

# Navigating the Challenges of Generational Wealth Transfer: A Guide for Family Offices



The landscape of family wealth management is undergoing a significant transformation as the Baby Boomer generation begins to transfer their wealth to their heirs. Younger generations have different expectations and preferences compared to their predecessors. They are tech-savvy, value transparency, and demand quick and efficient communication.

For family offices, this shift presents both an opportunity and a challenge. While the transfer of wealth can open doors to new business, it also brings the risk of losing clients to more modern and responsive advisors if you fail to adapt to the changing expectations of the next generation.

Historically the first or second generation of wealth creation establishes the relationship with their core advisors, but it's rare that they bring the next generation into the room. In fact, a [report from Cerulli](#) reveals that only 19% of affluent clients plan to stay with their parents' advisors.

To stay competitive and retain your clients' heirs, it is essential to evolve your practices in several key areas: client experience, service offerings and technology. Meeting these expectations requires a proactive approach to updating your firm's technology and operations.



## Creating Better Client Experiences

Client experience is the perception and feeling clients have when interacting with your office, including every touchpoint and service offered. It's essentially how clients feel about the service they receive, the relationships they build with the staff, and the overall satisfaction and trust they develop over time.

### Modern Communication Channels:

The next generation of clients has grown up with seamless, on-demand, personalized, tech-savvy interactions. Family offices will need to invest in technology to meet these expectations. Clients expect communication to be done via text message, online portals, email, and video calls rather than traditional meetings and phone calls. When there are decisions to be made, or bills to approve, younger clients expect to have access to an intuitive mobile application that caters to their on-the-go lifestyle.



### New Communication Styles:

Effective communication is key to building trust with younger clients. The next generation values transparency, responsiveness, and personalized interactions. Family offices should regularly reach out to clients with updates, insights, and opportunities tailored to their interests and financial goals.

This generation typically avoids long form content, so firms will need to keep clients informed about their portfolio performance, market trends, and new opportunities through regular, clear, and concise updates. Ensuring clients have easy, updated and on-demand access to portfolio performance and market changes will help keep clients informed and engaged.

### Attracting Next Gen Talent:

Having a dedicated relationship manager who understands your clients' specific needs, investment goals and preferences will always be a requirement. In most cases including younger talent on their team, that are in similar life stages, will help heirs connect more easily, and build deeper relationships with your firm.

To attract younger talent to your firm, focus on:

- Providing growth opportunities, ongoing training, and education
- Prioritize advisors spending time on client interactions, by investing in technology that automates time consuming tasks, and utilizes workflow systems to ensure tasks are completed promptly and accurately.
- Provide flexible schedules and cloud-based technology that allow work from anywhere opportunities.



## Enhancing Service Offerings

The next generation of clients expects a range of comprehensive services that go beyond traditional wealth management.

To cater to their needs, multi-family offices must expand their service offerings to include:

- **Comprehensive and On-Demand Reporting:** Clients expect detailed, real-time reports on their financial status. Providing user-friendly, on-demand access to these reports through digital platforms is crucial.
- **Lifestyle Management:** Services such as travel planning, concierge services, and personal shopping can add value and enhance client satisfaction.
- **Philanthropy Management:** Assisting clients with their charitable giving strategies, including the establishment and management of foundations, can help align their financial plans with their values.
- **Bill Payment Services:** Offering to manage and pay bills on behalf of clients can provide significant convenience and peace of mind. Since this generation values their time above all else, this service will help set your firm apart, and create a stickier relationship.

When choosing a bill pay and accounting system, aim to make bill pay efficient, cost effective, repeatable, and easy. AgilLink has been serving family offices that offer bill payment and client accounting to high-net-worth individuals for over 45 years. By implementing AgilLink, family offices can have a singular system where their operations team can access their financial accounting data, along with document imaging, multi-client bill pay with custom rules, approval rights and full audit capabilities.



## Investing in Technology

One of the most critical areas for evolution in family offices is technology firms need to shift their mind set to view technology as a strategic asset that will help them support and grow the business, rather than as a cost center.

A human capital-intensive approach is not scalable or profitable. Gone are the days of spreadsheets, manual data entry, and paper files. The next generation of clients has grown up with digital tools at their fingertips. They expect seamless, intuitive, and secure access to their financial information. Investing in specialized technology platforms that offer real-time reporting, mobile access, and robust security measures is no longer optional—it's essential.

Implementing advanced customer relationship management (CRM) systems can help you track client preferences, anticipate needs, and personalize interactions. Investing in a bill pay platform with an intuitive mobile app, allows clients to view and approve bills from anywhere. Additionally, leveraging artificial intelligence and data analytics can provide deeper insights into client behavior, enabling more tailored and proactive service offerings.

### Speed and Responsiveness

In an age where information is available instantly, the next generation of clients expects quick responses to their inquiries. Delayed responses can be a significant turn-off and may lead them to seek more responsive advisors.

To address this, family offices must streamline their systems, processes and use workflows to ensure that client queries are answered promptly. They must also make sure all of their systems have consistent data, and that they are updated in real time when transactions or changes take place. It's also important to set clear expectations with clients about response times and consistently meet or exceed those expectations.

### Strengthening Cybersecurity Measures

Considering the amount of wealth family offices handle, and the many touchpoints they have with various financial institutions, it's not surprising that they are a likely target for hackers and bad actors. In the 2023 [Campden Wealth North American Family Office Report](#), 21% of family offices reported experiencing one or more cyberattacks over the preceding year.





