



RESEARCH
IN FINANCE

Paraplanning in a Pandemic 2021 Report

IN ASSOCIATION WITH ...



Fidelity
INTERNATIONAL

Fidelity FundsNetwork is delighted once again to be sponsoring *Professional Paraplanner's* unique report into the role of the paraplanner. We have been a keen supporter of the paraplanning community, having recognised early on the growing importance of paraplanners both within financial planning / advice firms and the wider financial services market.

We have teamed up with *Professional Paraplanner* to deliver technical information and leadership skills training through the Technical Insight Seminars and webinars, as well as via the team leader event, hosted at our Cannon Street offices in London just before the initial lockdown.

We're fully committed to an ongoing development programme of our platform. We've recently delivered enhanced client reporting, which gives you all the information you need for a client review meeting in one convenient place. We have been strengthening our DFM capability and the ease of moving assets from other providers. From a technology perspective we're working with Origo's Integration Hub to make it easier to integrate with your CRM systems. We're also really excited to be partnering with a new fintech who has vast and proven experience with financial planning software, to deliver what we believe will be a best in class planning solution – ideally improving your offering to your clients and improving efficiency. Sustainable

Investing is a key trend that we've seen exceptional interest in over the last 12 months. So, we're going to be implementing a series of tools and content (which we have already started) that helps you select the right ESG solutions for your clients. Over time, this will include filtering functionality to easily align client objectives with key sustainability characteristics – matching risk, cost and performance with areas of interest such as the environment, positive impact investing and diversity & inclusion.

Finally, we believe in building strong, enduring partnerships with firms, working closely together to ensure our platform evolves in line with your needs. We therefore welcome any feedback and ideas you may have – indeed, many of the enhancements we have delivered over the last few years have resulted from collaborative input from paraplanners along with advisers and support staff.

I hope you enjoy reading the report.



JACKIE BOYLAN,
HEAD OF FIDELITY
FUNDSNETWORK

Contents

Introducing the 2021 Paraplanner Report	4
Executive summary	5
Key take outs	7
The Report	8

ABOUT RESEARCH IN FINANCE

Research in Finance is an award-winning market research, consultancy, publisher and data provider specialising in the financial services sector, covering both the UK and European markets.

RiF's wide-ranging research capabilities, proprietary data and industry knowledge help leading asset management firms, life companies, insurers and industry bodies make critical business decisions and further their product development, marketing and communication strategies.

Our extensive experience surveying and speaking with thousands of

consumers and industry professionals makes us a trusted partner to both our clients and our research panellists.

Privately held, the company has achieved fantastic year on year growth and is supported by a loyal client base of leading financial services companies.

Research in Finance was founded by Toby Finden-Crofts and Richard Ley in 2013, quickly joined by fellow director Adele Gray – who heads up the research team.



Introducing the 2021 Paraplanner Report

The 2021 Paraplanner Report is the latest in seven years of study of the paraplanner market by Research in Finance. In our 2019 report *The Rise of the Paraplanner* we marked the significant changes that have occurred since we first started researching this increasingly successful part of the financial market. Research for this report was undertaken after over a year of unprecedented disruption to not just financial planning businesses but the UK and global economies, caused by the Covid-19 pandemic.

This Report provides a unique insight into paraplanning in the UK, the impact of the pandemic and how the market may develop as a result.

The research was undertaken using Research in Finance's proprietary paraplanner panel. Respondents were invited by email to participate in the survey, which was hosted online.

The field work was carried out between 27 April and 10 May 2021. 213 qualifying paraplanners participated in the fieldwork. All respondents who completed the survey were rewarded with a £10 Amazon voucher for their time.

In addition to the proprietary research, Research in Finance is in the unique position of publishing *Professional Paraplanner*, the market's only dedicated publication serving the paraplanning market, with a monthly magazine, daily news website and email alert and regular events. The publication was established in May 2014 and provides unrivalled contact and insight into the paraplanning community.

Executive summary

Our 2019 Report *The Rise of the Paraplanner* reflected the significant changes that had occurred in the paraplanning market over the previous five years. This year's Report provides valuable insight into the paraplanning market over the past two years, in particular how the market has responded to and during the Covid-19 pandemic.

While changes have occurred, we expect the market will continue on the trajectory seen over the past seven years, where paraplanners become ever more influential within their individual advice businesses and the market in general. Increasingly, adviser firms are using the paraplanning resource as the engine of their business creating more time for advisers to focus on building and developing client relationships and bringing in new business.

Paraplanning continues to be an ever more important area within progressive financial planning firms, but as can be seen from some of the comments, it can suffer from 'old school' attitudes and approaches. Currently, this is holding the market back in some places but it also hints at more potential in the future.

There is clear scope for the profession to develop and evolve and the outlook for paraplanning remains very much along the lines that we have seen over the past seven years or so.

The Report shows that paraplanners are continuing to take on more responsibilities and becoming more involved in the business of their firms, with a growing number of paraplanners joining investment committees and becoming part of the management teams within

More and more I see appreciation of the experience and technical knowledge of a quality paraplanner and if it continues on this trajectory the outlook for paraplanning will be very bright



businesses, through to planning a buy-out of their firm themselves.

89% of paraplanners say they have influence on the decision-making in their firms around funds, products and services used.

Within the Report we compare the data between 2019 and 2021, with a view to ascertaining how the market may progress, with particular focus on any changes to paraplanning and the career of the paraplanner post the current pandemic.

Finally, we look at how, as the financial advice / planning market comes under pressure from hybrid advice companies, as is forecast it will, the paraplanning engine room working hand-in-hand with relationship building client-facing advisers are going to be core to the success and ongoing profitability of firms, and ultimately their survival in an evolving financial services environment.

PARAPLANNER COMMENTS

I think paraplanners will continue to receive more recognition as capable, important elements of the financial advice service. Advisers will spend more time with clients, leaving the research, recommendations and implementation of the advice process to paraplanners.



Paraplanners are having a greater influence over advice and advisers are becoming more reliant on having paraplanners.

I see paraplanning growing in importance in advice firms and in my particular firm becoming more involved in the actual provision of advice.



Paraplanners will take on more responsibility for selecting the right product for clients.



A Paraplanner should not be limited to or thought of as just writing suitability reports in the fastest and quickest way to get products recommended. True paraplanning is invaluable to a firm and could easily help manage risk/avoid mistakes which could cost the firm.



I see paraplanners being involved in the advice and technical aspect of client requirements with the advisers being the personal contact. Forward thinking businesses will have paraplanners and advisers working together as a team to enhance the client experience.



