

**New Thinking:**  
Behavioural science and  
the sandwich generation



Help your sandwich generation clients  
to tackle their challenges head on

*Professor Paul Dolan and Steve Martin*



In partnership with



# Contents

|   |       |
|---|-------|
| Foreword  | 4     |
| About the authors                                       | 5     |
| Helping you earn CPD hours                              | 6     |
| Who are the sandwich generation?                        | 7-10  |
| How can behavioural science help you and your business? | 11-18 |
| Case study 1 – Challenging your clients’ plans          | 19-22 |
| Case study 2 – Unlocking motivations                    | 23-27 |
| Case study 3 – Visualising the future                   | 28-32 |
| Case study 4 – Introducing difficult conversations      | 33-37 |
| Want more New Thinking?                                 | 38    |
| Sources and References                                  | 39-40 |



## Foreword

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### **Andy Beswick** Intermediary Director, Aviva

In 2012, the adviser market faced a significant challenge – understanding how to talk to their clients about the change to a fee-based model. At Aviva, we saw the opportunity to help advisers with this potentially sensitive discussion with some New Thinking.

So we commissioned two of the UK's leading experts in behavioural science – Professor Paul Dolan of the London School of Economics and best-selling business author Steve Martin. They provided innovative, practical support for advisers, including our first New Thinking book on client fees.

The book was so beneficial to advisers that thousands used it. Since then New Thinking has helped advisers improve their digital skills, showing them how to best use tools and technology to help them grow their business and connect with clients. We've also summarised the most effective tips and brilliant business ideas from a range of business books to help you work more effectively – our Adviser Bookshelf.

Now we're turning our attention to another significant issue, which also presents a significant opportunity – the sandwich generation.

The sandwich generation, typically aged between 45 and 60 years old, face a number of issues which cause financial, emotional and time pressures. They are often caring for themselves and the generations above and below them. With 60% of consumers aged 45 to 60 belonging to the sandwich generation, they're a vital audience. However, they're often uncertain about what to do, or even in some cases, what their needs are.

That's why we've commissioned more behavioural science New Thinking, providing you with expert videos, downloads and this helpful book. And we're delighted to be working with Professor Paul Dolan and Steve Martin again, who are supporting advisers to use behavioural science to have more effective conversations with clients, and continue to act in their best interests.

*AM Beswick*

## About the authors

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**Paul Dolan** is a Professor of Behavioural Science in the Department of Social Policy at the London School of Economics

There are two main themes to Professor Dolan's work. The first focuses on developing measures of well-being that can be used in policy, particularly in the valuation of non-market goods, such as clean air and water. The second considers ways in which the lessons from the behavioural sciences can be used to understand and impact individual behaviour. This work is focusing on the important role that situational factors play in influencing our behaviour, as summarised in the 'MINDSPACE' report for the Cabinet Office.

This report provided the intellectual momentum for the Behavioural Insights Team in the Cabinet Office, where Paul was recently seconded at the invitation of the Head of the UK Civil Service (the Cabinet Secretary). Paul's new book 'Happiness By Design' was published in August 2014.

**Steve Martin** is a best-selling author, business columnist and speaker

Together with Dr Robert Cialdini and Dr Noah Goldstein, he co-authored the New York Times, Wall Street Journal and Business Week International bestseller, 'Yes! 50 secrets from the science of persuasion'.

Steve regularly features in both the national and business press, including his monthly 'Persuasion' column in the British Airways in-flight magazine and his column in the Harvard Business Review. Combined, these are read by over 2 million readers each month.

He has also led several adviser workshops for Aviva, applying behavioural science to the needs of individual businesses.

In his 2014 book, **The smallBIG**, Steve and his co-authors present over 50 small changes that can bring about momentous shifts in results. Anyone can significantly increase their ability to influence, not by informing or educating people, but by making small shifts in approach that link to deeply felt human motivations.

## Helping you earn CPD hours

We know how important it is as an adviser to continuously develop your understanding and knowledge. That's why with New Thinking, you can earn hours towards your Continuing Professional Development (CPD).



New Thinking on the sandwich generation is accredited by the Chartered Insurance Institute (CII) and there are various things you can do to develop your understanding of behavioural science and the sandwich generation. These include reading this book and answering questions related to it.

Look out for the CPD questions throughout this book and visit **AvivaSandwichGeneration.co.uk** to answer these evaluation questions. On the website you can also provide your personal reflection in order to gain evidence to earn your CPD hours.

### Learning outcomes

You can earn three CPD hours reading the book to:

- Understand the key characteristics of the sandwich generation and the opportunities they provide
- Explain how behavioural science can help you to have more successful conversations with the sandwich generation
- Understand the behavioural science theories of MINDSPACE and the SMALLBIG, and how these can be practically applied with clients

### Did you know?

Thousands of advisers benefited from our previous New Thinking resources, which used behavioural science techniques to help them discuss fees more effectively with clients.

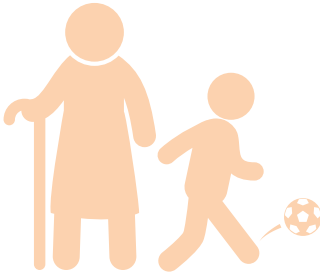
## Who are the sandwich generation?

