PricewaterhouseCoopers' Financial Services Research Institute

Are you ready?*

Addressing the baby boomer retirement and intergenerational wealth transfer events

*connectedthinking

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September 2008

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The impending wave of baby boomer retirements and ongoing intergenerational wealth transfer have generated intense interest throughout the financial services industry. PricewaterhouseCoopers conducted interviews of its global practitioners, as well as a microsurvey of financial services companies that provide wealth management services, to answer the question, "Are financial services firms ready for these events?" The short answer is: Not as ready as one might think.

Indeed, in order to capture a share of the $17 trillion-plus US retirement market and ensuing intergenerational transfers that could total $41 trillion over the next several decades, financial services companies will need to address the changing needs of their clients and fill gaps in their own service offerings.[1]

In addition, firms will need to develop compelling strategies to target and serve beneficiaries in different generational cohorts who have been largely underserved and may possess fundamentally different investment preferences, risk tolerances, investment horizons, and behaviors regarding wealth.

The interview and survey findings indicate that although firms understand the need to focus on retirement and intergenerational wealth transfer, they have yet to fully develop actionable strategies to address the magnitude and complexity of these issues. To plug in gaps in their preparedness and ability to compete, they will need to focus on several key areas: market positioning; client servicing; channel optimization; and new products and services. The success that wealth managers attain in preparing for these issues will make or break their long-term profitability.

[1] "The U.S. Retirement Market, 3rd Quarter 2007." Investment Company Institute (www.ici.org).

An in-depth discussion

The changing wealth management landscape

Setting the scene

The baby boomers, those 78 million Americans born between 1946 and 1964,[2] constitute one of the largest generations in US history. Many of them have accumulated considerable personal wealth, while others have ambitious financial goals but face substantial challenges as they move from asset accumulation to distribution. Regardless of their position, boomers need a great deal of help in managing their assets, planning for their financial future, and transferring their assets to their beneficiaries.

The outlook for the boomers is complicated by a series of challenges: a declining savings rate and poor financial planning during their accumulation years; extended lifespans with retirements that could last more than 30 years; decreasing health benefits coupled with soaring health costs; modest inheritances from their own parents and the possibility of having to pay for their parents' care; and less help from their employers through fewer defined-benefit plans and from the government as a result of strains on Social Security and Medicare.

Illustrative of the challenges facing the boomers are the findings of a PricewaterhouseCoopers Management Barometer survey released in April 2007. It found that a majority of large US employers want to provide their retired employees with access to health insurance, but no longer want to actually pay for the coverage.[3] In addition, PricewaterhouseCoopers projects that healthcare spending will triple in real dollars by 2020, consuming 21 percent of US GDP and 16 percent of GDP in other Organisation for Economic Co-operation and Development countries.[4]

Employer participation in defined-benefit plans has decreased markedly, placing further strain on retirees. In 1992–93, 32 percent of private-sector workers participated in defined-benefit plans, while 35 percent participated in defined-contribution plans. In contrast, by 2005 the share of employees participating in defined-contribution plans had increased to 42 percent, while the number participating in defined-benefit plans had fallen to 21 percent, according to Bureau of Labor Statistics data.[5]

[2] U.S. Census Bureau (www.uscensus.gov).
[3] PricewaterhouseCoopers LLP Barometer Survey, 2007.
[4] PricewaterhouseCoopers LLP Health Cast 2020.
[5] http://www.bls.gov/opub/mlr/2006/02/art5full.pdf.

Given all of this, boomers are feeling financial pressure in many areas. For example, fewer than 20 percent have a financial plan in place; 50 percent have no will; 98 percent regret the handling of their finances during the accumulation phase of their lives; and fewer than half believe that their financial preparations for retirement are on track.[6] Managing the costs of retirement, the complex distribution of accumulated wealth, and the transfer of assets to the next generation represents a source of great anxiety to many boomers, but they offer financial services firms both enormous opportunity and considerable risk.