**RESEARCH IN FINANCE
WOULD LIKE TO THANK
ALL THE PARAPLANNERS
WHO TOOK PART
IN THIS STUDY.**

Key take outs



Typical paraplanner

- Paraplanning continues to have a higher ratio of female practitioners
- 61% of paraplanners are in the 25-44 years bracket and 23% are aged 45-54
- 50% of respondents have between 3 and 10 years' experience as a paraplanner
- 68% of paraplanners are working between 31 and 40 hours a week
- 70% of paraplanners earn between £30,000 and £60,000 a year
- Outsourced paraplanners say they are happiest in their role

Technical skills and knowledge

- 77% of paraplanners use a cashflow tool within their research and to inform clients
- 29% of respondents in advisory firms and 47% in discretionary firms are working towards CF30
- 71% of paraplanners hold the Level 4 Diploma; 19% hold Chartered status; 11% are PFS Fellows
- 74% of paraplanners are members of the Personal Finance Society (PFS)

Influence and decision making

- 89% of paraplanners have influence on the decisions being made by financial advice / discretionary firms on the investments, pensions products and platforms used in client recommendations
- 50% of paraplanners are key influencers or final decision makers
- Paraplanners in advisory firms have the greatest level of influence across the board, closely followed by outsourced paraplanners

- 28% of paraplanners feel their level of influence has increased over the past 12 months
- 88% of paraplanners state they feel paraplanning is a valued role within their firms
- Over the past two years, 44% of paraplanners say they have been given more responsibility; 23% are more involved in the general business; 14% have been promoted within their firm; and 4% more paraplanners have joined their firm's investment committee
- 68% of firms run centralised investment panels or risk-rated portfolios

How paraplanning might change going forward

- 88% of paraplanners say their workload has increased over the past two years, with 77% saying their workload has risen during the pandemic
- While 64% of paraplanners always worked from the office pre pandemic, just 7% expect that they will do so from now on
- 93% of paraplanners believe they will work full or part-time from home post pandemic
- Paraplanners feel there is a need to raise the profile of paraplanning and to highlight its wider role in the industry
- 71% of paraplanners believe more paraplanners will be promoted into management roles over the next five years
- AI enabled automation is considered the biggest threat to paraplanning in the future
- A quarter of paraplanners (25%) state their career aspiration is to move into a financial advice role either full or part-time

Report

Setting the scene

Within eight months of the publication of *The Rise of the Paraplanner*, the Report on our previous tranche of research, in 2019, the world was thrown into disarray by the rapid spread of the Covid-19 virus and the horrendous death toll around the world.

Financial planning businesses moved from operating in physical offices to staff working from home, reliant on virtual services to keep their businesses running. As well as technology adaptations, this required a change in working mindset and practices. Establishing home office environments, adjusting to working away from colleagues and supervisors, and balancing work and home life, were some of the issues with which firms and individual staff had to contend.

One of the major impacts on the financial planning market following the first UK national lockdown from 23 March 2020 was financial planners adapting to

communicating with existing clients online, and initially, a dramatic fall-off in new business.

As a result, a percentage of paraplanners were furloughed during the pandemic. Of the survey sample, 10% of in-house paraplanners advised they were furloughed while paraplanners working for outsourced companies fared slightly worse, with 12% of the sample having been furloughed.

The period of furlough ranged from one week (an exception) to nine months, with paraplanners typically furloughed for several months.

Professional Paraplanner has kept its finger on the pulse of the community during the pandemic via its monthly Para-meters survey, and found that after initial logistical issues were resolved, most paraplanners quickly adapted to working from home and most responded positively, even finding they could be more productive.

A TYPICAL PARAPLANNER

GENDER: Female

AGE: 38yrs

LENGTH OF TIME AS A

PARAPLANNER: 5+ yrs

AVERAGE SALARY: £35,350



Fortunately, the work of paraplanners lends itself to a virtual operation, with access to client files, research tools and calculators, report writing capabilities and adviser contact all accessible online or via digital files.

Firms quickly moved to virtual supervision and team meetings and support, using video conferencing tools as well as team messaging apps to conduct daily online team meetings, and seek technical and other support from team leaders and colleagues.

This has been the working environment for most paraplanners over the length of the pandemic with few going back into the office unless necessary.

This Report spotlights the most pressing issues experienced over the past two years by the paraplanning community and looks to the potential change in working practices and what the future holds for paraplanning over the next few years.

Typical paraplanner

The paraplanning community continues to have a female bias. For our 2014 Report the percentage female / male was 58% / 42%. In 2021 the proportion of female to male paraplanners was 54% / 45%.

The average age of the paraplanning community has always been significantly younger than those of the advisers in the market. This year's survey shows 61% of paraplanners are in the 25-44 year bracket, 23% are aged 45-54 and 8% are over 55.

As in our 2019 Report, we must highlight the lower ratio of paraplanners under 25 (5%), suggesting there have been few new entrants to the profession, which poses a potential issue for the financial planning market a few years from now. The proportion of paraplanners aged under 25 responding to the survey has not changed since 2019.

Personally, I feel that paraplanning is becoming more valued, particularly at the firm I work at currently. Not all of the advisers are getting paraplanner support but more are seeing the benefits of this and we are wanting to get paraplanner help for their cases and clients.



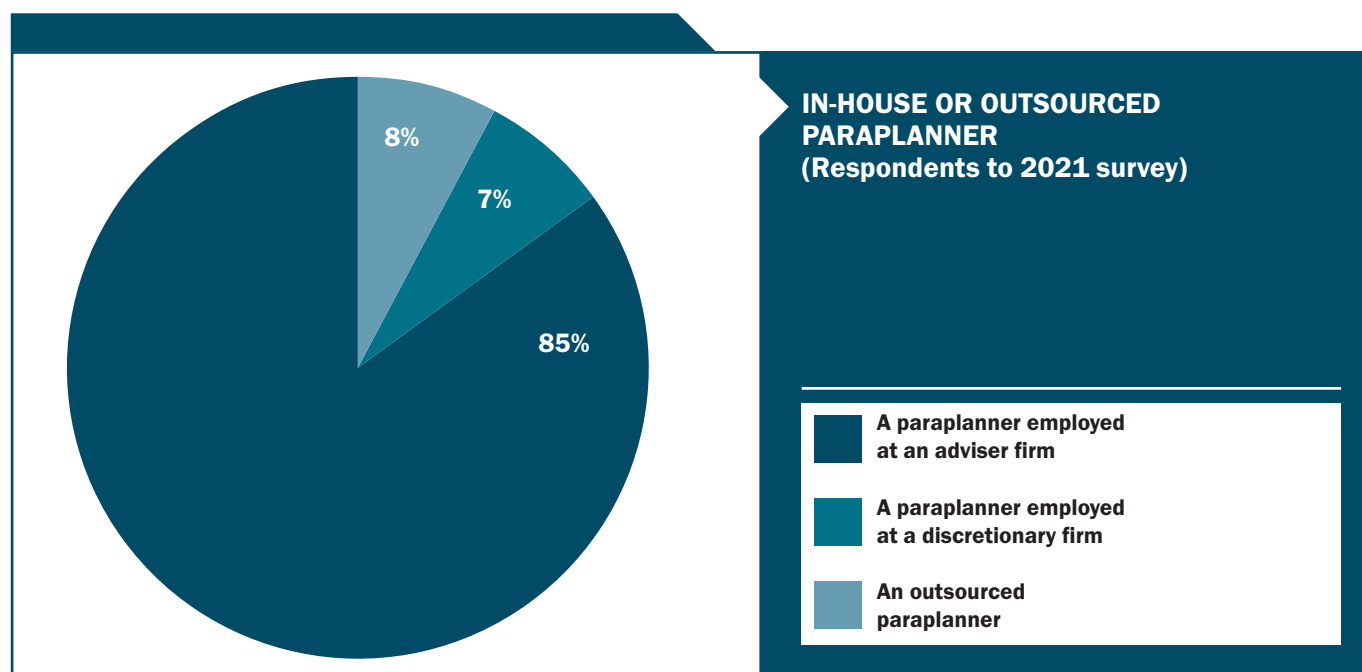
The dearth of new entrants is one the market has been trying to address and one reason for there being no change between our reports, is that taking on and training up new staff has proved problematic during the pandemic because of the virtual working environment, which does not lend itself to hands-on training or supervision.

