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While advisors and their business clients have faced many COVID-19 challenges, this difficult environment also offers powerful growth opportunities.



**THE DAWNING OF THE COVID-19 PANDEMIC IN EARLY 2020 MEANT A SHARP SHIFT FROM BUSINESS-AS-USUAL PRACTICES TO A NEED FOR SOCIAL DISTANCING AND BETTER REMOTE TECHNOLOGY.** Fortunately, for many financial advisors, the business news has generally been positive: A recent survey — conducted by Arizent Research/Financial Planning and commissioned by ADP Retirement Services — found that nearly half (47%) of advisors have seen their assets under management (AUM) grow since early 2020. “In many ways, advisors have done quite well,” says Amber Harms, vice president of channel sales at ADP.<sup>1</sup>

However, the news for advisors’ business clients has been more challenging with 69 percent of survey respondents reporting declines in client revenues since the onset of the pandemic (47% experiencing double-digit declines). Further, nearly half (49%) of advisors say their business clients’ financial goals are being delayed because of the economic impacts of COVID-19.

The findings offer several considerations for financial planning practitioners that serve business clients, including:

- Challenges imposed by COVID-19 and solutions they’ve employed to overcome them
- Approaches to support business clients in today’s operating environment
- Ideas and resources for their practice and their clients’ businesses

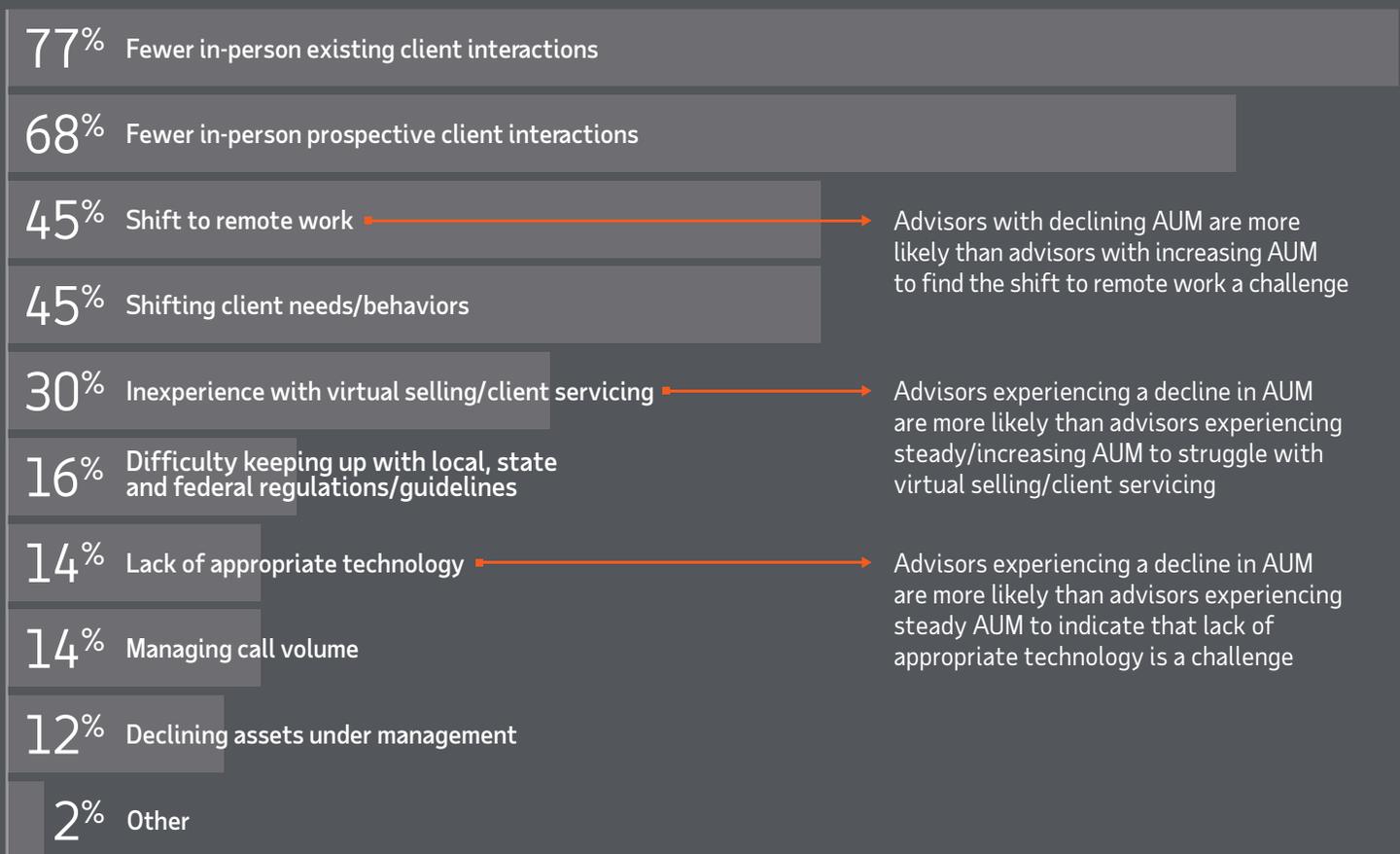
<sup>1</sup> Amber Harms is a Registered Representative of ADP Broker-Dealer, Inc. (ADP BD), Member FINRA, an affiliate of ADP, Inc., One ADP Blvd, Roseland, NJ 07932.

