# Help your clients leave the legacy that tells their story best

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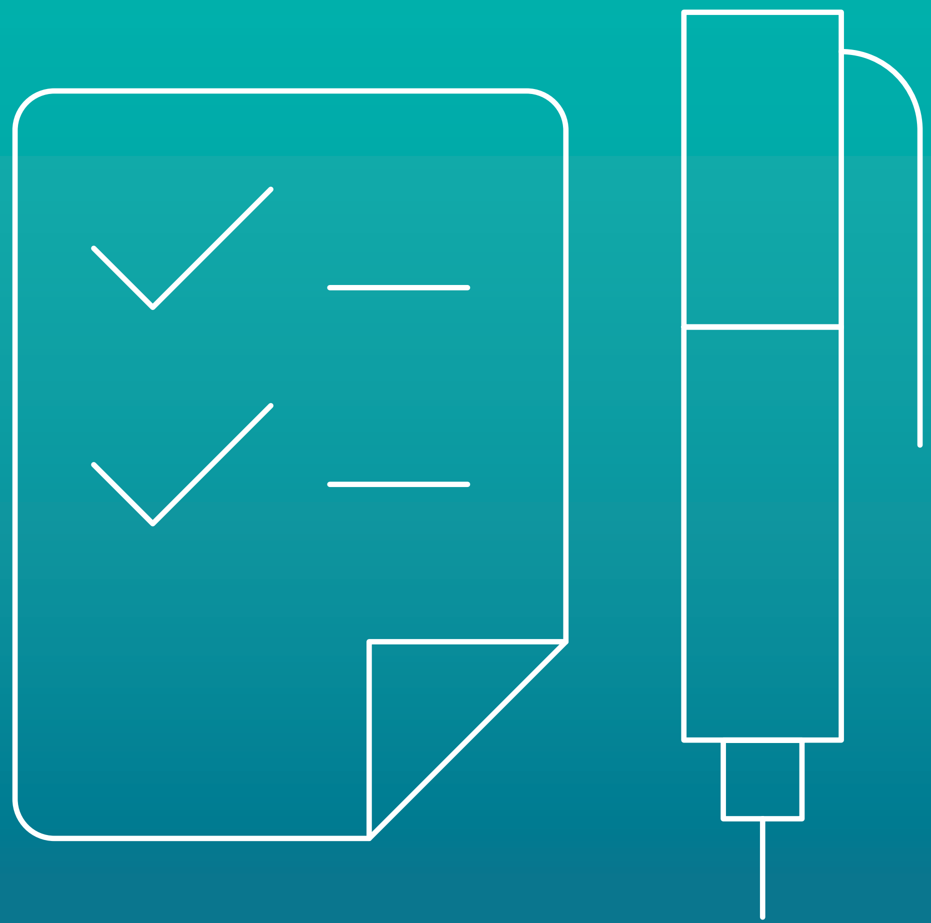

This is just for UK advisers – it's not for use with clients.

When a client retires and enters the later stages of their life, you'll have experienced for yourself how their financial focus changes. Where once you would have helped them plan their retirement, now the time has come for the two of you to plan their legacy together.

For many clients, this is a time of peace and security as they look back on a life well-lived. Many derive great satisfaction from doing the right thing by their loved ones and favourite causes in the future. But for others it can be a time of insecurity, indecision and guilt, especially if they have a blended family, complicated assets or health issues. If they're recently divorced or bereaved, there'll be an extra layer of emotion and perhaps legal issues to contend with.

As an adviser, you'll deal with estate planning on a regular basis, it's one of the fundamentals of your role. But for clients, it's something they may feel less comfortable about. Even the most financially savvy clients can need careful and sensitive handling through the process.

We're not here to tell you how to plan a legacy; you'll already know that. Rather, we've looked at some of the hidden, more emotional aspects of estate planning. We've also examined how you can help clients to embrace their responsibilities as confident and empowered decision-makers in their family's financial future.

# The five levers of emotional intelligence

Emotionally intelligent people demonstrate five key attributes in the way they communicate with people, especially those they have personal or professional relationships with. These attributes focus on:

- Building trust and empathy
- Inspiring interest and engagement
- Simplifying complex issues and information
- Encouraging confidence and optimism
- Motivating others and prompting decisive action

You may well already use these techniques in your day-to-day role. But it's important to remember that every skill takes practice, and the more you use them, the better you become. With that in mind, using these techniques often should allow you to nurture lasting relationships with your clients.

Select a technique to find out more.

# Overcome awkwardness through empathy

It's hardly surprising that many clients are reluctant to engage with the idea of planning their legacy and can feel that it's just too personal or even inappropriate. There are obvious sensitivities that you'll need to take into account when talking about money, death and family in the same conversation. And clients can feel overwhelmed by all the options available and the decisions they have to make.

Many clients can feel very sensitive about the fact that the assets they've accumulated over a lifetime are effectively being taken out of their hands. Or they may feel the decisions made now will be irreversible when they die. At the same time, they might be questioning the motivations of family members.

That's why the best way to start planning a legacy is to make it a joint undertaking, by encouraging a family to work together. This may mean involving the family solicitor and accountant when appropriate, and letting the people who may stand to benefit from the legacy in the future to express their needs and wishes. This not only minimises the potential for future conflict and disputes but also can be emotionally cathartic for all involved.

## Top tips:

### Figure out what they want to achieve

A good way to help a client feel more comfortable is to encourage them to talk about their personal legacy first. What do they want their money to achieve in terms of helping their family or a favourite charity? How would they like to be remembered? Helping them to think about the positive impact that their life can help to reframe the purpose of legacy planning in a more optimistic way.

