Breng vermogen tot leven: van financieel plan naar risicoprofiel naar resultaatgericht advies

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Thoughtleader, trainer, writer
Goal(s) Based Advice

Van beleggingsadvies naar vermogensplanning

Beleggingsadvies	Vermogensplanning
Uitgangspunt = groei vermogen	Uitgangspunt = specifieke doelstelling
	Vaststellen risicohouding klant
	Berekenen doeldatum & doelvermogen Risicoprofiel belegging toetsen aan haalbaarheid doelstelling
Bepalen risicoprofiel Selecteren beleggingsproduct	Afstemmen risicoprofiel op risicohouding Selecteren beleggingsproduct
	Monitoren doelstelling & bijsturen
Beheer: passen product en risicoprofiel nog bij situatie klant?	Beheer: passen product en risicoprofiel nog bij situatie klant

Concrete persoonlijke doelen

Vermogensplanning

Uitgangspunt = specifieke doelstelling

Vaststellen risicohouding klant

Berekenen doeldatum & doelvermogen
Risicoprofiel belegging
toetsen aan haalbaarheid doelstelling

Selecteren beleggingsproduct

Monitoren doelstelling & bijsturen

Beheer: passen product en risicoprofiel nog bij situatie klant

Wat is je doel?
Waarom is dit je doel?
Hoeveel heb je ervoor nodig?
Wanneer wil je je doel realiseren?

Risico willen, moeten en kunnen nemen

Vermogensplanning

Uitgangspunt = specifieke doelstelling

Vaststellen risicohouding klant

Berekenen doeldatum & doelvermogen
Risicoprofiel belegging
toetsen aan haalbaarheid doelstelling

Selecteren beleggingsproduct

Monitoren doelstelling & bijsturen

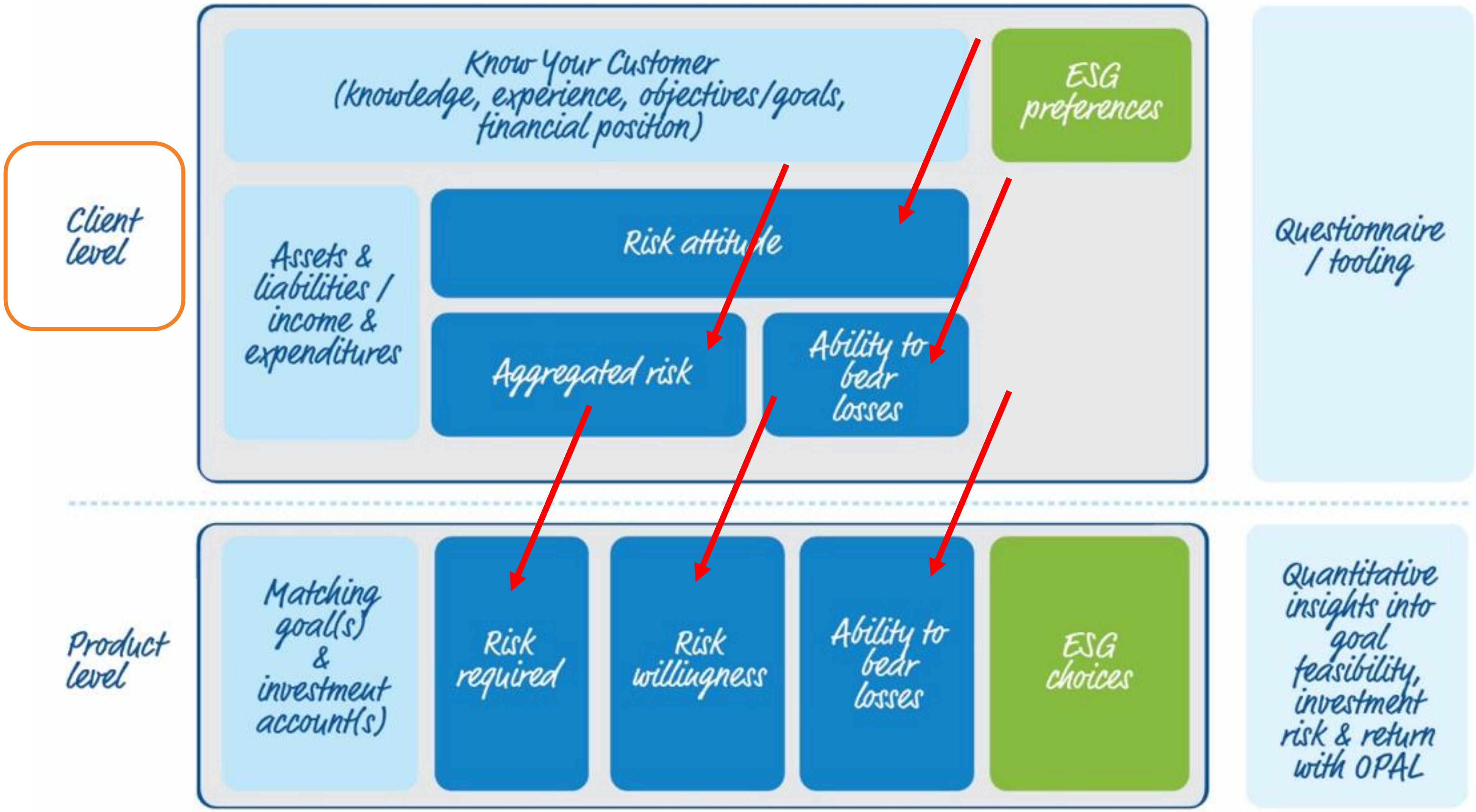
Beheer: passen product en risicoprofiel nog bij situatie klant

Beleggingsrisico **willen** nemen

Beleggingsrisico **moeten** nemen
Beleggingsrisico **kunnen** nemen

Hoe sluit het beleggingsrisico aan op het Financieel plan?

Suitability Framework 2.0



Financiële planning versus beleggingsadvies

Breng vermogen tot leven: van financieel plan naar risicoprofiel naar resultaatgericht advies

- *Van Financiële planning naar Vermogensplanning*
  - *Toevoegen van concrete doelen om tot een goed vermogensplan te komen*
  - *Cashflow planning helpt om doelen concreet te maken en daarmee te bepalen welke beleggingsprofiel het beste past*

Financiele planning → Vermogensplanning → Beleggingsadvies

Breng vermogen tot leven: van financieel plan naar risicoprofiel naar resultaatgericht advies

- *Van Vermogensplanning naar Beleggingsadvies/beheer*
  - *Invulling met beleggingsfondsen*
  - *Invulling met modelportefeuilles*

Agenda

- Introductie
- Klant casus
- Waarom een ‘Goals-Based Approach’?
- Methodologie ‘Goals-Based Approach’
- Scenario analyse
- Use case en monitoring
- Afronding

Introduction

Ortec Finance

Expert provider of investment decision technology and solutions

Founded in 1981, 350+ employees, offices in Rotterdam, Amsterdam, Toronto, London, Zurich, New York and Melbourne

Independent – 100% owned by employees

Global and long-standing clients manage over €14 trillion in assets

Innovative & strong ties to academic world

Ortec Finance

A leading technology provider for more than 40 years

North America

Europe

Asia

Pacific

Global clients manage ~14 trn Euro

- Regions: Europe and UK: 550+, North America: 30+, Asia Pacific: 15+ clients
- Sectors: Pensions: 170+, Private Wealth: 55+, Insurance: 30+ clients

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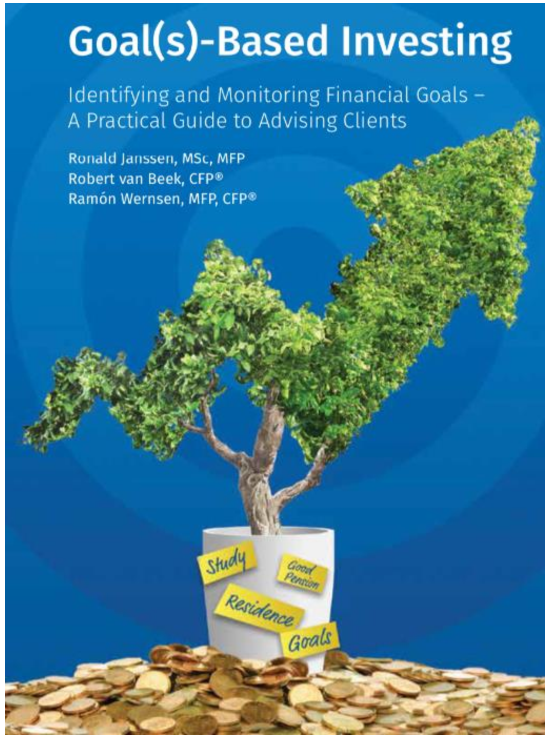
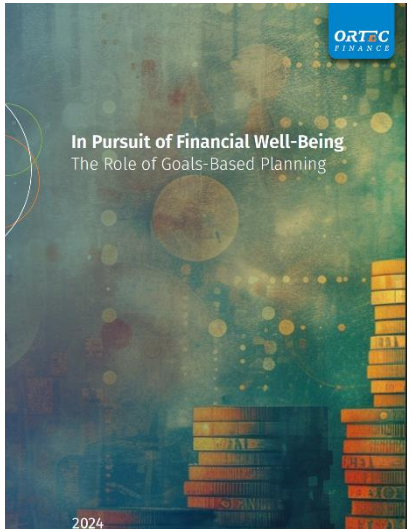
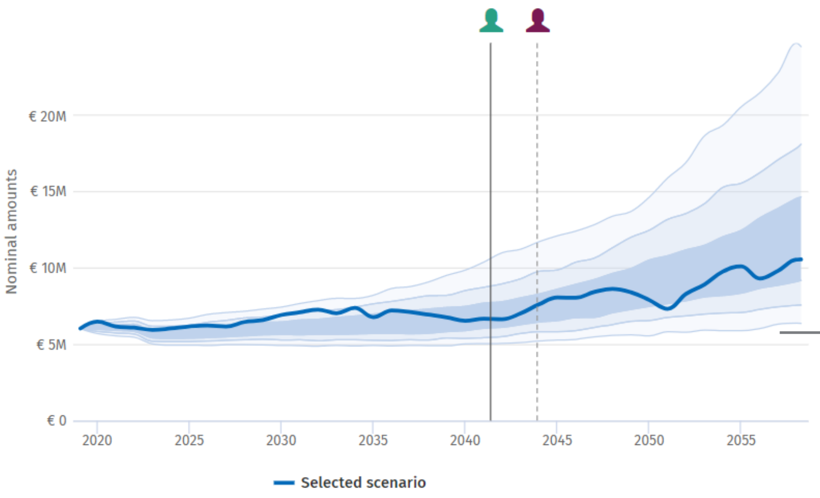
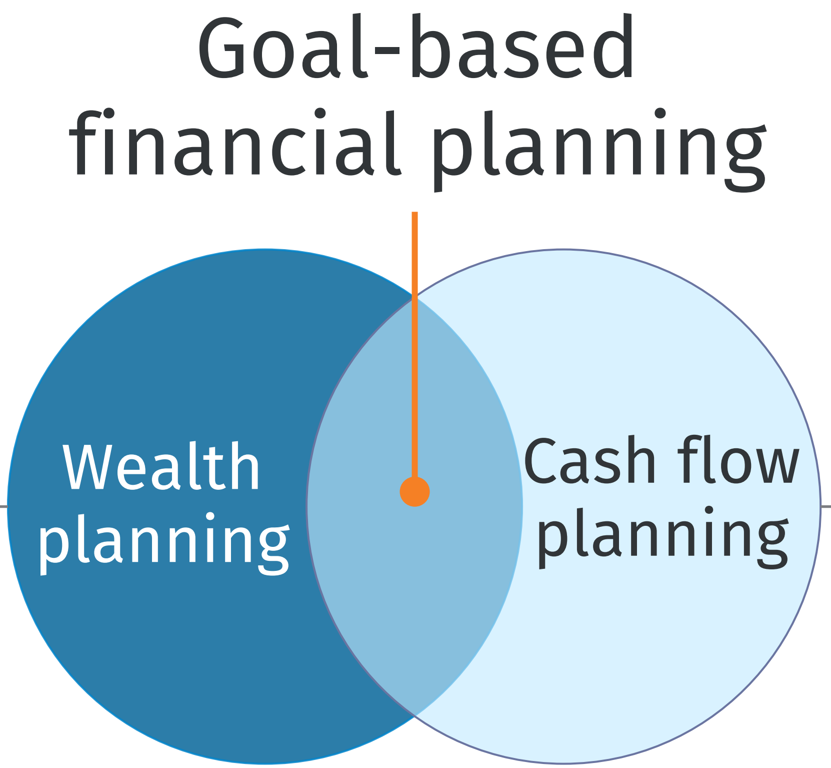
Introductie

