

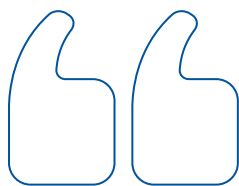
2022

EMBARK PARAPLANNER SURVEY REPORT



embarkgroup.co.uk/paraplanner

Professional
Paraplanner



If our survey figuratively takes the pulse of professional paraplanners, the diagnosis is very positive indeed. Paraplanners are in great heart, confident about the future of paraplanning and its value to the advice market.



Welcome to the Embark Paraplanner Survey, which provides a temperature check on the health of professional paraplanning and its importance to the broader financial advice industry.

And if our survey figuratively takes the pulse of professional paraplanners, the diagnosis is very positive indeed. Paraplanners are in great heart, confident about the future of paraplanning and its value to the advice market.

In the following pages, you will get a deeper sense of a buoyant professional paraplanning community that has developed a greater sense of its own identity. A community that is benefiting greatly from increased recognition at adviser firms and stronger relationships with advisers.

Paraplanners are enjoying greater levels of involvement in product research, technical analysis and advice activities - so much so they agree that workloads are the number one obstacle to them adding more value. Paraplanners still want a more active role in advice recommendations, in meeting clients and in making decisions over technologies and software tools. What is not in any doubt is that whether paraplanners have their roots in research, report writing, administration or analysis, financial paraplanning has evolved substantially to become recognised as the 'technical engine room' of adviser businesses.

This blossoming of the paraplanner role over the last several years has been enabled by advisers outsourcing, or more typically, insourcing more and more elements of their expanding workloads to allow them to focus on meeting clients, giving advice, and growing their businesses. Greater regulatory scrutiny, relentless technological change and even the global pandemic have all spurred a greater dependency on, and greater recognition of, the role of the paraplanner as critical support for advisers.

The Embark Paraplanner Survey is based on the responses of 332 paraplanners sourced from Research in Finance's proprietary panel, with the fieldwork conducted from the 9th to the 16th of May 2022. It is a companion to our Embark Confidence Barometer of advisers, advised clients and unadvised investors and we explore some interesting reads from one survey across to the other. Taken together, the insights from the two surveys can offer a more complete picture of the advice industry. ■

Lisa Worley
Group Head of Marketing, Embark Group

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THE CONFIDENT PARAPLANNER

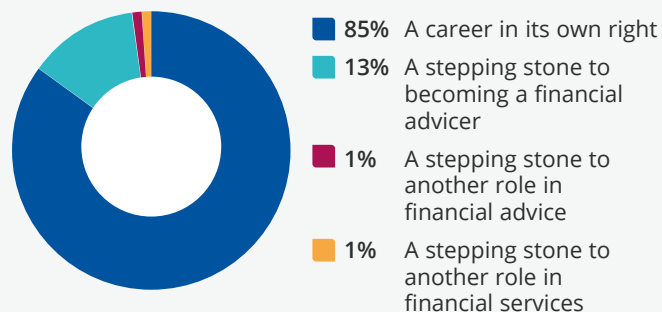
- Paraplanners are confident about the future
- They are enjoying a strong sense of identity
- Paraplanner confidence reads across to client satisfaction but mind the gap with advisers

Paraplanners are in a good place. They are reporting impressive confidence levels in their role and its value within financial planning, thanks to growing professional influence across adviser firms combined with greater levels of recognition for the work that they do.

A landslide 93% of paraplanners are confident to some degree about the future of paraplanning while 88% are confident about the future of the broader advice market. This optimistic view on their profession and their industry is reflected in a strong sense of stability in their position, with 82% also confident in their own future in paraplanning.

Confidence is one of most revealing status checks in any survey, since it is typically the outcome of strong results or improvements in a range of other measures. And that is certainly what we see in this survey. First off, paraplanner optimism is rooted in a greater sense of identity, with 85% of respondents seeing paraplanning as a career in its own right; a convincing result that should remove lingering doubts over the standalone value of the paraplanner role.

