

Family wealth management is evolving: Are you keeping up?

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In this piece, originally published in [ThoughtLeaders4 Private Client magazine](#), Angela Calnan, Kellyann Ozouf and Sophia Moustras explore the evolving world of family wealth management and the importance of adopting a forward-thinking and dynamic approach to meet changing needs, preferences and expectations.

Building relations with client's successors should be a key objective for all advisers. A proactive approach to getting to know the next generation in a family is imperative if that business relationship is to be retained following the death of the patriarch/matriarch and if the adviser is to become the family's 'trusted adviser'.

The transfer of wealth places new demands on advisers to support families through succession and advisers should consider adopting a forward-thinking and dynamic approach for a smooth transition across successive generations.

Changing preferences and priorities

Next gens see the world differently and have different appetites for risk, lifestyle, diversity and financial needs than their predecessors. The first generation usually has a very low risk appetite and seeks to select investments which will preserve and enhance wealth. The next generation is known to have a more environmentally conscious outlook, focused on environmental change and sustainability and being driven by a growing interest in societal and ecological concerns.

Deloitte conducted [a survey of Millennials and Gen Zs in 2021](#), reporting that:

'respondents are channeling their energies toward meaningful action—increasing political involvement, aligning spending and career choices with their values, and driving change on societal issues that matter most to them. In turn, as we have repeatedly found over the years, these generations expect institutions like businesses and governments to do more.'

The report went on to state that:

'As consumers, millennials and Gen Zs continue to make decisions aligned with their values. More than a quarter of respondents say businesses' impact (both positive and negative) on the environment has influenced their buying decisions.'

We are seeing businesses take a closer look at their values and commitment to corporate social responsibility. Those businesses are now also being regularly quizzed on these matters, often by other businesses who take these subjects very seriously themselves.

As a law firm, we regularly respond to requests for information from global banks and onshore law firms we work with on our plans, priorities and progress in these areas. We are also heavily focused on diversity and inclusion and we find that this is an area that the

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next gen expect us to be alive to; often asking for statistics around the make-up of our firm from the top down before confirming instructions. This has driven significant change in the financial services sector as a whole.

It is not enough to be able to talk about these matters. Businesses need to be able to demonstrate what they are doing in these areas to have any chance of retaining a relationship with a patriarch/matriarch's next generation.

Approach with the next gen

As advisers, we see the importance of investing time in the next gen, not only to get to know them personally, but also to get an understanding of the following types of themes:

- What is important to them in life?
- What are their values?
- What are their views when it comes to investments?
- What do they know about the family business?
- What role (if any) would they like to play in any family business?
- Do they have the right talent to drive the family business forward?
- When and how would they like to get involved with the family business?
- What training do they feel they would need to take on such a role?
- Do they have a preference when it comes to who advises them?

Pairing a next gen with an adviser of a similar age may, for example, encourage and foster a more trusted relationship, which hopefully has the benefit of longevity. They may also be more trusting of an adviser who is not their parents' adviser, encouraging them to offer their views freely on matters and in family meetings and business decisions. It also gives them a 'safe space' where they can bounce views around without someone reporting back to their parent straight after the meeting.

The importance of technology

Advisers need to embrace technological solutions that make meetings and correspondence quicker, easier and more efficient, bridging geographical gaps that are now so common in modern families.

With the next gen growing up as digital natives, priorities have shifted. Advisers must adopt digital capabilities and solutions to support service delivery, strengthen resilience and drive efficiencies if they are to continue to retain next gen clients.

Transfer of wealth between generations

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An effective wealth transfer programme is essential for families (whether they have a dedicated family office or not) , and should be tailored to their unique circumstances, investment profile, business holdings and philanthropic approach. Effective wealth management should reflect a family's cultural values and must engage all generations.

The implementation of formalised succession plans, family governance plans, family charters/constitutions and value statements can be valuable ways of ensuring continued success of a family business, or preservation and enhancement of family wealth over the years.

Communication is key when it comes to ensuring that there is a successful transfer of wealth between generations. By building a rapport with each family member, the risk of intergenerational conflicts is minimised and a shared heritage is instilled, ensuring that families align around common goals and avoiding a sense of disunity.

While wealth planning discussions among family members can sometimes be a taboo topic, the earlier open communication occurs, the greater it facilitates transparent objectives and the chance of a successful transfer of generational wealth.

Conclusion

Intergenerational wealth transfers present a vast opportunity for advisers if they invest the time to get that trusted adviser piece right between generations. Seeking and maintaining the engagement of the whole family is of utmost importance in succession planning for any family and its business and/or wealth.

So, advisers, our message to you is ignore the next gen at your peril! Invest the time to build those next gen relationships now, don't delay.

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