This week's ONEIdea takes a bit of a different approach, as it is not a sales idea per se, but rather a practice enhancement opportunity. We will discuss how to grow your practice based on research being done relative to **money in motion**.

We have all read about the massive wealth transfer opportunity that will occur in the next 30 years. Research now estimates that the wealth transfer from the Baby Boom generation to the Gen X and Millennials will be upwards of $30 trillion. **That is 1.5 times the entire gross domestic product of the United States in 2017, which reached almost $20 trillion and represents 25% of the global economy.**

There are three issues that we believe that anyone in the financial advisory business, with an eye toward the future, needs to consider as they contemplate the massive opportunities ahead for independent financial advisors.

A survey by *Investment News* - *The Great Wealth Transfer is Coming, Putting Advisers at Risk* - estimated that two-thirds of children fire their parents' financial advisor after they inherit their parents' wealth. If you do that math, this means that the entire economy of the United States - $20 trillion dollars, will undergo a change of wealth management advisors. Other studies present an even more draconian picture. A 2014 Vanguard study concluded that 95% of children will fire their parent's financial advisor. If the financial advisor does not win as many accounts as he or she loses during that process, the impact to their practice, of course, is that their business will be worth less to potential buyers in the future. **Financial advisors must be thinking strategically about how they are going to retain accounts as money moves generationally.**

**Money Managers Move**

It is no secret that registered representatives are leaving Wire Houses and Independent Broker Dealers in large numbers to go independent. In fact, according to a 2015 Cerulli Intermediary Distribution Report, Wires and IBDs have decreased at 2.8% and 4% respectively, year over year, from 2004 to 2014. Meanwhile, the Registered Investment Advisor channel added more than 30,000 advisors during that same period and increased assets under management by 174% from 2005-2014.

Finally, according to Cerulli, the average age of the advisor in the United States is 51 with 40% of all advisors already over the age of 65 and 38% expected to retire in the next 10 years. **Preserving the value of their book of business will be critical to their own retirement plans.**

**Money Disappears**

To further complicate matters, the "shirt sleeves to shirt sleeves" effect, will continue to deteriorate your book as research by The Williams Group shows that 70% of family money disappears by the end of the second generation and 90% is gone by the third. Much has been written about this issue and is covered in excellent detail in a 2012 *Forbes Magazine* article titled **Wealth Transfers: How to Reverse the 70% Failure Rate.***
Why is this important? Because these forces are causing major shifts in the distribution of life insurance as well. The insurance industry is even older than the financial advisory industry with the average age of the life and health producer pegged at age 56 by LIMRA. Multi-Generational Wealth planning begins to look very different when you consider the demographic and financial changes that are upon us. We see massive opportunities for the professional life insurance advisor in many areas.

Our industry prides itself on relationship building and networking yet many do not focus on building relationships with the spouse of the client, much less the children of the client. In fact, according to MFS Investment Management, 75% of clients said their children had never met with their financial advisor. One Merrill Lynch advisor said it very well. "If you wait until you go to the wake to introduce yourself, you have waited too long". This is a critical first step in your practice - focus on the next generation and treat the whole family as the client.

If you are managing assets or are partnering with someone who handles that function for your firm, well-structured and properly owned life insurance is one of the most efficient ways to create liquidity and legacy assets for the next generation. Imagine a financial advisor meeting with the children of a deceased account holder and showing up with a $1,000,000 or even a $10,000,000 check for the benefit of the children - tax free. Would these children be as inclined to move assets away from your firm? Would they be inclined to invest the life insurance proceeds with your firm, especially if you hadn't waited until the wake to build a relationship with them? What if that policy had included a long-term care rider during the last few years of the parent's life and had provided for their care while protecting the dilution of the inheritance of the children?

Ernst and Young produced an excellent publication titled "The Money in Motion Opportunity: Capturing the opportunities for increasing assets and enhancing relationship as investors move into retirement."

In the box to the left is their assessment of insurance products. The most important sentence in the quote is "both customers and advisors often become overwhelmed by the variety of choices offered by insurance companies". Think about it, you are uniquely positioned to work with families and their wealth advisors to help sort through the "choices offered by insurance companies". You need to be part of that team.

If you partner with investment or wealth managers, you can provide the same guidance, all the while helping them protect their own business from depletion. Most Wire Houses and Independent Broker Dealers provide a compliant point of sale process for their advisors when it comes to life insurance needs, through outside third parties or in-house insurance specialists, especially for their high net worth clientele. The moment the investment or wealth manager leaves their Broker Dealer, they lose this service and must rely on others to help them with this part of their practice. Why not you?
Finally, a number of wealth management firms have begun to offer generational wealth coaching. There are many of them, do your research; find someone to partner with if you are not equipped or trained to do it yourself. The objective is not only to preserve the family wealth generationally but also to create a family culture that transcends the financial equation. Helping families in this area may be even more meaningful to business growth and retention than delivering life insurance proceeds or putting together the best investment portfolio.

AgencyONE maintains that the life insurance professional, as part of a generational wealth management team, is uniquely positioned today to have the best 10 to 20 years of his or her career. Our products help create liquidity and safety with guarantees that cannot be offered by any other financial tool. Our products act as an asset that cannot be replicated by any other financial instrument. Our products preserve and replenish family wealth in the event of illness and death. But you have to build the generational bridges that will help you and the entire wealth advisory team to retain accounts and help preserve family wealth on to the next generations.

Contact AgencyONE's Marketing Department at 301.803.7500 for more information or to discuss a case.