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Understanding and Navigating Beneficiary Resistance

Integrating Hostage Negotiation Tactics into Fiduciary Relationships

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INTRODUCTION

The trustee pauses before the next meeting. The beneficiary, an adult child of the grantor, has a reputation for volatility. Previous discussions about distributions ended in raised voices, accusations of control, and threats to involve legal counsel. The trustee's mandate is clear: uphold fiduciary duty, manage the trust responsibly, and maintain professional composure. Yet beneath the procedural clarity lies a psychological complexity that policy manuals rarely address.

Fiduciaries frequently encounter resistant or emotionally reactive beneficiaries not dissimilar to the scenario above. In fiduciary practice, resistance can present as refusal to communicate, excessive demands, hostility, avoidance, withdrawal, or emotional volatility. Traditional logic-based strategies (data sharing, legal reminders, or procedural explanations) often fail to de-escalate conflict because they target the rational brain, not the emotional one. What may appear as defiance, entitlement, or manipulation often reflects deeper emotional needs, unprocessed trauma, perceived loss of control, or threats to psychological safety.

As wealth transitions between generations, trustees, wealth managers, estate planners, and family office professionals often find themselves navigating emotionally charged dynamics extending far beyond financial and estate management. Every fiduciary will eventually encounter a client/ beneficiary whose resistance seems immovable. Conversations stall, trust erodes, and what should be a collaborative process turns into a standoff.

In the complex world of trusts and family wealth, money becomes more than a financial instrument, it's an emotional one. Decisions about distributions, oversight, and accountability often activate deep psychological themes of fairness, belonging, and identity. Understanding these underlying drivers allows fiduciaries to move beyond managing behavior to addressing the root causes of tension.

This article examines resistance not as an obstacle to overcome, but as a psychological signal - a manifestation of fear, grief, or perceived threat to autonomy. Drawing on research and psychological theories, it explores the underlying drivers of difficult behaviors and offers practical frameworks for fiduciaries seeking to engage in a more constructive manner. By understanding the psychology beneath the resistance, fiduciaries can shift from reactive management to strategic empathy, responding in ways that preserve both trust integrity and relational stability. In an era where fiduciaries are asked to manage not only assets but human emotion, such insight is no longer optional; it is essential to effective practice.

THE EMOTIONAL BRAIN VS. THE RATIONAL BRAIN

Human reasoning is shaped by two interconnected systems: the emotional brain (centered in the limbic system) and the rational brain (primarily the prefrontal cortex).

When individuals feel threatened (physically, financially, emotionally, psychologically, or relationally) the amygdala triggers a fight-flight-freeze response. In this state, access to logic and planning diminishes. Attempting to reason with someone whose emotional brain is activated is akin to telling an angry person to "calm down" - it rarely ever works and typically incites a more volatile reaction.

Fiduciary implication: Before attempting to explain, persuade, or negotiate, create emotional safety. Validation, reflective listening, and empathy help deactivate the emotional brain, restoring rational capacity.

Disarming Defensive Reactions: Fear, Shame, Control, and Mistrust

Defensive reactions are largely unconscious psychological mechanisms used to protect the self from anxiety or threats to self-esteem. They often originate in early experiences of fear, shame, powerlessness, or mistrust. Understanding these roots allows fiduciaries to respond with empathy and stability rather than frustration.

Defensiveness can happen to anybody, fiduciary or beneficiary. The keys to disarming defensiveness lie in self-awareness, empathy, and communication. When fiduciaries view resistance through the lens of fear, shame, control, and mistrust, they can intervene at the emotional level rather than reacting to surface behaviors and requests. Calm acknowledgment, transparent communication, and emotional containment not only de-escalate immediate tension but also strengthen the fiduciary relationship over time.

Ultimately, disarming defensive reactions requires seeing beneath the behavior to the human need for safety, dignity, and agency that drives it. By addressing these needs with empathy and skill, fiduciaries transform resistance into rapport and opposition into partnership. Fiduciaries who can regulate their own emotional responses model the very stability beneficiaries need to feel safe.

Disarming Defensiveness In Yourself:

1. **Cultivate Self-Awareness**
   Notice the physical (e.g., jaw clenching, shallow breathing) and emotional (e.g., irritation, urge to justify) signs that your own defensiveness is activating.

2. **Pause Before Responding**
   Create an emotional speed bump to break the automatic reaction cycle. Take a breath, pause, or momentarily step away to allow your nervous system to reset before replying. If it's an email, wait to respond. If you're on a call, let the client know that what they're asking deserves a thoughtful response and they can expect an answer from you in 24 hours. This can also work in person.

