



Revealed: The 3 ways
cashflow modelling
adds serious value

In recent years, financial advisers and planners have faced a range of challenges

Tougher regulation has increased the compliance burden on both individuals and firms.

Low investment yields and increased volatility have meant a bigger focus on fees.

And clients - particularly younger clients - have become more attracted by automated advice and demand more technological innovation.

To tackle some of these challenges, many financial advisers and planners have adopted cashflow modelling as part of their advice process. As well as promoting lifetime holistic planning services, it can also support regulatory requirements such as identifying a client's capacity for loss. Cashflow modelling also offers transformative benefits from a compliance and regulatory perspective.

Surprisingly, not everyone sees the value in using cashflow modelling. Common objections we hear include:

- It's complicated to use
- It takes ages to input the data and I don't have the time
- Clients don't care about it
- It's not for my 'type' of client
- It is expensive, and so doesn't deliver value

It's the final objection that advocates of cashflow modelling would probably disagree with most. Correctly adopted, cashflow modelling can unleash your potential, and that of your business. And, it will deliver life-changing financial benefits to your clients.

In this guide, you'll discover just how much value these tools can add.



1 Value to the client

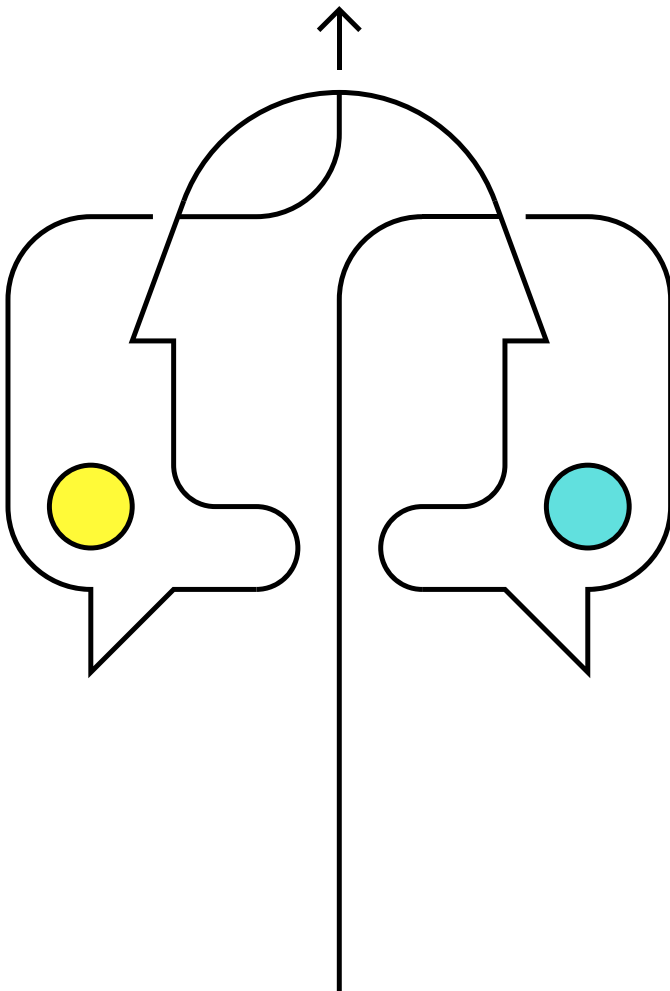
As a financial adviser or planner, you constantly add value to your clients. This might be through:

- Better structuring of income sources and investments
- Setting tax-efficient withdrawal strategies
- Executing estate plans.

We presume you are already doing all these things. However, do you find it hard to demonstrate the value these bring in monetary terms or by reference to the goals set? These days, evidencing value is not just about investment returns.

Modern clients are asking different questions:

- What will happen if markets crash?
- What do I do with my Defined Benefit pension?
- How much is enough?
- What if I need to pay for care in later-life?
- Can I afford to send my children to private school?
- Do I have to downsize my home?
- Can I spend more money?
- When can I retire?



So, what value does cashflow modelling really add?

Genuine reassurance

Volatile markets have created uncertainty and worry for clients. Using cashflow modelling means that they can be reassured regarding the financial decisions they make. For example:

- Spending more won't be detrimental to my lifestyle
- Gifting won't be detrimental to my lifestyle but will improve my Inheritance Tax position
- I'm making use of all relevant tax allowances
- I can see the benefits of restructuring assets
- I can afford to tick off some bucket list items

Lifetime financial security

When a client starts to save for their retirement, it's likely to be decades away. As a result, individuals are often unsure of how much they have saved or, if it's enough for their retirement plans.

Using cashflow modelling means a client can see how their pension savings are projected to grow over the years and the level of income it can provide once they have given up work. Being able to forecast cashflow, especially in retirement, gives clients a crystal-clear picture of what their future income and capital needs could be.

Additionally, inflation and returns will have an impact on a client's wealth. And, with these two important factors varying over time, it can be difficult to assess the full effect of them.

By adjusting the levels of interest or return, you can start to create a picture of the different results of varying scenarios. This can be particularly useful for investments and weighing up risk with potential returns.