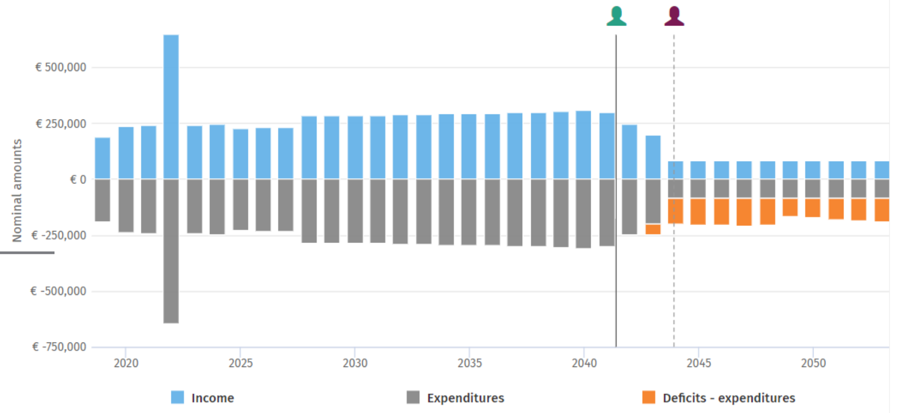




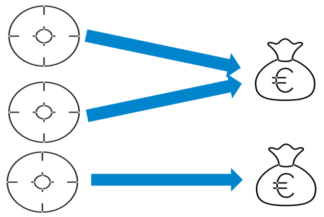
Doelgericht advies



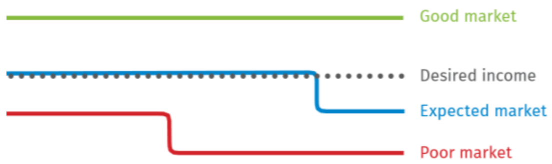




Multi-goal, multi-pot



Including cash flow risk



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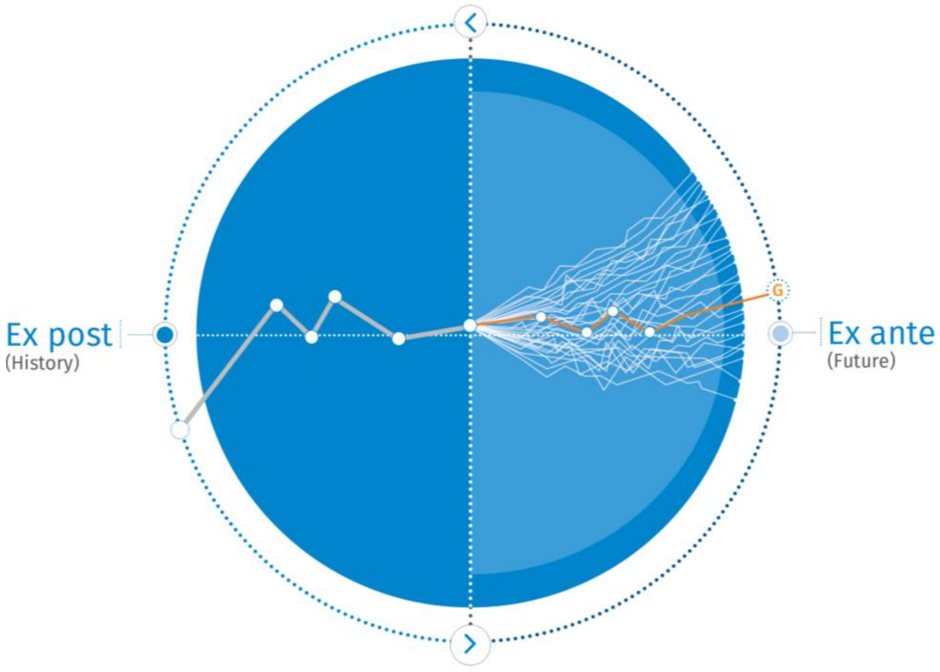
Our Mission

Improve investment decision making and guide advisors and clients to achieve their goals by combining:

Financial Planning +
Investment Suitability +
Dynamic goal-monitoring



Hoe werk je nu?

- Adviseer je ook over de beleggingsallocatie van het vermogen?
- Beheer je ook beleggingen voor de klant, eventueel in samenwerking met een vermogensbeheerder?

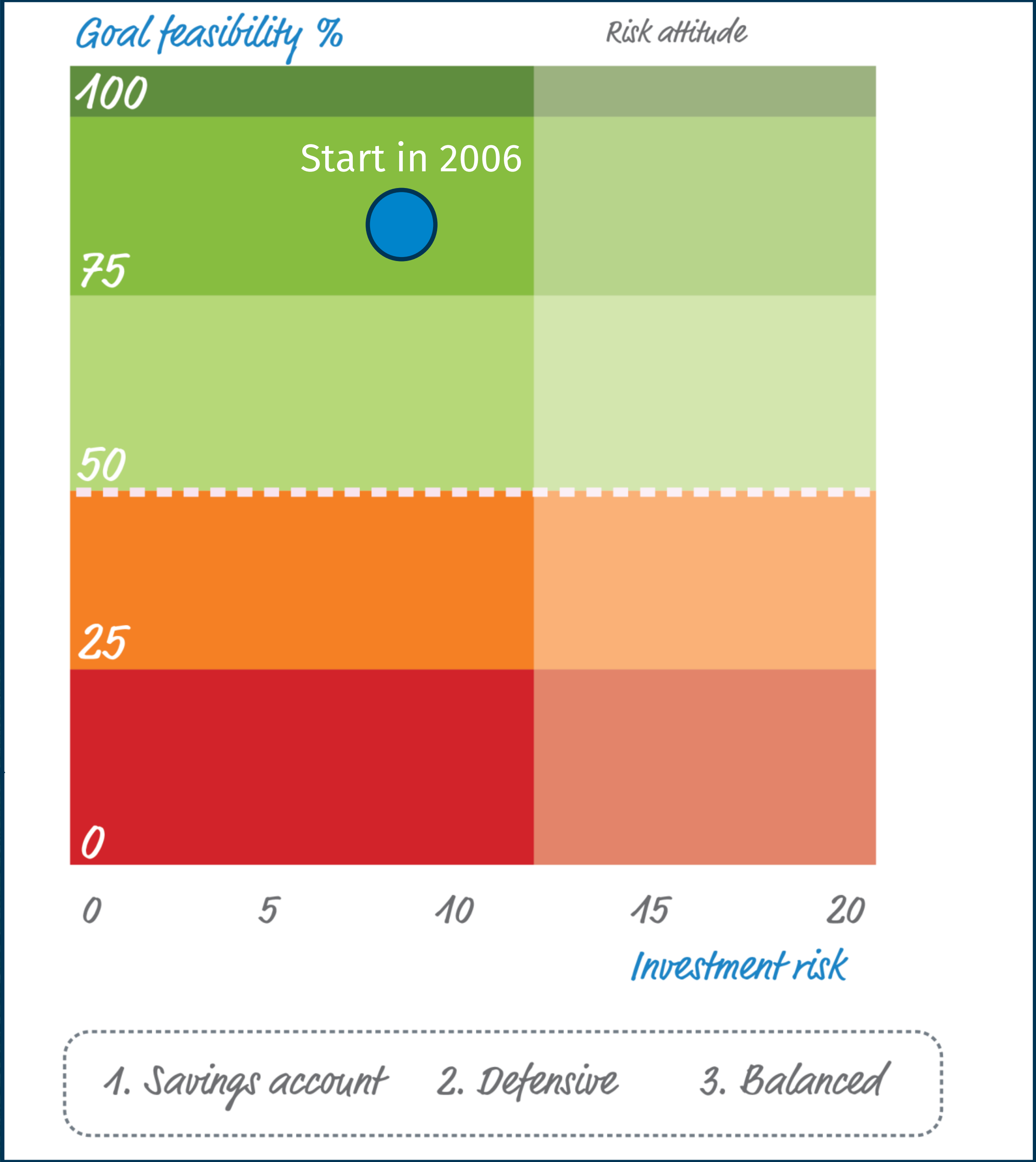
Doelstelling vandaag

- Hoe helpt ‘Goals Based Advice’ bij het managen van verwachtingen?
- Hoe helpt ‘Goals Based Advice’ bij betere klant gesprekken?
- Hoe helpt ‘Goals Based Advice’ bij de continuïteit van je business?

Klantcasus



What's the plan?


Goal feasibility %
Risk attitude
100
Start in 2006
75
50
25
0
0
5
10
15
20
Investment risk
1. Savings account
2. Defensive
3. Balanced


Index
1.56
0.78
Market
-30%
Portfolio
-15%


Why a Goals-Based approach?

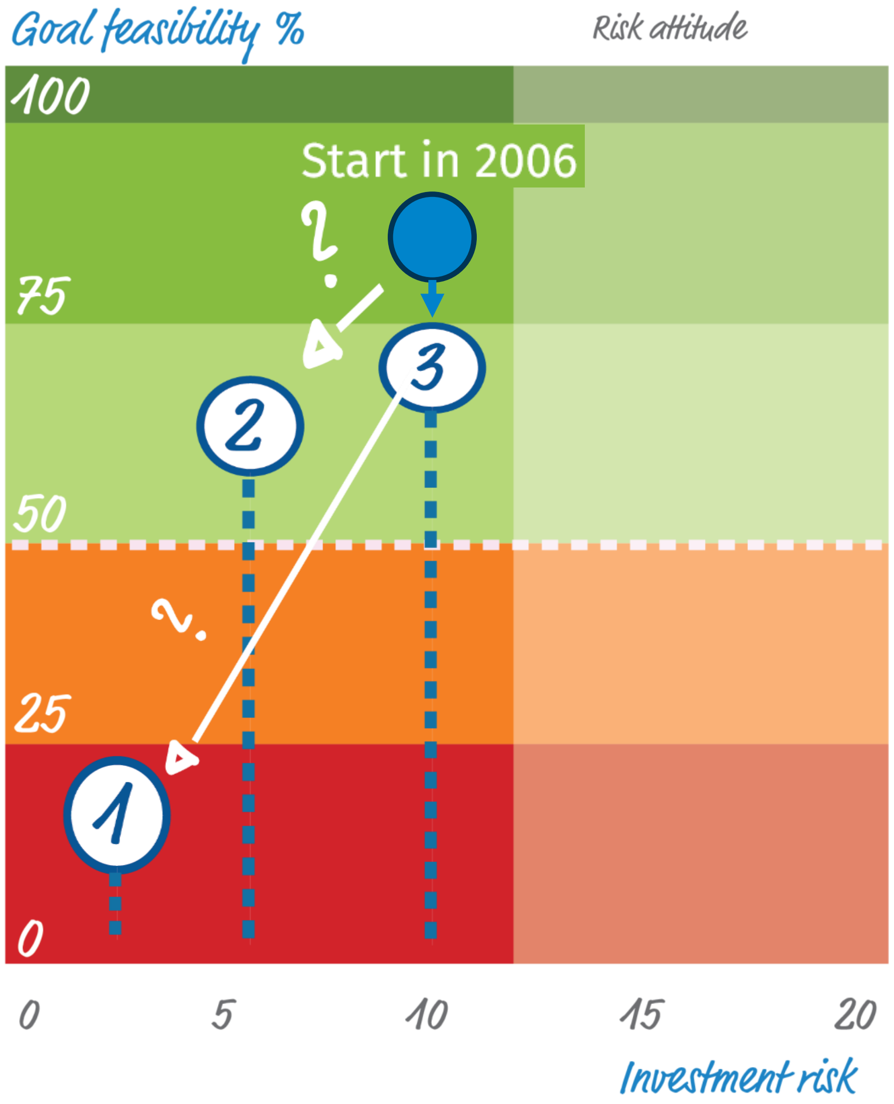
What is risk?