3. **Identify the Underlying Emotion**
   Ask yourself: "What am I truly feeling right now: fear, shame, a need to be understood, or a need for control?" Naming the feeling diminishes its hold and redirects focus to the root cause rather than the reaction.

4. **Practice Self-Compassion and Acknowledge Limitations**
   Replace perfectionism with humility. Phrases like, "I might be wrong," or "I hadn't considered that," reduce defensiveness and build relational credibility.

5. **Develop New Habits**
   Replace defensive impulses with constructive outlets. For instance, if you tend to become argumentative and lash out (displacement), channel energy into reflection or physical exertion (taking a walk or exercising) or problem-solving after emotions settle. Ingraining new habits will take time and need to be practiced and reinforced consistently to become automatic responses.

Disarming Defensiveness In Others

1. **Stay Calm and Validate Feelings**
   Emotional regulation is contagious. When beneficiaries escalate, your calm presence models safety. Validate their perspective without immediate correction: “I can see this situation feels frustrating for you.” One can validate feelings by acknowledging a different perspective (e.g., "I can see why you might feel that way") without necessarily agreeing with the opposing assessment.

2. **Use “I” Statements and Avoid Blame**
   Communicate from your own experience rather than accusation. Frame your concerns in terms of your own feelings and impact, rather than using accusatory "you always" or "you never" language. For example: “I want to make sure we’re on the same page about timelines,” instead of “You’re always impatient” or “you never show up on time.”

3. **Practice Active Listening**
   Listen to understand not to respond. Fully focus on what the other person is saying, maintain eye contact, summarize what you’ve heard, and ask clarifying questions instead of preparing your rebuttal. This demonstrates a genuine desire to understand, respect, and helps beneficiaries feel seen.

4. **Foster a Safe Environment**
   Create predictable, judgment-free communication spaces where people feel safe to express vulnerability. This helps to disarm the core fear or shame that drives defensiveness. Provide different modalities of communication that might be most comfortable for the beneficiary (text, email, phone call, video calls, in person meetings). Consistency reduces anxiety, helping beneficiaries tolerate feedback without reactivity.

5. **Focus on Shared Values and Goals**
   When conflict arises, return to common ground: financial stability, long-term security, or family legacy. Re-centering on shared goals disarms defensiveness and reestablishes collaboration.

Understanding and Overcoming the Root Causes

Defensive Reaction #1: Fear: Fear is one of the most common drivers of defensive behavior. For beneficiaries, it may appear as anxiety about financial scarcity, dependency, or instability. Beneath these behaviors lies a perceived threat to well-being, identity, or autonomy. Fear of criticism, loss, or rejection can manifest in urgent requests or reactivity.

Fiduciary implication #1: Identify the fear through asking curious questions. Recognizing fear as a need for reassurance rather than control helps fiduciaries work with beneficiaries to understand where the fear is coming from and how the fiduciary can address the fears through the creation of mutual agreements (ex: consistent distributions on agreed upon timelines, enhancing financial literacy to promote independence, an understanding of why additional requests may be accepted or denied in order to reaffirm autonomy).

Defensive Reaction #2: Shame: Shame is a powerful and often hidden emotion that fuels withdrawal, anger, or blame. When individuals feel inadequate or “less than,” they may protect themselves by deflecting responsibility or projecting fault. In fiduciary relationships, shame may arise from dependence on trust funds, financial mistakes, or family history. Blame acts as an anesthetic for shame - providing temporary relief but deepening disconnection.

Fiduciary implication #2: Gentle validation and respect can help beneficiaries reclaim dignity without defensiveness. Normalize mistakes in the learning process, reaffirm the fiduciary role in support vs punishment, and reaffirm beneficiary significance/ importance. Allow the beneficiary to save face in any way that you can.

Defensive Reaction #3: Control: The need for control often arises from insecurity, unpredictability, or fear of vulnerability. Beneficiaries who experienced unpredictability or instability in the past may equate control with safety. Attempts to micromanage trustees, dictate timelines, or challenge authority often reflect a bid to restore agency.

Fiduciary Implication #3: Remind the beneficiary where they have control, the importance of their choices, offer structured choices, and transparent processes, reinforcing the beneficiary's sense of inclusion and predictability. Ask the beneficiary their highest priority and differentiate surface level requests from the accomplishment of an end goal. Reinforce that their choices help shape the end result.

Defensive Reaction #4: Mistrust: Mistrust often stems from past trauma or learned relational patterns in which power was misused or promises broken. Individuals who anticipate harm may interpret fiduciary boundaries or questions as personal attacks. This defensive posture can lead to cycles of misunderstanding, where mistrust invites further tension.

