

STAKING YOUR CLAIM

to the high-net-worth and
ultra-high-net-worth markets



The high-net-worth (HNW) and ultra-high-net-worth (UHNW) market is large. The overall HNW population in North America grew 13.2% in 2021, while the UHNW segment grew 14.2%.¹

Today, most financial advisors' books of business include both HNW clients as well as "emerging millionaires," who are growing their assets over time. It's a lucrative demographic and will only grow in the years to come, bringing more HNW—and perhaps a few UHNW—clients to your business. The HNW segment is the perfect client group for financial advisors focused on acquiring clients and growing their businesses. However, effectively serving their unique needs now and in the future can be challenging if you're not prepared.

Who is considered a HNW or UHNW investor?

A high-net-worth investor is traditionally defined as having one million dollars in liquid assets. However, the continual growth of global wealth has added nuance to the definition. Aggregate global wealth increased by 12.7% in 2021, the fastest annual rate ever recorded.²

A new view of wealth¹

- **\$1 million to \$5 million in liquid assets:** millionaires next door
- **\$5 million to \$30 million:** mid-tier millionaires
- **\$30 million+:** ultra-high-net-worth

By way of comparison, the mass affluent label is applied to investors with between \$200,000 and \$1 million in investable assets.

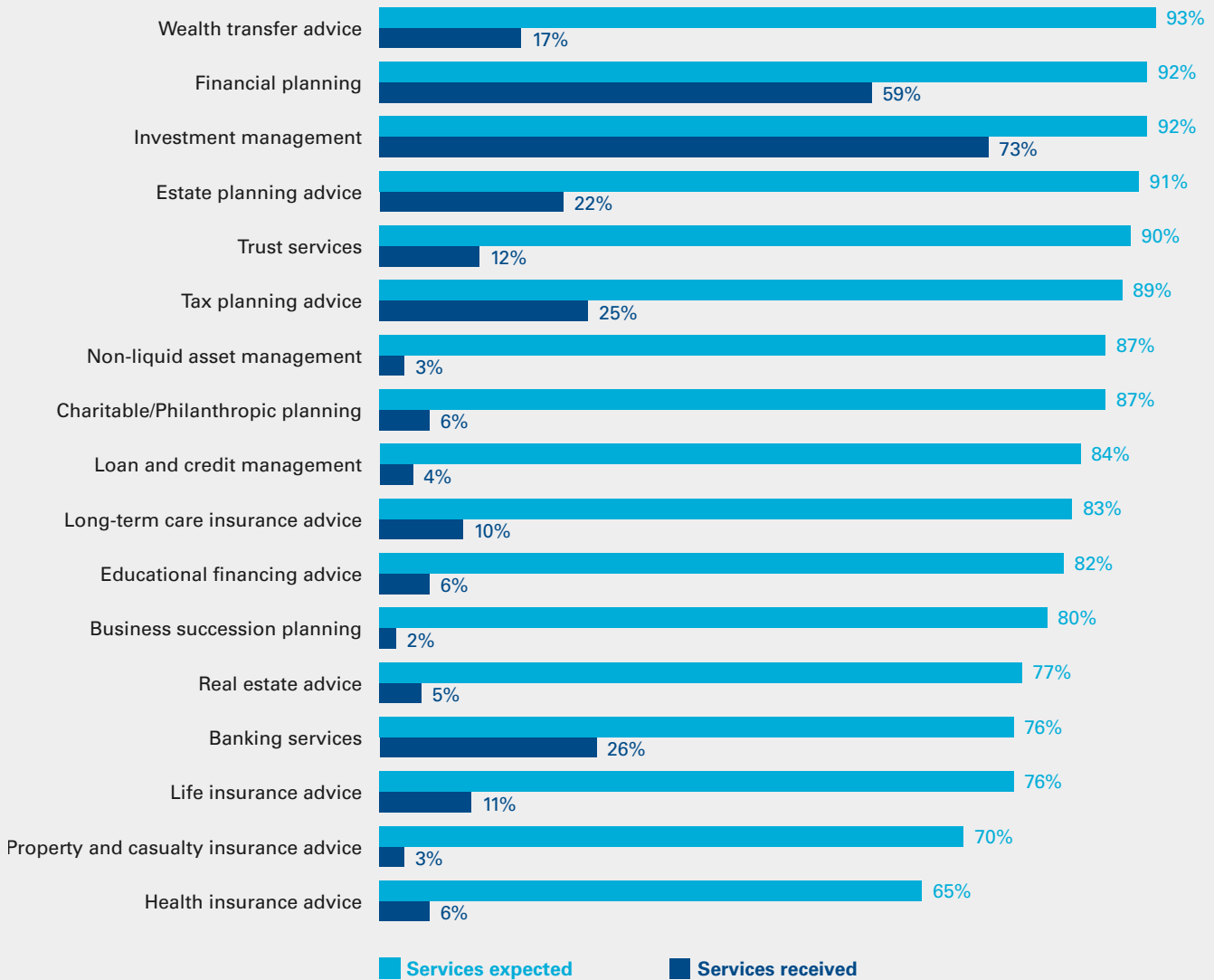
Claim the opportunity by understanding the market

