



AN ADVISOR'S GUIDE TO MASTERING DEBT MANAGEMENT

Unlock New Revenue Streams with Debt Management



Introduction

In the rapidly evolving landscape of financial advisory services, standing out is no longer just an option – it's a necessity.

As a financial advisor, your ability to rise above the competition is rooted in your distinctive approach. An avenue to achieve this distinction is through offering debt management – a powerful facet that has the potential to transform your practice and bring in new revenue.

This comprehensive guide is your compass to managing client debt, unveiling strategies and tools to amplify your services and set you apart. You'll be equipped to guide clients toward their financial goals, carve a unique identity for your firm in an increasingly crowded market, and successfully grow your practice.



Tapping into the Next Generation with Debt Management

Staying ahead in a rapidly evolving financial landscape requires adapting your strategies to cater to the upcoming generation of clients.

Millennials and Gen Z actively seek guidance on debt management, credit building, and achieving financial stability. While these younger clients might not currently possess the net worth of their older counterparts, it's crucial to recognize that they hold significant potential. They could be the children or grandchildren of high-net-worth clients or future high-earners.

A strategic move involves targeting these demographic segments to position yourself as a specialist well-versed in the distinctive challenges confronting younger generations, tailoring your advice and services to tackle pertinent issues like student loans, credit card debt, and the significance of cultivating healthy financial practices from an early stage.



Younger clients expect tech-savvy advisors. Integrating cutting-edge technology into your practice shows commitment to serving the needs of the next generation, positioning you as a forward-thinking financial advisor. Additionally, creating educational content for young professionals or recent college graduates on student loans, credit history, and effective spending plans positions you as a thought leader

68%

Millennials (ages 26-41) with student loan debt delayed a major financial decision as a result of the debt*

*Survey: Student loans have delayed wealth-building for Gen Z and millennial borrowers, Bankrate

Gaining an Edge by Attracting Clients One Stage Before Wealth Accumulation

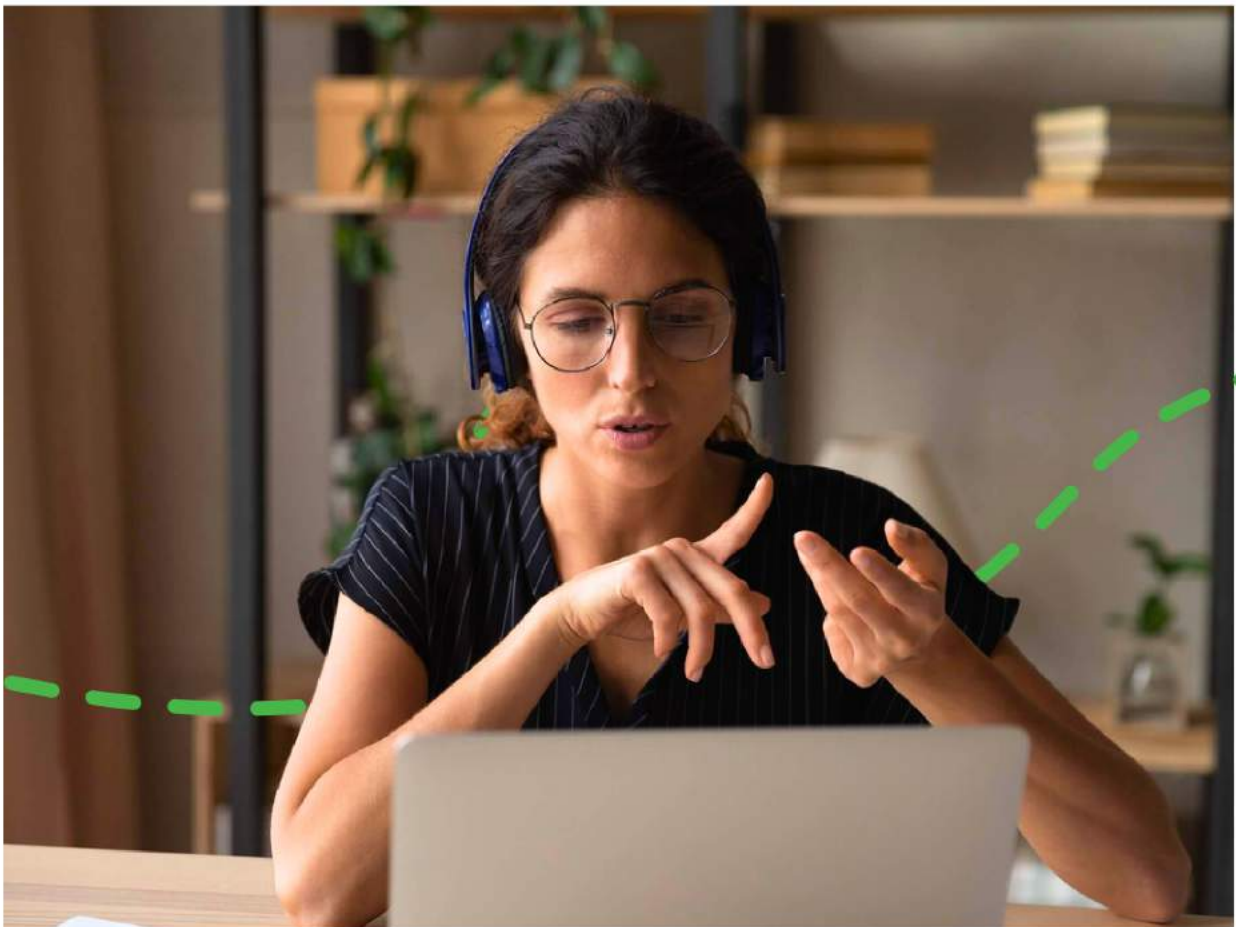
Staying ahead of the curve means recognizing the opportunities that arise well before the traditional notion of wealth accumulation.

