

## Working with Affluent Retirees

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Affluent retirees are frequently a large percentage of the clients that advisors deal with. While retirees have varied backgrounds and net worth, from successful retired executives, professionals, business owners, or home makers, generally speaking, they still have many common concerns.

One of their primary concerns is their ability to support the lifestyle they've become accustomed to when they were working and whether they will be able to maintain their financial independence.<sup>1</sup> For clients with physical or mental impairments, many are worried about having enough money to handle unforeseen issues without relying on family members. Often having had successful careers and businesses before retirement, and spending their adult lifetime being in charge and taking care of companies, other people and their families, these clients don't want to feel they will have to rely on someone else to take care of them as they age.

With people living longer and with divorce rates increasing there may also be a need for more complex family planning. One fairly common situation where this might be needed is when clients are worried about how to take care of a surviving spouse or loved one during their lifetime and still make sure their kids, possibly from another marriage, receive their wealth. Parents will also sometimes express concern about their children relying on their wealth or inheritance, out of fear they won't be motivated to work hard or save for retirement on their own. It's alarming to learn that 70% of wealthy families lose their wealth by the second generation.<sup>2</sup> Because of this, it's not surprising to see that just over 50% of affluent retiree's list passing wealth onto the next generation as a primary concern.<sup>3</sup>

Whether clients are married or single they want to have a plan in place which is organized and as simple as possible. This can become especially complicated if the client is worried about their child's ability to responsibly handle their inherited money, or there is a family dynamic of siblings that don't get along, substance abuse issues, or a special needs situation with a child, or grandchildren. We try to work closely with our clients and their attorneys to help make sure their planning is updated as needed and their investments are properly titled and invested to match their goals. We also work with professional trustees, in the event clients are unable to manage their assets, or after their death, if needed.

Sometimes, when one of the spouses, usually the husband, has been the sole decision maker and traditionally has taken care of the family finances, the surviving spouse may feel

intimidated, or that they are unprepared to handle it themselves. One of the strategies we have found to help clients with this concern is to encourage both spouses to share their concerns about family finances and estate planning. We also try to involve both spouses in all investment discussions and reviews so that neither one feels left out or unaware of what's going on.

Affluent retiree clients are often passionate about causes, charities, and community or religious organizations they want to support after they die. They're focused on what their legacy will be, and how people will view them when they are gone.<sup>4</sup> They may also want their children to continue being involved in them personally after death. Therefore, advisors should offer to educate them on the investment vehicles available to them while maintaining a relationship to help create a "financial roadmap" for their heirs.<sup>5</sup> This may involve setting up planned giving strategies, possibly with highly appreciated assets, or IRA accounts, life insurance, setting up donor advised funds, or special trust planning with attorneys. We assist our clients and their other professionals to explore alternative strategies and help make sure their accounts are set up and properly titled.

We have found many retirees tend to have excellent communication skills and the ability to clearly articulate their financial goals and objectives, family values, and usually they have a strong desire to organize and simplify their estate planning and investments. Affluent retirees place a great deal of value in having a sound advisor and often wish to feel a personal connection to the advisor and the advisor's team that supports them. This means special care must be taken to help make sure when working with affluent retirees that the entire team is meeting the client's expectations.

As mentioned, every client is different and affluent retirees are no exception. No matter what their concerns or financial needs are, it is imperative for advisors to work with their clients to identify them as soon as possible. Once you know what they are, you can begin to address them.

<sup>1</sup> Diane Jermyn, *What do the rich worry about? Surprisingly, it's money*, (The Globe and Mail, 2017), <https://www.theglobeandmail.com/globe-investor/globe-wealth/rich-people-worry-about-nest-eggs-too-but-for-different-reasons/article35664441/>

<sup>2</sup> Chris Taylor, *70% of Rich Families Lose Their Wealth by the Second Generation*, (Time.com/money, 2015) <http://time.com/money/3925308/rich-families-lose-wealth/>

<sup>3</sup> Lianna Brinded, *The biggest concerns from the world's richest people right now are how to preserve wealth and make more money*, (Business Insider, 2017), <https://www.businessinsider.com/knight-frank-wealth-report-2017-biggest-concerns-from-ultra-wealthy-2017-3>

<sup>4</sup> Diane Jermyn, *What do the rich worry about? Surprisingly, it's money*, (The Globe and Mail, 2017).

<sup>5</sup> Chris Taylor, *70% of Rich Families Lose Their Wealth by the Second Generation*, (Time.com/money, 2015).

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