COMMONLY OVERLOOKED ITEMS IN A PROFESSIONAL ESTATE PLANNERS PRACTICE AND WHAT YOU CAN DO ABOUT THEM

A PROFESSIONAL ESTATE PLANNERS WHITE PAPER

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Commonly overlooked errors in the business of estate planning

Estate planning in its simplest form is planning for the transfer of something to someone else. A more accurate synopsis from Wikipedia defines estate planning as the process of anticipating and arranging, during a person's life, for the management and disposal of that person's estate during the person's life and at and after death, while minimizing gift, estate, generation skipping transfer, and income tax. Estate planning includes planning for incapacity as well as a process of reducing or eliminating uncertainties over the administration of a probate and maximizing the value of the estate by reducing taxes and other expenses.

While the definition may have variations, the execution and design from professional advisor to professional advisor will also be different. The effectiveness of estate planning in your business can a differentiator amongst you and other professionals. Whether you are a Certified Financial Planner ®, an estate planning attorney or a financial advisor, how you approach, how you plan and how you effectively execute certain aspect of your business are extremely important. From the planning process to prospecting, understanding common errors and how to overcome them will help you to maximize your client experience and your business. It will separate you from other professionals and strengthen your business offering.

Professional estate planning advisors can eliminate the staggering statistic that they have an eight in ten chance of being fired by heirs after their clients die. Even attorneys have the same staggering statistic of maintaining client relationships upon the death of their clients because of the lack of a strong relationships with clients. According to a study by Merrill Lynch and Prince Associates, wealthy baby boomers will begin to pass $23 trillion dollars in wealth between 2007 and 2026. The Boston College's Center for Wealth and Philanthropy estimate the largest generational shift of wealth in United States history. With over 60% of adults not having a simple will, strong estate planning is more important than ever.

We interviewed over 100 professionals who engage in estate planning and we found these common potential issues in their businesses. Participating in these errors can lead to a slow death of your business. Below is a helpful guide to understanding the issues and some solutions that may help you in your business.

Advisors failing to dive into the family dynamics and just focus on transferring assets using a will or trusts.

Understanding family dynamics is a crucial aspect of estate planning. Over 50% of families in the United States are broken. Some have challenges such as siblings that do not get along, children that don't know how to treat money or outside parties that may attempt to challenge an estate. These factors can cause significant stress on the transfer of an estate. Making it a point to understand these and other dynamics is vital and maybe the most important part of the process.

Questions developed to understand deep relationship issues and the personalities of beneficiaries and outside parties can alleviate problems later in the transfer of an estate. Developing a line of questions that tackle these understandings begin a thorough planning process.

What can you do?

Formulate questions early on in your process that help you understand family complexities or how clients may actually view asset transfers with their beneficiaries. Ask those questions such as how the children spend money, are they conservative or outgoing. Ask them how they view money and what they are giving to the beneficiaries. Questions such as these will help you properly prepare the estate for challenges and minimize errors in the process. As much as you may think that clients may not want to answer these questions most will appreciate being asked

Think outside of the box. Ask questions about aunts and uncles, secondary families and friends. Many of these people challenge or cause difficulty in the transfer of the estate. Ask deep questions about beneficiaries. Incorporate values within those questions. If your client believes a beneficiary doesn't fit within their values they may change how the transfer proceeds. No matter how basic a client may be or how little they have in assets, they may still want to include charities. Include those types of questions in the onboarding process.

By asking these questions you will show a thoroughness to your clients. Your attention to detail will shine and it will reflect in your business.

Advisors not including the beneficiaries in the planning process

Most professionals begin planning with their clients and do not ask to bring in the beneficiaries for the process. While clients may not want to include the beneficiaries in the process it must be conveyed that including them is vital. By not including the beneficiaries, many items may not be understood. Many items can be missed and it can certainly leave the door open for errors.

Clients can feel like they are walking a thin line by bringing in children or others because they may have to reveal something they don't want to. While conveying to them the conversation can be done without actual amounts, certain items must be discussed. Who will sell a home or who would have to take care of pets? Assuming that beneficiaries will just do this could cause a strain, and is just one example of why it is vital to include the beneficiaries.