The numbers tell the tale of opportunity. In 2030, baby boomers are expected to make up approximately 20 percent of the US population, have an annual spending power of $2 trillion, and control 60 percent of US net wealth.[7] As they enter retirement in the coming years, boomers will begin to spend approximately $19 trillion of assets, $12 trillion of which is currently in qualified retirement accounts.[8]

This wealth is concentrated, with 70 percent of assets held by the top 17 percent of boomers.[9] In targeting this concentrated pool of assets, wealth managers must differentiate themselves through client service via delivery of constructive advice and robust solutions to retirees. Furthermore, as the baby boomers draw down their retirement assets, implement estate-gifting strategies, and eventually pass on their remaining estate to their beneficiaries, the heralded wealth transfer event could entail intergenerational movement of $10 trillion to $20 trillion over the next 15 years and ultimately amount to $41 trillion or more.[10]

[6] David Gaffen. "Boomer Market Advisor Blooms in 2007." *Min's B to B.* August 2007.
[7] "Retirement Income and Distribution Planning." *Celent.* February 2008.
[8] "The U.S. Retirement Market, 3rd Quarter 2007." Investment Company Institute (www.ici.org).
[9] "Wealth Transfer? What Wealth Transfer?" *Registered Rep.* November 1, 2004.
[10] Ibid.

For high-net-worth clients, the tax implications of intergenerational wealth transfer are significant. Estate and gift taxes, imposed by the federal government on the transfer of property from one person to another, apply either at death (estate tax) or while the giver of the property is still alive (gift tax). The "personal estate tax exemption" allows a certain amount (or all) of a deceased person's estate to transfer free of the estate tax. The personal estate tax exemption is currently $2 million, but this amount is scheduled to increase to $3.5 million next year, and then in 2010 the estate tax is set to be repealed. In 2011, the estate exemption will revert to $1 million unless Congress extends the repeal. To complicate things further, Congress may take further steps to change the personal estate tax exemption at any time, or even repeal the estate tax altogether prior to 2010. Keep in mind, however, that while the estate tax exemption is fluctuating, the lifetime gift tax exemption is currently $1 million, and is not slated to change. Wills, living trusts, and durable/medical power of attorneys often are a good way to start addressing the issue of these taxes. However, this approach often falls short for high-net-worth clients, who generally have estates over $1 million, exposing estate owners to a number of additional planning issues.

While this analysis focuses on the US market, wealth managers also need to consider the rapidly growing markets of affluent individuals in other nations. For example, the number of millionaires in the BRIC nations of Brazil, Russia, India, and China climbed 19 percent in 2007, compared with 3.7 percent in the US. No consideration of the potential wealth management market can exclude the international markets, since they represent the fastest-growing segment globally.[11]

Acquiring and retaining the trillions of dollars of assets of retirees and their beneficiaries is the proverbial brass ring for financial services firms; if mishandled, it would mean an enormous missed opportunity or even the loss of current clients and assets.

[11] “Ranks of Rich March from West to East,” by Robert Frank, *The Wall Street Journal Europe,* June 25, 2008.

Given this backdrop, PricewaterhouseCoopers sought to analyze these challenges, assess how ready the industry is to seize the opportunities on the horizon, and offer some solutions as well as a few predictions. The analysis included interviews with subject-matter experts from the firm's global Advisory, Assurance, and Tax practices and a focused microsurvey of financial institutions with wealth management operations.

The microsurvey sought to examine respondents' perceptions of the state of the wealth management community. It addressed their views of the challenges facing their firms and their clients, as well as their readiness to assist clients with preparations for retirement and wealth transfer. In addition, the survey probed the respondents' assessments of their own firms' readiness regarding people, process, technology, and products and services.

Senior managers from across the financial services industry responded to the survey, with the majority representing firms with assets under management of between $500 billion and $1 trillion; advisor forces of between 3,000 and 15,000; and lines of business catering to clients across market segments.

