The Latest Financial Planning Trends for High-Net-Worth Clients

Here are several trends personal financial planners should consider as they serve high-net-worth clients in 2025.

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The death of the small independent financial advisory practice, much like the small independent accounting practice, has been predicted for many years. In fact, I recall a ground-breaking report concluding that outcome the year I began my practice in 1997. Yet, here I am, still standing decades later, along with many other financial planning colleagues.

I'm convinced that a big reason for my longevity in this space has been my focus on high-net-worth individuals (i.e., a client with more than $1 million in liquid assets). I'm often reminded of this around year-end when I'm planning for the upcoming year. Of course, the beginning of a new year is also a good time to look at the latest trends shaping my clients' future investments and spending, and how I advise them—I recommend you do the same.

A DESIRE FOR MORE HOLISTIC FINANCIAL ADVICE

Once upon a time, before the advent of affordable personal computers and intelligently written software, clients sought financial advisors for their specialized knowledge in investments, stock picking, asset allocation, and the like. The advisor relationship focused almost exclusively on investment selection and returns. However, soon after widespread use of the internet, the ability of investors to make reasonably intelligent investment decisions on their own increased—especially with the use of low-cost index mutual funds and exchange-traded funds. Today, the use of robo-advisers (digital platforms which use algorithms and client-submitted data to manage portfolios) are starting to fit the bill for more clients looking for an investment-only relationship with a financial professional—not to mention at a meaningfully lower cost.

As a result, clients have begun to demand more non-investment services from their financial advisors. This practice starts with developing a personalized financial plan—one that reflects the client's financial and lifestyle goals—and continues with advising on aspects like insurance planning, estate planning, tax planning, college education funding, and charitable giving, among other topics.

Advisors should embrace this desire of their high-net-worth clients to become better informed about planning in these non-investment-related areas of their financial lives. For example, non-CPA advisors could consider partnering with a CPA to provide clients with planning in their areas of expertise, or vice versa.

USING MODELS TO IMPROVE PORTFOLIO PERFORMANCE

Stemming from clients' growing demands for more holistic financial advice—which by nature is generally quite personalized and more difficult to automate—is the trend of using models to improve investment portfolio recommendations and performance. Most advisors can identify as few as four, and perhaps as many as eight, asset allocation models (e.g., equities, fixed income, alternatives, or cash models). Usually, one of these models corresponds to a client's risk tolerance and target investment return requirements. Simply put, it doesn't matter if the client invests $1 million or $5 million—the same models will be used. Of course, exceptions may be made to introduce an asset class, like private equity, especially in larger portfolios.

Notably, the ongoing use of models can be automated—possibly resulting in better performance—or even be outsourced to a third party. As a result, this frees up advisors' time to provide the holistic planning advice their high-net-worth clients now desire.

IMPLEMENTING AI

It would almost be a dereliction of duty to prepare a trends piece like this and fail to discuss artificial intelligence (AI). Indeed, the continuous improvements in this new technology have fundamentally altered the advisor-client relationship and will certainly continue to do so over time.

As defined by Alden Investment Group, AI is the ability of machines or computer systems to perform tasks that typically require human intelligence, such as learning, understanding written and spoken language, recognizing patterns, solving problems, making decisions, interpreting images and videos, generating new content, and optimizing processes.

As you can see, that's a lot it can do, and many financial advisors are taking note and looking to make gains with this new technology in 2025. In fact, according to a survey from Accenture, 97% of financial advisors believe that AI can help grow their book of business by more than 20%. Additionally, 92% of financial advisors have taken steps to implement AI, and 83% believe AI will directly and significantly impact their client relationships over the next 18 months.

Here are some enhancements where I believe AI can greatly benefit financial advisors in 2025:

- **Transcribing meetings:** AI can transcribe client meetings in real time using speech recognition technology to generate accurate meeting records. This should free up time for advisors to listen more intently and participate in a more engaging manner with their clients.
- **Automating document management:** AI can convert scanned documents into searchable digital files through optical character recognition technology. Further, AI can analyze the documents and appropriately categorize them for later use.
- **Streamlining routine communications:** When added to an advisor's website, AI chatbots can automate several functions and tasks, including responding to simple questions about the firm's services, offering general financial planning advice, scheduling meetings, and directing visitors to other affiliated or relevant resources.
- **Improving portfolio performance:** AI excels at gathering and analyzing large amounts of data quickly. This can help financial advisors make better investment decisions, rebalance assets to target allocations more precisely, predict portfolio performance to a greater degree, and improve tax-loss harvesting.

These are just some of the latest trends in financial planning that advisors should be accounting for. Overall, getting a head start on planning, taking time to research and implement these trends, and speaking with other experts will be key in maintaining and nurturing your relationship as a trusted advisor to your high-net-worth clients in 2025.