

Creating A 3-Dimensional Wealth Management Plan For Clients

BY MONROE M. DIEFENDORF

WHEN I GO TO MEETINGS LIKE the Million Dollar Round Table, everyone says that advisors need to upgrade their clientele by calling on the top third of their prospects. But understand that not only is there a top third and bottom two-thirds of clients, there is also a top third and bottom two-thirds of advisors. And only the top third of advisors can deal with the top third of clients.

The bottom two-thirds of advisors need to become part of the top third first. How does one do this? There are several steps, including: (1) "moving up" through advanced educational designations and professional associations; (2) "moving over" with bridging techniques that include on purpose positioning, heat-seeking referrals, social styles pre-approaches and a cross-selling matrix; and (3) creating a unique value proposition.

The last should include a "3-Dimensional Wealth" plan, which comprises a family legacy manuscript in conjunction with a comprehensive financial plan and a private foundation delivered at a family retreat.

ON PURPOSE POSITIONING

On purpose positioning is a strategic approach to predetermining with whom you want to work. Heat-seeking referrals is a technique to force the name of the referral with whom you want to meet from the referrer.

At our firm, Diefendorf Capital Planning Associates, we use pre-approaches based on the social style of our prospects. We obtain information from our referrer

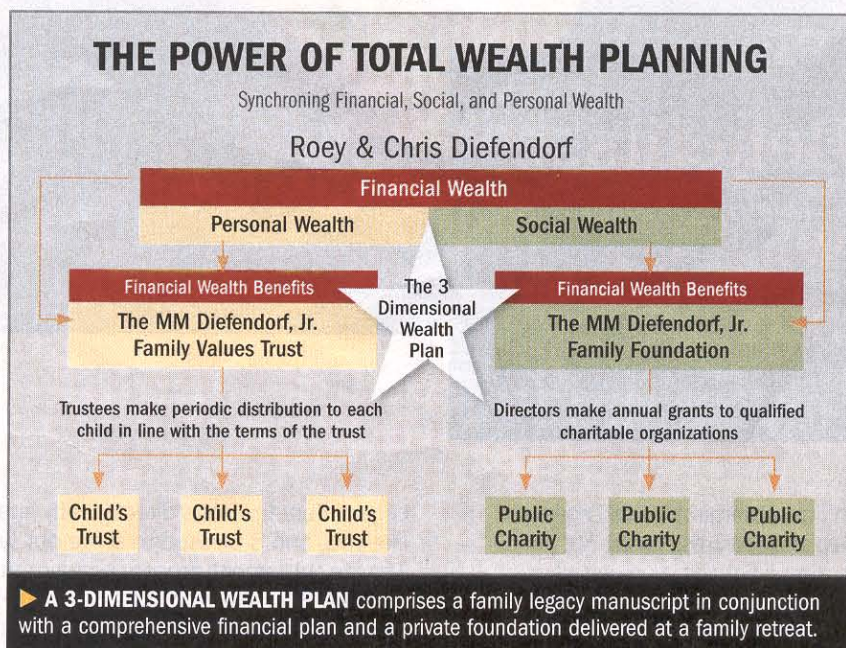
that will aid in determining whether our prospect is assertive or nonassertive, responsive or nonresponsive. We tailor our letters and telephone calls to the prospect's personality type (i.e., driver, expressive, amiable or analytical.) And, lastly, we refer to our cross-selling matrix to assure that we bridge the relationship to other organizations in our practice (i.e., insurance, tax preparation, investment advisory, financial planning or mortgages).

Total wealth management engenders a bottom-up hierarchy of planning that includes 4 stages: fragmentation, segmentation, integration, and synchronization.

Stage I: Fragmentation. This is the natural result of accumulating financial assets, including IRAs, business assets, real estate, insurance, investments, etc. The individual does not give much thought to how these items relate to one another. But over time, fragmentation becomes an

increasingly inefficient way to handle wealth. To become financially successful, clients need to enter Stage II.

Stage II: Segmentation. In this stage, we hire professionals, including an accountant, a lawyer and an investment advisor, thereby reorganizing the individual pieces into a segmented structure. Too often, however, each of the advisors acts independently, leaving the client to pull the pieces together into a comprehensive plan. But this structure leaves much to be desired, so we move



But getting to see the "right" prospects is only part of the battle. How do you become the "mover and shaker" that will deliver the unique value proposition to turn your prospect into a client? In our practice, the answer was to redefine wealth—to help clients not only with their financial wealth, but also with their personal and social wealth. This "3-dimensional wealth" includes both tangible assets (those wrapped in dollar signs) and intangible assets (passions, values, convictions, beliefs, wisdom, knowledge, etc.).

