

OUTSIDE-IN Practice Management

COVID-19 has proven the crucial role of financial advisers



The support financial advisers have provided to clients has expanded substantially during the pandemic

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The COVID-19 pandemic has been a national and human tragedy, but it has also demonstrated the crucial role of financial advisers in helping people through moments of incredible uncertainty and disruption. The idea that financial advisers could be replaced by, say, robo-advisers or DIY approaches seems highly improbable now, to say the least.

And rightly so. Financial advisers are accustomed to wearing many hats, but during the current pandemic, the ***support they have provided to clients*** has expanded substantially.

In the first wave of the pandemic, financial advisers frequently served as crisis counselors, working long hours to ***reassure worried clients*** and keeping them from panic selling and other emotionally driven reactions that can carry severe negative consequences.

Obviously, these professionals couldn't have known that the equity markets would bounce back a few months later. But they had confidence in the financial plans they and their clients had developed together, and they worked hard to help clients understand the importance of "staying the course."

This year, we have witnessed a once-in-a-lifetime health crisis that has changed nearly every aspect of our lives. The strength and flexibility financial advisers have shown in the months of uncertainty following the initial outbreak of the pandemic has amply demonstrated just how indispensable they are.

FROM 'FINANCIAL FIRST RESPONDERS' TO DE FACTO CFOS

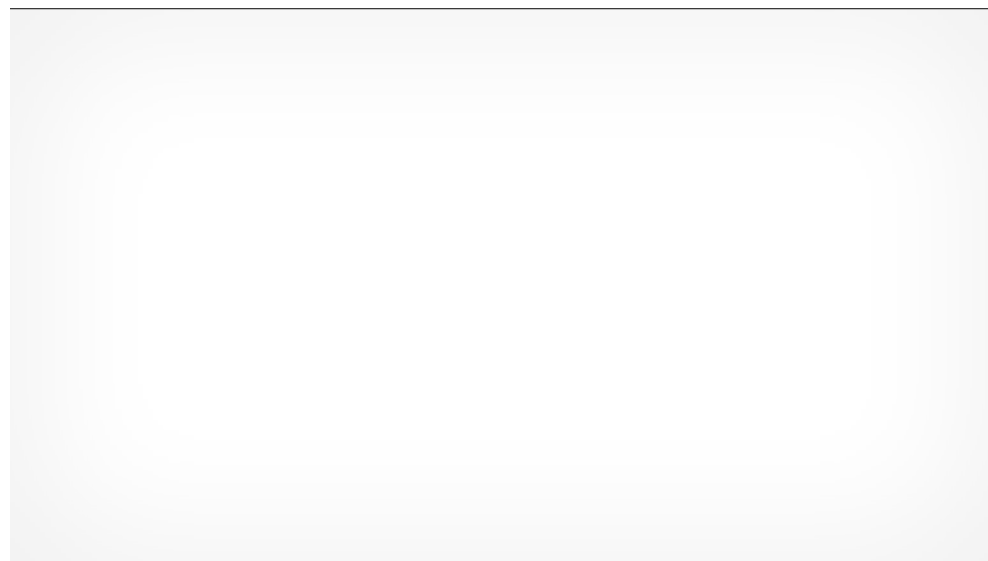
We have seen our financial professionals become, in real time, "financial first responders" when the coronavirus lockdowns first began. This was especially the case for small and mid-sized business owner clients when the PPP loan program was introduced in April.

Without the proactive involvement of financial professionals who volunteered their time and expertise to directly navigate the myriad programs to help the businesses who needed it the most, it's safe to say the PPP loan program would not have been nearly as effective as it was.

Of course, helping to secure emergency funding has been only one part of the critical role financial advisers have played for small and mid-sized businesses over the course of the pandemic. Many have also stepped up to provide the kind of strategic advice that would typically be more characteristic of a CFO.

One of our advisers, Karin Alvarado of New Aspect Financial Services in Napa, California, told me about a nonprofit she worked with that was facing layoffs when its funding, typically provided by donations and government support, dried up this past spring and summer. The company simply didn't have enough cash on hand to make payroll for more than a month or two.

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Working closely with the management team, Karin was able to identify some potential cost savings that would not put jobs in jeopardy, while also implementing advanced design strategies in the nonprofit's retirement plan to mitigate its plan liability over the short term and drive further savings. In the end, the organization was able to retain most of its staff while continuing its important work in the community.

HELPING CLIENTS, BUSINESSES AND COMMUNITIES REBUILD

Today, thankfully, we're past the days when some financial advisers were stitching homemade masks for doctors and nurses who faced shortages of personal protective equipment, but these professionals have maintained their focus on helping their communities stay strong and rebuild.

Debra Brennan Tagg of Brennan Financial Services in Dallas, for example, has helped to drive the ongoing recovery in her own area by expanding opportunities for minority- and women-owned businesses to launch their own programs to give back to the community.

As Chair of the Relationships Committee for the Communities Foundation of Texas board, she spearheaded a new program, Be In Good Company, which reinforces the work of good corporate citizens in North Texas and incentivizes those companies to serve as mentors for other businesses in expanding their civic and philanthropic activities. As a result, she has helped whole new communities of business owners make their own dreams of charitable involvement a reality — and set an inspirational example of how the financial advice industry is helping to chart the path back to economic recovery.

ROBO-ADVISERS AND DIY APPROACHES FALL SHORT IN A CRISIS

Within the last decade, there has been a consistent drumbeat of stories insisting that financial professionals would eventually become obsolete or be replaced by technology.

Looking at the contributions financial professionals have made during the pandemic, the thought that robo-advisers or "DIY" approaches could replace caring, proactive, inquisitive human financial professionals now seems entirely implausible.

The pandemic has provided irrefutable proof — if any more were needed — that financial advisers are a critical force for good in the lives of the clients and communities they serve.

I, for one, count myself privileged to support them in their vital mission.

Jamie Price is president and CEO of [Advisor Group](#), the nation's largest network of independent wealth management firms.

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