When it comes to what you offer, it's important to treat the HNW investor as a distinct group with complex needs—needs that often go unmet by advisors unfamiliar with their expectations.

Right now, there's a service gap when it comes to meeting the needs of HNW investors. Four of the top five services expected by HNW clients—and not delivered by advisors—are service-based: wealth transfer advice, financial planning, estate planning advice, and trust services. It's not surprising that over **one in four** HNW investors indicate they left their previous advisor to gain access to more products and services.³

You can be the financial advisor to fill in the gap. By offering a handful of the services HNW clients expect—for example, the top three-to-five services outlined on next page—you will be well-positioned to attract and serve this segment.

SERVICES HIGH-NET-WORTH CLIENTS EXPECT



Source: Spectrem Group; Wealth Management Redefined 2021.

Capture money in motion: 46% of HNW investors plan on changing or adding wealth management relationships in the next 12 to 24 months.³

So, what is holding you back?

"I don't have HNW clients."

There's no time like the present to make a concerted effort to attract this demographic to your business. Investors in the U.S. hold substantial wealth—and they are seeking out financial advice to manage it:

- The U.S. is the largest wealth market in the world, accounting for 32% of global wealth.⁴
- **36%** of the world's millionaires, in terms of dollar wealth, reside in the United States.⁴
- Millennial HNW individuals are seeking out new wealth managers as they demand greater digital interaction, education, and convenience.¹

There are trillions of dollars out there in need of management, and a lot of money in motion from unhappy clients seeking new advisors. This is your opportunity to go for it.

Remember, if you don't serve these clients, your competition will.

"I don't have the skills or service model to support the needs of HNW clients."

Establishing and retaining a foothold in this market requires you to deliver the service and solutions HNW clients expect.

However, you don't need to shoulder **executing** the services and support HNW investors are asking for or expect. But they do look to you to provide access to these services. Working with established Centers of Influence (COIs) to deliver more specialized support is an efficient solution that realistically aligns client needs and advisor resources. Helping to coordinate all service providers in your role as the leader of your client's wealth management team can be among the most welcome services you provide.

If you'd rather keep the business in-house, there are educational organizations that offer the designations and continuing education needed to raise the bar on your abilities.