Industry readiness: Addressing the needs of baby boomers in retirement and their beneficiaries thereafter

In order to address the growing volume and evolving complexity of baby boomer retirement needs, wealth managers need to (1) develop a firm-level strategic plan that provides a crisp roadmap for client-focused organizational management around people, processes, and technology; and (2) develop client-level plans that map out the financial requirements for clients to meet their goals for retirement, education, estate and trust planning, healthcare, risk management, real estate, and charitable giving.

According to the survey's respondents, the industry faces a host of challenges. For example, when assessing their preparedness for adequately serving baby boomer retirements, three-quarters (75 percent) of respondents view their firm's preparations as being of only a medium or low priority. None said their firm was completely prepared for this influx of retirement assets, and the balance viewed their firm as mostly ready (47 percent) or only partially ready (42 percent). In terms of technical capabilities such as channel technology and data management, more than half of respondents said their firm was only partially ready to address issues affecting retiring boomers.

When asked to categorize their own firm's preparedness to help clients with wealth transfer, only half of those surveyed said it was a top-of-mind priority or a high priority. More than half said they were only "partially ready in terms of people, organizational, and technical capabilities." The results were not much better with regard to respondents' views on their firms' cultural, organizational, and technical readiness in providing financial planning for their clients.

These assessments can be explained partly by the fact that more than half of the respondents viewed the "culture of financial planning" as being only somewhat present (42 percent) or non-existent (17 percent) in their organizations. Many firms are failing to broadly adopt holistic financial planning by, for example, developing a comprehensive plan that addresses all life-stage goals and is updated on an ongoing basis. This can result in lost opportunities to drive advice, grow assets under management, increase share-of-client wallet, and encourage product cross-selling. Given the lack of a consistent advice process, it is not surprising that 80 percent of respondents concluded that the front-office is doing either "not such a bad job" (63 percent) or "not well at all" (17 percent) in achieving relationship "stickiness" with heads of households and their beneficiaries.

Figure 1. How well prepared do you feel your firm is overall for handling the influx of retirement assets from existing and net new clients?

Figure 2. Do you feel your firm has a "culture of financial planning" in place as well as a single enterprise approach to the financial planning process?

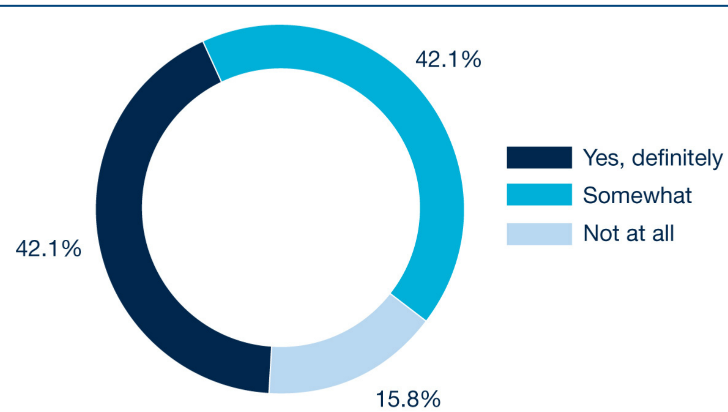


Figure 3. How do you perceive your front-office force is doing at creating stickiness with both the heads of the families and their beneficiaries (i.e., relationship management to beneficiaries)?

