial goals	Identify basic investment and credit needs.
Knowledge and referral network for sophisticated investment vehicles, tax issues, estate planning, etc.	Order taking
Often have more education and credentials	Typically fewer credentials
Holistic approach to investment	Product-focus
More complexity = more time with clients	Know client relative to products
Diverse and specialized knowledge base	Limited and general knowledge base

*A Wealth management advisor drills into different aspects (banking, investment, tax, estate); invests more time, understand full life and long term picture. A retail advisor is product centered, has limited time and focuses on selling. The difference is that between marriage and dating - Ian Davidson, Vice President, Senior Financial Advisor, Assante, Toronto, ON*

*[Wealth management is] advice, planning as opposed to order taking - Graeme Gordon*

*Regular advisor concentrates on direct investments and has a short term view and less on life style issues such as retirement, estate planning, etc - Robert MacKenzie, Chairman of the Board, Independent Financial Brokers of Canada, Ottawa.*

*[WMA's ]size of portfolio and its relative complexity requires more time to work with client. Retail advisor has simpler tasks and spends less time with client - Scott McElligott, Private Client Centre Manager*

*Wealth management advisor covers tax planning, retirement planning, education plans, estate planning. Retail advisor principally covers investment portfolio - Branch Manager, PFP, CIM, FCSI.*

- Among commentators, some 60% of retail advisors are said to be involved in wealth management today with the number rising to 67% over the next five years. While we find this number impressive, it does not reflect with what we have seen in recent research we have gathered in financial literacy and advisory. First, the number of people requiring truly complex advice is not that large. Second, reports on the kind of advice that people get suggest that the majority are serviced by "retail advisors" according to the definitions proposed here. It is our sense that **this description of wealth management advisors is a target that an FI can aspire to, even if it is not fully attained.**

## Benefit of Professional Designations

- We asked our key informants about the benefits of professional designations in wealth management – for the firm, for their clients and for the WMA directly. **Professional designations in wealth management provide competence, credibility and confidence for the firm, the client and the advisor.** These three themes emerge repeatedly.

### Benefits for the firm

*It educates our employees. It presents more professionalism to our clients – Branch Manager*

*Professionalism, standards that show professionalism and their knowledge and skill base to back it up - Jeff Plate, Director, Investment Research, Manulife Financial, Waterloo, ON*

*Projecting image of competence and trust for clientele. That the firm is keeping up with competition and also wants to keep up – Scott Gregory, Branch Manager*

*It shows that the firm has met certain standards. That the bank has integrity and honesty of the bank is not questioned - Geoff D. Michie, Vice President and Managing Director, Private Client Centre, TD Waterhouse Canada Inc., Private Client Group, Toronto, ON*

### Benefits for the Client

*Assurance of firm's individuals. They have core competencies and offer solutions beyond what the client may know – Scott Gregory, Branch Manager*

*Presents a more professional employee to the client. Provides more informed advice to the client – Shane St. George, Branch Manager*

*Clients know that there is a general level of competence - John Simpson, President, Wealth Management, SVP, Mulvihill Capital, Toronto, ON*

*Makes us more market savvy – keeping up with our clients. Continuing education is very important for maintaining depth and breadth of business. This is encouraged by the firm – Anthony Cooper*

*Better service for clients, clients increasingly aware of designations as become more sophisticated – CFP, TD Private Bank*

### Benefits for the Advisor

*Has more knowledge, translates to better bottom line and sells more product – FCSI, CFP, RFP Respondent*

*Helps build confidence plus has the knowledge needed to perform role more effectively and efficiently – Shane St. George, Branch Manager*

*Staff are more inclined to move towards designations when they see their peers achieve this. Creates synergies - Geoff D. Michie, Vice President and Managing Director, Private Client Centre, TD Waterhouse Canada Inc., Private Client Group, Toronto.*

*Confidence they have knowledge to do a proper job – Graeme Gordon*

**This concludes our commentator overview. Without your involvement research like this could not be carried out. Once again, thank you for your participation.**