

Client Retention: Maintain AUM with Generational Marketing

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By: **Morgan D. North** | Director of Business Development

Financial professionals are a key factor when considering the management of a client's growing net worth. Building a trusting relationship is the single most important reason clients work with their Financial Advisor. However, very few advisors discuss Life Insurance as leverage to meet the children of their clients and help assure that assets passed to beneficiaries will remain under their management. Ask yourself, if you knew which team would win the Super Bowl, how much would you bet? **The point is clear.**

¹Though the "Great Transfer" from the Greatest Generation to the Baby Boomers is still active, over the next 30 years, an unprecedented \$30 trillion dollars will be transferred from Baby Boomers to Generation X and Millennials. This large-scale shift has been coined "The Greater Wealth Transfer".

²Approximately 66% of children receiving an inheritance have fired their parents' financial advisor and only 20% of advisors are targeting younger family members of their clients. Furthermore, the average age of advisors in the United States is 50. About 40% are over 55 and many are nearing retirement. Many advisors are not targeting the children of their clients because they're not sure how to make the connection.

^{2.1}Other obstacles advisors are facing include children spending the assets too quickly or simply no interest in having the same advisor manage the assets.

If you are planning to retire and sell your business, the relationship with the clients' children can affect how much a buyer is willing to offer.

However, if you have no goals to retire in the near future, imagine losing 66% of your best clients.

³Advisors are still searching for ways to relate and connect with the children of their clients. Some firms have started hiring young advisors to incorporate into high-touch, financial planning models to better solidify a family relationship. Others are adding digital-advice platforms and partnering with online advisors because clients of all ages are behaving more and more like next-generation investors. While all these ideas are proving results, they may not be the easiest to implement and in some cases may pose additional costs.

The often-overlooked idea is the value of Life Insurance. Think about it, if you were the child of my client and when we first met I told you that upon your parents' death I am going to help you receive an additional \$1 million dollars above your original inheritance, what would you think of me?

Life Insurance is an easy strategy to bring up in the with your client to begin discussions regarding subsidizing taxes, wealth transfer, and wealth preservation. It's an even easier strategy to meet the beneficiaries and develop a meaningful relationship.

Your AUM increases when Death Benefits are paid, and your odds of retention will also significantly increase.

Contact your PIMSCO Marketer if you have questions or would like more information regarding this publication
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Sources:

¹https://www.accenture.com/t20160505T020205Z_w_us-en/acnmedia/PDF-16/Accenture-CM-AWAMS-Wealth-Transfer-Final-June2012-Web-Version.pdf#zoom=50

²<http://www.investmentnews.com/article/20150713/FEATURE/150719999/the-great-wealth-transfer-is-coming-putting-advisers-at-risk>

³<https://www.cnbc.com/2016/06/15/the-great-wealth-transfer-has-started.html>