

# Rise of the Paraplanner 2019 Report

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# ABOUT RESEARCH IN FINANCE

Research in Finance is a market leading consultancy, research and publishing business that is about implementing change and making a difference. We work with some of the largest and most important companies in the world. With more than 60 years' cumulative experience across the wholesale, institutional and private investor markets, we believe our in-depth knowledge makes us unique and an invaluable partner with any business working in the sector.

The Research in Finance team has expertise across a range of quantitative and qualitative research methodologies, conducting everything from brand tracking and segmentation analysis to in-depth interviews, focus groups and online diary projects. We help financial services companies to refine their sales strategies, improve their marketing and communications, understand how they are perceived by their target market, test new product ideas and creative, benchmark against their peers and gain a deeper understanding of the markets in which they operate. In addition to a series of established syndicated studies, we design bespoke research around clients' specific needs, tapping into our in-house panels of engaged professional and private investors.

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# INTRODUCING THE 2019 PARAPLANNER REPORT

This report is the latest in a series conducted over the past five years by Research in Finance into the role of the paraplanner.

This is not a study of paraplanning then and now. Rather, it seeks to assess the role, responsibilities and influence of the paraplanner today and use the data gained over the past five years to predict the path paraplanning will take in the years ahead.

The aim is to give as accurate a picture as possible of paraplanning and its importance within the financial services industry, so that those who recognise the need to engage with this part of the market have a basis on which to do so.

The sample for this research was taken from Research in Finance's proprietary panel of paraplanners. All respondents were invited by email to participate in the survey, which was hosted online. 204 qualifying paraplanners participated within the fieldwork period, which was the 29th Oct – 14th Nov 2018. All respondents who completed the survey were reimbursed with a £10 Amazon voucher for their time.

When assessing the paraplanning market, Research in Finance has the advantage also of publishing *Professional Paraplanner*, a monthly magazine and daily website, which is the only publication dedicated to the paraplanning community. The magazine has been running since May 2014 and through its daily contact with paraplanners provides valuable insight into the paraplanning community.

# EXECUTIVE SUMMARY

The 2019 Paraplanner Report is the latest in a series of in-depth studies carried out over the past five years by Research in Finance into the role of the paraplanner. The research aims to plot, analyse and understand the changing nature of a role which increasingly is being seen as crucial to running a successful financial planning/advice business in the UK.

With its five year history, the study provides deep insight into the role of the paraplanner, including the development and the influence of paraplanners, and the responsibility they have for decision-making within financial advice/planning and discretionary firms.

Our research shows that not only is paraplanning now a core function within financial planning but paraplanners are becoming ever more influential within financial planning/advice firms.

Paraplanners are being given greater responsibility and rising up the ranks within firms, with increasing numbers taking positions on investment committees, becoming key members of the management team and development committees, and in some cases joining the board.

Increasingly financial advice firms are seeing paraplanners as the engine room of their business, tasked with research and due diligence, report writing and making decisions on the recommendations made to clients. This is freeing up advisers to do what they do best, build client relationships and bring in more business.

This is in marked difference to the general perception held a few years ago of paraplanning as an administrative role and reflects a momentum that looks set to see paraplanners take on even greater responsibility in firms across the market.

This latest study tracks and analyses key differentials in the market, including paraplanners' influence within adviser firms and in the research and selection of funds, products, platforms and services. It identifies the demographics of the paraplanner, how the role is developing, where paraplanners sit within adviser firms, salary trends, how they approach research, due diligence and selection criteria, and assesses and predicts current and future trends in paraplanning, infused with views from the coal face.

The *Rise of the Paraplanner 2019 Report* is an essential tool in understanding how the market is changing and who will be the influencers and decision-makers within advisory firms in the next 3-5 years.

# KEY TAKE OUTS

## Role of the paraplanner

- There is a higher proportion of female to male paraplanners.
- Paraplanners have a younger demographic than the industry average – between 25 and 44 years
- Salaries have been rising – driven by ever growing demand for paraplanners from adviser and discretionary firms and a pressurised recruitment market
- 80% of paraplanners are employed in advisory firms
- On average 46% of a paraplanner's time is spent working on suitability reports; 16.3% researching funds and products
- Pensions form the largest tranche of daily work (46%), followed by investment/fund selection (22.5%)

## Technical skills and knowledge

- There is a strong culture of self-development in the paraplanning community
- 77% of paraplanners hold level 4 Diplomas as a minimum qualification
- 16% are Chartered Financial Planners and 10% Fellows of the PFS
- 96% of paraplanners are currently looking to achieve a higher qualification

## Changing role of the paraplanner

- Paraplanning has moved from being seen as an administration role to a fundamental role within the business.
- Increasingly financial advice firms are putting paraplanning at their core, utilising the technical and financial planning skills of paraplanners to research and develop financial plans and make recommendations in respect of funds, products and services, thereby allowing the advisers to focus on delivering the advice. building client relationships and bringing in new business.
- 73% of paraplanners predict there will be more paraplanners in management roles in the next five years.

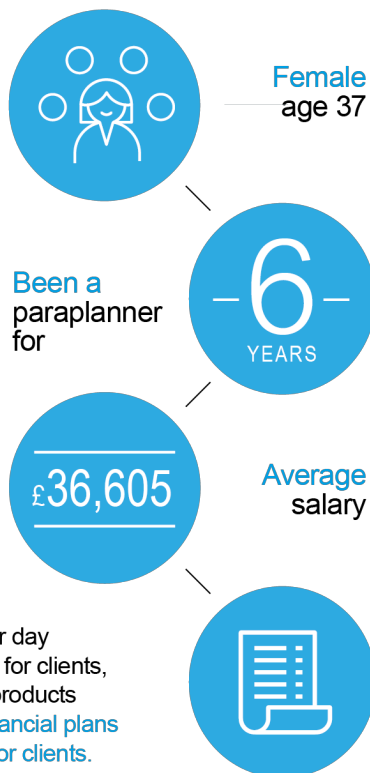
- Career paths are being opened up to paraplanners to reflect their value to the firm and in order to retain staff.
- Over the past two years, 16% of paraplanners have been promoted, 52% have been given more responsibility in their current role, 29% have become more involved in the general business of their firm. 13% have joined the investment committee and 12% have become part of the management team.

## Influence and decision making

- Paraplanners' influence in the selection of pensions, investments, platforms and other services has grown significantly in the past five years, with 87% of paraplanners having influence in the selection process – compared to 64%-75% in earlier studies.
- 55% of paraplanners state they are key influencers in the decision-making, with 7% of that number empowered to make the final decisions.
- In 46% of cases, paraplanners say their influence has increased in the past two years
- 92% of paraplanners believe the role will become more influential within their firms
- 93% of paraplanners believe the role will become more influential in the industry.
- With increasing recognition and respect, rising salaries, greater responsibility and influence and so job satisfaction, there has probably never been a better time to be a paraplanner. 83% of paraplanners say they are moderately to extremely happy in their role.

# REPORT

## Demographic of a typical paraplanner:



Spends a large part their day writing suitability reports for clients, researching funds and products as part of developing financial plans and recommendations for clients.

“The true definition of a paraplanner is an adviser that doesn't give client-facing advice”.

## Infographic – typical paraplanner

From a demographic perspective, there has always been a higher proportion of female paraplanners than male practitioners. Between Research in Finance's original report in 2014 to the research published in this report, the ratio has stayed fairly consistent. In 2014 the ratio was 58% female, 42% male; today that is 60% female, 40% male.

