

Para for the course

Martin Vaughn explains the invaluable role played in the provision of financial advice by paraplanners and other support staff

Over recent years we have seen the rise of a new role in financial services, that of the paraplanner.

Due to the fact that the role has evolved rather than being subject to a specific job description (and all the restrictions that go with that), those financial advisers and financial planners who use paraplanners may have initially used them in very different ways and for different parts of the business. In addition there are probably as many different descriptions of what a paraplanner is as there are different kinds of advisers – but as with advisers the basic task is much the same.

I hope during this article to offer some clarification as to how the role of paraplanner has developed and where it is currently and, for those that perhaps don't at present use a paraplanner, the advantages they can bring to your business.

Paraplanning in the UK developed fully about eight or so years ago, though they weren't really called paraplanners then. At that stage there were a number of financial advisers who realised that if they had a person who could complete some of the office-based tasks that they as advisers would normally complete, this would then give them more time to spend with (additional) clients. And as this office based person would normally not be as expensive as an adviser, the adviser could increase their level of business while at the same time reducing their costs by using the office-based person to complete some of the more administrative tasks in the financial planning process.

At this point paraplanners tended to be called senior administrators. The term paraplanner was, however, being used in Australia and the US.

After a short time it became evident that these senior administrators were becoming an integral part of the financial planning process and as their experience and knowledge increased they were providing a valuable resource to the financial adviser. In recognition of this increased status the term paraplanner came to be used. This provided some kudos for the role and also a differentiator between this paraplanner role and that of an administrator.

As with anything that appears to confer some kind of status there are now many firms, financial advisers and recruitment agencies who will describe a person as a paraplanner when in actual fact they are not a paraplanner at all – they really are administrators. Let me make it quite clear: the job of an administrator is a very important one and is equally as important as that of the adviser

and paraplanner; however, though the job roles will have some level of crossover, a paraplanner is not an administrator and an administrator is not a paraplanner.

I hope then to offer some thoughts as to what a good paraplanner actually is, the type of tasks a good paraplanner will undertake, and the benefits a good paraplanner will bring to the business.

Before doing that I should explain what I mean by the term paraplanner. Effectively there are three levels of paraplanner, and they are described below along with the level of experience and qualification the different levels are likely to have:

Trainee paraplanner: 0 – 2 years' experience; no qualifications, working towards Certificate in Financial Planning.



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Paraplanner: 2 – 5 years' experience; will hold the FPC/Certificate in Financial Planning and will be working towards the Diploma.

Senior paraplanner: 5+ years' experience; hold the Diploma and will be working towards the Advanced Diploma/Chartered Financial Planner status.

There is actually another level of paraplanner who is likely to have in excess of 10 years' market experience, sometimes in excess of 15 years' experience, and will already be a Chartered Financial Planner or Certified Financial Planner, or both, and will be working towards further additional qualifications.

The majority of paraplanners will be in the paraplanner/senior paraplanner role and it is that role that I am describing here.

What is a paraplanner?

A paraplanner is the person who sits between the adviser, the administrator and the client. The paraplanner is the person who holds the whole financial planning process together. They provide the link between all the different component parts at the time when there are many things happening. They will know the importance of prioritising work, will be able to organise effectively, will be accurate and thorough and have a good understanding of the business they are working in. They will also be technically competent and be highly literate and numerate.

A good paraplanner is likely to have many other skills apart from these and will be the person who ensures that the financial planning undertaken is the very best in can be for the clients and completed in a professional and compliant way.

What tasks will a paraplanner undertake?

This is a very difficult part to write as a paraplanner is likely to undertake many different tasks throughout their working day. However, I would expect the main tasks to include at least the following:

- Providing technical, research and administrative support to an adviser
- Providing solutions for clients, to be presented to adviser
- Producing compliant and detailed client-suitability reports
- Helping to manage the client relationship, including attendance at client meetings if requested
- Keeping full and compliant records on file
- Accurately entering client and policy details onto back office software.
- Producing regular client portfolio reviews, and providing additional commentary
- Liaising with advisers on a regular basis, to



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work on cases and provide updates

- Prioritising workload in order to meet all deadlines.

What benefit does a good paraplanner bring to the business?

Hopefully it will be clear from the article so far that a paraplanner can assist an adviser in completing a number of the office based tasks that are of a more technical nature and which do not require an individual to be registered with the FSA. But including a paraplanner as part of the team can offer additional benefits not only to the adviser they are working with but also to the business as a whole.

These benefits may include:

Technical office based resource for clients

A paraplanner is based at the office and will therefore provide a technical resource for clients should they require an answer to a problem quickly. The adviser may be out or with another client and by having a person who can answer client queries provides a much better and more professional service to the clients.

More time for the adviser to see clients

If the paraplanner can complete or at least oversee the completion of the many of the office based tasks, research, report writing, solution design this will create additional time for the adviser to spend with clients.

There has been much talk recently, and much research undertaken, about where clients think an adviser should spend time (on them, talking to them and dealing with them) compared against where advisers actually spend their time (research, report writing). If you want to provide the service to clients that the client wants then let the paraplanner do the bits that the client thinks you are doing and you (as the adviser) do the things the client wants you to do!

I hope this article has provided some insight into the role of paraplanning and for those of you that do not currently employ a paraplanner I hope that you will see the benefits to you of doing so.

The paraplanning role is becoming increasingly more important in the financial services world and a good paraplanner is more than worth his or her weight in gold. **fs**

Martin Vaughan has worked in financial services for 16 years initially as an adviser but the last 7 of which have been as a paraplanner. Martin is currently employed as a senior paraplanner at Cooper Parry in Nottingham. He is a Chartered Financial Planner and a Certified Financial Planner. He is also an associate of the Personal Finance Society. For more insight and information, visit: www.theparaplanner.com