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The great transfer of wealth

How to build client relationships across generations

An advisor-client relationship is truly a partnership, and often, it's even more than that. However, if that relationship doesn't extend across generations of the family, you could soon be faced with a deep decline in assets.

Over the next 20 years, our nation will experience an enormous transfer of wealth, as around $30 trillion is passed from baby boomers to Generation X to millennials. Unfortunately, 66 percent of children replace their parents' financial advisor after they inherit their parents' wealth. If you want to maintain your client base into the future, you need to connect with all levels of the family and establish the trust needed to serve as their go-to financial advisor now and for years to come.

A trusting relationship doesn't occur overnight – you need to earn it. Your approach needs to adjust based on your target generation.

Four main areas of focus

1. Communication preferences

Unsurprisingly, older and younger generations prefer different levels and types of communication with their advisor. It's up to you to understand your clients' preferences and adapt to them, even within the same family.

Younger generations typically want to be able to reach you on an as-needed basis –responsiveness is key. They are more likely to prefer a quick 10-minute chat on the phone or a series of emails to address an immediate concern. In contrast, this style of communication may make older generations feel unimportant or undervalued.

When it comes to important financial decisions, in-person discussions will always take precedence – no matter the client's age. As you become more involved with the family, it may be wise to implement a yearly meeting that includes multiple generations.

TIP:

Ask your clients about the types of communication they prefer so you can tailor your approach to meet their needs and build a high level of trust.

2. Technology comfort level

The Gen X and millennial generations tend to be very tech savvy. They are likely to use the internet to research financial topics that interest them and to rely on apps to help them manage their money. They don't necessarily see the value of paying for advice when they can seemingly take care of it themselves. You may have to prove your value and provide tools that will give your clients a sense of transparency and insight into your recommendations.

Some older clients may be less inclined to incorporate technology into their financial habits; rather, they may want an advisor who they can trust to do the work for them. This will likely not be true for all of your clients. You should be prepared to accommodate the range of your clients' preferences. Above all, consistent, responsive communication is a must.

TIPS:

Provide multiple types of branded content—and share them across a variety of platforms—to increase client engagment.

Give your clients the opportunity to get to know you as a person, so that you're relatable and can connect on a deeper level.

3. Financial literacy needs

Continuing your education—and that of your team—is invaluable as the financial industry evolves. Your clients want to be confident in your expertise and your knowledge. To that end, you need to be able to distill your knowledge and share it with your clients in an appealing format that fosters their learning process.

A solid foundation in financial literacy will make your clients more aware of the value of your advice. While older generations may prefer comprehensive print materials (whitepapers, brochures, etc.), millennials are more likely to prefer concise, highly skimmable materials that they can access online, at their leisure (e.g., videos, infographics, etc.).

If you send client emails, include content that will resonate with both audiences. While you may include links to your online resources or timely industry-related articles, you should also include sections like "Quick Tips" and "Terms to Know" for quick takeaways. If you're active on social media, you can repurpose and share this information across your accounts to provide a personal perspective on the topic.

4. Community involvement

Engaging in your community by participating in local events or volunteering helps your community and reminds your clients that you care about others. Your clients will notice if you take the time to participate in activities that you are passionate about.

Before your clients pass on their wealth, you need to have solid relationships with everyone involved. You need to give them confidence that you understand their objectives, their concerns, and their unique situations. If you assume that younger generations will have the same needs as their parents, you risk losing their trust – and their business. Consider how you can start adjusting your approach to target clients of all ages and then take steps to put your plan into action.

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