Likewise, the age range of paraplanners has always been a younger demographic than the advisers they serve; 74% of paraplanners today are between the ages of 25 and 44. Again, this has proven to be consistent over the years – in 2014 this was 76%.

However, just 5% of paraplanners are under 25, which reflects an issue for the market in that there remains a high demand for paraplanners but a slow growth in new recruits coming into the market. A number of fast-track academies, graduate schemes and apprenticeships have been set up to try to address this issue, but paraplanners qualified to diploma level are not grown overnight.

## Where paraplanners work

For the purposes of this study we have divided the paraplanning market into three distinct segments: Paraplanners that work in-house at financial planning/advisory firms; those in outsourced operations (self-employed and businesses); and those employed by discretionary firms.

Our current research shows that the majority of paraplanners are employed within an advisory firm (80%), while 11% work in an outsourced operation and 9% for a discretionary firm. On average, individuals in outsourced firms have been working longer as paraplanners (10 years), compared to those within adviser firms (6 years) and discretionary firms (7 years).

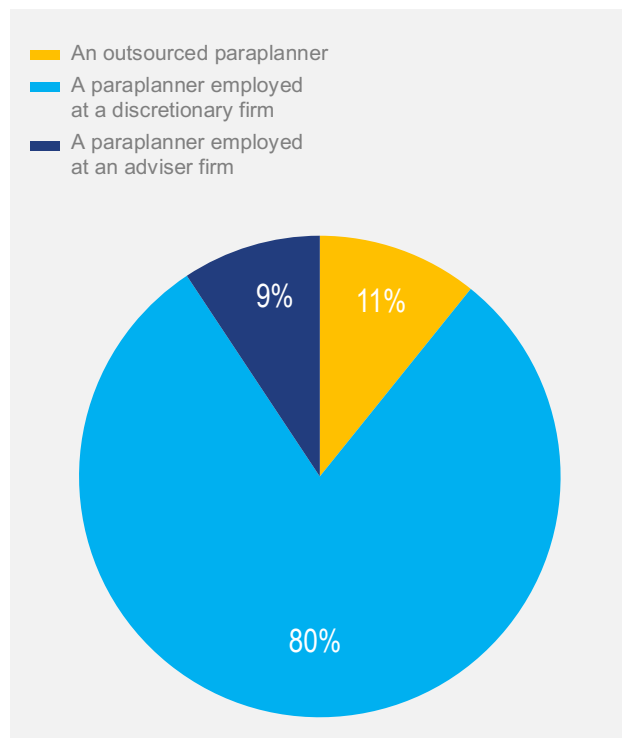
How the paraplanner operates within a firm largely will depend on the size and structure of the firm. The paraplanner may work solely for one adviser – this tends to be where the adviser firm is small or the adviser is dealing with more complex client needs, for example pensions work – they may serve several advisers, or they may be part of a pooled team serving all or part of a firm's advisers.

Outsourced firms range from single paraplanners (self-employed) serving a few clients, paraplanner business owners who employ freelance paraplanners as needed, through to mid-sized firms.

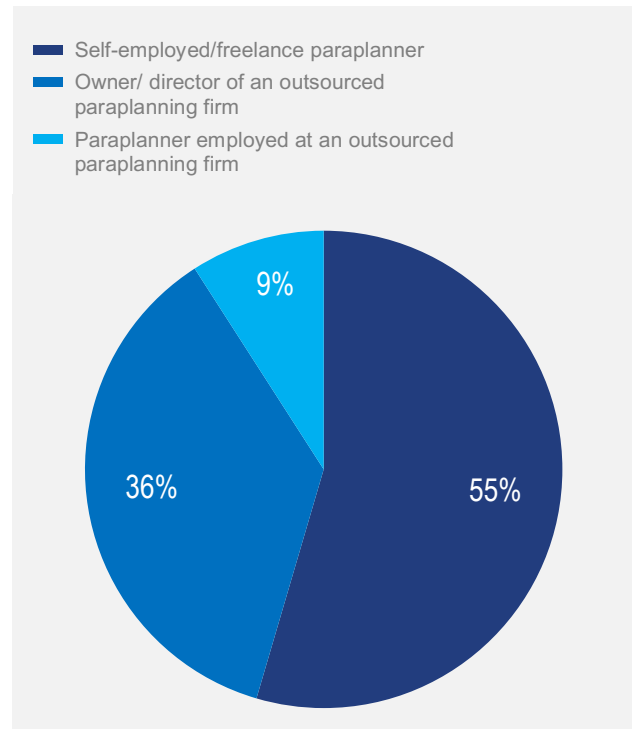
Some larger advisory firms /networks have seen an opportunity in respect of demand and supply in the market and have branched out to offer their in-house resources as outsourced services to adviser firms.

Operationally, the nature of the role means that paraplanners can work successfully both physically in one place as team as well as remotely. This will depend on the structure and culture of the firm.

#### In-house or outsourced



#### Outsourced demographic



Our research shows that amongst outsourced paraplanners, 55% are self-employed or freelance; 36% own or are a director of an outsourced business, while 9% are employed by an outsourced firm.

This reflects the entrepreneurial nature of the market, where individuals have set up as a self-employed paraplanners, with some becoming business owners as their workload has increased, either taking on staff or utilising the service of other self-employed paraplanners.

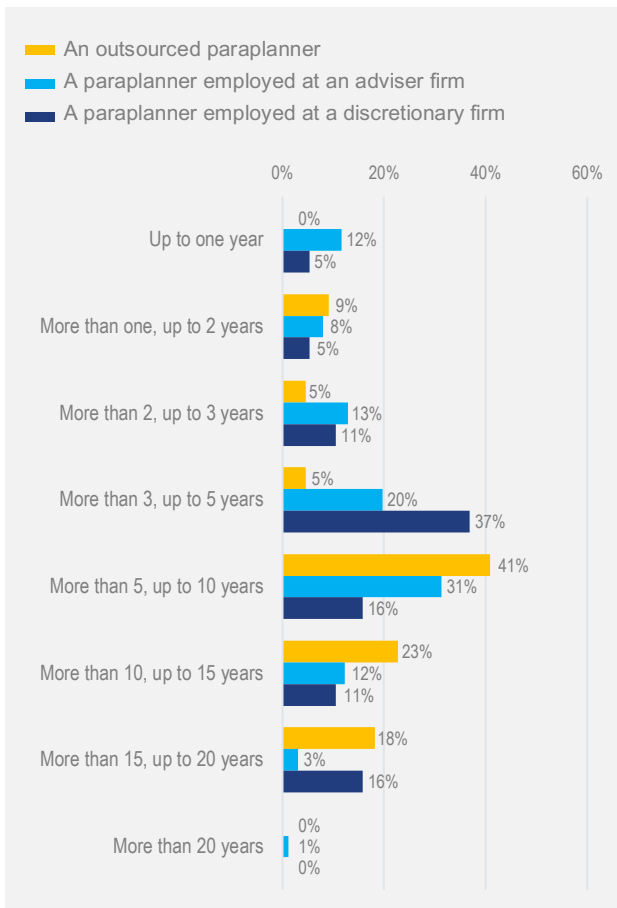
The self-employed route enables greater flexibility around working hours.

