

Why Investment Services Are Crucial to Your Members

And How to Make Them Core to Your Credit Union

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We've known for some time that credit union members would prefer accessing financial services at a credit union. While more than half of members report that, only 3% of members utilize their credit unions for investment services. That's according to research from Kehrer Bielan, sponsored by CUNA Brokerage Services, Inc. (CBSI).

Now, during a time of global pandemic and economic uncertainty, it may seem counterintuitive to focus on investments. Members are struggling economically and face nerve-wracking uncertainty. But this is exactly when these services and strong financial planning need to be present and proactive within credit unions.

The same research found that 33% of households with at least one credit union member say providing for retirement is their most important financial goal. At a time when many people's financial planning and retirement goals might be put off, credit unions should be the go-to source to help members through this crisis.

There is enormous opportunity for credit unions to do more to empower their members and help them through the uncertainty they face, as well as to grow their business by making investment services equally important as their savings, loans and insurance products.

But making investment services core requires more than just vision—it involves deep thought, a data-driven strategy and four core best practices:

1. **Increase Advisor Headcount.** Start by focusing on advisor recruiting. Use a junior/associate advisor model where senior advisors mentor those with less experience. This can fill your pipeline with promising, skilled professionals who can grow your advisory business. Nurturing the next generation of advisors is critical. Today, only 11% of advisors are under age 35.¹ However, as baby boomers are expected to pass down up to \$68 trillion of wealth to their Generation X and millennial family members, your credit union needs advisors on tap to build and nurture long-term relationships with these legacies.² Work with an external partner or broker/dealer (BD) with deep credit union expertise to employ this model and drive headcount

Best Practice 1: BENCHMARK To enhance your wealth management program, set a benchmark to deploy at least one advisor for every \$150 million in share deposits.

2. **Drive Growth of Your Advisory Business.** Working with a credit-union-focused BD also can propel your overall investment services strategy. A qualified BD can help your credit union develop a strategic plan, set company-wide goals that increase the number of members helped with wealth management services, and give you tools and technology to accomplish these goals.

Look for a BD that offers robust advisor recruitment and onboarding services and marketing resources; has deep compliance and industry knowledge; and can provide ongoing training, education and back-office operations support for financial advisors. Once you have all these

resources in place, you then can focus on advisor retention to maintain top performers and their clients.

Best Practice2: BENCHMARK Ensure at least 50% of new investment assets go into advisory accounts.

3. **Deliver Financial Planning.** Provide centralized financial planning support for advisors, so they can focus less on administrative tasks and more on client acquisition that will generate long-term value.

Also invest in data, analytics and product enhancements to drive program growth. Look at your initial benchmarks and success metrics to assess performance and opportunities for improvement.

Best Practice 3: BENCHMARK Generate half of your investment services revenue from fees on advisory accounts.

4. **Increase Member Awareness and Drive Referrals.** Driving member awareness and referrals is a crucial part of growing your advisory business. Streamline marketing activities across advisors and your credit union's in-branch and digital marketing activities by working with a strategic partner who can help you:
 - Create a 12-month integrated marketing and executional plan. It can include everything from employee engagement and referral programs to marketing campaigns and social media. This will be your go-to guide for going to market successfully and making investment services core to your business.
 - Leverage advanced analytics to boost program growth. Using your proprietary data and supplementing it with financial behavior data will enable you to capitalize on the benefits of predictive analytics. These powerful insights can help you separate existing members into different customer segments.

Best Practice 4: BENCHMARK Set a goal to refer at least 1.5% of members to your credit union's financial advisors every year.

Invest in Your Credit Union's Future

Establishing an investment services relationship for members will deepen their connection to your brand— and their trust in it. As research shows, members who enter into this engagement with their credit union do more business with you in the long term. Making investment services core also requires a well-thought-out and integrated strategy where every part of your organization—including advisors—is laser-focused on the benchmarks and goals that will make this new vision a reality.

Are you ready to make investment services core to your credit union? [Discover more resources and best practices.](#)

Sources: 1 Retirement Income Journal, "Babybust? Only 11.7% of financial advisors are under 35: Cerulli", March 8, 2018. 2 CNBC, "\$68 trillion is about to exchange hands in the US," November 20, 2018. All other data from "Making Wealth Management Core in Credit Unions" by Kehrer Bielan Research & Consulting, sponsored by CUNA Brokerage Services, Inc. (CBSI), February 2019.

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