By offering debt management services, you're not just addressing a crucial financial aspect; you're positioning yourself to acquire new clients at a pivotal juncture – one stage before wealth-building even begins.

Consider this: a significant number of individuals embark on their financial journey with debt, be it in the form of student loans, mortgages, or credit card balances. The early stages of adult life often involve navigating the challenges posed by these financial obligations, long before the substantial assets of traditional high-net-worth clients materialize. This phase is where many individuals make pivotal decisions that lay the foundation for their future financial trajectory.

Providing debt management services allows you to tap into a market that is often overlooked by competitors who primarily focus on targeting people with existing wealth. This strategy allows you to establish a unique foothold and cultivate strong relationships with clients at a critical phase of their financial journey.

As their financial circumstances evolve and their wealth accumulates, you'll already be an integral part of their financial decisions, making the transition to broader wealth management services a seamless and natural progression.



Empowering Clients with Debt Management Technology

Debt management has historically occupied a relatively modest role within the array of services offered to clients. While not intentionally overlooked, the lack of suitable debt management technology created a substantial challenge for advisors.

Without the means to accurately see clients' debt and track repayment goals, advisors historically relied on having to ask clients for information, which often resulted in undetected debt and inaccurate debt amounts.

The landscape has now evolved, with Optivice emerging to equip financial advisors with a robust and proactive debt management solution. Advisors now possess instant access to their clients' debt information, enabling them to make well-informed decisions, offer personalized recommendations, and construct actionable debt repayment plans that align with clients' financial goals.



The platform's interactive interface enables advisors to visualize various debt repayment scenarios, allowing clients to understand the potential impact of different strategies on their financial future. This fosters transparency and facilitates meaningful conversations that empower clients to make informed choices.

Moreover, Optivice meticulously monitors the progress of client debt repayment and delivers proactive notifications along with valuable insights to financial advisors. This proactive approach assists advisors in guiding their clients toward achieving their debt reduction objectives. Consequently, advisors gain the capability to amplify client engagement, thereby enriching the advisor-client relationship and facilitating more impactful financial planning.

Unlocking New Revenue Streams with Debt Management

Providing debt management services is truly a win-win opportunity – helping clients achieve financial stability while opening up new avenues of revenue for advisors.

Regardless of your business model, integrating debt management services into your offerings provides additional revenue streams. Whether through subscription-based pricing models, enticing add-ons, or asset management opportunities, financial advisors have the chance to optimize their earnings through debt management services.

