
Understanding The New Family Dynamic

by [Steve Brown](#)

For the past several years, the award-winning TV sitcom Modern Family has delighted viewers with the adventures of three very different, but closely inter-connected families. The mockumentary-style show follows the antics of the family patriarch, his second wife, his stepson and their new baby, as well as his two adult children and their respective families in suburban Los Angeles--all the while exploring issues faced by today's modern family, including multi-cultural relationships, adoption and same-sex marriage.

While we're not big TV watchers, we recently had occasion to see the show and it got us ruminating about the banking needs of families today. Our interest in the subject was further piqued by the findings of a recent U.S. Trust survey on wealth management and the modern family.

It shouldn't surprise anyone that in modern families, women play an active role in wealth planning and decision-making. More than 50% of women came into their marriage or relationship with financial assets equal to or greater than their spouse or partner, the U.S. Trust survey found. What's more, 33% of women are now the primary income earner or contribute equally to household wealth.

The question banks need to ask themselves is whether they're actively marketing to these women, or are they still focused on the old school of thought which targets the male head of household. If the answer is the latter, then bankers still have work to do if they want to remain relevant for today's modern family.

In yet another interesting snippet from the survey, only 38% of wealthy parents with adult children over age 25 have fully disclosed their financial status to their children. We wonder why this is the case, as strong financial discussions are important. Further, if parents aren't sharing such information with their children we would expect they also are not sharing who their primary community banker is and how to get in touch with them in a financial situation. Perhaps it is time to remind small business owners of the importance of a succession plan that begins with just giving family members bank contact information.

Also of interest from the survey, only 38% of wealthy parents strongly agree their children will be well-prepared to handle their inheritance. Yet parents of children of all ages are open to starting a dialogue, with 92% saying their children would benefit from a discussion with a financial professional. Here again, community bankers can play a critical role and keep customers well into the future with a well thought out plan.

To begin, consider starting with small business owners and invite them to bring their children into the conversation. An enormous amount of wealth will change hands in the coming years, so banks that ingratiate themselves now with clients and their children have a better chance of continuing to manage that wealth in the years ahead.

Another area where community banks can provide value is by helping clients develop their financial plan. It sounds basic, but in reality, far too few customers actually have plans in place. Consider the same survey above found that while 59% of wealthy people say they have provided substantial

financial support to adult members of immediate and/or extended family, only 3% have a financial plan that accounts for this.

Modern families are a far cry from the Cleavers, so bankers need to adopt new approaches to identify and capture the next generation of customer. Begin with a consultative approach, leveraging the individuals you already have captured as great customers.

BANK NEWS

M&A

Century Bank (\$585mm, NM) will acquire most of the assets and all of the liabilities of Valley National Bank (\$202mm, NM) for an undisclosed sum.

Economic Projections

The latest Fed survey of 43 major economists finds a projection of a 3.0% annual GDP rate in 3Q, 3.1% for 4Q and 3.1% for 1Q 2015. For 2014, the economy is expected to grow at a rate of 2.1% and 2015 at 3.1%.

No Mobile

An interesting survey by security firm Intercede finds 48% of consumers say they would never use bill payment apps and 44% say they would never use mobile banking services due to security concerns. Meanwhile, a whopping 63% said they worry about the security on their mobile device.

No Rest

A survey by Glassdoor finds only 25% of Americans use all of their vacation days in a given year.

Lending

The Fed reports people borrowed money to buy new automobiles at the fastest pace in 8Ys in Q2. Auto lenders made \$101B in new loans during the quarter, the highest since Q3 of 2006.

Less Ownership

The Treasury said it will sell stock it owns in Ally Financial, as it moves to reduce its 16% ownership level in coming months.

Farmland

The Fed reported the average price of farmland in its St. Louis district declined 0.4% in Q2 vs. Q1, as declining crop prices reduced the demand for land. Meanwhile, prices rose about 1% in the Kansas City district and 2% in the Chicago district over the same period.

Crackdown

Reuters reports regulators have ramped up pressure on banks to crack down on casino customers to tighten up on potential money laundering. Regulators reportedly want banks to review AML programs for these customers, ensure they do not accept certain wire transfers, and ramp up risk management around transactions.

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