A Question that Motivates HNW Prospects

By Dan Richards*
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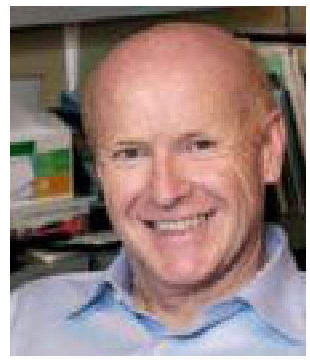

As we enter the new year, advisors are rethinking many aspects of their business.

Yesterday, I received an email from an advisor struggling with the right approach to use when talking to high net worth prospects.

The question

Here's part of his email:

"One area that I would like to improve in 2010 is turning high net worth prospects into clients.

I was a financial planner for six years and see the value in asking several questions and building the best plan to meet their goals. I would describe my approach is a "soft sale" and most appointments have a natural progression and close smoothly; however, I figure I am leaving some opportunities on the table.

Maybe I am wrong, but I have found it easier to plan or acquire clients in the $100-$500k range since they often need more help as they seem more reliant on their nest egg than other clients with more investible assets. As their net worth goes up, I find it harder to motivate clients without more salesmanship.

Do you have any insights as to some great questions or strategies to get HNW prospects' attention and ultimately recruit them as clients?"

My answer

Many advisors are intimidated by the prospect of talking to million dollar prospects.

Two comments:

First, at a 4% withdrawal rate, $1 million provides annual income of $40,000 - investors with nest eggs of this size may need less help, but they still typically need help.

Second, research shows continuing anxiety with regard to funding retirement - and often that concern is highest among mid- and high-income earners used to more extravagant lifestyles than someone making $40,000 a year.

You can read more about this topic in my recent article, Tapping into Today's Number One Client Concern.

When talking to prospects, you want to do two things.

First, you want to reinforce whatever level of urgency to take action they may already feel - or help create that urgency if it doesn't exist.

And second, you want to position yourself as someone who can provide a solution to important issues in their financial life.

Once you've broken the ice, here's a question that I would consider asking to help achieve both of these goals:

"Do you have a written plan forecasting income and expenses in retirement, to ensure you don't run out of money?"

Once you've asked that, you might want to have case studies or samples of the kinds of plan you put in place to help clients address this concern.

Let's be clear - to my knowledge, there are no silver bullets that will have HNW prospects come flocking to your door.

But asking thoughtful, subtly provocative questions such as this one - not to panic or alarm prospective clients but to get them thinking - can be helpful in advancing your cause when talking to HNW prospects.

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