Subscription based model

Fee-based financial advisors can incorporate debt management services into their subscription-based pricing models by including these services in their initial tier. **Debt management services can act as a magnet to attract prospective clients with substantial income potential who are starting their financial journey.**

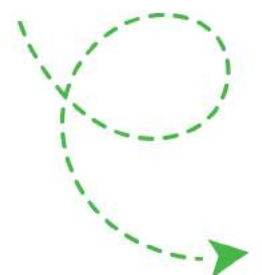
Example of an annual subscription based model:

<p>Emerging Professional // \$2,900</p> <ul style="list-style-type: none"> ✓ Debt management ✓ Credit analysis ✓ Cashflow analysis ✓ Financial planning 	<p>Growing Professional // \$5,400</p> <ul style="list-style-type: none"> ✓ Everything in Emerging ✓ Investment planning ✓ Protection planning ✓ Healthcare planning 	<p>Established Professional // \$9,500</p> <ul style="list-style-type: none"> ✓ Everything in Growing ✓ Estate planning ✓ Retirement planning ✓ Tax planning
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Once advisors guide clients to effectively manage debt, they can upgrade them to the next pricing tier, continuing with them along their financial journey as their wealth accumulates – transforming them into long-term clients with investable assets.

Project based model

If only a specific set of prospects and clients need debt planning, then advisors can provide debt management services as an optional add-on or as specific project-based planning. For example, many high-income individuals, such as dentists, grapple with debt, making debt management an extremely attractive and valuable service for them.



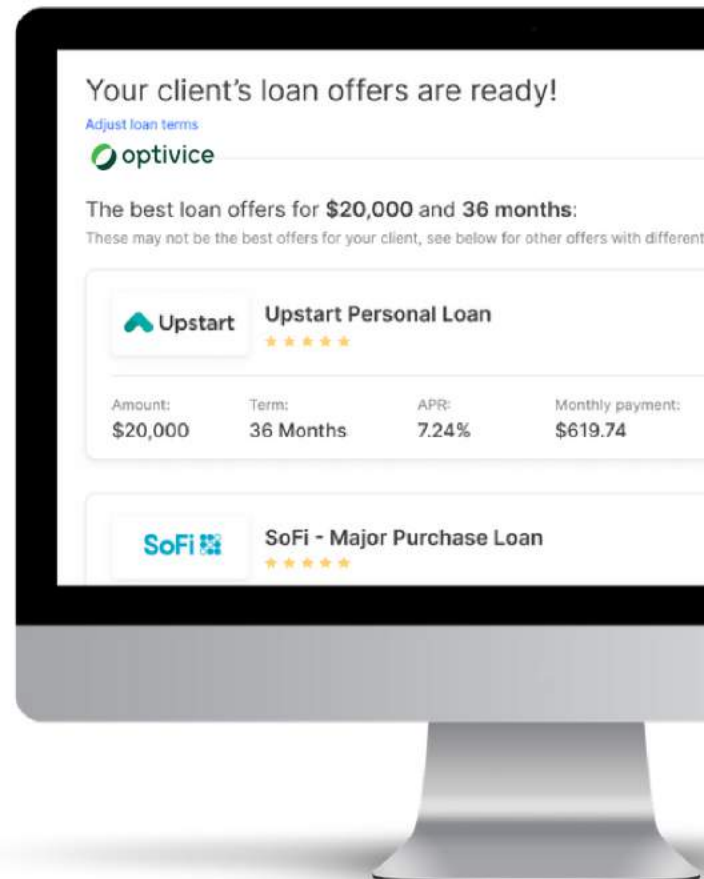
AUM based model

As advisors help clients progress in reducing their debt, they will also free up more funds available for investment. Advisors can seize this opportunity to oversee and manage these investments, earning more fees based on the assets under their management.

Commission based model

Depending on the financial advisor's business model, they have the opportunity to generate additional revenue by finding better loans for their clients. Not only can advisors help clients save thousands of dollars in interest fees and simplify debt repayments, but they can also enhance their own income.

Given that this model is often a subject of debate, at Optivice, we offer commissions as an optional source of income, allowing advisors to make decisions that align with their clients' best interests and their practice's goals. We go the extra mile to ensure that advisors only recommend loans that are in their clients' best interest and maintain rigorous compliance tracking.



How to Master Debt Management as a Financial Advisor

In the second part of this E-book, we will delve into actionable debt management strategies that can be seamlessly integrated into your practice, accompanied by tangible real-world examples.



