



Level Financial offers “Blueprint” for young earners to grow wealth

As RIA firms explore the possibility of offering a digital investing platform to complement their traditional services, branding and marketing become key considerations. Recognizing that the audience for an automated offer is different from the one they have historically served, firms need to determine how they will differentiate the platform not only from the competition, but also from their traditional offer. A Schwab survey of 300 RIA firms that have launched or intend to launch a digital offer showed that a majority are branding it as a separate program within their firms.* Those who are actively marketing the offer are using digital vehicles such as social media and search engine optimization to reach a tech-savvy audience.

Supporting client segmentation

Level Financial Services is using a separately branded automated investment platform to support a very deliberate client segmentation strategy. “We are trying to establish a relationship with our clients from the very beginning,” COO Michael Heburn says. “We are targeting young, high earners and planting the seeds for future relationships when these folks get into their 40s and 50s.”

Level has segmented its clientele into three tiers with corresponding levels of service:

Tier 1: Blueprint is the branded digital platform within the firm for clients with as little as \$5,000 and up to \$250,000 to invest. Clients have access to basic financial planning tools such as MoneyGuidePro® and Yodlee®. They do not receive paper statements. The firm uses online file sharing to exchange documents when needed. Clients are charged a 1% fee and billed monthly through Schwab Advisor Center®.

Tier 2: Foundation encompasses clients with assets valued between \$250,000 and \$750,000. These clients have dedicated advisors, regular annual meetings, and more comprehensive financial planning. They are billed quarterly and can choose paper or electronic statements and reports. Foundation clients, are billed a 1% fee.

Tier 3: Cornerstone is the firm’s highest-touch service level for clients with \$750,000 and higher. Each client has two advisors and two meetings a year, with more comprehensive financial management, including estate planning, trusts, and planning for families and children. Fees start at 1% and scale down as assets increase.

Platform name: Blueprint

Target client: High earners under 40 with \$250K or less to invest

Key services offered: In-person or phone onboarding, online meetings, financial planning tools, and 30 minutes of financial planning annually

Minimum: \$5,000

Fee: 1%

Level Financial Advisors

Michael Heburn,
Chief Operating Officer, Partner

Based in the greater Buffalo, NY area, Level Financial Advisors recently changed its name from the traditional “name on the door” firm to signal a more contemporary brand with an eye to the future. Its mission states that “From the moment a person begins earning money, they’re on a journey to their financial future,” and Level will provide guidance for every stage of that journey.

With the goal of attracting clients who are at the beginning of their journey, Level has launched an automated investment management platform called Blueprint.

*As of June 2016.

Marketing to a distinct segment

Blueprint is marketed to entry-level investors that the firm believes have been largely ignored. “We want to market it in a way that doesn’t dilute our core brand, but still reach our target audience of young professionals who, for example, may have a 401k from an old job that is still sitting with a former company.”

The Blueprint program is not a separate entity, but rather a sub-brand within the firm. The Blueprint site, built on the Institutional Intelligent Portfolios® platform, is branded with its own logo. “We are going to do a marketing campaign just for Blueprint,” Heburn says. “When we market on social media and the web, there will be a different look and feel for the Blueprint segment.”

The audience for Blueprint is far more digital-savvy, comfortable with e-signature, and more open to online meetings. Level’s market research found that younger audiences prefer to be billed in smaller increments on a subscription basis. “We are charging our 1% annual fee, but dividing it into monthly installments, and we are including video conferencing through Citrix,” Heburn says. “This is appealing to clients in their late 30s.”

Building the relationship for the entire journey

Level definitely sees Blueprint as a vehicle for cultivating lifelong clients. The tone of the relationship is set during the onboarding process. Level has mandated that accounts will only be opened by an advisor, either in person, on the phone, or in a co-browsing online session. Clients do not onboard themselves.

Blueprint is also a proving ground where newer advisors can start building their own relationships. “We have junior advisors that are all CFP® professional. They are bringing in their own business and we have set up a compensation plan that rewards them for that. Frankly, they are recruiting a lot of friends and family without us having to do any marketing.” The idea is that these advisors will gain experience on smaller accounts. As these accounts grow to reach the Foundation level, the advisors who opened them with will continue to service them.

“We’re not going to get rich on Blueprint, but we think it’s laying the foundation for future clients in our other segments,” Heburn says. “It’s a natural progression for them to stay with us, and these are accounts we probably wouldn’t have if it wasn’t for the Blueprint program.”

That said, Blueprint is helping the firm more efficiently serve a segment of clients they had not previously been working with. “We are removing operational expense from our practice,” Heburn says. “Getting clients in is an expense, but once the account is open, there is not a lot of incremental expense for us.”

Level Financial also envisions wider application for the automated platform. “We are starting to compare the performance of our IIP models with our traditional investment models, and we think they are going to perform very similarly,” Heburn says. “If over time that proves to be the case, it would be very useful to have this system available for other accounts, because it would free up a lot of time for our CFP professionals.”

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Best practice: human contact enhances enrollment process

When Level financial first introduced Institutional Intelligent Portfolios, the thinking was that clients could enroll themselves online. The reality was just the opposite—people actually needed more help. “We found that people that self-enrolled were making a lot of mistakes, such as opening the wrong type of account. It also didn’t give us the chance to create that initial relationship with new clients. Now, we really stress to Blueprint prospects that we want to meet in person, via WebEx or on the phone. We push to set up that first meeting to get to know these people and understand what they are trying to accomplish,” Heburn says.

More information

Contact your relationship manager to learn how Schwab can help you integrate automated investment management into your business.

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