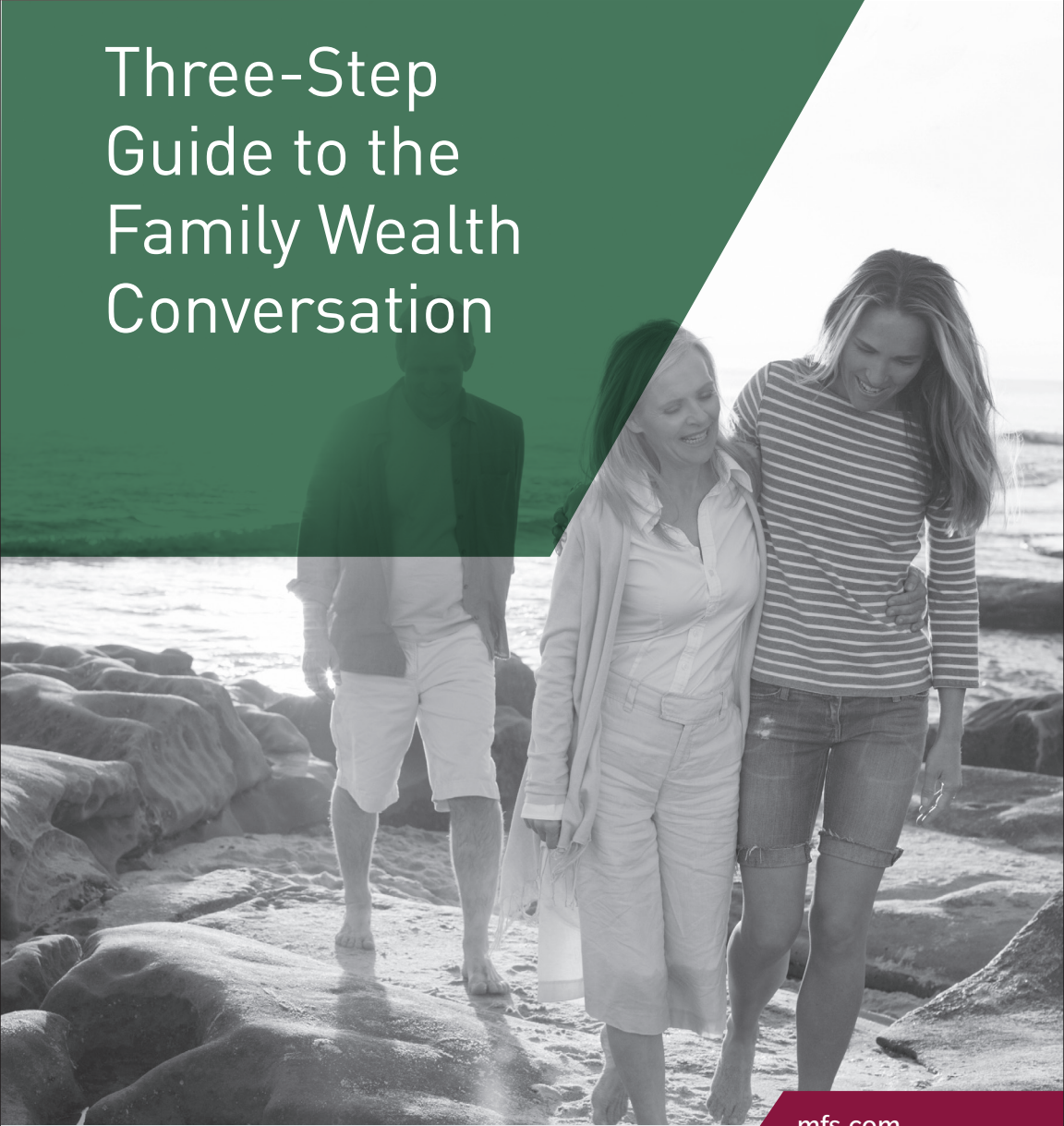




MFS ADVISOR EDGE™

Three-Step Guide to the Family Wealth Conversation



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Best practices from top financial professionals

