



# A LOOK INSIDE THE ESTATE PLANNING INDUSTRY

## Key Findings from THE 6TH ANNUAL INDUSTRY TRENDS SURVEY

### HIGHLIGHTS

**\$5.12 Mil. Gift Tax Exemption Drew Few Takers**  
Page 1

**Impact of Real Estate Values**  
Page 2

**Taxes Expected to Increase**  
Page 3

**Practice Profile of Survey Respondents**  
Page 3

**Client Demographics and Net Worth**  
Page 4

**What Motivates Clients to Plan?**  
Page 4

**Business Growth**  
Page 5

**Preferred Methods for Continuing Education**  
Page 7

**Industry Publications Most Often Read by Respondents**  
Pages 7

**Technology Platforms and Software Application Usage**  
Pages 8

### METHODOLOGY

Margin of error is +/-3.0% at the 95% confidence level.

Investigation conducted exclusively for WealthCounsel and *Trusts & Estates* and Registered REP. Data was collected between Sept. 5 and Oct. 19, 2012.

In addition to publication in the January 2013 issue of *Trusts & Estates*, the survey's complete findings are available for download at [www.wealthcounsel.com](http://www.wealthcounsel.com).

Results from the 6th Annual Industry Trends Survey drew nearly 1,500 respondents comprised primarily of practicing attorneys (61%) and financial planners (27%). Remaining respondents included bank trust officers, CPAs, and insurance professionals.

### Few Takers for the \$5.12 Million Gift Tax Exemption

*Many clients closed the door on the so-called "window of opportunity."*

As of October 19, 2012 when the survey closed, only 26 percent of respondents reported that clients took advantage of the \$5.12 million gift tax exemption. Most clients who opted for this planning strategy had a net worth of \$10 million or more.

Reasons cited by the 74 percent who reported that clients did not opt for the exemption included clients' concerns about giving assets away and later needing them; clients' uncertainty surrounding the elections; clients with insufficient net worth to make it relevant; and concerns that passing such wealth to heirs could be harmful for them.

### Most Respondents Advised Clients to Plan for Reasons Other than Estate Tax Avoidance

Considering the uncertainty that existed in the fall of 2012 when this survey was conducted, most respondents (53%) reported that they were advising clients to engage in proactive planning for reasons other than estate tax avoidance. Twenty-nine percent advised clients to plan for the likely return of the \$1 million tax exemption, and 11 percent advised clients to wait until 2013.

Many respondents advised clients to build flexibility into their plans to prepare for the possible return of the \$1 million exemption.

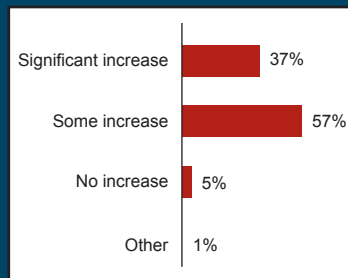
### 84% Believe Small Business Expansion Key to Recovery

Most respondents agreed that economic recovery is contingent upon business expansion and entrepreneurship. One respondent noted in the open comments section, "When you have an economy that is 70 percent or more driven by consumer consumption, the real question is how you get those consumers to begin consuming again so that businesses have the opportunity to expand to meet the consumer demand."

### 94% Say Demand for Business Planning Services Will Increase

With the majority of American businesses owned by baby boomers who are at or near retirement age, many experts predict the demand will increase for business exit and succession planning. Most respondents agreed. Thirty-seven percent indicated the demand will increase "significantly." (Figure 1).

**Figure 1:**  
To what extent do you believe the demand for business planning and related services will increase?



Results based on 1,468 respondents, unless otherwise noted.

## Many Businesses Postponed Major Corporate Decisions

Half of respondents indicate that clients postponed major corporate decisions over the past year. (Figure 2). Some advisors noted that while certain business owners adapted and did well, others were not as fortunate. The uncertainty over the cost of health insurance kept some businesses from hiring new employees, while others increased the use of temporary employees. However, some respondents pointed out that certain parts of the country are experiencing booms where businesses are enjoying record profits.

