Help your clients when they come into money.

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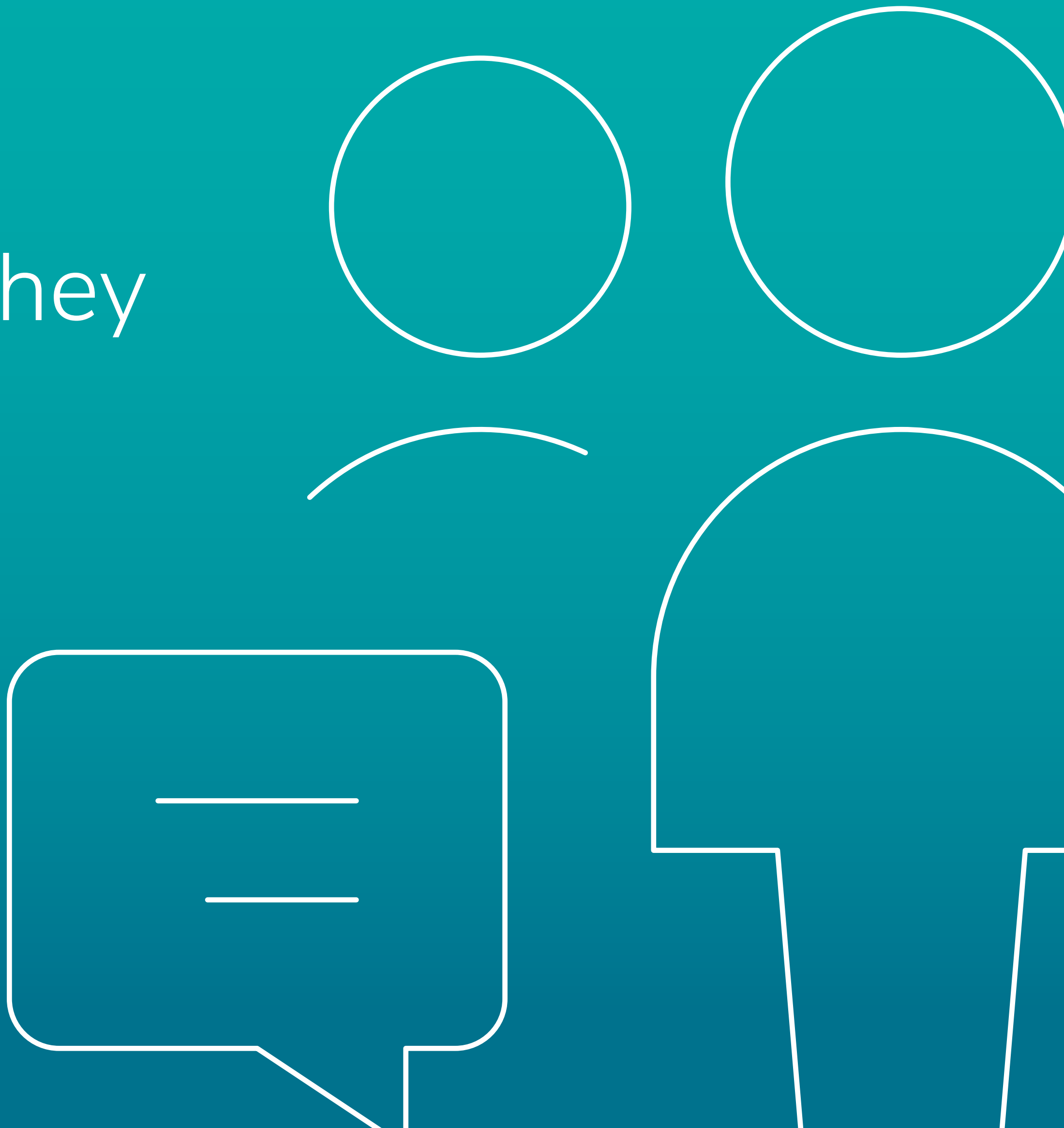


This is just for UK advisers – it's not for use with clients.

Coming into money can be both a blessing and a curse. It's wonderful this money is now available to your clients, but it can also make them feel overwhelmed and panicked. They may feel embarrassed, worried about fraud, or afraid of friends and family asking for sudden handouts.

The context around their situation may provide some insight. For example, if it's an inheritance the windfall may be accompanied by unresolved grief. They could also be feeling guilt or pressure from other family members, warping their view of the situation. Their future may suddenly be very different from what they imagined.

Whether the money came from a divorce settlement, the sale of a business, a bonus or by any other means, it's important to remain particularly empathetic. They'll need your guidance, especially if it was unexpected, as this can actually cause them to feel less secure and optimistic about what's to come.

