



PAPERWORK MISTAKES:

7 Ways to Stop
Losing Money
on NIGO



As a financial advisor, you've probably had to deal with the frustrations of not-in-good-order (NIGO) paperwork — especially if you work with multiple RIAs or reps. But do you realize what a huge cost it could be to your business? Not only is it a drain on your valuable time, but it also delays your ability to collect fees and increases the risk of losing prospective clients — not to mention the potential audit issues and lawsuits you could be opening yourself up to.

Fortunately, NIGO is avoidable, and this paper explains how you can put an end to it once and for all.

Reasons for NIGO:

- Overlooked info
- Wrong forms
- Missing forms
- Bad info from clients
- Illegible handwriting

Fixing mistakes in the middle of the account opening process is at best cumbersome and annoying — and at worst, extremely costly. Having paperwork complete and without errors makes the account opening process flow quickly and efficiently. When there is a block in the flow, we often see mistakes that were easily avoidable with a well-thought-out process.

— Jonathan Pratt, Supervisor, Advisor Services

THE COST OF NIGO

1. Your Valuable Time

Think of all the time you've spent having to go back to prospective clients for more information or to have them sign yet another form. We've heard from firms who say having 50% NIGO is not uncommon — and between filling out paperwork and requesting signatures, this could easily require up to two hours per client. And if you're like the average financial advisor who makes \$100K a year, that means each hour of your time is worth \$50. Multiply that by two hours, and you're at \$100 per instance of NIGO — a costly amount to spend fixing paperwork.¹

2. Slow-to-fund Accounts

On average, it takes about two weeks to generate revised paperwork, send it to the client, get it signed and get it approved. That means you're losing two weeks of fees for every instance of NIGO. Here at TCA, the average account size is about \$100K, so if you make \$1K on that every year (at 100 basis points) — that's a loss of \$40 for every two weeks the paperwork is delayed.

3. Lost Clients

Unfortunately, NIGO usually happens before you've had a chance to establish a trusted relationship with your client. And it's not uncommon for a client to decide that this isn't the best first impression and that they might be better off with someone else. As mentioned above, this would cost you \$1K in annual fees, and with most clients staying with their advisor for an average of seven years, this amounts to \$7K in lifetime costs.



Having a paperwork issue during the onboarding process of a new client forces us to lose face early in the relationship, and we have to scramble to regain their trust in order to not lose them as a client.

— Ann Terranova,
Union Financial Partners



4. Lost Referrals

For most successful firms, referrals are a major source of growth, if not the main source of growth. So while losing one prospective client (and \$1K per year for seven years) may not seem all that terrible, that loss could translate to an exponentially higher cost if you take potential referrals into account.



The typical firm earns nearly 50% of its new revenue from client referrals — or 70% if professional referrals are included.²

5. Audits & Lawsuits

If NIGO paperwork goes overlooked, you could be opening yourself up for audit issues down the road — or even a potential lawsuit from an end investor. And that's really not good.

COST CALCULATOR

approximately
\$100 per instance
of NIGO



approximately
\$40 per instance
of NIGO



approximately
\$1,000 per year
(and \$7,000 lifetime)
per client lost



exponential



potentially
catastrophic

7 WAYS TO ELIMINATE NIGO ONCE AND FOR ALL



1. Consolidate your paperwork

Don't keep every document in a different place. Create one comprehensive packet that combines all the papers you usually need for a typical onboarding. You can always add an extra document in special situations, but this will ensure you don't forget any of the usual components.



2. Clarify/know your process

When a rep works with multiple RIAs he needs to be familiar with more than one type of process, which compounds the chance for NIGO. If you are an RIA working with these reps, make sure that your process is clear and well documented. And if you are one of these reps, write down in one place all the different ways you need to do things.



3. Create a validation step

Make sure your process includes a validation step where someone reviews your paperwork before the end investor ever sees it. If you're an RIA who works with multiple reps, you may want to do this for all your new reps until you're sure they have the hang of it.



4. Make NIGO training non-negotiable

If you're an RIA bringing on new reps, your onboarding process needs to clearly explain why NIGO is so important and how costly it can be. Make this a non-negotiable part of their training.



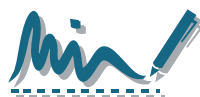
5. Get a CRM platform

A customer relationship management (CRM) platform enables you to manage clients and prospects electronically. You can use a CRM to store client information, communicate with clients and prospects, keep track of all past interactions, run reports, and much more. You can then pull information from your CRM into documents automatically, reducing the chance for error.



6. Look into automatic proposal generation

Once you have a CRM set up, automatic proposal generation technologies can use the information in that CRM to create pre-populated documents. This helps eliminate entry duplication and missing data.



7. Convert to eSignatures

If you're not taking advantage of eSignature technologies, you should be. They help speed the signing process and allow you to better track all your documents online. They also make sure all signature blocks are completed before allowing you to send your documents. One of the biggest names among eSignature companies today is DocuSign — which ensures your transactions are secure and has capabilities in place to meet rigorous legal and compliance standards.

HOW TRUST COMPANY OF AMERICA CAN HELP YOU ELIMINATE NIGO

Our powerful technology platform, Liberty, not only allows you to trade and rebalance on any device, but it also includes capabilities to help you avoid NIGO anytime, anywhere:

- A built-in CRM that captures client info electronically
- An integrated proposal generator that uses data from the CRM
- The ability to automatically pass your data to the account registration process, filling out all the correct forms
- Integrated eSignature capabilities through DocuSign

**Please contact us at
1-800-955-7808 or visit
trustamerica.com/liberty-NIGO
to learn more.**



¹ InvestmentNews, "Financial adviser rises in list of top jobs," Jan 2015.

² 2012 InvestmentNews/Moss Adams Financial Performance Study of Advisory Firms.

About Trust Company of America

Trust Company of America (TCA) is the only independent RIA custodian offering fully integrated real-time technology, consultative services and back office support exclusively to RIAs. Since 1972, TCA has been a dedicated champion of RIAs, committed to personally helping them optimize their portfolios, streamline their business processes and achieve their full potential — all without competing for their clients. Visit trustamerica.com to learn more.

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