

# Stellar ICENI Placemats



# Understanding the Inheritance Economy

- ✧ What is the Inheritance Economy?
- ✧ The Generation Cohort Table
- ✧ The Wealth Cascade
- ✧ Who are Baby Boomers?
- ✧ Who are Generation X?
- ✧ Who are Millennials?
- ✧ The Family Wealth Tree
- ✧ The Family Professional Network Tree
- ✧ The Seven Stages of Estate Planning
- ✧ Discussing the topic of death with your clients



## What

- ★ Over the next 30 years, roughly £5.5 trillion is due to be passed between generations in the UK.
- ★ Rather than a single event, the Inheritance Economy is already under way, and happens inheritance by inheritance, involving the investors clients and beneficiaries.

## The Opportunities

- ★ The Inheritance Economy creates opportunities for advisers and wealth managers to actively engage with both this generation and those inheriting (the inheritance generation) to ensure that this wealth is transferred efficiently to minimise the effects of Inheritance Tax (IHT).
- ★ The next opportunity will be who will advise the clients' beneficiaries once they have inherited a vast sum of wealth.






## Why

- ★ Most of the inheriting generations (Generation X and millennials) currently do not have a financial adviser, regardless of their current financial status.
- ★ Retirees are open to involving beneficiaries in their financial planning than are opposed to it, creating more opportunities to begin the conversation.

## How Advisers can help

- ★ Advisers should be asking their clients if there is anything stopping them having conversations about estate and succession planning.
- ★ Being proactive and having the most up-to-date contact details of each client's main beneficiaries will be useful once the process of probate begins.
- ★ Proving their value to the existing client puts them in an empowering position to take on their beneficiaries.



Period	Generation Cohort	Average Client Age	Description	Example
1928 – 1945	The Silent Generation	75 +	Survived periods of war and austerity, they believe in hard work and a waste-not, want-not mentality. They have long observed a company loyalty mindset and prefer face-to-face communications over IM or social media.	
1946 - 1964	Baby Boomers	60s and 70s	Now nearing retirement or already there, Baby Boomers are productive, hard-working mentors in the workforce. They desire a fulfilling and secure careers, are more cost-effective and more concerned about their financial security.	
1965 - 1980	Generation X	40s and 50s	Results-focused, well educated and fairly affluent, the majority of Gen Xers are employed and plan to work beyond the age of retirement as life expectancy increases, but also see the necessity of a strong work/life balance.	
1981 - 1996	Millennials (Gen Y)	20s and 30s	Having distinct behaviours and outspoken passions make Millennials major influencers of others and have led the way in the adoption of alternative providers (FinTech firms). Tend to have high self-esteem and a desire for continuous feedback on their performance.	
1997 - Present	Generation Z	Under 20	Digital natives, quick decision makers and highly connected – their greatest strength is adaptability to new environments and more open minded than previous generations. As a result can be strong brand ambassadors	

#### Important Information

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Period	Generation Cohort	Average Client Age	Financial Characteristics	Planning Opportunities	Investment Objectives	Example
1928 - 1945	The Silent Generation	80s and 90s	Gifting	↓	<ul style="list-style-type: none"> <li>Low risk investment</li> <li>Retirement income</li> </ul>	
1946 - 1964	Baby Boomers	60s and 70s	Spending	↓ ↑	<ul style="list-style-type: none"> <li>Lower investment risk</li> <li>Retirement income</li> <li>Preserving capital</li> </ul>	
1965 - 1980	Generation X	40s and 50s	Accumulating	↓ ↑	<ul style="list-style-type: none"> <li>Paying off/down mortgage</li> <li>Growing capital</li> <li>Pension investment</li> </ul>	
1981 - 1996	Millennials	20s and 30s	Acquiring	↑	<ul style="list-style-type: none"> <li>Saving to start a family</li> <li>Pension contributions</li> <li>Saving for capital expenditures</li> </ul>	
1997 - Present	Generation Z	Under 20	Dependent	↑	<ul style="list-style-type: none"> <li>Saving</li> <li>Starting small, informed on discussion boards</li> <li>Mobile micro-investing applications</li> <li>Simulated investment platforms</li> </ul>	



## BABY BOOMERS

**Average age:** 60 – 70s  
**Born:** 1946 – 1964

**Pros:**  
Productive  
Hardworking  
Team players  
Mentors

**Pros:**  
Less adaptable  
Less collaborative



### WHO ARE THEY:

Now nearing retirement or already there, Baby Boomers are productive, hard-working mentors in the workforce. They desire a fulfilling and secure careers, are more cost-effective and more concerned about their financial security.