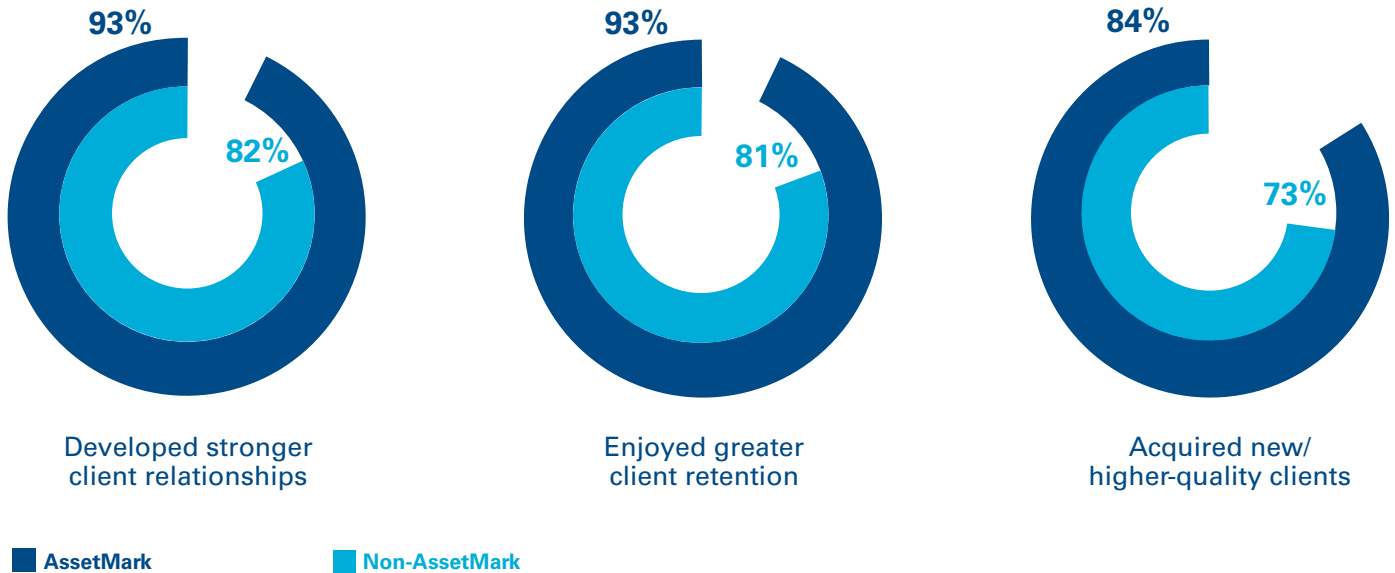


Another option? Outsource

Doing so gives you time back in your day and puts the expertise of specialists to work for your clients. And that's not all. A recent study⁵ uncovered additional benefits of outsourcing for advisors:

Choosing the right outsourcing partner can be the difference between long-term success and disappointment. Be sure to work with a firm that has the experience, resources, investment solutions, and business support tools you need to deliver the high-quality service your HNW clients expect.

ASSETMARK VS. NON-ASSETMARK ADVISORS



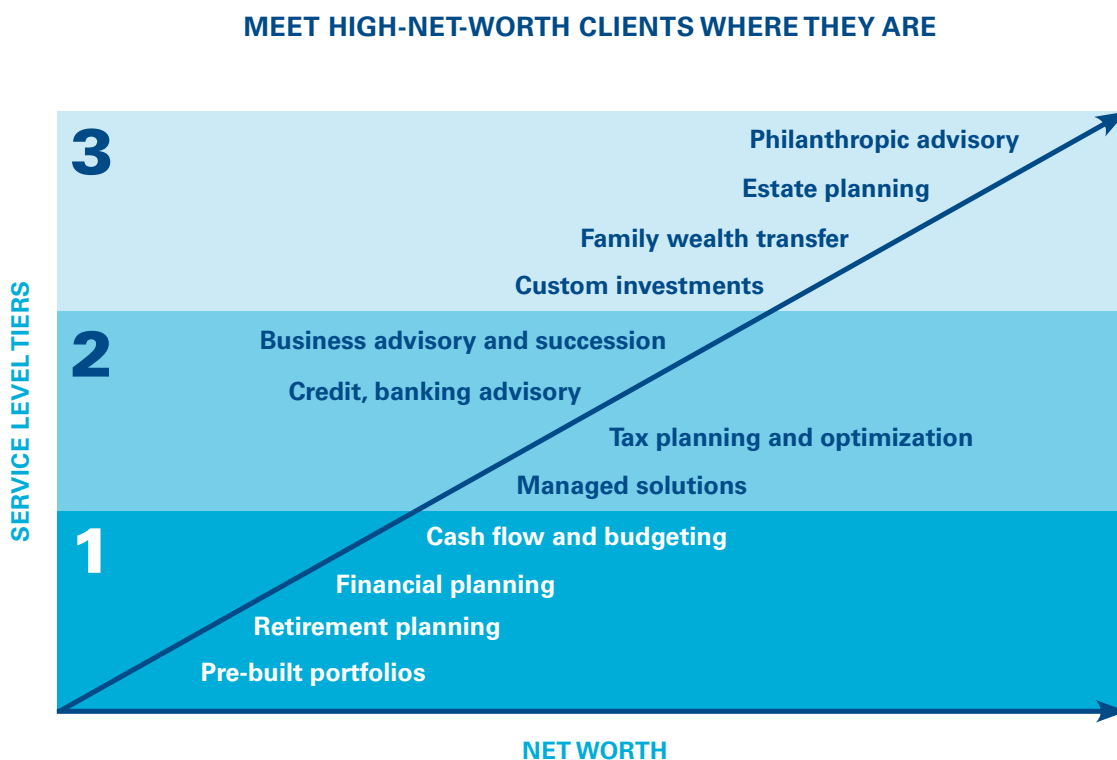
“[Outsourcing provides the] ability to secure higher net worth clients and allows more time to focus on these clients within a practice.”