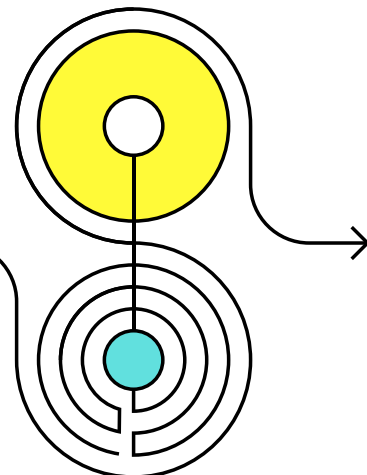
Armed with all this information, clients are empowered to decide how to structure and manage their arrangements. They can see what the effects of inflation might be, and what income they will be able to take at different rates of investment return.

A note about risk

Cashflow modelling is a great tool when it comes to talking to a client about risk.

You can demonstrate the impact of different growth rates, the impact of inflation, and taking more or less risk.

Clients can also understand the impact of 'catastrophes' – for example, a market shock, death or illness.



A better understanding about the impact of decision

The financial advisers getting the most from cashflow modelling are using it live and interactively with clients. Sharing screens and modelling scenarios with clients present is incredibly powerful.

The use of graphs in a cashflow modelling tool means that clients have a visual representation of what the future could look like and what they are striving to achieve.

- Clients feel more engaged in their financial future.
- They now fully understand the impact of their decisions.
- Seeing how their future will look helps them to avoid costly mistakes.

For example, they can make sure that assets are disposed of in the most tax-efficient way. They can also be sure that spending on large items such as a holiday home doesn't end up bankrupting them because they haven't considered the ongoing associated costs.

A focus on lifetime planning

Throughout life, there will be events that affect a client's assets. Cashflow modelling can consider these and demonstrate how they will affect their estate.

For example, it can show a client how receiving an inheritance, downsizing their home, or losing their partner's pension, should they die first, will impact on their wealth and lifestyle.

While clients can't predict the future, you can help them prepare.

Cashflow modelling can give clients a projection of their estate at different points of their life, allowing them to plan more effectively.

In addition, the market-leading cashflow tools are able to perform powerful tax calculations. Showing clients the impact of your advice on their tax position can be highly persuasive.

Build genuine trust

As nothing is hidden from you or your clients, decisions can be made with clarity and purpose. You and your clients can plan confidently, knowing that lots of features are on hand to help quickly and easily understand the plan.

You can create, compare and illustrate unlimited scenarios using flexible graph or table formats, planning effectively for all clients, at every level. This planning also promotes mental wellbeing, as clients are not stressed about their finances.

In addition, cashflow modelling provides complete transparency in terms of fees. A client can literally see the value they're getting from the fees that they pay to you.

2 Value to the financial planner

We've seen that cashflow modelling delivers life-changing benefits to clients. It allows them to visualise their future, empowering decisions and providing them with reassurance and financial security.

It's not just clients who benefit from cashflow modelling. Financial planners who have adopted this approach do so because they understand the many ways in which cashflow modelling can help them attract new clients and build better client relationships.

Develop a meaningful long-term relationship with clients

Cashflow modelling will help your clients to visualise and understand their current financial position. It also allows you to demonstrate how their future financial goals and objectives can be achieved.

It's important to stress that cashflow modelling is not something you do once and then forget about.

It is a living process that should be revisited on a regular basis. By doing this, you can be confident that it will always reflect, and be relevant to, your client's current circumstances should anything change.

For your client to get the most out of cashflow modelling, regular reviews and meetings are essential.

Unlike a one-off investment transaction, cashflow modelling helps you to nurture a long-term relationship with your client. Over time this builds trust and respect, and you become central to your clients' decision-making process. Your clients will keep coming back to review their plan year after year.

And, as the best financial planners know, happy clients are more likely to refer you to colleagues, friends and family, helping you to attract new clients through great word of mouth.

Cashflow modelling 'essential' for advice process

70% of survey respondents say cashflow modelling is the most important tool for helping clients meet their long-term goals.

intelliflo survey, October 2019

Demonstrate the life-altering impact of planning

Today, financial planning is about much more than investment returns. Clients want to know how they can achieve the lifestyle they want with the money they have. They want to leave a legacy to heirs, help out their children, or ensure they are not paying more tax than they should.

Cashflow modelling must be used live. It promotes interactive review meetings where you can give a client a graphic representation of their financial future. Clients can ask questions and get instant answers. You can model a range of scenarios and really engage your clients in the financial planning process.

Think of the massive impact of showing a client how much tax they will save. How many years early they can retire. That they can buy that expensive item they want. It truly demonstrates the value of financial planning, and of your advice.

Of course, if a client can see and understand the value of your service, they are much less likely to quibble with your fees, which brings us to...

Focus on objectives, not fees

Cashflow modelling is possibly the most important factor in helping clients understand the advantages of fee-based financial planning over commission-based financial advice.

Clients become less concentrated on the fees they are paying and more interested in how they are doing in terms of meeting their financial goals and objectives.