## The Impact of Real Estate Values on Clients Eased Slightly in 2012

Nearly one in three respondents in 2012 indicate their clients have not been adversely impacted, compared to one in four in the 2011 study. (Figure 3). Many clients have held off liquidating their homes, while others say it has held up trust administrations, causing them to drag on for years. In the open comments section, one advisor noted that many couples cannot sell or refinance their homes which is delaying their ability to get a divorce. Still others believe that declining real estate values can be a benefit to people who value land for reasons other than for liquidity. A substantial number of respondents noted that they have seen agriculture land values increase dramatically. And some have seen a huge increase in gifts of real estate for philanthropy and succession planning.

## Most Respondents Witnessed an Uptick in Real Estate Values in 2012

The majority (56%) of respondents indicate the real estate market in their respective regions experienced at least a modest recovery over the past year. (Figure 4). Thirty-four percent indicated that the real estate market had stayed the same, while 9 percent indicated the market in their area had declined over the past year. Some respondents noted that housing prices are still down because of the volume of foreclosed houses on the market, with some areas having experienced sales activity at prices at least 20 to 30 percent below 2008 sale prices.

Figure 2:

How has the slow pace of economic recovery impacted your business-owner clients?



Figure 3:

How has the general decline in real estate values impacted your clients?

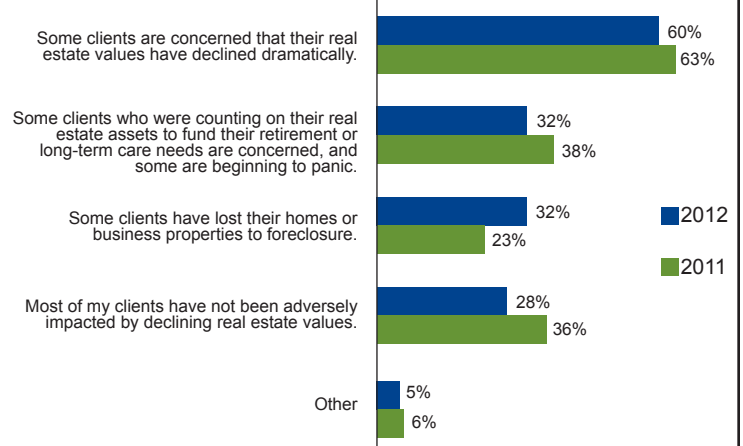
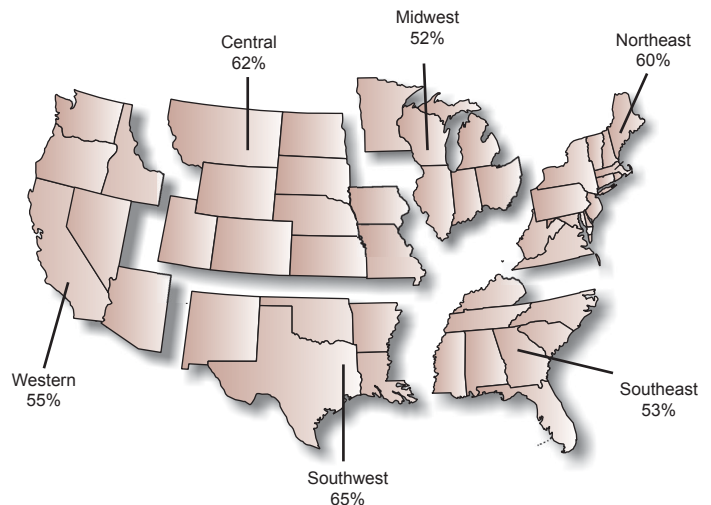


Figure 4:

The chart below illustrates the extent to which respondents noted either a modest or robust recovery in their real estate market.

