

Comprehensive vs. targeted financial plans – advisors weigh in

HELEN BURNETT-NICHOLS

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Some clients may be overwhelmed if advisors roll out a comprehensive plan all at once.

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For many clients, comprehensive financial plans provide a valuable analysis of their entire financial picture and a roadmap for the future. But for those who find the larger financial planning process daunting or have a pressing decision to make around a pension or inheritance, can a more targeted plan also offer value?

For some advisors, offering modular planning services is the answer to tackling specific client issues, while others prefer to address isolated situations under the umbrella of a holistic plan.

Demand for modular planning

Over the past two years, Andrea Thompson, founder and certified financial planner of Modern Cents in Toronto, has seen an increase in requests for project-based financial planning, especially among individuals who are clear about their goals. It's become so popular in her practice that she's hired another consultant to work only on modular planning.

"Lately, we're getting a lot more inbound interest in modular [financial planning] than we are in comprehensive [financial planning]. And I would say of the modular plans, at least 50 per cent of them are retirement," Ms. Thompson says. Her firm offers modular and comprehensive financial planning – which is also rolled out as a series of modules.

With modular financial planning engagements, often one to three months long, Ms. Thompson focuses on a particular issue in detail with a client. After an initial discovery call, her team holds one or two planning meetings with the client, depending on the complexity.

Common scenarios in which clients seek modular financial planning support and recommendations involve an inheritance, pension decisions after leaving an employer, retirement decumulation strategies or investment questions from individuals new to Canada. Sometimes, these expand into more comprehensive financial planning engagements or cross over into other areas, she says, but otherwise, the client's objectives are met on a "one-and-done" project basis.

“If a client has a particular pain point or sticking point that they can define and that they want to work on, that’s a wonderful problem for modular, because they’re able to say, ‘This is what I want, this is exactly what I need, can you accomplish this?’” she says.

While there’s always a place for comprehensive financial plans, Ms. Thompson has found that some clients are overwhelmed if advisors roll them out all at once.

Modular financial planning may also be more affordable for some clients and require less of a time commitment.

“They’re looking for support and advice, and maybe the modular route is a more targeted and specific way that they can achieve what they’re looking for at a lower price point,” she says.

A balanced rollout

Other advisors find value in a modular approach in certain circumstances but prefer to work within the structure of a comprehensive financial planning engagement.

Whether the client is focused on a narrow issue or looking for a holistic picture, Samantha Sykes, senior investment advisor with Sykes Wealth Management at Raymond James Ltd. in Toronto, collects and analyzes the same full suite of information – including income, assets, debts, expenses and goals.

The difference, she says, is how the plan is rolled out to the client.

For some, receiving information from a comprehensive financial plan in a bite-sized, module-like format helps motivate them to act.

If clients are pushing back on a full financial plan, she says, advisors can help them set a goal with a specific timeline before moving on to the next one.

Clients with a pressing issue, such as how to buy a home in the next few months, may not yet be motivated to implement other recommendations in a comprehensive plan, says Ngoc Day, financial advisor with MacDonald Shymko & Co. Ltd. in Vancouver.

In these cases, Ms. Day may take a similar, targeted approach – tackling the main question first while still collecting sufficient background information to be aware of a client’s full financial picture, with a view to revisiting other issues later.

“I might do what you call a targeted plan or a module where I just answer their burning issue,” she says, while letting the client know the financial plan is incomplete and what else should be addressed.

The comprehensive approach

Rona Birenbaum, founder and certified financial planner of Toronto-based Caring for Clients, says modular financial planning may offer value, especially in cases in which an individual would otherwise be making decisions on their own.

Ultimately, in her view, questions on specific issues are best answered in the context of a client’s full financial picture due to the potential implications in other areas.

“The comprehensive plan is what stress-tests out various possible approaches you can take in a wide range of areas because there’s this ripple effect on all sorts of other aspects of one’s finances and one’s life,” Ms. Birenbaum says.

Some isolated issues may not be as simple as first thought, she cautions. For example, a client who wants to help their child with a down payment while protecting the asset from a marital breakdown may not require a comprehensive financial plan for that specific issue.

“Now, should they be giving them a \$250,000 gift?” Ms. Birenbaum asks. “I don’t know – that can’t be answered with that kind of surface-level assessment. It just begs the next question.”

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