

Insider

Part 3



Are You Ready to Move Your Financial Practice to a Models-Based Approach?

[Insider](#)

Time.

If there's one commodity we're often short of, it's time. There are only so many hours in a day that can be allocated to work, and that assumes, of course, no need for sleep or a personal life. And so, business growth is limited to how much you can accomplish in the finite number of waking hours available.

That's why many financial advisors are transitioning their practices to a models-based approach, which leverages a single set of models for all clients, rather than creating customized portfolios for each. This reduces the strain on your resources, which can be reallocated to new value-add services, like planning, which can contribute to business growth.

Would this approach work for you? Let's find out.

Are models right for you?

Using financial models can solve several challenges. By answering the questions below, you'll be able to determine if models are right for you.

Do you want more time?

A models-based practice reduces the time required to manage individual portfolios, trimming nearly 450 hours off your workload per year. That's time that can be reinvested with clients, fostering faster business growth.



Do you need more capacity?

"If you've reached a point in your business where you can't grow without offloading some of your

work or hiring a trader, models could be the answer,” says Dave Studer, vice president of Product Management at LPL Financial. “They will create capacity for you without adding to your bottom line.”

Are you overwhelmed by the number of investments you have to track?

Customized portfolios for each client may mean you’re working to maintain over 100 individual holdings. Models eliminate the need to research and track different investments for each portfolio, drastically reducing the number of investments you must maintain.

Would you like greater consistency in portfolio performance for all clients?

Customizing portfolios can produce vastly different performance outcomes — even among portfolios with the same investment objective — simply because each may have a slightly different investment mix.

Running a models-based practice means everyone in the same investment objective has the same model, so they all have the same performance. This type of consistency may result in a better experience for clients and is preferred by regulators, who want advisors to provide as similar an investment experience as possible to all clients.

Do you want a more valuable practice?

Models can actually make your financial practice worth more, simply because it will be more attractive to future potential buyers. Maintaining a set of 15 models for all of your clients, for example, means another advisor could come in and continue running your practice as before, making it worth more to a potential buyer.

Do you need more agility when markets are volatile?

If you have multiple, customized portfolios, responding to volatility can be a challenge, as you’d need to go through each portfolio to determine the best approach. When you have models, you only have a handful of portfolios to adjust, instead of multiple. This not only means you can move quickly to make changes if needed, but you also have more capacity to meet and speak with nervous clients, since you’re not spending hours neck-deep in portfolios.

Take a look at your model option

If you answered “yes” to one or more of the questions above, models may be right for you.

At LPL, you have the option to:

- Pick from strategist models in Optimum Market Portfolios (OMP) or Model Wealth Portfolios (MWP)
- Build your own models in Strategic Asset Management (SAM) or Strategic Wealth Management (SWM)
- Enjoy the features of both worlds in MWP Advisor Sleeve, which allows you to build your own models, but outsource the time-consuming activities of trading and rebalancing

Whichever option is right for you, by transitioning your practice over to models, you’ll be able to get hours of time back while providing more value to your clients.



Previously in the models-based practice series

- [The Model Practice for Financial Advisors](#)
- [Dispelling Financial Models Myths](#)

Coming next

- [How to Implement a Models-Based Approach for Your Financial Practice](#)
- [Introduce Your Clients to Financial Models](#)

For more on a models-based practice, LPL advisors can access the whitepaper, "[A New Model for Today's World](#)," posted to the Resource Center.

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