Building the Family-Advisor Partnership

How firms and advisor teams can differentiate themselves through a mindset and skillset approach that drives deeper engagement with clients and their families

Navigating the Decade of Generational Wealth

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Part One

Eight strategic imperatives for growing your firm through generational family conversations

A LOOK INSIDE

- Examining the evolving investor landscape
- Identifying a unique opportunity to help make your business future ready
- Providing a strategic thinking framework to assess your business
- Building a differentiated Family-Advisor Partnership

The 70-plus million baby boomers have been the self-designated overseers of American culture for decades. They are still in the economic driver's seat, despite the financial and social maturing of Generation X and millennials. They own 54% of the nation's wealth and almost half of all private businesses, control nearly 70% of affluent households' investable assets, occupy up to 80% of the S&P CEO roles and U.S. House and Senate seats at any given time, and dominate decision-making in the generational family structure.

As a group, aging baby boomers are creating a tipping point for society and for our industry—an industry largely built by boomers for boomers. Over the course of the next decade, from now until 2030, the boomers will hit critical age milestones that will accelerate the transition momentum. They will experience significant changes in their physical and mental capabilities, encounter increasing health care costs, face looming long-term care needs, and move from accumulation to spending and from investing to selling off assets. All told, baby boomers could put more than $60 trillion of assets into motion as they realign their lives and make estate transfers. Perhaps most importantly, boomers will begin making the often difficult shift in generational decision-making and control over assets within their families.

During this transition period, there will be five different generations in play—the silent generation, the boomer generation, Generation X, millennials, and Generation Z—often within the same family. The boomer transition is not just about a wealth transfer to the next generation. It is a multi-generational, all-of-life transition. Boomer families include spouses from different generations, children, decision-makers, caregivers, wealth accumulators, inheritors, investors, business builders, social activists, and leaders. This diverse community of family members is the transition landscape that advisors will have to navigate successfully in order to build a future-ready business.

At the Fidelity Center for Family Engagement (FCFE), we believe advisors and firms have a business-building decision to make. They need to shift from a linear planning focus on the boomer as the primary decision-maker client to forming a new Family-Advisor Partnership around the Family Wealth System, the view that families are "wired together" around Money→Wealth→Estate Planning. This approach asks advisors to engage family generations in a more collaborative way and not merely as distinct and future market segments.

At FCFE, we have identified the upcoming 10 years (2020–2030) as the Decade of Generational Wealth. Our intent is to provide a new framework for the impending boomer transitions and to delineate a runway for advisors and their firms to take action. By 2030, the new advisor-client relationships within boomer family structures will be largely decided. That is why we are presenting a comprehensive and accelerated "how-to" strategy for reshaping the Family-Advisor Partnership through this decade.

In this paper, and in our Decade of Generational Wealth programs, we identify the dominant phenomena that describe the boomer generation and their families. And we present **eight strategic imperatives** that frame the challenges and opportunities for advisors, their businesses, and the industry during the next decade. While you may have seen the data before, we believe that looking at it through the lens of Family Wealth Systems and FCFE's experiences with family engagement reveals a new story. We believe the imperatives that arise from the data can stimulate new ways of thinking about serving families and growing our future businesses.

2020

70+ million
boomers control

54%
of household wealth

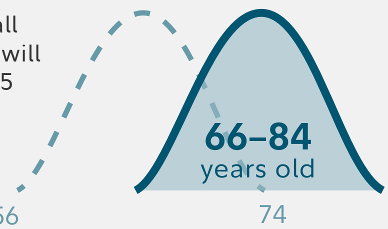
~1/2
of private businesses

70%
of investable assets

1

Navigating change of control with the primary decision-maker

In 2030, all boomers will be over 65



~40% between 75 and 84

There is a **1% compounding decline** in financial literacy each year **after 60** ... with **no lessening of confidence** in managing finances ...

Fewer than 50% seek help, even with significant decline

93% of wealth will be transferred at death

In 2030, all boomers will be over 65 years old, with two-thirds over 70 and more than 40% between 75 and 84. Boomers—many advisors' core client base and primary decision-makers—account for 70% of current affluent-household wealth, and 93% of their wealth will be transferred at death. These data points define the aging and changing marketplace advisors and firms face. Since boomers are still in the economic driver's seat, the data should create a sense of urgency around this decade.

During this decade, the age progression alone will accelerate issues around decision-making and control within boomer households. Mental health and competency will emerge as a major theme. We know there is a 1% compounding decline in financial literacy each year after 60 years of age. But the real insight is that people do not lose confidence in managing their finances, even when there is observable decline. Additionally, only 50% of those experiencing a significant decline will seek help with their finances.

Families and advisors could face complex and often uncomfortable "change-of-control" scenarios. It is likely that in many of these scenarios, the wealth and decision-making will be locked into the traditional boomer family hierarchy through times of decline and dependency. In our persona case (see margin), Bill has no plans to eventually relinquish control and decision-making to his family members, which could put Sally and the children in a tumultuous situation when his faculties start to decline and he does not acknowledge it.

When firms and advisors concentrate on the traditional family hierarchy and stay focused on the primary decision-maker, it can set up a series of reactive scenarios within the family.

Persona Case

Bill is one of the 70-plus million boomers. At 69, he is a mid-aged boomer, while his wife, Sally, is a young boomer at 60. They have three married children and six grandchildren. Bill and Sally have $5M of "retirement wealth" and are still working and saving. They have an estate plan that Bill is always tweaking on his own. In 10 years, Bill will be in a very different life stage. Bill and Sally already talk about aging, occasional difficulty "remembering things," and how it seems like more work to keep on top of their investments.

Bill makes all the financial and planning decisions and shows no indication that he plans to change. He tells Sally, "I want to work until I die." Sally is a long-time realist when it comes to Bill. She assumes he will control things until he doesn't. The kids are just living their own lives and figure they will get more involved when they have to.

The better relationship strategy is to proactively partner with clients and their families to prepare for the change-of-control scenarios that are a normal part of the aging boomer life stage. Facilitating a more strategic transition and wealth transfer adds to the long-term health and harmony of client families and, quite frankly, the overall health and stability of the advice industry.

Strategic Thinking

Framing Question: How are you partnering with your clients and families to prepare for a change-of-control scenario due to the aging boomer life stage?

Intuitive Profiling

Reflect on the Sallys and Bills in your client practice.

1. Identify two or three cases that fit the Sally and Bill change-of-control profile to help you personalize the imperative.
2. What percentage of clients does this change-of-control profile represent in your practice?

Business Impact

Reflect on the boomer change-of-control scenarios in your business.

3. How important is engaging these change-of-control scenarios to building enduring relationships with your client families?
4. How important is navigating these change-of-control scenarios to the future growth of your business?

Your Capabilities

Reflect on your capabilities to engage change-of-control scenarios in families.

5. How prepared do you feel to navigate the realities of aging and change-of-control scenarios with boomer clients?
6. How prepared do you feel to proactively facilitate change-of-control conversations within your client families?

Setting Goals

Reflect on goals that might guide you in addressing this strategic imperative.

7. How ready do you feel to set goals that would help you address this change-of-control imperative?
8. What are a few exploratory goals that would start you moving toward a new future state?

2

Facilitating transparency and family engagement around planning

64% of wealthy individuals have not talked to family about passing on assets

71% of investors have never discussed the topic with their financial advisors

35% of advisors say they have raised the issue with their clients

Transparency around wealth, planning, wills, wishes, and intentions can be difficult for clients. It does not seem to come naturally to most families. Clients often feel vulnerable discussing their wealth and what they plan to do with it. The "Today-Someday" question of when to share wealth with children feels scary and can raise larger issues that clients are not prepared to address. It often feels better to hold off on those decisions and discussions until later. For some, that means intentionally holding off until after the primary decision-maker is gone.

As we look at the life transitions boomers will go through in the next decade, facilitating transparency is one of the most critical imperatives for advisors and firms. A lack of transparency can cause long-lasting pain in a family. Even so, 64% of wealthy individuals say they have not talked with family about how they plan to pass on their assets, and only 17% say that their heirs are very well informed about their parents' level of wealth. And we have all seen family situations where some siblings are better informed than others about their eventual inheritance, which adds more emotional energy to an already difficult scenario.

If we step back and take a holistic view, we can see that everyone in the family wealth planning ecosystem is somewhat complicit in the lack of transparency and family engagement around planning. The research indicates that 71% of boomers say they have never discussed the topic with their financial advisors. On the other side, only 35% of advisors say they proactively raise the issue. And that is totally understandable. These topics are often uncomfortable to discuss and leave families feeling very vulnerable. The problem is that the discomfort leads to avoidance, which can lead to surprise

Persona Case

Jordan and Carson are about to turn 70 and have always lived within their means. Carson learned that her parents were wealthy when she inherited $1.5M. Jordan and Carson had some wealth through Jordan's executive shares and Carson's royalty revenue, but the inheritance made them feel different about being wealthy. They have never talked to their kids about the inheritance or about money in general. Their mantra is simply, "Thrifty is good." The kids have no idea that they each could receive as much as $5M someday, according to the plan.

