

Intergenerational wealth transfer: Four steps for advisors to connect with family members



\$30 trillion
in assets will transfer to millennials
over the next 3 decades



Over 70%
of advisors say they do not meet
with clients' children in a given year

Sources: Accenture, 2016; Investment News, July 2015.
Most recent information available.

The following four steps may help guide advisors on expanding their value proposition and connecting with the next generation.

1. Position your practice for success

Consider promoting intergenerational wealth transfer as part of your value proposition. Broaden the scope of your practice beyond individual clients by focusing on families instead. Make sure your brand reflects this shift.

Expanding your network of local professionals can help provide comprehensive support and services to families. Look beyond legal and tax professionals to include relationships in lending, business valuation and succession planning, third-party plan administrators, eldercare-related support services, and employment agencies. Identify team members to work with the adult children of your primary clients.

If your value proposition is straightforward, your clients are likely to be responsive to including children in meetings. Make it clear that getting to know the entire family is an essential component of your practice.

2. Identify the opportunity

Your list of client heirs may be quite long, so prioritizing meetings is key. When deciding where to begin, consider account size, length of the relationship, potential number of heirs, accounts held elsewhere, geographic presence of heirs, and whether the heirs align with the desired client profile of your practice.

Gather details on non-liquid assets such as real estate, life insurance, or business holdings. These assets can represent “liquidity events” that will require the assistance of an advisor upon the death of one or both spouses.

Early in the meeting process, it may be helpful to construct a “family chart” to identify key relationships and capture as much information as possible. Ask clients to talk about their families and to identify who is authorized to receive account information if necessary. For example, ask whether there is a “lead child” who will likely act as a key decision maker in the future.

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3. Connect in creative ways

Connecting with account beneficiaries through social media networks such as LinkedIn can be a first step in meeting your clients' heirs. Combine an annual account beneficiary review with an opportunity to connect with those future heirs on LinkedIn. Be sure that your clients approve of this approach, and remember to use a personalized greeting.

Other ideas:

- Offer a family education event with sessions addressing key educational issues for different age groups.
- Host a “family fun day” to connect in a social setting. A minor league baseball game or a family movie night is appropriate for all ages — from young children to grandparents.
- Schedule a social event to meet with spouses who may not be the key financial decision maker.
- Send holiday gifts, such as a centerpiece, to gain visibility with family members returning home for holiday gatherings.
- Don't forget older parents of existing clients who may also become clients, particularly if they are not completely satisfied with their service from another firm or bank.
- Recognize the birthdays of client family members.

4. Build trust by delivering value

Family governance meetings focused on managing wealth for transfer or for charitable endeavors can be a significant value add. When discussing long-term strategies, it is important to hold periodic follow-up meetings.

Life transitions provide opportunities to offer special services:

- **High school graduation.** Share helpful advice on college and be sure to send a college-related gift when the student receives acceptance. Discuss establishing a health care proxy before the student goes to college to make sure the parents have access to medical information. Suggest ways to help the student to build a financial program. Ideas include starting a Roth IRA with summer job earnings and opening credit card and checking accounts. Share insights and online tools for budgeting and apps for managing expenses.
- **College graduation.** Encourage the graduate to establish a presence on LinkedIn for employment networking and suggest connections with local employment recruiters. Share educational content on financial literacy and provide thoughts on debt management and consolidation. Offer to conduct a mock job interview for graduates.

- **Life at age 30 and beyond.** Offer a retirement checkup and simple investment solutions and tools. Discuss the importance of estate planning and documents such as wills. Establish a 529 college savings plan for infants.
- **Involve the entire family in a discussion of philanthropy.** Help establish a charitable account, such as a donor-advised fund, that the family can manage as a group. Hold a meeting to draft a mission statement and plan annual giving. Assist in the management of distributions to local charities.
- **Engage both spouses in financial discussions.** Often when meeting with married couples, one spouse will take the lead on financial matters. Try to connect with both spouses. Tie the wealth discussion to family-related planning goals such as income in retirement or providing for grandchildren.
- **Learn how children handle wealth when parents give gradual, lifetime gifts.** This information may lead to a discussion of trust planning to prepare them for a future inheritance.
- **Help clients create a road map for family members to follow in case of an unforeseen event.** Family members will need to locate investment accounts, key documents, important contacts, online passwords, and specific instructions on how to proceed. An advisor can be an important facilitator in helping a family create that contingency plan.
- **Offer resources and support for caregivers of aging parents.** Sometimes the caregiver role falls on one or more adult children, who may have families of their own. There are many challenges, including financial, health care, home care, and living situations. Learn from the experiences of other families in your practice and maintain contacts with senior law experts, health care providers, and service organizations to help families navigate the complexities of eldercare and, potentially, assisted living. Organizations such as the local senior center, associations focused on chronic illnesses such as diabetes and Alzheimer's, and other social service agencies can be important resources.

The next generation of planning

Connecting with the next generation is vital to maintaining a relationship with heirs. It's never too early to start positioning your business to deliver a more holistic planning approach for families.

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