## The challenges

For financial advisors, this has been a tale of two pandemics with nearly half of respondents reporting growth in AUM and slightly more than half reporting no change or declines in AUM with only 10 percent experiencing double-digit declines.

The remote, socially distanced environment driven by the pandemic is a big cause of this difference. More than three in four advisors surveyed say the top challenge since the onset of coronavirus has been fewer in-person interactions with existing clients, while 68 percent say the top challenge has been fewer in-person interactions with prospective clients (see Figure 1). "For advisors, that face-to-face connection is so foundational," says Harms.

FIGURE 1: TOP CHALLENGES OF MANAGING A PRACTICE SINCE THE ONSET OF CORONAVIRUS



SOURCE: Arizent Research/Financial Planning, October 2020.

The numbers validate how this challenge has translated into business losses, as the data shows that advisors not comfortable with virtual selling are 1.8x more likely to find it extremely/very challenging attracting prospects and are more likely to have experienced a decrease in AUM. On the other hand, advisors with a high comfort level using digital platforms such as video conferencing have benefited: They've been more likely to experience increases in their AUM than advisors who are less comfortable with these technologies.

## The solutions

However, this insight need not discourage those adjusting to virtual selling and client support. Advisors with a lack of familiarity and comfort level working with clients and prospects remotely can take steps to improve their skills and technology. Investments in tools such as video conferencing, secure document sharing and shareable financial planning software can help make this process more engaging and effective for advisors and clients alike (see Figure 2). As Harms notes, "These days, it's so important for advisors to be able to use technology to stay connected with their clients."

She adds that advisors need to carefully consider the role technology should play in their practice. Do they want tools that facilitate virtual client interactions? Do they need to prioritize technologies that let them more safely and efficiently share sensitive documents with clients? Asking these questions will allow advisors to identify the types of technology they want to use — and how and when to use them. "Technology should help the advisor deliver a better experience and help support their client relationships," says Harms.

And, advisors can look to partners to help them navigate this remote environment. For instance, virtual prospecting support from partners can help identify potential clients, manage communications and outreach more effectively, and provide timely client-facing educational materials. "Whatever tools advisors can use that will help them engage prospects should also help them advance their business," says Harms.

FIGURE 2: INVESTMENTS MADE TO REDUCE THE NEED FOR IN-PERSON INTERACTIONS



SOURCE: Arizent Research/Financial Planning, October 2020.



Advisors can deliver considerable value to their clients by serving as a consultant, steering business clients toward trusted partners.

## Supporting business clients

As noted, for many advisors' business clients, the economic impact of COVID-19 has been difficult to understate. While some businesses have been thriving, some have experienced significant challenges.

Advisors are an important resource to help struggling businesses navigate this challenging, often inconsistent environment. First, they must understand these clients' top business priorities now. "What was top of mind for business owners before COVID-19 is very different than what they're thinking about now," says Harms. "It's a very different lens they're looking through."

According to the study, the top priorities for business clients over the next several months include:

- Increasing revenue (35%)
- Keeping employees and customers safe (35%)
- Managing cash flow (33%)
- Getting new customers/clients (25%)

As an element of caring for their employees, which is a top priority for so many businesses, many have added or expanded their benefits offerings. These benefits include financial wellness programs (22%), emergency savings vehicles (18%), HSAs/HRAs (14%), life insurance (12%), long-term care (7%) and student loan repayment programs (4%).

Administering these programs can be difficult for businesses as they juggle their many competing priorities. Harms notes that advisors can deliver considerable value to their clients by serving as a consultant, steering business clients toward trusted partnerships that can deliver these benefit programs more efficiently and cost-effectively.

**FIGURE 3: GUIDANCE/SUPPORT ADVISORS HAVE BEEN PROVIDING SINCE THE ONSET OF CORONAVIRUS**



Answering questions about the CARES Act, FFCRA, PPP



Sending/giving information about financial topics



Holding regularly scheduled calls



Helping create or adjust a budget and/or financial plan



Recommending other specialists



Holding informational seminars about financial topics



Recommending a savings and/or budgeting app

Advisors can bring together a range of partnerships — from specialized third-party service providers to trusted accountants and attorneys — to help business clients address their other priorities, as well. Clients may need and want support managing day-to-day issues such as budgeting and financial planning, as well as understanding and participating in relief programs such as the CARES Act and PPP loan programs. Indeed, 65 percent of advisors say they have been helping clients with these and other COVID-19-related programs, among other services they are offering (see Figure 3). “The key is for advisors to become the quarterback for these business clients,” says Harms. “How can they help support the business, whether it’s creating an EIN or selling the company?”



SOURCE: Arizent Research/Financial Planning, October 2020.

## Embracing growth

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The coronavirus has upended many businesses plans — including those of financial advisors. But advisors that make use of technology and partnerships relationships can continue to grow while supporting their business clients. Face-to-face or remote, advisors can gain closer ties to customers by helping them overcome their business and benefits challenges during any uncertain time.

For now, employers are focused on keeping their businesses running — while remaining committed to helping employees build financial security by preserving employee benefits, like retirement plans. Here, advisors can add value with solutions that can simplify retirement plan administration and make it easy for participants to build financial security.



## Let's talk.

For more information about ADP retirement plans and how we make them easier to manage, please contact us today at (800) 432-401K or visit [www.adp.com](http://www.adp.com).

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## Methodology

In October 2020, Arizent Research/Financial Planning conducted an online survey among 294 financial advisors who offer retirement planning services to business clients with 1,000 or fewer employees.

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