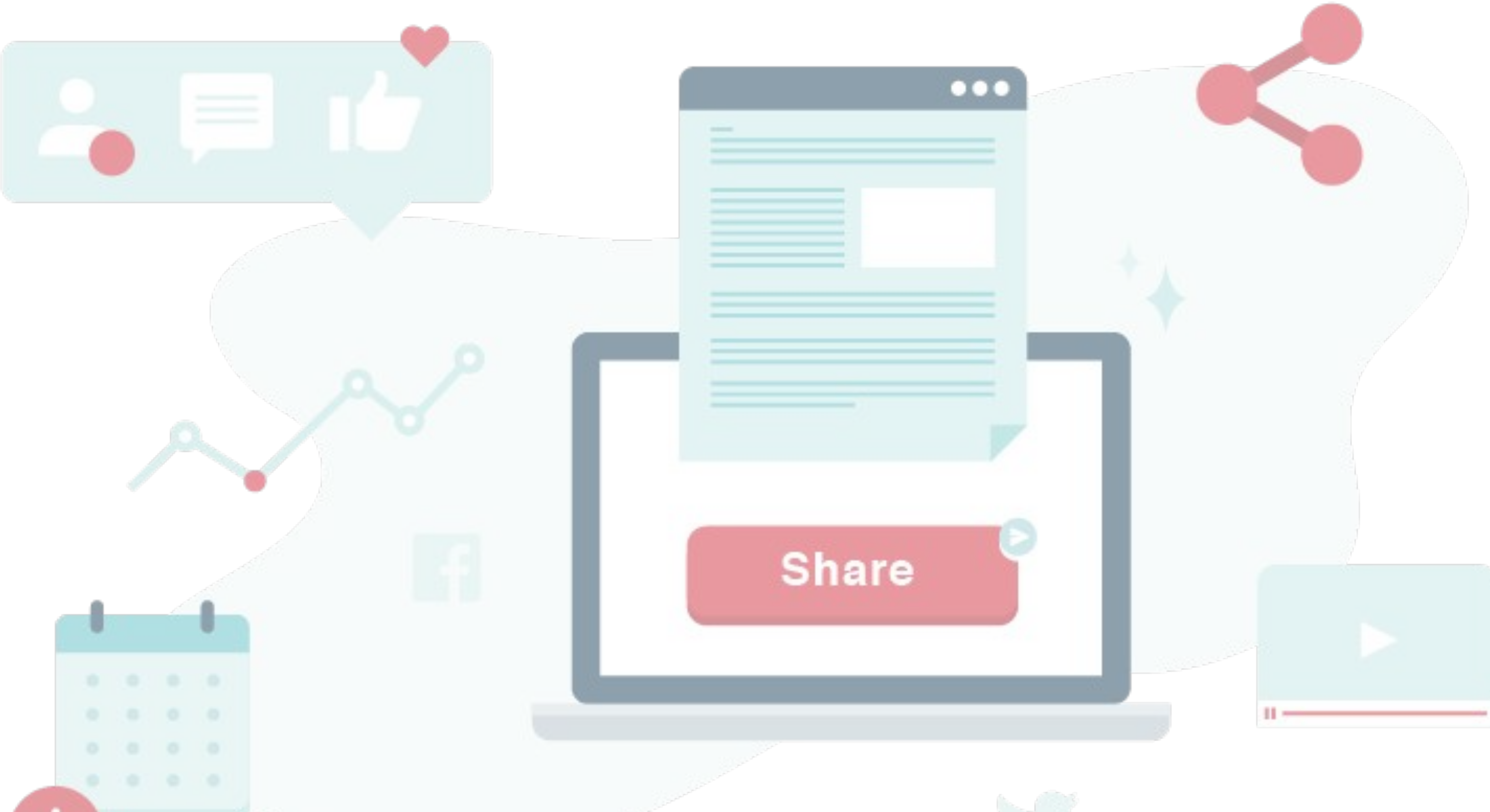


2019 SOCIAL MEDIA CONTENT STUDY

WEALTH MANAGEMENT TIP SHEET

What's Included?

- Overview of the Industry
- Key Findings
- Industry Trends
- Best Practices
- Hearsay Systems Insights
- Key Takeaways

hearsay SYSTEMS

Wealth Management Tip Sheet

OVERVIEW OF THE INDUSTRY

By the end of 2016, the brokerage and advisory market in the U.S. represented $20.4 trillion in assets.[1] Despite such wealth, the industry currently faces several challenges requiring it to shift and adapt in both strategy and execution.

As competition grows globally, the wealth management industry is seeing calls for greater transparency from regulators, tax authorities, and clients. Stricter compliance measures have been put in place the last few years to address customer protection, financial advice, how products and services are marketed, and distance selling.

As the cross-border investment climate changes, international wealth management players are seeing new opportunities and new client personas emerging. This can present both opportunities and challenges for domestic players, provided they monitor the evolving tax and regulation developments that impact not only the institution's home country but their clients' country of residence.

