

Creating a System for Consistent Referrals from Financial Advisors

A common perception among financial advisors appears to be that working “with” an estate planning attorney is a one-way street. In other words, many financial advisors believe that they consistently refer clients to attorneys but see no new business in return. This common perception is the result of at least two important factors.

First, this perception is often the result of a breakdown in communication. The financial advisor incorrectly believes that the estate planning attorney can refer a steady stream of new clients. To the contrary, many estate planning attorneys who work with financial advisors receive most – if not all – of their clients from financial advisor referrals. Loyal to the particular advisor who referred the client, the attorney is unwilling to refer that client to a different advisor. If the attorney did otherwise, the attorney would quickly alienate and lose all of his or her referral sources.

Nonetheless, the financial advisor expects client referrals, often because the attorney and financial advisor never discussed this issue or did so only briefly many months prior. When the attorney never reciprocates with client referrals, the financial advisor sours on the relationship and moves on.

The blame here does not lie solely on financial advisors. As the one who knows how they get their business, it is incumbent upon the attorney to explain to the financial advisor that he or she cannot refer new clients. But that is not the end of the story.

The second factor concerns how attorneys view the attorney-financial advisor relationship. In our experience, many attorneys believe that simply doing a good job for the referred clients provides enough value for the financial advisor. Perhaps the attorney is also expert in making that advisor look good in the eyes of the client. While both add value to the financial advisor-client relationship, neither puts money in the financial advisor’s pocket directly. Thus, in our opinion, these are the bare minimum of what the attorney should bring to the relationship.

For some advisors, these provide enough value for the advisor to continue referring clients. This is particularly true where the advisor has figured out ways to parlay these into revenue. But for many other advisors, this is not enough. And it has nothing to do with the advisor “pushing product” or not looking out for the best interest of the client. Attorneys earn revenue by doing the legal work as a result of the client referrals and, at the end of the day, financial advisors also need to earn revenue too.

Ways Attorneys Can Provide Value

Even if the attorney receives his or her clients from financial advisor referrals, there are two ways that attorneys can easily provide significant value to financial advisors: (1) by helping the advisor to acquire and maintain assets under management, perhaps for generations; and (2) by recommending or supporting the financial advisor’s recommendations of financial products, where appropriate.

Whether you create your own system or use The Advisors Forum’s turnkey System of Success, you should consistently show financial advisors your commitment to ***their*** SUCCESS.

For example, most studies indicate that the typical financial advisor manages approximately one-third of each client's investable assets. Thus, if the referring advisor gets paid via assets under management, one simple way to provide value is to help that advisor acquire the client's other investable assets during the estate planning process. In other words, the attorney can help the financial advisor **triple** his or her assets under management!

Another way attorneys can provide significant value is to recommend strategies that help the financial advisor maintain assets under management beyond the death of the client. One of the biggest concerns of many financial advisors is losing assets under management upon the client's death, since their relationship is typically with the client and not with the children.

To provide real value to financial advisors, it is incumbent upon the attorney to know each referral source well, to understand how each gets compensated, and to know and recommend strategies that benefit **the referral source**.

For example, recommending lifetime trusts is a simple way that we can help clients meet goals of providing creditor and divorce protection for beneficiaries, while at the same time helping our financial advisor colleagues maintain assets under management, often for generations.

What if the advisor gets paid through product sales and not via assets under management? In this case, it becomes incumbent upon the attorney to, at a minimum, support the advisor's recommendations. Better yet, the attorney can provide significant value by learning strategies that incorporate insurance, annuities and long-term care insurance, and recommending these strategies when appropriate.

Know Each Financial Advisor Who Refers Clients to You

The above discussion demonstrates that, to provide real value to financial advisors, it is incumbent upon the attorney to know each referral source well, to understand how each gets compensated, and to

know and recommend strategies that benefit **the referral source**. But how can the attorney reach this level of understanding and convey this knowledge?

In our experience, saying we do this is not enough – the financial advisor has probably heard lip service to this before. Therefore, it is critical that the attorney develop a system that, through regular face-to-face contact, affirmatively demonstrates the attorney's willingness to produce revenue for that other professional. This contact also creates the opportunity for the attorney to learn more about the financial advisor, and for the financial advisor to learn more about the attorney. Study Groups work very well for this purpose, whether the attorney teaches the curriculum or lets someone else provide it (e.g., live or via teleconference). Ideally, this system would also include a newsletter and other methods to drip information relevant to the financial advisor, which ensures top-of-mind awareness and reminds the advisor of the attorney's commitment between face-to-face contacts.

Contact The Advisors Forum at (800) 635-5078 or AdvisorsForum.com to learn how you can easily implement The Advisors Forum's turnkey System of Success to generate consistent referrals.