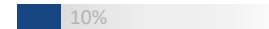
#### EXECUTIVE PRESENCE



#### GENERATING REVENUE



#### ADAPTABILITY



#### COST-EFFECTIVENESS \*



#### TECH SAVVINESS



#### RELATIONSHIP BUILDING



#### PROBLEM SOLVING



#### COLLABORATION



#### FINANCIAL CHARACTERISTICS

Spending

#### LIFESTYLE OBJECTIVES

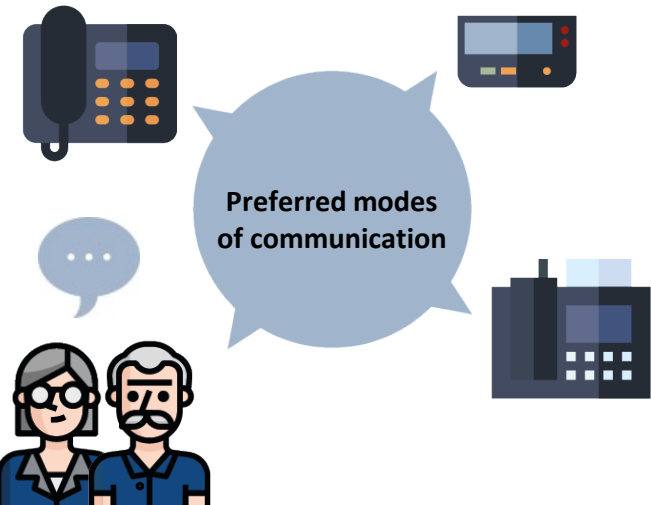
Enjoying standard of living

#### FINANCIAL PLANNING STAGE

- Later life planning
- inter-generational estate planning
- Consolidation

#### INVESTMENT OBJECTIVES

- Lower investment risk
- Retirement income
- Preserving capital



**Preferred modes of communication**

\*Based on a survey of 1,200 workers across different generations measuring their strengths & weaknesses

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## GENERATION X

**Average age:** 40 – 50s  
**Born:** 1965 – 1980

**Pros:**  
Managerial skills  
Revenue generation  
Problem Solving

**Pros:**  
Less cost-effective  
Less executive presence



### WHO ARE THEY:

Results-focused, well educated and fairly affluent, the majority of Gen Xers are employed and plan to work beyond the age of retirement as life expectancy increases, but also see the necessity of a strong work/life balance.

#### EXECUTIVE PRESENCE



#### GENERATING REVENUE



#### ADAPTABILITY



#### COST-EFFECTIVENESS



#### TECH SAVVINESS



#### RELATIONSHIP BUILDING



#### PROBLEM SOLVING



#### COLLABORATION



#### FINANCIAL CHARACTERISTICS

Accumulating

#### LIFESTYLE OBJECTIVES

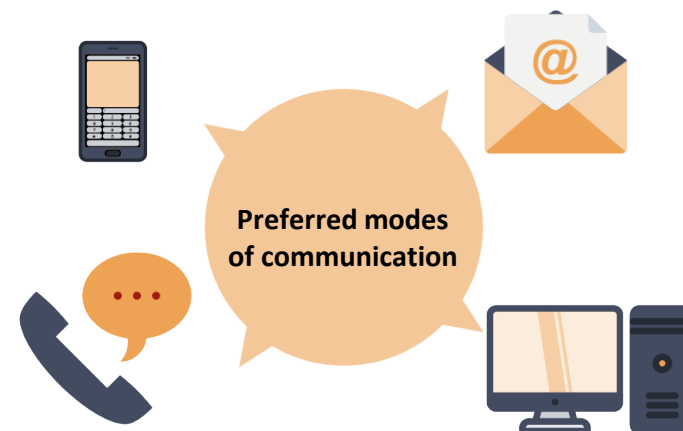
Work-life balance

#### FINANCIAL PLANNING STAGE

- Lifetime gifts (children's education, housing)
- Tax efficient investing
- Debt management
- Primary inheritance beneficiary

#### INVESTMENT OBJECTIVES

- Paying off/down mortgage
- Growing capital
- Pension investment



**Preferred modes of communication**

\*Based on a survey of 1,200 workers across different generations measuring their strengths & weaknesses





## MILLENNIALS

Average age: 20 – 30s

Born: 1981 – 1996

**Pros:**

Enthusiastic  
Tech-savvy  
Entrepreneurial  
Opportunistic

**Cons:**

Lazy  
Unproductive  
Self-Obsessed



### WHO ARE THEY:

Having distinct behaviours and outspoken passions make Millennials major influencers of others and have led the way in the adoption of alternative providers (FinTech firms). Tend to have high self-esteem and a desire for continuous feedback on their performance.

