



THREE-STEP GUIDE TO THE FAMILY WEALTH CONVERSATION

Best practices from top advisors



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WE ASKED INVESTORS:

HAVE YOU DISCUSSED FAMILY WEALTH MANAGEMENT WITH YOUR ADVISOR?¹

61%
NO/NOT SURE

39%
YES

51%
of children have never met
their parent's advisor¹

79%
of investors who have had the
wealth conversation found it
"extremely/very helpful"¹

**COMMUNICATION IS YOUR KEY TO UNLOCKING
THE FAMILY WEALTH OPPORTUNITY**

¹ MFS® Investing Sentiment Insights, February 2016. MFS, through Research Collaborative, an independent research firm, sponsors this regular online survey among individual investors who have \$100K+ in household investable assets and make or share in making financial decisions for their households.

Family fortunes and relationships can unravel when a valued client's assets are passed along to heirs. Clearly position yourself as the family wealth advisor and earn the trust — and business — of subsequent generations.



STEP 1: UNDERSTAND THE FAMILY DYNAMIC

Determine how the family works as a unit

Overall goal: Create your clients' "family financial map." Who are they going to help, and who might they need help from financially and emotionally when making decisions?

Target: Family members

GOALS	APPROACH	STARTING THE CONVERSATION
Identify all individuals who are a part of your clients' immediate family or relevant family tree to better understand your clients' family financial planning needs.	Ask your clients to describe family members for whom they have, or may have, some financial responsibility or to whom they hope to leave a legacy. Create a family financial map.	<p><i>"Tell me about your family. Are your parents still living? Are they in the area?"</i></p> <p><i>"And how about your kids?"</i></p> <p><i>"Do you have any other family members you may need to plan or care for?"</i></p>
Uncover family financial needs and consult on family financial issues. Give your client a reason to talk about you to the rest of the family.	Identify and consult on current and future family financial planning/advice needs that may include aging parents, adult children, minors and special needs.	<p><i>"Tell me about your parents. Are they still in their own home?"</i></p> <p><i>"Are you involved in any caregiving issues yet?"</i></p> <p><i>"Tell me about your (adult) children? How old are they? Are they married or divorced?"</i></p> <p><i>"Do you have a trust established and guardians named for your young children?"</i></p>
Determine the financial dynamics in the family tree.	Ask clients about family members and their strengths and weaknesses in managing finances. Discuss which family members they are concerned about from a legacy planning perspective.	<p><i>"Are your children already involved in saving and planning for their retirements?"</i></p> <p><i>"When the time comes, are you concerned about their ability to manage the money you leave them?"</i></p> <p><i>"What worries you the most about the impact your financial legacy will have on those who inherit it?"</i></p> <p><i>"What steps have you taken to help ensure that your loved ones will know what to do when you pass away?"</i></p>
Help business owners protect the future value of their business when the ownership transition occurs.	Ask if they have a transition/succession plan in place and a successor heir for the business identified and named.	<p><i>"Have you given thought to what happens when you want to retire, or what would happen if you were to become incapacitated or passed away suddenly?"</i></p> <p><i>"Do you know who you would want to step in and run the business?"</i></p>
Identify the family's "alpha" child so you can build a relationship with at least that family member.	Find out which child your clients will rely on as they age to help them make important decisions. Take the lead in settling your clients' financial affairs and coaching family members.	<p><i>"Who holds your power of attorney or durable power of attorney?"</i></p> <p><i>"How about a health care proxy?"</i></p> <p><i>"Have you named an executor or executrix of your estate?"</i></p> <p><i>"Who would you like me to call if I have concerns about your health or well-being?"</i></p>

STEP 2: MEET THE CHILDREN

Reduce generational risk

Overall goal: Meet the members in your clients' family financial map who should know you and might benefit from your guidance.

