THE FINANCIAL ADVISOR'S GUIDE TO

TODAY'S BIGGEST CHALLENGES

Precise FP

It's no secret that financial advisors face complex on-the-job challenges, from navigating changing client expectations to managing technological and regulatory shifts. This is compounded by the fact that talent shortages and economic uncertainty still plague the industry.

All of this to say: Such dynamics require creative thinking and strategic solutions. Success, despite these factors, demands a new approach to operations and service delivery.

More than 100,000 advisors are set to retire by 2033.[1]

This mass exodus leaves a chasm in the industry's workforce. At the same time, client expectations and market conditions put pressure on advisors to do more with less.

These converging forces can leave advisory leaders uncertain about their next moves. But inaction isn't a strategy, nor is it sustainable.

Consider this your guide to the seven biggest challenges financial advisors face today and get strategic solutions you can employ to tackle them head-on. Whether you're preparing for growth, modernizing your operations or prioritizing succession, these insights are actionable and relevant to the modern firm.

What Are the Biggest Challenges Facing Financial Advisors?

1

EVOLVING CLIENT EXPECTATIONS

Clients today expect more than investment advice. They seek out comprehensive, values-driven, timely and, perhaps most importantly, human-led financial strategy. Demographic factors can come into play and color their expectations, too. For instance:

- High-net-worth (HNW) clients may put a premium on tax-saving strategies, high accessibility and proactive support.
- Millennials and Gen Z clients often share a preference for mobile-first solutions, self-serve platforms and 24/7 digital access.
- Regardless of the investor segment, personalization is a key theme. Clients are more loyal to professionals who truly take the time to understand their needs and goals.

80% Nearly 80 percent of affluent households surveyed indicated they'd rather pay a premium for human advice than use a customized digital advice service.[2]

2

TECHNOLOGY INTEGRATION AND AI ADOPTION

Firms may be keen to adopt new technologies, yet many fail to yield the greatest returns from the investment. This can result in underutilized tech stacks and operational lags. In addition, firms may face slowdowns because of situations like the following:

- Advisors are unsure how to best integrate legacy systems with modern tools.
- AI can revolutionize many aspects in a modern practice, yet analysis paralysis delays adoption and therefore prolongs results.
- Manual data entry and outdated workflows create administrative burdens, when automation could alleviate these frustrations.

70% 70 percent of advisors indicated they struggle to find the time to learn and implement new systems.[3]

3

SUCCESSION PLANNING AND TALENT SHORTAGES

As cited above, the looming retirement of more than 100,000 advisors[1] puts the onus on firms to establish succession plans and develop young talent. With those goals at the forefront, a lot of firms face shared realities:

- Many advisory firms lack documented succession plans, leaving them vulnerable when a key team member leaves.
- Recruiting and retaining young advisors is no easy feat, especially without intentional mentorship and growth opportunities.
- In response, firms are exploring partnerships with *CERTIFIED FINANCIAL PLANNING* (CFP®) programs and investing in internship programs to find and train future talent.

44% **Despite the sense of urgency, only 44 percent of advisors have a formal succession plan.[4]**

4

MARKET AND ECONOMIC UNCERTAINTY

Regardless of who occupies the White House or the halls of Congress, uncertainty and markets will always be like oil and water. Uncertainty in markets and the economy at large means advisory firms will need to pivot at a moment's notice. That means:

- Advisors must balance candid conversations with their clients while preventing emotion-fueled decisions in the face of market fluctuations.
- Robust, scalable internal systems give firms an edge in that they can adapt quickly and more effectively.