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You may have heard about the sandwich generation, and it's more than likely that you will have clients in this group already. In fact, this generation could make up as much as two thirds of your client base.

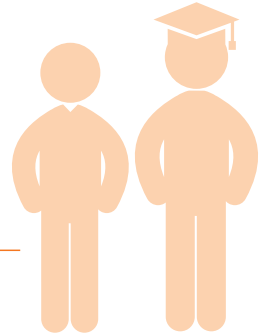
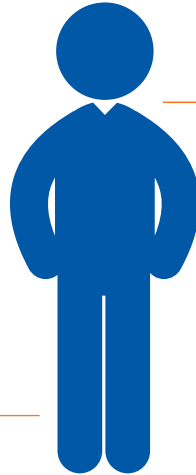
**Mainly aged**

**45-60**



**1/4 of the UK's adult population**

have experienced caring for generations above and below them at some point in their lives



**Over half**

state that they have responsibility for and support adult children

**2.4 Million**

UK adults currently provide care to more than one generation

## Why are the sandwich generation 'squeezed'?

This generation face many issues and pressures. These include the conflicting priorities that can come from caring for themselves and the generations above and below them.



The sandwich generation have a lot of potential responsibilities:

- **Managing their personal financial issues** – such as retirement planning, savings, investments, level of protection and private medical insurance
- **Supporting their children** – for example, funding education or helping them onto the property ladder
- **Caring for parents** – such as long-term care planning or helping them stay independent in their own home

So what do they want from advisers?

- Specialist advice focused on their specific complex needs
- A better understanding of the product options available to them
- Solutions that meet their unique circumstances

# Why are the sandwich generation so important to you and your business?

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As one of the largest and most significant client segments, the sandwich generation are often in a financially stable position and have numerous product needs.

With so many overriding pressures, the sandwich generation (who can be considered as dual carers of both their parents and children) often don't know where to start in terms of financial products.

- **Only 15%** of dual carers have a private medical insurance policy
- **Only 11%** of dual carers have critical illness cover
- **Only 6%** of dual carers have income protection

## So what are the key areas you can discuss with the sandwich generation?

- Critical illness cover
- Income protection
- Inheritance tax planning
- Life insurance
- Long-term care planning
- Mortgage products
- Pensions and investments
- Private medical insurance
- Retirement planning
- School and university fees planning
- Tax optimisation

# 92%

of advisers have clients where they represent more than one generation of the same family

Where clients are experiencing inertia and might be overwhelmed by these situations, you could help guide them through the decision-making process by using behavioural science techniques.



## CPD questions

# The sandwich generation



Visit **AvivaSandwichGeneration.co.uk** to answer these evaluation questions and earn your CPD hours

### 1. What are the defining age and caring characteristics of the sandwich generation? (select one)

- a. Mainly aged 20 to 40 years and often care for both parents and children simultaneously
- b. Mainly aged 45 to 60 years who often support their elderly parents and adult children at the same time
- c. Mainly aged 35 to 45 years who tend to be affluent adults, caring for both their mother and father

### 2. How many UK adults currently provide care to more than one generation? (select one)

- a. 500,000
- b. 1.5 million
- c. 2.4 million

### 3. Which of the following are the main responsibilities that often concern the sandwich generation? (select three)

- a. Caring for their parents
- b. Providing care and emotional support to family and friends
- c. Creating time for personal leisure
- d. Supporting their adult children
- e. Managing their personal financial issues

# How can behavioural science help you and your business?

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Behavioural science deals primarily with human action. It teaches us how the behaviour of people is often not thought about, but in fact comes about. Many of our decisions and behaviours are influenced in unconscious ways, often in response to environmental cues and contexts.

This theory can help you better understand the decision-making processes of your clients. As a result, this will help you interact with them more effectively, simply by understanding them and making small changes that can lead to big differences.

The behavioural science case studies in this book can help you:

## Unlock

your clients' underlying motivations and open up potentially new approaches to help them achieve their financial goals

## Inspire

your 'squeezed' clients to reconsider financial plans and priorities



## Introduce

difficult financial conversations to clients such as long-term care and critical illness

## Support

clients to consider and visualise future life events – even potentially uncomfortable and unforeseen ones

## CPD questions

# The impact of behavioural science



Visit **AvivaSandwichGeneration.co.uk** to answer these evaluation questions and earn your CPD hours

### 1. Which of the following is a description of how behavioural science can help you in your business? (select one)

- a. It helps to understand the characteristics of a good and bad employee
- b. It helps to better understand decision-making processes and have more effective conversations to educate and encourage clients to act in their best interests
- c. It supports the prevention of common behavioural errors in the workplace

### 2. Which of the following three outcomes can behavioural science have a positive effect on when talking to clients? (select three)

- a. Helping them consider and visualise the reality of future life events
- b. Addressing ways to deal with the emotional side effects of supporting three generations simultaneously
- c. Helping to instigate difficult financial conversations with clients
- d. Prompting the modification of your clients' motivations
- e. Helping inspire 'squeezed' clients to reconsider their financial priorities

