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Less risk? More reward? See if model strategies can help save your practice

Let's get right to it with 2 questions:

1. **What keeps advisors up at night?**
2. **What gets advisors up in the morning? Rewards.**

Let's talk about a solution that we believe can help on both fronts.

First, what risks are specifically keeping you up at night these days?

Make a list: Fiduciary regulations, justifying your fees, rising interest rates, robos, market volatility, growing your overall client base while your existing clients age? Are you spending too much time researching funds, combining them to create custom portfolios, and then trying to monitor all the complex contents? In the meantime, markets are constantly shifting, the regulatory environment is changing, robo-advisors feel like a threat, and many of your clients are aging out of your book of business—and you might be, too. What else?

Model strategies are designed to take on these risks. Model strategies—sometimes called model portfolios—are total portfolios comprised of a variety of underlying stock, bond, and alternative mutual funds proportioned according to a strategic asset allocation—one that targets a specific type of client outcome. The result allows advisors to insource an expert into their business for the asset allocation process, the manager evaluation and selection process, the portfolio construction process and the on-going management of the portfolio.

Does this sound intriguing or disruptive? Before you decide, let's dig in further.

What gets you up in the morning?

Rewards, right? It's OK to say it out loud. Humans are simply motivated that way. But rewards take focus. And your time is a fixed commodity. You can choose to spend your time building and monitoring custom portfolios, in spite of all the DOL-oriented warnings. Or you can spend your time gaining a deeper understanding of your clients' needs and aspirations, while growing your practice—and thus potentially growing your rewards. If you choose the latter path, I believe model strategies—and Russell Investments—can be a significant part of the solution.

Models are designed to help free up your time—both at the beginning and going forward—so you may have more time to grow your business. And your clients are aging, because that's simply what humans do. So if you want to grow the value of your practice—or even if you just want to maintain its current value—you need to free up time to bring in new clients and service the existing ones. How much does this matter? It's likely that the future of your practice depends on it. If you want your practice to grow in value—or even if you just want to maintain its value—then you need to keep cultivating new relationships. You can't do that if all your time is taken up monitoring hundreds of investment products.

Our model strategies are designed to provide advisors with three things:

1. **Time**
2. **Choice**
3. **Confidence**

Time to focus on your strengths

Our model strategies are designed to take less of your time. Sure, that time savings happens at the beginning—right when you initiate a model portfolio for your client—because you're not required to spend time building a portfolio from scratch by researching and combining individual funds, getting into the details and nuances of strategic asset allocation, tactical tilts, factor exposures, etc. Instead, you're choosing a model that's expertly and specifically designed for specific risk tolerances and potential outcomes. Maximizing growth, perhaps? We've got a model for that. Or maximizing after-tax returns? There's a model for that, too. What about those clients who want excess performance but are sensitive to cost? Our models have you covered.

But the time savings continue going forward. **Think of it as an ongoing savings of your time.** Because if you choose the right asset management firm, they will dynamically manage the models, potentially taking advantage of upside opportunities and working to manage downside risk. They're monitoring all those details and nuances. Not you.

Instead, you're spending your precious hours and minutes where you may provide the most value: really getting to know the needs of your clients and prospects. The details and nuances you're paying attention to are the details of your clients' goals and the nuances of their life circumstances and investment preferences. That time is well-spent, because many of those clients may become your strongest advocates, filling your prospect pipeline with high-quality leads. Converting your prospect list into a growing client list in turn helps grow the value of your practice.

The freedom of choice

Models only work if they provide the level of choice that your clients demand. But models only work if that level of choice is scalable. We think of this balance as the optimal amount of choice.

At Russell Investments, we've spent 20 years providing practice management capabilities to help fuel advisors' business growth. During those two decades, we have observed many advisors attempting to customize portfolios for their clients from a roster of as many as 600 individual mutual funds. The time it takes to manage and monitor all those options is unavoidably overwhelming and limits an advisor's ability to grow their business. Not to mention, under the new *best interest requirements* of the Department of Labor's Fiduciary Standards, that seems downright prohibitive to me.

Models can help reduce the size of your inventory. Because they're built to align with the outcomes *most* investors need. In fact, one of our four pillars for addressing the DOL fiduciary rule is inventory control.

So then, models provide the level of choice nearly all investors demand, but not at the expense of scaling your business.

The value of confidence

In this new world of fiduciary standards, our models are designed to deliver the confidence that comes with a multi-asset portfolio built by experts. In Russell Investments' case, we have more than 30 years of model strategy experience. And if regulations or the markets change or a money manager goes out of business, guess who does the work to adjust the model strategy? Hint: If you use our suggested allocations with the Russell Models, it's not you.

And when it comes to proving your value, models help free you up to build deeper relationships with your clients—understanding their needs, getting to know their good and bad habits, and keeping them on track in a way no robo ever can. Our decades of practice management experience have taught us that this is the greatest value of advisors. And we've got the numbers to prove it.

The bottom line

Model strategies are designed to help address your time constraints, your fiduciary standard concerns, and the customized needs of your clients. The result for you may be less risks and more rewards. Simple as that.

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