Fiduciary implication #4: Demonstrate reliability over time: responding predictably, communicating clearly, and separating fact from perception without judgment. The small commitments kept will equate to larger amounts of trust over time. Continue to verify that both parties heard the same thing and provide written follow-ups to refer back to at later dates if disagreements persist.

Maslow's Hierarchy of Needs and Resistance

Maslow's Hierarchy of Needs provides a lens for understanding how unmet needs drive behavior. Resistance often emerges when lower-tier needs, particularly safety, belonging and significance, are threatened. When fiduciaries respond only at the rational level, without attending to safety, significance, and belonging, the result is often further resistance.

1. **Physiological Needs:** A beneficiary's focus may be on immediate security (housing, food, health).
2. **Safety Needs:** These are jeopardized when predictability, transparency, and consistent follow-through are not present.
3. **Belonging and Esteem:** Beneficiaries express this by blame or degradation of others. Respectful communication restores dignity and fosters collaboration.
4. **Self-Actualization:** Only after emotional and relational safety is achieved can beneficiaries engage in complex financial planning or long-term goals. This looks like expressions of desires for impact, fulfillment, and pushing the bounds of potential through family business, philanthropic endeavors, or other avenues.

Understanding Core Needs Through Maslow's Hierarchy

Maslow's Hierarchy of Needs offers a framework for understanding how unmet needs drive behavior. For fiduciaries, understanding which need is driving behavior allows them to negotiate at the appropriate level of need, offering targeted, compassionate responses aligned with a driving need rather than a surface level request. Meeting beneficiaries at the level of their *felt need*, not just their *stated request*, is the cornerstone of effective negotiation.

For example, a trustee may get demanding calls from a beneficiary and/ or the beneficiary may deny the trustee's request to do something reasonable (ex: move the trashcan off the street so the HOA doesn't keep fining the beneficiary). For every solution the trustee comes up with, the beneficiary has every reason why it won't work. When the beneficiary calls, they have no patience and are highly demanding. They call repeatedly with problems which never fully resolve and their list of problems for the trustee to solve keep growing. The trustee attempts every practical solution they can think of to no avail.

When asked about the background of the beneficiary, the trustee explains that they constantly make up stories about how they used to be so important when they were younger and had major accomplishments under their belt. The beneficiary is also an older adult living alone, estranged from any living relatives. It's likely, the beneficiary is not in a fight with the trustee over a trashcan, the beneficiary is in a fight with the trustee over a desire to feel significant. The beneficiary may also realize that nobody responds to their calls unless there's a problem or crisis, therefore, the only way they can seek connection is through creating an immediate problem. The trustee must slow down, help the beneficiary feel significant, find healthier ways to help the beneficiary connect to others and then the trashcan problem, along with the never-ending list of demands, will be solved naturally.

Fiduciary Implication: Addressing secondary problems and requests never solves primary problems. Find the underlying need instead of focusing on surface level requests.

1. PHYSIOLOGICAL NEEDS: BASIC SECURITY AND STABILITY

Description:
In Maslow's Hierarchy of Needs, these are the most fundamental needs (food, shelter, medical care, and physical well-being). When unmet, these concerns overshadow all others.

How It Shows Up:
Beneficiaries operating from this level are focused on immediate survival, concerns about housing, food, or healthcare often dominate. Their communication may sound urgent, anxious, or reactive ("I need the funds *now*," "You don't understand how desperate this is"). A typical example of this happens when a beneficiary has not budgeted appropriately and now they expect the trustee to remove the natural consequence to spend food money on delivery or entertainment. The trustee may hear urgent or repeated requests for distributions framed as "emergencies," preoccupation with immediate access to funds, heightened anxiety or catastrophizing around financial delays ("If I don't get this check, I'll lose everything"), or distrust or anger toward fiduciaries who appear to control their basic livelihood.

2. SAFETY NEEDS: PHYSICAL, PSYCHOLOGICAL, AND RELATIONAL SAFETY

Description:
In Maslow's Hierarchy of Needs, safety needs include consistency, transparency, and protection from perceived physical, psychological, or relational harm. When individuals feel uncertain about future outcomes or the motives of others, they may become guarded or controlling.

How It Shows Up:
Beneficiaries with vulnerabilities operating at this level crave reliability. Inconsistent communication, unclear boundaries, or perceived hidden agendas trigger fear and mistrust. They may test limits, seek

repeated reassurance or accuse the trustee of withholding information or funds as a controlling and manipulative measure. Beneficiaries may be micromanaging or demanding to review every decision, questioning fiduciary motives (“You’re hiding something from me” or “You’re trying to control me”), escalating anxiety when communication is delayed or ambiguous, displaying resistance to policy boundaries

due to fear of losing autonomy, showing repetitive reassurance-seeking or excessive checking-in, displaying difficulty tolerating ambiguity or waiting periods, or making attempts to take back control through emotional intensity or detailed oversight.

