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Who will advise your clients' beneficiaries?

Top tips for retaining assets under advice in the great wealth transfer

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The “death tax” on your business

You’ll be familiar with the 40% “death tax” and its potential impact on a client’s legacy. But have you thought about the death tax on your business?

Most advice practices will tell you they haven’t lost a client in years. They engage so regularly with their clients that this protects them.

But we all know the game changes when a client dies. It’s all too common for assets under advice to walk out the door when wealth transfers to a client’s beneficiaries.

We know as many as 70% of women change advisers within a year of inheriting wealth from their partner.[1]

We also know it’s never guaranteed a client’s children will retain your services when they inherit.

Yet with the right approach, many of these losses are preventable. And now’s the time to focus on the issue, because we’re in the beginning stages of an unprecedented wealth transfer. An estimated £5.5 trillion between 2017 and 2047.[2]

Advisers who get intergenerational planning right will build real value into their business.

So in this document you’ll find some top tips you can use to improve your strategy for retaining assets in the great wealth transfer.

59%
of advisers we surveyed did not have a strategy to retain assets when they pass to beneficiaries.[3]

[1]Are women key to your future business? Schroders, 13 October 2021. [2]Kings Court Trust, February 2017.
[3]Research conducted by Opinium in March 2022. A survey of 201 financial advisers.

Four ways to improve retention in the great wealth transfer

We spoke to two financial advisers about how they engage their clients' beneficiaries, and how they approach retaining assets when wealth passes to the next generation. They shared these tips you might find useful for your own business.

1 Start the estate planning conversation earlier

It might seem like an obvious point, but you don't want the first time you meet the beneficiaries to be when your client has passed away. Depending on the age of the client, you'll want to start building the relationship with their beneficiaries now. Help them understand the planning you are putting in place. Prepare them for the wealth that will come to them. The more engaged they are now, the more likely they will seek your advice when they inherit.

2 Make intergen integral to your process

Have a collective approach in your practice where everyone is thinking about intergenerational planning. You don't have to lead with engaging the next generation, but it should always be on your radar. When you meet a new client, ensure that questions about their children and wider family form part of the fact find. Use natural opportunities to meet the beneficiaries, for example, when putting trust planning in place, or by offering to have the children attend meetings as a client grows older and more vulnerable.

3 Regularly engage the family

Always try to bring everybody in, including the spouse and children in conversations, even when clients have come to you very much as an individual. The more engagement you can have with clients and their families outside of reviews the better. Even if it's just sending a birthday card to the spouse.

4 Don't assume there's no opportunity to advise the beneficiaries

Some advisers are wrongly discouraged from engaging the next generation, because they believe their client's beneficiaries will spend their inheritance. While this can be the case, beneficiaries tend to feel a sense of responsibility to their inheritance and don't want to waste it. You'll often find that some, if not all the inheritance, is set aside and investable.

"We have a very good retention rate. It's not one unique approach that we have, but a number of small actions that build up to client retention.

It's more about relationships than it is a particular tactic when it comes to intergenerational planning and retaining assets. We try to make it feel like a family environment, even though it's a professional environment. We're not a faceless entity that just deals with the husband and the beneficiaries have no idea who to engage with."

Kirsty Coldicott, KLC Financial

"Like many advisers, I understood the need for intergenerational planning, but you never get round to doing it. You never have time because you're always chasing the last email.

Then we had one client who passed away. His daughter, who had never engaged with me before, just took everything away. So I told myself I've got to get working with the beneficiaries earlier.

Now we're starting to get phone calls from beneficiaries."

Sunny Sonpal, Collective Financial Planning

Are you ready to advise the next generation?

Dr Eliza Filby is a leading generations expert. She believes having a better understanding of the different generations will help you attract younger clients and retain assets when older clients pass away.

Eliza's top tips for advising younger generations:

1. **Be an educator**

   What stands out from surveys of younger people is their insecurity about their financial knowledge. Are you upskilling them? Are you teaching them? If so, how are you doing that? Remember, they are used to TED Talks and high-end learning experiences.

2. **Make your service feel bespoke**

   You have a generation of younger potential clients who are used to and expect a tailored experience. Are you bespoke in the communication you're giving, in the delivery, in the wording, and in your documents?

3. **Keep advice gender neutral**

   Try not to make any assumptions about what a female life path looks like and what a male life path looks like.

