

PIMCO



ADVISOR EDUCATION

# Client Discovery: Asking the Right Questions

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# PIMCO's Advisor Education team is dedicated to helping financial professionals address emerging issues and challenges in the wealth management industry.

## PROGRAM OVERVIEW

The Advisor Education team provides advanced education and training to identify and apply best practices. Our courses aim to help financial professionals:



Deliver client-centric advice beyond investment management



Build the breadth and value of your services to successfully grow your practice



Enhance relationships with clients through more holistic offerings

To see a full list of course offerings or to learn more about the program contact your PIMCO Account Manager or visit [pimco.com/advisoreducation](https://pimco.com/advisoreducation).

# The benefits of an early interview with new investors

There are multiple stages in a relationship between financial professionals and their clients and within each of these stages, there are many opportunities for advisors to communicate their value.

The **client discovery phase** is often one of the first interactions for an advisor to connect with clients professionally and personally. Getting to know clients on a personal level, as well as financially, creates a holistic understanding of who they are beyond just facts and figures. Many advisors find that while they know their clients financially, they don't have a full appreciation for their personal concerns and wishes. Understanding clients at this level provides advisors the chance to demonstrate empathy as well as the competency required to provide customized financial advice. These advisors are often better positioned to develop satisfying long-term client relationships predicated on increased trust.

For advisors, it is often not the statements you make that impacts clients most. Instead, it's the approach you take to building the relationship that has the greatest impact on clients – including the questions you ask and the interest you show.

## UNDERSTANDING NEW CLIENTS



- Clients want to work with financial professionals who truly understand them - their passions, their concerns and their most important goals.
- Conducting a powerful discovery session allows you to build a strong relationship and helps you and your client set expectations for years to come.
- An effective client interview establishes a thorough process that can help differentiate your practice from competitors. A poorly constructed interview process may lead to unmet expectations and client dissatisfaction.

# Tips for Effective Client Discovery

For many financial professionals, client discovery may not be a natural or taught skill. Here are some considerations that may help you be more impactful in this early phase.

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**Be prepared.** Know what you'd like to accomplish and what information you would like to obtain.
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**Create an agenda.** While you may have some pressing items to discuss in your early meetings, it's important to allocate time to listen to what is most pressing for your clients.
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**Practice good listening.** Clients want to be heard. They also want to know that their advisors care about what is important to them.
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**Be prepared.** If meeting in person, have a suitable room reserved, refreshments available, and required forms prepared. If meeting virtually, consider technology and lighting needs before the call.
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**Organize open-ended questions.** Facilitate meaningful dialogue with questions that encourage clients to speak openly.
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**Let clients know they've been heard.** Acknowledge their feelings and concerns. When the discovery phase is through, check-in often to see if their concerns have changed.
- 
**Set expectations at the end of your meeting.** Let your clients know what you will do, when you will do it, and how it will be done.

## BENEFITS OF AN EFFECTIVE APPROACH

- The ability to provide relevant, customized advice tailored specifically to each client by understanding all required financial information.
- The opportunity to understand clients beyond their financial holdings, including their personal values, passions and concerns.

## PARTNERING WITH COUPLES

- When speaking with couples consider both partners and engage both parties. It's common that partners possess different levels of financial acumen. Recognize these differences and tailor your approach accordingly.
- Similarly, consider both parties when creating a plan. It's common that financial goals and long-term planning may be nuanced for each person. Recognize these differences and tailor your approach accordingly.

# Sample Interview Questions

Successful client discovery is, in part, influenced by your clients. The following are sample questions financial professionals may consider asking based on the audience type.



## INVESTMENT AND ADVISOR EXPECTATIONS

- Tell me about your past investment experiences. What has worked well, and what has not?
- What are the most common sources of information or guidance that you have relied upon?
- What are the most important goals that I can help you achieve?
- What does risk mean to you? How do you measure it and what steps do you take to manage it?
- Tell me about the relationship you had with your previous advisor? What did they do well, and where did they fall short?
- If we chose to work together, how would you define success?



## CORPORATE EXECUTIVES

- Tell me about your career path and where you think it might be heading.
- How has your company stock performed and what are your expectations going forward?
- What are your goals or concerns regarding the wealth you have accumulated in your company benefit plans?
- How have you, or how will you, manage the concentration in your company shares?
- What would be more disturbing: selling shares as they continue to rise, or holding shares as they continue to decline?

# Sample Interview Questions (continued)



## CLOSELY HELD BUSINESS OWNERS

- Tell me about your business: who are your key business advisors, and what role do they play?
- What are the most important challenges you face that I can help you address?
- What do you think your business is worth? How did you arrive at that figure?
- How would you like to see the business managed after you exit? Tell me about the relationship you had with your previous advisor? What did they do well, and where did they fall short?
- What do you plan to do if/when you exit your business?



## FAMILY CONSIDERATIONS

- Tell me about your family. How does that impact you when considering your financial future?
- What would you like your wealth to accomplish for you, your family or for others?
- How would you describe your spouse and children's financial acumen?
- What are the most important values that you'd like to pass on to the next generation?
- What concerns might you have about the ability of your family to manage wealth responsibly?

## Insights into Women as Investors

As of 2020, women control a third of total U.S. household financial assets – \$10.9 trillion – and that number is expected to triple over the next decade<sup>1</sup>. To partner successfully with women investors, financial advisors will need to understand and respond to the diverse beliefs women have and consider the individual behaviors of their women clients.

PIMCO recently conducted a market survey of women investors to help financial professionals gain insights into the investment philosophies and goals of this segment of investors. Highlights of the study, and considerations inspired by the data, include:

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### 92%

of women say they are **responsible for taking control** of their financial investment decisions

#### CONSIDERATIONS

- Discuss with your client whether her finances are managed individually or together with a spouse/partner.
- Review recent life events and make any necessary changes to beneficiaries.
- Review your clients' household budget and emergency fund.

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### 7 in 10

women agree that where they invest **their money** should reflect their **personal values**

#### CONSIDERATIONS

- Gauge your client's interest in ESG investing and responsible investments.
- List causes that your client feels passionately about and would like to support.
- Confirm that her current investments accurately reflect her values, if appropriate.
- Help your client build a portfolio with a purpose – make sure to discuss the percentage of the portfolio that should be responsibly invested.

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### 14%

of women are **maxing out retirement accounts**; **57% rarely think** about funds in **retirement portfolios**

#### CONSIDERATIONS

- Check your client's comfort level with her current retirement savings plan.
- Identify priorities that may compete with saving for the future, including cash-flow choices.
- Help her consider future health care costs when planning for retirement.
- Discuss the unique hurdles women face when it comes to saving for retirement (e.g., fewer working years, lower compensation, risk-averse, longevity planning).

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**For more information on the research and data please contact your PIMCO Account Manager.**

<sup>1</sup> McKinsey & Company report "Women as the next wave of growth in U.S. wealth management" July 29, 2020

Methodology: This survey was conducted online within the United States by The Harris Poll on behalf of PIMCO from May 3 through May 16, 2018, among 1,500 U.S. adults ages 18 and older, including 748 women. All respondents had over 410,000 in investable household assets and at least some financial decision-making responsibility within the household.

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