Sadly, today, Jordan and Carson's daughter stoically lives in pain because she doesn't have sufficient health insurance to address her medical condition, and one of their sons is giving up his dream of becoming a chef because he doesn't think that career path will allow him to afford having children. Jordan and Carson have never talked to their advisor about when to transfer wealth to their children, and their advisor hasn't raised the issue. Knowing their values, the advisor assumes they wanted it to pass at their death, as planned.

and often disruptive disclosures. More than 50% of heirs over the age of 50 have said they only learned about their inheritance after the passing of the benefactor.

It is never good for an advisor who wants to be generationally connected to a family to have their Family-Advisor Partnership defined by disclosures—especially disruptive disclosures. Facilitating transparency and family engagement around planning through time is a much more strategic and healthy option for all.

Strategic Thinking

Framing Question: What are you doing to facilitate transparency and wealth-planning engagement in order to avoid potentially disruptive disclosures?

Intuitive Profiling

Reflect on the Jordans and Carsons in your client practice.

1. Identify two or three cases that fit the Jordan and Carson lack-of-transparency profile to help you personalize the imperative.
2. What percentage of clients does this lack-of-transparency profile represent in your practice?

Business Impact

Reflect on the boomer lack-of-transparency scenarios in your business.

3. How important is facilitating transparency and planning engagement to your client families?
4. How important is facilitating transparency and planning engagement with families to the future growth of your business?

Your Capabilities

Reflect on your capabilities to engage lack-of-transparency scenarios in families.

5. How prepared do you feel to discuss family transparency and planning engagement with boomer clients?
6. How prepared do you feel to proactively facilitate transparency and planning engagement conversations with your client families?

Setting Goals

Reflect on goals that might guide you in addressing this strategic imperative.

7. How ready do you feel to set goals that would help you address this lack-of-transparency imperative?
8. What are a few exploratory goals that would start you moving toward a new future state?

3

Empowering women as heads of households and as investors

2/3
of boomer assets are currently held by **joint households**

and

by 2030, **American women** are expected to control much of the **$30 trillion** in financial assets

Two-thirds of boomer assets are currently held by joint households where a woman is present. Men report that they are the primary decision-makers two-thirds of the time, while women say only they are the primary decision-makers in 25% of households. However, 95% of women say they are in some way involved in the financial decision-making.

Here's the reality in aging boomer households: Actuarial tables tell us that life expectancy for women is five years longer than for men. And research tells us that 70% of married women will become widows. These facts make it clear that in the majority of cases, women will one day become heads of those boomer households and the primary decision-makers. While this transition should set up a clear opportunity for advisors, the startling fact is that 70% of widows will change financial advisors within a year of their partner's death.

Making a shift from a focus on individual clients to partnering with couples is the requisite change in our mindset and practice. For some advisors and firms, expanding the conversation to include spouses and partners may be outside their traditional approach. Their gravity may keep them focused on the primary-decision maker. This is not a sustainable way of doing business. By 2030, women are expected to control as much as $30 trillion in financial assets associated with the boomer household transition, and they will look for advisors who empower them as decision-makers in their own financial world.

Reflecting on what happened after she sold her company, one female former business owner said candidly, "Financial advisors just saw me as a damsel in distress. They wanted to tell me what to do, not help me take control of my wealth." These advisors were in transaction mode and incorrectly took the approach of looking to rescue her. She wanted to be empowered. She told us, "I just want to be CEO of my own finances."

Forming authentic partnerships with boomer couples empowers women as investors and wealth management decision-makers both today and into the future.

Persona Case

Scott and Charlotte have always had a strong delineation of responsibilities. Scott is 72 and has worked around the world in the oil and gas industry. He says he is the financial decision-maker because "my nomadic existence has made it all so complicated." Charlotte is 64 and has dedicated her life to raising their children and working with students with learning disabilities.

Charlotte is fully aware of her family's finances and assets but rarely attends meetings with their advisor. She is mindful that she will most likely outlive Scott and knows she will need an advisor someday. Charlotte talks about wealth with her friends, who are equally aware of their future role in their family's finances. Charlotte and Scott do not always agree on when and how to give money to their kids and grandkids. She would love to do more for them all someday and to give more time and money to helping those with learning disabilities.

This is not simply inviting both spouses or partners to meetings, offering a friendly acknowledgment, and then continuing with business as usual. It means:

- Bringing women's voices to the table.
- Surfacing their wishes and goals, knowing they may be different from their husbands' or partners'.
- Drawing out women's views on investments and incorporating them into the plan.
- Exploring women's understanding of the family, wealth, and relationships.
- Helping women find their own financial and decision-making independence.
- Connecting them to communities of women within wealth management.

When overseeing assets, women are more likely to use professional advisors and twice as likely to pay a premium for in-person advice. This is the opportunity for advisors who learn to form authentic couple partnerships and serve the future interests of their women clients.

Strategic Thinking

Framing Question: What are you doing to form authentic couple partnerships and empower women as investors and decision-makers?

Intuitive Profiling

Reflect on the Scotts and Charlottes in your client practice.

1. Identify two or three cases that fit the Scott and Charlotte dominant head-of-household profile to help you personalize the imperative.

2. What percentage of clients does the dominant head-of-household profile represent in your practice?

Business Impact

Reflect on the boomer change-of-control scenarios in your business.

3. How important is it to address these dominant-head-of-household scenarios for your current client relationships?

4. How important is it to your future business to address these dominant-head-of-household scenarios as a way to empower women as investors and primary decision-makers?

Your Capabilities

Reflect on your capabilities to engage dominant-head-of-household scenarios in families.

5. How prepared do you feel to form authentic couple partnerships that empower spouses or partners?

6. How prepared do you feel to build your future business around women as investors and decision-makers?

Setting Goals

Reflect on goals that might guide you in addressing this strategic imperative.

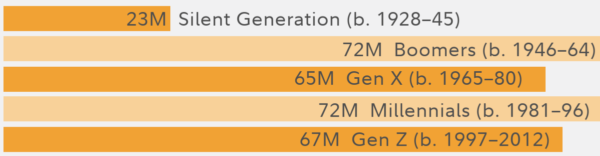
7. How ready do you feel to set goals that would help you address this dominant-head-of-household imperative?

8. What are a few exploratory goals that would start you moving toward a new future state?

4

Developing multi-generational dexterity for a socially diverse family

5
socially diverse generations of family members
participating in the boomer transition



of investors say their advisors are a "multi-generational resource for the family"

The boomer household transition is not just about boomers. There are five distinct socially diverse generations involved in this transition, oftentimes within the same family. These five generations range from the flower-power, workaholic boomers and their parents (the older, more traditional silent generation) to the boomer's children and grandchildren, who can include latchkey Gen Xers, generation-of-me millennials, and social-media Gen Zers.

No family is a monolith. They are always a community made up of socially diverse generations with different experiences, values, views, risk profiles, and wealth circumstances. Each generation is at a different life stage and different stage of wealth accumulation (Gen Xers currently own just 16% of household wealth and millennials only 3%). These generations also have different views of technology, different investment profiles, different values, and socially diverse experiences.

Even with this obvious generational family diversity and need for multi-generational engagement, only 38% of investors say their advisors are a multi-generational resource, and only 43% of investors say they expect their advisor to be that kind of resource. In an interesting way, the boomer generation, with their economic and social dominance, are the linchpin and entry point for engaging multiple generations of family members for the future.

One barrier to engaging the multiple generations within families is an industry tendency to fixate on the needs of boomer decision-makers and see them and their transition needs as a single market segment. Firms then relegate other generations to separate segments, each with a different business model, and assign different advisors to serve them. This strategy, combined with not envisioning a future multi-generational value proposition, often

Persona Case

Gary (89 years old) recently died and Wilma (88 years old) is living with their adopted younger daughter, Martha (50 years old). Gary and Wilma have family wealth, some of which has already gone to Martha and their two biological sons, Gary Jr. (68 years old) and Robert (64 years old), while some of the wealth is still controlled by Wilma. Gary Jr. and his wife Pam have two Generation X children, and Robert and his wife Mona have three millennial children. Martha is a single mom with an adopted Generation Z daughter, and there are two Generation Z grandchildren in the system.

Recently, Gary Jr. talked with his mother about having a family meeting to discuss her estate plan and some philanthropy he was interested in. He had met his mother's advisor before, but there was never a suggestion to bring the whole family together, and he didn't really know if he should expect it. Robert is a little concerned about holding a meeting because, even within his own family, there are different life stages and very different views about wealth, lifestyles, and social responsibility. He also knows everyone likes to have their say. Usually, that is a good thing.

keeps advisors and advisory businesses from taking a more collaborative approach that engages the Family Wealth System.

