



Conducting an effective annual client review

How to use best practices and new technology to maintain strong client relationships.



The COVID-19 pandemic has unquestionably affected the financial professional-client relationship. While many clients, and their financial professionals, have opted for virtual meetings as opposed to in-person annual reviews, your relationship with your clients can continue to thrive in a virtual setting.

To gain insight, Jackson® and Greenwald Research surveyed 305 consumers with investable assets of at least \$200,000 who recently had an annual client review and 305 financial professionals (in client-facing roles who get at least half their revenues from individuals and AUM of \$20 million or more) who have recently conducted at least three annual reviews.¹ Our goal was to discover:

- What is being discussed in annual reviews
- If the meetings are effective
- How well virtual meetings have worked compared to in-person meetings
- How these meetings can be more effective

The objective of the annual review

There is no question that conducting annual reviews is important. Almost 90% of financial professionals consider annual reviews to be at least very important, with more than half describing them as extremely important. In addition, five in six financial professionals say their clients tend to be extremely or very receptive to a year-end or annual review.

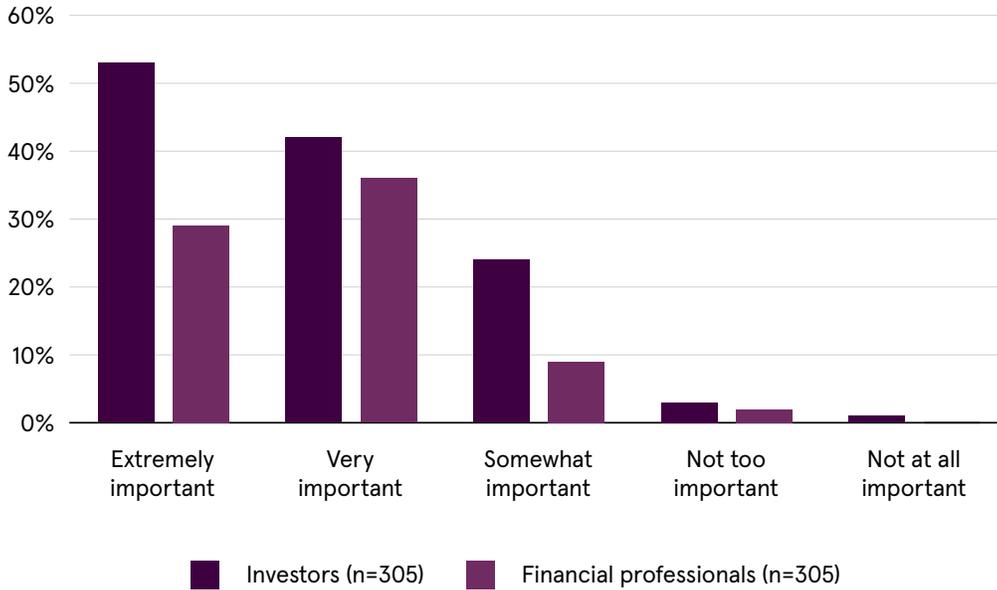
Clients agree: Seven in 10 investors call annual or year-end reviews extremely or very important. Nine in 10 say they would be extremely or very receptive to having a review if their financial professional recommended it.

Jackson National Life Insurance Company - Survey of Investors on Annual Review, August 8, 2021.

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Importance of conducting an annual review



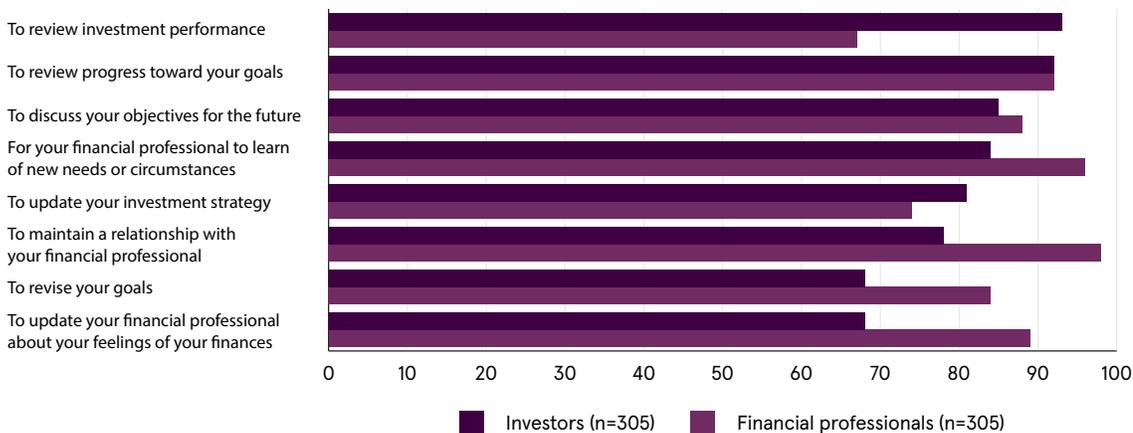
The client review accomplishes various important objectives. More than four in five financial professionals state each of the following goals is extremely or very important:

- To maintain a relationship with clients
- To learn of new needs or circumstances
- To review progress toward goals
- To learn if client views toward their finances have changed
- To assess client perceptions about their future
- To revise goals

While investors generally agreed with these objectives, reviewing investment performance was rated extremely or very important among 93% of investors but for only 67% of financial professionals. Simply put, when it comes to the annual review, the client most often wants to look back and evaluate investments and get the financial professional’s recommendations, while the financial professional wants to look forward at any new developments that should be considered to formulate the best course of action for the future.