However, post pandemic we expect firms to ramp up their recruitment – and we are already seeing this through the job section on *Professional Paraplanner's* website. In addition, there are now established graduate / new entrant schemes aimed at highlighting the benefits of working in the financial services industry and in particular, as a paraplanner. One example is The Verve Group's Art of Finance programmes and the Para-Sols graduate scheme.

Business demographics

Our Report segregates paraplanners into three categories: In-house within a financial planning / advisory firm; in-house within a discretionary firm; and outsourced, either self-employed or within an outsourced business.

In 2021, the majority of respondents (85%) were working in-house for a financial planning / advisory firm (80% in



2019); 7% for a discretionary firm (9% in 2019); and 8% for an outsourced operation (11% in 2019).

In respect of time in the market, 50% of respondents had between three and 10 years experience, 32% over 10 years and 18% less than three years. Just 1% of respondents had under a year's experience, which is a potential reflection of the lack of new entrants to the profession.

Typically, outsourced paraplanners have worked longer as a paraplanner (average 10 years) than in-house advisory or discretionary firm practitioners (8.4 years and 8.1 years respectively). This is a reflection of the fact that a self-employed or outsourced paraplanner will tend to have several years' experience under their belts before becoming self-employed or starting their own outsourced business.

Discretionary firms have a larger proportion of paraplanners with under five years' experience (47% discretionary, 38% advisory; 30% outsourced), while advisory have a greater proportion of those with five to 15 years (49% advisory; 34% discretionary, 34% outsourced). Notably, 35% of outsourced paraplanners have been working as paraplanners for 15 years and more.

One-to-one or pooled approach?

The number of paraplanners working directly for an adviser / advisers has increased marginally between

surveys, from 53% in 2019 to 59% in 2021, while the number within a pooled team, working across the firm's advisers has fallen from 45% to 39%.

In contrast, while in discretionary firms a large percentage of paraplanners work for an adviser / advisers, this percentage has decreased from 79% in 2019 to 67% in 2021, with pooled operations increasing from 21% to 27%. This is from a smaller survey base in this year's research.

Ratio of paraplanners to advisers

Nearly 60% of advisory firms have up to five paraplanners serving their advisers – with another 29% having from six to 20 paraplanners. 16% of firms have just one paraplanner.

In discretionary firms, the number of paraplanners per firm is higher, as are the number of advisers they serve. Over half of outsourced paraplanners work alone, reflecting the high number of self-employed individuals operating as outsourced paraplanners – just 18% working in businesses with over four paraplanners.

In terms of the number of advisers per firm, 60% of advisory firms have up to 10 advisers. In contrast, most discretionary firms have a higher number of advisers – 67% have over 11 advisers per firm.

Working week

Paraplanning can be very accommodating of part-time working and 15% of paraplanners are working up to 30 hours a week. However, the larger proportion of paraplanners (68%) are working between 31 and 40 hours a week, with most contracted into that time period, while 17% are working longer than 40 hours per week.

From respondents answers, it would appear that those working between 31 and 40 hours per week have been working marginally less than their contracted hours. This is unusual to the time period covered by this Report and as such may be a phenomenon of the pandemic, where paraplanners have been more productive out of the office, and / or had to juggle family responsibilities, such as home schooling.

The primary workload of the paraplanner revolves around writing suitability reports for clients, including conducting the necessary research of funds and products. This can range from being solely focused on report writing through to attending client meetings and creating full sets of recommendations for advisers to present to clients.

Outsourced paraplanners

Of the respondents working within the outsourced market, 47% were self-employed, 42% were owners / directors of outsourced paraplanning businesses and 12% worked within an outsourced business. The percentage of business owner / directors has increased over the past two years, while the number of self-employed paraplanners has reduced. Underlying this could be a developing market where individuals recognise that in a highly regulated market there are competitive advantages to operating as a limited company as opposed to a self-employed basis.

The pandemic has seen more people consider setting up their own outsourced paraplanning business, and there seems to be an increased demand for paraplanners on this basis. Firms have realised they do not necessarily need someone to be in the office and outsourcing can be a lower cost and more flexible arrangement for their business.

How the pandemic may change work location

The pandemic has had an obvious impact on paraplanners' work location, so rather than where

► **The needs of firms that are more relationship driven with the paraplanner playing a key role in the client relationship cannot be met with outsourcing. There will always be a demand for in-house paraplanners in these firms.**



► **More firms are potentially looking to outsource paraplanning due to opportunities to hire quality paraplanners uninhibited by geographical area.**



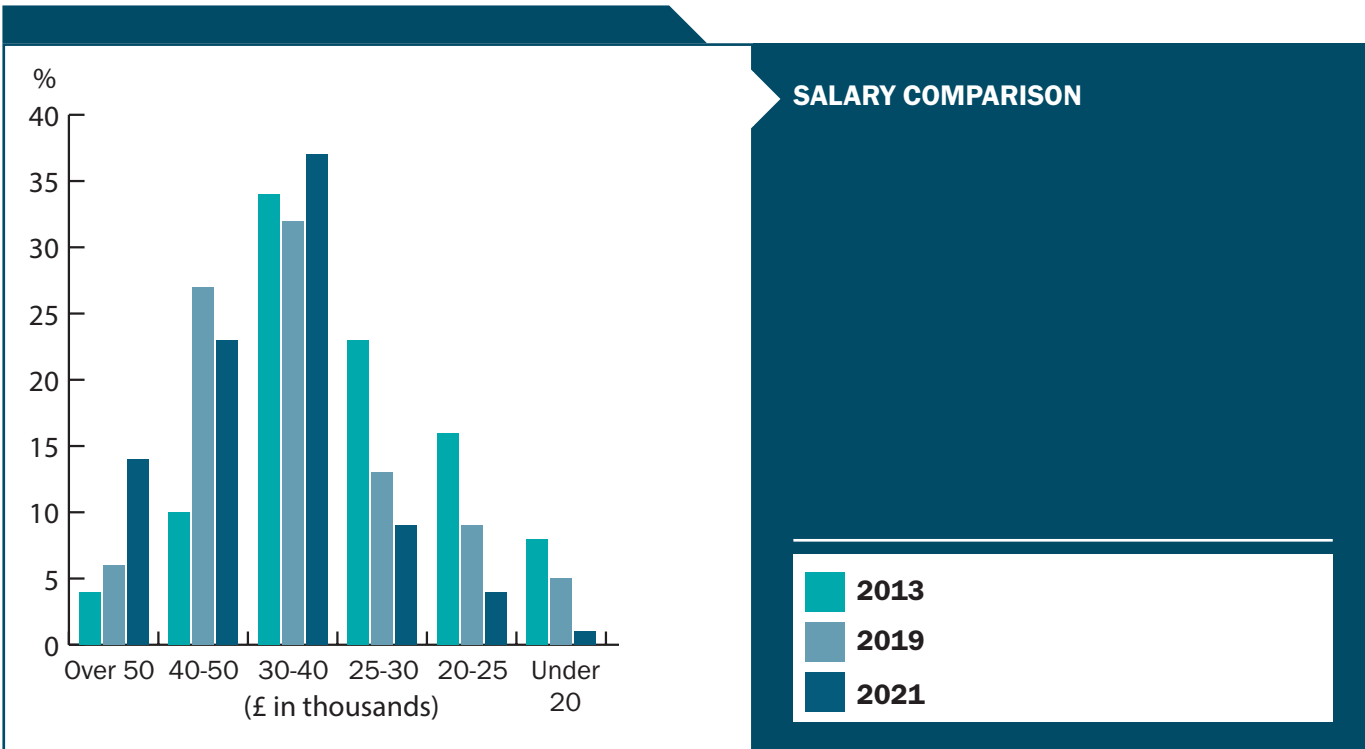
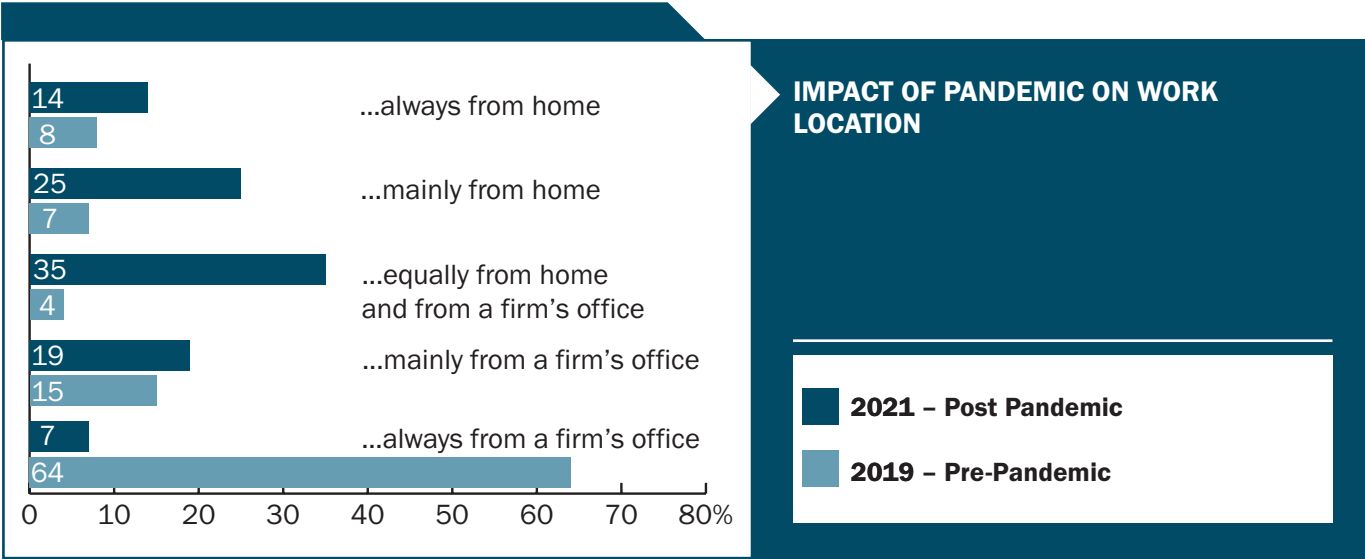
► **I think firms have come to realise the advantages of virtual working because of the pandemic.**