The fluctuation of the investments?

Or

Not reaching your personal financial goals?

Buy my holiday home



1. Savings account 2. Defensive 3. Balanced

Impact of a lower return: lower feasibility

What are the options?

1. Change to savings account and adjust goal
2. Change to investment profile Defensive
3. Stay invested in Balanced

Internal

Beleggingsadvies

Message

Portfolio
-15%

Negative return, but

Vermogensplanning

Goal feasibility
80%

Goal feasibility
69%

Goal still On track!

A more balanced message: negative return but still on track!

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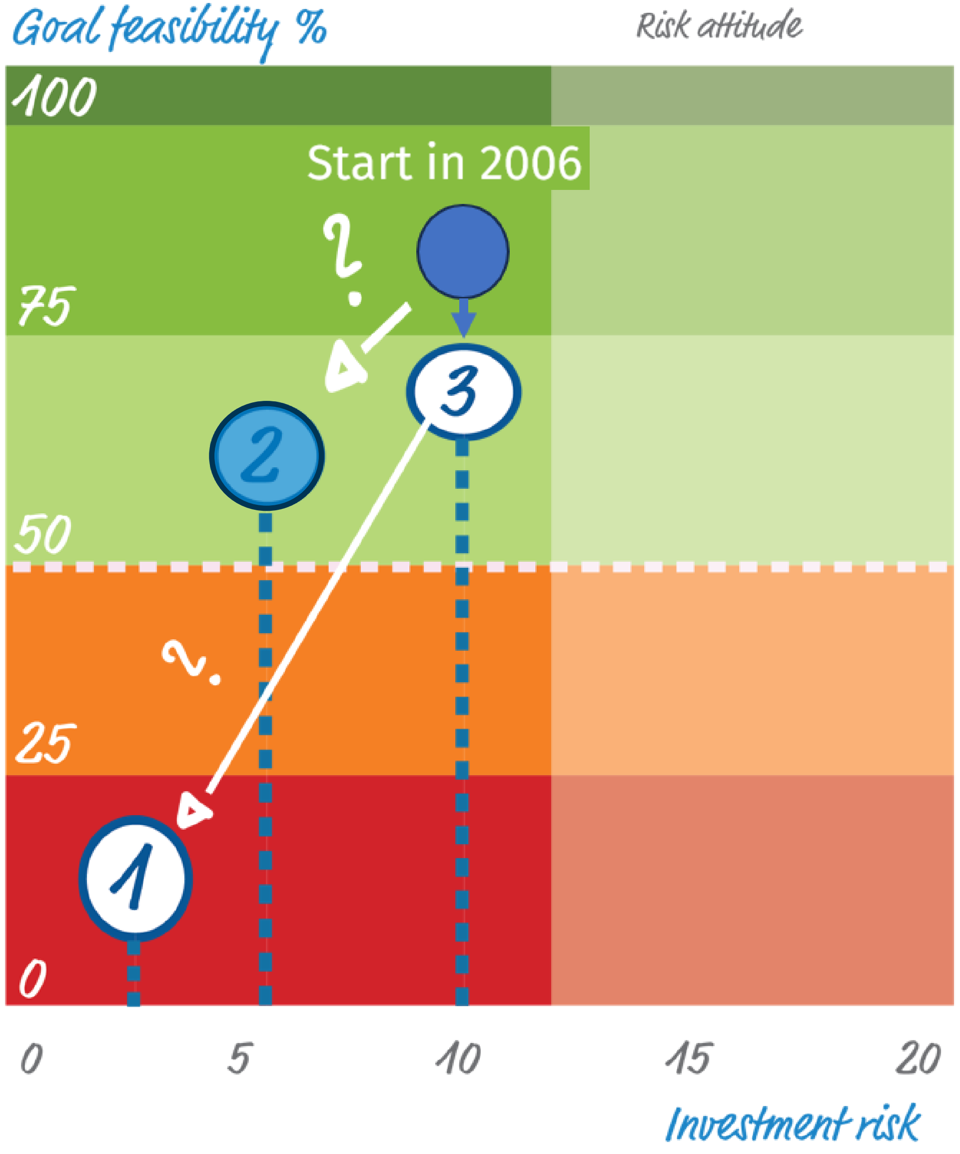
Buy my holiday home



1. Savings account 2. Defensive 3. Balanced


7 years later

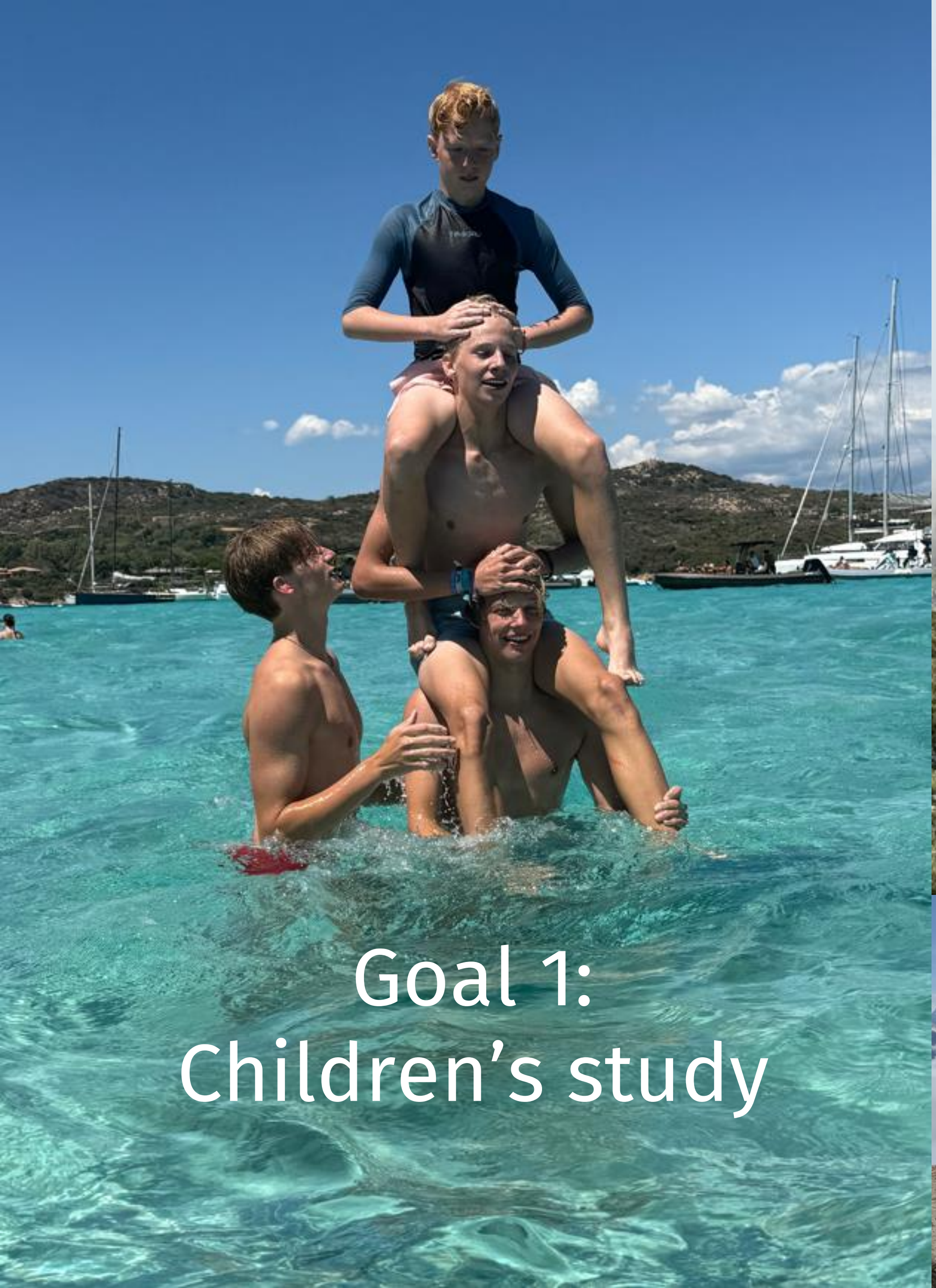
Waarom ‘Goal(s) Based advice’

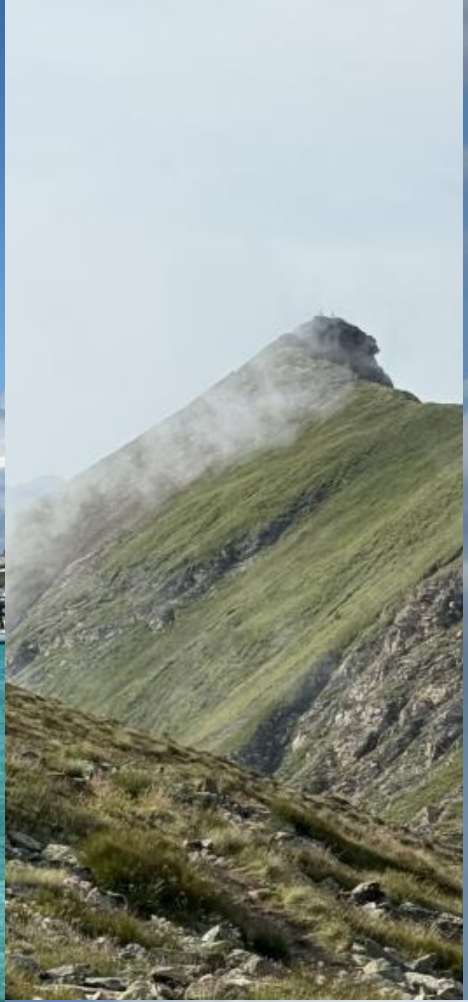
Why a Goals Based approach?

Why a Goals Based approach?

