

Help your clients prepare for their retirement

Start the conversation now with this guide



People look forward to their retirement years, picturing themselves travelling the world or looking after their grandchildren regularly. But these rosy images have to be supported by a solid retirement plan, which sometimes doesn't get given nearly as much thought. Instead, people rely on their limited knowledge and hope for the best.

This is where you come in. It can be that your client is feeling unprepared and panicky. As they near retirement they can suddenly be flooded with complicated information and are facing new or difficult decisions. It's your job to make these unfamiliar concepts and make them simple to understand, which should calm those jittery nerves.

With the recent developments in the pension arena, such as the advent of drawdown, it means retirement plans often need to be carefully considered. If your client is struggling, you'll need to step in and show them it doesn't have to be so scary. This is particularly important when they're lacking support networks. Men who previously relied on their professional networks and contacts may need the most attention and advice.

There's also the chance your client doesn't want to discuss the realities of life, which can make your role as trusted adviser difficult. They may outright refuse to talk about poor health, care homes, dementia or the idea of a reduced income. All of which aren't pleasant things to broach. However, you can turn their apprehension into excitement if the situation is handled carefully and sensitively.

The five levers of emotional intelligence

When it comes to retirement, a number of emotions may well be present – complicating the situation and making it hard to have a serious conversation about the future. So when you come to sit down with your client to begin the journey together, it's important to remember to be particularly aware of these emotions, and be in touch with your own. This approach could include:

- 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.



Allow your clients to open up

When introducing the conversation, it's not a bad idea to get your client talking about their feelings as well as their finances. This is where you're more likely to find the most important information. By prompting them to talk about their personal life and stories, you can unveil some truly valuable insights and ideas.

For example, ask what inspired them to first set up a pension, or how they plan to spend their first year of retirement. Asking these questions should help your client feel more at ease and more likely to talk openly, especially if you already have a good relationship. It makes them feel respected as a person, and creates a more human, empathetic connection.

You can also take this opportunity to reassure them you'll be there to advise them for as long as they need. So, if they choose drawdown, you can help them manage their savings and retirement income. On the flipside, if they decide on an annuity, you can help them choose the right one.

Top tips:



Talk about your own experiences

Another way to create a connection between you and your client is to talk about your own plans. Avoid showing off about how well prepared you are, but do talk about your own feelings and fears, especially if they're similar to your client's.

Work on a flexible plan

You could start by outlining a personalised and flexible plan that's designed just for them – something that suits their personality and temperament. After all, not everything should be about finances.



The five levers of emotional intelligence



Ensure interest by clarifying options

When faced with the idea of the future and what their retirement may look like, your client may be confused about which direction to take. By laying out their options clearly, you can help steer them towards a solid plan.

Of course, nothing is certain in life, but a well-thought-out plan can help put minds at ease. Remind them there are annuity and drawdown products that guarantee a certain level of income for life, or ensure their spouse receives their income in the event of their passing.

And when it comes to fairness, it's important to bring up enhanced annuities. They can provide income around 40% higher compared with standard annuities. This can offer them a much fairer deal, especially for those with health or lifestyle issues.



Top tips:



Spark their interest

It's these surprising facts that can get clients interested in planning their retirement. There are others you can also draw on to keep them engaged with your ideas. These might be the number of people who change career and start a business when the time comes, or the number and value of lost pension pots.

Promote the idea of learning

People often don't want to stop learning or living, so by giving your clients small tasks and assignments, they should remain invested in the process you're embarking on.



Explain the basics

Jumping right in with a client who doesn't understand the difference between drawdown and an annuity can result in even more confusion, especially if you try to give them all the facts up front. Instead, start even further back and try to explain the concept in a way that anyone could understand. Try to avoid sounding patronising, but the simplification of these concepts should help you moving forward.

With drawdown, you stay in control of your own money and are free to use as much of it as you like, however you might run out when you still need an income.



Top tips:



Choose the right provider

Once they've made a decision, it's time to choose a provider. When it comes to helping them choose, it might be a good idea to establish key criteria first. To do this, create a grid or benchmark you can work through together. This could be a really good way to collaborate with your client and make them feel like they've contributed, and not just that you're their adviser.

Boost their brainpower

Another collaborative activity you can take part in is a simple form or budget planning exercise. Neuroscience has found that a period of relative boredom, followed by a more challenging task helps people think more creatively. So once this is complete, you can then introduce the idea of drawdown, SIPP or more complicated ideas.



Share your expertise and enthusiasm

Even on the professional side of things, you don't have to tackle everything alone. Whether your client is in planning stages, or thinking about starting a business, you need to find out how you can help.

Could you recommend other services or accountants? If you have your own business, you could also offer some alternative advice – perhaps sharing some of your experiences and insights. This can help your client get started on the practicalities, and may inspire them to start putting their financial plans in place.



Top tips:



Create a timetable

One of the most helpful tasks you can get your client involved in is creating a timetable of events and key milestones they hope to hit, whether that's before, during or beyond retirement. This will keep the planning on track and stop any potential drifts or distractions.

Summarise and finalise

Once they've thought about the timeline, they should then try getting creative. Help them create a one-page summary of their retirement plan. This will keep everything simple, and is something tangible they can refer to if they ever feel unsure or insecure.



Introduce a sense of security

To help your client feel more at ease, and be open about the idea of planning for tomorrow, you could invite them to meet you in a more neutral, social setting. Choose a place that recreates their retirement lifestyle in some way, for example a golfing club, café or even their garden or allotment space.

While there, you can talk about how they lived on a low income in the past, perhaps when they were students or newlyweds. By recalling happy memories from those times, it will make the unknown prospect of retirement feel more familiar and hopefully less threatening. You could even take it one step further and look at old photographs or talk to their spouse or children about those times.



Top tips:



Be frank

Although it's a good idea to talk about the good times, that doesn't mean you should gloss over the more difficult aspects of retirement. Issues and risks like running out of money, not leaving a legacy, or struggling on a low income are all possibilities, so these should also be discussed at some point.

Add in a social network

You don't have to be the only one talking to your client about all of these important aspects of retirement. You could introduce them to a social network, or even get several clients together to discuss their thoughts and feelings on the matter. This could help them to feel more comfortable, and help them get started on an advice journey without having to commit themselves.