paraplanners work, the pertinent question is where paraplanners might expect to work post pandemic / in the future? Our research results show that nearly three quarters of paraplanners expect to work from home to some extent post pandemic, compared to 79% who worked from or mainly from their firm’s office pre-pandemic. The most startling figure here is that while 64% of paraplanners always worked from the office pre pandemic, just 7% expect that they will do so from now on.

A hybrid approach is clearly expected to operate post pandemic, with 60% anticipating they will work equally from home and office or mainly from home and another 19% expecting to work mainly from the office but also from home.

Clearly, these expectations were being expressed during the last lockdown and may change once the pandemic is over and it is possible for firms to operate in the office once again. But paraplanners have proven they can work efficiently and profitably outside of an office environment



I believe paraplanning will be an integral part of the financial advice structure with specialist roles. It is impossible for an adviser to keep up with the latest rules, regulations and updates and is only possible for a role constantly working and evolving with the latest information on a daily basis. I think the role will become critical and hopefully, more valued.



I believe paraplanning needs to become as valued as advising within the industry. Paraplanning is not secondary to advising, it IS equal to it and just as important. The pay and career paths will hopefully develop to reflect that.



The demand for paraplanners has never been higher with a real shortage of suitably qualified people. It is now a profession in its own right with many people becoming career paraplanners or looking to move on to an adviser type role.



Overall, pre pandemic 19% of paraplanners to some degree worked part-time to full-time from home; post pandemic 93% believe they will do so.

– so it may be down to management preference (and individual paraplanner preference as not everyone has enjoyed home working) as to whether paraplanners operate fully from within an office post pandemic.

There are distinct advantages, including cost savings, for advice firms to move their office-based paraplanning to a virtual operation.

Salaries / Personal Income

Over the past few years, as demand has outstripped supply of quality paraplanners, salaries within the industry have been rising.

Salaries are determined by individual firms and their requirements of a paraplanner – some may need report writers with or without the Level 4 qualification; some may require paraplanners at Chartered level; some may want paraplanners with specialisms, in pensions transfers or tax and trusts for example, and be willing to pay more for those capabilities.

The mean average salary of paraplanners recorded in the 2021 research was £35,350, slightly less than the £36,000 recorded in 2019.

The large proportion of paraplanners (70%) earn between £30,000 and £60,000 with 33% earning between £40,000 and £60,000 a year. The chart on the difference in salaries between 2013, 2019 and 2021, shows that over the two most recent years there have been a greater number of people moving from the £25,000 to £30,000 salary range into the £30,000 to £40,000 pay scale; also from the £40,000 to £50,000 range into the £50,000 plus range, with the percentage of people in the latter range having more than doubled.

In general, advice firms are continuing to recognise the value of quality paraplanners and are willing to pay to get

them. While demand remains high and supply is restricted this is likely to continue. This is not the case across the board, with some respondents having taken a pay-cut, or been furloughed during the pandemic.

However, with more firms developing training academies for advisers and paraplanners, there will be a new and ongoing influx of talent coming into the market at entry level, and so at lower salaries, which may affect remuneration activity in the next two to three years. Highly experienced and qualified paraplanners should still be able to command higher salaries while there remains a demand / supply discrepancy.

Paraplanners’ work and responsibilities

Paraplanners’ key tasks are clearly defined and have changed little in the two years between our 2019 Report and our current tranche of work. In nearly all respects the percentage of time spent on each task has remained the same in the two-year period.

Nearly half of a paraplanner’s time is spent writing suitability reports (46%) followed by conducting research into investments and products (16%), administration tasks (13%), meetings with the advisers / wealth managers with which they work(8%), training and CPD.

We commented in the 2019 Report on the reduction in time that paraplanners spend with advisers / wealth managers –