"You may think, what's generational analysis got to do with me and my business?

Well, the family model is rapidly changing. You're getting more equality within marriages. Women are making more of the big financial decisions, and children are having more of a say in their parents' financial decisions.

Ultimately, surviving female spouses and younger generations are set to inherit significant wealth. It's up to you to be in a position to advise them."

Dr Eliza Filby, Generational Intelligence Expert

Understanding the generations

Silent Generation 1928–45

In their eighties and among the most vulnerable in society. Came of age in the 1950s, a period of intense conservatism. They often have conformist views and attitudes to money.

Baby Boomers 1946–64

One in five UK baby boomers are millionaires. This generation benefited from the economic reforms of the 1980s, investing in property, private pensions and investments.

Gen X 1965–80

The Sony Walkman and BlackBerry generation. These were the first owners of personal tech. The first time we saw women outnumber men at university, giving rise to the professional woman. This cohort are financially squeezed. They were affected by the financial crisis and many have children and elderly parents to support.

Millennials 1981–96

Millennials entered the workplace in the financial crisis and struggled to build wealth. This generation were encouraged to prioritise experiences over assets. Technology and travel became affordable. More have a passport than a driving license.

Gen Z 1997–2010

Gen Z have grown up with social media and a smart phone in their pocket since age 13. Their attitudes to money and financial habits were shaped during the deepest recession since the Second World War. A savvy generation who are placing emphasis on investment, saving, and multiple streams of income.

Gen Alpha 1997–2010

We know the least about Generation Alpha. But as many will be the beneficiaries of a large wealth transfer, they will be extremely important to the advice industry.

Advising women who inherit

Having conducted extensive research into women and their attitudes to money and advice, Dr Eliza Filby has a few tips. They are worth bearing in mind when engaging female spouses and beneficiaries.

Eliza's top tips for advising women:

1. **Be a good listener**
   Eliza found that women like to look at the past, and this informs their attitudes towards money today. Listen to their stories, make them feel validated and place less emphasis on their hopes and dreams for their future.

2. **Have emotional empathy**
   You might think that women want to be advised by a woman, but this isn't the case. They want someone with the emotional capacity to help them through the hardest moment in their life.

3. **Keep it simple**
   Sound advice for any client, but avoid talking in acronyms and jargon. If the individual is making big financial decisions for the first time, you'll want to understand what they know, what's their level of knowledge, and how can you help them feel at ease.

4. **Education**
   Some women feel that they are lacking in financial knowledge. You have an opportunity to empower them through education. Their technology skills are often enhanced by their children, so don't assume they can't consume digital education.

5. **Get to know their support infrastructure**
   When our partner dies, we lean on our support infrastructure at that point of crisis. Get to know the children because they are critical, as well as the lawyers, accountants, and wider family. All of those people will be an influence on your potential client. The more you know that support infrastructure, the better.

How we can help

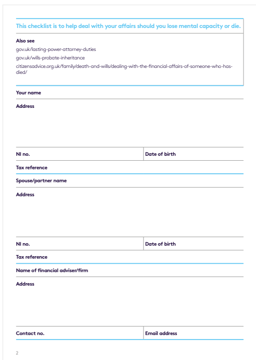
Use our resources and dedicated team to support your intergenerational planning.

Two documents you can use with beneficiaries:

1 "What I own and where I keep it"

Fill this document in with your client. When they pass away their executors can use it to easily locate the client's will, assets and anything else they'll need. You can use the document as a natural opener for suggesting you speak to beneficiaries, as they'll often be the ones using this document.

It's one of our most popular documents and there's an option to co-brand it with your firm's logo. If that sounds like something you'd want for your business, please get in touch on **0800 316 2067** and we'll be happy to help.



2 Guide to being an executor

This guide helps the estate administration process run as easily as possible for you, your clients, your clients' beneficiaries, and the executors. It can be a great door opener for speaking to beneficiaries.

Our team

The Octopus Intergenerational Planning team is here to:

- Support the conversations you have with your client's wider family, helping you retain assets and attract new business.
- Share best practice and planning ideas that will help you to encourage beneficiaries to use their inheritance impactfully.
- Ensure probate is a smooth process, with relief from inheritance tax claimed when a client has died holding one of our investments.

We've supported thousands of advisers. To find out how we can help you, get in touch on 0800 316 2067.

Ben Charrington, Head of Intergenerational Planning