### 3. In which way does behavioural science influence an individual's decisions and behaviours? (select one)

- a. By consciously forcing them to consider positive and negative options and outcomes
- b. Making use of factors such as environment and context to implicitly motivate positive behaviour which is in the best interests of the client
- c. Improving their situation by providing advice based on one's own opinions

# What is the MINDSPACE model?

MINDSPACE is a way of learning and remembering nine of the most effective drivers of behavioural science. The model can be used as a helpful checklist when thinking about framing conversations.

| Driver                             | Definition  |
|------------------------------------|---|
| <div>1</div> <div>Messenger</div>  | <p><b>We are heavily influenced by who communicates information to us</b></p> <p><b>Example:</b> When physiotherapists displayed their medical diplomas on their office walls, highlighting their expertise, the percentage of people following their recommended exercise programmes rose to 34%.</p>  |
| <div>2</div> <div>Incentives</div> | <p><b>Our responses to incentives are shaped by predictable mental shortcuts such as strongly avoiding losses and preferring smaller payouts now rather than larger ones later</b></p> <p><b>Example:</b> Householders were more likely to make energy efficiencies in their homes when told how much money they would lose in future years rather than how much they would save.</p> |
| <div>3</div> <div>Norms</div>      | <p><b>We are strongly influenced by what others do</b></p> <p><b>Example:</b> People are more likely to choose a busy restaurant over a less busy one, and pay their taxes on time when informed that others pay their taxes on time, primarily because people want to associate with others and be part of the social majority.</p>  |
| <div>4</div> <div>Defaults</div>   | <p><b>We 'go with the flow' of pre-set options</b></p> <p><b>Example:</b> Introducing automatic enrolment into a pension scheme significantly increases participation.</p>  |



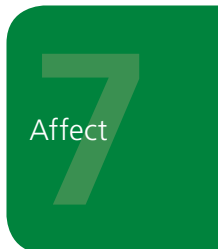
### **Our attention is drawn to what is novel, easy to process and seems relevant to us**

**Example:** In a complex environment people crave simplicity and easy to process information. For example, studies show that the minimum payment amount on credit card statements attracts our attention. This influences our monthly repayment, as the amount has already been calculated for us and doesn't require further processing.



### **Our acts are often influenced by subconscious cues**

**Example:** People vote more conservatively if a polling station is located in a church rather than a school. People also think more creatively in rooms with high ceilings, and focus on specifics more in rooms with low ceilings.



### **Our emotional associations can powerfully shape our actions**

**Example:** Emotional experience can have an impact on decision-making. People are more likely to pay attention to the emotion-laden offer. For example, in one study people feeling sad would be unaware of their tendency to pay up to 30% more for an everyday consumer goods item, than consumers in a neutral or good mood.



### **We seek to be consistent with our public promises, and reciprocate acts**

**Example:** People who were asked to write down the details of their next appointment on a reminder card were 18% more likely to attend, compared to when the medical staff wrote it down for them. This is because they made the commitment themselves.



### **We act in ways that make us feel better about ourselves**

**Example:** When people were told that they were above-average citizens if they voted, they were 15% more likely to vote, than if they were told they were average citizens – people want to feel good about themselves.

# The power of the SMALLBIG

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The latest research from social psychology and behavioural economics explains why traditional influencing strategies often carry a high rate of failure.

We now live in the most **information-overloaded environment** that has ever existed. People simply don't have the time or mental energy to fully consider every piece of information in their busy lives.

Instead, decisions are increasingly governed by the context and psychological environment in which information is presented. People who understand this can significantly increase the chances that others will listen to and act on their recommendations.

They can do this by making small changes in their approach that link to three **fundamental human motivations**:

## 1. Making accurate decisions

as efficiently as possible

## 2. Associating with and gaining the approval of others

## 3. Seeing yourself in a positive light

Behavioural scientists Cialdini, Goldstein and Martin label a small change that makes a big difference as a SMALLBIG.

## Behavioural science in action

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Behavioural science techniques work best in combination. Therefore, think about how you can join up the different approaches.

For example, you could use **Messenger** by considering how you are introduced prior to a new client meeting. This could be achieved by sending your biography in advance. Also, **Messenger** can be effective when looking for genuine similarities that you share with your client in the early stages of your meeting.

The **Ego** effect can be used by looking for genuine facts that you have found out about your client and explaining why they have made good decisions in the past. Especially if those past decisions concern desirable behaviours that you would want that client to live up to in the future.

You could also use SMALLBIGs to appeal to the three fundamental human motivations listed opposite.