A Family Wealth System approach is rooted in the belief that families are wired together around Money→Wealth→Estate Planning through every stage of life. With this mindset, advisors can see families as a diverse yet unified system, setting up an opportunity to form a seamless, all-of-life Family-Advisor Partnership spanning generations.

Strategic Thinking

Framing Question: How are you planning to support diverse multi-generational family interests and conversations?

Intuitive Profiling

Reflect on the Garys and Wilmas in your client practice.

1. Identify two or three cases that fit the Gary and family multi-generational household profile to help you personalize the imperative.
2. What percentage of clients does the multi-generational household profile represent in your practice?

Business Impact

Reflect on the boomer multi-generational household scenarios in your business.

3. How important is it for you to engage your boomer clients around the diverse interests and conversations across the generations?
4. How important is it for you to leverage the diverse multi-generational relationships for your future business growth?

Your Capabilities

Reflect on your capabilities to engage the multi-generational household in families.

5. How prepared do you feel to form relationships across the different generations of family members?
6. How prepared do you feel to collaborate with the multi-generational family around its Money→Wealth→Estate Planning needs?

Setting Goals

Reflect on goals that might guide you in addressing this strategic imperative.

7. How ready do you feel to set goals that would help you address the multi-generational household imperative?
8. What are a few exploratory goals that would start you moving toward a new future state?

5

Engaging the modern family and complex planning considerations

The traditional heterosexual, married-with-children family represents nearly

1/3

of American households

1 in 6 children live in blended families

Almost **1 in 4** married people have been married **two times or more**

nearly **40%** of remarried men have a **6–10-plus year** age gap

When we make assumptions about our clients' lives—and assumptions about their families—we may step over their planning realities. Currently, our industry is largely organized around a traditional view of client families as centering around a heterosexual, married-with-children relationship. But, in reality, that only accounts for about one-third of American households.

The new reality is a diverse picture of the modern family:

- Unmarried partners cohabitating in households have increased 29% since 2007.
- One in six children now live in a blended family.
- 23% of children live with single parents.
- One in four marriages are remarriages.
- 40% of remarried men have at least a 6- to 10-year gap in age from their partners.

At times, it is hard to realize what a "modern family" is. Families didn't set out to become one. Over the course of time, and without any particular declaration, they just did. This is a reality that often contributes to the complexities within the boomer transition.

Unfortunately, 71% of investors believe that financial guidance, and the solutions that accompany that guidance, are geared toward "traditional family relationships." This doesn't bode well for the advisor community. Often, advisors step over the complexities of the modern family. With good intent, they try to simplify the approach for themselves and their clients by (i) following their normal processes, (ii) offering tried-and-true solutions and answers, (iii) avoiding hard emotional issues and conversations, (iv) focusing on "stated" intentions and goals, and (v) executing on the interests of the primary decision-maker while (vi) not exploring the larger, unintended consequences.

This lack of direct and full engagement with modern family realities may be the reason only 56% of solo households have a financial plan. When it comes to wills, the numbers are even starker.

Persona Case

Jim and Hugo were unmarried partners for almost 11 years, with fully intertwined finances and investments, before getting married last year. Both have been married before, and Hugo is eight years younger than Jim. They each brought two children to the new blended family, and one of Hugo's kids is still living with them as he transitions from college to the working world.

Jim and Hugo have had a hard time deciding what to do with their wills and an even harder time planning for their future together. When it comes to distributing wealth in the future, they really don't know how to think about their 11-year relationship with each other in relation to their 20- to 30-year relationships with their kids. And based on past experiences, both Jim and Hugo feel like wealth management professionals are not that helpful when it comes to talking about their family's complexity.

Sixty-two percent of people who have been divorced and 49% of those with stepchildren don't have active wills, let alone planning. As with Jim and Hugo in our persona case, the trade-off decisions that blended families need to make often lead to procrastination and inaction, even on something as critical as a will.

Modern families are part of the boomer transition, especially when we include multi-generational family members in planning and transition considerations. Advisors and firms need to more intentionally reflect on their mindsets and review their planning processes, products, solutions, policies, and approaches to ensure they are serving the interests of the larger, more modern, generational family. Missing the mark, or intentionally avoiding the complexities, will leave all parties unprepared and create a reactive, even more emotionally and functionally complex estate scenario at the time of a transition or death.

Strategic Thinking

Framing Question: How are you participating in the planning and emotional complexities of the modern family?

Intuitive Profiling

Reflect on the Jims and Hugos in your client practice.

1. Identify two or three cases that fit the Jim and Hugo modern-family-complexity profile to help you personalize the imperative.

2. What percentage of clients does the modern-family-complexity profile represent in your practice?

Business Impact

Reflect on the boomer modern-family-complexity scenarios in your business.

3. How important is it to your boomer clients to engage in their modern-family planning and emotional complexities?

4. How important is serving these modern-family clients to your value proposition and future business growth?

Your Capabilities

Reflect on your capabilities to engage in modern-family-complexity scenarios in families.

5. How prepared do you feel to engage the modern family's emotional and functional complexities?

6. How prepared do you feel to participate in the larger generational family conversations with modern family clients?

Setting Goals

Reflect on goals that might guide you in addressing this strategic imperative.

7. How ready do you feel to set goals that would help you address the modern-family-complexity imperative?

8. What are a few exploratory goals that would start you moving toward a new future state?

6

Expanding the financial, emotional, and familial health conversations

Paying for health care is the

#1 financial concern for investors

68% of Americans have not had an end-of-life conversation

1 in 10 people over 65

& **1 in 3** people over 85 will be touched by Alzheimer's

Health is a front-of-mind aging reality, and with this reality comes serious concerns. Paying for health care is the number one financial concern of all investors. And then there is the long-term care concern. The boomer generation could cause a 50% increase in people requiring nursing home care in this decade alone. But perhaps the largest looming overall fear—much more than just a concern—is that of mental health. One in 10 people over 65 and one in three people over 85 will be touched by Alzheimer's disease, fueling family and financial risk concerns around competency and care issues.

The question for advisors is, what role should they play in the face of these pressing health and care issues, especially as they accelerate within boomer households and become a focus of the transition process? We know clients and their families avoid these conversations. Only 30% of adult children have discussed how their parents will pay for care as they age, which is a relatively straightforward conversation. When it comes to the much harder end-of-life conversation, 68% of Americans report that they have not talked about it.

On the one hand, avoidance is understandable. End-of-life conversations are emotional. And talking about Alzheimer's and diminishing capacity can be even harder. On the other hand, we are talking about the aging of a generation that is still in the economic and decision-making driver's seat. How can we afford to ignore the acceleration of these aging realities, especially when we know that a boomer investor's confidence in their financial literacy does not wane in the face of diminished capacity?

We recently spoke to an advisor who had a client leave the office only to come back a couple of minutes later because he couldn't find his car. Occurrences like this can be harbingers of the types of financial, emotional, and familial conversations advisors can't afford to miss. The unintended family and financial consequences are too great.

Persona Case

Each 69 years old, Alex and Morgan have been really focused on their health since they turned 60. Despite their diligence, Morgan's family medical history caught up with him, and he had a heart attack two years ago. At the same time, Alex had a colon cancer scare, which ultimately turned out to be a false alarm. Both Alex and Morgan are concerned about health insurance and wish they had utilized their HSA more. Additionally, Alex's family has a history of Alzheimer's disease and her dad is currently in a home. They also wish they had saved more for nursing home care themselves, because they don't want to be a burden on their children.

Even with these pressing concerns, Alex and Morgan haven't talked to their kids about any of these aging and end-of-life issues. Again, they don't want to be a burden. They do have retirement money and an estate plan. And they know they want to leave something to their kids and grandkids. They just hope it won't all be spent on their health and long-term care.

We have called out the Decade of Generational Wealth precisely because we want to frame a sense of urgency around these aging issues. And, we want to give the Family-Advisor Partnership a specific runway for taking action on these critical conversations before 40% of boomer clients are between 75 and 84 years old and these issues become harder and more reactive. In the coming decade, we believe advisors can be a critical force for expanding the financial, emotional, and familial health conversations within boomer households.

Strategic Thinking

Framing Question: What can you do to take a more proactive and facilitative approach that expands family health conversations?

Intuitive Profiling

Reflect on the Alexes and Morgans in your client practice.

1. Identify two or three cases that fit the Alex and Morgan health-and-care-concerns profile to help you personalize the imperative.

2. What percentage of clients does the health-and-care-concerns profile represent in your practice?

Business Impact

Reflect on the boomer health-and-care-concerns scenarios in your business.

3. How important is it to your boomer clients that you proactively help them address their health, care, and end-of-life questions?