By synchronizing and eliminating the friction that occurs when unclear 3-dimensional goals exist, we can enhance the fulfillment clients have during their lives.

to Stage III.

Stage III: Integration. Comprehensive financial planning is the integration of all of the financial products and financial disciplines into a well-designed strategic plan. A combination of parts or objects that work together well, integration is the ultimate goal of the financial planner and individual client. But this stage deals only with one's finances. To address intangible objectives, we need to move to Stage IV.

Stage IV: Synchronization. No longer can advisors simply be concerned about passing on valuables; they must also be equipped to help clients pass on their values. This phase requires helping clients

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3-DIMENSIONAL PLAN

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with not only a financial legacy, but also the personal and wealth legacy that will become part of the total wealth plan.

In discovery meetings with clients, we ask questions concerning their financial legacy. Among them: "How much money should you leave your children and grandchildren? Why and how should you leave that amount to them? What impact do you think it might have on them?"

We have a detailed discussion and review their financial plans in light of their expanded view on total wealth. We go on to discuss the client's social legacy or the values they leave, and we ask the following questions: "What role do you believe your children and grandchildren will play in shaping this world in the years and decades ahead? What assurance do you have of this belief?" We'll also discuss the philanthropic planning tools that can be used to help the family promote their social agenda.

Finally, we talk about the client's per-

sonal legacy or the wisdom they leave. The questions I ask are: "What value could the wisdom you have accumulated over a lifetime of experience have to your children and grandchildren? And what strategy will you employ to protect this asset?" We also discuss the "family legacy manuscript," which is a written document designed to capture, protect and preserve the client's personal wealth.

BRING IT ALL TOGETHER

The culmination of the total wealth planning process leads to the synchronization of one's 3-dimensional wealth, encompassing personal and social wealth and perhaps the drafting of a family legacy manuscript. This approach enables clients to rethink their existing financial wealth plan and perhaps use a family values trust as a method to pass on their values.

With respect to social wealth, we'll often establish a family foundation that can be an excellent incubator for training heirs for their ultimate responsibilities. However, without a plan to integrate and

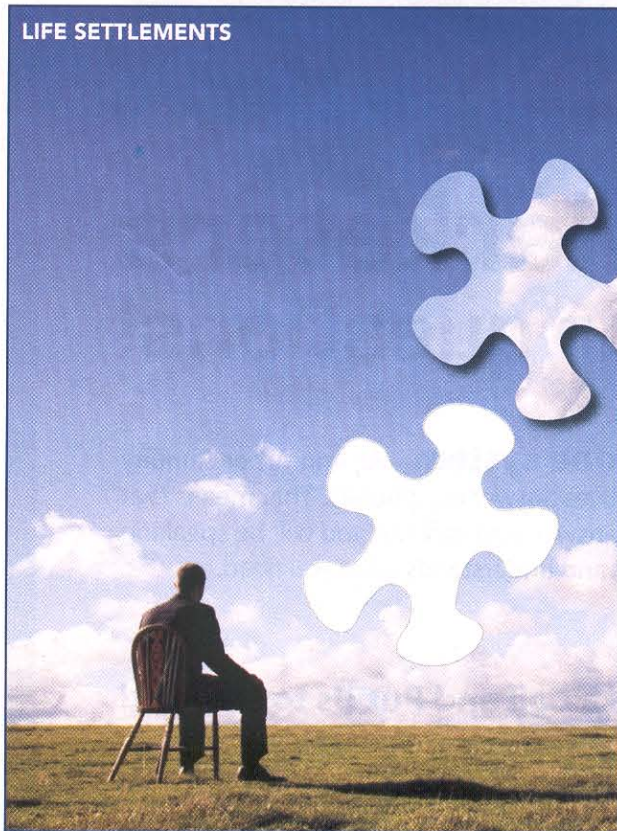
communicate these 3-dimensional plans, the job is not complete. A well-constructed and professionally facilitated family retreat is an invaluable tool to pull all the pieces together.

By adopting a total wealth approach to managing clients' wealth, we have replaced the steps that traditionally lead to failure of transition plans with strategic plans that include the entire family. We work with a family to reach a consensus on a long term family mission, establish post-transition plans prior to the time of the estate transfer, teach heirs practical skills in preparing for their ultimate roles and aid them in nurturing a sense of family identity.

We have, in sum, developed a unique value proposition that will make us the most significant advisors our clients will have, bar none. ■

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