Those working in outsourced operations tend to have worked for longer as a paraplanner, with 41% having worked for over 10 years, compared to 16% of those working in-house at adviser firms and 27% of paraplanners in discretionary firms. This most likely reflects the need for outsourced paraplanners to have a depth of knowledge and experience before stepping outside of employed status and/or establishing their own business.



“The outsourced paraplanner role has certainly grown over recent years. Now it is not just smaller IFAs that are likely to use these services; larger companies that have their own paraplanners also plug into the services provided by outsourced paraplanners for several reasons, including helping with workload or to provide an additional technical resource.”

### Length of time as a paraplanner



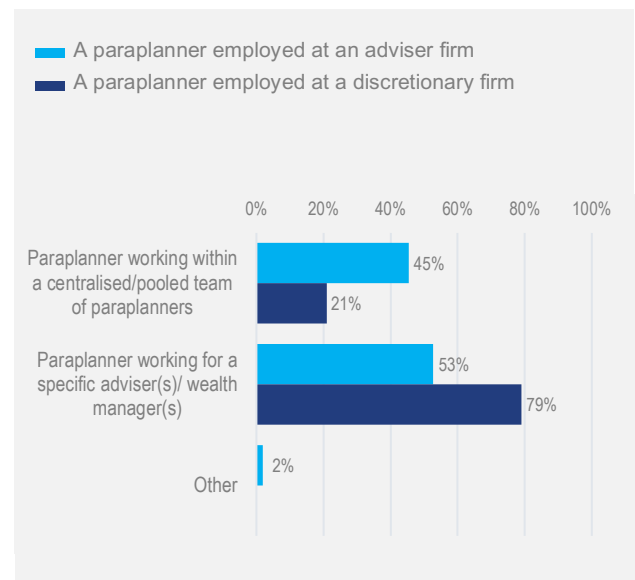
In terms of length of tenure, 33% of paraplanners in-house at advisory firms have been in the role less than 3 years – 12% less than a year. Notably, 9% of outsourced paraplanners state they have been in the role less than a year – compared to 0% in 2013. This reflects the growing trend in the intervening years for experienced paraplanners to go freelance or to start their own outsourced businesses.

### In-house: working one-on-one or pooled?

In terms of how in-house paraplanners are deployed within their respective firms, it is noticeable that paraplanners in discretionary firms are more likely to work for a specific wealth manager or adviser (79%), as opposed to a team where the work is pooled (21%). Within advisory businesses, however, 53% work for specific advisers while 45% work within pooled units.

While paraplanners assigned to a specific adviser say it helps them to get to know the adviser and how they like their reports written, as well as allowing for discussion and challenge around cases where necessary, the advantages of a pooled approach can be that paraplanners acquire a greater depth and breadth of experience through a greater diversity of work and a supportive team approach.

### One-on-one or pooled?



### Ratio of paraplanners to advisers

The majority of advisory firms (70%) operate with under 5 paraplanners: 19% have one paraplanner, while 38% have 2-3 and 13% 4-5 paraplanners. 79% of paraplanners in advisory firms work with less than 10 advisers.

Discretionary firms more often have larger numbers of advisers – 37% between 11 and 30 advisers and 21% with over 50 advisers. 37% of discretionary firms had under 5 paraplanners and 21% 11-20 paraplanners.

It is noticeable that 55% of outsourced paraplanning firms had just one paraplanner, reflecting that many are individuals working for themselves.

### Salaries

One of the most noticeable changes in the market between the reports published off the back of the surveys in 2014 and 2019 is in terms of salaries, which have been rising over recent years. While the average income for paraplanners differs according to their location, role and employer, the mean average across the market is £36,605. For outsourced paraplanners the mean average is £48,889; at discretionary firms £38,889 and at adviser firms £34,903.

If we compare the salary charts from 2013 and the latest research, there has been a clear shift to the right, i.e. up the pay scale. In 2013 less than 10% of in-house paraplanners earned between £40k and £50k. The latest research shows that figure has jumped to 26%.

This can be attributed to two trends in the market. The first is the growing recognition of the value that paraplanning can bring to a business and the consequent leap in demand for paraplanners, which has created a significant demand/supply discrepancy. Second, is the rise in demand for pensions transfers following the pensions freedoms, which has seen specialisms arise within paraplanning.

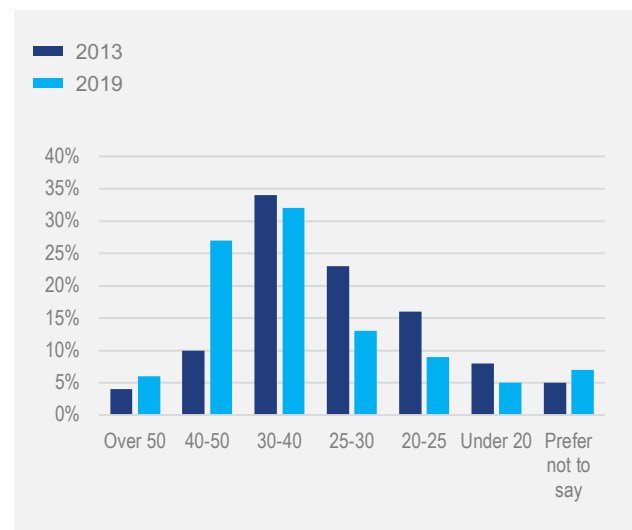
Those with higher qualifications and more experience are particular sought by firms but are in relatively short supply. This has forced firms to approach less experience/qualified paraplanners, with a view to development, in turn forcing salary increases further down the chain.

The high demand for paraplanners and the upward trajectory of salaries as a result, has seen

recruitment companies aggressively head hunting paraplanners and heating up the market.

While some paraplanners believe salaries may have reached a ceiling, the fact that more advisory firms are recognising the value of paraplanners is keeping demand high, while supply is restricted by the need for training, which could see salaries rise further.

### Salaries: 2013 compared to 2019

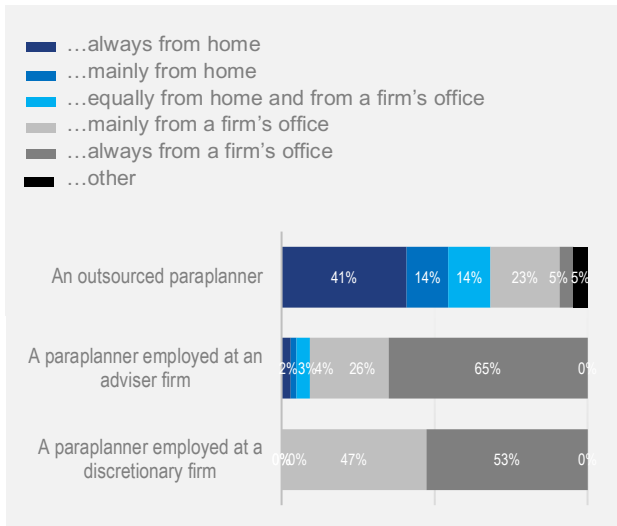


### Working weeks

The nature of paraplanning means that it can accommodate part-time working and around 14% of outsourced paraplanners work less than 20 hours a week.

However, paraplanning is mainly a full-time role with the majority of people working between 31 and 40 hours a week. A significant number of paraplanners work between 41 and 50 hours a week and 14% of outsourced paraplanners say they work over 50 hours a week. This may reflect that many are self-employed/business owners and that 64% of outsourced paraplanners say they do not have contracted hours.

