For Financial Advisers in Discussion with Clients

I'm young and hungry to succeed financially. What should I do in 2024 to get ahead?

Some of the questions on the client's mind may include:

- What investment choices should I consider in the current environment? What is the smartest move to grow?
- I have plenty of short-term goals - should I focus on these, then focus on longer-term goals at a later date?
- Can I have a sleeve of my money to invest in exciting opportunities? Or can we capture in my wider financial plan?

Eight Actions to Consider in 2024

Before making any decisions, have you considered the full perspective? Here are eight actions to help steer the right conversation.

01

Start early and focus on goals

Compound interest is known as the eighth wonder of the world. By investing more while you are young, you maximise the opportunity for future growth, while reassessing your goals aids motivation.

02

Reinforce the habit of pound-cost averaging

Pound-cost averaging means topping up holdings on a gradual basis, perhaps to a multi-asset portfolio. An idea in your 30s is to save more during each pay rise, to avoid lifestyle creep.

03

Get a financial plan with clear value drivers

Inexperienced clients may be tempted to adjust their financial plan at the first sign of volatility. This is normal. Reiterate the foundations of the plan regularly and proactively.

04

Raise product options that match the environment in 2024

With higher interest rates in 2023, clients may be tempted to explore alternative investment options for 2024. Discuss the full range of strategies available and explain why you believe their structure is optimal.

05

Avoid trying to time the market

Trying to swing between stocks, bonds and cash is a very difficult game, which often creates a cash drag. Using managed portfolios is sensible, with a well-diversified investment mix, well positioned for 2024.

06

Offer behavioural coaching

Research shows that behavioural coaching can add meaningful value. Or conversely, bad behaviour is destructive. Move the conversation to the principles of good investing and associated habits.

07

Help explore "personal" investment choices

Many younger clients want exciting investments that have the ability to thrive, or have preferences relating to their personal views. Help them build knowledge, perhaps considering an ESG portfolio for those that want to match their values.

08

Deal with competing goals

Following the cost-of-living crisis, some clients may feel stretched. One way to get balance is to compartmentalise the investing pots based on different goals. Having different pots can improve the effectiveness of investing.

I'm in my 40s with a lot of responsibilities and little time. What can I do in 2024 to get ahead?

Some of the questions on the client's mind may include:

- Are my automated strategies still appropriate for 2024? Can I consider tax-friendly and time-effective options?
- I'd like to make more progress on my long-term goals—how much do I need to invest from here through to retirement?
- How do I deal with some underperforming assets? Is it smart to sell these to reinvest in something better?

Eight Actions to Consider in 2024

Before making any decisions, have you considered the full perspective? Here are eight actions to help steer the right conversation.

01

Go beyond 2024 and invest for the future

Investors in their 40s can feel absorbed by their present responsibilities and disconnected from their future. Help clients visualise the future to orient them towards longer-term goals.

02

Make sure clients are taking enough risk

Investors in their 40s typically have a large capacity for loss. However, they may be frustrated by the lack of progress in 2022/23 and carry a more modest risk tolerance. Helping them align their risk tolerance, capacity and goals are key in this decade.

03

Reconfigure the "why" of investing

Goals can change, so it always worth reviewing them, especially given the change we've witnessed since covid. Research shows that 71% of people change their top goals by doing a simple review.

04

Raise product options that match the environment in 2024

With higher interest rates in 2023, clients may be tempted to explore alternative options for 2024. Discuss the full range of strategies available and explain why you believe their structure is optimal.

05

Maximise cashflows in a tax-effective way

With taxes a big talking point, could the client benefit from broader financial planning? All too often, clients think about investing first, but taxes and insurance are also prominent areas to address.

06

Identify "personalised" investment choices

Many younger clients want exciting investments that have the ability to thrive, whilst incorporating preferences relating to their personal views. Help them build knowledge, perhaps considering a small sleeve, or even an ESG portfolio.

07

Consider different portfolio combinations

Meeting goals is an individual experience and index tracking is not for everyone. This is where a blended portfolio could help, offering diversification and active exposure where sensible.

08

Offer behavioural coaching

If we encounter volatility in 2024, you can add value. In fact, research shows that behavioural coaching can add meaningful value. Or conversely, bad behaviour is destructive. Move the conversation to the principles of good investing and associated habits.

We're in our 50s with sizeable assets and a better runway to contribute. What can we do in 2024?

Some of the questions on a client's mind may include:

- What should I do with my higher savings rate in 2024? What are my smartest investment options, considering taxes?
- When can I retire? How do I deal with underperforming assets? What should I do about my concentrated stock positions?
- If I have enough assets already, what strategies offer a high certainty of outcome? When should I turn down the risk dial?

Eight Actions to Consider in 2024

Before making any decisions, have you considered the full perspective? Here are eight actions to help steer the right conversation.

01

Address taxes

With taxes a big talking point, having a conversation in this area could add value. If clients accumulate savings outside tax-advantaged wrappers, create a plan to manage this.

02

Deal with underperforming assets

Many investors in their 50s will have a sleeve of underperforming assets following a tough market in recent years. Help guide the best decisions, considering taxes, to build a robust asset allocation.

