



TAKE YOUR TIME

It's never too late to employ defensive strategies to better serve your clients. By **Ellen J. Bessner**

All too often, advisors speak to each of their clients just once a year—during RRSP season. Constrained by time, they collect the money and usually end the conversation as quickly as possible so they can move to the next client name on the list. Communication lasting all of five minutes doesn't permit advisors to collect the information necessary to protect themselves and their practice so when it comes to clients issuing complaints, advisors aren't always in the best position to defend themselves.

Sure, they may support their actions by saying, "I met with the client last year when he signed off on the documents. See, I even updated the know-your-client (KYC) form." Or they may confirm, "Yes, that is my assistant's handwriting but I tell her what to ask and she records the client's feedback. I'm always available if any questions arise."

But who actually completed the documentation and the new KYC—the advisor or the assistant? Who is giving the advice and making the commission? Whose name appears on the statements as the advisor? More important, will the advisor be in a position to later prove he acted conscientiously?

There is no time like the present to start practising defensively. I'm sure some advisors reading this article are asking themselves why I didn't publish this before RRSP season. The simple

answer is advisors wouldn't have had time to read this article if it came out before RRSP season! However, now that it's behind us, it's actually the perfect time for advisors to catch up on their reading material and improve their practice with defense and compliance strategies that will ultimately serve clients better.

Yes, when you collected the RRSP contributions you made more money in the short term, but advisors wanting to improve client relations need to build their relationships and their businesses over the long run. A five-minute, annual conversation isn't sufficient to allow advisors to do this. For advisors to answer questions and gather information reminding clients they care about their needs and are acting responsibly and professionally, they must go back and do it properly. It's not too late.

The following steps will help advisors implement defensive practices.

- ❶ Examine your client list and prepare a schedule for the next several months. Let your assistant help you with this step. Choose the higher-risk clients first: leveraged clients, older clients and clients with whom you have not met for longer than 10 minutes for several years.
- ❷ Call each of your clients and tell them you want to take the time necessary to catch up with them now that RRSP season is over.

❸ Meet with each client to gather information while following the five "Cs" of an effective paper trail (see "Preparing Your Defence," *Advisor's Edge*, March 2004, page 29).

❹ Put the client's long-range plan together and discuss the outcome with them. Have the client initial the plan once it is complete.

❺ Ensure the existing portfolio meets the client's newly stated objectives and adjust it if necessary (after getting the necessary instructions, of course).

One year will probably have passed by the time you get to the bottom of your client list. Now you're in a much better position for next RRSP season as the funds deposited will be invested in accordance with a comprehensive plan based on client information and proper instructions.

This isn't something you can do in five minutes. Take your time, don't be discouraged and fix your mistakes before the client issues a complaint. **AE**

Ellen J. Bessner is a lawyer at Gowling, Lafleur, Henderson. She practises in the area of brokers' liability and offers compliance training to brokerage firms. The above is intended for a general audience and should not be considered legal advice. "Compliance Check" appears every other issue.

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