## Where paraplanners work



Outsourced paraplanners are more likely to work from home (55% say they always or mainly work from home). As might be expected, paraplanners at adviser firms primarily work from the office (although there appears to be greater leeway for virtual working than shown in the 2013 survey) while those in discretionary firms almost exclusively work from the office.

## Where paraplanners spend their time

The role of the paraplanner has changed over the past 5 years, with paraplanners undertaking a wider range of responsibilities, however, report writing remains absolutely core to the paraplanning role and on average takes up 46% of paraplanners' time. What should be contained in a suitability report is a subject often discussed amongst paraplanners not least since the FCA published a list of just three items it requires to be included – namely, the client's objectives, what was being recommended and why, and the disadvantages of those recommendations – while also stressing that reports must be personal to the client. Paraplanners have been vocal in challenging the length and make-up of reports, focussed on making the reports more accessible for clients by reducing their size as well as improving the quality and readability of the content.

Feeding into the report writing and the second most important aspect of the paraplanner's role, is research of products, funds and providers. Paraplanners will often conduct the due diligence on platforms and product providers, either making recommendations or reporting to management with their findings.

A notable change from 2013 survey is the reported amount of time paraplanners spend in meetings with their advisers and wealth managers. In 2013 around 14% of their time was spent in these meetings. The latest research shows that has been reduced to 8.1%.

This may reflect the trend marked in this survey of the increased responsibility paraplanners now have for undertaking and making recommendations. In this situation, the advisers provide initial input from the client meeting, the paraplanner undertakes the research and financial planning, including recommendations, which are discussed with the adviser, who will then present the final recommendations to the client as the authorised individual.

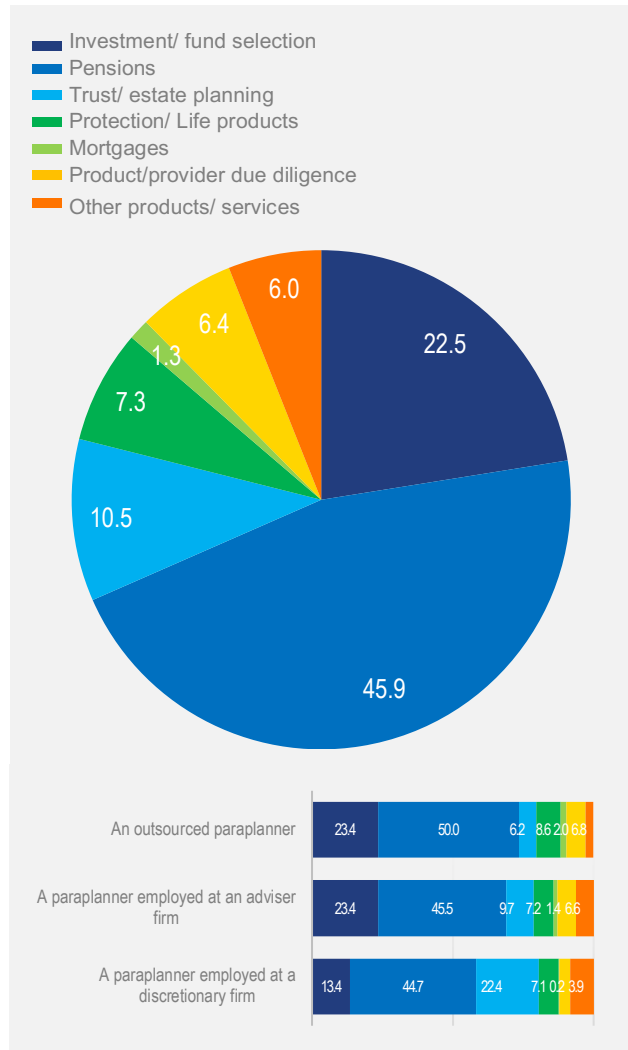
Meeting clients is not a core part of the paraplanner's role – just 3.4% say they attend client meetings. This can be seen as reflecting the nature of the role, focussed on fact gathering, research and report writing, with many paraplanners preferring these elements over the client-facing side of financial advice. It will also reflect the fact that most paraplanners are not authorised to give advice.

However, where paraplanners do have input to client meetings they say they most often talk through cashflow modelling and provide details on the technical elements of a financial plan, with the authorised adviser talking through the recommendations and advice with the client.

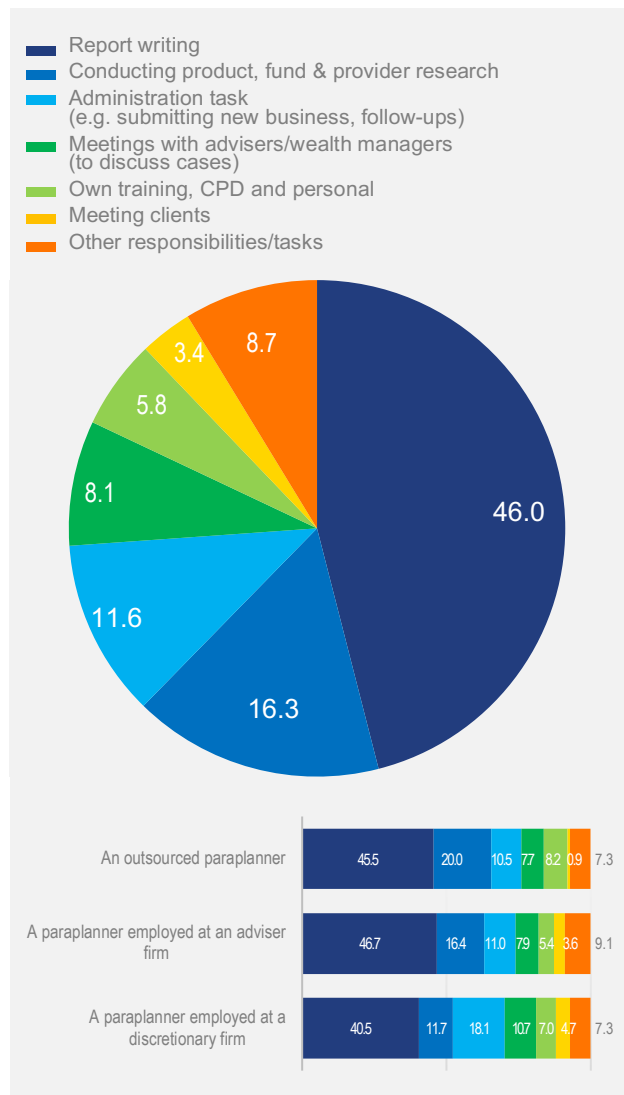
One of the issues for paraplanners who deal with clients is the need to ensure that, unless they have the appropriate authorisation, they do not give advice. Paraplanners attending client meetings therefore may find it prudent to have CF30 status, which gives them the relevant authority to give advice. 16% of paraplanners say they hold CF30, another 19% are working towards it.

Pensions form by far the largest focus of a paraplanner's role, on average taking up 45.9% of their time. This is followed by investment/fund selection (22.5%), and trust and estate planning (10.5%), followed by protection/life products and provider due diligence.

### Areas on which paraplanners spend their time



### Where paraplanners spend their time



### Influence and decision-making

A key question for the market and providers looking at their depth of engagement with paraplanners, is just how much influence paraplanners have in the selection of pensions, products, investments, platforms and other services used within advisory firms.

The 2019 report shows that 87% of paraplanners have influence in the selection process. A significant 55% of paraplanners state they are key influencers in the decision-making, with 7% of that number empowered to make the final decisions. Just 13% say they have little or no influence.

