



ST. JAMES'S PLACE  
PRIVATE CLIENTS

# Holistic wealth planning

A recent *STEP Journal* roundtable, sponsored by St. James's Place Private Clients, discussed the importance of cross-disciplinary financial advice at a time when lawyers and accountants are taking on increasingly complex wealth management for clients

WORDS: HELEN SWIRE



**PARTICIPANTS (L-R)**  
**FRONT ROW**

+ **SIMON GOLDRING TEP**  
Head of International Tax and Private Wealth, McDermott Will & Emery

+ **WENDY WALTON TEP**  
Head of Global Private Clients, BDO

+ **OBI NNOCHIRI**  
Head of Technical Consultancy, Private Client, St. James's Place Private Clients

**BACK ROW**

+ **HELENA LUCKHURST TEP**  
Partner, Fladgate

+ **TONY WICKENDEN TEP**  
Technical Director, St. James's Place Wealth Management, and Managing Director, Technical Connection

+ **ELIZABETH SMITHERS TEP (CHAIR)**  
Partner, Clarke Willmott

+ **ROBERT SMEATH TEP**  
Partner, New Quadrant Partners

+ **ALEXANDRA LOYDON TEP**  
Divisional Director, Private Client, St. James's Place Private Clients

**M**any high-net-worth (HNW) clients are now asking wealth management professionals to take on increasingly complex matters. From cross-jurisdictional investments to multi-generational planning, lawyers, accountants, investment managers, private bankers and financial advisors are often faced with scenarios beyond their specific technical expertise. How can advisors rise to this challenge?

In March 2019, eight family wealth experts gathered in London for a roundtable discussion, sponsored by St. James's Place Private Clients, to examine how an appreciation of wealth management propositions and more holistic approaches to advising clients can add significant value and achieve better outcomes.

Elizabeth Smithers TEP, Partner at Clarke Willmott and Chair of the roundtable, started the discussion by pointing out that clients may not fully understand the concept of 'holistic advice' and may not fully appreciate the range of support they need. Smithers asked how working together across advisory disciplines can provide a bigger picture, or more balanced view, and significant additional value to HNW individuals.

'It's really important that a client has a team around them that is covering all angles,' replied Wendy Walton TEP, Head of Global Private Clients at BDO. 'They will likely have a lawyer, an accountant, a trustee, a financial advisor, a protector and a banker. And if those people aren't working as a team, then it's easy to miss things that the client needs.'

McDermott Will & Emery's Head of International Tax and Private Wealth, Simon Goldring TEP, agreed with this view: 'Clients can often set up international or cross-jurisdictional structures without much regard for the fact that the beneficiaries of trusts move around the world nowadays. With the advent of the Common Reporting Standard, gone are the days when all of us, whether financial planners, lawyers, tax advisors or trust companies, worked in specific boxes. We all need to be talking to each other and functioning almost like a family office for our client.'

Various participants pointed out the importance of 'future proofing' for clients through developing a cross-disciplinary understanding of their needs. Such an approach ensures tax and legal advice can dovetail with a client's investment plans: too often, structures are implemented without them actually achieving their overall objectives.



**'The fear of working with our "competition" is a hurdle we need to surmount'**

**- Robert Smeath**

'Lawyers may be entirely ignorant about, for example, insurance opportunities, whereas financial advisors might not be,' commented Robert Smeath TEP, a Partner at New Quadrant Partners. 'We need trust and understanding of each other's different areas of expertise, and to recognise that everybody has a slightly different emphasis and skill that they can offer.'

#### **FEAR FACTORS**

For time-poor clients, having a collaborating team of advisors is now seen as a key way of coordinating the management of assets.



'I've noticed a greater willingness of clients to engage with their advisors,' said Alexandra Loydon TEP, Director of the Private Client Division at St. James's Place. 'Legislation has changed, there's greater oversight from HMRC and governments internationally, and there are a lot of historic planning techniques that have not worked over the years. As a result, clients are seeing the importance of engaging with varied advisors, because they realise that different professionals bring different things to the table.'

'Two decades ago, the approach to working with various advisors was somewhat "divide and rule", and times have changed since then,' Helena Luckhurst TEP, a Partner at Fladgate, commented. 'The whole is greater than the sum of the parts: when you get advisors working together, things happen that wouldn't have if we were all doing our own thing separately.'

Smeath added that increased regulation of financial services, alongside the focus of professional bodies such as STEP on training and education, has served to highlight to clients their need to get a varied range of advice around their assets, and the wide availability of highly trained professionals who can support them.

He noted, however, some uneasiness on both sides of the relationship around an advice offering that encompasses various disciplines: 'The fear of working with our "competition" is a hurdle we need to surmount. But when people are working with a trusted advisor who has been with them for the entirety of their journey, we want to work with those people, not move clients away from them. Their trusted advisor understands the paths they've been down, and it's really important to keep that knowledge on the team.'



### PUTTING THE CLIENT FIRST

Key to both working collaboratively and assuring clients of the value of such a solution is putting those clients at the centre of all planning, said Tony Wickenden TEP, Technical Director, St. James's Place Wealth Management, and Managing Director, Technical Connection. 'So often we focus on our specialisms rather than seeing the bigger picture: it takes a lot of confidence to shed the "expert" halo and actually ask what the client wants.'

Walton also pointed to a client-objective-based approach: 'My initial conversations with clients will often ignore the question of tax altogether. I ask them what they want to achieve with their assets, and then work backwards with them from there. If you can have open conversations with clients about their objectives, you can more easily bring in other specialists where they are needed.'