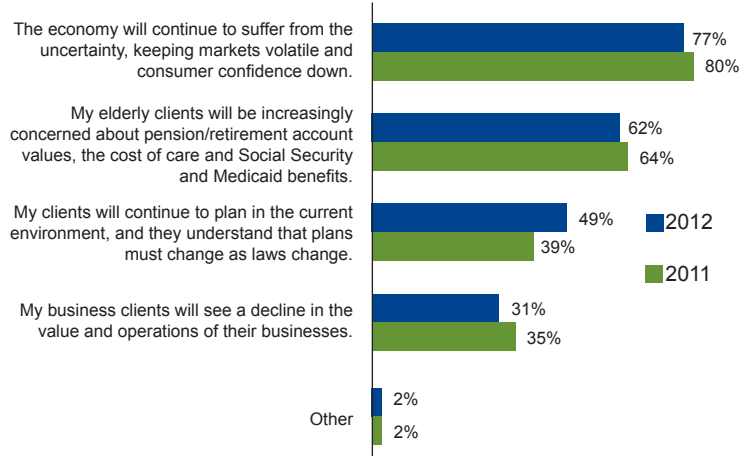


## 97% Expect Taxes to Increase Due to the Budget Deficit

It came as no surprise that 97 percent of respondents expect taxes to increase, up from 91 percent in 2011. Furthermore, little change occurred in their thinking as it relates to Congress's inability to pass long-term solutions for major tax and budget issues. As noted in Figure 5, estate planning professionals expect the economy to continue to suffer from the lack of long-term solutions to tax and budget issues. Nearly two-thirds expect elderly clients to be increasingly concerned about their benefits.

**Figure 5:**

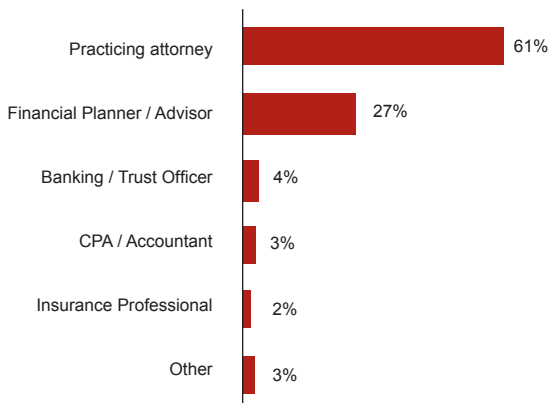
What impact do you believe Congress's inability to pass long-term solutions for major tax and budget issues will have on your clients?



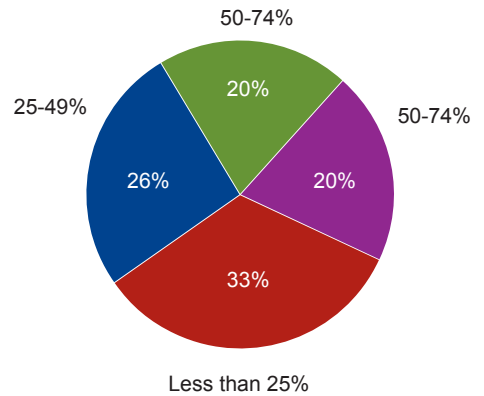
**Figure 6:**

Respondents were primarily practicing attorneys and financial planners. An average of 44% of respondents' business revenue is generated from estate planning services

Please choose your professional status.

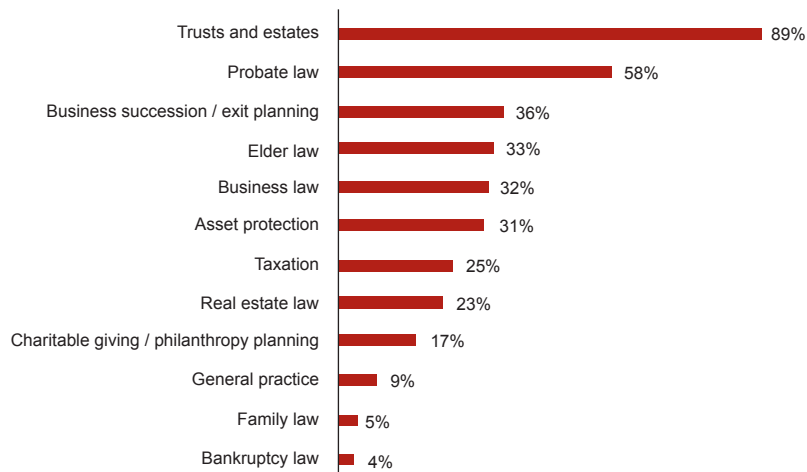


Approximately what percentage of your business revenue is generated from services relating to estate planning for clients?