PARAPLANNING COMES OF AGE



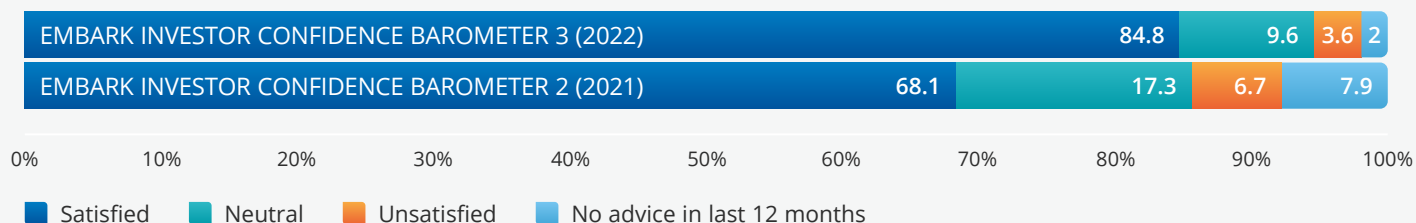
Indeed, this greater comfort with the career status of the role is backed up by a strong commitment to existing firms with less than 10% of respondents interested in moving jobs in the next 12 months. ►►

PARAPLANNERS ARE LOOKING AHEAD WITH CONFIDENCE



CONTENTED CLIENTS

Q: How satisfied are you with the advice you have received from your financial adviser in the last 12 months?



Comparing confidence

We can also look to the Embark Investor Confidence Barometer (Q1, 2022) to tease out further important drivers behind Paraplanner confidence. Advised clients reported very high levels of satisfaction, with 85% satisfied with the advice they received over the last 12 months. High satisfaction scores were also recorded for 'ability to understand my needs' (86%), 'communications received' (84%) and 'investment recommendations' (81%). It is not difficult to see how contented clients would translate to confident and happy paraplanners. Indeed, this is something of a virtuous circle, with the greater involvement paraplanners are having in the advice process enabling a stronger sense of contribution to positive client results, and hence greater confidence about their role and its value.

What could account for this? Well, it could reflect justifiably greater concerns among advisers than paraplanners over growing costs and competitive threats. The ability to charge enough to cover rising technology, regulatory and labour costs (including paraplanners), while margins are pressured from robo-advice and self-serve investing models, remains a front-of-mind issue for advisers against a general backdrop of price inflation and slowing growth in the UK. Interestingly, the dip in adviser confidence was also coincident with an initial pullback in stock market performance so it could reflect a greater sense among advisers that we have had some outsized investment returns in recent years and a more even-handed outlook might now be warranted. If so, recent performance in the stock market would certainly vindicate the more cautious view of advisers. ■

Mind the Gap

When it comes to confidence, there is an interesting divergence to note between paraplanners and advisers. The Embark Investor Confidence Barometer revealed a relatively marked drop in confidence among advisers. Only 69% of advisers were confident in the future of the advice market – a significant fall from 81% in the previous survey in 2021 and a notable gap to the 88% of paraplanners who are confident about the future of advice.

ANALYSIS



paraplanners may be justifiably more confident in certain areas



It's great to see paraplanners report such strong engagement and confidence levels. Confidence can also be a function of age, of course. And with an average age of 39 – compared to a financial adviser in their mid-50s – paraplanners may be justifiably more confident in certain areas – for example, in dealing with younger demographics. This could be a particularly important asset when it comes to intergenerational planning. Their ability to connect and empathise with the younger, similarly aged, beneficiaries of an estate when it comes to inheritance tax planning, for example, could help build relationship in areas where some advisers might find it more difficult to bridge the demographic divide.

Ranila Ravi-Burslem

Intermediary Distribution Director, Embark Group

A STRONG PARTNER TO ADVISERS

- Paraplanners are seeing greater recognition of their role from advisers
- Relationships with advisers are strong
- So much so, that paraplanners have the confidence to challenge advice recommendations

