
HOW ADVISORS SHOULD TALK TO THEIR CLIENTS ABOUT LEGACY PLANNING

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Just last year we launched the Advisor Solutions programs to help advisors engage more effectively with their existing and prospective clients. Kristan Wojnar of Third Quarter Advisers will take you through one of the many pillars of this program, legacy planning.

Here are some sobering statistics I found for financial advisors to consider:

- Only 2% of adult children keep their parents' financial advisor after receiving an inheritance.
- Nearly 60% of adult children have not met their parents' financial advisor.
- A mere 7% of clients' children say they know their parents' financial advisor personally.

An estimated \$30 trillion is expected to change hands from baby boomers to their heirs by 2050. This, combined with the statistics above, paints a bleak picture for the future for financial advisors who don't do something to counteract the trend.

I'm a practice management consultant with a track record of speaking and consulting on a variety of value-added topics for financial advisory firms. I help WisdomTree work with advisors on legacy planning. This is a key area where advisors can add significant value for their clients and get a leg up on retaining their heirs as clients as well.

Beyond Estate Planning

Legacy planning goes beyond the realm of estate planning, where the important work of ensuring that clients' financial assets are passed on to their heirs based upon their wishes and in the most tax-efficient manner possible occurs. This is important to many investors, but I would guess that most investors do not feel any level of passion toward this process.

Legacy planning is about clients passing on their intangible and core values to their heirs. What's important to your clients that they want the next generation to know and remember? That's where legacy planning and legacy documents come into play.

Compiling legacy documents and having meaningful legacy conversations with your clients are powerful ways to deepen your relationships with your clients as well as their

children and grandchildren. They also provide a profound opportunity to set you and your practice apart from other financial advisors. This is a unique way to demonstrate that you care about more than just the assets and “tangibles” of your clients; you also care about their “intangibles” and the enduring legacy your clients may want to leave for generations to come.

Legacy Documents and Conversations

A legacy document can be as simple as a letter from clients to their children, grandchildren and others that allows them to tell their heirs how they feel about them, to pass on advice and encouragement for the future and to impart other feelings and values.

This doesn’t need to take the form of a letter. Pictures with captions in an album might be a better approach for some clients. As with so many other things today, there’s even app for that, as well as a number of other resources that can help you shepherd this important process with your clients.

Where an advisor can really add value is in facilitating the legacy conversation between your clients and the next generation. This serves several purposes. First, it helps your clients communicate their values to their heirs. Beyond the normal family interactions where some of that has taken place over the years, this is a more focused setting to communicate these important ideas.

These legacy conversations can also play a key role in successfully transferring family wealth to the next generation. One of the biggest reasons cited for failures in the wealth-transfer process is a lack of communication between the generations.

It’s important in this process to be mindful of generational differences.

Generation	Values	Communication Style
Millennials	Value global community, self-confidence and being entrepreneurial	Prefer a very high level of communication and collaboration
Generation X	Values being forward-thinking, striving for emotional security and life balance	Prefers a high level of communication and collaboration
Baby Boomers	Value optimism, being experimental and personal growth	Prefer a moderate level of communication and collaboration
Silent Generation	Values patriotism, sacrifice and discipline	Prefers a hierarchical model

Sources: Third Quarter Advisors, State Street Global Advisors

Getting the Process Started

Like much of the good work you do for your clients, questions are a great way to get the legacy planning process going. Questions like these can be a good place to start:

- What has been the most joyous moment in your life? why?
- What is your earliest memory?
- What has been your proudest moment in life? why?

- In three words, how would you like to be remembered?
- What is the single most important lesson you have learned in life?
- What mistake have you made in life that you would like others to avoid and learn from?

I've found that legacy planning is a great value-added service that you can provide to your clients. It is the ultimate win-win for them, for their heirs and for your firm as you seek to build a relationship with the next generation of the family.

Legacy planning is now part of [WisdomTree's Advisor Solutions platform](#), designed to help financial advisors grow their businesses.

[Financial advisors, read more on ways to improve your business.](#)

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