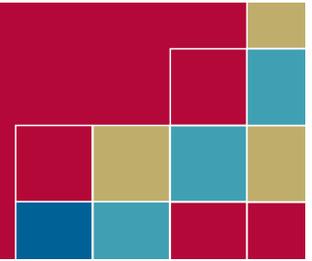


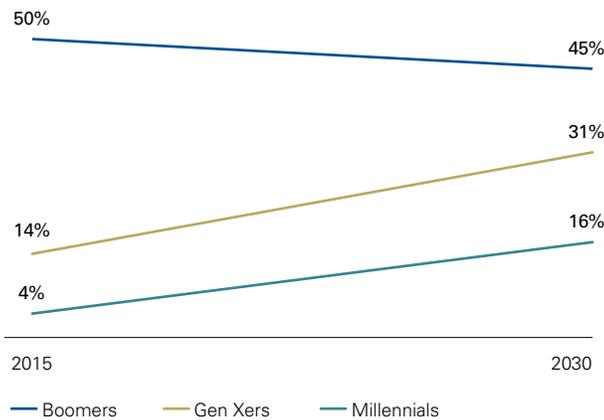
# Retaining heirs

## How to connect with your next generation of clients



Gen Xers and millennials are your next generation of clients. Here are two compelling reasons why attracting them should be part of your client-acquisition strategy and four practical ways to ensure your acquisition effort is successful.

### The generational share of household wealth is shifting



Source: Val Srinivas and Urval Goradia, 2015. The future of wealth in the United States: Mapping trends in generational wealth. Deloitte Center for Financial Services. Accessed March 13, 2017, at <https://dupress.deloitte.com/dup-us-en/industry/investment-management/us-generational-wealth-trends.html>.

An unprecedented transfer of wealth is occurring. During the next 15 years, as much as \$24 trillion could be passed from baby boomers and their Silent Generation parents to their 141 million Generation X and millennial children and grandchildren.

As Gen Xers' and millennials' assets grow, many will need the guidance of a financial professional who can help them manage their wealth.

Position yourself to attract your next generation of clients. Integrate our multigenerational acquisition strategy into your practice.

### Gen Xers and millennials have an appetite for advice services

Whether it's information or personal assistance, Gen Xers and millennials report that they want professional help managing their investments. They are your market. It's just a matter of implementing strategies that will help you make them clients.

#### How would you describe yourself when it comes to saving and investing for retirement?

Millennials



60%  
Want advice

Gen Xers



- Do it myself
- Do it for me
- Educate me

Source: Catherine Collinson, 2016. *Perspectives on retirement: Baby boomers, Generation X, and millennials: 17th annual Transamerica retirement survey of workers*. Los Angeles, Calif.: Transamerica Center for Retirement Studies.

# Integrate these practical Gen x and millennial-focused client-acquisition approaches into your practice.

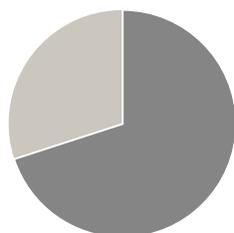
## Avoid losing your clients' surviving spouses or partners

One of the most important ways to ensure that you are positioned to attract your clients' children and grandchildren is to retain clients' surviving spouses or partners.

As many as 70% of widows leave their husbands' financial advisor within a year of the husband's death. Also, upward of 95% of inheritors change advisors after the death of both parents.

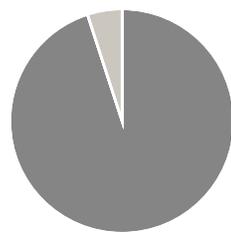
You can change these numbers. Take the time to build relationships with both spouses or partners, as well as their children.

A surviving spouse or partner with whom you have a trusted relationship can have a profound effect on whether you are able to retain existing assets and bring the couple's children into your practice. Build a client relationship that is based on "your clients" not "your client and his wife."



70%

after loss of a husband



95%

after loss of both parents

- Inheritors who change their advisor
- Inheritors who stay with their advisor

Sources: Kristan Wojnar and Chuck Meek, 2011. Women's views of wealth and the planning process: It's their values that matter, not just their value. *Advisor Perspectives* 5(9); and Diane Doolin, Vic Preisser, and Roy Williams, 2011. Engaging and retaining families. *Investments & Wealth Monitor*, (Sep/Oct):10-12, 16.

## Overcome the privacy barrier



A 2012 study found that 68% of high-net-worth baby boomers shared little or no information about their wealth with their children.<sup>1</sup>

Besides not feeling confident discussing their wealth, boomers cited the potentially negative effect that sharing details about their wealth would have on their heirs' work ethic. Boomers also felt that their children were not mature enough to appreciate such information.

For clients who shy away from frank conversations with their children about wealth, consider opening the dialogue with a softer approach that focuses on life-stage issues such as student debt, marriage and finances, or the purchase of a home.

<sup>1</sup> U.S. Trust, Bank of America Private Wealth Management, 2012. *2012 U.S. Trust insights on wealth and worth*. Charlotte, N.C.: Bank of America.

## Build heir relationships early

Fostering open communication among family members can be instrumental in ensuring your ability to retain assets as the assets pass from one generation to the next.

Start by discussing and defining roles and values that relate to the family's businesses, philanthropic interests, history, inheritance plans, and other issues that family members consider important.

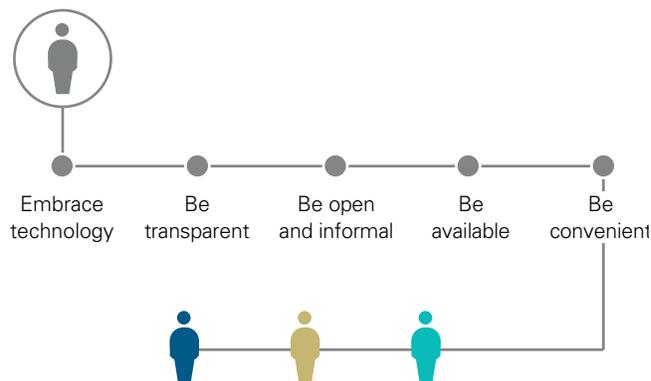
Create a family mission statement. A family is more likely to successfully transition its wealth when members have worked together to formulate a practical long-term statement that records their wealth management objectives.

### Warren Buffett's rule of thumb:

To give his children  
“enough money so that they would feel they could do anything, but not so much that they could do nothing.”

Richard L. Kirkland Jr. and Carrie Gottlieb, 1986. Should you leave it all to the children? *Fortune* (September 29).

## Be a savvy communicator



Gen Xers and millennials don't see themselves as buttoned down. Nor are they inclined to trust everything they hear. So be open, be informal, and be transparent. Learn how to connect with them on their terms.

Some advisory shops have implemented a team approach that pairs a younger advisor with a more experienced advisor, with the younger advisor leading discussions with younger clients.

Build a cutting-edge online presence that includes a state-of-the-art website with content that is concise, engaging, informative, and easy to share. Also, take advantage of as many online channels as possible. Use Facebook and Twitter® for breaking news. Use YouTube for education and thought leadership content. Use LinkedIn for professional interactions.

## Expand your client base to help:

- Retain assets
- Differentiate yourself in a commoditized industry
- Assure the value of your practice in the event of a succession plan



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