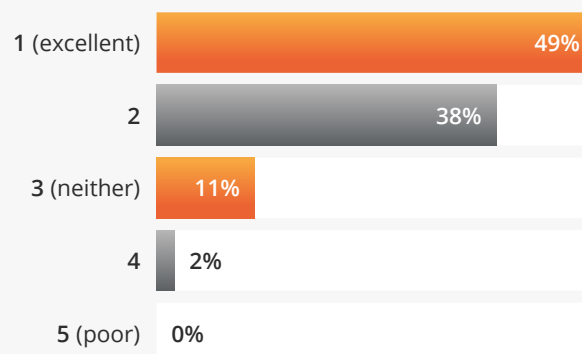
Paraplanners are reporting strong alliances with their advisers. A sizeable 87% of paraplanners rate their current adviser relationships as either good or excellent. This is not far off the 90% net positive score with which paraplanners judge the strength of the relationship with their own paraplanning teams (only 1 in 8 are the only paraplanner at their firm). Strong relationships foster greater collaboration and lay the groundwork for challenge and debate. And that is what we see here, with an impressive 9 out of 10 paraplanners feeling that they can challenge an adviser's recommendation.

The way in which paraplanners describe the nature of their working relationship adds some colour to this result. Nearly half of paraplanners say their advisers mainly make the decisions but they listen to their opinions, while 38% say that they work in a fully collaborative way (albeit this jumps to 46% for paraplanners who have been working for more than five years). Only 13% felt the relationship was very one-sided with the adviser mainly dictating recommendations. Paraplanners felt that 'good communication' and 'mutual respect' were the most important factors in establishing strong adviser relationships.

What is driving these strong results? Well, we can point to stronger paraplanner involvement in a range of critical adviser support activities. Respondents feel they add most value on report writing (61%), adviser support (53%), technical analysis (46%) and advice recommendations (42%). However, they also feel they have more to offer, believing they could add more value in technology decision-making (35%), technical analysis (31%), and advice (31%). So, what's the biggest blocker stopping them from doing so? Interestingly, it's not company management or structure, it's simply workload. ▶▶

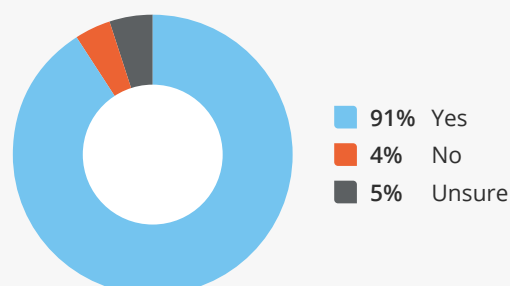
STRONG RELATIONSHIPS WITH ADVISERS

How they rate their relationship with their advisers.



CONFIDENT ENOUGH TO CHALLENGE RECOMMENDATIONS

Whether they feel they can challenge their adviser's recommendations.



Paraplanners are getting the recognition they seek from adviser firms

Paraplanners are enjoying record high levels of recognition for the role they do within their adviser firms. Nearly 9 out of 10 feel that advice firms value paraplanners more highly now than in the past. However, while the scales have tipped in their favour in terms of adviser recognition, this does not always extend out to the client relationship. Nearly 40% of paraplanners who have contact with clients do not feel appreciated by them. Is this perhaps a function of how the paraplanner is introduced to the client? Does the client always get an accurate sense of how much the paraplanner has contributed to their advice package?

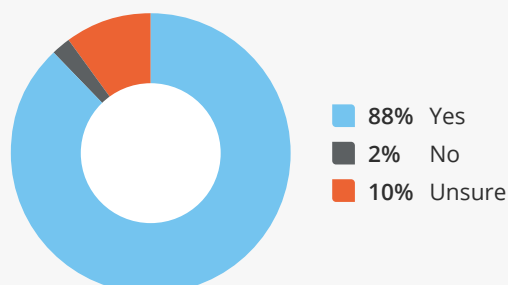
The overwhelming majority of paraplanners (96%) feel their firms are supportive of their roles. In terms of how they could be more supportive, 62% of paraplanners feel a pay review would help, 41% believe their firm should employ more paraplanners, while 36% believe greater investment in technology would help.

We can add to this general impression of strong recognition and support by exploring how paraplanners feel their role is perceived at their firms. Three-quarters of paraplanners say their role is seen as 'essential support for advisers', half of respondents reported that it is seen as a 'report writing service' highlighting the time spent on this critical client activity, while 39% believe their role is seen as the 'technical engine' room of the business. Only 17% believe their role is seen as a purely administrative one within their firms.