1. Conduct a Comprehensive Debt Assessment

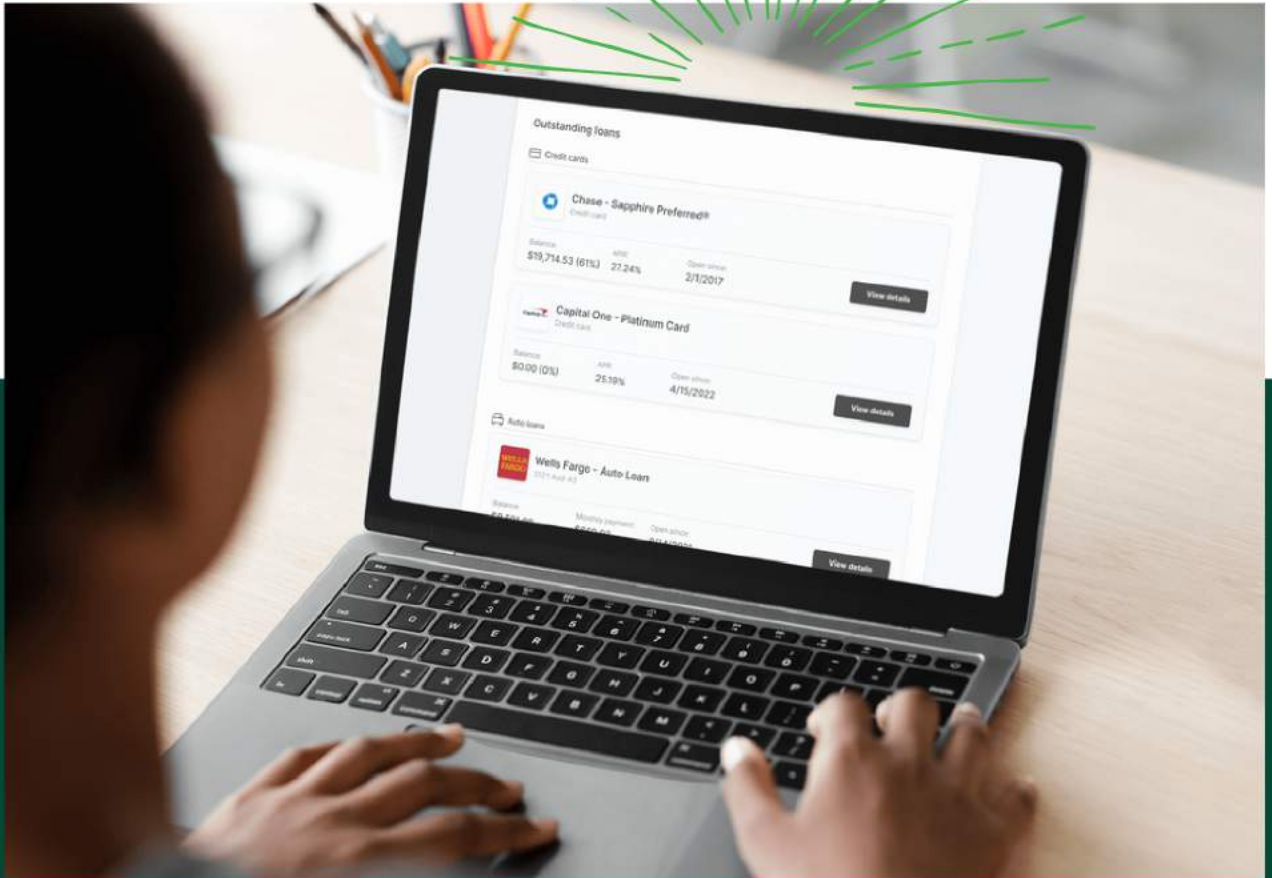


You likely include a cash flow analysis as part of the onboarding process for any new client. But do you thoroughly analyze their debt?

A comprehensive debt assessment empowers you with a clear understanding of your clients' financial landscape, discern points of concern, and uncover their financial commitments. Armed with this information, you can craft personalized strategies that seamlessly integrate debt management into their financial plan, thereby enriching their overall financial journey.

80% **Adult Americans with some form of debt***

During the debt assessment process, consider factors such as total debt, interest rates, payment terms, debt mix, credit score, and any existing financial commitments. Analyzing this information helps you identify potential risks, areas for improvement, and opportunities to optimize your clients' financial standing.

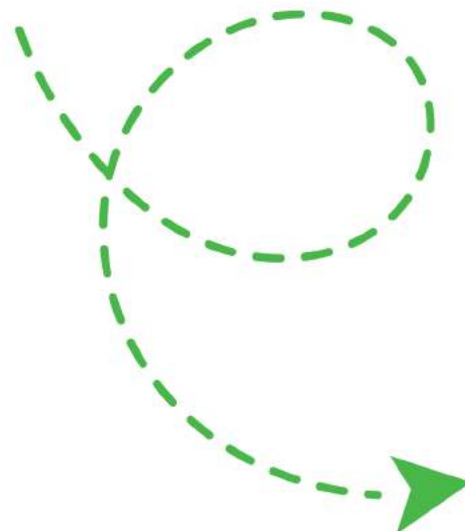


Gaining a clear understanding of your clients' debt also enables you to uncover any potential concerns or issues that your clients may not be aware of. This could include substantial balances on high-interest credit cards or lingering personal loans. By helping your clients recognize and prioritize these debts, you demonstrate your commitment to providing a holistic approach to their financial well-being.