52% **Proactive and frequent communication with clients leads to a higher degree of satisfaction. As communication frequency increased from once or twice per year to monthly, customer satisfaction scores followed suit and increased by 52 percent.[5]**

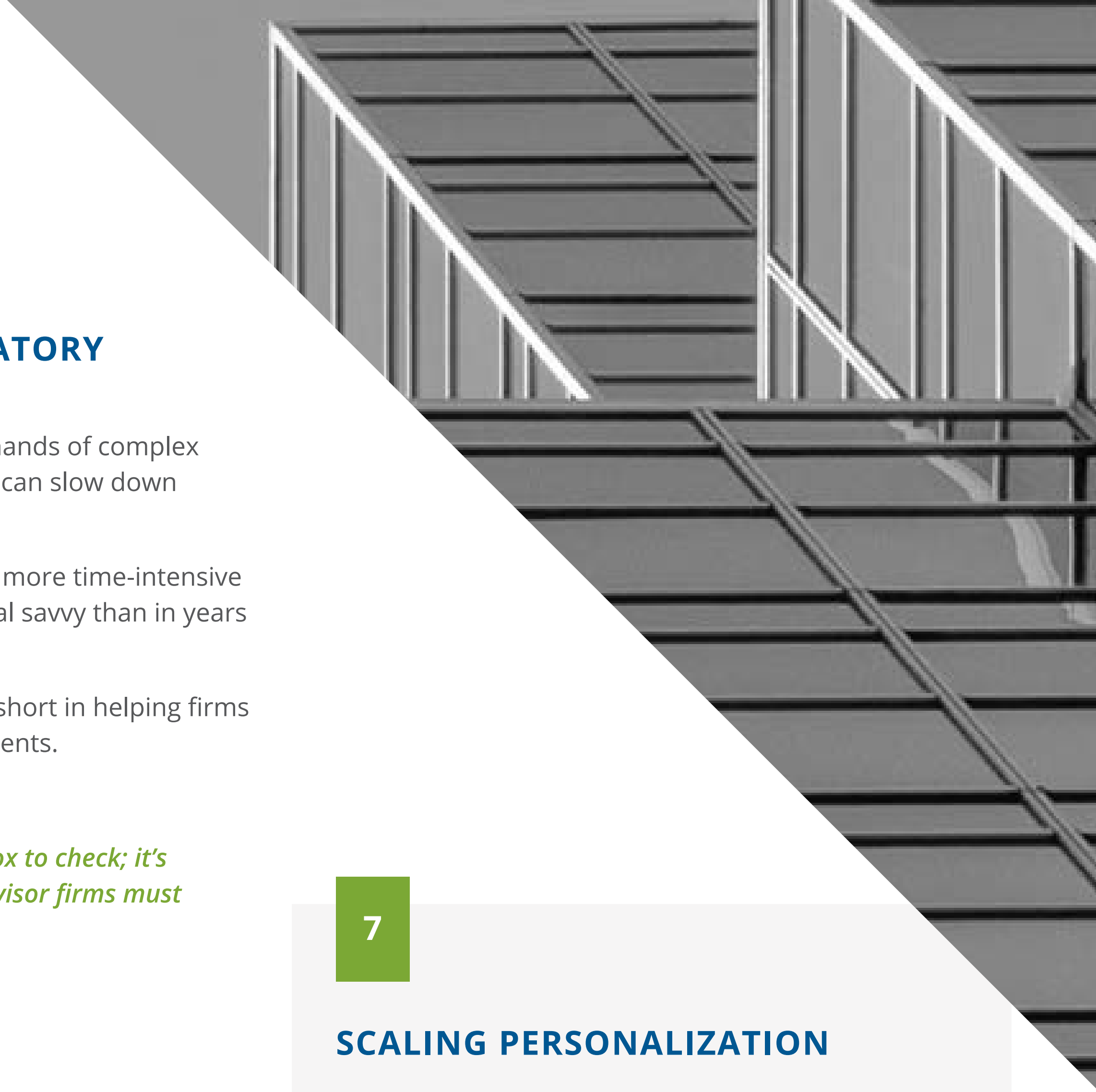
5

FEE COMPRESSION AND MARGIN PRESSURE

The wide adoption of self-serve financial apps means that many clients are skeptical of paying too much for traditional advisory fees. Advisors will have to take this into account, along with other key points like:

- Clients expect quick onboarding, intuitive platforms and efficient service.
- Firms need to win over clients by offering consistent operational excellence and highly personalized service.
- Advisors need to justify their value (and fees) beyond basic portfolio management.