Here comparison with the 2014 survey is telling and we can see how the market has changed. In that survey, 75% of paraplanners working in a pooled team said they had influence, of which 21% were key influencers, and 4% were key decision makers; while 25% stated they had no influence at all.

For non-pooled paraplanners the numbers were lower, with just 64% exerting any influence on fund and product selection.

Furthermore, in the latest survey, 46% of paraplanners say they have seen their influence increase. While 53% say their influence has not really changed over the past year, no paraplanner has experienced a decrease in influence.

Due to the nature of the role, paraplanners have always played an important part in the fund/product/provider selection process within financial planning. However, as more adviser firms place paraplanning at the centre of the advice process, in order to free up their advisers to build client relationships and bring in new business, so the influence of paraplanners on which products, investments and services are used, has increased and, as the figures show, continues to do so.

Processes and procedures are in place within firms in order that selections and recommendations are discussed and agreed via investment committees, at senior management levels and with authorised advisers, to ensure they are the right ones for the overall clientele of the firm as well as for individual clients.

But there is no escaping the evidence that the role of the paraplanner is one of increasing influence and responsibility and therefore, should be firmly on the radar of investment houses and product providers if they want business from advisory firms in the years ahead.

“ I can only see paraplanning becoming even more of an integral role within a financial adviser firm. Paraplanners should, and do, have the first say in the products and platforms used and the research we carry out is fundamental to the advice given. I see paraplanners having more of a final say in the work and reports that are written and undertaking healthy discussions about advice.”

Involvement in investment committees is another area where paraplanners influence has increased markedly in the past five years.

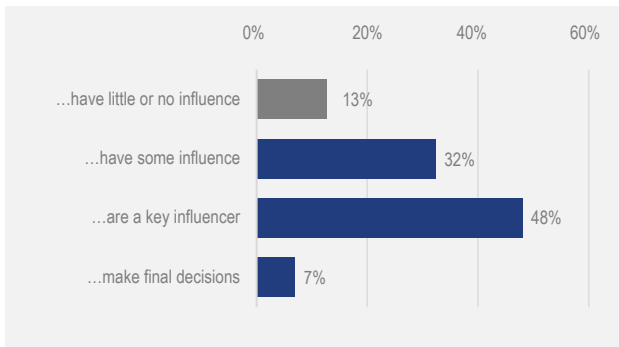
Today 77% of the paraplanners surveyed say their firms have investment committees, with over half meeting on a quarterly basis and 23% every month. 34% of paraplanners attend the committee meetings and 6% chair those meetings. 13% of paraplanners report that they have become part of the investment committee within the past two years.

In addition, 70% said their firm either runs investment panels or has risk-rated portfolios that are selected in-house.

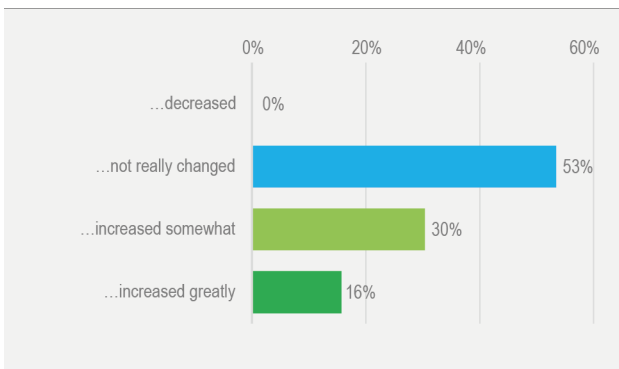
Tellingly, in respect of paraplanners' growing influence within advisory and wealth management firms, 52% of paraplanners state that they have been given more responsibility in their role, 29% report that they have become more involved in the running of the business, and 12% have become part of the management team. In some cases this has included appointment to the firm's board.

“ I believe the paraplanner will become an ever more crucial role within the industry, taking a lot of the responsibility away from the advisers.”

### Current level of influence



### Changes in influence



### Pushing up the qualifications bar

Unlike financial advisers, who must have a Level 4 Diploma to practice, there is no formal qualification that paraplanners must have in order to do their job. There are very experienced paraplanners undertaking the role who do not have a formal qualification. However, these are few and far between.

There is a positive and powerful drive within the paraplanning community to achieve higher level qualifications both for self-development and to attain the relevant qualifications pertinent to specific roles, for example, those relevant to carrying out work on pensions transfers.

The latest research shows that 99% of all paraplanners hold either Level 4 Diploma (77%) or the Certificate in Financial Services (28%). 12% hold the Advanced Diploma, 16% are Chartered Financial Planners and 10% are Fellows of the Personal Finance Society (PFS).

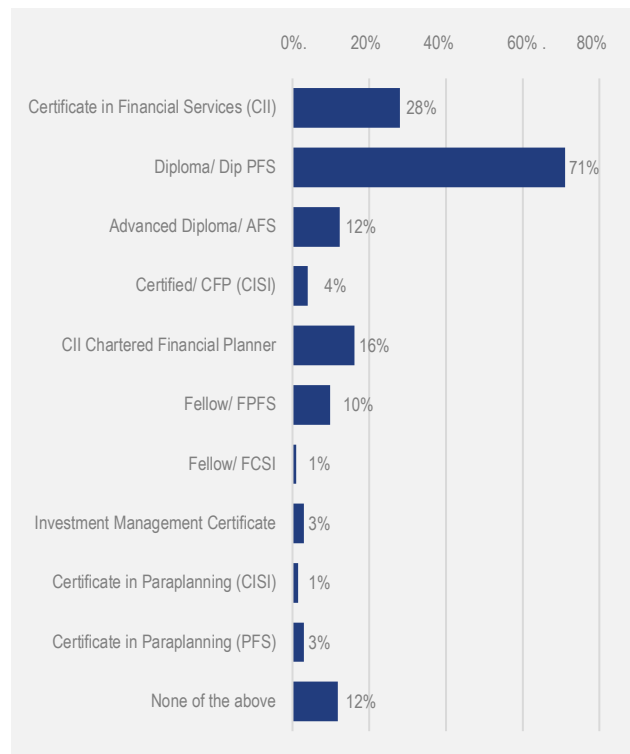
Asked to name the highest professional qualification they were looking to attain, 15% of respondents said the Advanced Diploma, while 26% are aiming at Chartered, 19% Fellow of the PFS and another 19% stated there was no limit to the qualifications they wanted to achieve.