### Finding out more

If you'd like to find out more about behavioural science, there is a range of videos, guides and other resources available at:  
**[AvivaSandwichGeneration.co.uk](https://www.avivasandwichgeneration.co.uk)**

## CPD questions

# MINDSPACE

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Visit **AvivaSandwichGeneration.co.uk** to answer these evaluation questions and earn your CPD hours

### 1. Which of the following are genuine MINDSPACE drivers of behaviour? (select three)

- a. Priming
- b. Affect
- c. Identity
- d. Defaults
- e. Moderation

### 2. For each of the following MINDSPACE drivers choose **one** example that demonstrates how you could use it with your clients:

#### Messenger

- a. Alter the tone of your voice to sound more authoritative
- b. Display your qualifications and exam certificates on your office walls
- c. Explain everything to your client in two different ways to make sure they fully understand

#### Ego

- a. Look for facts about your client and explain why they have made good decisions in the past
- b. Be careful not to introduce difficult conversations as they may upset your client and they might not like you
- c. Flatter your client at the start of the meeting so they are more likely to listen to your options



### **Norms**

- a. Use case studies to show how product purchase is widely adopted by those in similar situations
- b. Tell your client that most of your other clients go with a certain company, so it must be the right one for them as well
- c. Ask your client about their friends' and family's products, and recommend that they do the same as it's similar to their social group

### **3. Which of the following is an accurate description of how MINDSPACE can be used? (select one)**

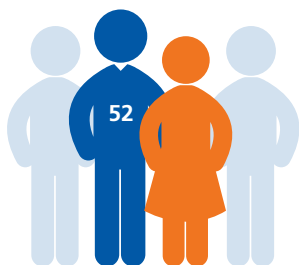
- a. It can provide advisers with practical tips and tools to help clients take positive action
- b. It can enable clients to come up with their own approaches to complex planning problems
- c. It can free up clients' decision-making capacity

## Case study 1

# Challenging your clients' plans

How insights from behavioural science can help advisers challenge a client's current financial plans and spur them to reconsider their priorities

Pete de Souza was preparing for a meeting with one of his long-standing clients, James Spencer. Pete had been advising James, 52, for 15 years and knew all about him and his family: his wife Samantha and their two teenage sons.



Pete considered his relationship with the Spencers to be quite a good one. The Spencers would quite often seek his advice, and they would meet at least annually to discuss their financial situation. The Spencers had remortgaged their house twice, but the end of their mortgage was now in sight. Pete had also set up stocks and shares ISAs for James and Samantha, giving them a wider range of assets in their savings portfolio, in addition to their own cash ISAs.

Both James and Samantha have consistently paid into their work pensions throughout their careers (as a civil engineer and HR manager respectively). They recently increased their contributions to further benefit from the tax relief. In addition, they set up a private pension 12 years ago on Pete's recommendation, which is regularly reviewed.

On this occasion, James had booked a meeting with Pete because he wanted to review his current pension plans. However, during the course of the meeting, Pete recognised other gaps and risks in James' situation that were more imminent.

James' 82-year-old mother was becoming increasingly dependent upon the family, particularly after James' father passed away unexpectedly two years ago. James and Samantha were spending many evenings and weekends looking after her, giving them additional responsibility in their already busy lives. His mother, a property owner but with limited savings herself, had made no provision for inheritance tax.

In addition to this, his two sons would soon be going to university, and James wanted to support them however he could. There were expensive times ahead that James hadn't fully considered yet.

Once Pete discovered this, it became clear that he should challenge his client's current thinking about his financial situation and spur him to reconsider his priorities.

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## The behavioural scientist's view

To an outsider it might be easy to conclude that Pete's client is displaying inertia to do anything about his changing situation. He may be fully aware that he should be doing something, but these changes have caused uncertainty about what steps he should take.

Knowing there is a need to do something doesn't always lead to taking action. It could simply be the case that James is instead focusing on things that he is more certain about – pensions and savings – as a way of at least doing something positive.

Challenging people to rethink the decisions and commitments they have previously made can be difficult, because most people like to believe that they make well-informed, sensible decisions. Often they have, given their circumstances at the time. But as we all know, circumstances do change, and sometimes it is simply easier to stay loyal and consistent to those previous decisions than it is to question them – to re-examine your situation and set off on a different, and less familiar, road.

It doesn't always follow  
that knowing about the  
need to do something,  
leads to

**taking  
action**

Despite this there is an approach that Pete can take – a small change that can make a big difference to his client's receptiveness to his proposal. This can be done while being clear that he is not challenging his client's previous decisions at all.

The SMALLBIG approach would be for Pete to point out that the real culprit lying at the heart of James' situation is circumstance. However, there is something else Pete should consider doing before raising the issue of his client's changing circumstances, and that is for Pete to make the most of the **Ego** effect. He should do this by clearly pointing out that the previous financial choices his client made were, and continue to be, sensible decisions.

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It's also important to highlight that James made those decisions while considering what is best for his family. This last step is especially important if Pete is to challenge his client to consider actions more appropriate to his current circumstances, as there is one fundamental thing that hasn't changed – James' desire to do the right thing for his family. Using the **Ego** effect by labelling certain client behaviours as desirable can be very useful in the early stages of an interaction, because people typically want to live up to and be consistent with those desirable labels.

Using **Ego**, and specifically self-consistency in the initial stages of the interaction, can provide a good lead-in to the central and potentially more difficult topic – how James' changing circumstances require him to take a fresh approach.