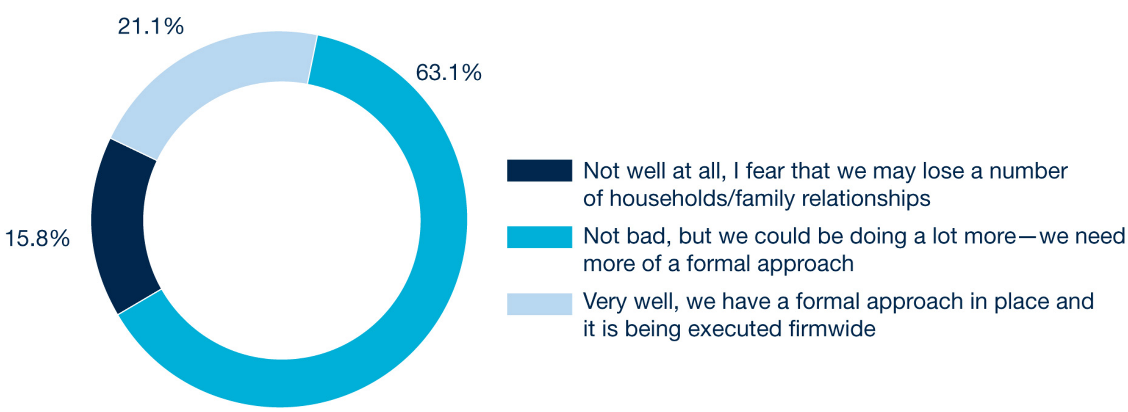
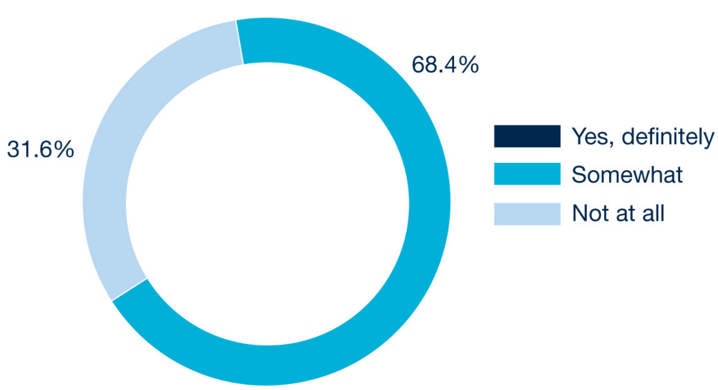


Figure 4. Does the current tool set adequately address the needs of your client base across the client segments you serve?



These challenges are exacerbated by a disparate front-office application tool set (with 79 percent of respondents reporting that their firm has a number of siloed and inconsistent financial planning tools, as opposed to a single enterprise-wide tool set) that two-thirds of respondents (68 percent) say only "somewhat" meets the needs of the firm's target client base.

The advancing average age of advisors exacerbates the obstacles surrounding client retention, and more than 80 percent of respondents agreed that their firms need to act quickly on succession planning. Retaining deep client knowledge in the face of employee retirement and succession will be crucial for future success.

In addition to identifying successors, lead advisors should introduce other members of their team not only to the heads of client households but also to their beneficiaries. Securing downstream relationships with the next generation is a critical element in a long-term, client-focused strategy. This is important for the post-boomer generations, which differ from their predecessors with regard to their time horizons, real and perceived needs, risk tolerances, and perceptions regarding wealth, all of which firms can help shape.

Microsurvey responses and interviews with PricewaterhouseCoopers practitioners made it clear that many wealth managers are not ready for either boomer retirement or intergenerational wealth transfer, underscoring the need for firms to move quickly to capture retirement assets as baby boomers reach the end of their accumulation phase.

Significantly, it is typically at the end of the accumulation phase when clients consolidate their assets at a single institution to make it easier to manage post-retirement distribution. Further, clients often change advisors at this point because they believe their needs exceed their current advisor's skill or offerings. Given the trend toward asset consolidation at a single—and often different—firm, it is common practice for clients to be actively solicited 90 to120 days before distribution. Any organization that takes an existing relationship for granted as the client's retirement approaches is at risk of expensive, unplanned defection—and asset loss.