Target: Individual members of the family

FAMILY MEMBERS	APPROACH	STARTING THE CONVERSATION
Alpha child	<p>Identify the alpha child.</p> <p>Meet with the purpose of helping your client.</p> <p>Develop a family giving plan.</p>	<p><i>"If I have questions about your health or capacity, which of your adult children would you like me to call?"</i></p> <p><i>"Let's find a time for the three of us to meet so you can introduce her/him to me. If he/she won't be in town this year, I'd like to call and introduce myself."</i></p> <p><i>"Why don't we share this with your children to help them know what's important to you. We don't have to discuss actual dollar amounts. You might want to see what causes matter to them so we can add that information to the family giving plan."</i></p>
Older children	<p>Invite them to joint events with their parents (e.g., Mother's Day lunch seminar, family wealth symposium, aging-with-dignity discussion).</p> <p>Host gifting meetings/conversations with parent and recipient (for example, to fund a family 529 or to gift a working child's Roth IRA).</p> <p>Meet visiting family during the holidays.</p>	<p><i>"The content of this workshop is important to the future of your adult children, and I think it would be a good idea to have them there."</i></p> <p><i>"I'm planning a special event for mothers and daughters and I would love it if the two of you could come."</i></p> <p><i>"Let's consider setting up this account when you can have your child/grandchild with us. Will she be visiting over the holidays or some other time this year?"</i></p> <p><i>"Let's have you make this gift when we can discuss it with her, and I can help you describe how you hope she'll use it."</i></p> <p><i>"What are your plans for the holidays? I would love to stop by and meet your family."</i></p> <p><i>"Why don't we schedule a time for a family meeting, and I can help you discuss your legacy plans."</i></p>
Younger children	<p>Open accounts for younger members. Introduce simple money-wise saving and investing techniques to your client and the younger family members together.</p>	<p><i>"I think you would agree that it's never too early to teach financial principles to kids. Let's have a family meeting with your child and use the time to help you pass on some of your saving and financial planning principles."</i></p>

STEP 3: CONVERT HEIRS INTO CLIENTS

Lower beneficiary risk

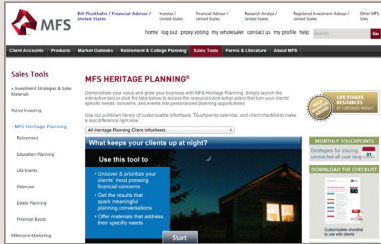
Overall goal: Focus on the children and how you can help them. Treat them as individual clients, not as the child of your current client.

Target: New individual clients

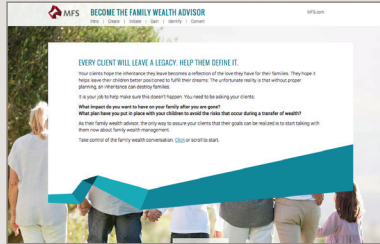
GOALS	APPROACH	STARTING THE CONVERSATION
Establish a connection that allows clients' family members to see what you do for clients like them.	Explain what you do for your clients. Establish your "brand," or how you help and educate clients.	<i>"As my clients' retirement income advisor, I help them prepare for retirement, and I try to effectively protect, preserve and distribute their assets. I help them avoid common and costly mistakes. And I help them anticipate future family financial issues and bring those issues and solutions to the table."</i>
Establish the basis for ongoing contact.	Invite them to in-person or Web-based educational/prospect-ing events on issues of importance to them.	<i>"I'm sure your current advisor has already talked to you about this, but I will be hosting an educational event on [subject of interest] and would love it if you could come."</i>
Shift from the mindset of heirs as clients' children to them as individual prospects.	Drip key materials you send to other prospects.	<i>"I'd like to add you to my email list so you can see exactly what your parents are receiving."</i>
Determine which family members need financial education.	Host educational events for family members (and their friends). For working adult children, feature retirement planning. For younger family members, focus on interviewing techniques, resume writing, personal finances or job skills.	<i>"I'd like you to join me for a dynamic workshop on investing fundamentals, retiring early and raising financially competent kids."</i>
Connect with a recent college graduate.	For those you know and respect, help them network for a new job.	<i>"I know that your child is graduating next quarter. I would be happy to help him practice interviewing drills, or to help him network with others in his field of interest."</i>
Meet successful children who are wealth builders.	Offer consulting services.	<i>"As your family financial advisor, if you have a family member, a friend or coworker who has a planning need or question, I would be happy to provide consulting services even though he/she isn't a client of mine."</i>

RESOURCES

MFS WEB SITES



Visit mfs.com/hp for our full suite of client materials



Visit mfs.com/familywealth for more tips on becoming the family wealth advisor



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