



## **Transforming the death business**

Woody Allen is quoted as once saying “I am not afraid of death, I just don’t want to be around when it happens”. I would argue completely the opposite - the Financial Adviser should be available at this time and should make sure that they are there to support the family.

Handling the affairs of someone who has died (often simply called Probate) may appear to be a mystery to many and something that has always been the preserve of the closed world of the traditional law firm. This is actually an opportunity to gain new clients, to keep assets under management *and* to generate additional income.

In order to appreciate the opportunity, it is necessary to understand the market. In law firms, Probate was traditionally consigned to a back room and there was little investment spent in IT and resources. Meanwhile, business development for the most part was directed at other more attractive law sectors, despite the fact that probate and trust work were considered to be one of the most profitable areas of law. To compound the situation, lack of investment contributed to build a reputation amongst clients in this sector that they were paying too much for a poor and slow service

Now the Legal market is changing dramatically, and the Legal Services Act will bring new entrants, innovative processes, specialist structures and a strong customer focus to the market. The credit crunch has also had a dramatic effect so that Probate surprisingly will no longer be considered the “ugly duckling” in any law firm.

In the current economic climate, legal practices are contracting, especially where they are reliant on property transactions. The financial state of high street practitioners has,

to say the least, become precarious. But as everyone now realises, matters of life and death are generally recession-proof and the probate practitioner like the white swan is now the rising star in any firm.

So, what actually is probate? In simple terms this is the process of collecting and valuing the assets of a deceased's estate; if there is a will, applying for the grant of probate; preparing the Inheritance Tax Returns and income tax forms; paying any tax and any other creditors and then distributing the assets according to the will. If there is no will, there are complications but the process is essentially the same.

Sometimes Probate may not be required, especially when the first partner of a married couple or registered civil partner dies. Remember that the looming potential liability of paying for long-term care costs has increased the number of more complex estates as Financial Advisers have been able to assist couples in planning to reduce this cost. In nearly all of these cases probate will be required.

Traditionally, the family turn to the banks or to a solicitor. However, new entrants into the market offer an attractive alternative bringing innovative ideas, modern processes and no baggage. These businesses are set up to be specialist with one core product, allowing systems and controls to be built and creating efficiencies and accountability. More importantly they can deliver a service in alternative structures to say a bank or firm of solicitors, allowing them to operate in a true multi-disciplinary environment, offering legal accounting and tax professionals under one roof.

At Kings Court the lawyers, tax specialists and accountants all sit within feet of the Case Managers who are the constant point of contact for the client throughout the process. The fact that the fee structure is not based on hourly rates but is agreed in advance creates a much healthier relationship between the case handler and the client who knows that there is no ticking meter. The client is also reassured to know that all interests are aligned and that the sooner the job is completed, the sooner everyone will get paid.

These new structures also offer something very different to the traditional practitioners – they recognise the importance of the financial intermediary to provide

information and assistance to the estate, support to the family and, at the appropriate time, financial advice when assets move from one generation to the next. Subject to data protection issues, the intermediary becomes part of the solution, rather than simply an interested observer.

This means that for every client that dies, there is the potential to gain several new ones – the beneficiaries. You might have been the adviser to mum and dad but how often do you have the children as clients?

**Why work with a probate partner?**

- Retain assets under management
- Inherit the next generation of clients
- Earn commission for probate work
- Provide a wider service to clients
- Access specialist estate planning advice

Every client bank will reduce over time and the older your client bank is, the quicker this will happen. At a time where the acquisition cost of new clients continues to rise “inheriting the next generation of clients” is an increasingly attractive option.

As you are already familiar with your client’s assets, you are best placed to advise the beneficiaries and to therefore retain those assets under your management. What was the correct portfolio mix and risk profile for the parents might well be totally different for your new clients. For many beneficiaries, inheriting wealth from parents can be life-changing. Should they keep their mortgage? Are they utilising ISA allowances?

In addition to this, you can earn an average of £500 commission for each successful introduction. Not bad for a move that will help grow your client base!

So how do you choose the right probate partner? Of course, you want your clients to be looked after in the same way that you would. So, find a company that has the same culture of client care and professionalism that you apply in your business.

Probate requires legal, tax and accounting expertise, so any organisation you work with should include professionally-qualified lawyers, accountants and tax experts to ensure the best advice is always on hand. The multi disciplinary approach means that all the work is done under one roof and that cases are not delayed

Any business relationship with a probate specialist should be two-way. Make sure you choose a collaborative company, interested in your business and helping you to grow

it. Crucially, they should also provide training and advice on estate administration and estate planning.

It is important that you are happy with the service that will be provided to your clients. Choose a provider that will work for a fixed all-inclusive fee so that you and your client know what to expect from the outset.

In order to support your clients with Probate you need to ensure you have positioned yourself as one of the initial people to be notified about a death. Writing the will is an obvious start and for clients who already have a will you can utilise a range of marketing material that highlights the role of an Executor and your Probate Services.

As an example, include an Executor card detailing the role of the Executor with every life policy you provide. Possibly the next time anyone will look inside the document is at the time of claim! The inclusion of a free probate helpline or storage facility as an additional service offering to your clients can give added value to fee based IFAs. With income under pressure and with limited investment product options, Probate is the ideal way for an adviser to protect and grow their business.

William Feeny, Director, Kings Court Trust Corporation

*William Feeny is a Chartered Accountant with thirty years' financial experience, both in the UK and overseas. Prior to establishing Kings Court Trust Corporation he was Senior Vice President of a major international corporation based in South East Asia. For the last eight years, William has been a Director of Kings Court Trust Corporation plc, a market leader in the supply of Probate and Estate Administration services to Intermediaries and Financial Advisers.*

**Article featured in Funeral Service Times.**

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#### **How to choose a probate partner**

- Find a specialist company
- Do they share your customer culture?
- Give your clients certainty with a fixed fee
- Make sure that you can be involved in the client meetings
- Does your partner have modern IT systems including Online case tracking?
- Fee sharing and Commission arrangements