



# TIPS FOR FINANCIAL ADVISORS: SOLIDIFY SUCCESSFUL WIDOW-ADVISOR RELATIONSHIPS

A survey for The American College State Farm Center for Women and Financial Services' examined Widows and Widowers and the extent to which they:

- chose to stay with their financial advisor after their spouse's death
- chose to work with a new advisor, or,
- chose not to work with an advisor at all

The study also looked at the reasons behind the decisions that were made. The results of the study provided insight to advisors for successfully servicing their clients after the death of a spouse.

## 1 ACKNOWLEDGE THE POWER OF THE WIDOW'S PREROGATIVE

Not all of your widowed clients are going to leave—but understand that the widow-advisor relationship may be vulnerable.

A frightening and commonly repeated statistic was that 70% of widows change financial advisors. This new survey, however, looking to either confirm or debunk that statistic, found that only 46% of widows actually drop or replace their advisor. While this is less drastic than previously thought, clearly the death of a spouse has a direct impact on the relationship. Advisors must develop and maintain meaningful interactions with their female clients throughout the relationship.

## 2 DON'T UNDERESTIMATE THE VALUE OF EDUCATING WIDOWS

Some widows who leave their advisor after a spouse's death said they did so because their advisor wasn't helpful (36%) or didn't take the time to explain or provide sufficient education about their finances (36%). Of those who stayed with their advisors, 78% indicated that the advisor took the time to educate them. Recognize that widows are now responsible for their own financial future and both need and value additional guidance as they make the transition.

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## 3 INVEST IN RELATIONSHIP BUILDING EARLY

39% of widows reported that they left their advisors because they had a bad relationship prior to their spouse's death. At the same time, 93% of widows who remained with their advisor reported that they had a trusted, reliable relationship. Even if the husband is the primary contact in the relationship, savvy advisors will work with and draw in both parties right from the beginning.

## 4 HELP COUPLES PLAN FOR THE DEATH OF A SPOUSE

Planning for the death of a spouse is often neglected by advisors. In fact, fewer than four in ten widows(ers) worked with their advisor to develop such a plan. Advisors need to help their married clients plan for the contingency of a spouse's death, making sure that the financial needs of the surviving spouse and family will be met. A thorough, forward-thinking plan will also consider the changing responsibilities a surviving spouse will face.

## 5 EMPHASIZE THE IMPORTANCE OF LONG-TERM CARE PLANNING

Both widows and widowers report that a major concern is being able to afford to pay for long-term care (approximately 50% identified this as a concern). Widows in particular worry about being able to remain in their home (approximately 50%) as they age. Yet few advisors help couples and widows plan for this possibility (only one in five report getting help from their advisor).

## 6 ESTABLISH A CLEAR SUCCESSION PLAN

Another of the most commonly cited reasons widows and widowers reported leaving their advisor was that the advisor retired or moved. Ensure a smooth transition to another trusted advisor by having a succession plan in place.

## 7 CRYSTALLIZE AND ARTICULATE YOUR VALUE PROPOSITION

Both widows (41%) and widowers (50%) indicated that they thought they could do better on their own or with a new advisor. This highlights the importance that advisors both clearly communicate and deliver on their value proposition.

## 8 STRENGTHEN CLIENT CONFIDENCE WITH COMPREHENSIVE ADVICE

Only three in ten widow(er)s working with advisors are receiving advice on tax planning. Only 18% are getting advice on health care and long-term care, which is notable since it's an ongoing concern for widow(er)s. This creates an opportunity for advisors to fill advice gaps that are not being met.

## 9 ASK YOUR CLIENTS WHAT THEY WANT AND NEED FROM YOU

Advisors should keep in mind the different approaches and needs of women and men who have lost a spouse. Widows tend to be "do it with me" or "do it for me" investors (34% and 27%, respectively), whereas widowers are more likely to be "do it yourself" investors (40%). In addition, widows tend to have a lower risk tolerance than widowers. Find out what your clients want from you early on so that you can satisfy and exceed expectations.

## 10 NURTURING, EMPATHETIC RELATIONSHIPS WIN WITH WIDOWS

Of the widows who stayed with their advisor, 85% reported that "their advisor understands me," 93% said they have a good relationship, and 57% said that they "were helpful after my spouse passed away." Take the time to listen and enhance your relationships with widowed clients.

## 11 OFFER IMMEDIATE SUPPORT AFTER THE LOSS OF A SPOUSE

Almost half of widow(er)s report that they are most likely to seek financial advice in the first year following a spouse's death. Make sure you're available to address any concerns or challenges your widowed clients face immediately after a spouse's death.

## 12 NEVER FORGET THAT SATISFIED CLIENTS PROVIDE REFERRALS

The study confirmed that satisfied consumers will recommend their advisor. Once widows and widowers settled on a financial advisor, 92% reported that they would recommend their advisor to friends and family. This is a reminder that the best referrals are satisfied clients.

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## 13 BUT KEEP IN MIND, SOMETIMES IT'S NOT ABOUT YOU

It's important to remember that a shift in advisors after a spouse's death may not be the fault of the advisor. The survey found that 55% of widow(er)s that changed advisors said that there was nothing the advisor could do to keep the relationship. It's a good idea to evaluate your behavior in the relationship—but don't ruminate and don't let it dampen your confidence.

## 14 ADVISORS NEED TO PROMOTE BENEFITS OF PROFESSIONAL GUIDANCE TO THE PUBLIC

Many widow(er)s do not see the benefits of working with an advisor. Out of those currently not working with an advisor, only about 20% indicated that they are very or somewhat likely to look for one in the next 1-3 years meaning 80% are not. This should be a reminder to the industry that we need to continue to share the benefits of working with an advisor, such as increasing financial security and achieving long-term financial goals.

Many recent widows feel overwhelmed by the new financial responsibilities resting solely on their shoulders. They need financial guidance during this pivotal life transition. Use these tips to lay the foundation for future relationships and enhance existing client relationships. Investing in your professional advancement and continued education with a financial designation like the Chartered Financial Consultant® (ChFC®) enables you to provide more comprehensive advice and recommendations to all of your clients — including widows and widowers.

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