4. How important is facilitating the family's health, care, and end-of-life conversations to your business model?

Your Capabilities

Reflect on your capabilities to engage health-and-care-concerns scenarios in families.

5. How prepared do you feel to engage your boomer clients around their health, care, and end-of-life issues?

6. How prepared do you feel to more proactively facilitate the multi-generational family conversation around health, care, and end-of-life planning?

Setting Goals

Reflect on goals that might guide you in addressing this strategic imperative.

7. How ready do you feel to set goals that would help you address the health-and-care-concerns imperative?

8. What are a few exploratory goals that would start you moving toward a new future state?

7

Stepping into the multi-generational life event moments with families

Top life events where **investors may seek advice:**

Inheriting money	Major gain or loss of income or assets	Death of a spouse or loved one	Significant health issue or serious illness	Divorce

Think about how much of our family and emotional engagement is focused on key life event moments. We tend to frame time—backward and forward—by the personal and family life events we experience. As we age, those moments and events seem even more special and meaningful to us. During the coming decade, boomers and their families will traverse new and significant life event moments together. Many of their planning goals will be realized and others set aside as they move through this next stage of life.

Advisors and advisory firms need to assess how prepared they are to step into life events and important emotional moments with their clients. Depending on the life event, between 24% and 65% of all investors would prefer that their advisor be more of a resource during life events. When asked about the top life events for which they would like to access their advisor as a resource, clients point to inheriting money, a major gain or loss of income or asset, death of a spouse or loved one, significant health issue or serious illness, and divorce.

Interestingly, 43% of advisors said they were not ready to provide clients with more holistic goal-planning advice to help them respond to their life events. This is a significant missed opportunity for advisors to engage in planning conversations, especially when roughly half of investors report that life events are a trigger for switching providers.

And what about unpredictable happenings, such as the "pandemic life event"? It disrupted the economic and social realities of our client families. How do we step into those moments? In a recent qualitative focus group, half of the families asked said they had had a specific conversation about the pandemic's impact on them. Seventy percent of investors say they were affected financially by the crisis, 67% reported that the crisis changed how they think about money, and 75% of those families concluded life will never be the same. What families need during crisis-styled life events is for advisors not only to respond to the financial aspects of the crisis—their go-to expertise—but to engage in the more intimate personal and family emotions connected to the event.

Persona Case

John and Joan are in their late 60s and having a hard time with their planning. They don't always agree on their goals for how to live at this stage, or even where to live. Life seems to be moving so fast. It just goes from one activity and life event to the next, mostly involving their four children and six grandchildren. Their advisor sees and hears all of this but isn't sure how to step into their lives.

Recently, a friend of theirs shared how her advisor acts as a sounding board for everything related to life and money: how to think about her inheritance from her parents, the condo she recently purchased in Florida, and the divorce she went through five years ago. The friend said the advisor even helped her talk through her son's college allowances and whether to gift money to her daughter for a first house. John and Joan are wondering how they can find that type of advisor, especially since the recent "pandemic life event" increased their sense of urgency and changed their view of life going forward.

Whether it is the pandemic, retirement, selling a business, aging parents, or participating in key moments with children and grandchildren, these life events and life moments offer opportunities to expand and enhance our Family-Advisor Partnerships. It may seem obvious and even easy to conclude that we should step into life events with our clients and their families. However, the reality is that even when we do, it is often at the rapport and service level, rather than the intimate partner and sense-making level. Advisors face a choice in these moments. Will they just transact during life events or will they step into those moments alongside families? Stepping into life events in a multi-generational way, especially during times of transition, allows advisors to form all-of-life generational partnerships with families.

Strategic Thinking

Framing Question: How are your client's life events part of your engagement strategy for building all-of-life generational relationships?

Intuitive Profiling

Reflect on the Johns and Joans in your client practice.

1. Identify two or three cases that fit the John and Joan profile where the advisor missed their life events to help you personalize the imperative.

2. For what percentage of your clients are you missing life events, i.e. not an all-of-life advisor?

Business Impact

Reflect on the boomer life event scenarios in your business.

3. How important is engaging life events in a personal and intimate way in building your client relationships?

4. How important is leveraging key family life events and transition moments to growing your future multi-generational business?

Your Capabilities

Reflect on your capabilities to engage in life event scenarios in families.

5. How prepared do you feel to establish goals and have conversations with your boomer clients around their life events?

6. How prepared do you feel to make a more intimate family connection around life events as a way to build all-of-life multi-generational relationships?

Setting Goals

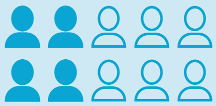
Reflect on goals that might guide you in addressing this strategic imperative.

7. How ready do you feel to set goals that would help you address the missing life events (i.e., all-of-life-relationship) imperative?

8. What are a few exploratory goals that would start you moving toward a new future state?

8

Planning proactively for the boomer succession in your business and the industry



In the next 10 years, **37%** of advisors will retire

70% of an advisor's book leave after a change in advisor

For business leaders, advisors, and advisor teams, it is imperative that the boomer phenomenon is recognized, not only as a household transition for clients, but also as a macro trend that applies directly to firms and the advice industry as a whole. We are an industry built by boomers for boomers, in which the interests of the founders were closely aligned with their clients. Today, those interests are diverging, much like in multi-generational boomer families. It should not surprise us that as an industry, we are on the same transition path as boomer households.

Like the boomer generation, many of our firm leaders and senior advisors are facing a new set of choices. They find themselves holding several things in tension: their personal interest for capturing value, their commitment to upholding their core values and serving client families, and the future interests and business model of their firms. As with boomer multi-generational households, successful succession transitions in our industry are not something to be put off and figured out at the end of a good run.

What is clear is that by 2030, the advisor landscape will be drastically different. Thirty-seven percent of advisors are planning to retire in the next 10 years. Overall, the industry will experience a loss of one-fifth of total advisors. When the industry undergoes this change, 50% of the remaining advisors will be between 30 and 40 years old, double the size of that age bracket in the industry today.

Our succession plans are also important to our clients. Eighty-five percent of investors say it is important to them that their advisors have a succession plan in place. But only 40% of investors say they know their advisor has that plan. Those advisory firms that close this gap increase long-term trust with their clients, especially multi-generational families seeking continuity.

Compounding the succession changes facing our industry are the changing expectations of our clients. Thirty-eight percent of investors say they want advisors to provide more comprehensive services.

Persona Case

Dwayne has been in the financial services industry for 15 years. During the last six years, he moved into the bank's financial advisor program. Recently, he was looking for new advisory opportunities when his father suggested he talk with Steven, who had been his dad's advisor for decades. Dwayne's dad knew that Steven was thinking about retiring in a few years and did not yet have a succession plan. Though he didn't know him well, Dwayne reached out to Steven. During their second meeting, Steven shared that he was looking for a successor in the next five to seven years and had not identified anyone within his firm as a potential candidate.

After Dwayne decided to join Steven's firm, the first few years were harder than he expected. Steven continued to run his business, focused on managing the money, and was not really open to the more personalized and comprehensive relationship services Dwayne wanted to provide. Dwayne felt he was learning a lot about the business, but he wasn't sure Steven cared to change and let Dwayne meet the evolving needs of clients. Steven mostly talked about how his clients were here because of his performance and the relationship he built with them.

Advisors are also looking into the future. Fifty-six percent of them say they know their clients are looking for more personalized services.

The future Family-Advisor Partnership will be defined by how proactively firms and the advice industry embrace their own succession. During the Decade of Generational Wealth, we have a unique opportunity to address our industry change in the context of the boomer household transition. Advisors and firms that can align their transition interests with the transition interests of client families will form deeper personal connections and lay a relationship foundation with a new generation of investors.

Strategic Thinking

Framing Question: How are you thinking about the advisor or firm succession process as part of the changing marketplace and future growth opportunities?

Intuitive Profiling

Reflect on the future of your practice or business.

1. Who are you in relation to succession?

A. I am retiring during the next decade.
B. I am a direct successor to a book of business.
C. Succession in my firm doesn't impact my personal practice.
D. Succession will not be a factor in our firm during the next decade.

Business Impact

If you or your firm is in a succession scenario, reflect on the business impact of succession.

2. How important is having a firm succession plan to your client families?

3. How important is having a succession plan to the continuity and future growth of your firm?

Your Capabilities

If you or your firm is in a succession scenario, reflect on your capabilities to navigate it.

4. How prepared do you feel as an individual to navigate a succession process?

5. How prepared do you feel your principals and the firm are to navigate a succession process?

Setting Goals

If you or your firm is in a succession scenario, reflect on goals that might guide you in addressing this strategic imperative.