For you as the professional advisor this is an important step in retention and the first impression. If this step is missed, the connection between the beneficiaries could be strained and may not be opened. It is extremely important to convey this to the client. Just preparing documents for transition is the first step, making sure it goes according to plan is the closing step and that is facilitated through a relationship with the beneficiary.

What can you do?

Help clients understand why. Convey to clients that conversations can be done without actual amounts. The transferring of an estate can be discussed or formulated in a way that even sensitive issues can be discussed without seeming desperate. Stress the importance of minimizing mistakes.

If you cannot get a client to buy in, prepare the items you would like to discuss in a manner that will help you get the clients on board. Show them how you can discuss these items in a professional manner. If they can experience how the conversation may take place then they may have new thoughts on including the beneficiaries.

Once your client is on board, stress the importance to the beneficiaries and their role. Show them your attention to detail and they will see why you were chosen. After a relationship has been established continually follow up. If they see that you care, retention rates increase and your business adds value for years to come.

Advisors misconception that only their wealthy clients need estate planning.

A study done by USA Today in April of this year revealed that 64% of adults do not have a will. There are several reasons for this but if you read between the lines this opens up a tremendous opportunity. The value of early planning or even having something in place is extremely important, especially for young families. Conveying this message to them will only open up a world of opportunity.

While this may not be your perfect client profile, it may lead to them. By working with all types of clients it may give you the opportunity to review or plan for someone they may be the beneficiary of. It may also open up new planning opportunities. Working with all types of clients will open up all new types of doors.

Another opportunity to working with those who have not begun planning is that it opens collaboration opportunities with other professionals. Those opportunities can lead to referrals or a new consistent relationship. Consider prospecting everyone so that you can uncover new opportunities and help those who may need it at a time when they least expect it.

When working with these clients, convey the importance of having not to deal with probate court. In a time of grief or loss, probate is the last court they want to experience. Having simple measures in place could the grieving process without causing additional headaches.

What can you do?

Have the conversation with anyone. Prospect and ask if they fall in that category. Use a story approach as it will appear like less of a sales tactic. Approach those you think are unapproachable or may not fit within your perfect client profile.

Connect with the beneficiaries and make sure they have planning in place. Target market potential estate planning prospects within social media by using stories that make them think about planning. Speak with other professionals who may not have engaged clients in estate planning. Explain why you are willing to quarterback this process and why it is important to their clients. Enlighten them on how this will not only benefit them but will benefit their business.

Advisors only engaging clients or prospects over 50 years of age and not those who are younger with new families

Estate planning should start early and that begins when couples and individuals are young. Many millennials are coming into wealth or may have accumulated wealth with the lack of focus on estate planning. At a young age most don't want to think about passing or don't get around to it. Some young couples don't see the urgency in estate planning.

Connecting and relating to millennials early in their lives will help them understand the importance of giving, planning and relationships. While they may not have assets to manage or money to build out trusts, early planning is important. Establishing a will just to alleviate problems and make intentions known can start the planning process. Remember, we are in the largest wealth transfer in our nation's history and the millennials are going to receive it.

Starting them out with simple wills and then connecting with them for additional opportunities strengthen you core base of clients. This is a market that is largely untapped. Preparing them for that "just in case" moment will show you are in touch and willing to be there with them through the long haul.

What can you do?

Try seminars with young people for early planning. While they may not be proactive, a seminar approach may just make them get involved. Use social media, which is where most millennials spend their evenings, searching through social media. By connecting, making regular posts, they will see that you are engaged with their generation. You may also spark a nerve with an article or post that gets them involved. Try topics that don't involve managing assets. Again, this will come across as a sales pitch and less of a chance to help.

Try conversation about wealth transfer. Ask them if they are prepared and if they are ready for the responsibilities. Engage them in doing financial planning and estate planning early and set goals.

Advisors that don't use collaboration in estate planning as a business growth opportunity

Collaboration with other professionals is key in business. It opens up opportunities and can grow business. Collaboration with professionals who share passion and understanding can also provide you with knowledge growth. The best referrals come from professionals and the best way to grow a business is through referrals. However, referrals come two fold. It is important to not only provide referrals but look for those in return. Stress that you are looking for a referral partner and that you understand the value of referrals and the value of providing value to their clients.