**Figure 7:**

Attorney respondents were likely to focus on trusts and estates and probate law. Business succession planning is among the top three practice areas.



Base: 898 attorney respondents.

## Fifty-Percent of Estate Planning Clients are 50 to 69 Years of Age

Respondents' clients are likely married (Figure 8) and between the ages of 50 and 69 (Figure 9). This data remains essentially unchanged from the 2011 survey.

The majority of the respondents' married clients would likely be considered middle to upper middle class with 85 percent having an average net worth of \$5 million or less.

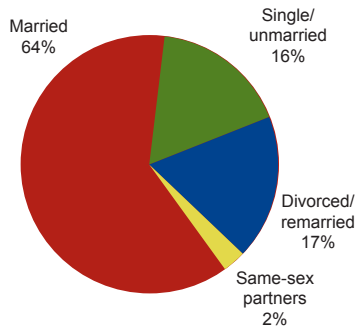
Twenty percent of married clients had an average net worth of less than \$500,000, while only 15 percent had an average net worth of \$5 million or more. The net worth of single clients was lower on average than that of married clients. (Figure 10).

## What Motivates Clients to Plan?

Avoiding chaos and discord among family members and beneficiaries was the top motivating factor for clients in 2012, followed by minimizing estate taxes and avoiding probate. (Figure 11). Protecting children from mismanaging their inheritance also continues to be a high priority for clients seeking estate planning services.

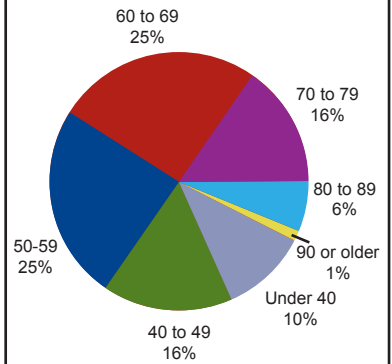
**Figure 8:**

Marital status of clients



**Figure 9:**

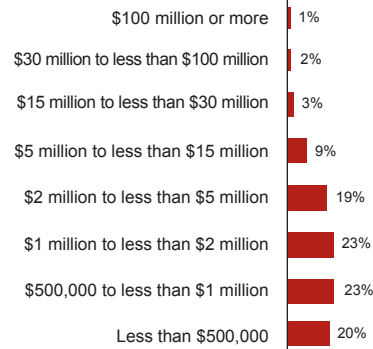
Age of clients



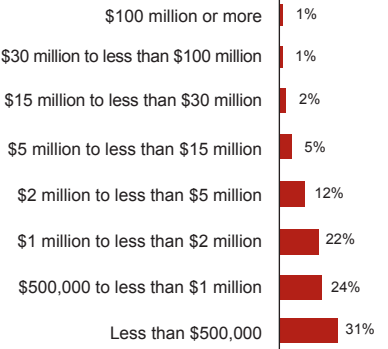
**Figure 10:**

Net worth of married clients versus single clients.

Approximately what percentage of your **married** clients have a net worth that falls into each of the following categories?

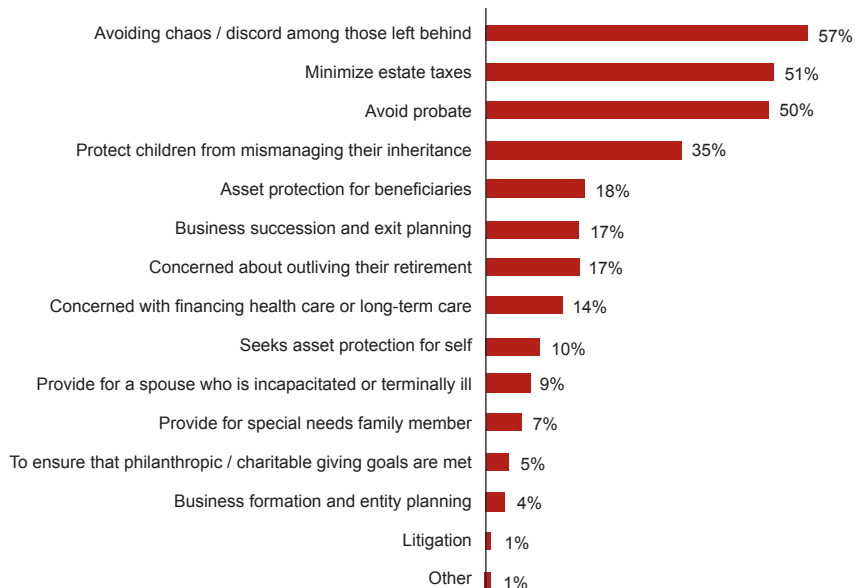


Approximately what percentage of your **single** clients have a net worth that falls into each of the following categories?