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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>“Tell me about your family. Are your parents still living? Are they in the area?”</p> <p>“And how about your kids?”</p> <p>“Do you have any other family members you may need to plan or care for?”</p>
Uncover family financial needs and consult on family financial issues. Give your clients 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 or special needs.	<p>“Tell me about your parents. Are they still in their own home?”</p> <p>“Are you involved in any caregiving responsibilities yet?”</p> <p>“Tell me about your (adult) children. How old are they? Are they married or divorced?”</p> <p>“Do you have a trust established and guardians named for your young children?”</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>“Are your children already involved in saving and planning for their retirements?”</p> <p>“When the time comes, are you concerned about their ability to manage the money you leave them?”</p> <p>“What worries you the most about the impact your financial legacy will have on those who inherit it?”</p> <p>“What steps have you taken to help ensure that your loved ones will know what to do when you pass away?”</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>“Have you given thought to what happens when you want to retire, or what would happen if you were to become incapacitated or pass away suddenly?”</p> <p>“Do you know who you would want to step in and run the business?”</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>“Who holds your power of attorney or durable power of attorney?”</p> <p>“How about a health care proxy?”</p> <p>“Have you named an executor or executrix of your estate?”</p> <p>“Who would you like me to call if I have concerns about your health or well-being?”</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	Identify the alpha child.	<i>“If I have questions about your health or capacity, which of your adult children would you like me to call?”</i>
	Meet with the purpose of helping your client.	<i>“Let’s find a time for the three of us to meet so you can introduce them to me. If they won’t be in town this year, I’d like to call and introduce myself.”</i>
	Develop a family giving plan.	<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 which causes matter to them so we can add that information to the family giving plan.”</i>
Older children	Invite them to joint events with their parents (e.g., Mother’s Day lunch seminar or a family wealth symposium).	<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> <i>“I’m planning a special event for mothers and daughters, and I would love it if the two of you could come.”</i>
	Host gifting meetings/ conversations with parents and recipients (for example, to fund a family 529 or to gift a working child’s Roth IRA).	<i>“Let’s consider setting up this account when you can have your child/grandchild with us. Will they be visiting over the holidays or some other time this year?”</i> <i>“Let’s have you make this gift when we can discuss it with them, and I can help you describe your hopes for its use.”</i>
	Meet visiting family during the holidays.	<i>“What are your plans for the holidays? I would love to stop by and meet your family.”</i> <i>“Why don’t we schedule a time for a family meeting, and I can help you discuss your legacy plans.”</i>
Younger children	Open accounts for younger members. Introduce simple money-wise saving and investing techniques to your client and the younger family members together.	<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>

Step 3: Convert heirs into clients

Lower beneficiary risk

Overall goal: Focus on the children and how you can help them. Treat each child as an individual client, not as just 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’ financial professional, 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/prospecting events on issues of importance to them.	<i>“I’m sure your current financial professional 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>
Treat each of your clients’ children as an individual prospect, not just an heir.	Drip key materials you send to other prospects.	<i>“I’d like to add you to my email list so you have a sense of the type of communications I send to my clients.”</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 savvy kids.”</i>
Connect with a recent college graduate.	Help those you know and respect network for a new job.	<i>“I know that your child is graduating next quarter. I would be happy to help them practice interviewing drills, or to help them network with others in their field of interest.”</i>
Meet successful children who are wealth builders.	Offer consulting services.	<i>“As your family financial professional, I would be happy to meet with a family member, friend or coworker who has a planning need or question, even if they aren’t a client of mine.”</i>

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

WE ASKED INVESTORS:

Have you discussed family wealth management with your financial professional?¹

58%

No/Not sure

42%

Yes

46%

of children who have a different advisor from their parents have never met their parents advisor¹

44%

of children share the same financial professional as their parents¹

Communication is your key to unlocking the family wealth opportunity

¹ MFS®, through Dynata, an independent research firm, sponsored an online survey of 1,001 individual investors. MFS was not identified as the sponsor of the survey, which was fielded in December 2022. To qualify, respondents had to have a household income of at least \$50,000, use the services of a financial advisor, be invested in mutual funds, and make or share in financial decisions for their household. Gen Y refers to investors ages 26 to 41, Gen X refers to investors ages 42 to 57, and Boomer refers to investors ages 58 to 77. These ages are based on calendar year 2022.

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MFS resources

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You should recommend products based on your client's financial needs, goals, and risk tolerance.

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