This is the best way work together. If you are not receiving referrals from an equal source then it is time to move on. A way to shine through the many professionals is to show the value of your service. The technology you provide, the thoroughness of your planning, attention to detail and connection with the client will help you shine through. It also provides a way for you to assist those you may work with and improve their deliverable. Collaboration is a key in growing a strong and prosperous business.

What can you do?

Invite those you want to connect with to see what you do. Bring a client to the door so you can show them your process. Allow them to see what collaborating with you will do for their business. Take the lead and bring them advantages that they will want to relate to others they do business with.

Invest in and utilize technological advances. In a technology driven society, professionals are in the beginning phases of implementing technology in their practices. Introducing nuances in technology will implore your business acumen and dedication to the profession. It will also improve processes for them and provide deliverable to clients that they may not have other experienced.

Advisors not using technological advances to improve deliverable and efficiency

This is a technology driven world and technology can create advantages for you. Advantages like paper reduction, easier onboarding and better collaboration are a few. Just incorporating the concept of organizing information electronically can minimize errors and save time. But technology in its simplest form allow the advisor advantages that are often overlooked.

Ask yourself the question, how do you present information to beneficiaries who aren't in your geographical location? The simple answer is don't even include them which is the path most advisors take. Updating items electronically is additionally important. Not having a system to be able to update and deliver easily increases workload and again maximizes the chance for error. Technology improves your deliverable and many beneficiaries are in the tech revolution.

What can you do?

Incorporate the basics in your regular practices, word and excel and other simple technologies. Continue to constantly look to improve your business and opportunities in technology to improve your efficiencies.

Embrace technology, look to utilize it no matter how tough it may be in your mind to change or alter your practices. Be open to change. Incorporating technologies to include remote clients and beneficiaries such as WebEx and Go ToMeeting are essential because they are regularly used in business. In a technology age you must realize that if you don't keep up with it, business will pass you by. New technologies are coming out every day, read articles, look at advertisements and discuss with other professionals opportunities in technology.

Advisors not retaining the relationships after the passing of those whom they did the estate planning for

Understanding that your book of business is only as valuable as the clients that are in it is one of the most overlooked area in estate planning. While we all would openly admit that our clients are the most important part of our business let alone any business, retaining those relationships and the assets that go along with it are equally important. Too many advisors focus on day to day operations, and less about what they need to do to retain assets that will pass on to the beneficiaries of their clients.

Those beneficiaries obviously are concerned about how the estate is going to transfer, and less about cash flow projections or goals based planning for their loved ones. Those beneficiaries only connection to you is the transfer of that loved ones estate. Focusing on connecting and providing caring early on will allow you to keep those relationships long after your clients are gone.

While the statistic is spoken about many times and has been studied over and over. 80% of assets flow out the door upon the death of a client's spouse or the death of the clients. Advisors who focus on this area are less likely to become a victim of this statistic, but just as equally important grow their business through the strengthening of those beneficiary relationships. Taking this for granted can be paralyzing to anyone's business

What can you do?

Don't take this for granted. Stay focused on this part of your business. Just like those younger clients that don't focus on estate planning until the moment something happens, don't let that happen to you.

First, include beneficiaries in the process. Make it a point to connect with them and to stay in touch. Sending an email, a nice letter or an idea every once in a while can make a difference. While it takes one hour to put together it could mean the difference between millions walking out the door.

Reach out to the beneficiaries with simple messages to stay in their mind is the start. Attempt to get included in their planning and become a part of their well-being. That will certainly deepen the relationship and improve your chance of not being a victim of a statistic. Topics such as early estate planning, 401(k) help or insurances are some topics that they may find interesting. Whatever your efforts make sure you focus on the beneficiaries as they are becoming very important in this wealth generation transfer.

About Yourefolio

Yourefolio is the most comprehensive estate and legacy planning software available to professional advisors today. Yourefolio was created by financial advisors, estate planning attorneys and Certified Financial Planners ®. The platform allows professional advisors to quarterback the entire process from onboarding, planning, design, implementation and review. The intuitive platform provides simplicity for the professional advisor including a simplicity in understanding for clients and their beneficiaries. To find out more information or how Yourefolio can benefit your business go to www.yourefolio.com.