**Figure 11:**

What would you consider to be the top three pressing concerns or reasons that clients seek estate planning?





## Most Agree that a Knowledgeable Client is an Engaged Client

Most respondents agree that providing clients with information and educational resources is key to developing a trusting relationship with them. When clients have a solid understanding of the rationale behind the advisor's recommendations, the chances for maintaining a lasting client relationship are enhanced. When asked to what extent they refer clients to consumer information websites such as EstatePlanning.com (launched in April 2012 by WealthCounsel), most indicated they were not familiar with the site but planned to visit it soon. (Figure 12).

## Business Growth for Respondents Improved in 2012

Business growth continues to improve, with 71 percent of respondents experiencing growth in 2012, compared to 59 percent in the 2011 study. Only 12 percent saw a decline in business during 2012, compared to 20 percent in 2011.

## Most Expect Business to Grow 20% or More in Next Five Years

Ninety-four percent of the 2012 respondents expect business to grow in the next five years, compared to 89 percent in the 2011 study. In Figure 13, 55 percent of respondents from the northeast expect business to grow by at least 20 percent, compared to 43 percent of respondents from the Midwest.

## Building Referral Relationships a Priority for Most Respondents

Most respondents (66%) plan to add new tools to help build their referral network (Figure 14). A majority planned to enhance their websites.

Other tactics cited include firm mergers/acquisitions, becoming more efficient and hiring more staff. Some planned to increase the number of seminars, speaking engagements and webinars. One financial professional noted in the written comments section that he/she planned to increase referral marketing efforts because of FINRA and compliance issues that limit the use of social networking sites such as LinkedIn and Facebook.

Figure 12:

Respondents were asked to indicate the extent to which they encourage clients to visit consumer information websites such as EstatePlanning.com.

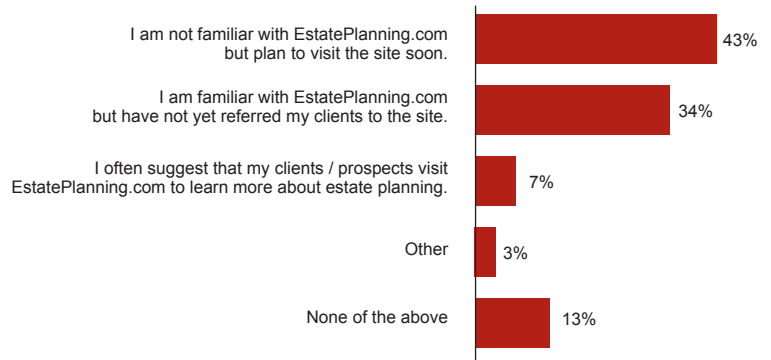


Figure 13:

The chart below illustrates the percent of respondents from the following regions of the country who expect business to grow by 20% or more in the next five years.

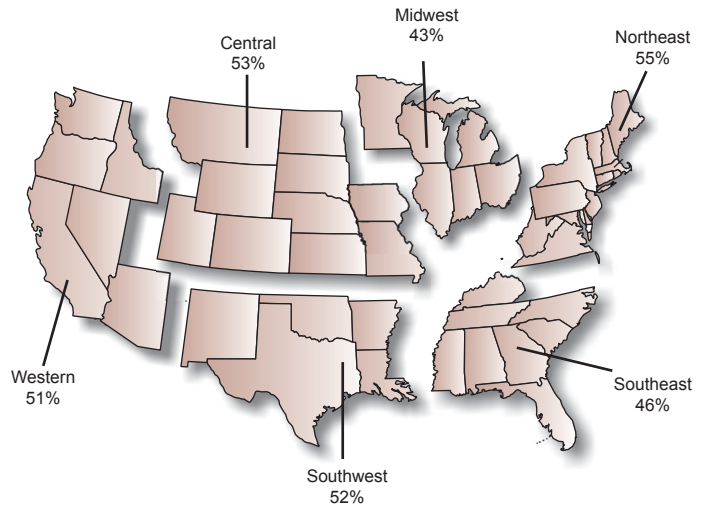


Figure 14:

In order to achieve the growth goals described in Figure 13 above, respondents cited a combination of marketing tactics they planned to use.