KEY FINDINGS AND INDUSTRY TRENDS

Hybrid Advice

Hybrid advice is already an emerging trend at some companies and is expected to continue to grow over the next few years. This preferred hybrid style blends human interaction and artificial intelligence to deliver advice to investors. According to Accenture research, "providing an automated platform with periodic access to a human advisor ranks as the most preferred scenario across a range of investor profiles."[2] Providing access to a fully functional digital platform will be key as wealth management firms adjust to changing preferences.

Lower Fees

Companies have started to reduce or eliminate trading fees, advisory fees, and commissions to remain competitive. This is expected to continue as companies use the appeal of low or no trading fees to draw in more customers. While low fees are enticing, there are many other factors that need to be considered. Newer investors will want to consider other offerings, like education resources and how frequently they will be able to access a human advisor.

SOURCES

1. Aite, The 2018 RIA Market Landscape & Hightower's Platform Offering
2. Accenture, The New Face of Wealth Management.

KEY FINDINGS AND INDUSTRY TRENDS (CONTINUED)

Current trends in the industry show a pattern for not only an increased need for advisors but a need for increased transparency between clients and advisors as well.

- The retirement road is getting longer. The industry is seeing a shift from "retirement planning" to "longevity planning" as Americans are living longer than their predecessors and want to get the most out of their increased retirement years.
- What's the real cost? Fee disclosures are seeing more scrutiny as clients want to know what they are getting in return. To remain competitive, financial advisors will need to prove their worth for the fees they charge for their services.
- The client comes first. In June 2019, the SEC put protections in place that provide more transparency between clients and financial advisors. Known as Regulation Best Interest, these actions are a "package of rulemakings and interpretations designed to enhance the quality and transparency of retail investors' relationships with investment advisors and broker-dealers, bringing the legal requirements and mandated disclosures in line with reasonable investor expectations, while preserving access (in terms of choice and cost) to a variety of investment services and products".[3]
- What are clients asking about?
    - Crypto currencies
    - Environmental, Social & Governance (ESG) strategies and investments
    - Goals-based financial plans and planning
    - Digital advice and self-service capabilities
    - Retirement income strategies and obstacles:
        - Millennials focusing on paying off student loan debt more than retirement
        - Baby boomers focusing on ways to maximize their retirement income

BEST PRACTICES FOR SOCIAL MEDIA PUBLISHING

With 83 percent of financial advisors leveraging social media platforms for business purposes,[4] here are a few reasons and ways to make the most out of posting:

- Now is not the time to be anti-social. With 92 percent of advisors reporting they've gained new clients from social media alone,[5] it's an under-utilized resource that is only gaining more traction year after year.
- Compliance is still king. Given the new prospecting opportunities social media presents, companies are re-evaluating their policies so that advisors can use social media while staying compliant. Be sure to check with yours for current compliance guidelines and training.
- Compliant content may already exist. A hurdle for many advisors when it comes to posting to social media is the amount of time they'll need to commit and how much they think it may take. Ask your company about any existing, pre-approved content or software that advisors can use to easily post compliant-friendly content.
- Personalize your posts. While sharing industry-related content is always important, the biggest benefit to social media is its ability to help advisors build personal relationships with both prospects and clients. Sharing your real personality online helps clients get to know and trust you as a person, and vice versa.
- Know your audience for each social media platform. What you share—and how—all depends on where you share it, whether it's LinkedIn, Facebook, Twitter, or Instagram. Each platform has its own brand voice and your company may even have best practices for what works best on each. Even if you share the same article across all platforms, you can tweak your tone so your audience doesn't feel spammed with copy-and-paste content.

SOURCES

3. U.S. Securities and Exchange Commission, "SEC Adopts Rules and Interpretations to Enhance Protections and Preserve Choice for Retail Investors in Their Relationships With Financial Professionals"
4. Putnam Investments, Putnam Social Advisor Survey
5. Putnam Investments, Putnam Social Advisor Survey