3. BELONGING AND ESTEEM NEEDS: SIGNIFICANCE AND AUTHENTIC CONNECTION IN RELATIONSHIP

Description:
In Maslow’s Hierarchy of Needs, humans have an inherent need to feel valued, respected, and included. When beneficiaries perceive judgment, dismissal, or condescension, their sense of belonging and self-worth is threatened, often leading to shame or defensiveness.

How It Shows Up:
Beneficiaries may resist because they feel dismissed, infantilized, or judged. Emotional outbursts or accusations (“You don’t care about me,” “You’re just like everyone else,” “I know what I’m doing!”) often mask a deeper desire to feel respected and understood. They may show emotional reactivity or withdrawal after feeling dismissed, interpret fiduciary neutrality as coldness or rejection, over-identifying with wealth (“My value comes from what I control”), make attempts to assert expertise or superiority as a defense against shame, display sensitivity to tone, language, or perceived criticism, show emotional volatility around discussions of responsibility, budgeting, or oversight, or vocalize a desire for recognition or respect rather than purely financial outcomes.

4. SELF-ACTUALIZATION: GROWTH, PURPOSE, AND AUTONOMY

Description:
At the top of Maslow’s hierarchy is the drive for fulfillment, autonomy, and meaning. Once basic and emotional safety are met, beneficiaries can engage in purposeful decision-making and long-term financial planning.

How It Shows Up:
Once emotional and relational safety are established, beneficiaries can engage in long-term planning, investment discussions, and goal setting. They may express interest in learning financial literacy, pursuing education, or contributing to family or community causes. Beneficiaries may express interest in learning financial management, philanthropy, or legacy planning, show a desire for independence and voice in decision-making, show creativity or curiosity replacing defensiveness, make requests for guidance rather than control, tolerate short-term frustration for long-term benefit, communication becomes future-oriented and collaborative, and their questions shift from “What do I get?” to “How can I use this well?”

The Behavioral Change Stairway Model: A Framework For Negotiating Change

Adapted from the FBI Crisis Negotiation Unit, the Behavioral Change Stairway provides fiduciaries with a practical communication roadmap (FBI Academy):

1. **Active Listening:** Reflect back what you hear to ensure understanding. Sometimes the reflection is also in what was unsaid to see if you are on the right track.

2. **Empathy:** Acknowledge emotional reality without agreeing or condoning.

3. **Rapport:** Build trust through predictability and nonjudgmental communication.

4. **Influence:** Once rapport exists, offer explanations or educational framing.

5. **Behavioral Change:** Collaboratively establish new patterns and agreements.

This model provides a structured approach to de-escalation, rapport-building, and influencing behavioral change. Traditionally, the individuals using this framework are not mental health counselors. These are individuals who are often times law enforcement professionals trained to de-escalate crisis situations from active suicide attempts to hostage situations to domestic disturbance calls. They are trained to listen, de-esclate, and influence someone toward an end result, exactly the skill every fiduciary needs.

For most people, conflicts never reap the desired result because steps one through three are skipped and both parties are fighting for behavioral change and influence rather than starting with active listening and empathy. Change occurs only after empathy and rapport have been firmly established. This will have to be repeated in every interaction. This is not a one and done process. Think about your own spouse, parent, friend, or child for a moment. Even though you have a pre-existing relationship, do you need them to actively listen every time? Do you need them to show empathy? Do not assume because a previous relationship is established that empathy and rapport are already built in THIS interaction.

For fiduciaries, understanding how to de-escalate beneficiaries who are threatening, emotionally escalated, or difficult is critical and each step of this model becomes even more powerful when paired with an understanding of two additional tools:

1. **Maslow's Hierarchy of Needs:** Which unmet need is causing the resistance?

2. **Defensive Reactions:** What protective strategy (fear, shame, control, or mistrust) is the beneficiary using here and now?

Together, these allow the fiduciary not only to respond to the behavior *seen*, but to acknowledge and meet the need *driving* the behavior. The most important thing about hostage crisis negotiation is remembering that this is a person in crisis (in the case of law enforcement, one who happens to be engaged in a criminal act or an active suicide attempt). They are not thinking or having a rational response at that moment. For so many people, it is easy to assume the person in front of them is in control of their behavior. Most of the time when someone is acting irrationally, it is because their amygdala is hijacked, their defensive reactions are triggered, and there are deeply rooted needs unmet in that moment leading to an escalation. If fiduciaries can remember, despite verbally or physically aggressive behavior, this is a person in crisis, they will begin to engage with them differently.