## Finding the Time to Network Remains a Challenge for Most

Estate planning professionals continue to struggle to find time to nurture professional relationships. (Figure 15). The majority indicate they spend a minimal amount of time (one to two hours) each week doing so. Only 12 percent indicated that networking is a strategic focus involving four or more hours a week.

## Referrals and Networking Are Key Business Generators for Most

Most estate planning professionals generate client business from referrals and networking. (Figure 16).

The number of respondents participating in social media declined from 20 percent in 2011 to 10 percent in 2012. This is, in part, attributed to the increased number of financial professionals taking the 2012 who cite compliance issues. Tactics cited for generating client business in “Other” range from internal referrals from other branch offices to radio and Yellow Page ads, to participating in community, charitable and civic events.

## Use of Personal Mailings to “Stay in Touch” Increased in 2012

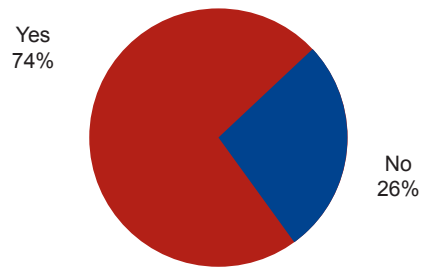
Sending handwritten notes, birthday cards, and holiday greetings remains the most popular method to stay in touch with clients and referral sources. (Figure 17). As compared to the 2011 survey, this figure increased by nearly 10 percent.

For the 20 percent who chose “Other,” examples of tactics to stay in touch include:

- Telephone calls
- Periodic reviews
- Quarterly client meetings
- Personal emails
- Sending “goodie” baskets
- Podcasts
- Playing golf

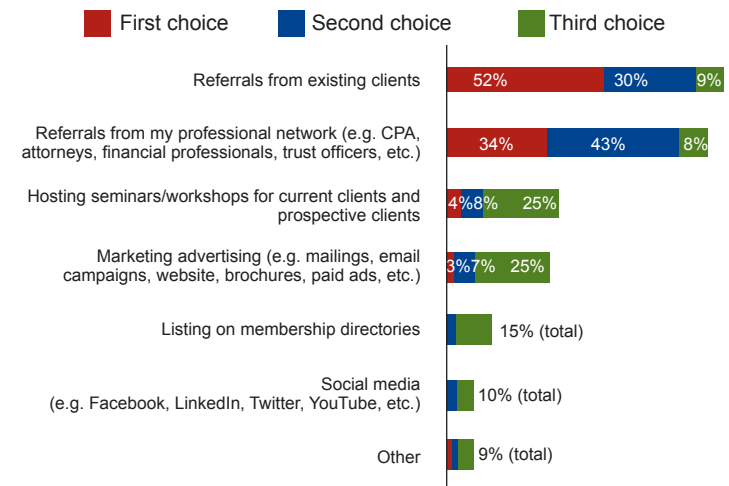
**Figure 15:**

Do you struggle to find the time to proactively nurture relationships in your network of professional referral sources?



