

## Interview: How To Get The Young And Wealthy Interested In Reporting

**Harriet Davies – Editor Family Wealth Report**  
**17 November 2011**

A new partnership is aiming to solve two problems for the wealth management industry with one service, by bringing accurate and easy-to-understand client reporting in a format designed specially to appeal to the next generation.

As reported recently, WealthTouch, a consolidated portfolio reporting platform for private banks and HNW individuals, has teamed up with TILE Financial, which specializes in working with young people, to develop a set of portfolio reports that help the young and newly-rich understand their finances.

The service will be launched exclusively to WealthTouch clients in the first half of 2012 and will offer financial reporting that the firm says “simplifies and clarifies the dynamics in their portfolios.” Cementing the partnership, WealthTouch has added Amy Butte, founder and chief executive of TILE, to its advisory council, with a view to developing a full range of products and services for this target market.

TILE is the brainchild of Butte, who, after a high-flying career on Wall Street, got “burnt out” and wanted a change, she tells Family Wealth Report. Prompted by personal experiences, she did some research and found there were “no tools” to reach children and educate them about their finances. When she asked around to see if this was something the industry might need, she received a resounding “yes.”

The timing was felicitous, as the amount of wealth being transferred in the US, driven by demographics and tax breaks, is the largest in history. The scale of the change means wealth management companies are grappling to reach out to the next generation and break a long-established pattern of losing these clients, as this has become a business-critical issue.

On the reporting side, various estimates suggest some 85 per cent of ultra-wealthy families are still using Excel, says Jones, who believes this figure also ties in with WealthTouch’s experiences in the field. Meanwhile, clients are demanding more accuracy and transparency from their reporting since the financial crisis, according to industry professionals.

### The earlier the better

According to Butte, you have to build a relationship with younger family members before the next generation reaches 30 to solidify that connection.

The conversation about money between parents and their children just “isn’t happening” and is still taboo, says Butte. Parents need help educating their children on their finances, and if advisors can help, it’s one way they might be able to build wider relationships with their client-families.

Some of the issues faced by the young and wealthy are also counter-intuitive issues, says Norman Jones, chief executive of WealthTouch. Jones is an entrepreneur but he also grew up in a wealthy family and was confronted with understanding his family finances when he faced adulthood. He says that children of successful families often suffer a lack of self esteem, and fear that whatever success they create will be attributed to their family connections or money.

### Innovation and development

Wealth managers need the right tools to reach out to young people and engage them on issues like financial planning, understanding their portfolios, and philanthropy, but “the large financial institutions have been very distracted over the past four-to-five years,” says Butte. “They haven’t been investing in new things.”

Jones agrees, and sees this as a big opportunity for providers such as WealthTouch, who have been investing in product development to reach the next gen, to step in and fill this gap.

The new reporting service aims to take traditional content, aimed at older audiences with more financial management experience, and make this engaging using images, videos, and language young people can relate to, say TILE and WealthTouch. As an example, rather than asking “why are commodities volatile,” the service aimed at a younger audience would ask, “why is popcorn less expensive?”

Another point to consider is the delivery format, and how you present information to clients. “The younger generations are on their iPhones,” says Butte, adding that it’s the “40-somethings who are on their iPads at the moment.” This quick fact demonstrates that assumptions – such as that the younger generations are the first to adopt new technologies – aren’t necessarily true.

Butte and Jones emphasize that this isn’t a disruptive business model; it doesn’t seek to replace financial advisors’ roles. “We believe in advisors. Our goal isn’t to see advisors dis-intermediated. We want to empower advisors” to engage with young clients, says Butte.

*17 November 2011 - This article is reproduced with the permission of Clearview Financial Media Ltd, publishers of FamilyWealthReport. [www.familywealthreport.com](http://www.familywealthreport.com)*