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Providing independent administrative trustee services to our clients all across this great nation.

Attracting and Retaining Gen X & Y Clients

The young are getting richer. This may be happening for two reasons. First, wealthy parents are no longer waiting until their death to transfer wealth; they are making transfers during their lifetime. Second, the technology boom has resulted in many IPO's that have created wealth at younger ages than we have ever experienced before.

In the past, advisors focused their practices on Baby Boomers and did not really worry about Gen X and Y investors. That is not the case anymore. When combined, Gen X and Gen Y have overtaken Baby Boomers as the wealthiest generations in history. Here is the breakdown:

- Baby Boomers (born 1946 – 1964): 76.7million
- Gen X (born 1965 – 1976): 49.1 million
- Gen Y (born 1977 – 2000): 77 million

The problem for advisors that are hoping to retain their client's assets after the wealth is passed on is that, according to a recent study conducted by Pershing, 90% of heirs say they will move their assets to another investment firm once they receive their inheritance.

You need to act now by creating relationships with your clients' heirs, so that when the wealth is transferred they will see you as "their" advisor, not just their parents.

The best way to bring heirs into the fold is through introductions from their parents. But because of the generation gap, some parents have a hard time talking to their heirs about their financial situations, wishes and concerns. As their advisor you are in the unique position to create an environment that fosters healthy financial conversations with the heirs by including them in estate planning and investment meetings with their parents.

You should become a resource for heirs now so you will have built a strong relationship with them by the time they need help managing their own assets and inheritance. One way to build a strong relationship is by becoming their educational resource for all financial related issues including areas in which other advisors lack expertise, such as trust services.

Educating both parents and heirs about how trusts help to accomplish their wealth transfer goals and protect heirs from future creditor claims helps establish the foundation for you to earn the trust of the Gen X and Y heirs and retain assets under management.

According to an article published in onwallstreet a recent survey of 642 high net worth and ultra-high net worth investors, defined as those having 3 million in liquid assets in addition to what they have already invested, revealed that:

The majority of survey participants had some kind of estate plan in place. However, many wealthy individuals, especially Gen-X and Gen-Y, do not have a trust;

- Only 51% of survey respondents had a revocable trust and only 22%had an irrevocable trust;



- 43% of respondents believed that outlining their wants in a will replaced the need for a trust and another 31% were procrastinating;
- Respondents did not have trusts because of “misunderstanding and lack of professional guidance.”

Also according to survey results 43% of respondents believed that outlining their wants in a will replaced the need for a trust. Another 31% were procrastinating, while 17% didn't think they had enough money for a trust.

The survey results highlight that there is a huge opening for advisors to offer advanced estate planning for the Baby Boomers and their Gen X and Gen Y heirs. By educating your clients about all of the estate planning options for transferring their wealth to the Gen X and Gen Y heirs, including the facts about how to use Trusts as an essential part of an estate plan, you position yourself as a trusted expert and build a long lasting relationship for multiple generations.

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