It is worth drawing a distinction here between experienced, collaborative paraplanners who are contributing to key aspects of the advice process and report writers who may be starting out in a more narrowly defined role. Looking back over the last few years, we have seen paraplanners move up the financial planning value chain. This is an ongoing process, however, in which new, younger paraplanners must earn their stripes, but they do now benefit from tailored qualifications and more structured career routes at advice firms, some of which now run academies and mentoring programmes. ■

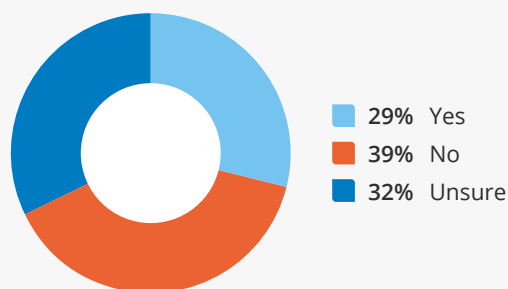
PARAPLANNERS GETTING RECOGNITION THEY DESERVE FROM ADVISERS

Whether feel advice firms better value paraplanners now than in the past.



BUT STILL SOME WORK TO DO IN RESPECT OF CLIENTS

Whether feel the role of paraplanning is appreciated by clients (excluding those who don't have contact with clients).



ANALYSIS



this stat more than any other shows how far paraplanning has come



It has been fascinating and gratifying to witness first-hand the rise of the paraplanner. It's not just a story of paraplanners wanting to take on more – adviser firms, for their part, have embraced their paraplanners and encouraged them to contribute in areas like research, analysis and advice. This has allowed advisers and business owners to focus their efforts on meeting clients, growing assets, and running their businesses.

The fact that 9 out of 10 paraplanners feel able to challenge their adviser's recommendation is fantastic - perhaps this stat more than any other shows how far paraplanning has come. While those conversations might be difficult, they should ultimately strengthen the advice process, especially when getting to an optimal client solution can be an iterative process. It goes without saying that most advisers would rather have a lively discussion with their paraplanners at the time of the recommendation, than be forced to defend it later with the compliance department or at a post-sale advice review.

Ranila Ravi-Burslem

Intermediary Distribution Director, Embark Group

TECHNOLOGY IS AN ENABLER NOT A THREAT

- Paraplanners are generally strong supporters of technology
- Most paraplanners are not worried about their roles being replaced by automation
- As principal users, paraplanners want more influence over their firms' tech decisions

Paraplanners are firmly of the view that technology is a net positive in their roles. Three quarters of paraplanners believe the technology they use helps them to deliver better advice to clients.

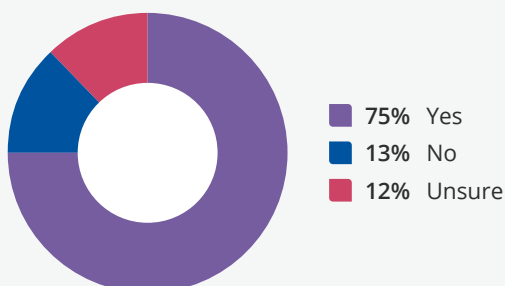
As principal users of tech systems, platform tools and software applications they experience first-hand the benefits and drawbacks of technology in all its guises. Anecdotally, paraplanners make a distinction between incredibly useful modern tech and less useful, older, clunkier tech that can involve rekeying of data. So, it's not a surprise to see that two-thirds of paraplanners believe the tech they use can be improved. The dream state for paraplanners is seamless connectivity between systems that allows information to flow smoothly between the research, analysis, and report writing aspects of their roles.

So what technologies are paraplanners mostly using? Cashflow modelling software comes out a firm favourite, described by several paraplanners as transformational in helping clients to visually understand the impact of withdrawals and market corrections on their pension pots. This is followed by the use of pension and investment research tools (67%), risk profiling (51%), and platform tools (40%).