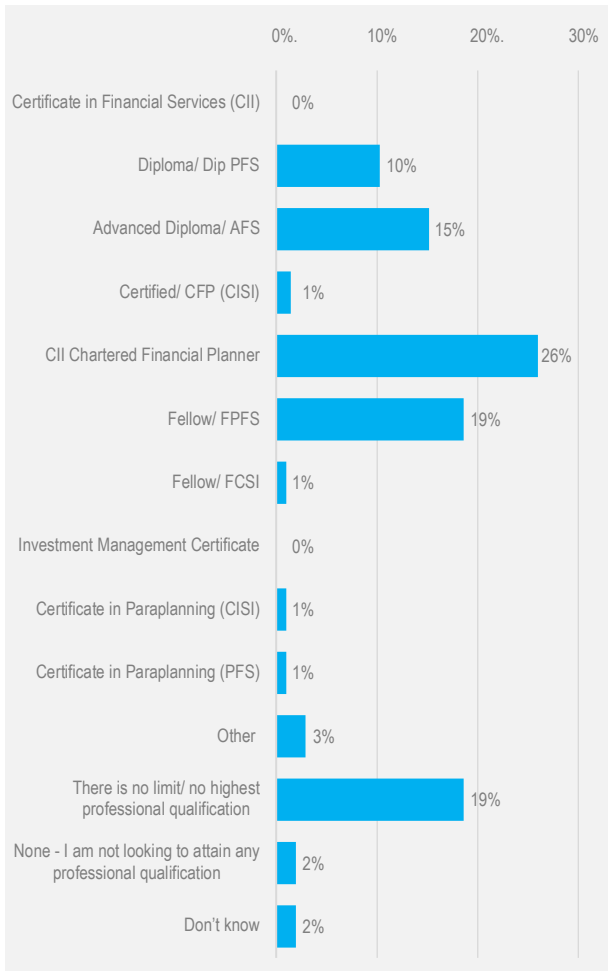
Given that there is no minimum qualification required to be a paraplanner, these results reflect the high levels of professionalism and commitment to personal development that exist within the paraplanning community.

This greater technical knowledge and capability and positive move to self-development, are seen as key reasons why paraplanners are becoming more influential and are being given more responsibility within advisory firms.

Paraplanners particularly welcome material they can use in building their knowledge base and skills sets, attaining qualifications and in meeting CPD requirements.

### Professional qualifications held and targeted





“ Professionals paraplanners are striving to become better qualified and improve their technical skills, i.e. more and more people are working towards or gaining Chartered CII qualifications.”

### Sources of information

Paraplanners use a range of sources and resources when conducting research and due diligence. Technology savvy, paraplanners say they particularly like providers that provide as much information as possible through their websites, making information gathering simple and fast to undertake.

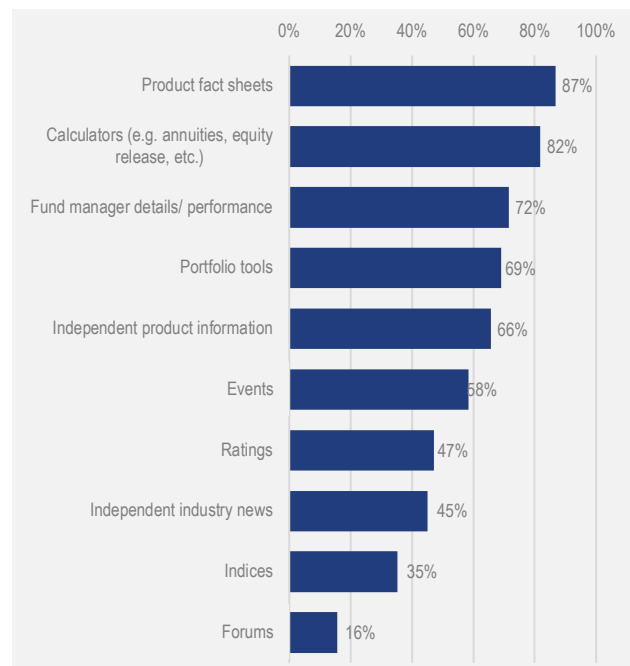
The primary source of information is product factsheets, fund manager details and performance, and independent product information. Outsourced paraplanners particularly make use of the latter, in comparison to those employed in-house or at a discretionary firm.

Paraplanners also make good use of online calculators and portfolio tools to support them in their research and in making recommendations. Fast access to accurate data and support is essential to the paraplanning role and will shape paraplanners’ views of providers and products.

Paraplanners welcome insightful and technical material that will support them in their role. This is particularly so for those who work alone or in a small team and typically do not have access to a centralised technical resource.

58% of paraplanners said they attend events, such as the *Professional Paraplanner* Technical Insight Seminars, as support in their role. Those in discretionary firms in particular seem receptive to obtaining information through attending events.

### Sources used to support research



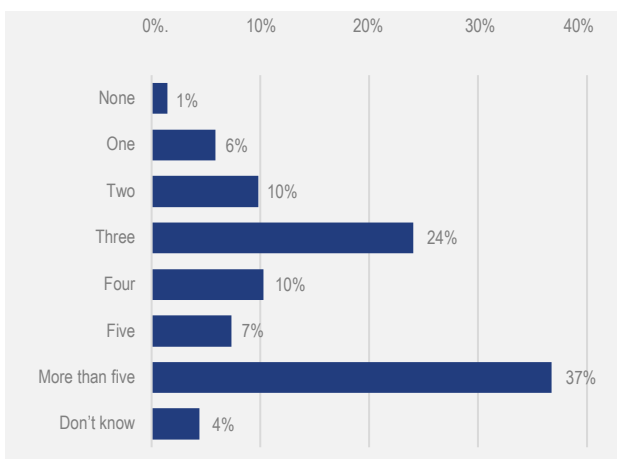


Social media plays a significant role in the paraplanning community. Within a business context, it is used to pose questions, seek information on useful sources, as well as provide assistance for exam preparation and announce qualification attainments. LinkedIn is by far the most used social media platform/channel (59%) used by paraplanners for business purposes, followed by Twitter (21%) and Facebook(16%). 83% of people use these mediums to maintain or build a professional identity, 64% to keep up with industry news, 39% to get answers to technical questions or crowd source answers/experiences.

### Wraps and platforms

Looking at the number of wraps and platforms used for new and legacy business, firms use a number of providers, with two notable spikes in the table – 24% said they used 3 platforms, while 37% of paraplanners said that their firms used over 5 platforms.

Over half of paraplanners said their firms use Standard Life/Elevate, while a third are placing new business on that platform. While Aegon (Cofunds) currently is the next most used platform, it is now ranked 7<sup>th</sup> for new business, whereas the previous survey, conducted in 2017, had it in fifth place. More used in 2019 are, in order, Aviva, Transact, AJ Bell InvestCentre, Quilters (Old Mutual Wealth) and Fidelity FundsNetwork.



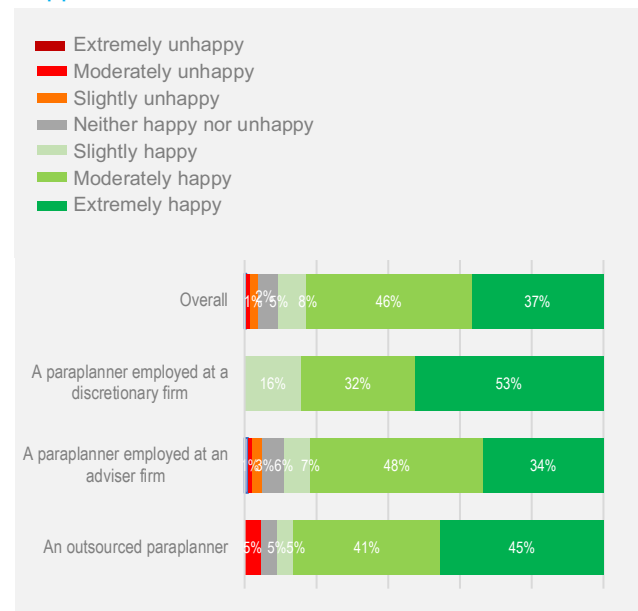
### Life as a paraplanner

The paraplanner community is one fuelled by optimism and opportunity. This research shows that for ambitious individuals, there are numerous pathways they can follow to progress their careers, as key management recognise them as a crucial group of knowledgeable, skilled and talented individuals, who can be instrumental in the success of their businesses.