6. How ready do you feel to set goals that would help you address the succession planning imperative?

7. What are a few exploratory goals that would start you moving toward a new future state?

Part Two

A new capability for growing your firm through generational family conversations

A LOOK INSIDE

- Exploring what boomer families are experiencing through a new lens
- Embracing a new way of thinking about families and their relationships
- Adopting a Peership mindset and skillset that will differentiate your business
- Expanding your Family-Advisor Partnerships through generational family conversations

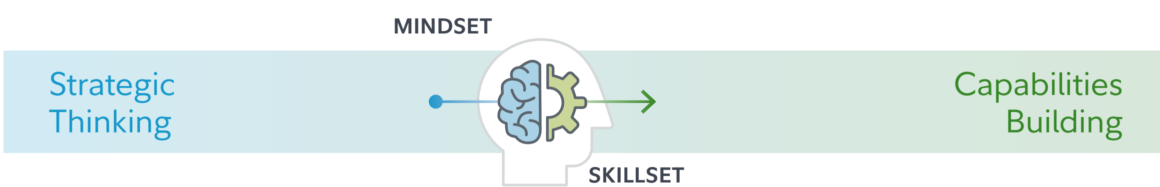
In Part One we presented research and eight strategic imperatives to frame the Decade of Generational Wealth. This included strategic thinking to prompt your reflection about the state of your business and insights on how the data speaks to what your current clients may be going through.

To move from insight to action, Part Two offers a differentiating mindset and skillset for expanding generational family conversations. This mindset-skillset approach allows you and your organization to build a new capability for engaging families and facilitating boomer household transitions.

A Mindset and Skillset Approach to Capability Building

Deploying this capability will set you apart in the increasingly crowded and competitive advice marketplace and establish new value-creation opportunities for the future. And that is the purpose for framing the Decade of Generational Wealth—to establish a runway for action from your current client realities to your future state opportunities.

Strategic Thinking and Capability Building Framework



What the data tells us about boomer families

Families are a *system* composed of interdependent parts that interact in emotionally charged ways. We describe them as being “wired together.” In the financial space, The Fidelity Center for Family Engagement explores how families are wired together around Money→Wealth→Estate Planning (see callout on p. 26) as a Family Wealth System. Advisors step into this Family Wealth System when they engage clients in financial planning or help them navigate a generational transition.

When we examine the data and imperatives outlined in Part One through the lens of Family Wealth Systems, three major themes emerge. Taken together, these themes provide a new way of thinking about what families are facing and how advisors might engage them through the Decade of Generational Wealth.

From the perspective of Family Wealth Systems, there are three major themes that emerge for what families will face in the coming decade: **Complexity, Vulnerablity, Hierarchy**

Complexity

The data shows a transition in which generations of family members are connected in complex relationships across time. Individuals are connected as couples and as parents to children. Children are connected as siblings. Siblings create new families that all become connected. And often these family connections are within blended, modern families.

Within the Family Wealth System, this interconnectedness—how families are wired together around Money→Wealth→Estate Planning—generates systemic and generational complexity around decision-making, lifestyle choices, finances, estate planning, health, and end-of-life preferences. And when decades of complexity are put into motion, as they are in every boomer transition, families experience a compounding, and potentially chaotic, nonlinear range of options and outcomes.

Advisors are in the middle of this complexity, side by side with family members, helping them navigate their interconnectedness through this generational transition.

Vulnerability

The boomer transitions are filled with emotions and feelings of vulnerability—expressed and unexpressed. Each of the eight strategic imperatives carries a sense of risk, uncertainty, and emotional exposure. And while the data captures fact patterns around certain phenomena, the human and family experiences that data describes are anything but just facts.

Aging, change of control, spousal death, differing generational views, health, long-term care, succession, and end of life are all hard, vulnerable transition experiences and family conversations. The challenge is that clients, their families, and their advisors may not be particularly comfortable dealing with the intimacy aspects of the Money→Wealth→Estate Planning arena. This is especially true in the context of industry and societal norms that lean toward rational and transactional wealth management and planning processes.

For families and advisors, vulnerabilities and emotions are often challenging and even unwelcome complications when navigating generational transitions.

Socialized hierarchies are endemic to families and embedded throughout the planning process. Advisors are constantly engaging those structures when navigating generational transitions.

Hierarchy

The estate-planning narrative and data surrounding the boomer transitions point to the enduring nature of social and family hierarchies. Consider the hierarchy in planning phrases such as, "change of control," "heads of households," "primary decision-maker," and "financial disclosures." While we can view these phrases as antiquated and not fully descriptive of our advisory practices, they still frame much of the narrative in our industry.

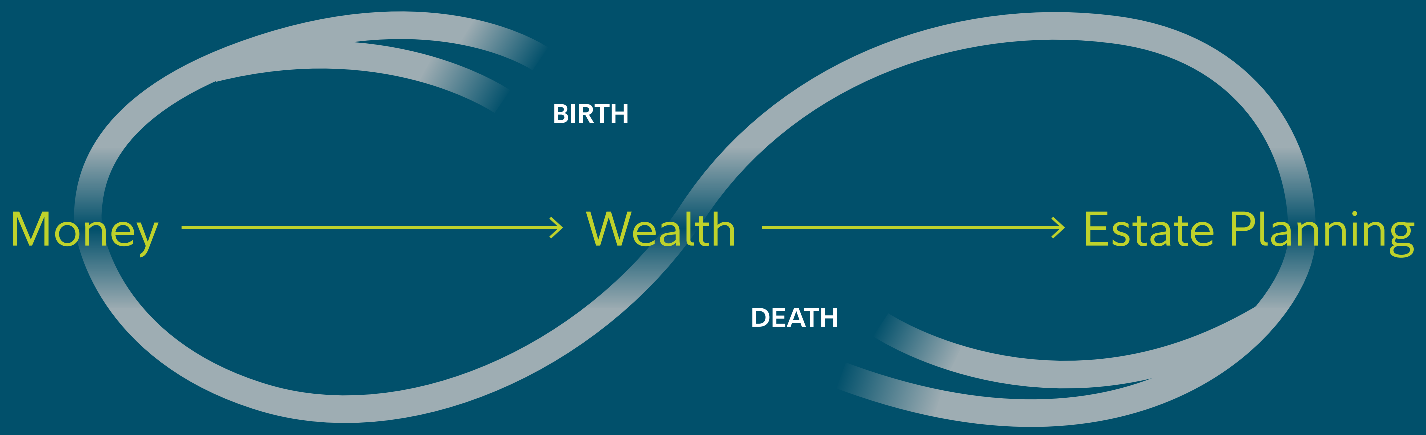
The data further reinforces the hierarchy and control picture: Boomers control 54% of wealth and 70% of investable assets; 93% of wealth is transferred at death; 50% of beneficiaries are not aware of their inheritance; two-thirds of the time men report that they are heads of households; 68% of aging Americans don't talk to their family about end-of-life issues; and on it goes.

Families have been socialized into these systemic hierarchical frames around gender and relationship roles and norms. Consider the generally accepted practice of parents making planning decisions that can significantly impact adult children and their families without any input or conversation. In many cases, a will acts as a final hierarchical declaration of parental intent.

Socialized hierarchies are endemic to families and embedded throughout the planning process. Advisors are constantly engaging those structures within families when navigating generational transitions.

Money→Wealth→Estate Planning

A developmental arena through which all life passes



All of life passes through it

In the early stages, families talk about **money:**

- What is it?
- How do I get it?
- What does it do for me?

Later, conversations move to **wealth:**

- Are we wealthy?
- What does it mean to be wealthy?
- Whose wealth is it?

And then **estate planning:**

- Whose wealth is it (again)?
- Where is the wealth going?
- Who decides?

From birth to death, questions and decisions around finances are ever present, incremental, and increasingly complex through time.

There are financial discussions around choosing a career, getting married, having children, buying a home, giving an allowance, deciding who can or will pay for college, making charitable gifts, saving for short-term needs, investing for retirement, planning for long-term care, and envisioning the financial impact you hope to have on future generations.

Every life event provides an opportunity for families to learn and grow together. The developmental goal is to move beyond parent-child hierarchies to become peers through a lifetime of open Money→Wealth→Estate Planning conversation.

Hierarchy is gravity that holds things in place for families

Hierarchies are a normal and natural part of family systems that are not, in and of themselves, problematic to the planning process. What's challenging for families is when they tend to default to hierarchy behaviors—actions and language that assert the rights of the hierarchy over a person or relationship.

Defaulting to hierarchy behaviors—a form of command and control—in the face of stress, threat, or hard situations is a natural simplifying and defense reaction for individuals and systems. In change management, we describe default behaviors as gravity—the natural force that holds things in place.

Conceiving of generational transitions as a change management activity in which gravity is at work leads to the following insight: **When faced with the complexities and vulnerabilities in a generational transition, families, decision-makers, and planning systems default to their natural hierarchy behaviors.**

What does defaulting to hierarchy behaviors in the planning and transition process look like and sound like?