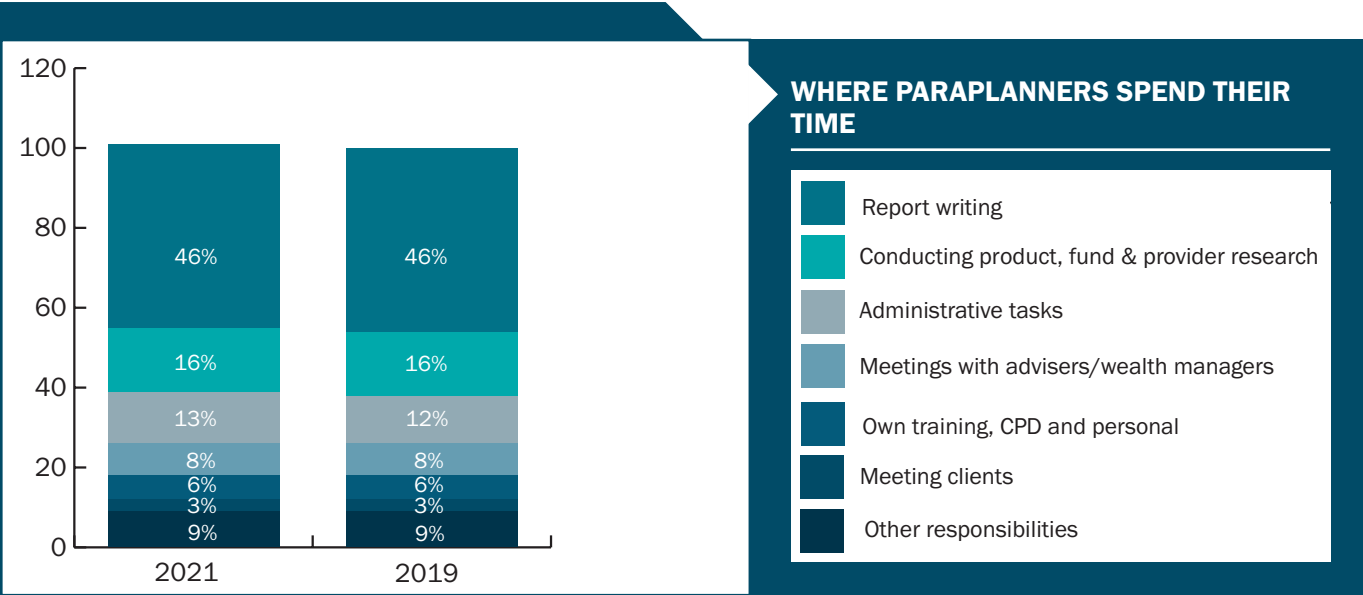
from 14% in 2013 to 8% in 2019, and that has not changed in the two years to the latest research (still 8%). More than ever we see this reflecting the increased responsibilities that paraplanners have for research and recommendation, with the need to discuss the client with the adviser only following the initial fact find, where there are queries, and in relation to the suitability report pre the client meeting where the recommendations are made.

Few of the respondents are involved in client meetings yet paraplanners who do attend meetings say that it better informs them and enables them to write more personalised reports for clients (the latter being a key FCA requirement for advice). There are many reasons paraplanners do not attend client meetings, including logistics, where the paraplanner may be in a different location to the adviser, time out of the office or away from their desk, where the management see their time being best spent, and so forth.

However, many paraplanners are the first port of call for clients when they have a query, a request or wish to update information, and more firms now are making sure the client knows they are not just served by the adviser but there is a team working alongside them in delivering the advice. This helps create greater value for the client.

Research and product selection

Overall there has been little change also in respect of the proportion of their time that paraplanners spend on the different types of product research. The only notable



changes being an increase in time spent on researching and recommending investment products (26%, up 4% on 2019), and slightly less time on pensions (43%, down 3% from 2019), which may reflect the concerns about the markets caused by the pandemic and a reduction in the number of companies undertaking pensions transfers over the past two years.

Sources of information

Fact sheets, (79%) fund manager details / performance (70%), portfolio tools (65%) and calculators (81%) are key sources of information for paraplanners when researching and recommending within suitability reports and client reviews. Firms providing easily accessible data and useful and accurate calculators rank highly in paraplanners' regard.

Cashflow forecasting is also highly valued, with around 77% of paraplanners using a cashflow tool within their research and to inform clients.

Paraplanners welcome and actively seek out good quality technical information and in a survey period covering the pandemic, as might be expected, webinars and online support feature highly at 68%.

FE Analytics is widely used and also highly regarded within the paraplanning community.

Paraplanners also draw on colleagues' knowledge and experience as well as in-house tools in their research and recommendation process.

Regulatory authorisation

One of the reasons firms may not wish their paraplanners to attend client meetings is regulatory, in that only a small percentage of paraplanners hold the authorisation to give financial advice. Firms do not want to create grey areas in meetings between what constitutes advice and what does not. Nearly two thirds of paraplanners say they do not hold authorisation (CF30) and are not working towards it.

Yet, while the percentage of paraplanners attending client meetings has stayed the same as in 2019, and overall, fewer respondents to this research say they currently hold CF30 authorisation (11% against 16% in 2019) there is a noticeable jump in the percentage of paraplanners who

Advisers don't just need admin support, they need people with the technical knowledge to free up their time to spend advising face-to-face.



say they are working towards CF30 in 2021 compared to the previous year's report (28% against 19%).

Digging deeper into the types of firm, 23% of paraplanners in advisory firms hold CF30, while another 29% say they are working towards it. In discretionary firms, 7% hold authorisation but 47% say they are working towards it.

Those are significant percentages working towards becoming authorised and may reflect either firms seeing the sense in paraplanners having authorisation so reducing business risks in client contact, or more firms training their paraplanners with a view to becoming advisers.

Unsurprisingly, given the typical lack of client contact, no outsourced paraplanners say they are working towards authorisation.

Career and qualifications

A very clear trend in recent years has been the solidification of paraplanning as a career in its own right. While it was once seen as an administration role or a stepping-stone to becoming an adviser, many paraplanners have determined it as their long-term career preference and the market has also seen advisers step away from client contact to concentrate on technical aspects of advice, also recognising paraplanning as a career choice.

There are now dedicated paraplanning qualifications available through the Chartered Insurance Institute (CII), Chartered Investment and Securities Institute (CISI) and the London Institute of Banking and Finance (LIBF).

At the same time, as paraplanning teams have grown, so they have needed supervision and there have been increasing opportunities for paraplanners to step into the role of team leaders and paraplanning managers. *Professional Paraplanner* recognised this trend with the launch of its Team Leader series of events, helping to fill the development gap for those leading or aspiring to lead paraplanning teams.

It remains that there is no universally recognised job description for paraplanners, although documents do exist, created by The Institute for Financial Planning (before it merged with the CISI) and within the Paraplanning Standard from Standards International. However, job descriptions are set by individual advice firms and their particular requirements, hence market forces pull against a one-size-fits-all definition.

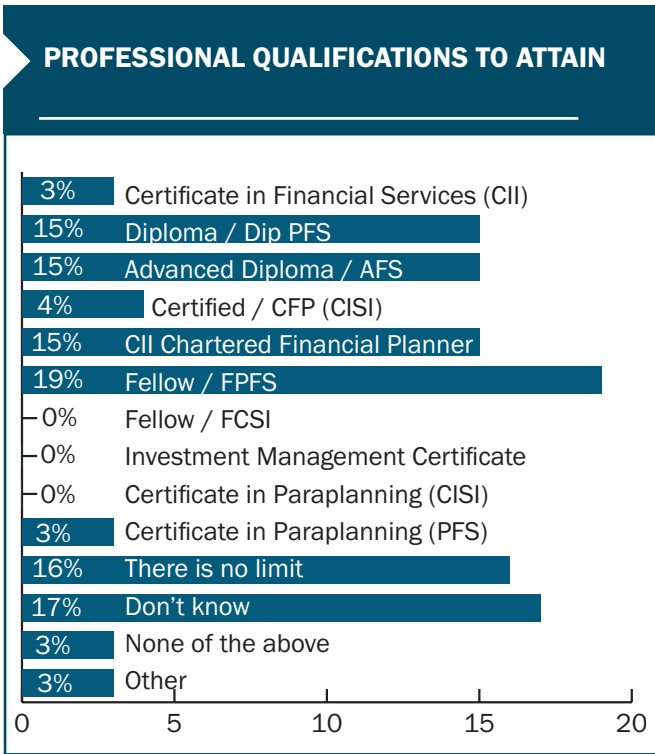
Likewise, there is no formal qualification required to be a paraplanner, years of experience and technical knowledge being appreciated as equal or more relevant in some cases. However, most paraplanners, and in particular those who have entered the profession in recent years, recognise the need to attain formal qualifications if they are to progress their careers going forward. Hence, 99%

of paraplanners hold formal qualifications – 28% the Certificate in Financial services, 71% the Level 4 Diploma (the minimum required for financial advisers to practice), while 17% have also attained Advanced Diploma (AF) qualifications, 19% are Chartered (Level 6) and 11% have gone on to be accepted as Fellows of the Personal Finance Society (PFS).

