



Breaking the Barriers of Estate Planning Fatigue

Sep 8, 2015 [Kimberly Bernatz](#) | *Trusts & Estates*

Build a better relationship with your clients and their descendants

There's been quite a buzz in the media since the recently published [CNBC Millionaire Survey](#) found that a third of those with at least \$1 million in investable assets haven't used a professional to establish an estate plan. This is an alarming statistic given the importance of having an estate plan, and it suggests that there are some psychological barriers that we as advisors need to help our clients overcome. If handled properly, though, we can benefit our clients while building a better relationship with them and their descendants.

According to many industry experts, the constantly changing nature of federal estate tax laws has resulted in estate planning fatigue. We've had nearly a decade of uncertainty and changes in the tax law, and during that time, responsible advisors have been reaching out to their clients to explain those changes and encourage them to update their plans, if necessary. That consistent uncertainty is almost enough to make people wash their hands and say, "enough is enough."

Couple that feeling with the fact that today's federal estate tax exemption amount of \$5.43 million is making many people feel that the planning is unnecessary if their estates fall below that threshold.

Benefits Besides Tax Savings

As advisors, we all know that there's more to an estate plan than the size of a taxable estate. Some of the very basic reasons to have an estate plan are to:

- Avoid probate
- Appoint guardians for minor children
- Designate to whom our assets will go and under what circumstances
- Provide for beneficiaries with special needs
- Provide protection from creditors
- Fulfill philanthropic desires
- Minimize taxes

So while we as professionals understand the importance of an estate plan, the question is: how do we most effectively communicate that message to our clients?

The answer might lie within some of the following psychological barriers that prevent our clients from taking important action.

Psychological Barriers

Inability to make a decision. The decisions that need to be made as part of the estate-planning process are significant. They are numerous and emotional. “Who will care for my children when I’m gone?” “What are my end-of-life preferences?” “When do I want the plug pulled?” These decisions have nothing to do with the size of an estate. Often, due to indecision, a client will do nothing.

Lack of urgency. In many of the discussions I’ve had with clients about planning for the transition of their estates, they often use the phrase, “if I die” rather than, “when I die” as they discuss their wishes. This language signals a deep resistance to acknowledging their own mortality. It’s natural for people to want to put off discussions about what will happen on their incapacity or death. As a result of their delay in contacting an attorney, they may not make it in for the final appointment to sign the documents.

Resistance to revisiting the plan. “It was difficult enough to get through the planning process once...now I have to revisit it?!” This is a common refrain that we hear, and it’s where the concept of “estate planning fatigue” rears its head again. If clients don’t revisit their plan, that plan can become obsolete, and the results may be far off course from the desired outcome.

Overcoming the Barriers

What can we as advisors do to help our clients overcome these barriers and combat estate planning fatigue?

Educate. Take the time to educate clients about the benefits of planning that aren’t tax related. If you want to get to the clients head, aim for their heart. Identify their greatest concerns and dreams. Is it family? Disability? Concern about creditors? Desire to make a difference through philanthropy? Once you find what’s meaningful to them, it’s easier to motivate them to action.

Create a little fear factor. Creating a bit of fear can also break down barriers. If clients have young children, let them know that if they do nothing about appointing a guardian, the court will do it for them. A good question to ask may be, “Do you think that a judge who doesn’t know you will have better judgment than you in selecting a guardian for your children?”

Hold their hand. We are in a relationship business. Let your clients know that you understand their reluctance and that you're there to partner with them during the planning process. Assure them that you know these are difficult decisions, but that estate planning is a process, not a one-time event. Choices can be changed. And ask for permission to keep them on task by setting regular times to touch base and check in on their progress.

Decision Fatigue

Estate planning requires many decisions and, if tackled all at once, can result in decision fatigue. That's when the brain shuts down because there are too many decisions to make in a short period of time. This leaves us feeling overwhelmed, and we may rush decisions or take reckless short cuts.

Allow your clients to take time to develop an estate plan and map out a manageable time frame to address the various issues. Prioritize the decisions that need to be made and tackle the most significant ones first. This will help keep them energized and will fight off fatigue.

These tactics benefit financial advisors as well. By working closely with their clients, they can solidify the partnership and create new opportunities to build a relationship with the next generation.

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TRUSTS & ESTATES

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Matthew Frerichs, Seth Nielsen and Lisa Beane



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