When families are faced with complexity, hierarchical simplifying strategies can look like a "take care of things" strong parental role, or an "in control" head of household role, or a "get things done" efficient primary decision-maker role, or a more stalwart "it's my life and I can still do this" senior generation role. And the simplifying of complexity that comes with these roles can sound like: "I will take care of this," "I'm doing what's best for everyone," "They aren't interested," "Stop complicating this," and "It's my decision." (See sidebar for more sounds like examples.)

There is no judgment here. It is natural to default to hierarchy behaviors in the face of complexity, but it is still gravity that can limit change in the Family Wealth System.

Feeling vulnerable when there is an uncomfortable sense of emotional exposure can also trigger a hierarchical mode of behavior. In this context, hierarchy is a defense to vulnerability—behavior that keeps us from risking more intimate and emotional engagement with each other.

Hierarchical defenses to vulnerability can look like avoidance, silence, lack of transparency, control, anger, being overly rational, gender and generational stereotypes, distancing, and insistence on self-sufficiency. When these behaviors surface in the planning, transition, aging, and end-of-life spaces, they are actually acknowledgments of how hard and vulnerable a topic or activity really is.

When families default to hierarchy behaviors to simplify complexity, it can sound like:

"I will take care of this"

"I'm doing what's best for everyone"

"They aren't interested"

"I just need to make this decision"

"I don't have time to consult everyone"

"Stop complicating this"

"Let sleeping dogs lie"

"I don't want them to know"

"This isn't their area of expertise"

"They won't care about this decision"

"It's my money, and I can do what I want"

"It's my decision"

These defenses can sound like: "I don't want to talk about this," "It's none of their business," "There's no room for emotions in these decisions," and "It's all about tax efficiency," (See sidebar for more sounds-like examples.)

Once again, there is no judgment. Human beings are meant to defend against risks, including emotional ones, but these defenses are still a form of hierarchical gravity against intimacy in the Family Wealth System.

Family structural and emotional hierarchies often stay in place until they don't. When they collapse, it is often sudden, reactive, and destructive. Advisors can find themselves in the middle of the power struggle and search for a new family order.

When families default to hierarchical defenses to cope with vulnerability, it can sound like:

"I don't want to talk about this"

"It's none of their business"

"There's no room for emotions in these decisions"

"This is just about the numbers"

"It's all about tax efficiency"

"It's always been my decision"

"I don't need help"

"You could never do this"

"You're not ready to know this"

"You're all the same"

"It's my life, just leave me alone"

Prompts for Reflection

- What hierarchies do you see most often in client families (age, role, gender norms, protocol, topic, situation, decision rights, etc.)?
- What hierarchy behaviors have you seen that assert these hierarchies over people and relationships?
- How often do you engage the views of a single client versus engaging with family members (i.e., the Family Wealth System)?
- How do you ask about/explore the voices and views of people who may be impacted by a decision (and may not be part of the decision)?
- When do you find yourself in the co-parenting trap—partnering with a client to make decisions on behalf of the entire adult family "like a parent"?

Moving from family hierarchies to Peership

The antidote to hierarchy behaviors in families is Peership, which connotes a sense of mutuality. Peership is being in relationship with a sense of mutual love, respect, voice, opinion, feedback, and understanding. Mutuality is the idea that communication and relationship flow both ways.

In Peership, everyone can share their ideas, insights, and perspectives with each other. They are interested in each other's opinions, focused on creating a safe space for exchanging views, and committed to giving people a voice in decisions that impact them.

Importantly, Peership can occur regardless of any hierarchy governing a relationship, such as the family hierarchies of parent-child, sibling birth order, gender roles, education, competencies, career choices, geography, values, loyalties, or decision rights.

While hierarchy behaviors create a one-up/one-down dynamic in relationships ("This is my decision," or "You don't have the expertise"), Peership has the effect of leveling the emotional playing field. Peership does not mean equality or consensus. It may or may not change the decision rights.

When families think of themselves as peers around Money→Wealth→Estate Planning, they can create a sense of mutuality and transform how they interact and communicate.

Peership is the developmental goal for families

A central concept of Family Systems Theory is that healthy families and relationships are differentiated—each individual has their own identity and life separate from the family, while remaining connected and loyal to the family. Peership is a term used to describe the relationship between people who are differentiated.

Money→Wealth→Estate Planning is one of the main developmental arenas in families—all of life, from birth to death, passes through it. For an advisor, facilitating peer relationships and conversations around Money→Wealth→Estate Planning is what helps families move beyond their natural hierarchy behaviors and routines.

A helpful developmental frame for thinking about the shift from hierarchy to Peership within families is moving from (parental) control to (Peership) influence.

Parents start out controlling everything a child does. Through time, the developmental journey is to control less and less until the parent and child are in an adult-to-adult Peership place of influence.

The journey to Peership happens more naturally in areas of life where parents don't generally think of themselves as having control over their adult children's choices, such as where to live, when to have children, or when to get a new job.

The antidote to hierarchy behaviors in family is Peership, which connotes a sense of mutuality. Peership is being in relationship with a sense of mutual love, respect, voice, opinion, feedback, and understanding. Mutuality is the idea that communication and relationship flow both ways.

Yet, when it comes to Money→Wealth→Estate Planning, there is a belief that it is normal and even preferrable for parents to remain in some degree of control. Sometimes, this is rooted in a belief that it is "their money," which implies a right of control. The problem is that this leads to an effort to control someone else's adult life.

When parents are controlling—or trying to control—adult children through every stage of life, the family is stuck in hierarchy. No adult child wants to be parented by their parents (and in-laws even less so), especially around Money→Wealth→Estate Planning. Families who are stuck in hierarchical control are in a perpetual teenage rebellion stage of life: "I'm in control ... no, I'm in control ... no, I'm in control, no, ..."

In contrast to parental control, Peership influence sounds like, "What do you think about ...," "Can I share some thoughts with you?" "I'm not sure how you're thinking about it, but I'm wondering if ...," "I know this decision will impact you and your children, so let's talk about it," "I know this is hard, but we really need to talk about it."

Peership without hierarchy doesn't necessarily change who has decision rights, but it significantly changes the conversation and nature of the relationship—from control to influence.

Prompts for Reflection

- What are your first thoughts about the concept of Peership (a sense of mutuality)?
- How might Peership help you to lean into the Decade of Generational Wealth and boomer family experience?
- How do you think your clients who are in hierarchies might respond to the idea of being peers with their adult children?
- Which client families come to mind that seem to already be in a Peership mode?
- How is Peership different from changing/giving up decision rights?

A new capability for navigating the Decade of Generational Wealth

Expanding the generational family conversation through a mindset-skillset approach

With those concepts in place, we can now offer a new advisor capability built on a Peership mindset and skillset that set up peer-based generational family conversations.

Before we begin, let's pause and check in on what you are thinking about hierarchy and Peership. At FCFE, we call this "thinking about our thinking." It is the way to examine your mental models—the thoughts, beliefs, and assumptions that govern how you think and act.

It is hard to defy gravity, learn and adopt something new—particularly a new capability—without examining your mental models. In this case, as an advisor, the mental models worth exploring are the ones you have built through your own family experiences related to hierarchies and Peership.

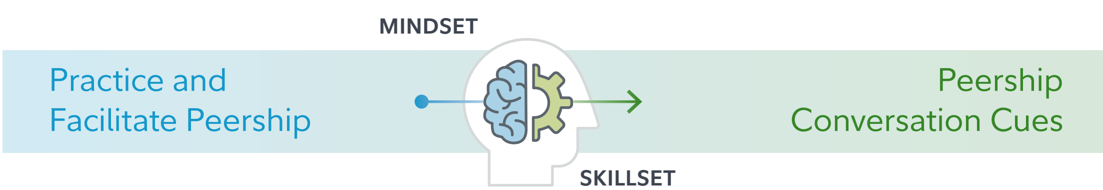
Every Family Wealth System is full of individual and collective mental models about what relationships look like, our roles, how we communicate as a family, our beliefs and engagement around Money→Wealth→Estate Planning, and especially, our views of hierarchies and Peership among family members.

To think about your thinking related to family hierarchies and Peership, you can reflect on questions like:

- How hierarchical was my parent-child relationship?
- What are the gender roles I grew up with?
- How were decisions made in my family?
- What voice did I have on decisions that impacted me?
- What voice do I wish to have on future decisions that impact me?
- How was my family wired together around Money→Wealth→Estate Planning?
- What gravity might keep me from exploring Peership in my family?

Once you have explored your personal mental models, you are in a position to help client families explore the mental models they may hold about the Family Wealth System and Peership.

Strategic Thinking and Capability Building Framework



Differentiating Mindset: Practicing and Facilitating Peership

CONTROL
"Parental"

INFLUENCE
"Peership"

We have already presented the definition of Peership as a sense of mutuality in relationships and conversations regardless of hierarchy or decision rights. Peership is when families move from *control*—a socialized hierarchical role-based approach—to *influence*—an open conversational approach where the "power" is in the relationship.

