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Develop Business/Financial Planning

Legacy Planning: An Emerging Industry Niche

By Mark Colgan
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In today's overcrowded marketplace, the softer side of estate planning can play a differentiating role in your success.

Back in the 1980s, the craze for advisors was to specialize in retirement planning—a sure bet for those who were interested in serving the needs of baby boomers.

Today, however, boomers want more from their financial advisors. Research has shown that the graying boomers are starting to worry about the kind of legacy they'll leave and in what ways they can best influence the well-being of their families, friends, and even the world beyond their own lives.

In other words, they are seeking to plan their legacies.

What is legacy planning?

Legacy planning is the soft side of [estate planning](#). It is the process of helping individuals articulate, create, and implement an [end-of-life plan](#) that is consistent with their values and final wishes.

Addressing these issues as part of a comprehensive financial plan can give your clients peace of mind that extends far beyond the benefits of a will, life insurance, or a [health care proxy](#). It puts them in charge of how they want to be remembered and gives them the opportunity to express their wishes, prevent family feuds, share precious memories, and pass on family values.

An American Legacies study found that a significant majority of people believe that the non-financial things they leave behind are more important than who gets their IRA or stocks.

As a financial professional, you are uniquely positioned to help clients plan their legacy. You can be the positive force that brings your clients and their loved ones together around a common vision of the future, alleviating some of the uncertainty and stress that accompanies the end of life.

A study by Across Generations showed that 72% of parents said they would like help from their financial advisor in speaking with their children about legacy issues. Furthermore, 89% of high-net-worth respondents said that a financial advisor would be important to help manage the assets for the surviving spouse.

Because the personal nature of legacy planning, clients are interested in working with an advisor who has [empathy](#), integrity, and the necessary resources to help them build their legacy plan. Furthermore, they are looking for an advisor who understands the core of a true legacy: values and [life lessons](#), fulfilling final wishes and instructions, personal possessions of emotional value, and financial assets and real estate.

Personal experience

For me, becoming a legacy advisor was natural. After the sudden loss of my wife in 2001, I recognized the shortcomings of traditional estate planning. While I thought I had my estate plan in excellent order, I soon discovered that it didn't address any personal or practical details. Within hours of Joanne's death, I was left with all sorts of unanswered questions about her final wishes: Did she want to be buried or cremated? What kind of memorial service would she have wanted? What should I do with her prized possessions? How could I grieve her sudden death while simultaneously being bombarded with all the details that accompany such a tragedy?

My experience convinced me that people are often unprepared for all the decisions they must make when a loved one dies. And regardless of our age or net worth, we need more formal ways to document our final wishes, as well as the memories and personal values we want passed on to future generations.

I also realized that people needed methods of documenting accurate information about financial holdings, insurance, medical records, and even instructions on how to take care of the children or pets.

Becoming a legacy advisor

Adding legacy planning services to your practice makes a great deal of sense. To be a successful legacy planner, you must educate yourself on the topic, understand your client's point of view, and learn how to [properly communicate](#) with your client. This requires research, reading, borrowing ideas from other legacy advisors, and going through the process yourself.

Before integrating legacy planning into your practice, you should also develop a formal process. It will give your clients guidance, set their expectations, and create consistency in your delivery. You may even wish to include the legacy planning process as a subset of your financial planning process.

Here is the process I have implemented in my practice:

1. Introduce your client to the concept of legacy planning (face-to-face meeting)
 - Define legacy planning and how it is different from estate planning.
 - Develop a standard procedure or questionnaire you expect all your clients to complete.
 - Explain the benefits of leaving heirs positioned properly.

2. Motivate (phone call)

- Reward any progress your client has made.
- Address any of his/her issues, concerns, or questions.
- Set a deadline for completion by scheduling your next appointment.

3. Review and discuss the legacy plan (face-to-face meeting)

- Ask open-ended questions about their experience and identify any key issues.
- Present the concept of a family discussion and, if appropriate, offer to facilitate it.
- Identify the goals in their legacy plan that are either underfunded or at risk. Explain these discoveries to your client and introduce appropriate solutions—such as a new investment plan, life or long-term care insurance, etc.

4. Protect the legacy plan (face-to-face meeting)

- Review importance of keeping plan up to date.
- Assure that he or she notifies the appropriate people that the plan exists.
- Encourage the client to have an annual review with family members—the Friday after Thanksgiving is always a good idea.

Whether you are looking to differentiate yourself in an overcrowded marketplace, increase client retention, or generate referrals, legacy planning is a unique specialty sure to add value. Most important, your clients and their families will appreciate the power of legacy planning for generations.

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