Step 1: Active Listening: Active listening is not simply repeating words, it is detecting the *signal underneath the noise*: Ask yourself: Which unmet need is being expressed? Which defensive reaction is activated? What emotional reality is shaping the behavior? Use tools like emotional labeling and summarizing to see if you accurately captured the main points of the client.

Goal: Identifying the Need Beneath the Reaction

Questions to Identify the Unmet Need in Maslow's Hierarchy of Needs:

Physiological / Safety Needs

- "What feels most urgent or immediate about this situation right now?"
- "What outcome are you most afraid might happen?"
- "What would help you feel more secure in the short term?"

Belonging / Esteem Needs

- "What part of this process feels invalidating or frustrating?"
- "What helps you feel respected or heard in conversations like this?"
- "What feels most important for me to understand about your situation?"

Self-Actualization Needs

- "What would success look like for you in the long term?"
- "What direction are you trying to move toward in your life or finances?"

Identify the Defensive Reaction

During active listening, observe for:

- **Fear:** fast speech, catastrophizing, urgency
- **Shame:** deflection, anger, blaming, withdrawal
- **Control:** micromanaging, demands, rigidity
- **Mistrust:** questioning motives, skepticism, hypervigilance

Disarming Through Listening

Goal: Tailor validation to the observed defensive reaction:

- **Fear:** “You’re worried about what might happen if this isn’t resolved quickly. I hear the urgency.”

- **Shame:** “It makes sense that this feels overwhelming. You’re not alone in this process and many of the beneficiaries I work with feel the exact same way in the beginning.”

- **Control:** “You want to make sure you have clarity and influence in this decision. Let’s look at this together. Your input is important to me.”

- **Mistrust:** “I want to be transparent with you. Here’s exactly what I know and what I can commit to.”

Outcome: By naming/ labeling the emotional experience rather than correcting the content, the emotional brain begins to relax.

Step 2: Empathy: Empathy is not agreement, approval, or conceding to a request. It is the act of conveying that the listener genuinely grasps *why* the speaker feels the way they do based on their circumstances, history, and current stressors. It acknowledges the emotional experience without endorsing the behavior and gives the person talking a gauge that the listener can relate or connect to their experience. Empathy signals: you’re safe with me, your feelings won’t be used against you, and I can understand why you reacted the way you did.

Goal: Building connection between the fiduciary and the beneficiary’s need driving the behavior. This is the moment where internal threat levels begin to fall, making space for rational thinking, trust-building, and collaboration.

Empathizing in a Way That Matches the Unmet Need in Maslow’s Hierarchy of Needs:

If the unmet need is safety or physiological: The beneficiary is overwhelmed because something feels threatening or urgent. Empathy here focuses on stabilizing fear and offering emotional containment.

- “Given how uncertain things feel right now, it makes sense that you’re scared and trying to get clarity.”

- “Anyone in your situation would feel overwhelmed. Let’s make sure your immediate needs are secure.”

Outcome: This shows you understand the *why* behind the urgency without endorsing the demand itself.

If the unmet need is belonging or esteem: The beneficiary feels judged, dismissed, or insignificant. Empathy must restore dignity and relational safety.

- “I hear how you feel frustrated and disrespected. Nobody wants to feel patronized, rushed, or unimportant. It makes sense that you want to know your perspective matters.”

- “I hear you trying hard to advocate for yourself, and that tells me this situation is important to you.”

Outcome: This affirms the person's humanity and need for respect.

If the unmet need is self-actualization: The beneficiary is striving for meaning, autonomy, or growth. Empathy recognizes their aspirations and values.

- "I hear that you're trying to move your life forward, and this feels like a barrier to the progress you want."

- "It makes sense that you want more agency in these decisions."

Outcome: This positions the beneficiary as capable and future-oriented.

Empathy Tailored to the Defensive Reaction

Empathy becomes most powerful when aimed directly at the defensive style the beneficiary is using:

- **Fear:**
  "This situation feels unstable, and you're trying to regain some control. That's completely understandable."

- **Shame:**
  "You're under a lot of pressure, and these conversations can feel uncomfortable. I'm not here to judge you."

- **Control:**
  "You want clarity and a say in what happens next. That makes sense given your past experiences with other people in my role."

- **Mistrust:**
  "It's hard to trust this process when you've been let down before. I understand why you'd question the motives here."

Outcome: This shifts the beneficiary from defensiveness to openness. When beneficiaries feel emotionally understood, their nervous system downshifts. Only then can rapport form, influence occur, and behavioral change take hold.

Step 3: Rapport: Rapport forms when the beneficiary feels safe enough to stop defending. Rapport is built when the beneficiary experiences the fiduciary as predictable, nonjudgmental, emotionally regulated, reliable across interactions Rapport allows the emotional brain to rest long enough for rational thinking to re-engage.