One thing that behavioural science tells us is that when people are uncertain about the right course of action, they will often look to the decisions of others like them as a cue for how to act themselves. This is called **Norms** and is the N in the MINDSPACE model. Pete could use **Norms** in two ways. First he can use a social norm to signal to his client that his situation is very similar to others like him. Saying something like, "James, there are many other fathers like you, with teenage children approaching university age who are also dealing with the added pressures of ageing parents." This seems like a small action for Pete to take, but it could make a big difference to the way his client decides what to do about his situation – providing that Pete then follows this statement with an equally important message which requires the use of another **Norm**.

Behavioural science tells us that when people are uncertain, they look to the decisions of others like them as a cue for how to act themselves.

That **Norm** would be to point out the actions that fathers in similar circumstances have taken because of their changing situation, such as the different financial arrangements they have made.

This dual-step approach, first using the **Ego** effect of the MINDSPACE model followed by the action-orientated qualities of **Norms**, could be an effective way to set the right context for a necessary, productive conversation that challenges his client's current financial plans and encourages him to reconsider his priorities.

In summary:

- Use the **Ego** effect to label previous desirable behaviours as positive
- Avoid directly challenging a client's previous decisions and instead challenge changing circumstances
- Use two **Norm** statements, first to highlight the number of people who face similar circumstances, and second to specifically highlight the subsequent actions some have taken to effectively deal with that situation

## CPD question

### Case study 1



Visit **AvivaSandwichGeneration.co.uk** to answer this evaluation question and earn your CPD hours

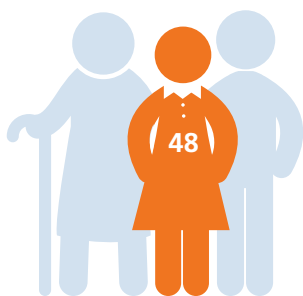
### Why might clients display inertia? (select one)

- a. Due to complacency
- b. Due to changing circumstances in uncertain situations
- c. Due to people in comparable financial situations taking different actions

## Case study 2

# Unlocking motivations

How advisers can unlock their clients' underlying motivations and open up potentially new approaches to help them achieve their financial goals



Kirsty Peters had been advising her client Sally Townsend, 48, for many years. Almost a decade ago, Sally left her job as a print manager and set up her own printing business.

Like many start-ups, Sally had worked all hours to keep it solvent during its early days. After a few years, her business was stable and Sally was able to take a consistent wage, as well as invest in a pension and savings account.

However, Sally was now experiencing pressure in her personal life, both financially and emotionally. She had divorced her husband, Jack, three years ago and had been forced to sell the family property and downsize. This meant she had an outstanding mortgage on her current property.

Following the sudden death of her mother two years ago, her elderly father had moved in with her. Her 24-year-old son David also lived at home and had been out of work since completing his Master's degree in Geography. Sally was concerned about his future and what support she might need to give him, so he could find a job and become independent.

Sally was happy to be guided by Kirsty's financial recommendations. One of the first things Kirsty had done was to set up a self-invested personal pension, which was reviewed regularly, to help Sally prepare for retirement. Sally had also recently invested in private medical insurance after Kirsty had explained the benefits to her and arranged a level of cover that suited her needs.

Kirsty had conducted annual reviews for Sally, but still felt she wasn't really aware of the underlying motivations driving her client's financial needs. Kirsty knew that if she could unlock her client's core motivations she could help her achieve her financial and lifestyle goals.

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## The behavioural scientist's view

Identifying a client's core motivations will be an important activity for one crucial reason. While a client's preferences and needs will often change over time – perhaps due to changing circumstances – their fundamental values and motivations are unlikely to change. As a result, aligning your recommendations to a fundamental motivation or value can be helpful in directing attention.

However, identifying and successfully tapping into a client's core motivations requires the adviser to make a change in how they ask questions. When attempting to understand what's best for their client, they should think beyond the usual needs-based questions.

While a client's preferences and needs will often change over time, a client's fundamental values and motivations are unlikely to.

Fortunately, this change in approach requires only a small change in the words used that can make a big difference in the type of information generated. It's a good example of a SMALLBIG – a small change that can make a big difference.

Imagine for a few moments that as a result of an unexpected pay rise you find yourself with an extra £200 a month in disposable income. What would you do with it? Save a little more? Put it towards a nice holiday?

Now consider this alternative question – if you had an extra £200 a month disposable income what would it mean to you? More security? More freedom? Would you be happier? Less stressed?

Notice how the first question (what would you do with it?) typically elicits tangible responses such as a house or a nicer car. The second question however (what would it mean to you?), generally elicits responses that are more value or motivation based – for example greater security, more freedom, feeling happier or less stressed. These are the motivations that are being served by the choices the client is making.

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One way that Kirsty can unlock her client Sally's motivations is to not only ask the more tangible questions such as when does she want to retire, or will she be helping her son with a first mortgage deposit, or even about plans for her father's care in the long term, but also to ask her what accomplishing those will mean to her.