It is vitally important to fully understand the client wants to use this time to reevaluate their financial professional and maintain trust.

Importance of annual review objectives percent extremely/very important



Are annual reviews effective?

The survey results show the annual review process is working. Four in five clients say they are extremely or very effective. Most say annual reviews have contributed to their confidence in their investment decisions and to their feelings of loyalty to their financial professional. And four in five clients also say annual reviews contributed to their willingness to refer others to their financial professional.

Financial professional responses are nearly the same. Nearly nine in ten say the annual review has been extremely or very effective in helping them meet the investment and planning needs of their clients. All say these meetings help build client loyalty and most say they add to their personal satisfaction they derive from their practice. Five in six financial professionals say the annual review process helps them gain referrals.

The value of virtual meetings

Despite the challenges of the pandemic, we've learned to work with each other in new ways. One such way is through video-assisted virtual meetings, on platforms such as Zoom, when meeting in person is not possible. This has had an impact on year-end reviews. Two in five clients say their last meeting with their financial professional was conducted virtually, and only 13% of financial professionals have not held video-assisted virtual meetings with a client.

The evidence is clear: Virtual meetings have worked well. Among people who last met virtually, 86% were extremely or very satisfied with the meeting—not that different from the 91% satisfaction rate among those who last met in person. Even when assessing emotional issues the client had, 67% of investors who met virtually say their financial professional understood the issues extremely or very well, about the same as the 65% of those who met their financial professional in person. Also, the goals of these meetings were not affected by having them virtually. Those whose last met virtually reported the same goals as those who last met in person.

So, where do we go from here? The value of in-person meetings is evident. From both the financial professional and client perspective, an in-person meeting provides a major advantage in terms of building rapport. Sixty percent of clients say in-person meetings provide a major advantage in helping them understand complex products, and another 27% say they provide a minor advantage.

In other areas, such as helping to make difficult decisions, in-person meetings are providing a major advantage, but only by about half.

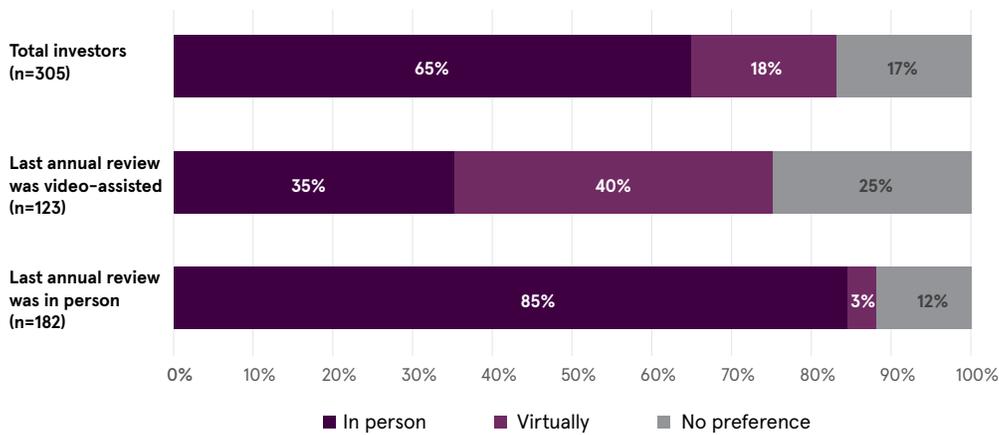
However, there are a number of areas where virtual meetings are thought to be more effective than in-person meetings. The most important advantage is allowing the financial professional-client relationship to continue to be effective even if either one moves out of the area. This could have

far-reaching benefits. Most believe virtual meetings also offer at least minor advantages in making it easier to schedule meetings, having shorter meetings, making it easier to share information (by sharing a screen), and making it easier for a spouse or partner to participate in a meeting.

Balancing all these factors overall, even when the risks associated with COVID-19 are reduced, two in three clients would prefer to have their next meeting with their financial professional in person but one in six would prefer to have the meeting virtually, and the rest have no preference. As an interesting proof point of how well financial professionals understand their clients, when asked what proportion of their clients want to meet in person, the average response from financial professionals was 62%.

However, it is informative among those whose last meeting was virtual that openness to continuing to meet virtually is high. Among those clients, once the pandemic has subsided, 40% want to continue to meet virtually and only 35% want to resume in-person meetings. The rest have no preference.