High income earners and high net worth individuals

Particularly for individuals with substantial incomes and high net worth, lumping a debt assessment into a cash flow analysis or other comprehensive financial review often makes it hard to understand the full impact of debt. This is true regardless of the level of debt the client has.

Let's delve into two examples that illustrate this point.



EXAMPLE #1

The High Earning, High Spending Couple



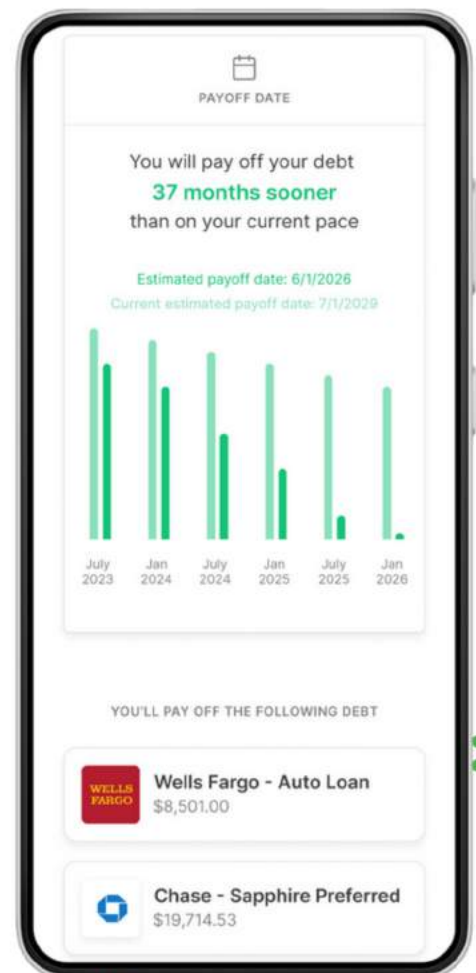
Our first example is a DINK (dual income, no kids) couple who both work in well-compensated industries. Though their combined annual income is high, they're accustomed to a lifestyle that leaves them with little room to save. While they pay off their credit cards each month, between expensive cars, two homes, and student loans, they have a high level of debt. They also plan to start a family.



In a typical cash flow analysis, you may highlight the couple’s high debt-to-income ratio, but they may not feel any true urgency to limit their spending since they can still point to their high income. As their advisor, you know that a child will almost certainly tip this couple into a level of spending that means accumulating more debt, and likely high-interest debt at that.

You know the couple's habits won't change unless they truly want to change them. In order to help them see the big picture, you need to show them the positive impact that small changes today can make. This is where using debt management technology like Optivice can support.

Showing your clients a visual representation of how their actual debt might grow based on their current spending, expenses, and interest rates, can make them rethink their spending habits. You can also demonstrate how changes, like putting more money towards debts each month or consolidating debt, can make a big difference in what they save on interest and how long it takes them to pay off debt. After that, you can show them how much money they could create for their future child by investing those savings.