It can even cause some clients to develop irrational behaviours, resulting in them giving away their fortune, spending frivolously, or even hoarding the money to a extreme degree. Your role will be, as always, to help them feel secure and guide them towards the right decisions and opportunities. You'll protect them from the pitfalls and help them enjoy the rewards

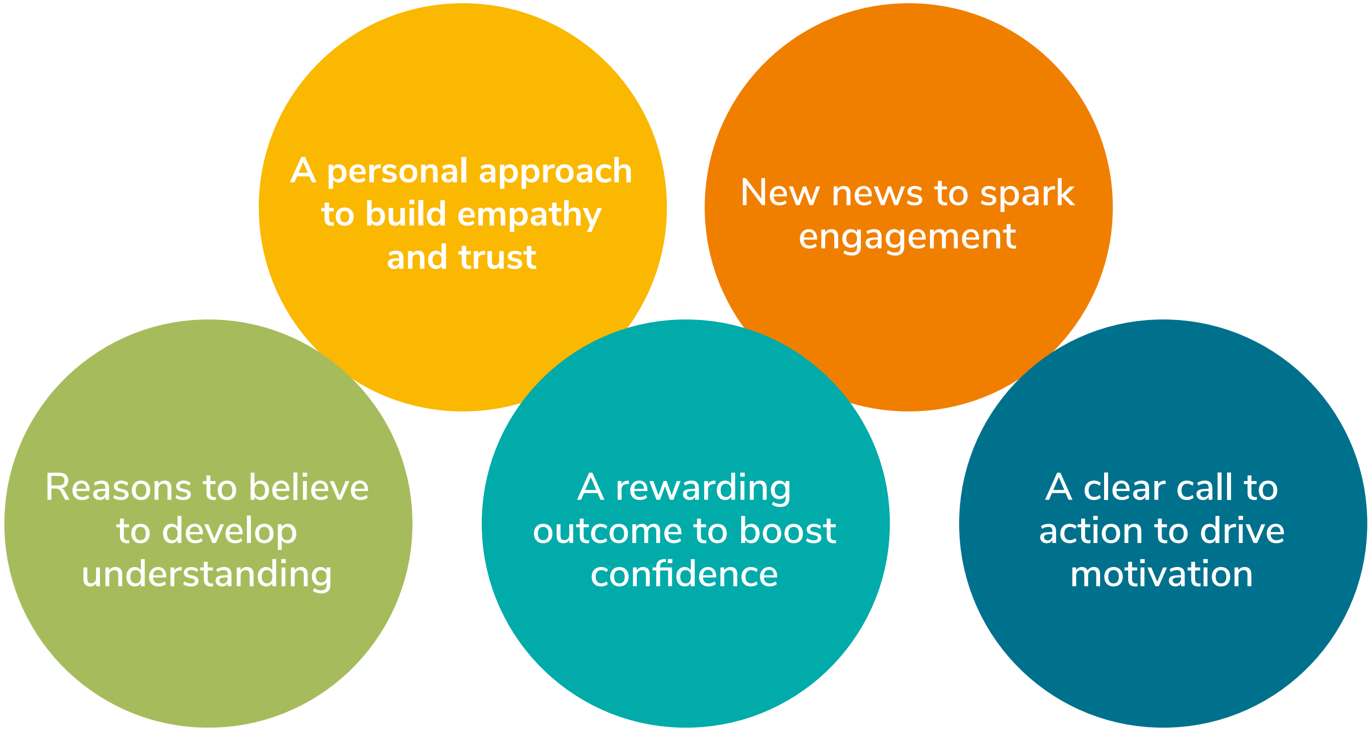
The five levers of emotional intelligence

Because of the mixed emotions clients feel when they come into money, it's important to make sure you're in touch with your own. It can really help to see someone calm, collected and ready to come up with a solution. This requires an emotionally intelligent approach, and must be treated with the utmost levels of empathy and understanding. There are five key attributes that are useful in situations like this. They include:

- Building trust and empathy
- Inspiring interest and engagement
- Simplifying complex issues and information
- Encouraging confidence and optimism
- Motivating others and prompting decisive action

You may well already use these techniques in your day-to-day role. But it's important to remember that every skill takes practice, and the more you use them, the better you become. With that in mind, using these techniques often should allow you to nurture lasting relationships with your clients.

Select a technique to find out more



Reiterate responsibility and continue to build trust

When people come into money, it can be tempting to rush into situations they can't get out of. For example, they could purchase an expensive sports car without giving any thought to the increased insurance or upkeep costs. This is where your sensible attitude and calm demeanour will help to prevent this situation occurring in the first place.

It's important you convey a sense of duty of care, and how doing something drastic could affect your client's future. The first step might include reaffirming your credentials, certifications and professional qualifications. You'll want to build on the trust you've already built with your client and help reassure them they've made a good decision in choosing you.

Other advisers may use scare or rush tactics, and lead their clients down the wrong path. These sorts of situations require intense thought and planning, and by presenting yourself as the professional you are, you can ensure these overly friendly, pushy advisors can't take advantage of those in need of their help and advice.