Goal: Creating Psychological Safety and Predictability

Strengthening Rapport Through Needs-Matching

If the unmet need is safety: Provide routine, structure, and follow-through.

- “I will call you every Wednesday at 2 pm. Here’s the calendar invite.”

<u>If the unmet need is belonging/esteem:</u> Use relational language.

- “We’re a team here and I’m going to do everything I can within the limits I have to come up with a solution with you. ”
- “I respect the effort you’re putting into this and it’s really helping us move forward here.”

<u>If the unmet need is self-actualization:</u> Invite participation.

- “You have a lot of good ideas on what success looks like here. How would you like to shape this next step?”

Strengthening Rapport by Disarming Defensive Reactions

- Fear → Predictability
- Shame → Nonjudgment and affirmation
- Control → Offering structured choices
- Mistrust → Transparent, written follow-up to refer back to later

Step 4: Influence: Only after active listening, empathy, and rapport does influence become possible. This is where education, policies, and boundaries finally make sense to the emotional brain.

<u>Goal:</u> Guiding Understanding Once Safety Is Restored

Tailoring Influence to the Unmet Need

<u>If the need is safety (physical and psychological):</u> Use clear, simple explanations; avoid abstraction.

- “Here’s the exact reason the trust requires this step.”

<u>If the need is belonging/esteem:</u> Avoid condescension or technical overload.

- “You’ve done a good job navigating this part. Here’s the next piece. I would love to help you by following up after Tuesday to answer any questions after you’ve had a chance to do this. Does that sound reasonable to you?”

<u>If the need is self-actualization:</u> Connect decisions to personal goals.

- “Building your own wealth feels really important to you. This plan helps you build financial independence over time.”

Influence Without Triggering Defensive Reactions

Modify your delivery based on emotional patterns:

- **Fear:** Keep tone calm and pacing slow.
- **Shame:** Use neutral language and emphasize partnership.
- **Control:** Provide 2–3 options, never just one.
- **Mistrust:** Provide written rationale and invite questions.

Note: Influence becomes possible when the beneficiary feels safe enough to consider new perspectives.

Step 5: Behavioral Change: Behavioral change emerges naturally when the unmet need is addressed, the emotional brain is deactivated, the defensive reaction is disarmed, the relationship is predictable, respectful, and consistent

Goal: Co-Creating New Agreements and Relational Patterns

Solidifying Change Through Needs-Based Structure

For safety needs:

- Weekly predictable distributions
- Direct payment of rent or essentials
- Scheduled check-ins
- Clear budgeting systems

For belonging/esteem needs:

- Collaborative planning
- Acknowledgment of progress
- Respectful framing of limits

For self-actualization needs:

- Financial literacy support
- Leadership opportunities in family governance
- Long-term planning sessions

Locking in Behavior Change by Neutralizing Defensive Reactions

- **Fear:** Build long-term predictability
- **Shame:** Celebrate competence and progress
- **Control:** Maintain choice and involvement
- **Mistrust:** Repeat transparency and follow-through

Note: Behavior changes because the emotional structure around the beneficiary has changed not because they were convinced, corrected, or coerced.

CASE STUDY: THE HIGH-CONTROL BENEFICIARY, LYDIA, 52 YEARS OLD

BACKGROUND:

Lydia is intensely controlling, micromanaging, and highly critical of trustee decisions. She frequently sends long, detailed directives, demands to approve every invoice, and frequently accuses the trustee of incompetence.

She grew up in a home where unpredictability and secrecy were common. Her father, the grantor, was emotionally distant and managed all family finances without transparency. Lydia learned early that having control was the only way to feel safe.

Lydia is intelligent, articulate, and hypervigilant. She interprets any delay, limit, or ambiguity as a threat to her safety or autonomy. The trustee is quickly identifying two primary unmet needs in Maslow's Hierarchy of Needs: safety (predictability, transparency, control) and esteem (competence, respect). She uses control as her primary defensive reaction to address any underlying fear.

THE INTERACTION

Triggering Event

The trustee emails Lydia with a routine notice that her quarterly distribution will post one day later than usual due to a bank processing delay. Within minutes, she replies with a phone call:

> "Unacceptable. This is the third time I've had to remind you that I expect timely distributions. I want proof this is actually the bank's fault. Copy me on all emails. This should NEVER happen

again. I want a full accounting of what systems you have in place to avoid future errors."

Lydia's nervous system interprets unpredictability as danger and her defensive reaction is now triggered.