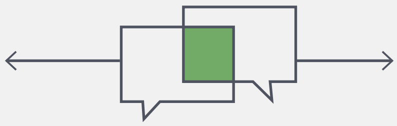
The advisor mindset that turns a Peership mental model into action is to **Practice and Facilitate Peership.** Practice means embodying a Peership approach in your own relationships and interactions with others. Facilitate means helping your clients see their hierarchical tendencies and massaging them toward more peer-like interactions.

A mindset is where differentiation begins. You will think and act differently from other advisors when your mindset mission is to Practice and Facilitate Peership. Families will feel that difference. They will feel a more expansive and inclusive set of questions, a more open engagement of views and perspective, and a more relational range of options and generational considerations.

Senior-generation family members may not know that they need or even fully appreciate a Peership approach. But next-generation family members always know they want and appreciate being treated as peers. (Remember adult children don't generally want to be parented.) Advisors who get caught in the co-parenting trap will find it hard to build a generational business with next-generation family members.

Operational Skillset: Peership Conversation Cues

Expand your thinking …



… using Conversation Cues

Peership Conversation Cues are a skillset that helps families expand the range of topics and options available for them to talk about. It is the skillset that lets you Practice and Facilitate Peership.

A defining feature of hierarchy behavior is that it tends to lock us into binary, right/wrong, single-option choice conversations (e.g., "You have to do this" … "No, I want to do this.") The main effect of these conversations is to reinforce hierarchy and contrahierarchy through time.

When advisors have this skillset, it helps to unlock debates, fights, shut down, and resentful submission, which are sometimes part of generational planning and transitions. Conversation Cues empower multiple people and views, test thinking and perspectives, step out of judgments, and bring a wider range of options into the conversation.

An example of generational wealth locked in hierarchy behavior is when Bill (from our persona case in Strategic Imperative #1) said to his married daughter, "I will give you some inheritance now to buy a house in the suburbs, but I won't help you renovate your house in the city. Cities are not a place to raise children."

He was honestly trying to have a generational transition moment and not just wait until death to pass on wealth. But his hierarchical-control approach led to a debate, a fight, and his daughter's family not attending Thanksgiving that year.

When the situation was revisited (after the non-Thanksgiving), their advisor used Conversation Cues to help the family talk through the topic. She asked the daughter, "What's the wish for wanting to live in the city?" And to the father, "What's the fear about raising children in the city?" This Conversation Cue started Bill and his daughter down a path to dialogue, which later allowed them to more openly discuss other topics (using other Cues) that were important to their lives and intentions related to the inheritance.

Prompts for Reflection

- How might adopting a Practice and Facilitate Peership mindset help you further differentiate your practice?
- Where might you practice Peership in your own relationships and interactions with others?
- What client engagements could you target to facilitate more Peership in their relationships and interactions?
- In what ways and around what topics are those clients locked into hierarchy behaviors, and how might Conversation Cues help them?
- How might Practicing and Facilitating Peership transform the wealth planning experience for your clients?

Four Peership Conversation Cues

Simple language and frameworks for Practicing and Facilitating Peership

Here are four of the Peership Conversation Cues we have developed at FCFE that provide simple language to help you set up generational family conversations:

1. **Wish** ← → **Fear**

   Seeking **wishes** in financial decisions and actions rather than defaulting to outcomes based on **fear.**

2. **Voice** ← → **Vote**

   Giving a **voice** and input to others does not mean giving up the **vote** and decision on outcomes.

3. **Today** ← → **Someday**

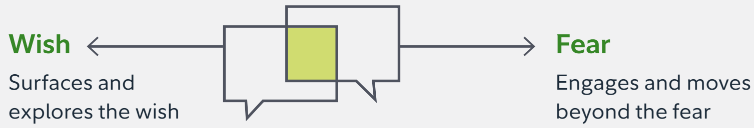
   Having trade-off discussions around transitions—giving and decision-making—**today** versus **someday.**

4. **Closeness** ← → **Distance**

   Being mindful that every financial decision has the power to create **closeness** or **distance** in family relationships.

1

Wish-Fear



Seek the wish behind the fear.

Conversations and decisions surrounding Money→Wealth→Estate Planning are often laden with wishes and fears. The Wish-Fear Conversation Cue is a wonderful way to engage around them and level the playing field emotionally.

Wishes and fears are intimate parts of us and often in tension with each other throughout life. When we talk about them, we access the emotional heart of what we are thinking and even who we are. Sharing wishes and fears creates Peership because two people can connect at an aspirational and experiential level and enhance the intimacy and understanding in their relationship.

Going back to our persona case, when the advisor used the Conversation Cue by asking, "What's the wish for wanting to live in the city, and what's the fear about raising children in the city?" Bill jumped right in. He expressed his fears about raising children in the city based on his experience. It was all about how he grew up. His father was a bartender in a hard part of the city, and Bill didn't have it easy. Bill thought that he and Sally had really made it when they bought their first house in the suburbs. He didn't want his daughter going backwards.

His daughter had a completely different experience. She and her husband love the rich diversity of the city. Walking everywhere, being on the harbor, enjoying the food and culture are all amazing for them. They want their children to experience this growing up. She is filled with wishes. Her father's fears are not her fears.

As with Bill, reactive hierarchy behaviors often come from a place of fear. This reality helps us understand that hierarchical control can still be rooted in love and filled with good motives; it is just fearful. That is why surfacing the flip-side wish within the Family Wealth System is so important and beneficial. It creates a more balanced and intimate Peership conversation and, ultimately, better decision outcomes.

Wish-Fear has several benefits:

- Steps out of fear and seeks the wish
- Rises above goals to more intimate wishes
- Creates deeper levels of shared understanding
- Facilitates more intimate planning outcomes
- Engages in emotional complexity with authentic conversation

Prompts for Client Dialogue

Wish

- What is your wish?
- What are the wishes in the family? For other family members?
- What keeps you from sharing your wishes with others?
- How would you like to see your wishes more present in the planning process?
- How might sharing your wishes impact your family relationships?
- How can I help you bring out your wishes/make them part of our process?

Fear

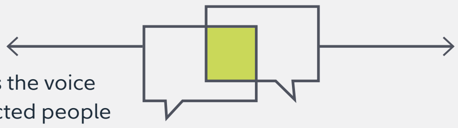
- What are your fears?
- What fears do you have about your family? For other family members?
- What are the wishes behind the fears?
- How might your fears be directing/impacting decisions in the planning process?
- How might your fears be impacting your relationships in the family?
- How can I help you think about your fears and make your wishes a more prominent part of our planning?

2

Voice-Vote

Voice

Engages the voice of impacted people



Vote

Clarifies decision-making vote

Impacted people should have a voice and maybe a vote.

When it comes to navigating Money→Wealth→Estate Planning, it is often difficult for families to determine who should have voice and who should have vote. The default hierarchical practice is often for parents to keep both the voice and the vote throughout the generational transition. The Voice-Vote Conversation Cue overcomes that gravity and brings all voices into a conversational process while separating out the decision (vote) from immediate consideration.

When Gary Jr. asked his mother, Wilma, if they could have a family meeting to just discuss some estate planning topics, he was intuitively making a Voice-Vote distinction. His father had recently died, and Gary felt there were a lot of loose ends and future decisions that were now left to his aging mother. He made his mother comfortable with the meeting (and established Peership) when he described to her that there would be no decisions made at the meeting (vote), and it was just important that everyone could give their thoughts (voice) on the remaining estate.

Because Gary Jr. was concerned that his siblings might expect Wilma to make a decision on the spot, he explained to them that the meeting was just for her to hear their interests. The advisor helped them maintain the Voice-Vote distinction during the meeting by monitoring for moments when the discussion began moving from exploring perspectives to deciding on a course of action.

Voice is foundational to Peership, much more than vote. The Voice-Vote Conversation Cue centers around the questions, “Whose voice do we need?” and “How do we think about vote now and into the future?” It helps us lean into hierarchy because it makes the practice of inclusive voice safer by separating out the vote. As such, this Cue is a powerful way to unlock some of the generational and transitional silence that can prevail in families.

Voice-Vote has several benefits:

- Addresses the fear of giving voice by separating it from vote
- Breaks generational and transition silence and avoidance
- Engages and empowers unengaged family members
- Shares the burden of planning and decision-making
- Offers new channels for planning input

Prompts for Client Dialogue

Voice

- Whose voices might we want or need in this dialogue/decision?
- What can we do to bring other voices into this dialogue/decision?
- What topics in your family/our planning process might need other voices?
- What keeps you from bringing in other voices or getting input from others?
- What might "giving more voice" sound like in this situation?
- How can I help you bring more voices into this dialogue/decision?