– Registered Investment Advisor⁵

A tiered service model: A framework to scale your business

Developing a tiered service offering provides you with the structure to allocate your time and resources. It also sets expectations among your clients. Remember, their wealth will grow over time. If you expect your practice to grow along with it, you need to be mindful that a change in a client's financial circumstance is usually accompanied by an evolution of their needs.

There is a definite business risk if you don't adapt: 28% of HNW clients who recently changed advisors did so because their current advisor did not meet their changing financial circumstances.³



Source: AssetMark; Positioning Your Practice for High Net Worth Clients 2020.

► **Segmentation** uses specific criteria to organize clients into smaller, more manageable groups. **Tiering** organizes your customer segments into separate engagement models, to better allocate time and resources.



Not sure where to begin? Before engaging any prospects, consider:

- What asset level do you consider to be HNW? Is it \$1 million? More or less? There is something to be said for engaging the “emerging HNW” clients in your book of business; lowering your HNW threshold may be a good idea in certain situations.
- Which services do you want to offer these HNW clients? Don’t hesitate to look beyond the “standard” offerings and include lifestyle/concierge services that are becoming increasingly in demand by HNW clients.

This exercise is also a great opportunity to create tiered service levels for ALL your client segments if you don’t already have them in place. Doing so will create efficiencies and ensure you don’t neglect any of your clients’ needs

as you expand into the HNW market. Three is the typical number of service tiers a financial advisor offers and supports. However, you need to develop a model that works best for you, your clients, and your business.

Creating a physical document outlining these services levels is a great sales tool and also helps to establish a transparent relationship at the beginning of your client relationship.

Today’s mass affluent client is tomorrow’s millionaire next door. Meet their needs now and you’ll be serving them for years to come.

“Where do I find HNW clients, and how do I attract them?”

Thanks to the recent decade-long bull market and real estate boom, there are likely millionaires next door who are more discreet about their financial prosperity and looking for the right kind of support. Follow these six tips to help you tap into this market:

1 FIND A NICHE

Gear your service offerings to resonate with a specific demographic to help attract new clients. What resonates with you on a personal level? Do you love to garden or restore classic cars? Do you have doctors or attorneys in your family? A shared familiarity or passion with a target audience can be the foundation of a personal relationship that can evolve into a business one, resulting in new clients.

2 GO WHERE THEY ARE

Certain activities tend to attract HNW investors, such as gallery openings, art auctions, and charitable events. Place an ad in the event program and introduce yourself to attendees. Your daily routine can open up opportunities as well: try out the gourmet coffee shop and meet some new people (aka prospects). Volunteer at an animal shelter or charity run and let people know what you do and how you can help them.

