

# Generational financial planning

## The opportunity

It is forecast that £5.5 trillion will be passed down as intergenerational transfers in the UK over the next 30 years.<sup>1</sup>

Yet research from Engage Insight found that 57% of those asked in the 22-37 age bracket would not consider using their parent's financial adviser. Of the remaining 43%, over half would only consider an adviser alongside alternative services, such as DIY digital investment and savings apps.

Figures from the US back this up – the number of people who leave financial advisers after the loss of a husband is a staggering 70%, with 95% of heirs who inherit leaving their parent's adviser.<sup>2</sup>

Financial planners are the trusted partners of clients before, into and throughout retirement – so why are firms sometimes losing the opportunity to continue to work with the spouses and families of their clients, and what can they do to turn this around?

## Financial planning and the next generation

Many advisers who use our platform tell us that being able to show a client that they can achieve their desired lifestyle and financial independence – in many cases far earlier than they had allowed themselves to dream – will always be one of the greatest privileges of being a financial planner.

However, at the age of 32 I empathise with my friends and peers who might be overwhelmed at the prospect of visualising what their retirement will look like, let alone what it will cost them.

Many of them are medical professionals with young families. When I ask if they have an adviser they tell me they prefer a DIY approach, or simply reply that they want to invest in something they feel more familiar with (e.g. property). Not quite the financial planning I had in mind.

As the co-founder of NextGen Planners, Adam Carolan says, “Most of the (older) children of clients don't think they have enough assets to deal with their parent's wealth manager. There is a great opportunity for financial planners and the next generation of advisers to change this perception and it just starts by having a discussion about financial planning.”

Financial planners would have held frank discussions around lifestyle goals and financial objectives with their existing, older clients for years already – approaching those discussions with others in the family and engaging the younger generations means approaching it from a different perspective.

Thanks to successful careers, my close friends are on the property ladder and have good incomes. However, it doesn't mean they are keeping track of their cost of living, nor that they have considered whether they have adequate measures to protect themselves and their families.

Financial planning discussions and cash flow modelling can illustrate the need for protection as well as the effect of their inflows versus outflows over time.

## A family affair

Natalie Wright – PFS Chartered Financial Planner of the year and Director at Mazars – told me, “In 95% of cases my initial meeting will invariably be with the main decision maker, but I will always involve their partner/spouse at the next planning stage ... I don't come across many couples where one person decides everything and the other just agrees and I think this is often the presumption.

We also need to work harder to give more women confidence around money which will help with retention of clients over the longer term. No one wants to be made to feel stupid so we need to make sure women in particular feel like they can ask questions without being judged and that they are open and honest with any anxieties they have. Getting to know people on a deeper level really helps discover what they want to achieve.”

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<sup>1</sup>The Centre for Economic and Business Research  
Passing on the pounds: the rise of the UK's inheritance economy  
Wealth Transfer in the UK: the continuing story of the inheritance economy

<sup>2</sup> The Vanguard Group  
Vanguard, 2017. Retaining heirs.

## Four tips to engage families

So what can you do to ensure you retain clients and are managing the relationships behind the £5.5 trillion forecast transfers?

### 1. Grandparent days

Client days aren't a new concept but I have heard of one firm that hires a cinema to show the latest release of a popular children's film. Grandparents (usually the clients) are invited to bring along their grandchildren for the film and a fun afternoon. Quality time spent with grandchildren and a bonus for the parents who get an afternoon to themselves!

### 2. Family updates

Although you might deal with one member of the family throughout the year, make sure a 'family update' is part of the annual review meeting agenda. Use it to find out more about the family's passions and upcoming events.

If you are only meeting with one member of the couple or family, then that could be an instant barrier to the others being able to pick up the phone when they might need you most.

### 3. Financial education

You can offer sessions to children on financial education and encourage them to engage with savings or 'round up' apps as well as any investment accounts held for their benefit.

Natalie and Adam both encourage existing clients to invite their children/grandchildren to discussions surrounding power of attorney and legacy planning.

### 4. Involve your team

Introduce the family to other members of your firm and team, for example paraplanners and planning assistants who will be heavily involved with looking after the family's affairs. This is equally rewarding for your staff.

These are just four suggestions. We hear lots of great ideas from planners all the time, so please don't be afraid to share them using #AJBellNextGen on [Twitter](#) or [LinkedIn](#) and contribute your own.