

Keeping it in the Family

Successful financial advisors go the extra mile to get to know their clients beyond the portfolio. One of their most reliable tactics? The family tree exercise.

To some, this might appear unconventional, but advisors who have used this exercise develop a much deeper and more comprehensive understanding of the client's family dynamic. As a result, they report better planning intelligence about the client's situation and previously undiscovered sales and service opportunities.

Whether a client is new to your practice or has had a relationship with you for many years, the family tree exercise is worthy of consideration. Reserve 20 minutes of your next client meeting to give this exercise a try. I think you'll be pleasantly surprised with the results.

Sketch the client's family tree

Ask your client and spouse, if present, to verbally outline three generations of his or her family tree. Sketch the chart while he or she is speaking. Include one generation up (parents), one generation down (children) and their present generation (siblings).

Keep it simple for now. Draw a square for a male and a circle for a female. Include the age of each person or age at the time of death. Think of this more as a visual aide to your conversation, rather than a stand-alone keepsake.

Put on your discovery hat

Once your diagram is complete, it's time to make points of emphasis and ask the right questions. Here are some suggestions to get you started:

1. Note individuals for whom your client is financially responsible.
2. Note any deaths.
 - Was there care-giving or long term care involved?
 - How did the situation unfold? How old was your client when this happened?
 - Besides the obvious emotional loss of this loved one, were there any financial concerns?
3. Who settled the estate?
 - What did your client learn (or perceive) about estate settlement from the person who handled the settlement (i.e., that it was difficult, easy, etc.)?
4. Note if your client will serve as the future executor, personal representative or trustee for aging parents or loved ones.

5. Discuss relationships with and attitudes about money in each generation.

- Were the individuals frugal or did they spend beyond their means?

6. What were the professions of key family members? Did they enjoy their work? How does your client relate this to his or her own work ethic?

7. What did your client learn from his or her mother and father (or others in the family) about money? This can be gathered through what they say, as well as through their actions.

8. What major events does your client feel defined his or her perception with money?

9. How much money is "enough" to meet his or her definition of comfortable or wealthy? How does he or she feel about progress to-date?

10. What principles about money does your client want to teach to the next generation? How is he or she accomplishing that today?

11. Has your client been involved with charities to date? Do his or her future plans include doing so? How?

12. If your client will be the executor, personal representative or trustee, how comfortable is he or she with this role? What can you, as advisor, do to help?

Turn insight into action

Chances are, if you're actively listening to your client, you won't even come close to getting through this entire list. In fact, the background information from questions one through four might reveal needs and concerns that you haven't yet addressed and your client hasn't yet contemplated, such as revisions to beneficiary designations or titling of assets, additional life or long term care insurance, a need for medical directives, wills or trusts, or a greater allocation of time on estate planning awareness, among others.

Bottom line: It's okay to let the conversation meander -- to a certain extent. Be inquisitive. Listen closely. Watch body language and take notes. You'll learn a lot about your new client, and likely something new about your existing client. This is also a terrific way to engage the client's spouse.

Keep a copy of your notes for your files. Save any questions that you haven't been able to address for a subsequent meeting. As an added touch, schedule time for yourself or staff to follow up with the client to deliver an educational article or piece of interest on a topic that came

up during the discussion. It's a great way to trigger your client's reflection on your recent meeting and the value that came from it.

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