To protect families, firms need to focus on better safeguards around the privacy of information, by using technology that has strong authentication, and encryption built in. They also need to choose technology platforms that have the expertise and ongoing commitment to ensure the highest standards of security are met. Since this level of security is rarely available in retail products, firms should explore technology that is purpose built for the wealth management industry.

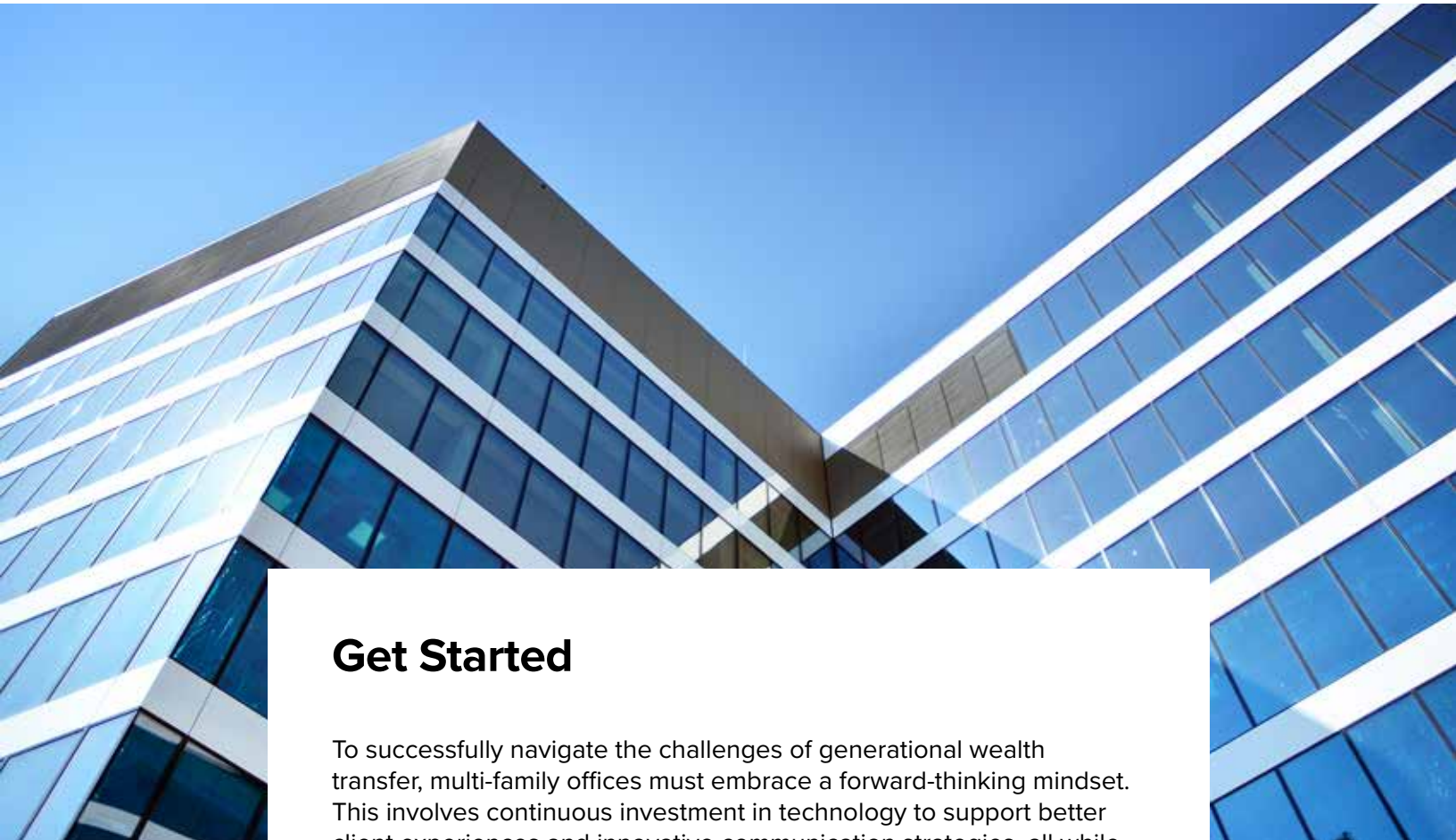
Younger clients are highly active on social media platforms, frequently share their lives online, including their wealth, travel and lifestyle, which makes them more vulnerable to cyber threats. For family offices, ensuring robust cybersecurity measures is not just a necessity but a fundamental responsibility to protect their clients' assets and privacy. Social media platforms create multiple entry points for cybercriminals. Hackers can easily gather information about clients' wealth, locations, and

personal details from public posts, making them prime targets for phishing attacks, identity theft, and other cybercrimes.

Family offices must recognize this heightened risk and implement advanced cybersecurity protocols to safeguard sensitive information. This includes employing state-of-the-art encryption technologies, multi-factor authentication, and continuous monitoring of digital activities to detect and respond to potential threats swiftly.

It is also essential for family offices to establish a robust incident response plan. In the event of a cyber-attack, having a clear, well-communicated plan can mitigate damage and restore security swiftly. This plan should include steps for immediate containment, investigation, and remediation of the breach, as well as communication strategies to inform and reassure clients.





## Get Started

To successfully navigate the challenges of generational wealth transfer, multi-family offices must embrace a forward-thinking mindset. This involves continuous investment in technology to support better client experiences and innovative communication strategies, all while ensuring a high level of responsiveness. By doing so, you can build trust with the next generation, demonstrate your commitment to meeting their needs, and ultimately retain their business.

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