If, as a result of asking that question, Sally tells her adviser that knowing she can retire by a certain date gives her a feeling of control and that the ability to help her son with a deposit will provide her with a deeper sense of achievement, then Kirsty will have unlocked two of her client's underlying motivations. If Kirsty then frames the advice she gives as a way of achieving control or gaining that sense of achievement, then it should be especially attractive to her client. This is because, as we have already stated, people rarely deviate from their fundamental motivations and values.

Identifying a client's core motivations will be important for the adviser – this requires one small change to a commonly asked question.

There are additional reasons why an adviser would want to ask questions that unlock clients' core motivations. Advice aligned to these motivations stands an improved chance of being considered and acted on. This deeper understanding of a client's motivations can lead to the development of stronger and longer

relationships, increased trust and repeat business.

The unlocking of these types of motivation is extremely helpful, but it won't be enough alone. It will also be necessary to discuss specific options and products that are linked to these core motivations.

The S in MINDSPACE stands for **Salience** – the fact that our attention will often be drawn to how easy something is to think about or how available it is to us. It is this availability that is key here. The ease with which information is made available to us and the ease with which we can think about that information can often have a dramatic influence on our perceptions, assumptions and decisions.



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For example, in one study people who were asked to imagine what it would be like to own a new satellite TV system were much more likely to purchase that product in the future than another group who weren't asked to imagine owning it. Why? The simple explanation is because their attention was directed to what owning it would be like and therefore the information was now more available to them.

Of course, the easier it is to imagine the specific benefits of owning such a product or service, the more likely it will be that people subsequently take action. So one small thing an adviser can do when presenting products and services, is to ask clients to imagine the benefits of owning such an item. This will give them a better understanding of if it is right for them.

It can be a good idea to ask clients to imagine the benefits of a specific product, to see if it's right for them.

In the case of Kirsty, she can see what her client Sally has achieved professionally and personally. But, the underlying motivations that drive her client's decisions and behaviours are less apparent. By changing the way she frames her questions, Kirsty may

be able to unlock her client's underlying motivations and help her achieve her financial goals. Kirsty can then use the **Salience** effect to help Sally consider which solutions might work best for her.

## The availability of information

and the ease in which we can think about something can often have a dramatic influence on our perceptions

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In summary:

- When seeking to unlock underlying motivations, ask questions such as *“What would it mean for you if you had a greater sense of financial security?”*
- The extent to which information is easily available to people makes it more salient
- Asking clients to imagine what it would be like owning a suitable product can be helpful, so they can more easily consider if it would be right for them

## CPD question

### Case study 2



Visit **AvivaSandwichGeneration.co.uk** to answer this evaluation question and earn your CPD hours

**What is an example of a question an adviser can ask a client to unlock their motivations and values? (select one)**

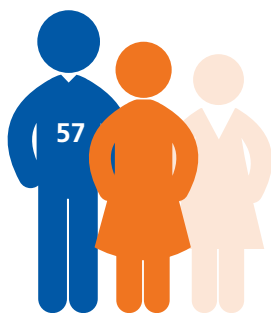
- By asking them to imagine how it would feel to be in possession of many luxury goods
- By asking them what they would do as a result of an unexpected pay cut
- By asking them what it would mean to them to benefit from extra disposable income

### Case study 3

## Visualising the future

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How advisers can help their clients consider and visualise future life events – even potentially uncomfortable and unforeseen ones



George Baxter is 57 and married with a 26-year-old daughter. He is the main family earner and the owner of a catering firm in Yorkshire. He earns £75,000 a year – but with a hefty mortgage and significant monthly pension contributions he doesn't have as much disposable income as he would like. His wife, Joy, 53, is a school librarian, and her income is mainly used to fund their regular holidays abroad.

George's father, Keith, is stubbornly independent, and wants to live in the house that he shared with his wife for 50 years,

despite his health starting to decline. Keith refuses to talk about his future health, estate planning or his financial circumstances, a trait that George recognises in himself.

Greg Andrews has advised George for seven years, and has helped put in place a self-invested personal pension, several stocks and shares ISAs, and even supported him through the auto-enrolment of the employees in his firm.

But when Greg broaches the subject of wider financial planning with George to help him better prepare for the future – when he might retire, supporting his daughter with her own business start-up ambitions and helping him plan for his father's likely care – he doesn't want to talk about it.

From the conversations Greg has had with George, it is clear that he struggles to plan for the short term, never mind what might happen in years to come. George often arrives late to his meetings or cuts them short, and Greg often feels he doesn't have his client's full attention.

Greg is aware that the current challenges on his 'squeezed' client's income, as well as his reluctance to think about difficult situations and his busy lifestyle, are stopping him from making decisions. At the moment, George is not prepared to think in the long term – and this could leave him vulnerable to unforeseen circumstances.

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## The behavioural scientist's view

George's reactions to Greg's attempts to get him to consider some alternative yet important aspects of his financial situation are understandable. They are almost certainly an emotional reaction to feeling overwhelmed and uncertain, rather than a result of Greg's approach. There is an important lesson to be learnt here. Sometimes even the right message, regardless of how well intended it is, may not be taken in a positive way, especially if the client is feeling under a lot of pressure and is very busy.