Career paths include: Developing as a career paraplanner; specialising in, for example, pensions or trust planning; starting an outsourced service; leading a paraplanning team; joining compliance; becoming an operations manager; joining management.

The vast majority of paraplanners say they are moderately to extremely happy in their role – 83% overall, with those in discretionary firms saying they are most satisfied (87%) and those in-house only marginally less satisfied (82%).

### Happiness in the role



There is a confidence amongst paraplanners in respect of what they may achieve both as individuals within their firms and as a group of professionals within the financial services industry.



Paraplanners fully recognise just how much their influence is growing. 92% see the role of the paraplanner becoming more influential within their firms – and 88% believe this is a natural and inevitable evolution – while 93% see paraplanners becoming more influential in the industry. Tellingly, 73% predict there will be more paraplanners in management roles in the next five years.

Over the past two years, 16% have been promoted and 52% have been given more responsibility in their current role. Significantly, 29% have become more involved in the business, including 13% who have joined the investment committee and 12% who have become part of the management team.

Paraplanning is seen as a role increasingly valued by individual firms and by the industry, with 90% of paraplanners agreeing this is the case. Likewise, 88% felt they were valued as a paraplanner.

It is worth noting however, that the workload of paraplanners has increased across the board over the past two years, with 83% saying they have seen a rise in the amount of work they are expected to do. Notably, 86% also say the number of clients served by their firms has increased. The latter points to a healthy future for financial planning firms using paraplanning services and likely reflects how use of paraplanners is allowing financial advisers to focus more of their energy on bringing in new business.

#### Outlook for paraplanning

Paraplanners are highly cognisant of the value that they can bring to advisory firms and asked to comment on the outlook for paraplanning, in general they are very optimistic, both about the future of paraplanning and the prospect for paraplanning as a career. They see positive change around them:

“ I feel that the outlook is very bright. There is huge demand for properly qualified and experienced paraplanners and this will only increase as more advisers realise that they cannot continue to run a business profitably without paraplanning support.”

“ Paraplanning is quickly becoming the heart of the financial planning business so in the next couple of years I see an even brighter outlook for experienced professionals in this field. Having worked in the industry for more than 6 years now, I can see that we have moved from where advisers somewhat needed a paraplanner to a new era where paraplanners have become an ever more irreplaceable asset for any financial planning business.”

“I feel that the demand for paraplanners will only continue to increase and the value that firms put on paraplanners will follow suit.”

#### Greater recognition and respect

Over the past five years there has been greater recognition amongst advisers, providers and professional bodies of paraplanning as a vital part of the financial services industry, as well as respect for paraplanners as industry professionals. This, in turn, is leading to continued and increasing demand for paraplanning services, as well as growing recognition amongst providers of the need to engage with paraplanners.

“ The Paraplanning role is much more important in the business and advisers admit they are struggling if they don't have this support.”

“ There is definitely more recognition as the industry and product providers appreciate that paraplanners can be major business influencers.”

“ I feel the role is becoming a lot more involved with the financial planning of clients and I can see the paraplanner being more integral part of the client journey, perhaps with joint appointments with the adviser.”

“ Advisers are becoming more reliant on those within this job role – especially smaller IFA firms where paraplanners are the support system for holding the business together.”

#### Greater influence and responsibility

Paraplanners believe their role will become ever more influential and they are well placed to take on greater responsibility. Within progressive financial advice and planning firms already that is prevalent, with paraplanners becoming core to the business, becoming the technical and compliance experts, undertaking decision-making around recommendations within suitability reports and becoming the first point of contact for clients. This is not yet across the board but it is a growing trend in the market.

“ I believe the role of the paraplanner will develop further as advisers become more relationship managers and paraplanners become increasingly involved with the advice creation and suitability. Increased regulation means it is becoming ever more difficult to do both and in my experience paraplanners tend to be more technical and up-to-date with the rules and regulations.”

“ I think the role of the paraplanner is paramount. We are a conduit for the adviser who is more of the sales and marketing front. We are fundamental to the success of retaining our clientele.”

“ At present a lot of investment committees are made up of advisers, whereas it's actually the paraplanners who spend their day researching and providing due diligence. I see that changing as paraplanners are much more suited to these internal business functions.”

“ Paraplanners are now delivering strategy as well.”

“ I think advisers will start to want to have decision-making paraplanners that are more involved in the advice process, allowing the adviser to see more clients.”

#### Career in its own right

There have always been career paraplanners, but a clear trend seen over the past five years is the change in the view of paraplanning as being a stepping stone for an individual to become a financial adviser, to paraplanning being a fully-fledged and respected career in its own right.

There are trainees/graduates who become paraplanners to gain the technical knowledge and experience to become advisers, and adviser firms who fast track graduates through paraplanning, during which time they attain the Level 4 Diploma, in order to become financial planners. In reverse, some advisers have become paraplanners, preferring the technical side of the role.

Also, as can be seen from the responses below, firms are developing dedicated paraplanner training in order to meet their need for paraplanners who are not only of the right qualification and experience but also trained in the operations, processes and philosophy of the firm.

“ I believe that the paraplanner role will stop being seen as a ‘stepping stone to adviser’ as it is becoming increasingly desired in its own right.”

“ My company has realised the value of the paraplanners to the business and so has set-up an academy to attract trainee paraplanners, develop them and allow them to grow into full-time paraplanners.”

“ It is being recognised that paraplanning is a career (I have over 20 years’ experience) and not a stepping stone to an advisory role.”

“ It is important to ensure that there is a structured learning programme for paraplanners and this should be incorporated within the IFA firms as recognition of this important financial services role.”

#### More opportunities for promotion

There are now recruitment professionals targeting the paraplanning market. This has helped raise awareness of the value of paraplanning, stoked the fire under salaries and prompted companies to look at structuring career ladders for their key paraplanning staff.

As teams of paraplanners have grown, one network has 100 paraplanners serving its advisers, so roles such as paraplanning team leader/manager have become more prevalent in the industry. Likewise, small to mid-sized firms are looking to keep talented staff with them by creating tiers of responsibility and the opportunity for promotion and career progression in the paraplanning area and in some instances, through greater involvement in the business itself.

“ I believe that at the top-end paraplanners will become more important within businesses and will be promoted into management roles.”

The younger demographic of the paraplanning community is reflected in forward looking paraplanners viewing the replacement of the older generation of advisers with NextGen advisers as a positive for the industry, allowing new ideas, new ways of working and a new professionalism to permeate the industry.

“ It should result in a better relationship whereby advisers and paraplanners can discuss solutions, which can only benefit clients.”

“ Paraplanners will become quasi-advisers and take on more responsibilities and regulation, as ultimately, the advice will be coming from them.”

#### Industry drivers

A key driver of the ongoing demand for paraplanning is the ever changing regulatory and legislative landscape. MiFID II is a case in point, bringing in new rules which more often fall within the scope of paraplanners’ day-to-day duties. Paraplanners point out that the technical nature of their role, combined with research skills and due diligence on products, providers and platforms, mean that often they can be best placed to deal with regulatory and legislative compliance within adviser firms.

“ Paraplanning will be regarded as a key component in the financial advisory sector, particularly as regulation and legislation continually changes.”

“ Due to the more stringent regulatory rules, paraplanners are essential to keep reports and research up-to-date, accurate and suitable. This is only going to increase in the future.”