Advisors who are adept in areas like estate planning, tax strategies and generational wealth transfer can set themselves apart from those who don't pursue professional development.



6

INCREASING REGULATORY COMPLEXITY

Advisors must satisfy the demands of complex regulatory frameworks which can slow down processes and procedures.

- Compliance demands are more time-intensive and require more technical savvy than in years past.
- Legacy systems often fall short in helping firms meet regulatory requirements.

> *Compliance is not just a box to check; it's a culture that financial advisor firms must foster from the top down.*[6]

7

SCALING PERSONALIZATION

Maintaining a highly personalized level of financial guidance to a growing client base is both an art and a science.

- In the past, tailored services were an intangible offering, only reserved for a firm's top-tier clients. Today, all clients expect this level of service.
- Scaling personalization is all about relying on smart workflows, data synchronization and consistent client touchpoints.

82% 82 percent of consumers are willing to share personal data in return for a better customer experience.[7]

Strategic Solutions for Modern Advisory Firms

LEVERAGE TECHNOLOGY AND AUTOMATION

Firms that invest in digital tools can come out ahead by doing the following:

- Automate routine tasks
- Integrate systems to reduce double entry and lost data
- Focus on process visibility, accuracy and trackability

RESULT: More time for strategic planning and client relationships

MODERNIZE THE CLIENT EXPERIENCE

This isn't your parents' advisory firm. To deliver the most value, lead with the following differentiators:

- Offer hybrid models: digital convenience + human advice
- Implement client portals for access to plans, updates and documents
- Tailor communication methods by client preference
- Reward client loyalty
- Build a bonded community amongst your clients

RESULT: Stronger engagement, higher satisfaction and stickier clients

BROADEN PLANNING SERVICES

Your mainstay services might not satisfy the modern investor's needs and expectations. With that in mind, you might:

- Package planning into modular, scalable offerings
- Cover estate, tax, healthcare and risk management or at least know how to work with center of influences

RESULT: Higher revenue per client and more diversified income

RECRUIT AND RETAIN TALENT

Your people are the foundation of your firm and can set it on a course of sustained growth. To invest in talent, consider the following:

- Use a 1+2 team structure: Lead Advisor + Associate + Admin/ Operations
- Build internship and mentorship programs to attract and grow talent
- Document workflows to reduce key-person risk

RESULT: Continuity and productivity even during transitions

DIVERSIFY INVESTMENT OFFERINGS

Personalization can make investors feel like you're in their corner and not rehashing tired investment advice. With this in mind, make a point to:

- Match investment options to client values and risk tolerance
- Focus on education, tax-awareness and portfolio flexibility (do they want to know what time it is or how the clock works?)
- Avoid overcomplicating while maximizing alignment

RESULT: Clients feel understood — and more invested in the relationship

IMPROVE OPERATIONAL EFFICIENCY

Your practice operations should work like a well-oiled machine. With that goal in mind, aim to:

- Automate workflows across account opening, servicing and internal tasks
- Reduce software bloat and vendor complexity
- Build standardized, repeatable processes