While much is made in the media of robots and automation displacing certain roles, it's interesting that paraplanners don't fear technology – only 15% fear the negative impact of tech threats like robo-advice and report automation. Paraplanners generally see technologies disrupting specific activities within their role rather than their entire roles – a compliance suitability report could be automated to a degree but even that would require a qualitative check. ►►

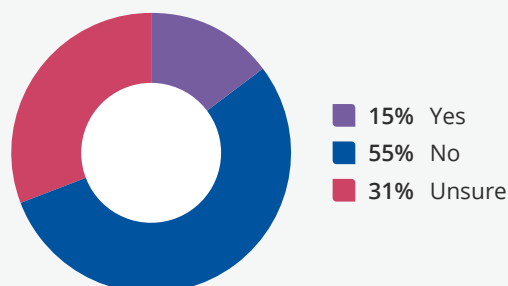
PARAPLANNERS FEEL TECHNOLOGY HELPS DELIVER BETTER ADVICE TO CLIENTS...

Whether they feel the technology they use helps to deliver best advice to clients.



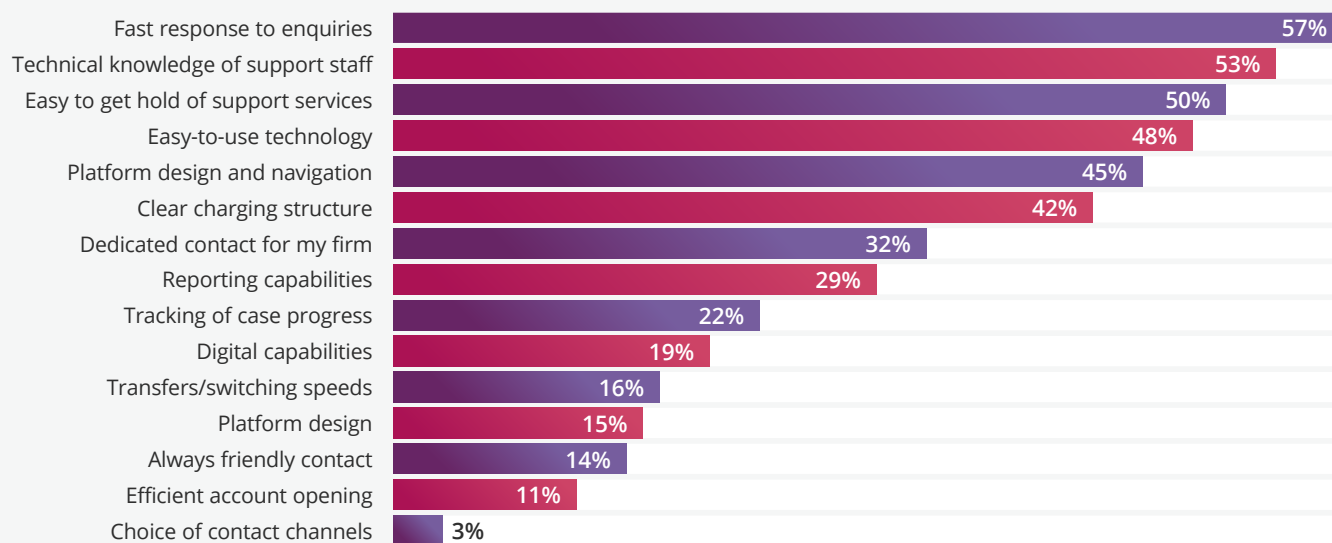
VERY FEW SEE TECH AS A THREAT. IF THEY DO IT'S MOSTLY ROBO-ADVICE

Whether there is any technology they fear may negatively disrupt their role.



THE PLATFORM SERVICE FUNNEL PRIORITIES OF PARAPLANNERS

Areas where engagement matters most.



As paraplanners have moved from a historically more dominant focus on report writing, they have added a range of interpretative analysis and research activities that are more difficult to automate. These require not just a fundamental understanding of financial planning but also a human touch in the way that they make complex financial ideas accessible to clients.

Looking at the same issue from another angle, 66% believe new developments in financial planning will help deliver better advice, with 30% unsure and only 5% believing it will lead to worse advice. As regular users, the majority of paraplanners (89%) want to be more involved in decision-making about new technologies, with only around half of respondents having some influence at present. However, they do not always feel they are up to speed with latest developments, signalling there is a need for technology providers to engage more with paraplanners about how the latest platform tools and software can help them.