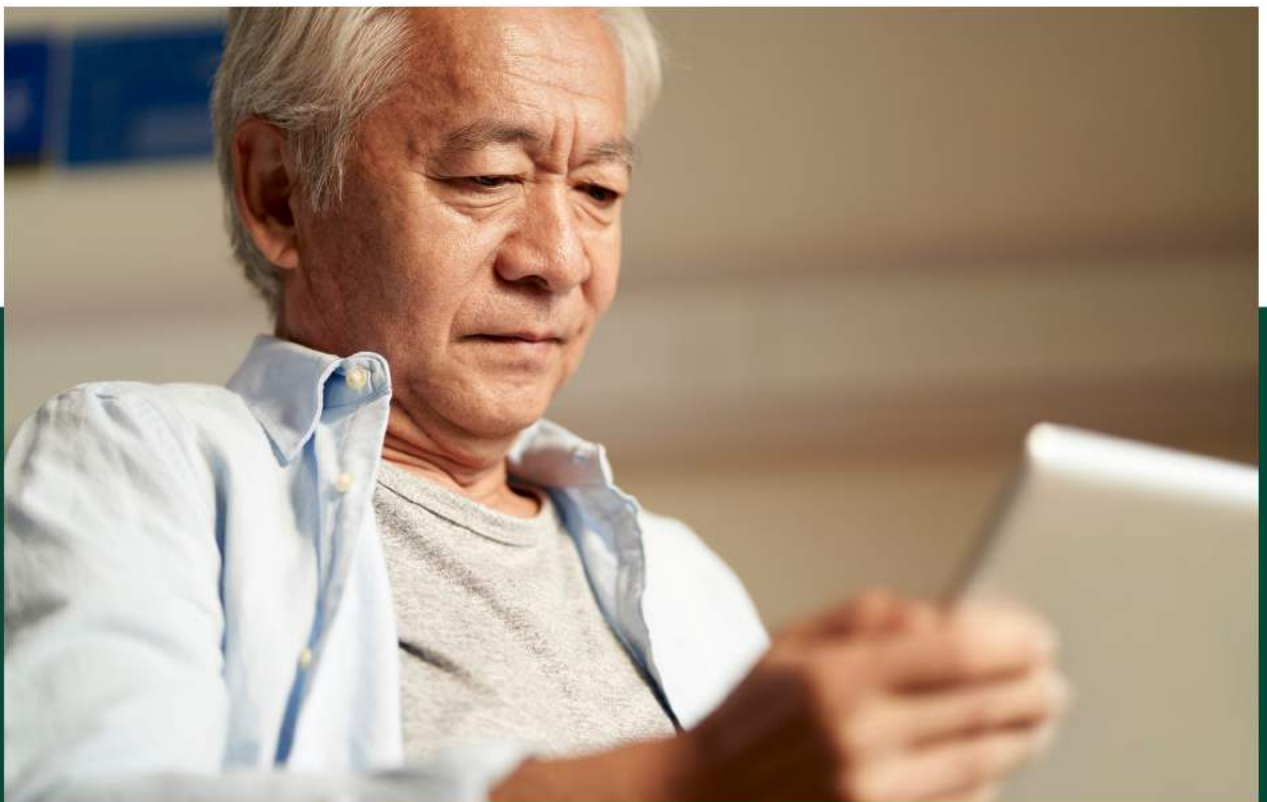


EXAMPLE #2

The High-Net-Worth Widower



Let's look at another example, involving a high-net-worth widower in his 70s. His main concern is making sure his family and the causes he cares about are financially supported in the future. Even though he has a low debt-to-income ratio, there's a detail that might have slipped by if not for your thorough debt assessment.



Upon closer examination, you see that your client is racking up an expensive credit card debt. This is happening because he's been paying his credit card bill late multiple times over the past year. When you ask him about it, he explains that he's often away on vacation or visiting his grandchildren for quite some time. His children have helped him automate many of his other bills, but he still receives and pays his credit card bill through the mail. So, even though he does pay the full amount, because he's usually away he misses the due date.

The solution is straightforward: you help your client set up automatic bill payments for his credit card. Even though the money saved might not be huge in the big picture, he's grateful for the peace of mind this brings. Now, he can enjoy his time with his grandchildren without worrying about missing a bill payment and can focus on making memories instead.

SUMMARY

In one scenario, you skillfully guided a young couple toward reevaluating their impulsive spending patterns by illustrating the future consequences of debt and suggesting changes. Similarly, in your interaction with a high-net-worth widower, you discovered a credit card debt stemming from overdue payments, providing a straightforward yet impactful solution with automated bill payments. These examples demonstrate your commitment to tailored approaches, cementing your role as a dependable financial advisor.