Paraplanners see paraplanning becoming the technical, research and planning hub of advice firms. In turn, this will enable advisers to pass across some of their current responsibilities to paraplanners.

“ Paraplanners have become more technical and will become the backbone of any quality, larger practice – those that provide the advice and ideas, which are then delivered by advisers, allowing advisers to focus on serving existing clients and winning new business.”

This in turn is seeing some paraplanners become specialists, such as in pensions, investment, tax and trusts, pension transfers etc. This trend could grow stronger as technical specialists will help firms stay on track from a compliance perspective as well as allowing them to differentiate their propositions.

#### Positive picture

All of the above paints a very positive picture for the paraplanning profession going forward, one recognised by paraplanners with an eye to the future.

“ In a nutshell, paraplanners are in a truly unique space where they have specialist skills which are hard to replace and have a significant impact on the business.”

The way in which one paraplanner describes his current role reflects how the paraplanning/adviser roles are changing, we could say evolving. It is a trend we see reflected and growing in the current market:

“ My role keeps evolving to take on greater responsibility in selecting investment strategies and developing the financial plan and structure for the clients. The advisers provide me with the clients’ current circumstances and objectives and once the existing portfolio/pension information is available I assess and start to formulate an appropriate plan, before discussing it with the advisers. Once agreed I will then proceed with data gathering/illustrations before writing the report. More firms should have the confidence to develop their paraplanners in this way, as it frees up the advisers to do what they are best at.”

The profile of paraplanners is rising in the industry. The professional bodies – the Personal Finance Society (PFS) and the Chartered Institute for Securities and Investment (CISI) – have introduced paraplanner panels to help give them better representation within the organisations and the Personal Finance Society has a paraplanner representative on the Board.

#### Issues

This is not to say there aren’t issues within the paraplanning market.

One of the key challenges is the lack of a definition of a paraplanner and what typically the role entails. Combined with the fact that, in effect, anyone can set up as a paraplanner without need for a formal qualification, this means there is a vast array of job descriptions, usually dictated by the needs of the individual financial advice/planning firm.

Hence, across the widest spectrum of the market, those calling themselves paraplanners can range from administrators entering data and researching information for simple reports, through to those fully participating at senior management level with the running of the business and investment committee decisions.

For paraplanners who are dedicated to self-improvement, gaining qualifications and seeing the role of paraplanner properly recognised within the industry, this can be frustrating.

“ I feel more should be done to 'standardise' the role of paraplanner, as this means very different things in different firms. Some paraplanners are expected to process the new business and place deals, others aren't expected to do any administrative work but would formulate all advice without input from the adviser. All are marketed under the role of paraplanner.”

This frustration is focussed on the less progressive advisory firms that still view paraplanning as an 'administration' function, where elsewhere in the sector it has evolved way beyond that role. This is seen as undermining paraplanning in general, often for business cost/marketing advantages.

With the increasing demand for paraplanners in the market, especially for those with experience under their belts, firms that fail to recognise and develop their paraplanning staff may find those staff move on to more satisfying and better paid roles.

“ The industry should have more respect for the profession as a skilled, technical function and not try to shoe-horn it in with administration; they're two completely different things. You'd never give an administrator a client's history, ambitions and goals and say 'Come up with a financial plan for this client'; it just wouldn't happen.”

Fortunately, there is industry and peer pressure for paraplanning to become a profession in its own right, which is raising the bar and seeing the majority of paraplanners pushing themselves up the qualification and skills ladders.

In May 2018, Standards International, the company authorised to certificate for ISO and BS in the UK, launched The Paraplanning Standard. This has sought to define the role of the paraplanner and put a training and development structure in place for paraplanners which goes beyond qualifications and addresses the skills, talent and experience required to be a professional paraplanner. It is early days with this Standard, which is voluntary and currently working with its first intake of paraplanners.

### Disruptors

Technology is often touted as a disrupter and so a potential disintermediator of established businesses. However, paraplanners in general view technology – artificial intelligence (AI) and automation – as an enabler. Since RDR, financial planning firms have tended to move up the client value chain. Paraplanners see technology enabling firms to increase their efficiencies and thereby serve wealthy clients better and also bring on less wealthy clients to the business with a view to business longevity.

Automation of suitability reports is one example, speeding up processes and using templated reports for simpler client needs.

“ Software will develop allowing paraplanners to complete cases more quickly.”

Technology is not seen as a threat to serving higher end clients and therefore the paraplanner role, because of the Regulator's focus on making the report personal to the client, which requires interpretation and the human touch.

Technology is also seen as a means to create greater interaction between the adviser, paraplanner and client, as transactional elements are automated and the focus can be more on the financial and tax planning areas of advice – the areas most often valued by clients.

“ There will always be a need for good paraplanners for complex clients and to allow financial planners more time to spend with their clients. I also think there will be an increase in paraplanners attending meetings.”

#### Developing paraplanning as a profession

For paraplanning to develop as a profession, paraplanners cite a number of key requirements. These include an industry recognised definition of a paraplanner; a minimum level of qualification; more awareness of paraplanning as a career (internal and external to the industry); all adviser firms to recognise it as a standalone role and not an administrative one.

Hand-in-hand with these is a need for paraplanner focussed training and development. This includes clear pathways to gaining the right qualifications and in particular, for adviser firms to establish specific paraplanner training courses – either in-house or provided externally – as well as the time to attend paraplanner specific seminars and study for exams and CPD.

Importantly, with an imbalance between supply and demand for quality paraplanners, which will only be exacerbated as more advisory firms put paraplanners at the heart of the business, there is a pressing need to attract new talent into the profession. This needs for paraplanning to be promoted outside of the industry as an exciting career for college leavers and graduates.

“ The role itself needs more recognition to attract those in education. If one day, there are students out there who say that they want to be a paraplanner then we will have developed the role well.”

There is an entrepreneurial spirit amongst the paraplanning community, reflected in the recent launch of The Art of Finance by Cathi Harrison, MD of outsourced paraplanning firm Para-Sols, an initiative focussed on bringing in new talent to financial services, not just paraplanning. It shows a do-it-for-ourselves attitude which has become frustrated with the old school attitude in the industry and is cutting through that, targeting in particular the next generation of financial advisers, planners and compliance officers. Change is happening.

#### Conclusion

It is important to state that while there is considerable progressive change within the market, which is seeing paraplanners become highly valued within adviser firms, as evidenced in this report, the wide range of roles paraplanners are being asked to fulfil means there is a proportion of the paraplanning community who remain within more limited roles. The question to ask is once those individual have the relevant qualifications and experience under their belts, how long they will stay in those jobs?

The indisputable trend is for paraplanners to be rising up the value chain within advisory firms. This may be accelerated over the next few years as more legacy advisers exit the industry, and younger advisers with new ideas and ways of working step into the gap, who see the value of paraplanners and view them as being more on a par with advisers, working as an effective team within the business.

There is no doubt that paraplanning in 2019 is a vibrant, dynamic area of financial services and its practitioners have a clear vision of where they are going and what they and their profession can achieve. No-one should underestimate the growing influence of paraplanners within advisory firms and as such within the investment and pensions industry.



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**Toby Finden-Crofts** [tobyfindencrofts@researchinfinance.co.uk](mailto:tobyfindencrofts@researchinfinance.co.uk) or

**Richard Ley** [richardley@researchinfinance.co.uk](mailto:richardley@researchinfinance.co.uk)