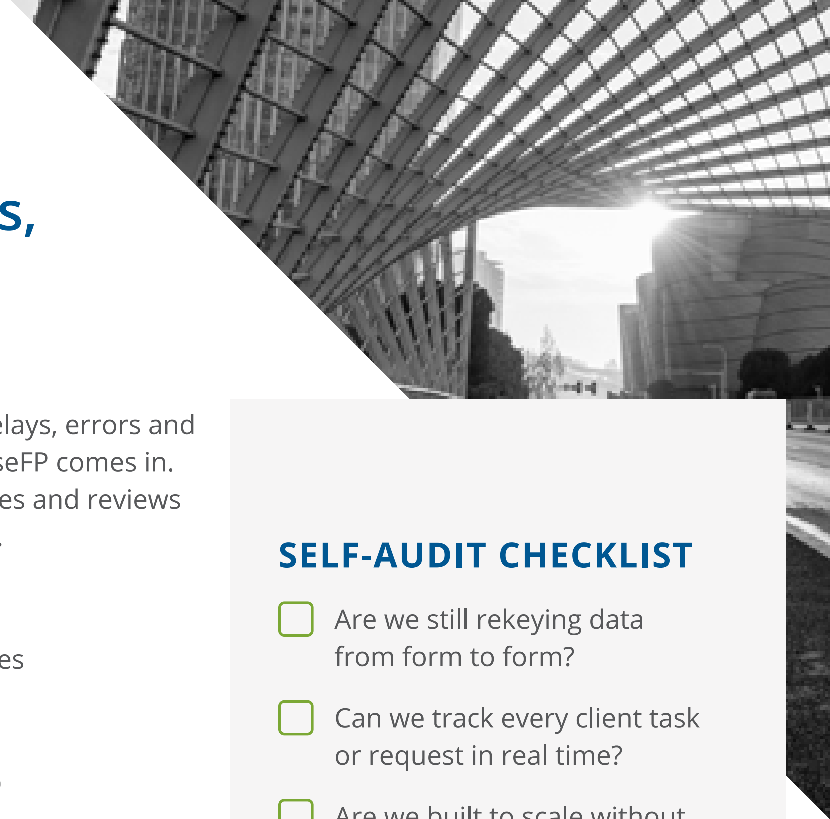
RESULT: Leaner, faster firms that scale with control

STRENGTHEN BRAND AND PURPOSE

Your brand is how clients experience your company. To craft one that resonates, you might:

- Define what makes your firm different and who you serve best
- Position as a long-term partner, not just a provider
- Highlight your process, values and impact

RESULT: Loyalty and trust that transcend market fluctuations



PreciseFP: Built By Advisors, For Advisors.

We're here to eliminate the busywork.

Manual data entry and disconnected systems create delays, errors and frustration for you and your clients. That's where PreciseFP comes in. Our data-gathering platform makes onboarding, updates and reviews faster, easier and more accurate for everyone involved.

With:

- ☑ Pre-filled forms that pull from existing client profiles
- ☑ Bi-directional sync across your tech stack
- ☑ Built-in compliance checks (think FINRA's KYC rule)
- ☑ Smart integrations with your financial planning and CRM tools

PreciseFP makes starting relationships and maintaining them easy, so you can:

- ☑ Skip the back-and-forth paperwork
- ☑ Avoid manual errors and duplicate entry
- ☑ Focus more on client conversations, not chasing forms

SELF-AUDIT CHECKLIST

- ☐ Are we still rekeying data from form to form?
- ☐ Can we track every client task or request in real time?
- ☐ Are we built to scale without growing the team?
- ☐ Is compliance embedded in our workflows, or an afterthought?
- ☐ Are we making it easy for clients to say "yes" and get started?

Advisors today wear many hats: planner, tech lead, marketer, compliance checker and more.

You don't need to work harder than you already do, **you just need smarter tools.**

With PreciseFP at the center of your tech stack, you can scale your business, serve more clients and finally ditch the paperwork for good.

Start your 14-day free trial to see how PreciseFP transforms operations with enhanced trackability and efficiency.

[1] Source: McKinsey's The Looming Advisor Shortage in US Wealth Management, February 2025
[2] Source: McKinsey's Affluent and High-Net-Worth Consumer Survey of US investors 2023
[3] Source: InvestmentNews, August 2024
[4] Source: ThinkAdvisor, December 2024
[5] Source: McKinsey & Company, January 2023
[6] Source: Morningstar, March 2025
[7] Source: PwC Customer Loyalty Survey 2022

PreciseFP