Most paraplanners work with 2 or 3 platforms on a regular basis (although a sizeable 35% use 4 or more platforms). Nearly three quarters of those who have contact with platforms are satisfied with the way platform providers engage with them. What are the key criteria they judge platforms on? There is a wide range of factors to consider, but paraplanners believe the speed of response to enquiries and the technical know-how of support staff are the most important factors in the platform service funnel. ■

HOW PLATFORMS ENGAGE

73%

of paraplanners are happy with how platforms engage with them

ANALYSIS



providers must be relentless in finding out what matters most



Paraplanners are significant and frequent users of platforms, so platform providers must be relentless in finding out what matters most to them. By engaging regularly with paraplanners and seeking closed-loop feedback that can inform the technology roadmap, platform providers can invest in the areas that count.

For our part, we are investing heavily in platform technology, service capability and UX, areas which align closely with the priorities paraplanners are feeding back to us through our regular channels and reporting in this survey.

Peter Docherty
CEO, Embark Platform

THE GENDER GAP

- Female paraplanners are more likely to be looking for a pay review
- Men are more likely to offer advisers views on advice
- Male paraplanners are also more interested in moving into the adviser role

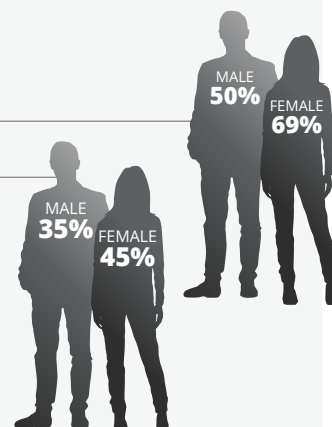
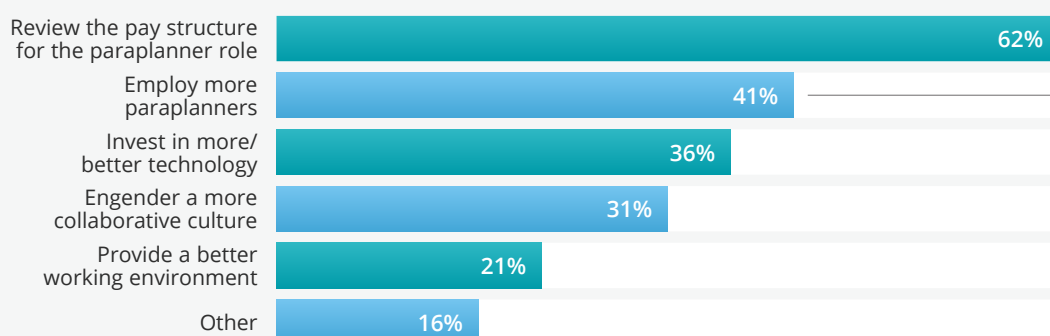
The typical paraplanner is a 39-year-old female. This is a useful archetype to draw comparisons versus the average adviser, who is a male in his mid-50s. Yet, averages are averages - paraplanners are only slightly more likely to be female (54%) and have a wide range of ages and commensurate experience. And, before we point out the interesting gender gaps in the survey, one point is worth making. There was a reassuring amount of commonality in the responses between genders to most questions - here we discuss only the notable gaps.

The first important gap we highlight is in how the response varied between men and women to the question of how firms could be more supportive of their role. Overall, 62% of paraplanners wanted a pay review and 41% said their firm could employ more paraplanners.

However, there was a marked difference in how men and women answered. Significantly more women (69%) than men (50%) wanted a pay review, indicating that the gender pay gap remains an important issue in paraplanning, as it does in many other areas. When we also consider that 45% of women but only 35% of men want their firms to hire more paraplanners, however, a picture starts to emerge that men are perhaps more confident in not only asking for pay rises but also in making sure they are supported and not overworked. ►►