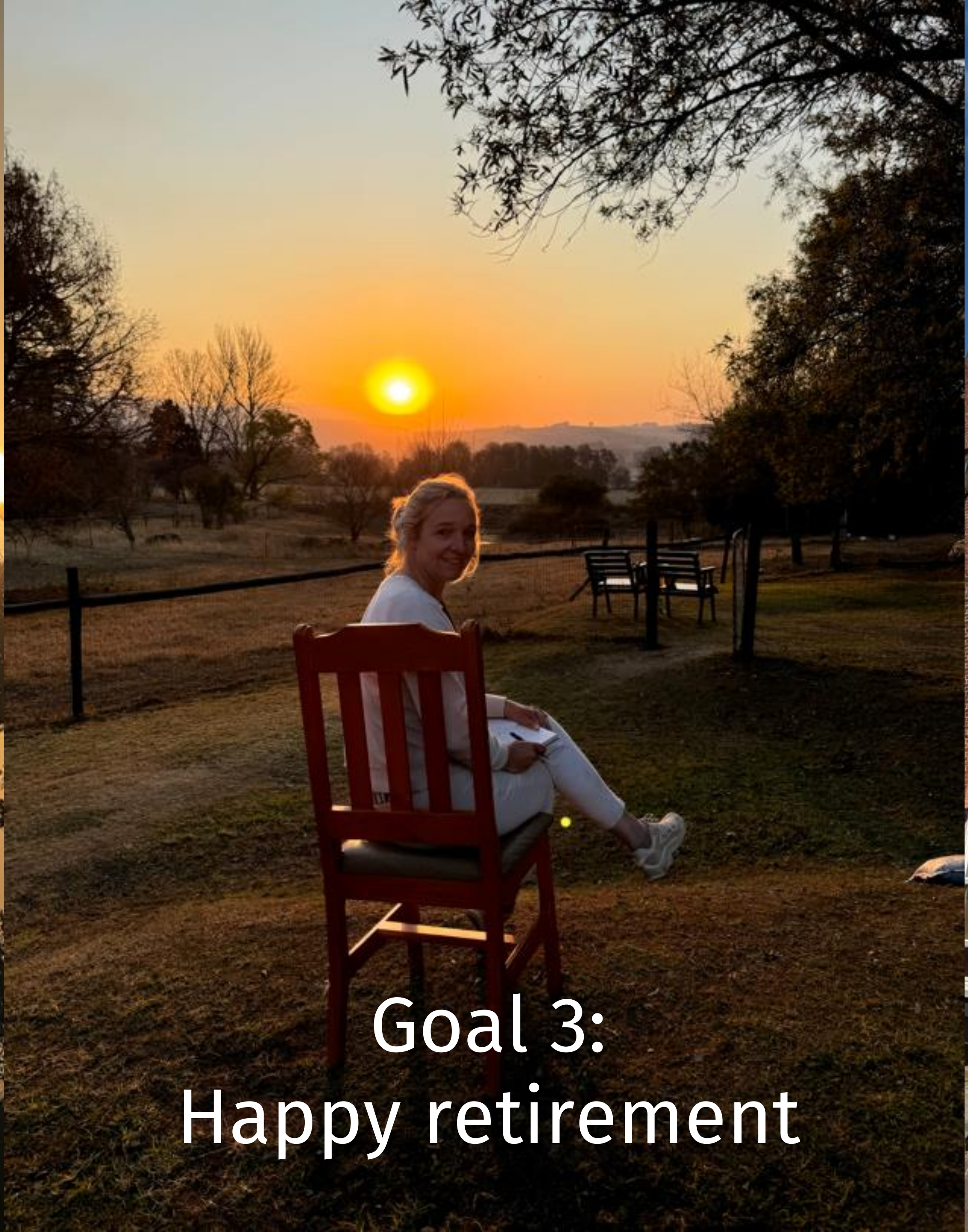
Why a Goals Based approach?
A Goal with a plan gives direction

More about my personal goals!

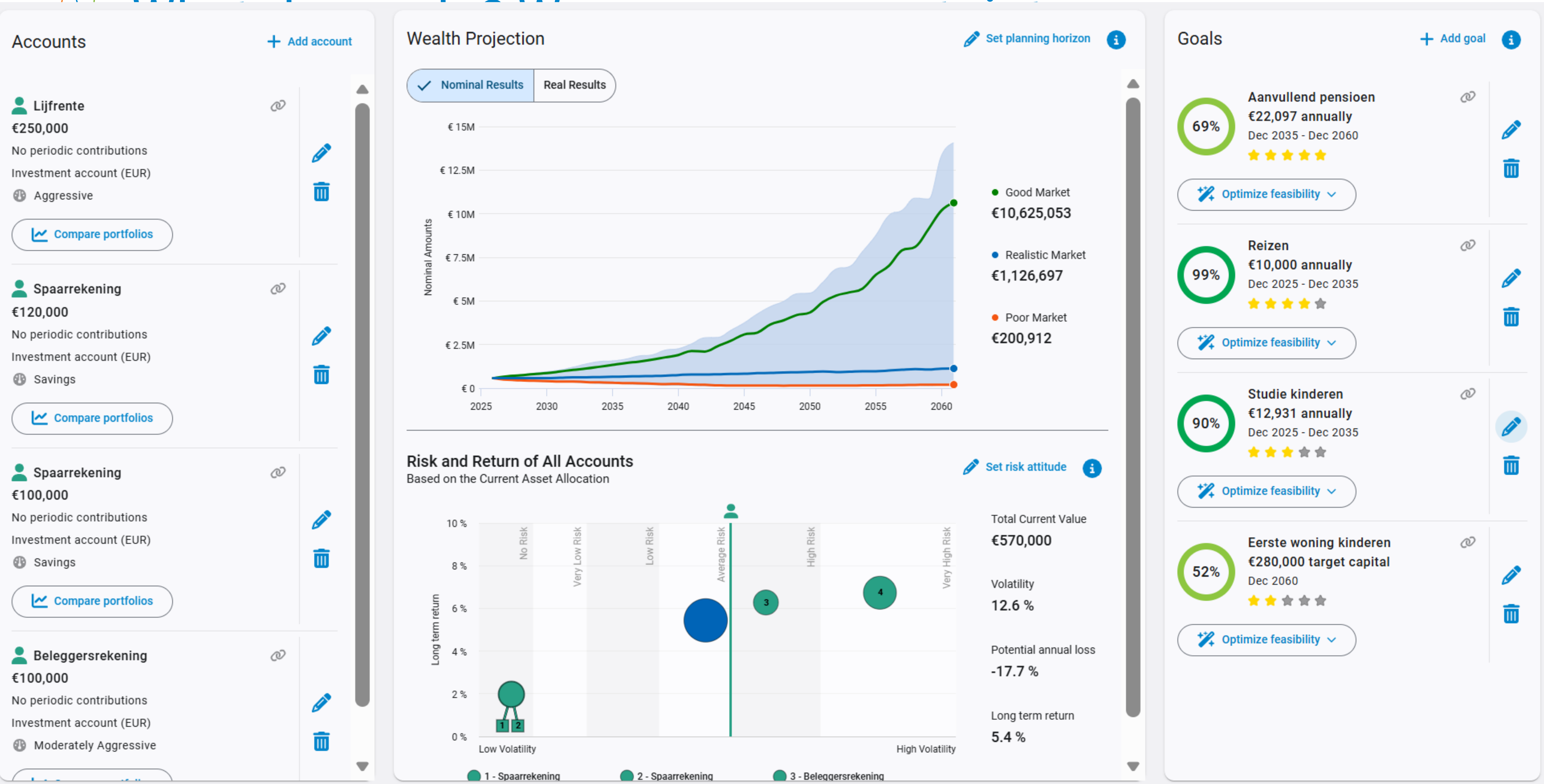

Goal 1:
Children’s study

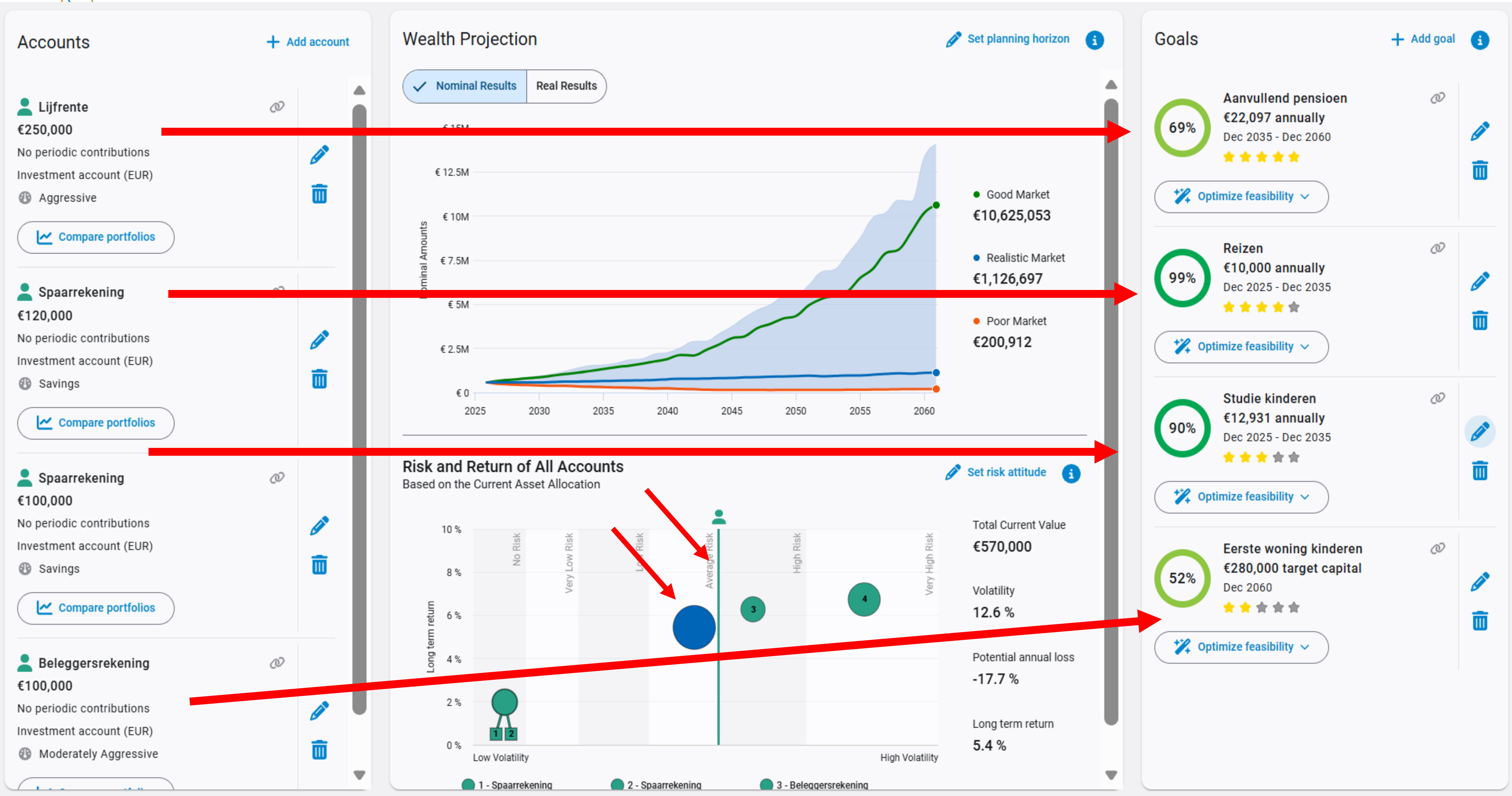



Goal 2:
Travelling


Goal 3:
Happy retirement


Goal 4: Support children with their first home


Accounts
Add account
Lijfrente
€250,000
No periodic contributions
Investment account (EUR)
Aggressive
Compare portfolios
Spaarrekening
€120,000
No periodic contributions
Investment account (EUR)
Savings
Compare portfolios
Spaarrekening
€100,000
No periodic contributions
Investment account (EUR)
Savings
Compare portfolios
Beleggersrekening
€100,000
No periodic contributions
Investment account (EUR)
Moderately Aggressive
Wealth Projection
Set planning horizon
Nominal Results
Real Results
€ 15M
€ 12.5M
€ 10M
€ 7.5M
€ 5M
€ 2.5M
€ 0
Nominal Amounts
2025
2030
2035
2040
2045
2050
2055
2060
Good Market
€10,625,053
Realistic Market
€1,126,697
Poor Market
€200,912
Risk and Return of All Accounts
Based on the Current Asset Allocation
Set risk attitude
10 %
8 %
6 %
4 %
2 %
0 %
Long term return
No Risk
Very Low Risk
Low Risk
Average Risk
High Risk
Very High Risk
Low Volatility
High Volatility
1 - Spaarrekening
2 - Spaarrekening
3 - Beleggersrekening
Total Current Value
€570,000
Volatility
12.6 %
Potential annual loss
-17.7 %
Long term return
5.4 %
Goals
Add goal
69%
Aanvullend pensioen
€22,097 annually
Dec 2035 - Dec 2060
Optimize feasibility
99%
Reizen
€10,000 annually
Dec 2025 - Dec 2035
Optimize feasibility
90%
Studie kinderen
€12,931 annually
Dec 2025 - Dec 2035
Optimize feasibility
52%
Eerste woning kinderen
€280,000 target capital
Dec 2060
Optimize feasibility