Post-pandemic meeting format preference

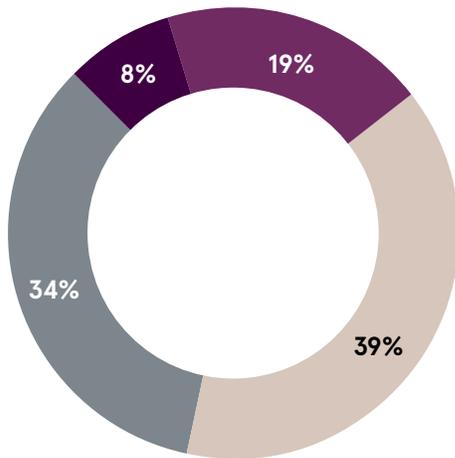


However, only one in three financial professionals say they will try to have as many meetings as possible with clients in person. Another one in five say they will invite some clients to meet in person and some to meet virtually, depending on various factors, while two in five will ask clients for their preferences.

Some clients may also prefer to meet more often. One in five clients want a meeting at least every quarter and two in five want them twice a year. Almost all the rest prefer to meet annually.

How can annual meetings become more effective?

After researching a series of practices financial professionals utilize when meeting with their clients, one tool/item/practice discussed was the use of a pre-meeting client questionnaire.



Request clients fill out a questionnaire prior to the meeting to help you prepare and structure the discussion

- Already do it
- Don't do it but think it's a good idea
- Don't do it and not sure if it is a good or bad idea
- Don't do it and think it is a bad idea

Perhaps the most important question we asked in these surveys was an open-ended question on how client-review meetings can be made more effective. While most are satisfied with the meetings as they are, a few did have insightful ideas (listed below). Interestingly, most financial professionals added an idea. Although there are a wide range of viewpoints, six suggestions came up numerous times.

1. Create an agenda for the meeting.

Some financial professionals state having planned topics for the meeting the client can see, and perhaps add to, leads to a more effective meeting. As one financial professional put it, "Have a consistent, written agenda so that you have structure and order of the meeting."

2. Facilitate effective communication with the client prior to the meeting.

Financial professionals have ideas of how to best use the time prior to the meeting. Some state the agenda should be sent to the client before the meeting. Others focus on collecting information prior to the meeting, including sending the client a pre-meeting questionnaire. Some focus on letting the client know which statements and information to bring to the meeting. One of the clients addressed this point by suggesting, "Ask that we submit information prior to the meeting, so he can prepare for those questions and have less follow-ups."

3. Ask the client key questions and be an active listener.

Some financial professionals feel getting the client to talk and address the right issues is a key success factor for an effective meeting. One noted, "It's more about listening than telling."

4. Make better use of graphs, charts, and technology.

One financial professional said, “As the saying goes, a picture is worth a thousand words. Pie charts and graphs are extremely beneficial to helping clients where they are in meeting their goals and objectives, especially income goals for retirees.” For graphs to be effective they must, of course, be seen. One client responding to the survey stated that during review meetings, financial professionals should make sure their clients are “able to see the screens the financial professional is looking at.” Another financial professional suggested, “Find ways to increase clients’ facility with apps like Zoom or Microsoft Teams.”

5. Take accurate and detailed notes during the meeting.

One financial professional suggests a team member attend the meeting to take notes. Another one wrote, “We’re working on formalizing the data capture and attitude capture.”

6. Be sure to review beneficiary designations.

The following are responses about the value of different types of follow-ups to the meeting:

- “We need a shorter deliverable: Clients don’t want a big book of paper.”
- “Follow-up is critical to annual reviews. Detailed notes of the meeting need to be kept, and any outstanding items should be delivered to the client in an appropriate time frame. The follow-up items are a great way to maintain contact with the client between reviews.”
- “I provide all clients with a leather binder that contains their financial plan, planning documents used for the plan, and emergency info for their family. They bring that binder with them to every meeting. I encourage them to make notes of our meetings. My goal is to keep them involved in the process.”

The other interesting responses are:

- “Client appreciation gift at each meeting.”
- “Provide a gift for attendance.”
- “An online portal where the clients can pre-fill screens before we meet, like most doctors do before your physical.”
- “It would be nice to invite the next generation on calls, as well.”

Connecting the dots

Clearly, annual meetings are important and effective in many ways, including in gaining referrals. This survey also suggests financial professionals review the three phases of the annual review: before the meeting, during the meeting, and after the meeting. Many financial professionals are handling each phase very well, but our research reveals there are some components—such as providing a brief report after the meeting—financial professionals can build into their process to help make these meetings more productive. The aim is not to create a lot of additional work, but there is an opportunity for financial professionals to incorporate new practices that don’t take long to create and can add more value for their clients.

Key takeaways

1

Maintain value in annual reviews by improving your ability to communicate virtually.

2

Stay focused on the client relationship and his/her unique needs.

3

Support your client before, during, and after the meeting to add the most value.

For financial professionals seeking more information, connect with your Jackson® team.

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