In the past, if you didn't 'do' anything for a client, you wouldn't charge them. No investment meant no commission.

Now, it's quite possible that your advice could be to 'do nothing'. Or, your advice might concern structuring their income differently, or making changes to their estate planning.

Attract new, younger clients

Younger clients tend to be more tech-savvy and they expect the same of their professional advisers. They are also more likely to be attracted to automated advice, rather than 'old school' financial planning.

By adopting cashflow modelling, you put the role of the financial planner at the centre of a client's long-term planning goals. You can demonstrate how their aspirations cannot be met by technology alone and demonstrate the value of your advice using the cashflow tools.

Differentiate yourself from others

The number of planners using cashflow tools as part of their core advice process is still low. It means that those who do immediately set themselves apart from their peers.

It's a genuinely attractive USP for clients, and you enhance your profile, demonstrating that you are a true financial planner.

Intergenerational clients

According to Investment News, 66% of millennials will fire their parents' financial adviser.

If you use cashflow modelling, you can incorporate your clients' adult children into the conversations. This enables you to build a relationship with them, so when there is an intergenerational transfer of wealth, your assets under management don't disappear because the child decides they want to hire a different financial adviser.

3 Value to the financial planner

While cashflow modelling can offer individual benefits to both clients and financial planners, it can also add value to the wider advice firm.

We tried other solutions but found them to be too complex, with the outputs not so client friendly. With intelliflo planning we have found that the data inputs are much easier and quicker to process. The descriptions used are much more relevant, which makes it an easy system to train our team on.

The link up with intelliflo office has helped tremendously and makes the completion of a full cashflow report far quicker than before. Our clients have enjoyed the experience and the data outputs that have been provided. We are delighted with this cashflow tool and look forward to further developments being rolled out.

Gordon Crothers
Director, Attain Wealth Management



Build stronger relationships with professionals

It's not just client relationships that get stronger by using cashflow modelling. It can also support relationships with professional introducers, such as accountants and solicitors. Often, their clients will be going through a significant life event for which cashflow modelling could be invaluable.

Demonstrating the benefit of cashflow to these introducers encourages lifetime planning over a transactional relationship and can drive referrals.

Consistency of processes and advice

The best cashflow modelling tools give you the ability to manage all your clients on one system. This transforms both client understanding and process transparency, bringing huge benefits compared to using a series of narrower, stand-alone tools.

With intelliflo planning you'll see immediate efficiency and productivity gains, starting with the data entry process – which is easy, enjoyable, and eliminates entering data multiple times.

Planners using the same tool and following the same processes ensures that a firm's clients all receive the same 'experience'. Assumptions which everyone should be adhering to at a firm level, means it's easier for compliance to spot anyone going rogue.

The advantages of a comprehensive approach on a single system are obvious

MiFID 2 and PROD obligations

Cashflow modelling is a great way of demonstrating the value of your advice and the ongoing suitability of wrappers/plans.

You can use the tool to help accurately determine a client's risk profile. A risk-based cashflow forecast can demonstrate the amount of loss a client can financially withstand and therefore the amount of risk they can take.

You can also evidence that you have carried out regular reviews with clients, proving an ongoing level of service.

intelliflo planning

Increase the annual level of fees and drive efficiency

Adopting cashflow modelling can help to drive your business' revenue in a variety of ways:

- Differentiate your business from your peers, and boost referrals from clients and introducers
- Increase pitch win success
- Grow new and existing revenue streams
- Retain clients for the long term

Using integrated, intuitive cashflow modelling software can also help to make your business more efficient.

Proper integrations with minimum manual intervention maximise efficiency – for example, intelliflo planning with intelliflo is slick and straightforward, and there's no additional cost for integration. Accurate data in intelliflo office ensures accurate data in intelliflo planning, speeding up the time it takes to build a cashflow plan for clients.

Of course, improving efficiency means your firm can take on more clients and increase overall revenue.



Get in touch

Successful firms use cashflow modelling to add value to their clients, their advisers and planners, and their business.

When choosing to adopt cashflow modelling, firms need a tool that is comprehensive and that can produce a holistic financial plan. However, it also needs to be easy to use and doesn't involve days and days' worth of training to achieve a basic understanding of how it works.

Used by many leading financial organisations in the UK, intelliflo planning is a user-friendly, intuitive cashflow tool for planning, creating reports and testing scenarios.

Our easy-to-use financial forecasting software is designed by financial planners for financial planners. It drives profitable relationships and increases client engagement, allowing you to deliver life-changing plans and reports for your clients.

Strengthen client relationships

- Demonstrate the impact of planning
- Enhance client wellbeing
- Promote interactive review meetings
- Engage clients in the financial planning process

Maximise fees and profitability

- Boost referrals from clients
- and introducers
- Increase pitch win success
- Grow new and existing revenue streams
- Save time and maximise efficiency

Cashflow modelling doesn't have to be complicated. Effortless and enjoyable to use in your client meetings, intelliflo planning creates clarity and confidence, removes client inertia, and takes your client relationships to the next level.

To find out more, and how you can enjoy a free 30-day trial, please get in touch.