Top tips:

Use your network

If your client needs more specific advice, it's best to be open about these things and direct them to another industry specialist. For example, you could introduce them to a good solicitor, tax or investment consultant, or even an accountant. This creates an even stronger feeling of trust and confidence.

Be clear

Presenting clarity around fees and commissions can help settle your clients and give them a clear picture of what's to come. And by avoiding the promise of exceptional returns and dazzling them with uncertain promises, you can be sure your client will respect you, your decisions and your direction.

Use the future to incite interest

Now your client has had an influx of money or assets, they also have a new job. This is a concept you'll introduce them to first – stewardship. It's now their role and responsibility to protect the family and become the custodian of their family's wealth. This will take time, and a great deal of discipline, so getting ahead of this is always advisable.

By examining the amount of debt your client already has, you can make a fairly accurate assumption as to how they'll react when they come into money. Here's a useful quote to remember: "The value of inheritance, divided by the heir's outstanding debt, equals the number of years it takes to burn through the money."

People can be swept up in the excitement and new possibilities now open to them, making them more likely to spend frivolously. Even those with a level head can become more adventurous. The opposite can also happen, however. A client who has spent the last few years taking calculated risks may suddenly feel it's too much and will abruptly stop, putting their returns and plans at risk.

Top tips:

Advise against living in the moment

To help calm your client's emotions, it's worth having a very real chat with them about what they want from the situation. People who have never been well off before can suddenly become spontaneous, believing this is one of the privileges of wealth. There's a reason one third of lottery winners go bankrupt, and this is something your advice can ward off.

Ask them to picture tomorrow

If a client pictures how they want their life to look in five, 10 or 20 years, it can help them realise that spending all of the money now, or even tying it up immediately, can hinder their plans. So, instead of saying "with X amount you can do Y", you can guide them towards a more solid plan. In fact, by recommending they carry on with life as normal for now, you can create a sense of collaboration between you, giving you time to help them figure out the future.

Keep things simple

It's important to encourage your client to take a deep breath and really take stock of what's happened. Create time for them to think and come to terms with what's changed. Once they've done that, you can set a date to talk about the next steps – hopefully their mind will be a little clearer.

When the time comes for you to discuss the future, it's imperative to show them that money sitting in the bank is actually losing value, especially when interest rates are low and inflation is rising. Be the voice of reason and show them the way to a more secure future, all while being empathetic towards them and their family. The dynamic may well have changed since the money arrived and so being sensitive in this situation could avoid any embarrassment or arguments among family members.

Top tips:

Start with the basics

To help make things really clear for your client, it may be worth inviting them to normal planning session. Take them back to the time before they received the money and complete the planning steps you'd usually take, as if the windfall had never happened. Once the plan is established, then you can introduce the extra money and show how it affects the results. It may be that not much changes: their goals are the same; they may just be executed with a little more style.

Remind them of the hidden costs

Another way to prevent your client from jumping at the first opportunity that comes their way is to show them how much things actually cost. When buying a new home, or even a boat or a car, there are plenty of extra costs involved.

Be a confident guide

Whatever happens, your client is going to look to you for professional advice. And in reality, you might find yourself telling them what not to do more than anything else. No doubt they'll have ideas of their own, or be influenced by ideas from other sources – especially other family members.

That's why it's important to establish yourself as a gatekeeper as soon as you can. That way, if third parties looking for help approach them, your client can deflect by saying something like: "I need to check with my adviser". You'll also be in the perfect position to give them the most crucial piece of advice: do nothing.

Top tips:

Advise to avoid

Another piece of wisdom that should be imparted is to avoid business deals. In the past, restaurants have proven to be popular, as well as art galleries. But these types of ventures aren't recommended, especially for someone inexperienced in these areas.

Loosening the reins

Although the overall advice you'll give to clients is to sit tight and wait to make any large decisions, that doesn't mean they have to lock all of the money away immediately. It may actually be beneficial to suggest a 'splurge sum' that they can play with straight away. After all, life is to be lived.

Inspire optimism through options

Once the money has hit your client's bank account, they'll realise more and more doors are open to them. And that doesn't mean simply buying luxury items or going on extravagant holidays. They might want to think about how they could use some of it for good.

Have they thought about donating all or part of their newly acquired cash to charity? This could help your client feel better, especially if they're looking to respect or remember a family member.

They may also want to think about their own future – perhaps one where they're not working. This usually sounds good on paper, however some real consideration should go into this scenario. It could end up with your client feeling lonely, isolated or suddenly lacking in purpose. A life of leisure is not for everyone.

Top tips:

Beware of unexpected visits

It's also worth warning your client about sudden changes in behaviours from family and friends. They may start being extra nice, and popping around for cups of tea more often than before. They might be after extra funding for a business or simply a loan for a personal project. To help your client fend off unwanted queries, you could devise a cover story together.

Remind them of their options

Your client may also be in a rush to spend the money on themselves, essentially investing in their future. While this is commendable, they should be reminded that going back to university or retraining for another industry could impact their financial situation. It may not be the very best choice for them.

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