HEARSAY SYSTEMS INSIGHTS ABOUT SOCIAL CONTENT PUBLISHING TRENDS IN WEALTH MANAGEMENT

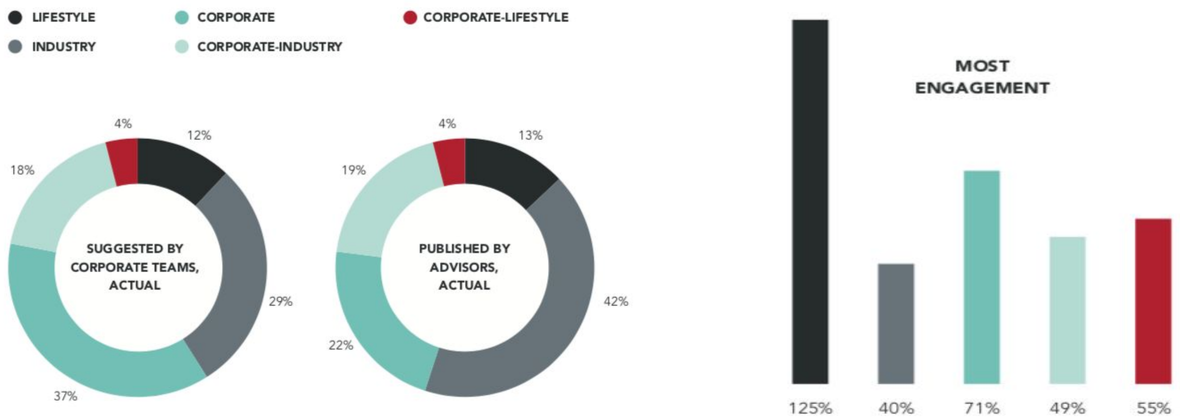
Achieving real quality customer engagement can seem daunting in an ever-changing digital landscape, but the right tools and insights can help show the path ahead. Hearsay Systems provides digital client engagement solutions for 170,000 advisors and agents at over 150 of the world's leading financial firms, helping bridge the digital gap so that agents and advisors can focus on connecting with their customers.

To help customers identify key areas to focus on in the digital world, Hearsay Systems conducts an annual content study to analyze social media publishing data from leading organizations across wealth management as well as life insurance, property and casualty (P&C) insurance, and mortgage companies, to determine:

- The types of content suggested the most to advisors by their firms' corporate marketing teams (lifestyle, industry, corporate, corporate-industry, corporate-lifestyle)
- The types of content advisors sought out and published the most, from the suggested content libraries provided by their firms' teams (a critical indicator of whether or not corporate marketing efforts are aligned with their advisors' actual preferences)
- Of those, which content categories received the most engagement from the advisors' followers (likes, comments, shares)
- Actionable best practices and tips for corporate marketing teams to fine-tune their advisor social media programs and for advisors to free up time and improve engagement at the individual, local level

Wealth organizations led the way with the highest amount of total suggested content compared to life insurance, P&C insurance, and mortgage companies. They still have some way to go in publishing, however: In 2017, wealth organizations had the lowest number of total publishes by their advisors, but this year came in second-to-last behind mortgage companies with an average of 137 publishes per suggested post.

Within wealth organizations, the trend of corporate and field marketing teams pushing corporate content (37 percent) and industry content (29 percent) over lifestyle content (just 12 percent) continued. Even the new corporate-industry hybrid category (18 percent) rated above lifestyle content this year, coming in third.



Overall, the data shows that lifestyle content received the highest engagement from advisors' followers (125 percent, the second highest of all engagement rates in the study) but the lowest publishing rate (as discussed above). Industry content, however, had the lowest engagement (40 percent) and the highest publishing percentage (42 percent) and the highest relative publishing rate (an average of 202 publishes per suggested post). Corporate-lifestyle content also showed a high engagement rate, though very little of this hybrid content was suggested or published by wealth organizations. The more that wealth organizations can use data to develop their strategy and thereby create content that fits what the audience wants and puts an innovative and engaging spin on strict corporate-branded or industry content, the better.

HEARSAY SYSTEMS INSIGHTS (CONTINUED)

The interest in lifestyle content, both from advisors and their followers, highlights the fact that the advisor-client relationship within the wealth management sector is a highly personal one. Prospects and clients are most interested in engaging with their wealth advisor as a person, not as a brand. Followers of wealth advisors clearly enjoy seeing what is happening outside of the confines of work, and advisors need to give them a view into their own personal interests.

KEY TAKEAWAYS

Since a personal, trusted advisor relationship is paramount to wealth clients, it's essential for advisors to both educate and offer reassurance that they're always looking out for their clients' best interests. During the calendar year of 2018, the dramatic volatility of the market led many investors to worry about their investments and whether they should ride out the storm or make significant changes to their portfolios. 2018 was a disappointing year for many investors not just because the S&P 500 declined for the first time since 2008, but because many other financial markets fell as well. The ups and downs of the market made financial news headlines and generated enormous interest in the investment world.

In Hearsay Systems' analysis, the terms "market volatility" and "long-term plan" were two of the most popular content library search terms with wealth advisors. In addition to the search terms around market volatility, the most popular terms for wealth managers in 2018 included "child gifting," "rollover," "tax reform," and "dividend." Some other key things to note are:

- Posting hybrid corporate-industry and corporate-lifestyle content gives financial advisors the chance to share important corporate and industry information to provide reassurance and reminders in volatile times. These types of posts can help inform customers before speaking with their advisors in detail about their portfolios:
  - "Our annual report provides 10 key numbers about 401(k) retirement plans, the centerpiece of retirement savings for many Americans."
  - "Our quarterly recap shows that while rising interest rates are a sign of a strong economy, they bring potentially higher costs for borrowers. However, they also present an opportunity for savers as rates will likely continue heading slowly upward. Get in touch if you want to chat more!"

Since markets are in a constant state of flux and both bull and bear markets can create questions for investors, corporate marketing teams can get ahead of the curve by having a constantly refreshed feed of timely news content from well-known, trusted media sources.