Vote

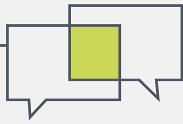
- Who has vote/decision on this issue?
- Who does this vote/decision impact, now or in the future?
- What voices/input from others should we consider before you make this decision?
- For which topics/decisions might it be worthwhile considering others having a vote?
- What are your concerns/fears around others having have a vote?
- How can I help you think about who should be involved in these decisions or moving toward them having a vote?

3

Today-Someday

Today

Explores immediate needs, roles, and responsibilities



Someday

Explores how needs, roles, and responsibilites may transition in the future

Assess decisions through a "today" and "someday" lens.

Money→Wealth→Estate Planning conversations generally have an implicit "Who should get what when?" question. Whether it is getting an allowance, a first car, or a generational gift, today or someday is invariably present. The Today-Someday Conversation Cue makes this question explicit and more intentionally sets up a Peership conversation.

Today-Someday has the power to facilitate Peership precisely because it raises an unknown. Wondering always feels hierarchical. It also gives voice to a nearly taboo subject: Can I get something today, rather than someday? In its simplest form, this Cue allows family members to talk more transparently about the realities of life, today and someday.

From the persona case in Strategic Imperative #2, Jordan and Carson are great examples of a frugal, hardworking family. They had a combination of earned and inherited wealth, but it was always "someday money." They never made it an option for their children to act or think differently, and their children never questioned that approach.

Yet their advisor did raise it with them when she found out their daughter, Sarah, was putting off surgery because she couldn't afford it. She asked Jordan and Carson, "What is your money for?" When they said it was for their children, the advisor asked, "When? Today or someday?" She went on to explain their daughter's situation, and Jordan and Carson were crushed. That conversation led them to not just support Sarah but to also talk with their son and eventually begin gifting him "today."

By providing clients with a Today-Someday frame for thinking about their wealth transfers and decision-making, advisors can help them step out of hierarchy and become more proactive in their family transition conversations.

Today-Someday has several benefits:

- Engages in a more proactive approach to transitions
- Explores and challenges perspectives about wealth and giving
- Frames life and need trade-off discussions
- Steps into life events with clients and their families
- Takes the mystery and silence out of estate planning
- What is the purpose of your family wealth? Is it to help people today or someday?
- How much transparency do you want around your planning today or someday?
- How much involvement in discussion/decisions do you want from family today or someday?
- What are the trade-offs of becoming more transparent/involving others today or someday?

Prompts for Client Dialogue

Today

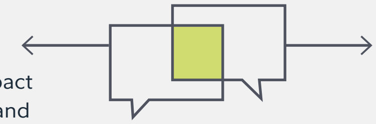
- How could we more fully explore the interests or needs your family members might have today?
- What transparency might be helpful for others today?
- What decisions might others want to know about/be involved in today?
- How are you thinking about gifting/transferring wealth today (versus someday)?
- How can conversations/transparency today set up better conversations someday?
- How can I help you think about/explore where we might want our planning to focus more on today (versus someday)?

Someday

- What disclosures do you think are definitely/only someday?
- What gifting or wealth-transfer decisions are definitely/only someday?
- What makes these topics/disclosures/decisions someday rather than today?
- What conversations might we have to explore/test those assumptions?
- Will those someday outcomes create more closeness or distance in your family?
- How can I help you think about the process around these someday topics/disclosures/decisions?

4

Closeness-Distance



Closeness

Explores impact on intimacy and connection

Distance

Explores impact on insolation and disconnection

Every decision can create closeness or distance.

The Closeness-Distance Conversation Cue serves as a relationship barometer for families as they navigate decisions about Money→Wealth→Estate Planning.

We all recognize what closeness and distance feel like. Close relationships rooted in Peership typically involve open conversations: All views are considered; everyone feels respected and cared for; and there is a sense of fairness. Meanwhile, distant hierarchical family relationships tend to involve a lack of communication: Some family members may feel they have no voice, are being judged or controlled, and are treated unfairly.

In its simplest form, Closeness-Distance creates an ongoing reference point through the framing question, "How are our decisions and conversations creating closeness or distance in our family relationships?" It provides an in-the-moment reflection on the commitment to Peership and enduring family harmony.

Jim and Hugo knew it would be hard to navigate the complicated realities of their blended family. When their advisor gave them the Closeness-Distance Cue, it gave them confidence. They began using it around key decisions between themselves and with the children. For example, when they were trying to decide whether the four kids/step kids should all be treated equally, they asked, "What would create closeness and what would create distance in the family?"

This navigational Cue allows clients to be intentional in assessing how choices and actions impact individuals and the Family Wealth System. By monitoring Closeness-Distance, families have a path to being as inclusive and aware as possible.

Closeness-Distance has several benefits:

- Puts relationship considerations into financial decisions
- Reflects on perceptions of impact in the moment
- Keeps planning from being just a rational tactical activity
- Goes beyond good intentions to active monitoring
- Makes it clear that family closeness is a priority for you

Prompts for Client Dialogue

Closeness

- What does closeness look like/feel like for you? In your family?
- Will this discussion/decision create more closeness in the family?
- What is your wish for how this discussion/decision might create closeness?
- What type of discussions/decisions have created closeness in the past?
- How might a feeling of closeness help our planning/decision process now or into the future?
- How can I help ensure our planning process creates more closeness in your family relationships?

Distance

- What does distance look like/feel like for you? In your family?
- Will this discussion/decision create more distance in the family?
- What fears do you have about the discussion/decision creating distance in your family?
- What type of discussions/decisions have created distance in the past?
- What can we do/change to make sure we don't create distance with this discussion/decision?
- How can I help ensure that we don't create distance in your family relationships through our planning process?

Building your business by expanding the generational conversation

At the Fidelity Center for Family Engagement, our passion is to develop generational engagement strategies for the Family-Advisor Partnership. We do this by building capabilities that make Money→Wealth→Estate Planning a path to family closeness rather than distance and friction.

In this two-part white paper, we have outlined a vision for how the Decade of Generational Wealth is an opportunity runway for advisors to build a new capability around a differentiating mindset of Practice and Facilitate Peership and a skillset of Peership Conversation Cues.

We believe this capability is the "how" for you to expand your Family-Advisor Partnerships by engaging clients higher up the Value Stack. Your generational clients already live at every level of the Value Stack. The question is, will you meet them there?

By stepping into the Family Wealth System and engaging clients in a Peership-based generational transition process you will support them in moving toward Enduring Family Harmony—the ultimate wish for families.

In closing, advisors, you (and we) are in a unique position, because we are in the room when families make decisions around Money→Wealth→Estate Planning. Who is better positioned than we to help families engage in a new way? As such, the Decade of Generational Wealth presents you with an enormous runway of opportunity.

The knowledge in this whitepaper and the capability building it offers are both enticing and scary. You are already faced with daily decisions about how to allocate time and resources. Seemingly, adding the complexity of stepping into the Family Wealth System may feel daunting.

Our advice is to adopt the mindset and skillset and then focus on making small adjustments that will help families subtly change their trajectory. It is not about adding time, it is about tweaking an approach. Played out through time, minor changes in how families engage can have a significant impact on where they end up. By leaning into the differentiating mindset and operational skillset offered here, you are on your way to helping families navigate the Decade of Generational Wealth.

Enduring Family Harmony

Our goal is Enduring Family Harmony around Money→Wealth→Estate Planning.

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Imperative #8 Images—"In the next ten years, 37% of advisors are retiring" statistic can be found in: "U.S. Broker/Dealer Marketplace 2019: Value Levers—Technology, Planning, and Practice Management," Cerulli Associates. 2019. Advisors over the age of 60 with plans to retire in over 10 years were included in this percentage. **"70% of an advisor's book leaves after a change in advisor"** statistic can be found in: "Affluent Insights 360 - Opportunities in Wealth Management," McKinsey and Company. 2020. P. 20.

P.24 "Each of the eight strategic imperatives carries a sense of risk, uncertainty, and emotional exposure." Brown, B. (2013). DARING GREATLY: How the Courage to Be Vulnerable Transforms the Way We Live, Love, Parent and Lead. London, England: Portfolio Penguin, p. 2.

Services from the Fidelity Center for Family Engagement are currently available on a limited basis. The Fidelity Center for Family Engagement is an affiliated business unit outside of the Fidelity broker-dealers. The Fidelity Center for Family Engagement (FCFE) puts the Family-Advisor Partnership at the heart of a family's generational wealth experience. Their passion is to see advisors connect with clients and their family members to build an all-of-life partnership that has the relationship capital to span generations. FCFE uses a mindset and skillset approach to develop new Family-Advisor Partnership capabilities. They provide programs, tools, and resources that help advisor teams communicate to connect more deeply, build a relationship-based practice, and navigate generational relationships and transitions.

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