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€280,000 target capital
Dec 2060
Optimize feasibility

What is the impact of Goal(s) Based Advice?

- Show investment is a in many cases a better alternative compared to cash
- Clients increase deposits because of insight in downside risk (less risk)
- Clients increase deposits because they want to achieve a goal
- If clients have a plan, they are more committed to the plan (investment account connected to a goal), stay invested, support client retention
- Clients decrease with drawals because of insight in downside risk
- Increase share of wallet because better overview
- Better management of expectations by better insight in risk & return (short and long term)

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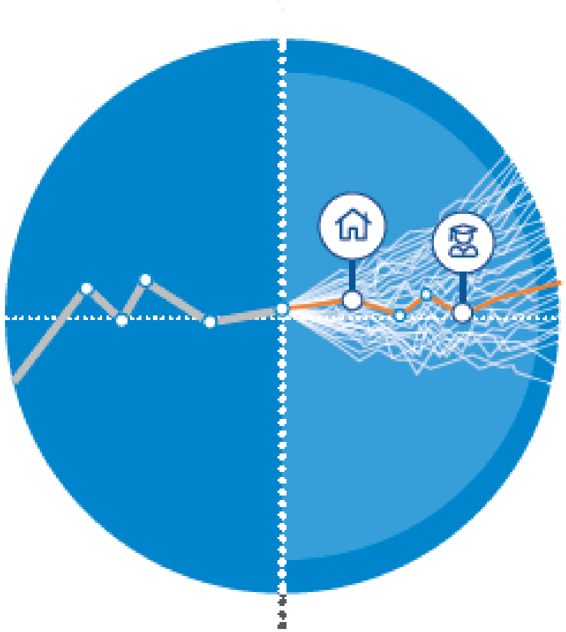
What is the impact of Goal(s) Based Advice?

Following Morningstar a Goal(s) Based approach will **increase AuM with 15%**

Methodologie
‘Goal(s) Based advice’

Goal Based approach

Assets ← Connect → Goals

Assets		Goals
Cash		Expenses
Investments		Income wealth
Real estate		Transfer of assets
Other assets		Other goals

Why a Goal Based approach?

Measuring success

Return

or

Achieve your goals

Assets

Happiness

People with goals are more happy

Studiepot voor Pieter

Beste Floris en Jennifer,

Ik zag het al aan de foto op zijn paspoort, Philippe wordt een pienter ventje. Net als zijn vader en moeder ;-).

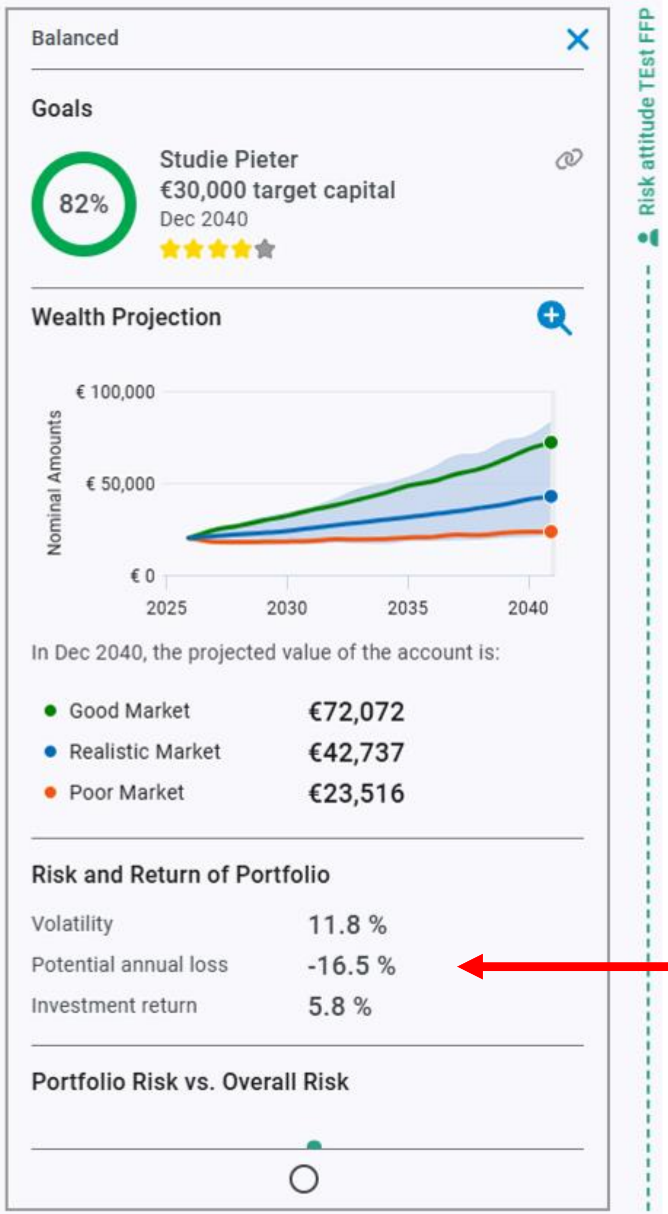
Stel je eens voor, dat hij op zijn **18e** gaat studeren en dan geconfronteerd wordt met extra kosten aan huur voor een kamer, collegegeld, studieboeken, aanvullende zorg- en tandartsverzekering en wat extra boodschappen omdat hij niet alles meer uit jullie koelkast kan halen. Wellicht heeft hij recht op een uitwonende basisbeurs van DUO en zorgtoeslag. Maar dat dekt niet alle extra kosten.....

Het NIBUD heeft berekend dat er dan circa **€ 500 per maand** nodig is om dit op te vangen. Super als er op zijn 18e een pot is waaruit hij **5 jaar lang** € 500 per maand kan "tappen".

Jullie willen graag deze pot voor hem opbouwen met de kinderbijslag als inleg. Jullie kunnen voor hem een spaarrekening of een beleggingsrekening openen.