Attracting assets from defined-contribution plans is another critical issue facing advisors. Employer-based defined-contribution retirement plans currently have $4.5 trillion in assets, including more than $1 trillion marooned in prior-employer plans. Additionally, $4.8 trillion is from IRAs, with 95 percent of these assets garnered from 401(k) rollovers between 2002 and 2007 (as a result of employees' changing jobs or starting retirement early).[12]

According to a recent report, banks and insurers lag dramatically behind investment firms in their success in capturing rollover assets, with banks having an 18 percent share and insurers a 7 percent share, compared with the 67 percent share held by investment firms. As a result, there have been significant cross-industry efforts to offer a more sophisticated and complete set of products and services that address both investment and liability needs, supported by an advice wrapper. Consequently, the market has become crowded, with no one firm having more than 7 percent and the majority having between 1 percent and 4 percent of the retirement asset market.[13]

Making it easy for clients to consolidate, rollover, and manage the distribution of assets yields increased market share. Therefore, firms need to differentiate themselves by offering rollover products and customer-friendly rollover options.

In attracting additional market share, firms have focused on augmenting both their advice processes—client relationship management, financial planning, portfolio construction, and management and client reporting—and their product platform: unified managed accounts, payout/target-date/guaranteed income funds, long-term-care insurance, annuities, etc.

However, few banks, brokerages, or insurers have been successful in providing any form of unified and holistic go-to-market approach or any truly differentiated service offering. Several factors have inhibited firms from having a comprehensive go-to-market strategy, including lack of a targeted approach to the retiree population and inadequate coordination across disconnected cross-product silos, as well as inefficient and conflict-ridden channels.

[12] www.ici.org.
[13] Chris Costanzo. "Pop Quiz: How to Prepare for a Retirement Wave." *American Banker.* June 2008.

Firms face additional challenges and opportunities when preparing to deal with intergenerational wealth transfer. The size of this transfer has been hotly debated: A recent study by The Coyne Partnership argues that wealth management teams may indeed be in for a rude awakening if they expect a flood of boomers to come through their front doors soon, because not all boomers share the same retirement habits and face significant economic headwinds during their retirement years.[14]

Regardless of the ultimate size of the wealth transfer, firms should be prepared by identifying beneficiaries early on and going to market with strategic offerings to capture the wallet of prospective recipients well before the wealth transfer occurs.

In targeting the wealth transfer, firms must consider that the wealth of the baby boomers is highly concentrated: The wealthiest 2 percent of boomers control 55 percent of their generation's wealth, while the next wealthiest 15 percent control an additional 35 percent of that wealth. With more than 80 percent of all boomer wealth controlled by such a small group, it is clear that the intergenerational transfer will center largely on the ultra-high- and high-net-worth population.[15]

Firms with existing accounts and focused offerings in these highly concentrated wealth bands have a distinct competitive advantage.[16] However, both survey respondents and PricewaterhouseCoopers practitioners agree that front-office teams have struggled to develop meaningful relationships with the next generation. In fact, a recent study found that fewer than 15 percent of client accounts have been associated with subsequent generations.[17]

The lack of sizeable penetration beyond boomer generation heads of household results from wealth managers' failure to segment their approach to address the concerns of Generations X and Y; the absence of a tiered platform offering catering to multiple generations; and their failure to equip front offices with sufficient time, tools, client data, and products and services to actively grow relationships with beneficiaries.

[14] http://www.bankinvestmentconsultant.com/asset/article/629941/boomer-market-opportunity-overblown.html
[15] Defined as: high net worth: $1 million and above investable; ultra-high net worth: $25 million and above investable.
[16] Gaffen, supra.
[17] Maya Ivanova. "Don't Ignore Gen X and Gen Y Investors." *Investment Advisor.* February 6, 2008.

Catering to the beneficiaries of boomers poses its own distinct obstacles. It requires that firms employ a very collaborative approach that is tailored to the beneficiaries' preferences, risk tolerances, and investment horizons and helps beneficiaries come to terms with the very individualized assessment of what wealth really means. The younger generations tend to be more sophisticated in their investment style (typically having better-diversified investment portfolios and a larger allocation to esoteric investment products), more comfortable with risk, better educated, more independent-minded, and more self-directed. This group also prefers to use alternative channels for investing, with a strong preference for the Web.[18] Unprepared firms risk catastrophic asset attrition and client defections from what should be their largest long-term client base.