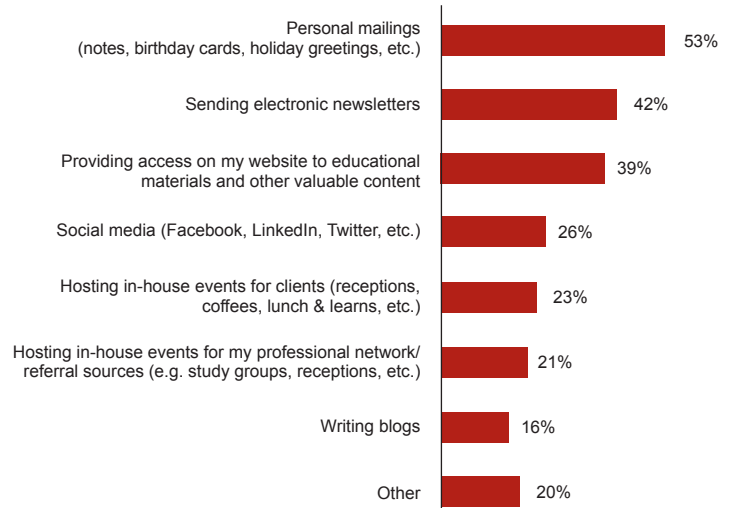
**Figure 16:**

What are your primary methods for generating client business?



**Figure 17:**

Which tools do you use on a consistent basis to stay “top of mind” with current clients and referral sources?



## Live, On-Site Instruction Remains Preferred Choice for Earning CE

While live, on-site instruction remained the preferred method for continuing education, the 2012 survey revealed a shift toward recorded online courses as compared to the 2011 survey. (Figure 18). Some professionals noted they prefer to listen to CDs or other recorded courses while driving. Others mentioned self-study and teaching as preferred methods to earn CE credits.

## CE Quizzes Get Mixed Reviews

While 22 percent of respondents said online CE quizzes offered by professional publications is a convenient way to earn credits, others had mixed reactions. (Figure 19). Some respondents noted that state bars or regulatory/licensing bodies do not permit this form of CE credit.

## Business Planning Among the Top Three Choices for 2013 Courses

Respondents indicated their top three choices for education courses in 2013 were estate tax planning, asset protection planning and business planning. As noted in Figure 1, 94 percent of respondents expect the demand for business planning services to increase, so the need for education to support that trend is obvious.

Figure 18:

Which methods of delivery do you most prefer for continuing education credits?

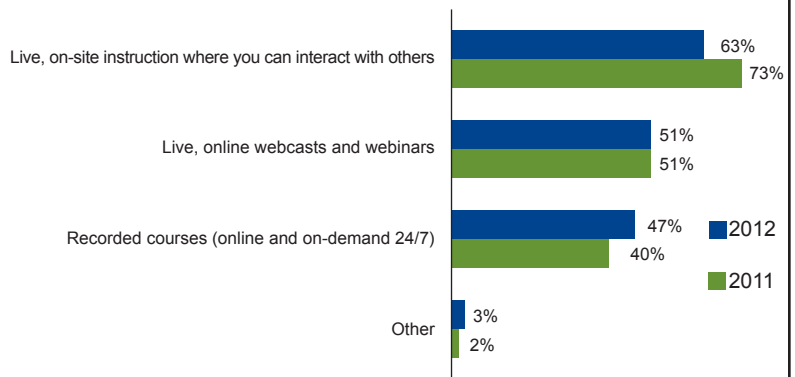


Figure 19:

Certain industry news publications and professional trade journals enable readers to earn CE credits by taking a short online quiz. Select the option that describes your experience.

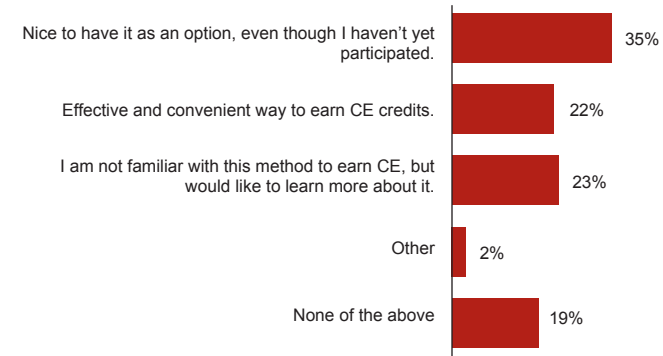


Figure 20:

Estate planning professionals are likely to use state and national bar publications, the *Wall Street Journal*, *Trusts & Estates* magazine, and the *WealthCounsel Quarterly* to stay abreast of estate planning issues.