'The advice we give to clients has to take into account adopting the right solutions for them and working with the right

**'The younger generation need their own counsel, to feel that their voice is being heard'**  
- Helena Luckhurst

advisors,' agreed Obi Nnochiri, Head of Technical Consultancy at St. James's Place Private Clients. 'If wealth managers can have open discussions about who should be brought in to support clients during the advice process, engaging with lawyers, accountants and other advisors, we can demonstrate the value of a holistic proposition to them.'

Luckhurst added: 'One of the joys of working in this area is the ability to work collaboratively, because it's so interesting to hear other perspectives and to come up with a solution that meets client needs. It's something to be welcomed, because it has an intrinsic value and makes us better advisors.'

together, I need the support of financial planners and investment managers.'

Loydon and Walton also pointed to the value of bringing younger members of their team into the conversation with families: both to add the next-generation perspective, and also to ensure a smooth advisory transition in making them an ongoing part of the planning for the clients.

Further, added Luckhurst, there is a danger that younger generations of a family can become disengaged if they feel that they are simply working with their parents' advisor, and therefore that the agenda of the matriarch or patriarch is being pushed. 'The younger generation need their own counsel, to feel that their voice is being heard. There is no right answer as to when families will want to involve their children, but ideally intergenerational wealth planning is the way forward.'

Participants pointed to the dramatic shift in investment priorities between the generations, from the increase in average age of home ownership to the lack of final



### ADVISING MULTIPLE GENERATIONS

It is no secret that we are all living longer. The World Health Organization estimates that the global population of those aged over 60 will almost double by 2050. With this increasing longevity comes both the challenge and the opportunity of having client families spanning several different generations, with different needs, goals and levels of engagement with the family wealth.

'This is where working holistically is really important,' commented Smeath. 'In the role of trustee, I'm examining what the next generation needs, and clearly their investment priorities are different. When looking at the whole portfolio for a trust, and how all the various needs can be fitted



salary pensions at retirement. ‘That pot of money now has to work much harder,’ said Nnochiri. ‘Financial planning advice is increasingly focusing on how people can leverage family wealth now for the younger generation, for example for house deposits, through intergenerational solutions.’ He added that advice is required throughout a client’s accumulation and decumulation stage, as well as across the family, to ensure returns and structuring remain relevant and continue to deliver.

‘There’s a general lack of education about inheritance planning among the general public,’ warned Smithers. ‘We have a responsibility to educate our clients on all their options: for example, life insurance is a benefit they might not see themselves, but it is part of the whole, and the investment return, for the next generation, is huge.’



Loydon agreed: ‘It’s about how you manage your different asset classes. Life cover can be the pot that covers your inheritance tax [IHT], so you can pass on your wealth and also keep capital aside for the long term. That’s just one of many solutions, but it goes to show how approaching this in a holistic way is integral to overcoming some of the challenges of inheritance planning.’

#### STUCK IN THE MIDDLE

‘With today’s life expectancy, there is always a trade-off: you have built up an estate, you have lots of assets and you are worried about both IHT implications and funding a longer life,’ Loydon added. ‘Living longer is almost a new phenomenon, and it’s something that the market as a whole is quite unaware of how to deal with.’

Goldring agreed: ‘There is definitely a fear around the challenges of the

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“sandwich” generation. People want to help their children, but need to provide for their own futures, and tax legislation doesn’t help with this planning. Transferring assets into trust also does not help to mitigate costs from the IHT perspective, and if you choose to make absolute gifts, you may also run into capital gains tax issues. New solutions are required.’

Luckhurst and Smithers addressed the issues of long-term care that families are now facing, from the point of view of both the financial costs and emotional costs of moving from family property into residential care.

‘To be efficient from an IHT point of view, you need to downsize into something that is more appropriate and make gifts of the excess proceeds,’ said Smithers. ‘But people don’t want to move at that stage of life, especially if they have ill health or mental capacity issues, just for the sake of saving on IHT and planning for the next generation. As advisors, where do we then stand? Are we advising on what is best for the emotional needs of the elderly client in front of us, or the financial planning needs of the next generation?’

The participants agreed that, while planning discussions with the younger generation need to involve IHT, the long-term care conversation must have the best interest of the client themselves at its heart; and that the industry focus must be on creating solutions that can bridge that gap between estate planning and long-term care.

Luckhurst pointed out that around 15 per cent of the UK population will need some form of long-term care in later life: ‘That is very difficult to plan for, as clients just don’t know if they are going to end up in that percentage of people, facing what will be a very significant draw on their capital. The lack of certainty presents a huge challenge to estate planning.’

‘The pot of money now has to last a lot longer, and cover a lot more costs,’ Smithers agreed. ‘If we’ve done our job properly then the next generation will have all the trusts and support behind them so that they don’t have the issue of what to do about, for example, paying for long-term care. That’s the ideal, to have that support in place for future generations.’

Looking to that future support, Walton added: ‘There’s so much people can do for themselves on apps these days, and younger people want things at the push of a button. But what is difficult to do for yourself is to get the range of opinions that a team of advisors can give you.’

Those around the table agreed that the best, most comprehensive advice for the complex intergenerational issues clients now face can only be fully achieved by wealth management professionals, irrespective of status and from all disciplines, communicating with each other. In doing so, they can collaborate to find the best path for the client to take to ensure that their wealth is both useful in their lifetime and preserved for the next generations after their death.

