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Why Most Advisors Lose 80% of Assets When a Client Dies — And How Trust Planning Prevents It

When a long-standing client passes away, many financial advisors brace themselves for what happens next. In far too many cases, the advisor loses the bulk of the relationship almost immediately. Antony Joffe, Chairman of Sterling Trustees LLC, has spoken extensively about this pattern throughout his podcast appearances. His observation is clear and significant: If a client's assets are not held in trust, advisors retain only about 20 percent of those assets after death. When assets are held in a trust, retention can reach 80 percent or higher.

This dramatic gap represents one of the most important and underestimated business risks facing investment advisors today. Wealth transfer is accelerating, and firms that do not prepare stand to lose relationships, assets, and long-term revenue. This article explains why post-death attrition occurs, how trust structures prevent it, and how advisors can use trust planning to protect their business and strengthen generational continuity.

Why Advisors Lose Assets After a Client Dies

Beneficiaries are not the advisor's clients. When wealth transfers through probate or outright inheritance, the advisor must suddenly build a relationship with children or relatives who never worked with them before. These heirs may have their own advisors, prefer a different investment style, or simply want a clean break.

Probate also invites outside influence. Attorneys, accountants, and extended family often add opinions, while large financial institutions attempt to win the assets. Without a trust in place, the advisor is only one voice among many.

Emotional decision making plays a major role. After a death, even families with financial sophistication often make sudden changes. Heirs may feel pressure to assert control, follow a spouse's guidance, or distance themselves from prior arrangements.

Finally, most advisors lack a structural or legal role once a client dies. Without a trust, the advisory relationship has no built-in continuity. This changes completely when assets are held in a properly designed trust, especially a directed trust.

How Trust Structures Solve This Problem

Trusts create a legally durable relationship. When assets are placed in trust, the advisor's role can be documented so they continue managing investments, providing insights, and supporting beneficiaries after the grantor's death.

Directed trusts protect the advisor's investment role. In a directed trust, the trustee administers the trust while the advisor directs all investment decisions. This structure keeps the advisor in place, reduces the risk of beneficiaries firing their advisor out of emotion or uncertainty, and ensures continuity across generations.

Trusts remove distribution conflicts. Bank trust departments often resist distributions because removing assets reduces their AUM and fee income. Independent trustees such as Sterling Trustees operate on a fixed-fee model, removing this conflict and providing smoother client service.

Trusts prevent premature disclosure to young heirs. In many states, beneficiaries must be notified of the trust at age 18. South Dakota allows grantors to delay disclosure, protecting beneficiaries from entitlement issues and helping families maintain privacy and long-term planning discipline.

Trusts also guard inherited assets against divorce and litigation. South Dakota's laws provide strong protection after assets remain in trust for two years, preserving wealth for beneficiaries and allowing advisors to maintain oversight of assets that might otherwise be lost to legal claims.

Why South Dakota Is the Premier Jurisdiction

Sterling Trustees is headquartered in South Dakota because the state offers leading trust laws. There is no state income or capital gains tax, no rule against perpetuities, and extremely strong privacy and asset protection provisions. Directed trust statutes enable advisors to remain responsible for investment management while the trustee handles administration.

These advantages create long-term stability for families and long-term continuity for advisors.

How Advisors Can Introduce Trust Planning

Many advisors hesitate to discuss trusts, worrying about technical complexity or attorney pushback. However, delaying the discussion puts both the advisor and the client at risk. A simple conversation framework can help:

1. Ask clients about their long-term goals for their wealth and family.
2. Explain the difference between leaving assets outright versus in trust.
3. Introduce the directed trust model as a way to preserve their current advisory relationship.
4. Partner early with an independent trustee firm that works alongside advisors rather than against them.
5. Document continuity in the trust structure so the advisor remains in place for the next generation.

The Business Case for Trust Planning


Trust planning is both estate planning and business planning. It strengthens advisor-client relationships, protects the advisor's book, delivers multigenerational continuity, and ensures clients receive consistent guidance across decades. Antony Joffe notes that the average advisory account lasts about seven years, while the average trust account lasts approximately seventeen. Trusts preserve family wealth and stabilize and strengthen the advisor's business.

Conclusion

The great wealth transfer has begun, and advisors must prepare for the risks and opportunities it brings. Without trust planning, advisory relationships are often lost at death. With a directed trust and an independent trustee partner, advisors can maintain continuity, protect client legacies, and build long-term generational relationships that endure.

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