3 WORK WITH YOUR CENTERS OF INFLUENCE

Your COIs work with a wealth of potential clients, from the recently married to the newly widowed. Let them know you are expanding into the HNW market and ask for referrals. Suggest working together to provide comprehensive service to clients who are undergoing a life change.

4 ASK FOR REFERRALS FROM EXISTING CLIENTS

Here's why:⁶

- **58%** of wealthy investors found their financial advisor via referral.
- The lifetime value of a referred customer is **16%** higher than a non-referred customer.
- People are **400%** more likely to become a client when referred by a friend.

5 UPDATE & SOCIALIZE YOUR VALUE PROPOSITION

Since this is a new offering for you, leverage social media, local publications, and community events to share your value proposition.

6 DIFFERENTIATE YOURSELF

It's a crowded marketplace. Clients want support that's not like everyone else's. And they want it from an advisor that appreciates the importance of specialization. The services you'll be offering are not a commodity, so you must be able to articulate why you are different from your competitors.





Be sure you can deliver on HNW demands

Before mining for HNW clients, consider what they expect from **YOU**:

- **66%** of HNW investors desire more personalization in their wealth management relationship.³
- **22%** of HNW investors want better digital capabilities.³
- **39%** of millennial HNW investors switched providers in the past year due to a lack of transparency.¹

Also, consider what they want from their **INVESTMENTS**:

HNW investors are going outside of their primary wealth management relationships to invest in non-traditional assets:³

- Alternatives: **62%**
- Cryptocurrency: **55%**
- ESG: **42%**

Can you deliver?

HNW clients expect a bespoke experience. They want consistent communication and education, so they understand what is going on and why. They want portfolio solutions that go beyond the typical model offerings and expect support across an array of wealth management issues including:



Tax-aware solutions



Asset protection



Liquidity and debt management



Banking and lending solutions



Trust services and charitable giving

In short, they expect personalized attention, customized support and innovative solutions.

How do you execute on the high-touch service, customized portfolio solutions, innovative asset options and wealth management solutions the HNW market expects and still have the time and resources to tend to your business?



**PRIVATE WEALTH
MANAGEMENT**



Partner with a firm that positions you to exceed the expectations of HNW clients

Many financial advisors who consider working with HNW clients say, “I need to get this right, but I don’t know how to do that.” It’s best to begin by working with a partner who can help you assess your resources and create a plan, then help you segment your clients and develop a tiered service plan to articulate your offering.

ASSETMARK: YOUR PARTNER IN CAPTURING, AND KEEPING, HNW CLIENTS

At AssetMark, we offer a variety of HNW strategists available exclusively on our platform, offering a range of services such as tax-loss harvesting, dedicated portfolio strategist support, and account minimums starting below \$1 million.

Our solutions equip you to deliver the personal service your HNW clients expect

- ✓ **Curated, customized investment solutions** with minimums starting at \$250,000
- ✓ **Automated client communication and marketing platform** to deliver your message consistently
- ✓ **Innovative technologies** that offer streamlined, integrated digital platforms
- ✓ **Client meeting support** to articulate the services and solutions you are offering
- ✓ **Consultants** that can help you set up and implement your business development plans
- ✓ **Proven processes** that create scale and efficiencies, allowing your business to grow along with your clients
- ✓ **Client and service** segmentation guidance
- ✓ **Dedicated team** to help you manage entrepreneurial challenges
- ✓ **Access to value-add services** including liquidity, debt management, charitable giving solutions, trust services, and more

SOURCES

1 [Capgemini World Wealth Report, 2022 World Wealth Report 2022 | Research & insight | Capgemini](#).

