

Passing the Buck

Is your organization ready for the largest generational wealth transfer in our history?

By Jim Kearney

From Baby Boomers to Gen X and Millennials

Over the next decade, baby boomers will transfer tens of trillions of dollars to their heirs. Many of them are already working with financial services organizations to provide them with estate planning, investment management, and other financial advice.

However, studies show that when assets are passed from one generation to the next, the recipient of those assets rarely stays with the incumbent firm. Imagine the impact to your organization's balance sheet if a majority of your existing clients departed, or if their assets were split among multiple parties.

Not only will retaining current assets be a challenge; taking advantage of this watershed event to add new assets will also require some forethought.

With so much at stake, wealth management firms, brokerages, retail banks and other firms in the financial sector will need to adjust their thinking in order to remain competitive.

Is your firm ready to attract and earn the business of the next generation?

Point B's Approach

Point B works with a wide world of financial services organizations to develop proactive approaches to the vast wealth transfer on the horizon. Here's what we know—and what you can do now to turn one of the industry's biggest challenges into your greatest opportunity.

Building those “next” relationships now

Client engagement has never been more critical than it is now, and that includes engaging the next generations. If you're not talking to your baby boomer clients—and their adult children and grandchildren—your competitors most likely are.

Do you know the needs and goals of every member of a client's household? Do you have solutions in place to service them now or in the future? What type of client experience will the next generations expect from you?

Proactively building a relationship and meeting your clients' heirs now to build a relationship may not pay immediate dividends, but it could prove crucial in the future if your firm wants to retain its existing assets. If you wait to engage with these prospects when your

client is in the midst of acting on a life event that impacts financial decision making, you will have already lost, i.e., too little, too late.

Retain clients and attract new ones

Maintaining existing relationships is only part of the puzzle. With so many assets in play over the next decade, you miss huge opportunities if you focus all of your planning solely on your internal client profile.

That said, how do you plan to take market share from competitors who fail to prepare for this transition of assets? Your current efforts to gain market share are most likely focused on target prospects at other firms. Have you considered the heirs to those target prospects? Does targeting that next generation change your approach, or how you allocate your marketing dollars?

Capturing the greatest possible share of this monumental wealth transfer raises plenty of questions. How your firm answers them will ultimately determine whether it will be around to serve generations to come.

Four strategies to ensure your share of the wealth transfer

As you prepare your organization for the great wealth transfer, we recommend the following strategies:

- ✓ **Assess the market.** What does your current client profile look like? How has it transformed over recent history? Are you losing more clients in desired demographics than you're retaining? These are some of the questions you'll need to address in order to move forward with an implementable plan.
- ✓ **Develop a marketing strategy.** The goal is to make your brand sticky enough that the next generation of your existing clients will want to remain with you, and new prospects will want to partner with you.

- ✓ **Explore multi-channel solutions.** Meeting the needs of Gen Xers and Millennials will be critical to getting new clients and retaining existing ones. A brick-and-mortar strategy may not be the best or only approach. Understanding how these clients want to engage with you (online chat, video conferencing, additional digital and mobile means, etc.) will influence how you design your target-state client experience.
- ✓ **Transform your organization.** Developing strategies to attract and retain talent with insight into next-generation thinking is critical in building out a contemporary organization that is relevant to your future clients. Designing your organization to work for the client of tomorrow will go a long way to increasing your chances for success. Are you ready to think differently?

The Bottom Line

Taking steps now to stay on top of the major wealth transfer is a strategic investment in the future of your clients and your company.

It may take fresh thinking, new channels, and a new marketing strategy. You may want to bring in new talent and update your organizational structure to meet a new generation's needs and interests. One thing that won't change: the power of connecting in a meaningful way to understand your prospects' needs and show them that you're ready to help.

Why Point B

Point B has brought deep financial services industry expertise, insight and leadership to more than 650 engagements for more than 60 clients in the space. We work closely with global banks, asset managers, trust companies, and credit unions to address the needs of a changing marketplace.

Point B is 100 percent employee-owned and consistently receives among the highest client satisfaction scores in the consulting service world.
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