STEP 1: ACTIVE LISTENING: IDENTIFY THE NEED AND DEFENSIVE REACTION

Trustee:

"Hi Lydia. You were counting on a predictable timeline, and understandably, the delay threw you off. I know predictability is extremely important for your sense of security and you want reassurance that this type of delay won't create bigger issues in the future. Did I get that right?"

Note: The trustee does *not* defend or explain yet - only listens and reflects.

Identifying the Unmet Need

Signals of Safety needs:

- Hyperfocus on predictability
- Demanding detailed verification
- Micromanagement of process

Signals of Esteem needs:

- Sensitivity to perceived incompetence
- Over-identifying with being "in control"
- Quickness to criticize

Identifying the Defensive Reaction

Her behaviors reflect:

- **Control**: demanding oversight, scrutiny, directing all steps
- **Fear underneath**: catastrophizing a one-day delay, assumption of negligence or threat to future distributions

The trustee now knows: This isn't about the distribution. This is about emotional safety.

Lydia:

"Yes! I can't stand people's incompetence and they have no regard for how it impacts me and my life! NO

REGARD! They just move on with their lives and expect everyone else to just deal with it and I won't! You should've seen this coming!"

STEP 2: EMPATHY — DEMONSTRATING UNDERSTANDING WITHOUT AGREEING

Empathy conveys: *"I understand why you feel this way."* Not: "You are correct."

Trustee:

"You feel blindsided and nobody likes to be taken off guard. Anyone who has experienced last-minute financial shifts would feel anxious when something deviates from the plan, especially when it comes to their finances. I hear how stressful this is for you and how you feel let down because you believe I could've prevented this stress from happening."

Notice:
No defensiveness.
No correcting her interpretation.
Just understanding.

Disarming the Control Reaction

Control lowers when the emotional threat lowers.

Empathy here communicates:

- "You're safe."
- "I'm not hiding anything."
- "Your concerns are valid."

Lydia's response softens:

> "Yeah! Why didn't you know about this? Why didn't you see this could happen? I just need to know these things won't keep happening. I need to be able to plan. This is my only source of income."

STEP 3: RAPPORT: CREATING PREDICTABILITY AND SHARED GOALS

Rapport is built by establishing structure, transparency, and collaboration, all of which directly meet her safety and esteem needs.

Trustee:

"You want predictability and you want me to share the foresight I might have when things can be thrown off the expected timeline. That's a reasonable expectation. My goal is to help you feel fully informed and supported. What do you think of creating a system together where you feel more in control without needing to oversee every detail? Within 48 hours, I can also send an email letting you know any of the reasons distributions might get delayed through the bank again so you know when it might happen. I will also commit to always letting you know if something changes, even if it's small. Will that work for you?"

Meeting Maslow Needs Through Rapport

- **Safety:** Predictable communication, clear processes
- **Esteem:** Acknowledgment of competence and intelligence

Lydia's voice becomes more even:

"Yeah, you can't just go blindsiding people who rely on you to pay their bills, ya know? It's not right. Is this going to be more work for me? What kind of system are you thinking?"

STEP 4: INFLUENCE: PROVIDING FACTS WITHOUT TRIGGERING DEFENSIVENESS

Now that Lydia is calmer, the trustee can introduce information and boundaries.

Trustee:

"The delay was caused by the bank processing time. It's on the bank's side, and here is the documentation. I'm sending it over in an email now. In the future, we can hedge against some of these technicalities by moving the distribution 24 hours earlier than we typically do so it doesn't catch you off guard and change the payments you already had scheduled. We can move forward with the expectation that based on bank holidays and internal delays, each distribution should be there at a maximum of 48 hours from the time we planned. More typically, it'll be there the same day as we planned. There are some processes I must manage internally, but within those constraints, I want you to have clarity and there shouldn't be any more work on your end."

Tailoring Influence to the Unmet Need

For safety:

- Use simple, clear explanations
- Avoid jargon
- Provide written follow-up

For esteem:

- Avoid sounding corrective or patronizing
- Emphasize partnership
- Reinforce her capability

Lydia gets the email with documentation from the trustee while they're on the phone and says:

"Thank you for sending the documentation. I'm glad this won't happen again. It's hard for me when everything gets thrown off. Thank you for fixing it. I think your solution about moving the distribution up by 24 hours is best to hedge against your error or anyone else's in the future."

STEP 5: BEHAVIORAL CHANGE: CO-CREATING A STRUCTURE THAT REDUCES CONTROL-BASED REACTIVITY

Now they can collaborate on a system that addresses Lydia's emotional drivers.

PLAN THEY CREATE:

1. Predictable Distribution Calendar
   All quarterly transfer dates for the year are sent in writing, with a 48-hour notification if anything changes (when predictable).