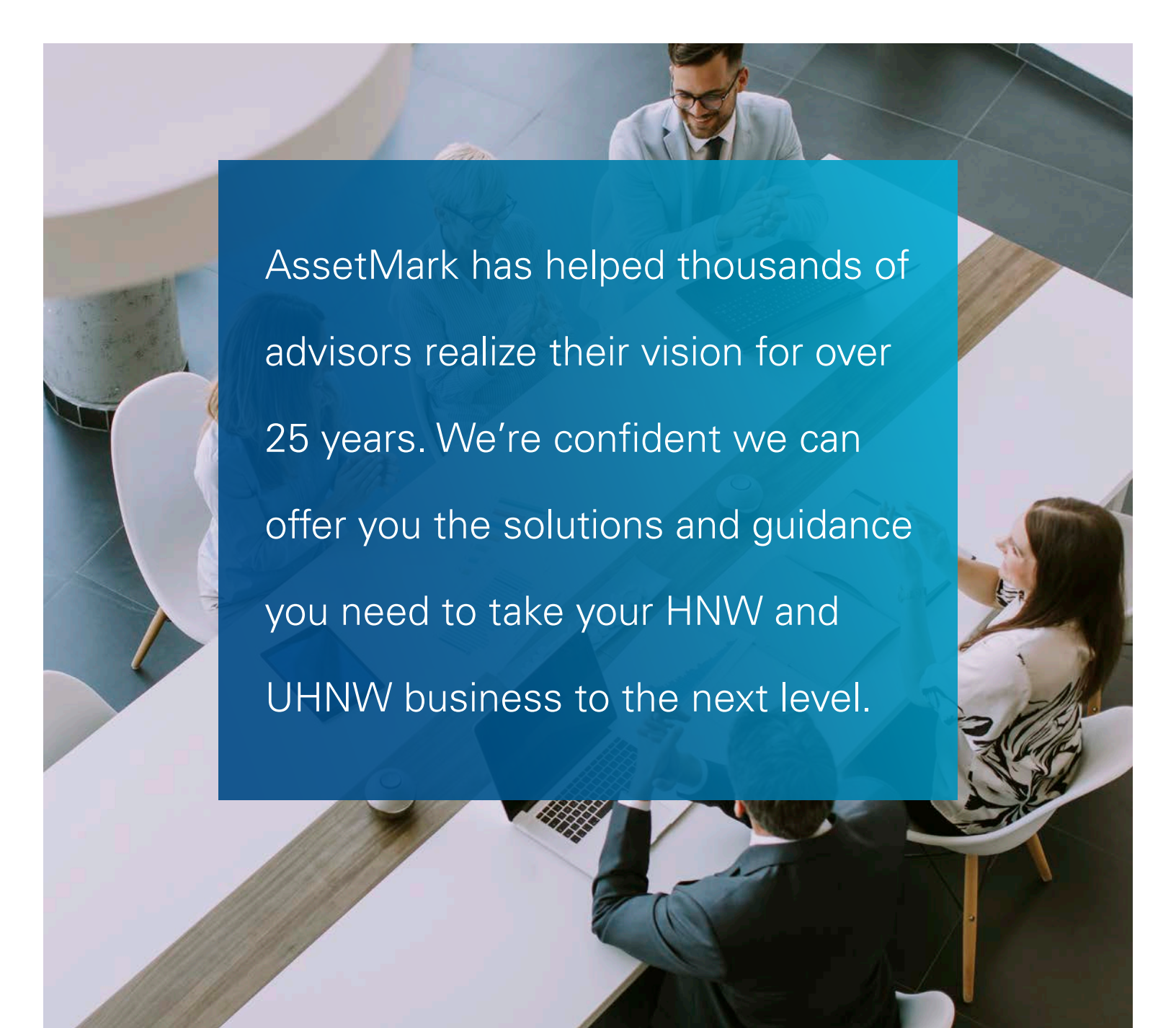
2 [PwC High Net Worth Investor Survey, 2022](#).

3 [2023 USA Wealth Report](#).

4 [The Impact of Outsourcing, AssetMark, 2022](#).

5 <https://www.theadvisorcoach.com/7-client-referral-ideas-to-help-you-get-more-referrals.html>





AssetMark has helped thousands of advisors realize their vision for over 25 years. We're confident we can offer you the solutions and guidance you need to take your HNW and UHNW business to the next level.

CONNECT WITH OUR TEAM

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