Many factors will affect the ultimate size of the retirement wave, including macroeconomic forces such as inflation, currency fluctuations, and political and financial system instability, as well as financial obligations caused by aging parents, educational expenses, and boomerang adult children. Because of the magnitude of the uncertainties, firms need to remain flexible with their product service offerings and delivery channels.

Both survey respondents and practitioners see a financial services industry struggling to address the twin demands of the baby boomer retirement and intergenerational wealth transfer. Firms must move quickly to seize what may be the single greatest opportunity in financial services over the next decade.

[18] Ibid.

Looking to the future

Although wealth managers continue to grow and produce strong results, they appear to be struggling with how to handle the assets of their two largest client bases: retirees and beneficiaries. Closing the readiness gaps will be difficult: The credit and liquidity crisis has led to big write-downs at many major firms, reducing the capital available for investing in talent, technology and infrastructure, and product and service innovation. These investments have longer-term benefits, but are a drag on profits in the short term.

As a result of current conditions, lack of perceived strategic planning around these issues, and the market outlook for the foreseeable future, we predict that in five years, firms, advisors, and clients will be faced with the following business landscape.

Firms

- Firms will continue to struggle with issues surrounding the servicing of retirement and intergenerational wealth and, without adequate preparation, some will not be able to properly serve significant increases in client and asset volumes.
- Convergence within the industry and a blurring of lines across traditionally separate product-based lines of business will continue. The lion's share of assets ultimately will be won by those firms that can retain and capture the main source of retirement assets: defined-contribution plans and the high-net-worth segment.
- The top firms for retirees and their beneficiaries will be those that lead with innovative, well-structured financial planning in their go-to-market strategy, drive channel optimization, develop tailored products and services, and address talent management, especially through effective compensation structures and advisor succession planning.
- The top firms will also incorporate tax-mitigation strategies (e.g., gifting, living trusts, tax harvesting/optimization) into the financial planning process of portfolio management and estate planning. These firms will also provide ongoing monitoring to reduce as much as possible the size of the tax burden of their clients, and their clients' beneficiaries—the largest potential expense for any client.
- Guaranteed income, financial security and risk management advice, strategies, and products will replace alpha-driven, esoteric-product access for the retirement segment.
- Unified managed accounts, facilitated by overlay portfolio management technology, will be used by successful organizations that will be able to deliver scalable operational efficiency, investment-policy adherence, tax and expense sensitivity, and superior, fiduciary-level servicing and firm differentiation.

Advisors

- Lack of advisor succession planning will be the top issue in front offices and will lead to major talent-management turmoil. As advisors retire, a greatly reduced workforce, coupled with the heavier burden on those advisors who remain, could result in lower levels of service, placing client relationships at risk.
- The top producers will be those advisors who successfully operate within a multi-channel environment; work collaboratively with team and support-center members; optimize business processes through technology; sell advice as a process, as opposed to a product; and target fiduciary-level relationships with both retirees and their beneficiaries on a cross-generational basis.
- As advisors navigate pre- and post-retirement discussions, the following will be viewed as premium services and rewarded with retained and new assets:
  - Relationship management based on trust and deep understanding of clients and their goals
  - A team-based approach that brings in the appropriate specialist (legal, tax, portfolio management, international affairs, real estate, art, etc.) at the right time
  - The ability to deliver on more soft-skill services, such as financial plan presentations and family-meeting facilitation, next-generation planning, and strategies that support long-term philanthropy