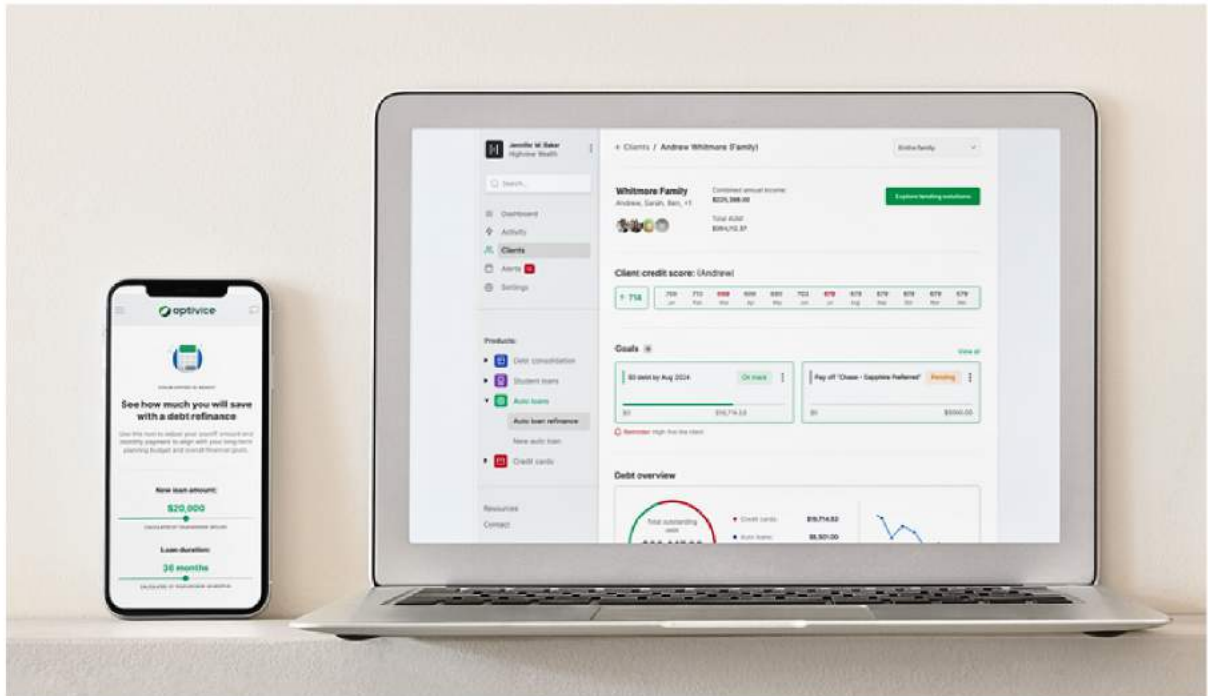
2. Create Actionable Debt Repayment Goals



Upon completing the debt assessment, you will have a distinct starting point to define actionable objectives. These objectives might encompass prioritizing debt repayment, improving their credit scores, paying off a specific loan, or even taking out a new loan.

During the goal-setting process, engage in collaborative discussions with your clients to define objectives that are both practical and quantifiable. For instance, a goal might involve reducing total debt by a specific percentage within a set timeframe. In order to maintain motivation and enable progress tracking, break down large goals into attainable milestones.

Furthermore, offer guidance on budgeting and cash flow management to ensure your clients have the necessary resources and funds to meet their debt reduction goals. Provide tools and strategies for effective financial management to showcase your expertise and reinforce your role as a dependable financial ally.



Creating actionable goals may sound like it requires a lot of heavy lifting on your part – but it doesn't have to. With Optivice the process is simple. You can easily create debt management goals with clients and track their progress towards those goals.

Although creating actionable goals might initially appear to require some heavy lifting on your part, leveraging Optivice streamlines the procedure. With Optivice, generating debt management goals with clients and tracking their advancement is effortless. The platform provides an up-to-date visual representation of clients' debt repayment goal progress and will notify you if clients fall off track. This provides opportunities for additional client touch points without any added effort.

FOR EXAMPLE

Consider the earlier scenario involving a high-earning, high-spending couple. Following their debt assessment, the couple recognizes the need to curtail expenditures and commence debt repayment, yet they don't know how or where to start. Given their two mortgages, vehicle loans, and ongoing student loan payments, it's evident that they feel completely overwhelmed.