2. Process Transparency
   Lydia receives a one-page outline of how distributions are initiated, verified, and processed. She also receives in writing any reason the bank may have delays so she knows what to expect in the future. This is also a reference tool for the trustee if future issues arise.

3. Communication Structure
   - Weekly 15-minute check-in call
   - Written summaries after any change in process or timeline
   - A shared document showing upcoming transactions

4. Boundary for Over-Control
   Trustee clarifies which items Lydia can review and which must remain trustee-managed.

This structure gives Lydia:

- Control where appropriate

- Predictability where needed
- Respect throughout

OUTCOME

Although her controlling behaviors did not change immediately, it slowly began to decrease significantly over time. Within three months:

- Lydia stopped monitoring every transaction
- Emails became shorter and more collaborative
- She began asking for clarification rather than demanding oversight
- She expressed appreciation for consistency rather than criticism
- Crisis escalations disappear
- The trustee experienced fewer micromanaging behaviors and increased trust.

Why did it work?
Because the trustee didn't fight for control, they restored emotional safety, which eliminated the need for Lydia to control everything. Once her underlying fear was addressed, Lydia no longer needed to act out and grasp for control externally because she knew what to expect, had consistent communication, and had systems she co-created with the trustee.

Managing Unrealistic Demands and Timeframes

In the context of negotiations and crises, beneficiaries may throw out unrealistic demands or timelines to see what's possible and because they are experiencing a high level of urgency and anxiety. These might look like urgent requests, rapid turnarounds, or all-or-nothing thinking. Fiduciaries can manage these effectively by:

- **Acknowledging urgency before setting boundaries:** "It's understandable this feels time-sensitive. I hear the urgency in your voice. I'm going to help you. I need more information before I'm able to tell you the next steps."
- **Creating structure:** Provide clear timelines and written summaries. "Let's review what's feasible under the trust terms and with the company policy that all additional distributions above $2000 must be requested in writing with a 3 business day notice."
- **Avoiding power struggles:** Remain calm, factual, and compassionate. "What feels most urgent and helpful right now that we can address within these parameters?"
- **Using education as empowerment:** Explain processes transparently, in plain language. "Today, I'm able to help you with X. You'll need to submit a request for the rest in writing along with the reasoning behind the need. I'm noticing this is a consistent theme of overspending by about $500/mo and part of what we can do is rework your budget to increase monthly distributions by $500/mo. In the future, let's work together to plan and budget so you don't end up in these types of crises. Is that something you're willing to do with me?"
- **Modeling emotional regulation:** A fiduciary's composure directly influences the beneficiary's emotional state. If the beneficiary escalates their tone, pause and let them know the conversation isn't effective when they're yelling over you.

Negotiation Tools for Navigating Resistance

Goal	Tool or Technique	Example or Application
De-escalate emotion	Reflective statements	“It sounds like you’re worried this process isn’t moving fast enough.”
Build trust	Label emotions	“I can hear how frustrating this is for you.”
Reframe behavior	View resistance as protection	“You’re advocating for yourself, which makes sense given your past experiences. I want you to know I’m on your side.”
Restore agency	Collaborative boundaries	“Here are two options for moving forward. Let’s decide together.”
Prevent escalation	Strategic pauses	Allow time for emotion to settle before responding.
Foster predictability	Transparent communication	Provide consistent updates, even if progress is minimal.

These negotiation strategies position fiduciaries not as enforcers of rules, but as co-regulators of process and emotion, balancing empathy with accountability. It keeps the fiduciary in control of the situation and what happens next.

CONCLUSION

Resistance in beneficiary relationships is not a failure of fiduciary strategy, it is a predictable human response to threat, uncertainty, and perceived loss of control. In the world of trusts and family wealth, where personal identity and financial dependency often intersect, emotional undercurrents can easily override rational decision-making leading to threats, volatility, increased conflict, and legal involvement. Recognizing this truth reframes the fiduciary’s role: not simply as a manager of assets, but as a steward of trust, stability, psychological safety, and self-actualization.

Effective navigation of resistance requires more than procedural knowledge. It demands emotional intelligence, attunement, and a willingness to understand behavior through a psychological and relational lens. By integrating frameworks from hostage negotiation and behavioral psychology, fiduciaries can cultivate communication approaches that defuse tension rather than escalate it, transforming power struggles into collaborative problem-solving.

As generational wealth transfer accelerates and family systems grow more complex, these skills will define the next era of fiduciary excellence. The ability to remain grounded, curious, and compassionate in the face of resistance is not only a marker of professional maturity, it is a competitive advantage in a field increasingly shaped by the interplay between money and the human mind.

REFERENCES

- FBI Behavioral Change Stairway Model. (n.d.). Crisis Negotiation Unit, FBI Academy.