Clients

- Many clients likely will need to shorten their retirement by remaining in or re-entering the workforce due to inadequate retirement planning and resulting insufficient savings; the rising cost of living; longer life expectancy; less financial help from employers and the government; and economic headwinds.
- Retirees will turn to firms with which they have an existing relationship—pursuing the path of least resistance—and which they view as being effective in the retirement space.
- Beneficiaries, having been underserved and not adequately targeted, will turn to firms that have positioned themselves as understanding and serving the needs and objectives of the next generations—firms with tailored offerings, marketing campaigns, and enhanced Web channels.
- Retirees and their beneficiaries will remain with, and consolidate assets at, firms that provide them with multiple turnkey touch points: comprehensive financial planning; robust reporting; and other supplemental services, such as bill payment, philanthropic advice, family education planning, and risk management advice.
- Estate and gift taxes will continue to be major issues for clients (as well as firms and advisors) and will serve as major political issues in the general and congressional elections. Clients who do not begin leveraging gifting strategies and trust vehicles early on will find themselves with significant tax burdens and challenges in transferring their wealth.

What this means for your business

Closing the readiness gap: A call to action

To close the readiness gap, PricewaterhouseCoopers recommends that wealth managers focus on the following four areas to position themselves to capture retiree and intergenerational wealth:

I. Market Positioning

- Invest in showing clients and prospects firm capabilities in the retirement space, which requires service offerings with defined tiers as well as investment in targeted advertising and marketing through both traditional and nontraditional paths (e.g., events/seminars, e-newsletters, podcasts, blogs, viral marketing).
- Better position brands in the marketplace to capture the greatest possible share of assets by establishing 401(k) plans and parallel offerings (e.g., 403b plans); targeting in-house and external rollovers (making the rollover process painless by facilitating the paperwork); providing specialized and “simple” IRAs; catering to existing and net new high-net-worth boomers (who have by far the largest concentration of assets); and emphasizing a financial planning and advice-giving process that is backed by a suite of attractive, tailored products.
- Banks and insurers must continue to converge and catch up with investment firms not only from a product perspective but also by providing holistic wealth management offerings and advice. This shift will require an organic or acquisitive growth strategy to establish the necessary market brand, talent, operations, and robust infrastructure.

II. Client Service Model

- Understand the voice of customers and give them the experience they desire through outreach that is segmented (by investable assets, net worth, age, life events, etc.) and products and services that are strategically tiered.
- Provide financial planning to help clients meet their goals, including guaranteeing lifetime income, protecting against loss of capital, and meeting business transfer, stock option/equity, insurance, education, philanthropic, tax, and estate objectives. Specific steps include:
  - Being prescriptive with the front office around the appropriate financial planning business processes.
  - Developing a program centered on plan development, presentation, and ongoing monitoring.
  - Providing a front-office enterprise tool that facilitates the financial planning process and supports a more turnkey client experience.
  - Integrating the enterprise tool with core client and account data as well as application-level data and context passing (e.g., from customer relationship management and into portfolio construction) to optimize advisor productivity and reduce administrative time and expense.
  - Mandating a review during the client servicing lifecycle to ensure effective monitoring of portfolio performance and adjustment of the client's financial plan vis-à-vis investment goals. Vigorous control of the performance and investment style of managers is essential and should be the subject of routine client interaction rather than be dealt with only as part of an annual or exit interview.
  - Establishing incentives (compensatory and otherwise) around creation of financial plans (for single-goal and comprehensive plans), updating of plans, goal and portfolio-level performance, and growth of both assets under management and client base.