03

Full financial planning

Could the client benefit from broader financial planning? All too often, clients think about investing first, but the foundations are just as important.

04

Raise product options that match the environment in 2024

With higher interest rates in 2023, clients may be tempted to explore alternative investing options for 2024. Discuss the full range of strategies available and explain why you believe their structure is optimal.

05

Maximise saving

As a client's earnings near their peak and some costs subside, it is more important than ever to maximize the amount being saved. Focusing on the client's progress towards their goals is key.

06

Offer behavioural coaching

If we encounter volatility in 2024, you can add value. In fact, research shows that behavioural coaching can add meaningful value. Or conversely, bad behaviour is destructive. Move the conversation to the principles of good investing and associated habits.

07

Consider sophisticated portfolio ideas

Meeting goals is an individual experience and index tracking is not for everyone. Perhaps a blended portfolio could help, offering diversification and active exposure where sensible.

08

Reconfigure the "why" of investing

Goals can change, so it always worth reviewing them, especially given the change we've witnessed since covid. Research shows that 71% of people change their top goals by doing a simple review.

I'm in my 60s and a secure retirement is my priority. What should I do in 2024?

Some of the questions on the client's mind may include:

- How do I best protect what I've got, while still making inroads to secure a happy retirement? How much is enough?
- Should I dial down my risk tolerance in 2024? What is the smartest approach to generate cashflow from my portfolio?
- I'd potentially like to help my family get ahead — is there something I should consider? What are the smart approaches?

Eight Actions to Consider in 2024

Before making any decisions, have you considered the full perspective? Here are eight actions to help steer the right conversation.

01 Focus on desired outcomes

Some investors are nervous about 2024 given the uncertainties present across the globe. As investors approach or enter retirement, help tie outcomes to goals, perhaps with an income approach.

02 Generational wealth options

Whether receiving an inheritance or planning to support family members, generational wealth carries complex decision making. It starts with understanding the most effective strategies and viability.

03 Re-assess the full financial plan

The 60s is a prime period for broader financial planning. All too often, clients think about investing first, but the structures are important, including final contributions.

04 Raise product options that match the environment in 2024

With retirement in sight and higher rates available, clients may look to explore alternate options. Discuss the full range of strategies available to retirees and explain why you believe their structure is optimal.

05 Consider bucketing as an approach

Investors in retirement can become too defensive and short-term orientated. A portfolio 'bucketing' approach combining portfolios with different risk profiles can help clients remain focused on the long term.

06 Offer behavioural coaching for retirement

Clients hate uncertainty and negative surprises, especially in retirement. Help them control what they can, such as spending habits. Discuss the retirement smile (spending starts high, then falls, then increases again) and how to address it.

07 Consider different portfolio combinations

Meeting goals is an individual experience and index tracking is not for everyone. Perhaps a blended approach or an annuity could help.

08 Prepare your clients for a post-retirement setback

Over a client's retirement, they are likely to experience at least one market setback. Their response to these events will determine their ability to preserve capital. The better they are prepared, the less likely they are to make mistakes.

"I'm in my 70s and rely on my investments. What actions should I take in 2024?"

Some of the questions on the client's mind may include:

- Should I adjust my spending in this environment? Can I do anything smartly to generate more income from my portfolio?
- With higher cash rates available in 2024, why take risk? But is my capital going to last?
- When should I create a generational wealth plan to help those I care about? Can I do it now?

Eight Actions to Consider in 2024

Before making any decisions, have you considered the full perspective? Here are eight actions to help steer the right conversation.

01 Enjoy the wealth by investing wisely

In 2024, retirees may become overly defensive given the perception of heightened risk. However, a robust approach can help them enjoy their wealth, perhaps using an income portfolio for cash-flow.

02 Think about your withdrawal strategy

Should a client change their spending in 2024, based on market moves? This is a personal judgement, but investors in 'withdrawal mode' can become short-term orientated, so maintain perspective for the longer term.

03 Focus on outcomes, especially cashflow

As investors navigate retirement, outcomes become far more important than relative gains. Help clients tie outcomes to their goals. Some may even desire an ESG approach to align their values.

04 Raise product options that match the environment

With higher interest rates available, clients are likely to explore alternative options. Discuss the full range of strategies available and explain why you believe their structure is optimal.

05 Generational wealth & supporting others

If planning to support family members in 2024, generational wealth transfers require complex decision-making. It starts with understanding the most effective strategies and viability.

06 Offer behavioural coaching for retirement

Clients hate uncertainty and negative surprises, especially in retirement. Help them control what they can, such as spending habits. Discuss the retirement smile (spending starts high, then falls, then increases again) and how to address it.

07 Consider different portfolio combinations

Meeting goals is an individual experience and index tracking is not for everyone. Perhaps a blended approach could help, offering diversification and active exposure where sensible.

08 Remind clients about an in-retirement setback

Over a client's retirement, they are likely to experience at least one market setback. Their response to these events will determine their ability to preserve capital. The better they are prepared, the less likely they are to make mistakes.

Ready to Turn Ideas into Actions?

Let Morningstar Wealth Help You

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