Asked what qualifications they were looking to attain going forward, 30% said Diploma or Advanced Diploma, a further 15% said they aspired to Chartered and 19% said Fellow, while 16% put no limit on what they wanted to achieve.

The figures alone speak volumes in respect of the commitment amongst the paraplanning community to self-development and acquiring maximum technical knowledge to both ensure they are at the top of their game and to deliver the best service to clients.

Most paraplanners are members of one professional body. As currently the majority of advisers obtain their qualifications through the CII, it is not surprising that most paraplanners follow the same route and that 74% are members of the Personal Finance Society (PFS).



Membership of the other professional bodies among respondents currently is as follows: CISI (11%), LIBF (4%). 9% of respondents say they would consider joining the CISI and the LIBF is increasing its presence amongst paraplanners with the launch of a Level 4 Paraplanning qualification in 2020 and a Level 6 qualification this year, which is likely to attract more paraplanners to its ranks.

Career progression within the market as it currently stands is continuing to grow but limited given the number of highly qualified, ambitious paraplanners there are in firms around the country. In their feedback this lack of direct career pathway (other than becoming a financial adviser) was highlighted by a number of paraplanners.

Social media use by paraplanners

This year's research shows continuation of trends highlighted in the 2019 report, namely an increased use of LinkedIn, further decline in use of Twitter and low use of Facebook.

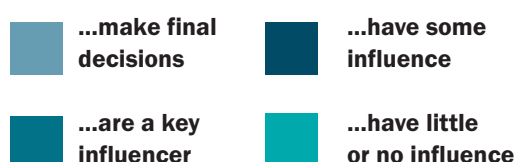
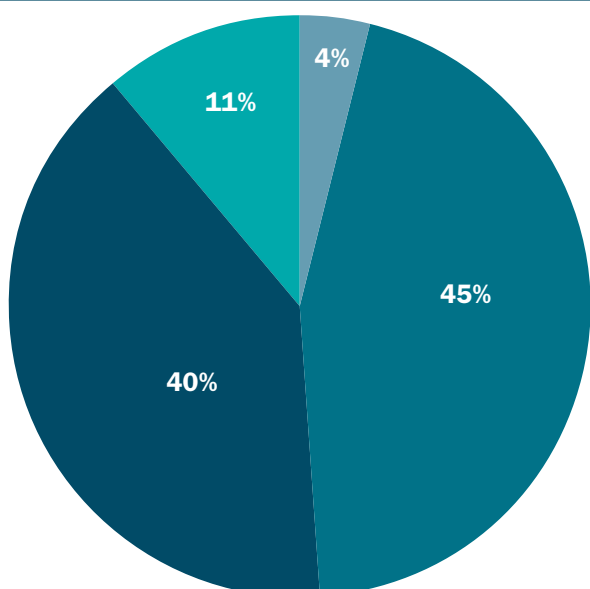
Paraplanner role in decision-making

Two years ago, our *The Rise of the Paraplanner Report* noted the significant increase in the influence that paraplanners were wielding in their firms with regard to the selection of investments, pensions, products, platforms, services and software.

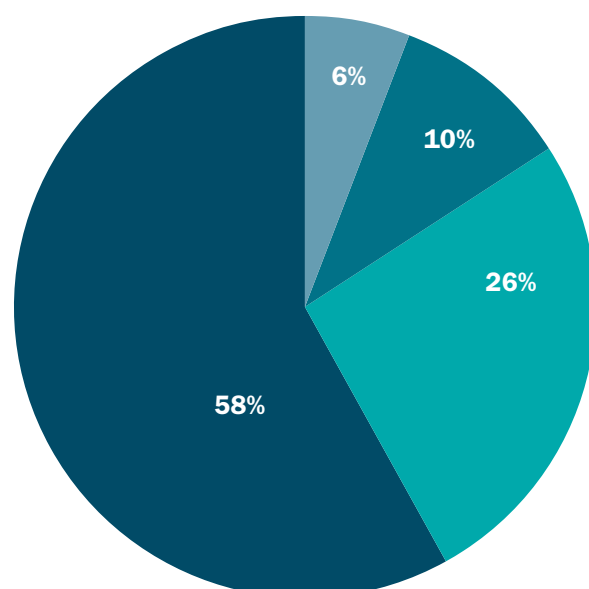
This remains true with around 89% of paraplanners having influence on the decisions being made by financial advice / discretionary firms on the investments, pensions products and platforms being used by their firm, and half of paraplanners being key influencers or final decision makers. The percentage of paraplanners having little or no influence has decreased to 11%. Paraplanners in advisory firms have the greatest level of influence across the board.

In addition, 28% of paraplanners feel their level of influence has increased over the past 12 months. The fact that this significant percentage of paraplanners feel their influence has increased in spite of the pandemic,

LEVEL OF INVOLVEMENT IN DECISION MAKING



ATTENDANCE OF INVESTMENT COMMITTEE MEETINGS



is indicative of the rising responsibility and importance of paraplanners within their firms and the industry in general.

Noted in *The Rise of the Paraplanner Report* and equally established in this latest research, paraplanning is increasingly being used as the research and technical engine of advisory businesses, allowing advisers to divest themselves of this element of the business and instead, do what they do best, which is to build client relationships and bring in new clients to the firm.

All of this should put paraplanners firmly on the radar of fund managers, platform, pension and product providers not just in terms of marketing their products to them but in building market presence and long-term relationships.

Investment Committees

Over three quarters of firms with paraplanners have investment committees, matching our 2019 report. However, a key difference is the frequency with which the committees meet – for 41% it is quarterly (52% in 2019) but now more are meeting monthly (24%) or weekly (8%). This reflects the influence of the pandemic on adviser firm operations.

Some 32% of paraplanners attend their firm's investment committee, with 6% actively chairing the meetings. This is marginally less than in 2019 but again, is likely to be a result of the pandemic and its affect on firms' operations. Notably, this year 10% of paraplanners flagged that while not on the committee they provided information which influenced its decisions.

This year 68% of respondents said their firm ran investment panels or risk-rated portfolios managed by the firm. 21% of firms operated a centralised investment panel (CIP), 38% ran a CIP and a segregated centralised retirement panel, and 41% ran an unsegregated CIP for both accumulation and decumulation of client portfolios.

Wraps and platforms

The notable change in the data since our last report is the increase in the number of wraps and / or platforms used by paraplanners. Some 44% of firms now use more than five within their proposition. In 2019 there was a spike in firms using three platforms to 24% but this has now fallen to 17%.

I think paraplanning is becoming a more important role, as we are generally the ones that test out new products and therefore choose which will work best.



The role will be in more demand. Advisers are relying heavily on paraplanners more and more for technical research and fund analysing.



I feel paraplanners and their roles are becoming more and more influential. We understand a lot of the complexities that perhaps advisers do not.



Aviva, Quilter and Standard Life Wrap are used by more than 50% of firms, with AJ Bell InvestCentre and Fidelity FundsNetwork close behind. As might be expected, these platforms are taking the lion's share of the new business placed by firms.