Toegevoegde waarde van beleggen tov sparen

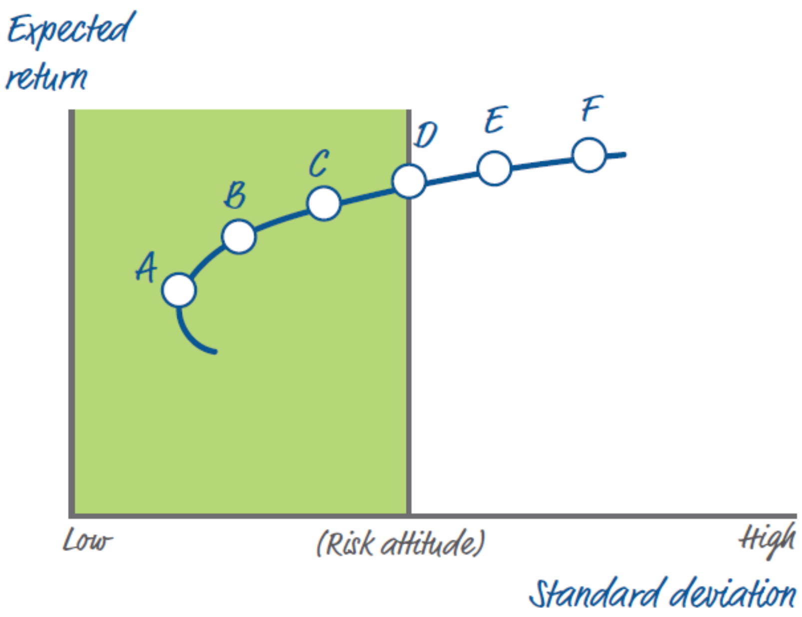
Moeten

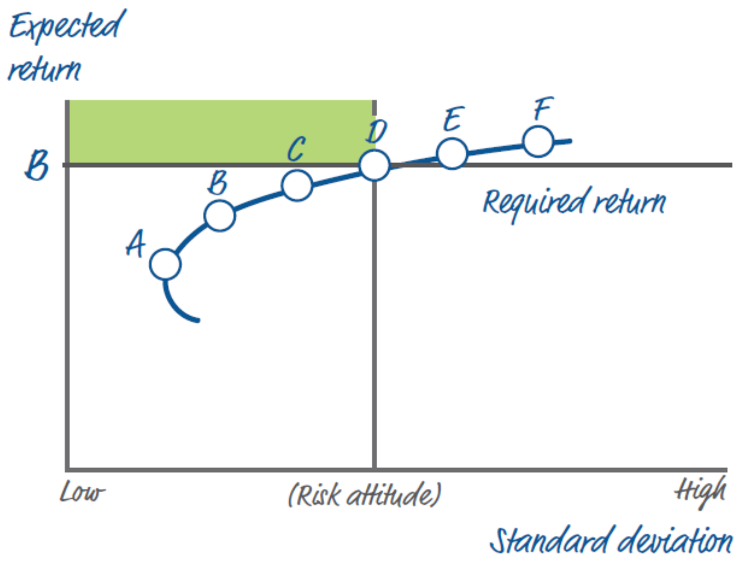


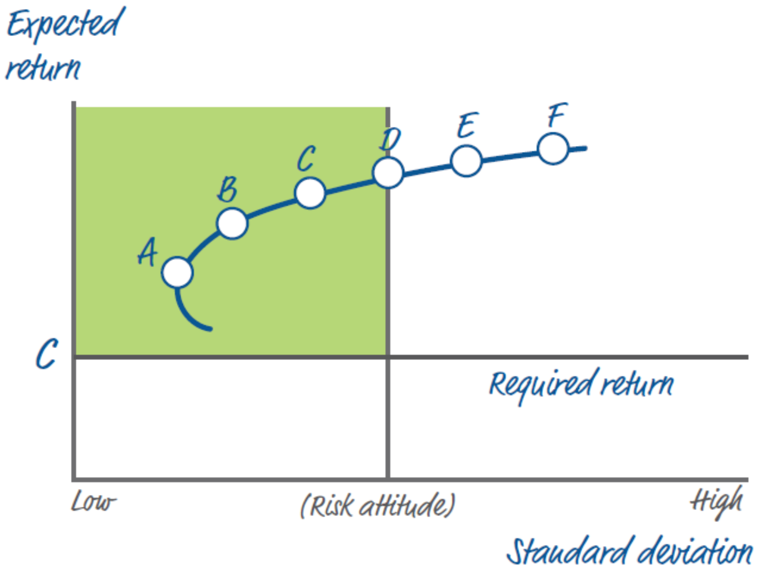
Kunnen

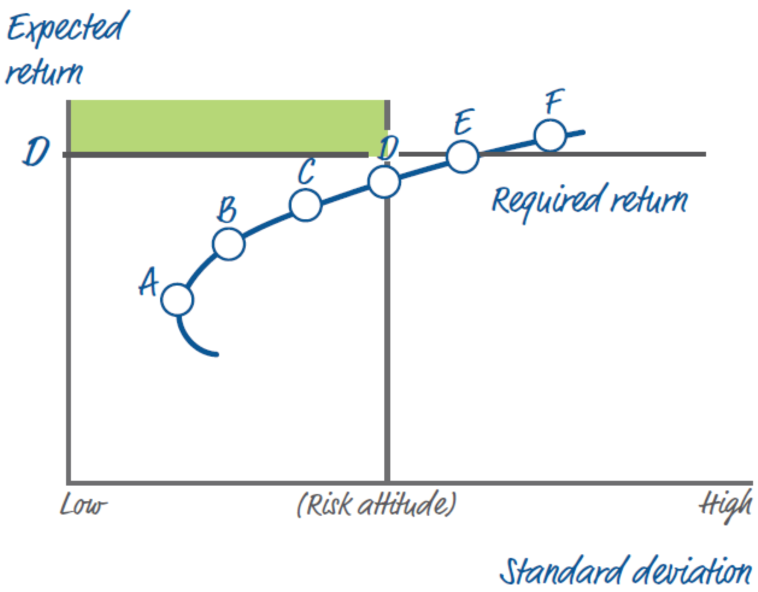
Willen

Deterministic return or add a goal based approach?

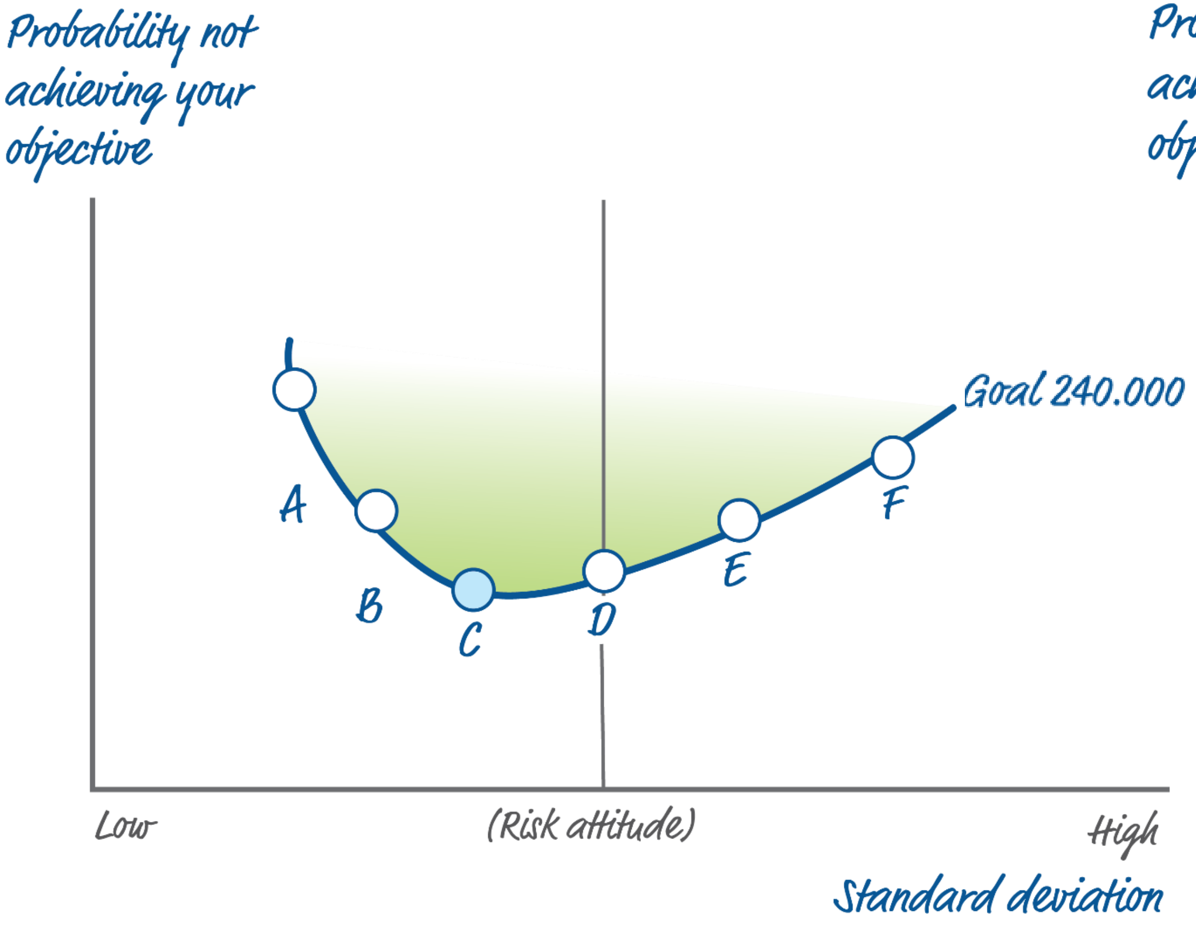


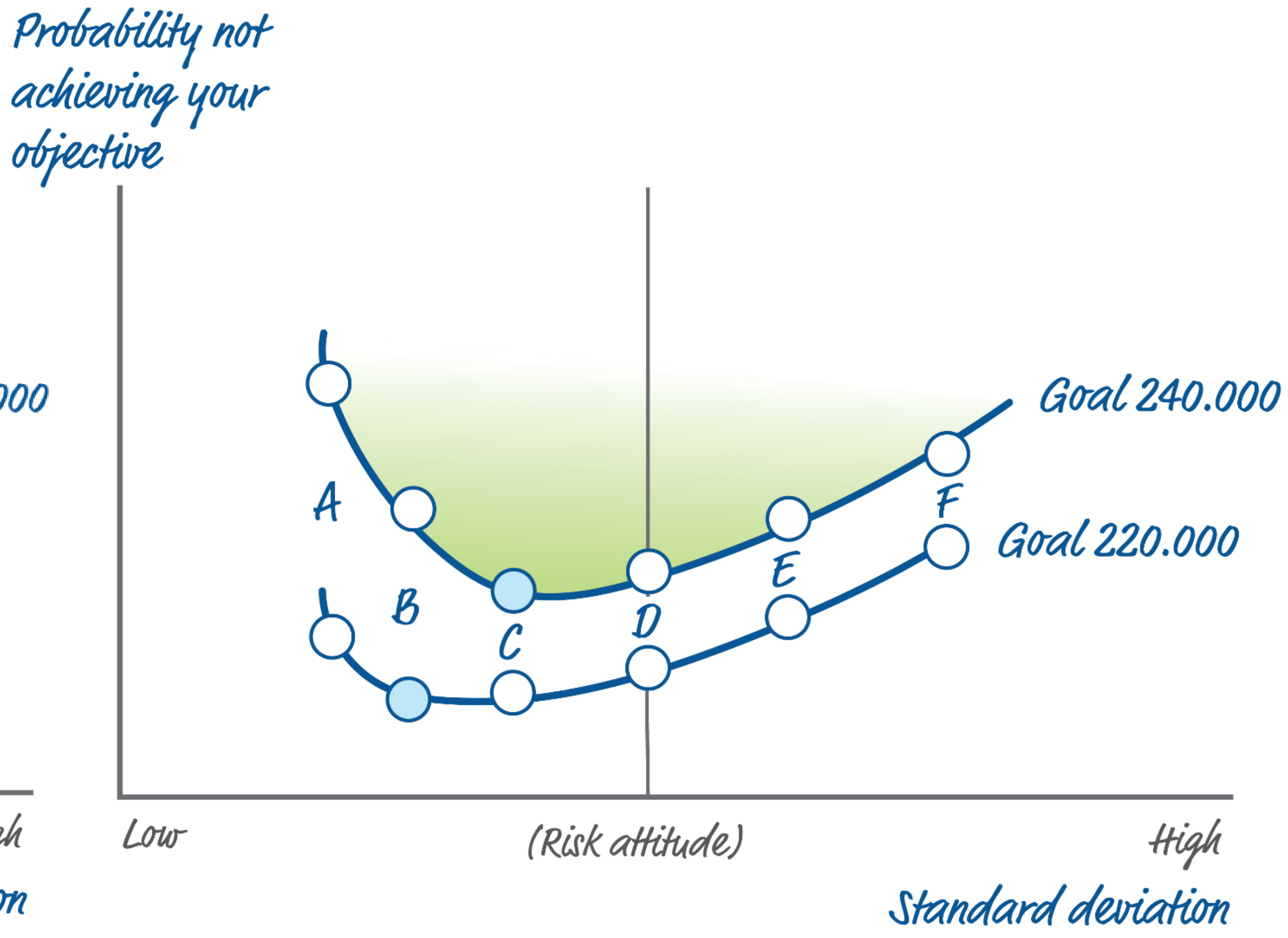






Deterministic return or add a goal based approach?





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Which investor do you like to be?

Investor A	Investor B
7%	-10%
7%	25%
7%	-10%
7%	25%
7%	-10%
7%	25%

7% 8%

Which investor do you like to be?

Investor A	Investor B	Investor C
7%	-10%	25%
7%	25%	-10%
7%	-10%	25%
7%	25%	-10%
7%	-10%	25%
7%	25%	-10%
7%	8%	8%

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Which investor do you like to be?

Investor A	Investor B	Investor C
7%	-10%	25%
7%	25%	-10%
7%	-10%	25%
7%	25%	-10%
7%	-10%	25%
7%	25%	-10%
7%	8%	8%

Investor A	Investor B	Investor C
1.070	900	1.250
1.145	1.134	1.134
1.225	1.021	1.429
1.311	1.286	1.266
1.403	1.157	1.620
1.501	1.458	1.458
7%	6,5%	6,5%

This is a geometric return!

