

Recommendations Report Guidelines

Our initial planning projects are a very important part of the period when we form a lasting relationship with a client. These projects are our chance to test whether we have heard our new clients clearly, through the time when we first met them. Presumably, we have met them through a referral or other contact, invited them to look at our website, mailed them our disclosure information, and engaged in at least one initial meeting with them, before we start a Recommendations Report. Through all this process, we have given them much information about the kinds of things they can expect from us, and we have attempted to extract from them a clear understanding of their situation. Even though they may not have gone through the riggers of developing and articulating a personal mission and vision statement for themselves, we should have a sense of who they are and what they want to accomplish in life. The report should:

- ❖ **Describe the client's situation and the scope of our initial report with extensive narrative to include**
 - The way we met them and the issues that brought them to us
 - An invitation for the client to verify our information and correct misunderstandings
 - The unique definition of this client (Couple, One Person, etc.)
 - Their immediate non-client family, including parents, children, and grandchildren
 - The source of their current wealth and prospects for future wealth accumulation and/or use
 - Their attitudes about wealth accumulation and enjoyment
 - Their attitudes about estate planning and disposal of assets after death
 - The status of their current estate planning and life insurance as we understand them
 - The issues we expect to address in this report
 - The issues we expect to address in an ongoing relationship, if one develops
 - Our first efforts at developing a net worth estimate
 - Limitations in the accuracy of our net worth statement
 - Our understanding of specific assets and liabilities

- ❖ **Present our professional opinions and recommendations**
 - Compliment the client where ever we see alignment with our values
 - Suggest alternate attitudes about issues, even when we have a bias toward client's values
 - Demonstrate our high level of ethics and resistance to conflicts of interests
 - Help the client explore the reasons for their current situation as we understand them
 - Demonstrate hypothetical long-term outcome(s) from wealth management
 - Be very clear that the real world will almost definitely be very different from projections
 - Discuss assets and liabilities in relationship to all other items in the net worth estimate
 - Frankly and tactfully provide our assessment of the appropriateness for each item
 - Provide relevant benchmarks for asset allocation and ratios like debt as percent of assets
 - Express our opinion on the statues of estate planning

- ❖ **Describe the ongoing relationship we hope to develop with specific reference to**
 - The quarterly reporting process as it pertains to them
 - Our methods for keeping the net worth statement current
 - The issues that should be addressed in the near and distant future
 - A description of the relationships between Resource Advisory Services, the client, and the brokerage firm
 - The retainer fees calculation process, with a realistic example tailored to their situation
 - Mention of any issues we see that may hinder a long-term relationship

Clearly, there is much to be covered in an initial planning project, titled Recommendations Report. This is the place where we really get to know our clients. I have virtually always begun client relationships with some kind of document that describes the situation and the things I believe this firm can do for them. Preparing the report in this way forces us to think deeply about the information the client has presented to us. The act of writing requires a high level of thought process, where we see more deeply into the clients' situations.