Bar (State bar publications, materials, magazines, journals, etc.)	47%	Estate Planning Magazine (RIA Group - Warren Gorham Lamont)	13%
Wall Street Journal	44%	REP. (formerly Registered Rep.) (Penton Media)	12%
Trusts & Estates Magazine (Penton Media)	35%	Financial-Planning.com (Source Media)	12%
American Bar Association (including Probate & Property Magazine)	30%	CCH	11%
The WealthCounsel Quarterly (The WealthCounsel Companies)	24%	Private Wealth Magazine (Charter Financial)	11%
Bloomberg	23%	NAELA materials/journal	10%
Forbes.com	20%	WealthManagement.com (Penton Media)	10%
Financial Advisor Magazine (Charter Financial)	20%	BNA	9%
EstatePlanning.com (The WealthCounsel Companies)	19%	Investors Business Daily	8%
Leimberg Information Services	18%	ACTEC materials/journals	7%
Journal of Financial Planning (Financial Planning Association)	17%	Journal of Financial Service Professionals (Society of Financial Service Professionals)	6%
Kiplinger	17%	Worth Magazine (Sandow Media)	5%
New York Times	17%	NAEPC materials/journal	3%
Investments (Crain Communications, Inc.)	15%	LifeHealthPro.com (Summit Business Media)	2%
Barons	14%	Other	6%
ALI-ABA materials/journals	14%		

## Print vs. Online: Preferred Methods for Reading Industry Publications

Estate planning professionals are likely to prefer print publications or the convenience of having both. (Figure 21).

## Preferred Methods for Receiving Professional Communications

Respondents prefer to receive professional communications and notices via email. Approximately one in four prefer to receive a combination of both email and direct mail. Social media is less-preferred, with only one percent preferring this method.

## Most Do Not Participate in Online Professional Forum Discussions

Less than one in four professionals participate in professional forum discussions. (Figure 22). The most common reasons cited by the 77 percent who do not participate were compliance/regulatory issues, prohibition by SEC/FINRA, insufficient time and questionable informational value. One respondent noted the concern that there is no way to evaluate the trustworthiness and knowledge of the people on the forums.

Figure 21:

Do you prefer to read industry publications online, or do you prefer to receive and read them in print?

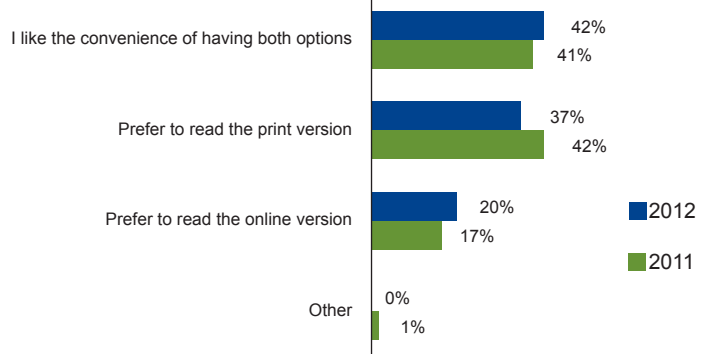
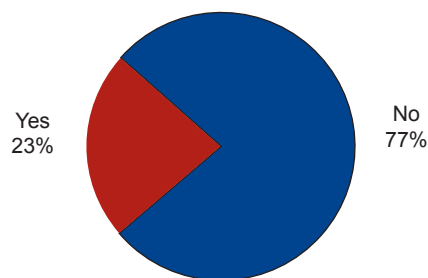


Figure 22:

Do you regularly engage in online professional forum discussions?



## Technology Platforms, Software Application Usage, and Cloud Computing — Most are PC-Based

Ninety-three percent of respondents are primarily PC users versus Apple/Mac users. About four in ten use smartphone apps, tablet devices and/or automated legal document drafting software. (Figure 23). When asked about their experience using cloud-based (e.g. software-as-a-service/SAAS) applications, 53 percent indicated they are not using any cloud-based applications, as all business software applications reside on their desktop/laptop. Reasons cited for those not using cloud applications include security concerns and not having complete control over their records and data. Thirty-eight percent indicated they use a combination of desktop applications along with certain cloud-based applications. Thirteen percent indicated they would like to move their desktop/laptop applications to the cloud.

Figure 23:

Which of the following do you use on a regular basis for business purposes?

