

Building client rapport for successful wealth transition in Asia

Speaking at the Hubbis Asian Wealth Solutions event in Singapore on November 2, Gerard Gardner, Global Head of EFG Wealth Solutions, presented on wealth succession planning in Asia, which currently ranks as the third most important concern amongst Asia's wealthy.

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GARDNER EMPHASISED THE NECESSITY for wealth transition planning, stressing that the requirements of the client are of paramount consideration for those advisors involved in the trust, banking, insurance or any wealth management sector.

Difficult subject to broach

Professionals in the wealth management industry need to be brave enough to engage clients in this discussion, even though it is such a sensitive topic. Engaging in this type of discussion in a sympathetic manner, said Gardner, is a privilege, an honour and a duty of this profession.

The most difficult element, Gardner highlighted, is to identify



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the correct subjects to discuss with clients at the right time, in the right place in their calendar, and with consideration for their lives and the situation of their families. This is far from easy.

Most clients of substantial wealth are interested, first and foremost, in wealth preservation, secondly in growing this wealth and, third, working out how to transition this wealth to other family members and generations. Approached in the correct order and with sensitivity to the client, all three elements become organic, in other words, one element of these three discussions naturally leads to the next.

Relationship managers, said Gardner, are generally resistant to change. He noted that Hubbis had produced a highly valuable survey on this very subject of wealth transition. He underscored how important it is for relationship managers to engage with their clients on a personal level, to endeavour to produce answers and solutions. The personal approach should not be lost over time.

Three 'golden' rules

Gardner also cited what three golden rules, namely to recognise the need, to overcome any fear of raising awkward subjects and to build

additional trust with the client.

This is especially important, he expounded, as there is intense competition - most wealthy Asian families generally have five to six private bankers, he said.

Gardner explained that wealth transition is far from easy, noting that an estimated 70% of intergenerational wealth transfers fail.

Moreover, he estimated that 90% of relationship managers lose the relationship with the next generation, so an early engagement with this discussion is greatly advantageous to help the client achieve effective wealth transition and for the wealth adviser to hold on to their relationship with the client and family.

Additionally, Gardner noted several key factors for clients to consider. Most clients struggle to realise that as wealth moves through the family, especially if they are no longer around, they cannot easily impose their will.

Managing expectations

Transition planning is a testing process and sometimes a difficult period for family cohesion, particularly as the second and third generations generally have different aims from the older generations

who created that initial wealth.

Many families have no coherent, structured plan to ensure that their wishes are clearly communicated and acted upon.

Gardner advises wealth management professionals to understand whether they are advisor or facilitator, as it is difficult to be both.

The approach to understanding and advising should be progressive and empathetic, in other words, move through various stages of open discussions about the client's aspirations for the transition of that wealth.

Teamwork and leveraging expertise

Gardner advises a core focus on teamwork to ensure the best facilitation once the strategy is in place. The structures can then be incorporated to enable family wealth to pass to the next generation, with the appropriate levels of client controls.

A well-designed transition plan, said Gardner, will provide far greater reassurance and enable clients to minimise their anxieties about their future and the future of their estate. It will also put the wealth management professional in an optimal position for the future. ■

