

Building Bridges - Newsletter

Cross Selling Tips from the Cross Selling Experts

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Life Events – A Concept or an Action Item?



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The Concept

Most agents and advisors are taught from the earliest days of their career that for most people it's not so much a matter of "if" they'll buy life insurance and annuities, but "when." As with any other major purchase they have to be in the right frame of mind to perceive that something is missing in their life—a gap that disturbs them to the point that they are motivated to take action. Because our products are future oriented, i.e. designed to solve a problem in the future rather than in the present like most purchases, it often takes an unusual event to shake up the client's thinking and to help them realize their own vulnerabilities.

That's exactly what life events are all about. Bring to mind, if you can, the unsettled feeling you experienced when you first learned of the unexpected death of a friend, or how vulnerable you felt when a new baby was born to you and your spouse and you realized, perhaps for the first time, that you are financially responsible for this child's welfare for decades into the future. Life events include major purchases that force one to think of the long-term, such as buying a new home, contemplating college funding for children, and the age-triggered realization that the years are slipping by towards retirement with inadequate savings. In today's uncertain world employment concerns or changing jobs certainly increases an individual's financial anxiety. Even something as simple as a birthday can temporarily raise awareness of one's mortality.

It's at moments like these that a client is most open to a discussion about long-term solutions to long-term problems. We call them life events and their relevance to the client's state-of-mind is so obvious that it almost goes without saying. Unfortunately, for many agents and advisors, it never goes beyond that—a great concept that may occasionally coincide with a contact with a client. Unfortunately, it's often all left to chance.

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Taking Action

Think how much more effective you could be in your personal practice if you had a systematic way to capture these life events for all the clients in your book of business so that you can systematically follow-up with clients as they occur. This is not a cynical exercise designed to contact people when they're most likely to give you a commission, but rather a well-motivated reason to contact a client when they are feeling vulnerable to life's uncertainties, and therefore most open to having a discussion about their future. Of course the discussion has to be opened tastefully, but if handled well it can lead to a great client interview.

In the old days all of this had to be captured on paper and filed in a manual tickler system so that prompts would come up as you rotated through the annual calendar. Today you can more easily store information in a client relationship system (CRM). Unfortunately, this still involves a lot of hands-on data entry and periodic reviews to keep the data fresh and meaningful. The best systems now do much of the work for you, with automatic prompts that are created by an expert system that matches what is known about a client with industry norms for people in a similar situation. Consider a few examples.

- If your client recently changed jobs you may have an opportunity to rollover their previous employers 401K to an IRA. Depending on the circumstances of the job change they may also need to adjust or supplement insurance.
- If your client recently had a new child they should revisit their insurance needs. Perhaps converting term insurance to permanent would be wise, or increasing the amount of their term insurance policy or getting a new 20-25 year level term. Your client might also consider a 529 college savings plan.
- Retirement - Depending on age and assets at retirement your client may be in need of a number of services, including moving a portion of their 401k to either a deferred variable Annuity or an immediate fixed or variable annuity. They might also consider purchasing long term care insurance, and reviewing estate planning for tax and inheritance purposes.

Some other items that could prompt a need along with a little motivation to act would be marriage, military deployment, a death in the family, receipt of an inheritance,

disability, and the list goes on and on. Not all products suite all clients appropriately in each situation. However, by reviewing your client's current assets, liabilities, existing products and demographics at the time the life event occurs these automated systems can easily help you identify what might be the best products to approach your client about. More importantly a good system gives you an easy way to capture and monitor life changes and remind you when it's time to act.

Summary

Whether you engage an automated tool or simply do some fancy paper tracking, don't let life events go un-noticed. The point is that by collecting some very basic data and using some informed analysis you can open up your book of business to reveal all sorts of potential sales ideas at exactly the time when the client is likely to open and interested. Not only is it good for your business, it's good for your clients. The better you know them, the better you can serve them.