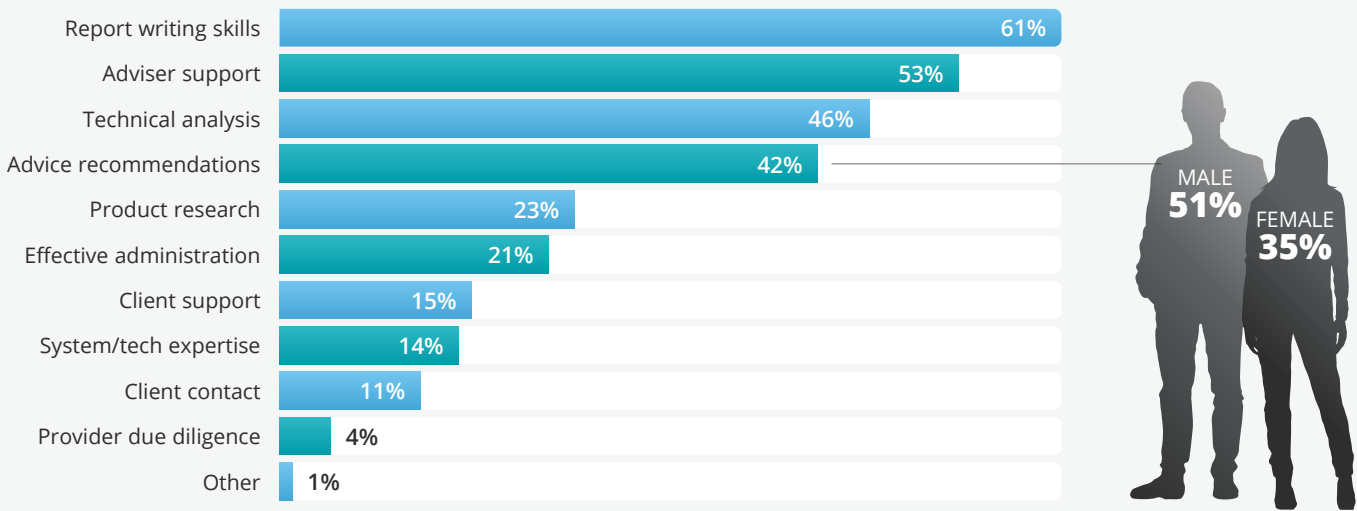
MORE WOMEN THAN MEN WANT PAY REVIEWS AND HELP WITH THEIR WORKLOADS

How the firm could be more supportive.



MALE PARAPLANNERS FEEL THEY ADD MORE VALUE ON ADVICE RECOMMENDATIONS

Where they feel they add more value.



The second area in which there was a noticeable gender difference was in the areas in which male and female paraplanners feel they add the most value. While 42% of paraplanners believe they offer value on advice recommendations, for men it was a sizeable 51% but for women it was only 35%. So, again, it seems that men appear to be more confident to offer advisers their views on advice. It’s a tricky issue to unpick, but the reasons may at least partly be rooted in society as a whole, with many academic studies indicating that men tend to be more confident in their abilities and more likely to be self-promoters than women.

Lastly, we can look back to the strong survey result in those respondents who see paraplanning as a career; the overall percentage of those who did was 85%. However, the gender splits reveal an interesting divergence in those who saw it as a steppingstone to becoming an adviser. Of the 13% who saw it this way, only 8% were women but 20% were men. So, 1 in 5 men still see paraplanning as offering a route to advising but less than 1 in 10 women. ■

ANALYSIS

the onus needs to be on the employer



While significant progress has been made across the financial sector, the battle for equal pay and conditions for women is far from over. The fact that significantly more female than male paraplanners are looking for a pay review indicates that there is more to be done. This is despite the fact that female paraplanners are actually more loyal to their adviser firms, with women less interested in becoming an adviser than male paraplanners and less likely to consider moving firms in the next 12 months. If men really are more confident about promoting their strengths in the workplace, then it’s also a cop out to say female paraplanners just need to be more assertive as there may be reasons why they feel uncomfortable doing so. Rather, the onus needs to be on the employer, so some firms may need to be more proactive in reviewing compensation regularly against industry benchmarks to ensure that women are paid the same as men doing similar roles.

Jackie Leiper
CEO, Embark Group

PARAPLANNER SURVEY DETAILS

The Embark Paraplanner survey work was carried out by Research in Finance, a leading market research, consultancy & publishing business, which publishes Professional Paraplanner - a monthly magazine and daily website dedicated to the Paraplanning community.

It is based on the responses of 332 paraplanners sourced from Research in Finance's proprietary panel, with the fieldwork conducted from the 9th to the 16th of May 2022.

Participants who completed the survey were offered a £10 Amazon voucher or a donation to The Trussell Trust.

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