#### EXECUTIVE PRESENCE



#### GENERATING REVENUE



#### ADAPTABILITY



#### COST-EFFECTIVENESS



#### TECH SAVVINESS



#### RELATIONSHIP BUILDING



#### PROBLEM SOLVING



#### COLLABORATION



#### FINANCIAL CHARACTERISTICS

Acquiring

#### LIFESTYLE OBJECTIVES

Spending or saving for a family

#### FINANCIAL PLANNING STAGE

- ISA and pension funding
- Acquiring debt
- Secondary inheritance beneficiary

#### INVESTMENT OBJECTIVES

- Saving for house deposit
- Pension contributions
- Saving for capital expenditures



Preferred modes of communication

\*Based on a survey of 1,200 workers across different generations measuring their strengths & weaknesses

**Important Information**

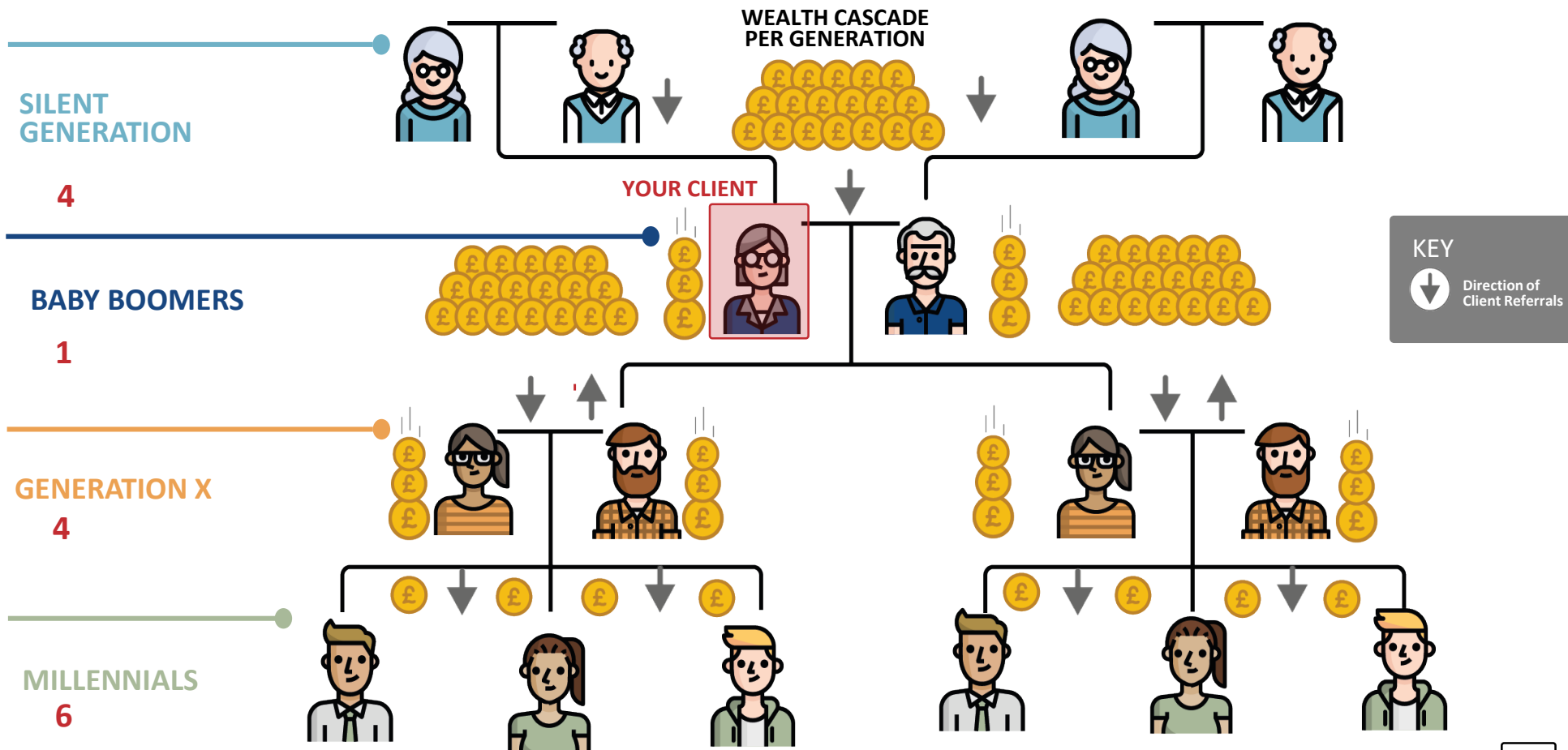
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## CAPTURING THE CASCADE OF WEALTH:

In this example, having a client with a traditional nuclear family set up can immediately open up an adviser's referral network. Involving the client's wider family early on in the discussion process will position the adviser in a better place to capture this wealth cascade. Planning for each generation's financial needs and goals enables financial advisers to significantly develop both their client base and their assets under management.