In the MINDSPACE model the A stands for **Affect** – the psychological term for feelings and emotions. It's the idea that our emotional reactions to a stimulus can activate behaviours before we even notice them happening. We've all had the experience of reacting emotionally to something only to, seconds later, realise our reaction was shaped not by what someone said to us, but by the emotional state we happened to be in immediately beforehand.

### Our emotional reaction

to a stimulus can activate  
behaviours before we even  
notice them happening

How we are feeling at a given moment doesn't just influence our behaviours in negative ways. It is easier to make positive decisions when we are feeling positive about ourselves.

So one thing that should be front of mind for Greg the next time he meets his client, is how to quickly create positive **Affect** at the start of the meeting.

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There are several approaches Greg could take to do this, but one of the simplest and most effective is to begin the conversation by enquiring about a feature of his client's personal life – a hobby or favourite pastime – that he knows provides enjoyment and happiness. This should be done briefly, particularly if the client does not have much time. This approach also highlights the need for an adviser to ensure they take a crucial and sometimes missed step. This is to regularly note down personal details (such as likes and interests) that clients will often volunteer about themselves. These can be just as significant as the more formal and usual details (such as their financial details).

It is easier to make positive decisions when we are feeling positive about ourselves.

It is especially important for advisers to do this with clients they have known for long periods. This is because new research shows that over time people typically reduce rather than increase their levels of understanding of a client's likes,

dislikes and preferences for one very simple reason. Due to the long-standing relationship, they might believe they know their clients better than they actually do and either become less likely to notice small changes in attitudes and preferences, or simply stop asking.

Another approach would be to use the **Priming** effect from MINDSPACE by moving the meeting to a different venue, to minimise any impact that George's environment might be having on his mood. Perhaps Greg could invite his client to his office for coffee, or meet George at home after work rather than at his offices during working hours. This might only be a small change – but small things are often responsible for making the biggest differences.

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Setting the right environmental context for a more productive meeting is crucial for an adviser, but this is just a first step to help George consider the future life events he struggles to think about.

New research considered in the book **The SMALLBIG** explores how people are more likely to consider behaviours that could be beneficial to them in the long term (even if they are costly in the short term) by appealing to their sense of moral responsibility and the future version of themselves.

People's moral responsibility to the future version of themselves can be a powerful communication strategy.

In one experiment, 200 staff who had not been contributing much to their retirement plans were sent a message reminding them of the importance of saving for retirement, and strongly encouraging them to increase the amount of money that they save. In addition to being encouraged to consider their long-term interests, half of the study participants were also told, *"Start saving more now because your 'future self' is entirely dependent on you."*

Two weeks later when the researchers looked at the action taken, those who received the 'obligation to future self' message increased their savings by 0.85% more than those who didn't. This doesn't seem that much of a difference, but small additional contributions like this can make big differences in the longer term. This research demonstrates how appealing to people's moral responsibility to the future version of themselves can be a powerful communication strategy. If Greg can show his client the importance of visualising the future and understanding his moral responsibility to himself and his family, George may be more willing to consider future life events, which could even include uncomfortable and unforeseen circumstances.

This two-step combination of helping clients find a positive frame of mind and visualising the future can help advisers tackle more challenging conversations.

In summary:

- However busy a client may be, take steps to set the right atmosphere by using **Affect** to humanise the interaction – be sure to recognise personal things about them, especially with longer-term clients
- Consider changing the meeting venue to a different one. Sometimes a simple change in environment can dramatically change meeting outcomes
- When asking clients to consider longer-term options, frame those options in terms of ‘future self’

## CPD question

### Case study 3



Visit **[AvivaSandwichGeneration.co.uk](https://www.aviva.co.uk/sandwichgeneration)** to answer this evaluation question and earn your CPD hours

### How can the adviser use Priming to help the client consider even uncomfortable life events? (select one)

- a. Meet the client at the adviser's office during working hours stating it is an important meeting
- b. Meet the client at home rather than at work during working hours
- c. Carry out the discussion with the client during an organised recreational day out

#### Case study 4

## Introducing difficult conversations

Taking steps to introduce difficult financial conversations such as long-term care and critical illness



Robyn Howard is a 45-year-old financial adviser based in Edinburgh. She serves a variety of age groups and needs within her client base. However, she is conscious that discussions around certain product areas with her 45 to 60-year-old sandwich generation clients can often be difficult, complicated or emotional because of the other family members involved.

Conversations with the sandwich generation about serious illness, the possibility of long-term care and the

implications of death on a family are ones that can be uncomfortable for clients and often lead them to avoid – or postpone – important financial planning decisions.

Robyn has worked hard to build strong relationships with her clients over the years. A key part of the success of her business is her relationships. She is often concerned that bringing up difficult topics like these might impact negatively on the relationships that make her business successful.

Conversations that touch on protecting clients and their loved ones against some of the impacts of illness, sickness, old age or even death are essential, but can be difficult.

Robyn is aware that these conversations are essential, but she wants to ensure that they are well received.



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## The behavioural scientist's view

For many years, behavioural scientists have known that a person's likeability can be a key factor in determining how successful they are at engaging with others. In fact, businesses will often invest significant amounts of time and money training staff to develop their people skills and likeability.