### Write a family mission statement

Quite often, disputes and disagreements around a legacy arise because the family doesn't understand why they have made certain decisions and the thinking behind them. By encouraging the client to write down their reasons, this could help others consider the 'why' as well as the 'what' of a legacy. For example, if one of those reasons is that the grandchildren should receive the most help, this can prevent your client's children feeling that they've been effectively disinherited.

# Create engagement through collaboration

Once you've got your client and their family feeling comfortable, the next challenge is to get them to become – and stay – involved in the legacy planning process.

It's human nature to want to engage with a project if we feel like we're part of a group or team and have a clear role to play. And there's no need to avoid talking about death. If a client feels as though you're skirting around the issue, or are holding things back, it may make them question your decisions.

Similarly, encouraging a client's curiosity and giving them good news can help to put them in a more receptive frame of mind and create a more positive mood around the legacy planning. For example, unlike you, they might not know about the changes to the inheritance tax threshold. By sharing the latest developments and news with them, they'll feel the two of you are a team with a common goal.

## Top tips:

### Be up front

You'll be used to delivering difficult messages – especially given the volatility in the investment markets in the last few years. The same applies to legacy planning, particularly in later life. Preparing your client for the fact that their intended legacy may not be as big as they're envisaging can be the wake-up call they need to engage in some planning.

### Encourage collaboration

Give your clients small tasks to do at key stages in the planning process, like checking the value of their property and assets, or a list of topics to discuss with their partners or families.

# Make complex information more accessible

You and your client will be facing a mountain of information and decisions, especially if your client has complicated financial assets they've grown over many years, some of which may be owned jointly with their spouse or business partners. This would be the same if your client wants to leave their legacy to multiple family members.

Your client won't know how long they're going to live, how many beneficiaries will survive them and what the value of the estate will be. This further increases the complexity of the plans you'll need to devise. As an adviser, complexity and uncertainty will be everyday occurrences to you, but your client might not have had to deal with such a complicated situation before.

Some advisers find it useful at this stage to plan backwards from the end of a client's life, up to the present day. You would also consider issues that might impact their estate, such as equity release or downsizing, plus any gifts or trusts they'd like to set up in the meantime.

## Top tips:

### Create a personal balance sheet

If your client is a long-standing one, you'll both have a good idea of their financial position, but they might not have thought about items of sentimental value. This can help them think about the bigger picture of their legacy and appreciate it's about more than just money.

### Draw up a family wealth diagram

Ask clients to create an intergenerational diagram that includes the financial situation and potential needs of each of their loved ones. This will help them think about who they can help, and how they can help them. It will also help you get a clearer picture of the steps you can recommend to minimise tax liabilities.

# Turn planning into action

Some clients might want to put off making what they see as a ‘final decision’ about arranging their legacy. They may be waiting for a certain date or event to pass – like the birth of a grandchild or the sale of a business. Or they may remember the old days of having to make big (and irreversible) decisions like choosing an annuity.

So, it’s important to remind them that planning a legacy is a process not an event. This means there’ll be regular reviews and reassessments over time, depending on what they decide to do. Ultimately, their choices don’t have to be set in stone. In fact, it’s essential that a legacy plan is able to evolve over time and is up-to-date and relevant at all times.

It’s also a good idea to explain the immediate benefits of any decision you’re asking a client to make. This could be something as important as making a major inheritance tax saving, or as simple as ticking one more thing off the list of actions they need to take.

## Top tips:

### Reframe the seven years

Your client is probably already aware of the seven-year gifting deadline; it gets a lot of publicity and you may have already discussed it with them. However, you can try giving it more urgency and impact by simply adding seven years to your client’s age. For example, you could ask your 65-year-old client what age they expect to live to. This will help them understand it could expire at any time and realise the earlier they get their gifting and trusts in place, the more likely it is they’ll beat the clock (and the taxman).

### Create some quick fixes first

Another idea is to suggest some financial options that provide an immediate solution when they pass away, such as a protection policy that would cover some or all of a potential tax bill. Having taken a simple first step will make it easier for a client to then go ahead with a more comprehensive legacy planning engagement.

# Enable confident decision-making

Even the most financially aware client can have a crisis of confidence when it comes to planning their legacy. This is only natural. After all, they have to think about a difficult situation they don't have complete control over.

As a result, they may have ideas that are unwise and irrational, even if they have been a level-headed client until now. For example, they might want to avoid inheritance tax by giving away a lot of money early, only to become a financial burden to their loved ones later on.

Likewise, they might have always enjoyed managing money and are reluctant to relinquish control, so want to hold onto more money than is recommended, given IHT thresholds. A good way to help clients feel more confident about their decisions is to reframe legacy planning as an extension of the lifetime financial planning you have done together until now. Remind them that if they act as soon as possible, they can make sure more of their money goes to family members and not to HMRC.

## Top tips:

### Create a legacy cashflow model

If you use lifetime cashflow modelling tools with your client, you can try a similar technique to show what will happen to their money before – and after – they pass on. This will help them see how their money has a 'life' beyond their death and that their position as custodian of the family's wealth can effectively continue.

### Reframe the narrative

Presenting legacy planning as a key part of a happy and purposeful retirement can help clients feel confident the decisions they're making now will have a positive impact for years to come. Many clients find it exciting and inspirational to consider how their friends and family will remember them.

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