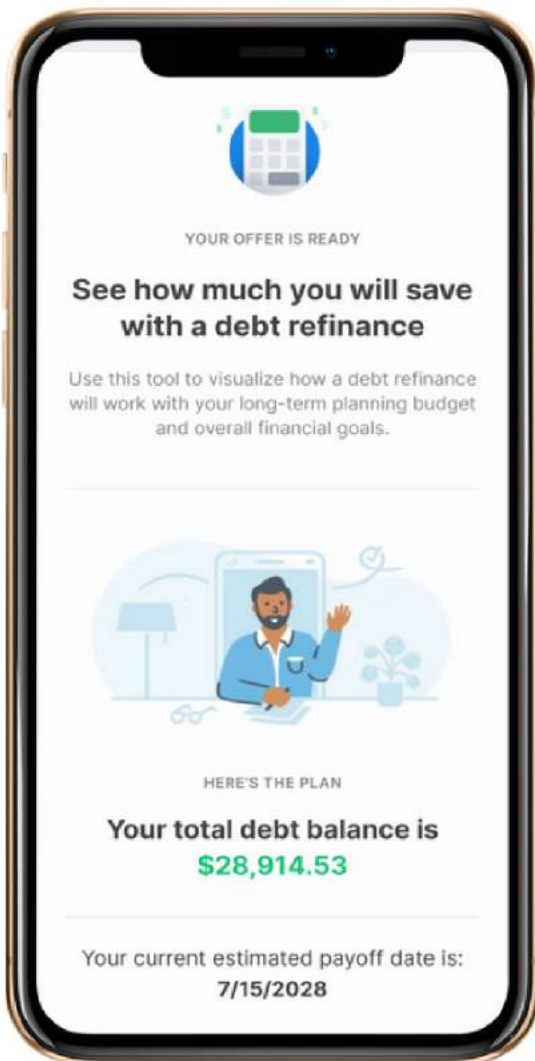
So, you work with them to deconstruct long-term goals into actionable, monthly tasks. Since the husband only has \$10,000 remaining in student loans, the couple decides to prioritize paying this off first to have one less loan to manage. Their goal is to pay off the loan within the next nine months.

As their advisor, you have a complete view of the couple's debt through Optivice. You can monitor their progress towards clearing the student loan within the nine-month timeframe. Additionally, you'll receive notifications should the couple lag in their repayment schedule, enabling you to intervene and provide support to maintain their commitment or reevaluate the objective. This fosters a sense that you're deeply engaged in their financial success, extending well beyond the confines of conventional client meetings.

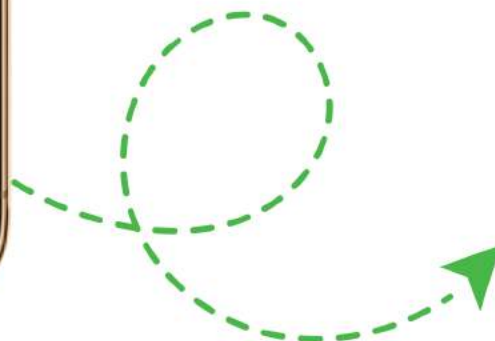
3. Consolidate and Refinance Debt



Consolidating multiple debts into a single loan can bring your clients a variety of advantages, including lower interest rates, reduced monthly payments, and increased convenience.



Exploring debt consolidation options is perplexing for clients, given the abundance of enticing loan offers from various providers that frequently sound (and often are) too good to be true. To ensure the most favorable results, serving as a guiding hand for clients in their debt consolidation journey as an advisor is unquestionably the best approach.



Optivice takes the guesswork out of the equation by recommending suitable debt consolidation options tailored to your clients' unique circumstances. It takes into account elements like credit scores, existing debts, and individual preferences. Moreover, Optivice streamlines the application process, ultimately saving you while delivering a valuable service.

Refinancing is another essential aspect of effective debt management. Through refinancing options, you provide your clients with a variety of potential benefits, be it lowering interest rates, extending loan terms, or obtaining cash-out options. Optivice seamlessly integrates debt refinancing into your service repertoire by visually displaying refinancing options and benefits.

FOR EXAMPLE

Returning to our widower from the initial example, you spot that the interest rate on his mortgage is higher than the current average. Identifying his eligibility for a refinancing opportunity, you leverage Optivice to guide him through the process, resulting in substantial monthly savings. These accumulated funds translate to thousands of additional dollars he can allocate toward building his legacy. This is a prime example of the practical impact that debt management can have on high-net-worth clients.

In Conclusion

Incorporating debt management into your financial advisory practice can truly be a game-changer, positioning you to connect with the next generation and attracting clients at the pivotal stage of wealth accumulation.

Through conducting comprehensive debt assessments, crafting actionable goals, and extending debt consolidation and refinancing services, you orchestrate a valuable and personalized client experience that unmistakably sets you apart from competitors.

Optivice marks a revolutionary shift in debt management technology, effectively bridging the gap that once separated advisors from their clients' debt-related needs. Integrating Optivice into your practice substantially elevates your capacity to provide effective and tailor-made debt management strategies to your clients. As a result, you can establish yourself as a trusted partner not just for your immediate clients but also for your clients' children and new prospects.



**Get a complete view of
your clients' debt - then
help them smash it.**

Book a Demo

optivice.com