- Use front-office teams with a “quarterback” relationship manager and virtual or co-located specialists for financial planning, lending, trusts and estates, and complex state, local and international tax, real estate, etc. At the same time, invest in centralized client support centers that can help drive economies of scale by supporting the teams in addressing complex client financial planning, reporting, and overlay portfolio management.
- Focus on talent management and enable advisors to establish trusted and fiduciary-level relationships across generations, both with clients and with beneficiaries for eventual estate distribution. Develop a beneficiary-specific strategy that appropriately segments the next generations and establishes relationships with beneficiaries early on (e.g., identifying beneficiaries associated with existing IRAs).
- Leverage recent market events and/or the creation of new lines of business to re-examine each firm’s compensation structure. Ensure that the current compensation model(s) incent the appropriate front-office behavior—in servicing and referring clients—and provide for long-term profitability. Firms are largely looking to migrate, in a phased approach, to a more margin-rich salary and bonus model with bonuses tied to net new revenue growth and away from the traditional commission-grid model.

III. Channel Optimization

- Leverage robust client segmentation models to help target and serve clients across multiple delivery and relationship channels by using advisor teams, Web sites, and support centers.
- Employ multiple channels to lower the cost of service, raise per-client profitability, and increase advisor-to-client/account ratios without sacrificing service quality. Continually optimize the profitability mix for each segment: product/services mix, channel servicing allocation, staffing ratios, and level of operational support.

- Define and execute a technology strategy to automate essential advisor business processes such as client relationship management, financial planning, portfolio construction, client on-boarding, portfolio management, and aggregated client reporting. The technology strategy also could augment supplemental client channels, including call centers and Web sites, to facilitate a differentiated and turnkey client experience.
- Formalize succession planning for aging advisors and relationship executives while looking to further institutionalize the client relationship via brand enhancement, additional “sticky” services (e.g., custody/trust, aggregated reporting, bill payment) and a team-based “wealth wheel” approach.

IV. Products and Services

- Move away from “selling product” to positioning advice as a process. With products increasingly becoming commoditized, resulting in downward pressure on product pricing, and with clients and regulators looking for a prudent investment process, firms should implement holistic financial planning, strategic asset allocation, and portfolio construction processes. Provide access to innovative investment vehicles such as trusts, open-investment architecture-based best-of-breed managers, lifestyle/target-date/guaranteed-income funds, esoteric asset classes, specialized annuities (legacy, payout, guaranteed, variable, and COLA) and other insurance, such as long-term care.
- Actively forecast how fees will be generated from an evolving client base. This will require business intelligence and book-of-business segmentation analysis as retirees move from accumulation of assets to distribution, consumption, and depletion of assets to asset movement and the passing on of remaining assets to their beneficiaries.

- Leverage new technology to facilitate advice processes such as overlay portfolio management, which allows firms to either outsource or keep in-house the automated ability to adhere to a client's investment policy statement (including goal, tax, constraints/restrictions, and expense management).
- Provide comprehensive performance reporting that gives clients a view into their portfolio's performance—the alpha provided by the managers as well as the additive performance as a result of the investment consulting/overlay management—and portfolio analytics, attribution, and risk characteristics.
- Provide aggregated balance-sheet-level reporting that offers transparency into a family-entity hierarchy and detailed views of net worth, liabilities, and assets (including hard assets, collections, and other illiquid investments as well as their liquidity, performance, and risk characteristics).
- Expand or develop family governance programs through meetings and events supporting education around family wealth, continuity planning, and maintenance of long-term family goals.
- Firms can help clients leverage living trusts, which minimize estate taxes, by fully utilizing every individual's personal estate or gift tax exemption.
- Invest in providing philanthropic services, in terms of both products (charitable remainder and lead trusts, gift annuity funds, etc.) and consulting (evaluation of giving strategies, investment structuring, etc.) as well as in supporting infrastructure (philanthropic front-office specialists and middle- and back-office technologies).
- Proactively identify retirees, especially small-business owners and entrepreneurs who might wish to pursue active investment ventures into retirement and will require additional advice and services, such as loan support.

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Note: A special thank you to PricewaterhouseCoopers' practitioners and survey respondents who contributed valuable intelligence to this publication.

This publication is printed on Mohawk Options True White 96 cover and text, containing 30% post-consumer waste (PCW) fiber and manufactured using Green-e certified wind generated electricity and are Green Seal certified.