Opportunities for client referral: **15**

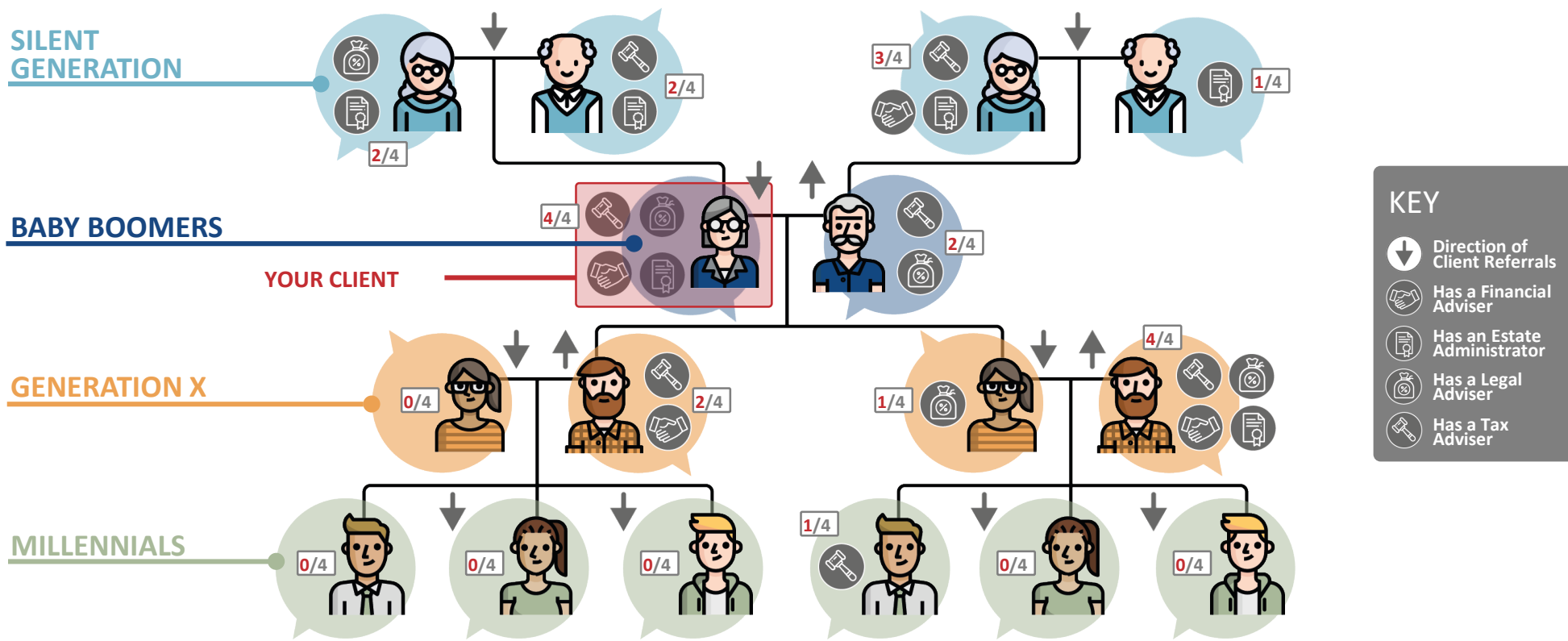
# The Family Professional Network Tree



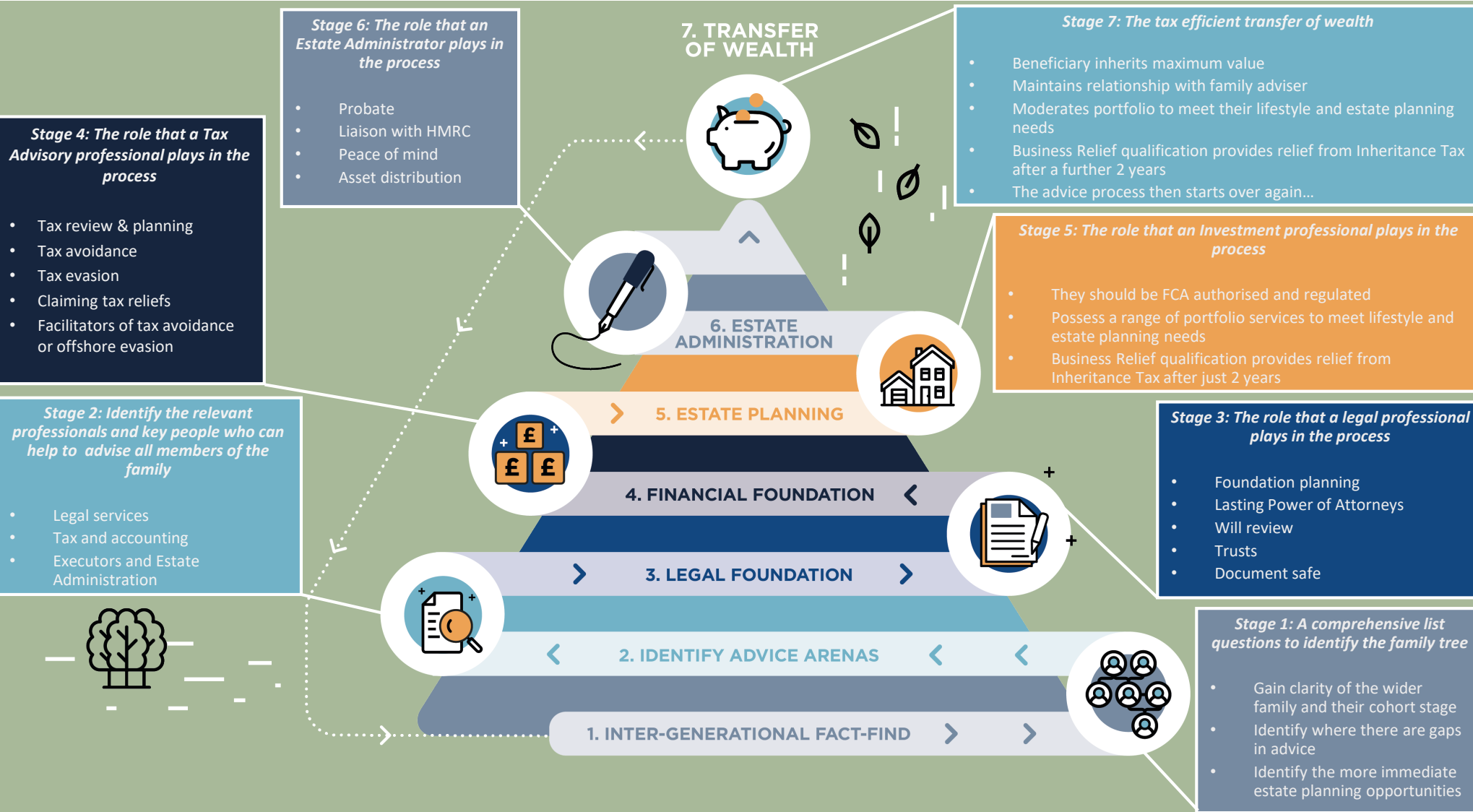
## BRINGING THE KEY ELEMENTS TOGETHER:

In this example, the financial adviser has used **Stellar ICENI** to expand his professional network to incorporate a number of services based on the client's needs. The adviser is able to realise the opportunities and can give the client a comprehensive estate planning solution with specialist advice in order to participate more fully in the Inheritance Economy.

In a traditional nuclear family, financial advisers are able to provide core advice across each of the generations, regardless of the stage of the process they require assistance. This family tree highlights the core services each family member possess, as well as the gaps in expertise that they are currently lacking. **Stellar ICENI** is ideal for financial advisers who do not currently have this expertise easily available, and who would like to strengthen and develop the estate planning element of their business.



# The seven stages of estate planning





## How to effectively Introduce Executorship into the conversation during your financial review

You can introduce Executorship into conversation with your Client as a way to gently approach the sensitive subject.

- ✦ **“Are you named as Executor in one or more Wills?”**
- ✦ **“Do you fully understand what an Executor is responsible for?”**
- ✦ **“Who is the Executor on your Will?”**
- ✦ **“Who is the Executor on your partners Will?”**
- ✦ **“Are you expecting an Inheritance?”**
- ✦ **“Are your parents alive?”**
- ✦ **“How much will your solicitor charge?”**



The answer to these questions will provide the opportunity to ask a variety of related but more sensitive questions which could otherwise have been difficult to raise.

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