Ranking the platforms that have made the most improvements over the past two years, paraplanners put Quilter top, followed by Transact, AJ Bell InvestCentre and Fidelity FundsNetwork.

ESG – the new norm

A substantial trend which has developed in the industry since our 2019 Report is the rapidly increasing interest in ESG/sustainability investing.

Paraplanners report that they are seeing a rise in interest in ESG / sustainable investments in the industry (70%), and 56% of paraplanners are also seeing interest amongst clients.

95% of paraplanners overwhelmingly feel ESG / SI products will be offered by most investment houses over the next few years and 65% feel ESG risks and opportunities should be included in all investment analysis.

But there are concerns. Top of the list is client understanding of ESG investments and how this is moved forward, followed by the limited number of fund offerings available, hand-in-hand with which is concern around greenwashing (where marketing teams overstate their funds' ESG / SI credentials).

Paraplanners also have difficulty in researching funds to the depth needed and are concerned around the reliability of ESG ratings in the market, both of which are made more difficult to assess because of the wide range of terminology in the market.

In terms of investment performance of ESG / SI funds 28% of paraplanners believe investing responsibly will improve performance, 7% that it will hinder performance and 48% consider it could do either of those things.

Looking forward, 81% of paraplanners said their firms were committed in some way – from slightly (21%) through somewhat (34%) to fully (26%) – to engaging with ESG / SI; just 5% say their firms have not committed to date.

Some 35% of firms currently offer an ESG / SI investment solution, with 15% regularly speaking about / promoting ESG to clients. Individual adviser engagement is an issue for 16% of firms and 13% say they have experienced limited interest from clients to date.

While it is as yet early days for some advice firms, paraplanner responses show there is a clear reaction in the advice market to the rising interest in this kind of investment philosophy, which suggests it will become ever more mainstream.

Life as a paraplanner (in a pandemic)

How have paraplanners fared during the Covid-19 pandemic? Following the initial logistical issues, with companies scrambling to set up virtual working practices, seeking to provide laptops or move equipment



PERCENTAGE OF FIRMS THAT TALK TO THEIR CLIENTS ABOUT ESG INVESTING

- Yes, with all clients
- Yes, with some clients
- Not unless clients raise it themselves

into people’s homes, as well as setting up secure online environments, most paraplanners say they quickly settled into the new way of working.

Largely, report writing and research based paraplanning lends itself to online working and companies took advantage of software such as Zoom, Microsoft Teams, WhatsApp and Slack to keep in touch with their paraplanning teams, setting up daily team meetings and paraplanners used these capabilities to keep in touch on an individual basis and ask questions / seek advice from their peers.

The ability to work from home many paraplanners say has given them a better work / life balance; cutting out the daily commute has been a big factor in this. However, often this will depend on whether they have been able to set up an effective home working environment. Not everyone has felt comfortable with working at a distance from the office.

Overall, this successful adaptation could be a primary reason that post pandemic, firms will be amenable to paraplanners continuing to work from home, either full-time or hybrid, with some time being spent in the office every week/month.

The success of the virtual environment is reflected in the data, with a higher percentage of paraplanners than in 2019 saying they are extremely happy in their role.

Overall, 86% of paraplanners said they were happy, 8% did not express a feeling either way, and 5% said they were unhappy.

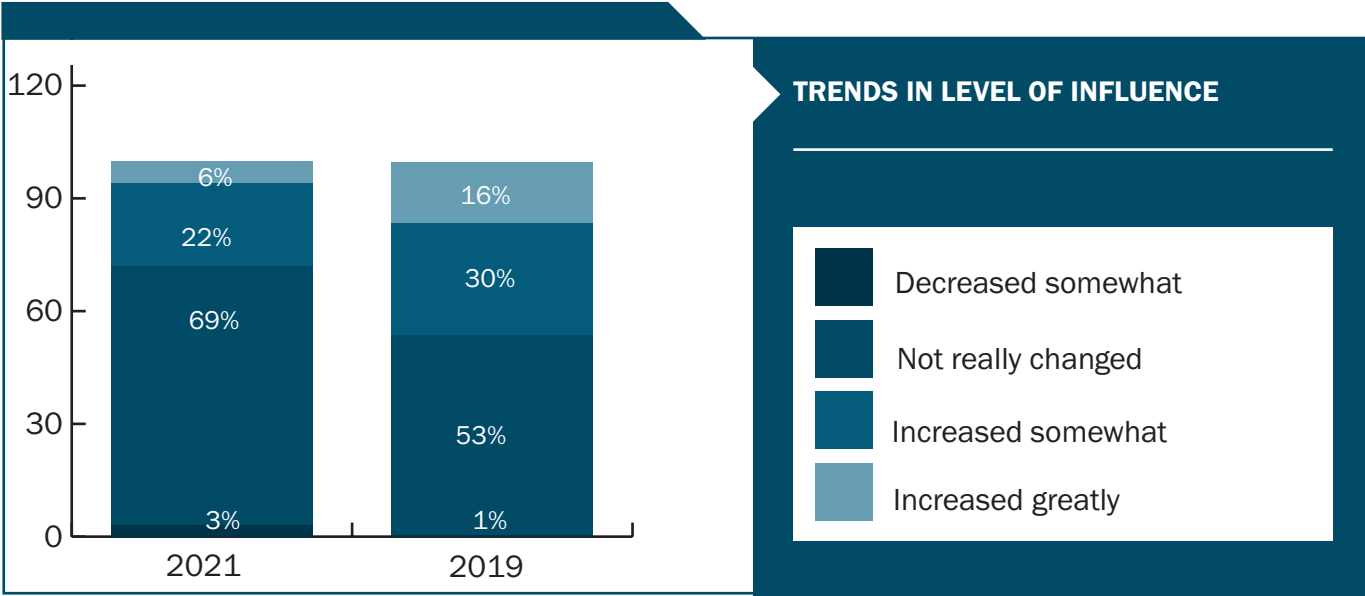
The number of paraplanners who intend to stay in their current role has increased since the 2019 report – 56% against 42% previously. This is likely to be a reflection of the uncertainties created not just by the Covid-19 pandemic but also by the UK leaving the EU under Brexit.

A significant percentage of paraplanners (88%) say their workload has increased over the past two years, with 77% saying their workload has particularly risen during the pandemic – 54% strongly agree with this. However, 80% say their workload was already increasing prior to the pandemic.

One of the reported results of the pandemic in the financial advice space has been a growing interest amongst UK consumers in financial advice and 86% of paraplanners say the client numbers of their firms have increased over the past two years. This bodes well for both financial planning firms and the paraplanning role going forward.

Paraplanner’s influence

Paraplanners continue to see their influence increasing, with 83% saying this is evident within their own firms, and 89% seeing it in the financial advice market in general.



Paraplanners recognise their value – 82% believe the role of the paraplanner should become more influential across the advice market.

In addition, 71% of paraplanners believe more paraplanners will be promoted into management roles over the next five years.

These percentages are only slightly down on the 2019 Report, which reflects the continuing value firms are placing on their paraplanners as well as the feelings of optimism and opportunity which exist within the paraplanning community.

This is further expressed in 88% of paraplanners stating they feel paraplanning is a valued role within their firms, and within the industry (86%).

On an individual level, 44% of paraplanners say they have been given more responsibility in the past two years. 23% have become more involved in the general business, 14% have been promoted within their firm, with 4% more paraplanners joining their firm's investment committee. These figures are a few percentage points down on the 2019 report, but this is not unexpected given the disruption to businesses over the past year.