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Expected return and probability

- Example
- MSCI World: expected return 8% and volatility 20%

Geometric return = Arithmetic return – ½* SD*SD

Geometric return = 8% - ½ * 0,2*0,2 = 6%

Uitgangspunt voor een financieel plan: 6%

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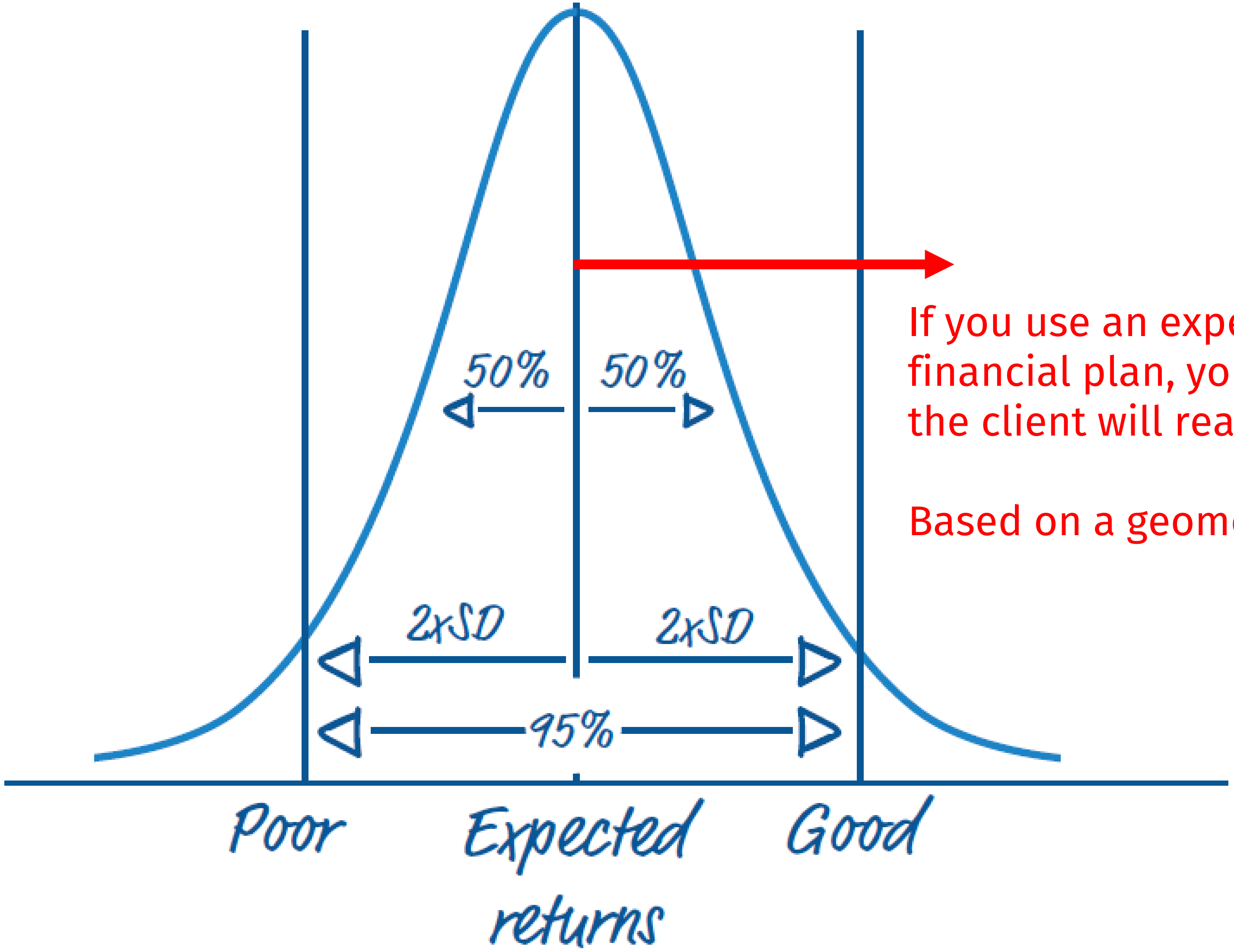
Is het financieel plan realistisch?

i.e. Verwacht rendement van een Neutrale portefeuille is 5% en u belegt 30 jaar

- Hoe groot is de kans dat het financieel plan uitkomt als u rekent met een verwacht rendement van 5%?

Expected return and probability



If you use an expected return in a financial plan, you have 50% probability the client will realise the plan

Based on a geometric return!

Haalbaarheid

Kleur	Haalbaarheid	Betekenis
Rood	0 - 25%	Het is zeer onwaarschijnlijk dat het doel wordt bereikt.
Oranje	25 - 50%	Het is niet waarschijnlijk dat het doel wordt bereikt.
Lichtgroen	50 - 75%	Het doel wordt bereikt. Een haalbaarheid van 50% betekent dat in een realistische markt het exacte doelbedrag wordt bereikt.
Donkergroen	75 - 99%	Het doel wordt met hogere mate van zekerheid bereikt. Er is kans dat je meer geld reserveert dan voor dit doel noodzakelijk is.

Een passende haalbaarheid hangt af van persoonlijke situatie, doelen en voorkeuren.

Portfolio optimization & personal suitability

Savings

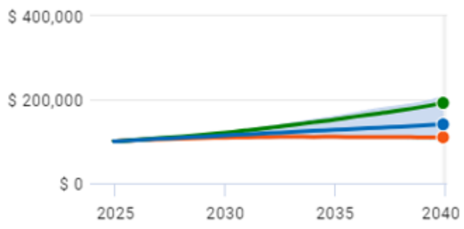
Current in Proposal

Goals

50%

Capital for retirement
$140,708 target capital
Dec 2039

Wealth Projection



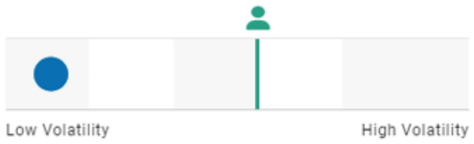
In Dec 2039, the projected value of the account is:

Good Market	$191,824
Realistic Market	$140,708
Poor Market	$109,843

Risk and Return of Portfolio

Volatility	2.2 %
Potential Annual Loss	-1.6 %
Investment Return	2.3 %

Portfolio Risk vs. Overall Risk



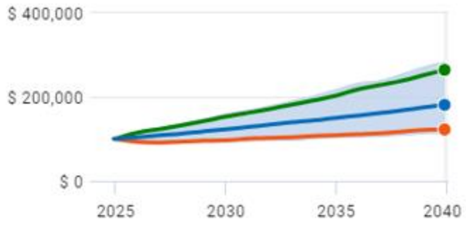
Conservative

Goals

85%

Capital for retirement
$140,708 target capital
Dec 2039

Wealth Projection



In Dec 2039, the projected value of the account is:

Good Market	$264,392
Realistic Market	$181,059
Poor Market	$122,462

Risk and Return of Portfolio

Volatility	7.8 %
Potential Annual Loss	-10.9 %
Investment Return	4.6 %

Portfolio Risk vs. Overall Risk

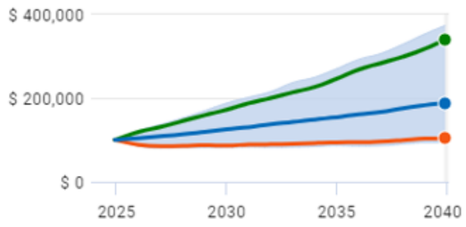
Balanced Growth

Goals

78%

Capital for retirement
$140,708 target capital
Dec 2039

Wealth Projection



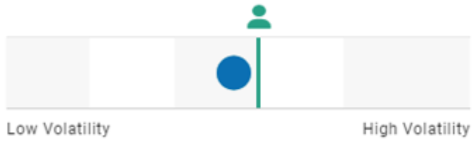
In Dec 2039, the projected value of the account is:

Good Market	$339,333
Realistic Market	$188,759
Poor Market	$103,589

Risk and Return of Portfolio

Volatility	10.8 %
Potential Annual Loss	-16.2 %
Investment Return	5.1 %

Portfolio Risk vs. Overall Risk



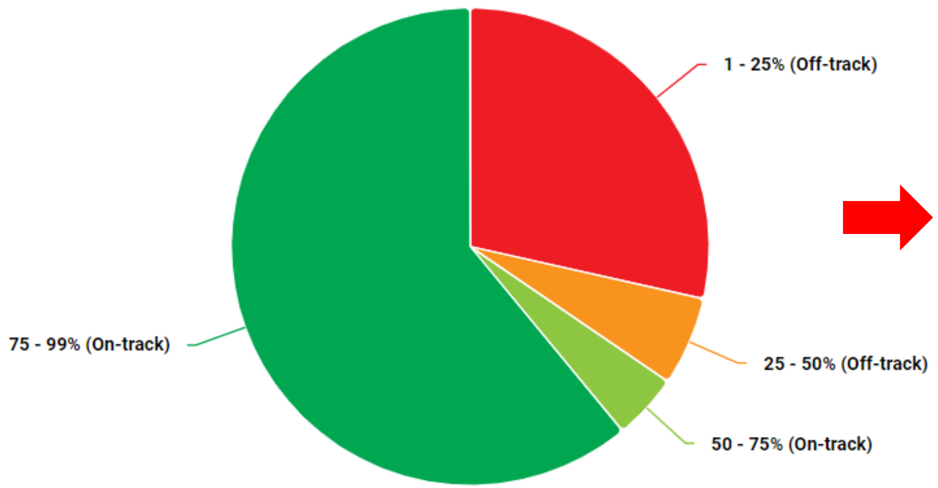
Long term risk

Short term risk

Risk management & monitoring of goals

Daily update, supporting prioritised actions

Goal Feasibility

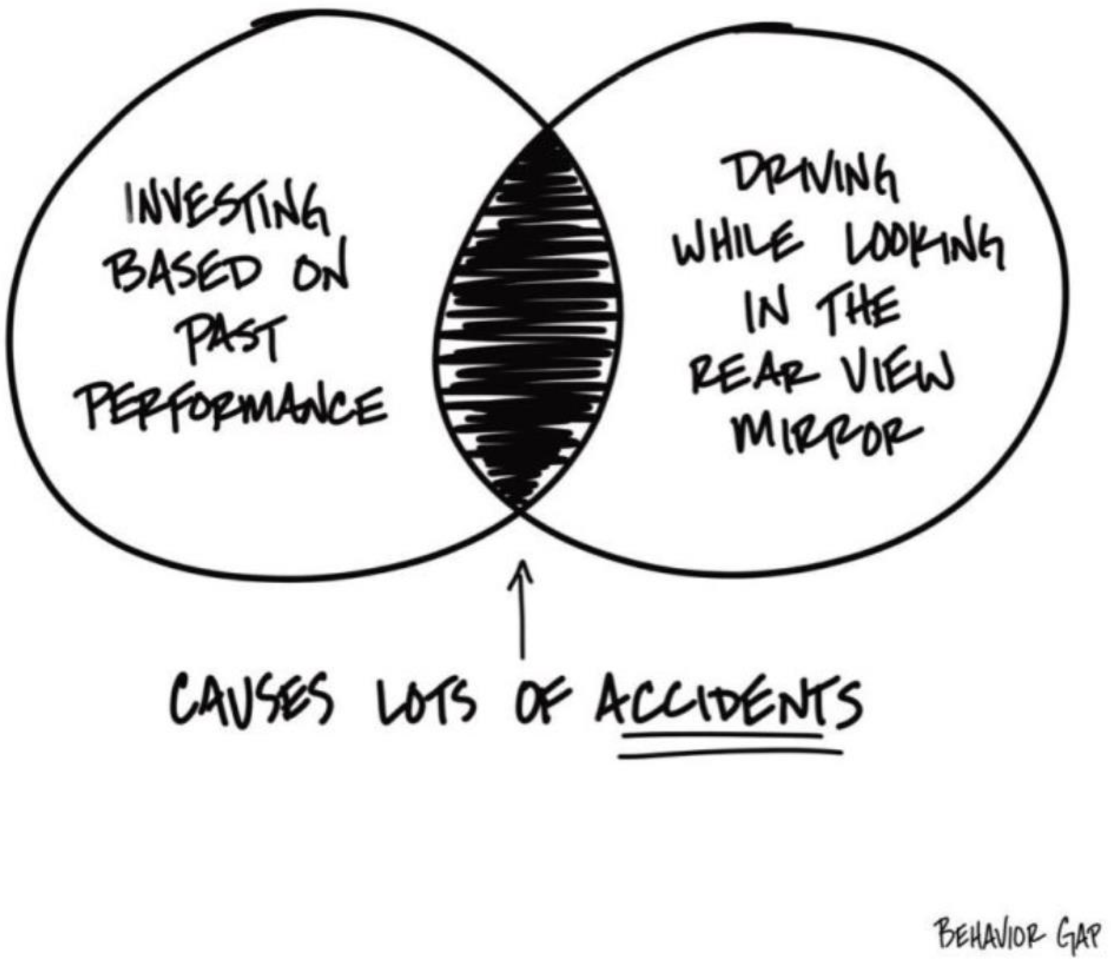


Goal Overview

Client Name	Goal	Feasibility	Priority	Start Date
OPAL Wealth	Capital preservation	19%	★★★★★	Dec 2060
Kronbichler, Werner	huis in Oostenrijk	20%	★★★★★	Oct 2039
Masterclass CA	Capital growth	21%	★★★★★	Jan 2043
Brown, Noah	Inheritance Fund	21%	★★★★★	Apr 2050
Lina Wilson	Capital growth	22%	★★★★★	Sep 2037
test	Capital goal	22%	★★★★★	Nov 2037
test	Capital preservation	22%	★★★★★	Nov 2037
Test SJP	Capital goal	22%	★★★★★	Nov 2037
Kuijl, Tessa	Second home	22%	★★★★★	Apr 2033
Tremblay, Gord	Campaign Fund 52th Federal Election	23%	★★★★★	Jan 2050