What may be a surprise though is that, rather than looking for ways to get clients to like you, it's much more effective to look for genuinely likeable things about your clients.

People who like us, generally  
have our

best  
interests  
at heart

There is a seldom considered reason for this. There is no actual motive to engage with, listen to and follow the advice of someone just because you like them. But there are many reasons why you would want to engage with, listen to and follow the advice of someone who likes you.

People who like us, generally  
have our best interests at heart.

They are more likely to give us the information and advice that will best suit our situation and needs – even if that information and advice might be uncomfortable to discuss. The **Messenger** effect of MINDSPACE shows that we are much less likely to shoot the messenger if we see them as trustworthy, an expert and someone who likes us.

Messages that come from those that we see as expert, trustworthy and that we know like us are typically the most effective.

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This insight should be comforting for Robyn to hear, for two reasons. Firstly, as she has such strong and productive relationships, she has already done much of the hard work. Her clients like her and it is very likely that she likes her clients. As a result, a favourable context has already been created for these potentially difficult conversations.

The second reason is that the more Robyn's clients see that she likes them, the more likely they will be to listen to and consider her advice when potentially difficult topics are raised. At the very least, they will be much more likely to listen to her than to an adviser who doesn't have the benefit of such strong relationships.

It can be **difficult**  
taking that first step towards delicate topics

While this will be comforting to advisers concerned about protecting the relationships that they have developed over many years, it can still be difficult taking the first step to discussing such sensitive topics, especially if it involves the client talking to other family members. But there is one helpful strategy an adviser can use that would potentially help their clients raise a difficult issue with a loved one.

The late American psychologist and author Virginia Satir would, when broaching difficult topics, advocate talking in 'quotes'. This approach involves introducing a potentially emotionally charged subject through the eyes of someone else. Or, put another way, share a situation that someone else faced, in the hope that the client will 'read between the lines' and consider how it might be applied to their own situation. It is likely that many advisers already adopt such a strategy, by sharing case studies and accounts of other clients in similar situations. Doing so can be extremely effective. It is also a strategy that is entirely in keeping with the theme of a small change that could make a big difference.

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There is a second approach that Robyn might also consider – one that at first glance appears surprising, but can be effective. The idea is for the adviser to suggest to their client that they swap roles for some of

The suggestion is for the adviser and their client to swap roles with each other for some of the interaction.

the meeting. The adviser becomes the client and vice versa. Doing so could give the client permission to ask questions related to the concerns they are having and could be the catalyst for opening up a difficult conversation. This could be simply accomplished by the adviser saying something like, *“If I were in your position some of the questions I would be considering would be...”* before going on to list one or two questions you want that client to consider. Then afterwards check that those are in fact relevant considerations for the client and enquire if there is anything else they’d like to discuss.

It is understandable that some advisers might experience concern about the impact of introducing difficult conversations like these with their clients, but the evidence is that when done sympathetically and in the context of an already well-established relationship, the outcome should be positive for both the client and adviser.

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In summary:

- Don't think, *"How can I get this client to like me?"* Instead think, *"What do I like about this client?"* because we tend to engage more with people who like us
- Using 'quotes' or introducing a subject through the eyes of someone else can be a useful way to start a potentially difficult conversation
- Suggest that you 'hypothetically' swap roles for a few moments to provide an opportunity to highlight the questions that you would want the client to ask themselves

## CPD question

### Case study 4



Visit **AvivaSandwichGeneration.co.uk** to answer this evaluation question and earn your CPD hours

**What is one way an adviser can ensure their relationship with clients is not impacted in a negative way when bringing up difficult conversations? (select one)**

- Ensure the client can see the adviser likes them and is therefore trustworthy
- Ensure the client can see the adviser is a well-rounded individual and has many social connections
- Ensure the client can see the adviser is efficient in the performance of their services

## Helping you earn CPD hours

### Learning outcomes

You can earn three CPD hours reading the book to:

- Understand the key characteristics of the sandwich generation and the opportunities they provide
- Explain how behavioural science can help you to have more successful conversations with the sandwich generation
- Understand the behavioural science theories of MINDSPACE and the SMALLBIG, and how these can be practically applied with clients

Visit **AvivaSandwichGeneration.co.uk** to answer the CPD evaluation questions. On the website you can also provide your personal reflection in order to gain evidence to earn your CPD hours.

### Want more New Thinking?

For more ways on how you can have effective conversations with your sandwich generation clients:



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“The latest New Thinking book is an important and practical tool for financial advisers. It takes well-established lessons from behavioural science and applies them to issues facing the sandwich generation. It will make the conversations you have with clients easier and more effective. This has been justly recognised in its accreditation by the CII for CPD hours.”

*Professor Paul Dolan, London School of Economics*

“There are useful ideas in this book that will make a real difference to people’s lives. The case studies are really identifiable, and I think most advisers will relate to clients in those situations. I know I’m going to put some of these ideas into practice.”

*Ashley Magean, Financial Planner  
Financial Management Bureau*