The fact that paraplanners are being given greater responsibility and promoted within their firm even during

the pandemic reflects the continuing value placed on paraplanners by their employers and how integral the paraplanning role is within financial planning businesses.

A quarter of paraplanners (25%) state their career aspiration is to move into a financial advice role either full or part-time.

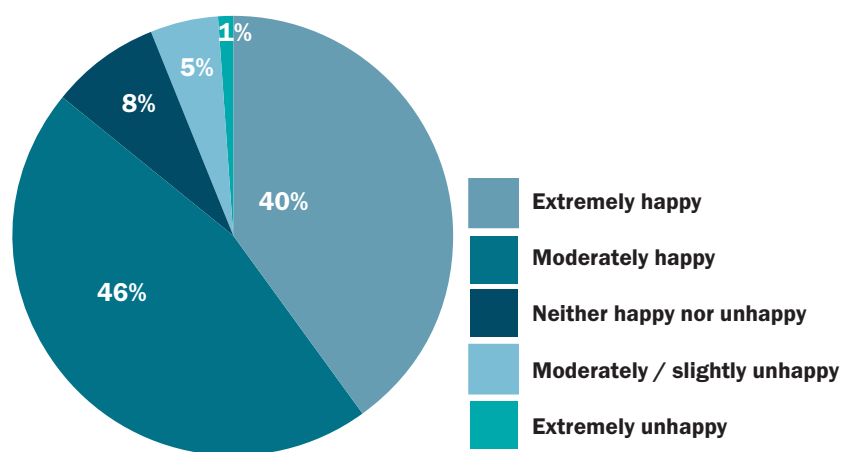
There are practical reasons for the growth in paraplanning and the influence of paraplanners. As one paraplanner says: "I believe the need for strong paraplanning support will continue to grow as increasing regulation will drive the need for detailed bespoke research and recommendations with which advisers will not have the time to comply."

Enhancing the profession

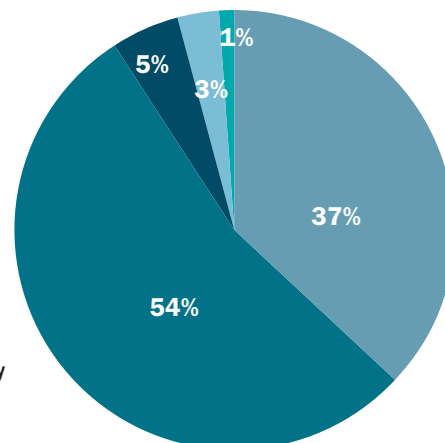
So how might the profession be progressed? The already mentioned slow stream of new talent coming into the paraplanning market leads to nearly 70% of paraplanners stating that more needs to be done to attract graduates and others into the market. 79% believe advisory firms need to do more in this respect and 72% that the professional bodies should play a greater role.

Key areas for improvement that stand out from paraplanner responses are:

FEELING ABOUT BEING A PARAPLANNER



2021



2019

There needs to be more focus on bringing on new paraplanners, to promote this role, particularly to younger generations, as a career path and not a stepping stone to becoming an adviser.



- The need to raise the profile of paraplanning and its wider role in the industry. This was universal across paraplanners in advisory, discretionary and outsourced firms. Strikingly, this was most prominent among those who had newly taken up the role of paraplanner – under two years – so it is clearly a key area which needs attention if the profession is to attract more people to it.

- A greater need for defined career / progression pathways, as paraplanning is now a career choice. This featured further down the scale for paraplanners in discretionary firms, which likely reflects that these firms are larger in scale and have clearer pathways mapped out.

I want to be the best paraplanner possible and I feel that if we could change how the role is perceived from the outside (from a stepping stone to a final destination) it would encourage more people to enter this career path.



- A universally recognised industry standard for the paraplanning role.

- More recognition of the paraplanning role by advisers and a greater recognition of the paraplanning role across the industry.

Not a completely rosy picture

It is clear that while the value and importance of paraplanning is recognised and rewarded in the industry, there are firms where paraplanners feel the role is still considered a junior one and is undervalued in terms of what it delivers for the business. Here, paraplanners comments say it all:

“Advisers need to change their outlook, especially as some paraplanners are more technically competent than the advisers themselves. There are too many old mindsets that won’t give paraplanners the recognition or financial reward they deserve.”

“I think the role will continue to be more highly recognised within the industry – it certainly is in many sectors but I don’t think that this is the case throughout – there are still many paraplanners who are glorified administrators.”

“I think the standing paraplanners have within advisory businesses is improving, but I think the progress is slow. I believe a number of firms (particularly larger companies) still undervalue paraplanners and do not give them enough influence.”

I am optimistic about the increasing number of young people entering the profession, but we need to help provide training and mentoring across the board.





“It really is an invaluable service for advice firms, yet we don’t really get the recognition that we laud on to advisers (in terms of money, career progression etc.).”

“Younger financial planners seem to value the paraplanner more than ‘old school’ advisers, who still see it as a glorified admin job.”

Disruption to the market

The recent entrance of Vanguard with its Personal Financial Planning platform lower cost proposition into the UK hybrid advice market, as well as Australia’s Ignition, also offering hybrid, adviser-led and direct to customer advice white label solutions, are seen as potential disruptors to the market, a fact recognised by paraplanners when they view the prospects for paraplanning.

Technology is seen as both an enhancer of the paraplanning role as well as a potential threat longer term. Use of cashflow forecasting by around 77% of paraplanners reflects how standard this service has become within financial planning firms.

However, the potential threat from technology is also not lost on paraplanners. As one comments: “In some companies there has been a move towards centralised paraplanning / research, with IT systems generating much of the suitability report, which has seen some roles go from being very hands-on to basically being just a report writer and an extra pair of eyes to oversee the file / advice.”

Developing role

A marked difference between responses to this year’s research and the 2019 report is the expectation that paraplanners will become ever more involved in the final outcome for the client, which is a clear development of the role. This is not as simple as paraplanners giving advice, but rather is portrayed as paraplanners undertaking 90% of the decision-making and reports, pending a sign-off by

an adviser. As long as there is a streamlined process, one paraplanner says, “it would not be difficult to leave simple advice matters to paraplanners, leaving the advisers to deal with more complex advice / clients.”

Other paraplanners point out that paraplanners are close to surpassing advisers in terms of knowledge and practical experience and knowing the requisite detail which is needed in today’s financial planning, not just in terms of meeting compliance and FCA requirements but more to do with the complexity associated with giving good advice. As one says: “That is why I think paraplanners are most likely going to be the next future business leaders and advisers (especially as more and more of the current business owners are retiring).”

In summary

Paraplanning may have been affected by the Covid-19 pandemic but it is clear from our research that it remains crucial and an ever more influential section of the financial services market, with practitioners dedicated to achieving the highest qualifications and skills and helping to deliver the best in advice to the clients of financial planning and advice firms.

Within progressive firms paraplanners are thriving, actively taking on more responsibility and helping to drive forward the firms for which they work. Many are now part of firms’ management teams and investment committees.

As the UK moves out from under the shadow of pandemic, the role of the paraplanner looks set to go from strength to strength.

In our high net worth client business, paraplanning has a good future. However, for lower value client businesses, there may be more pressure on costs, with increased use of technology to deliver efficiencies.



Research in Finance Ltd
80 Coleman Street
London, EC2R 5BL
T - +44 (0) 207 104 2235
Email - info@researchinfinance.co.uk
www.researchinfinance.co.uk
© Research in Finance 2021