Scenario analyse

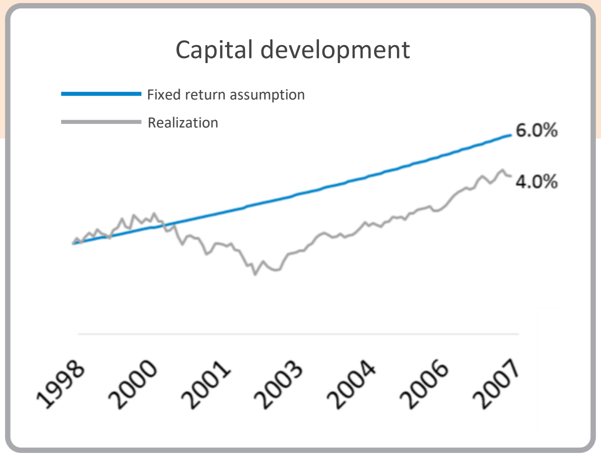
Which data do you use for future plannig?



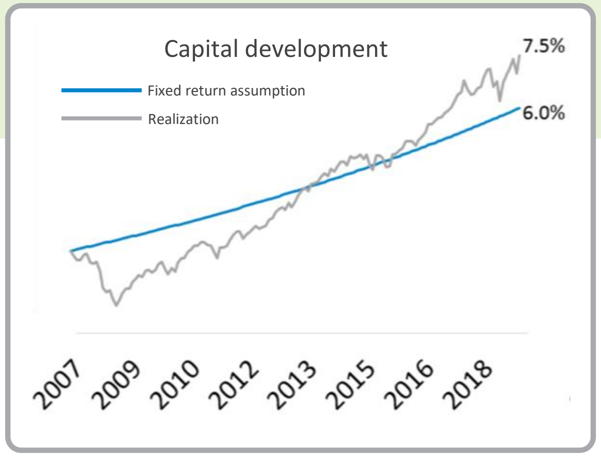
Why scenario analysis?

A fixed return assumption is not realistic, returns differ for different horizons / asset-categories

"I started investing in 1998. After some years with positive returns, I ended up with much lower capital than was expected"

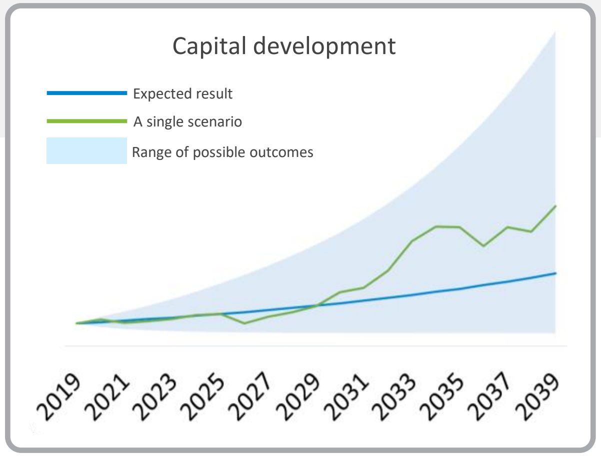


"I started investing in 2007. After experiencing a huge market crash, I actually ended up with more capital than was expected"



Main takeaways

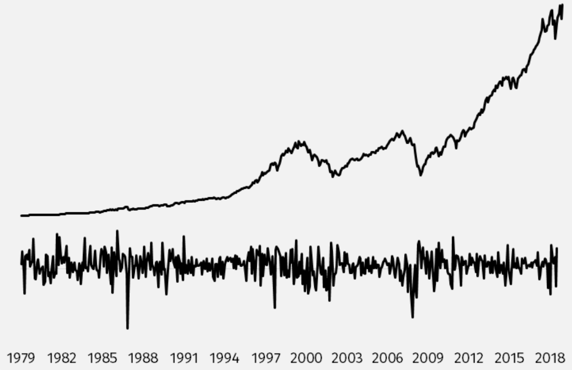
- Fixed return assumption doesn't reflect experience of the client
- It is important to manage client expectations by showing a range of possible future outcomes
- Scenario analysis is a powerful tool to accomplish both



Projections of risk and return

Risk and return characteristics for > 700 global benchmarks

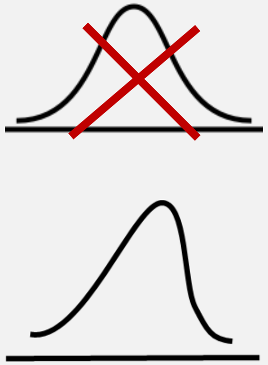
Current market conditions



Today's state of financial markets drive short-term return expectations:

- Bond yields
- Bull / bear markets
- Volatility
- …

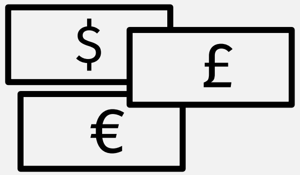
Realistic models and stylized facts



Projections of risk and return take into account well-known, observable patterns in historical data, so-called stylized facts:

- Risk and return vary over time (f.e. yields)
- Business cycle behavior
- Tail risk
- Non-normality
- Yield curves drive bond returns
- …

Market info not captured by data



Some 'events' are not (yet) captured by historical data but drive risk and return:

- Monetary policy
- 'Brexit'
- Climate change
- …

Long term assumptions

Long term yields

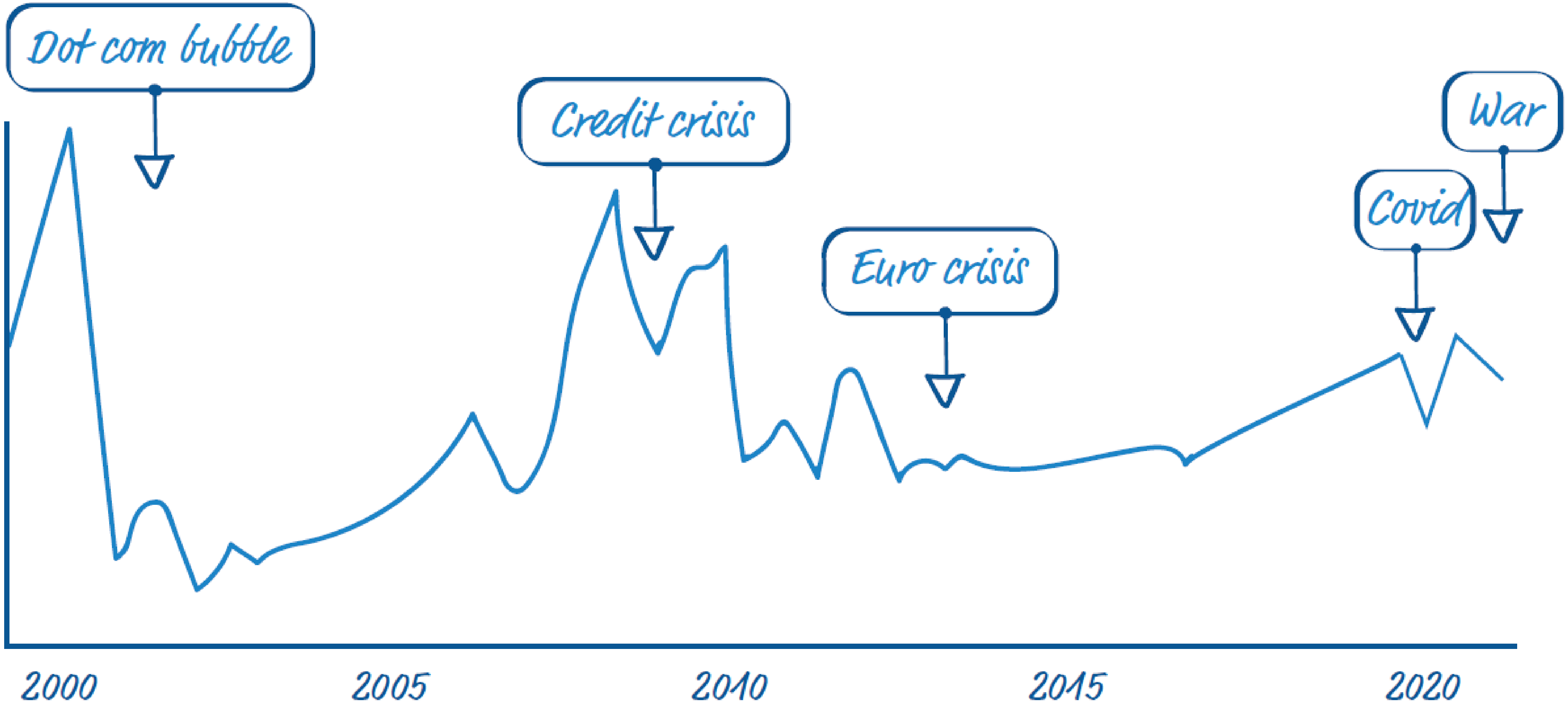
Maturity spread
Inflation risk premium
Long term expected inflation
Short term real rate

Equity returns

Risk factor (beta)
Inflation
Real growth
Expected carry (dividends)

Projections converge to a steady state or equilibrium. These assumptions are based on a building block approach.

Realistic insight in risk & return, take ups & downs into account



Samenvatting & conclusie

Financiële planning versus beleggingsadvies

Financiele planning → Vermogensplanning → Beleggingsadvies

Financiele planning

- Definieer doelen
- Bepaal tekorten met behulp van **cash flow analyse**, stel een **concrete doel** vast

Vermogensplanning

- Bepaal het risicoprofiel van de klant
- Bepaal welk **beleggingsprofiel** het beste past bij de verschillende portefeuilles in het financiele plan

Beleggingsadvies

- Alloceer de portefeuille naar **bijpassende fondsen of gebruik modelportefeuilles** van een vermogensbeheerder

Samenvatting

- **Ga op zoek naar concrete doelstellingen**
  - Wat, Waarom, Hoeveel & Wanneer?
- **Motiveer je beleggingsadvies vanuit**
  - Willen, Moeten & Kunnen
- **Stuur op haalbaarheid**
  - Stem inleg, risico en doelstelling op elkaar af
- **Positioneer jezelf als Doelenbewaker met resultaatgericht beleggingsadvies**
  - Have fun