SEPT 2018

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ADVISORS magazine

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"It's Got To Change."

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Robert Jordan
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Amy Armstrong
Matthew D. Edward
Joel Kranc
Joss Murray
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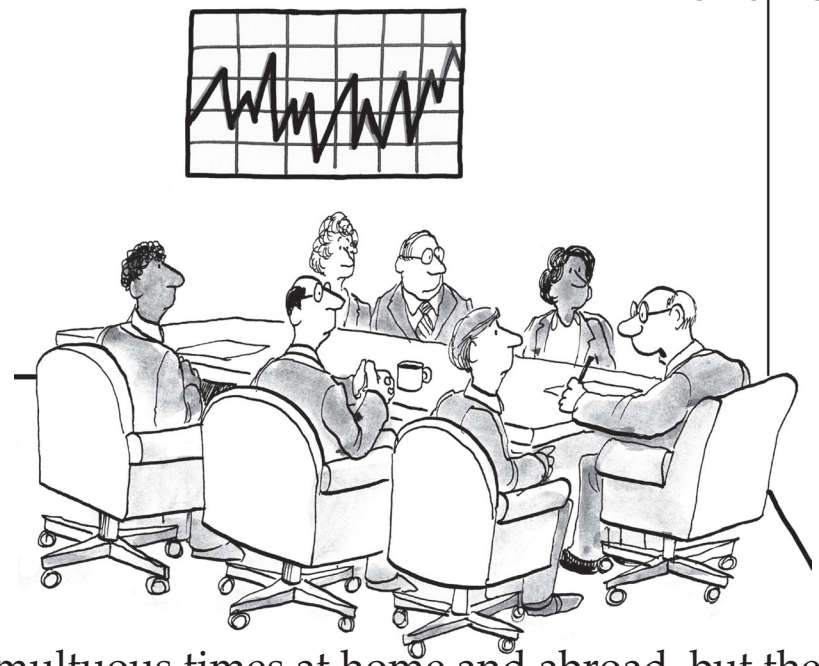
Vitaliy Katsenelson, CFA
Ryan Eaglin

Illustrators
Khalil Bendib

Marketing / Advertising
Sean Rome

Billing
Eric Daniels

For advertising inquiries, to order prints, contact:
editorial@advisorsmagazine.com



Tumultuous times at home and abroad, but the numbers are solid

Global issues such as the trade war between the United States and China, discord resulting from the decisions made by the Organization of the Petroleum Exporting Countries (OPEC), and concern over Brexit – the impending withdrawal of the United Kingdom from the European Union – have left nervous sentiments in the market.

Once in office, President Trump wasted no time in exercising his new economic power on countries that we have been doing business with for years. He may well be within in his right to renegotiate existing deals and expect huge revenues as a result. Let's not forget he has also slapped 25 percent tariffs on millions of dollars of goods from China, and will be taxing automotive manufacturers that trade with the U.S.

The numbers are in and the government reports that the gross domestic product grew at a 4.1 percent annual rate in the second quarter, up from 2.2 percent in the first quarter. By many metrics, the economy is in excellent shape: unemployment is near an 18-year low, factories are seeing more orders, and exports are surging.

Matching the country's momentum, in this issue we feature interviews with prominent entrepreneurs and thought leaders from the financial community and insightful commentary from industry experts.

For instance, with a mission to "democratize venture capital," Kendrick Nguyen, CEO of Republic discusses the company's disruptive online platform designed for lay investors interested in funding startups. Matthew Edward's informative report starts on page 17.

Can the Department of Labor's proposed Fiduciary Rule designed to help protect investors be resuscitated after it was shot down by the Trump administration? Find out on page 22. But, in the meantime, to assist investors, we've prepared a guide on selecting a financial advisor with the help of several industry professionals. Starting on page 8, Amy Armstrong's feature article also provides advisors with consumer insights.

And, on page 12, "Mr. Wonderful" Kevin O'Leary from ABC's long-running primetime hit "Shark Tank" discusses the importance of financial education, what he'd like to see happen – and what he's doing about it.

At "Advisors Magazine," we strive to capture breaking economic news and feature entrepreneurs and industry leaders who are game changers. And, just as important, we give voice to small and mid-sized businesses by sharing their thoughts and perspectives. In many ways, this may be the greatest economy in the America's history, and we're proud to bring you, our readers – history in the making.

Enjoy!

Erwin Kantor

Erwin Kantor, Publisher

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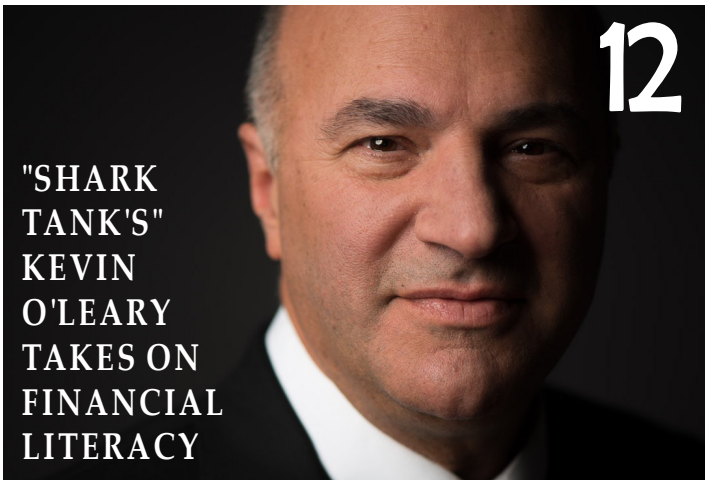

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BY AMY ARMSTRONG

The Ultimate Guide to Selecting a Financial Advisor

So many shingles hung out, dangling in the winds of today's financial services marketplace. It's a struggle for consumers – many of whom have little knowledge of the industry's day-to-day workings – to decipher which service will best meet their needs. And, it's also a challenge for advisors to differentiate themselves.

Below is a guide compiled from the answers numerous financial advisors provided when "Advisors Magazine" asked them, "What advice would you give to a client who is meeting a new financial advisor for the first time?"

This information helps consumers formulate their game plan for interviewing financial advisors and its insight from within the industry will help advisors evaluate their own practice, size up the competition, and further hone how they can best market their services through the deafening noise that surrounds the industry.

What is the advisor's approach?

Investment philosophies vary from firm to firm. Some are highly aggressive; some are incredibly conservative.

As an investor, you want to be certain your advisor's approach to investment and risk lines up with yours.

"Believe it or not, some advisors actually don't have a philosophy," said John "Sean" Crowley, CEO of Stonehendge Advisors Group, LLC, in Philadelphia. "That is not what you want as a consumer. You want someone who can readily articulate what they believe in terms of investment philosophy and can provide you with the evidence to support that."

Crowley also said that it's important to determine if the advisor is a one-hit wonder – someone that is great with a single financial problem, but isn't capable of handling comprehensive, long-term planning.

"A lot of advisors may say they are comprehensive, but you really want to know the truth about that. Ask them, 'are you going to help me analyze my Social Security options,' or 'help me determine the best financing for my auto or home,' and 'how are you going to help me keep ahead of inflation and reduce tax rates.' If they can't give you an answer, that advisor is not offering comprehensive services."

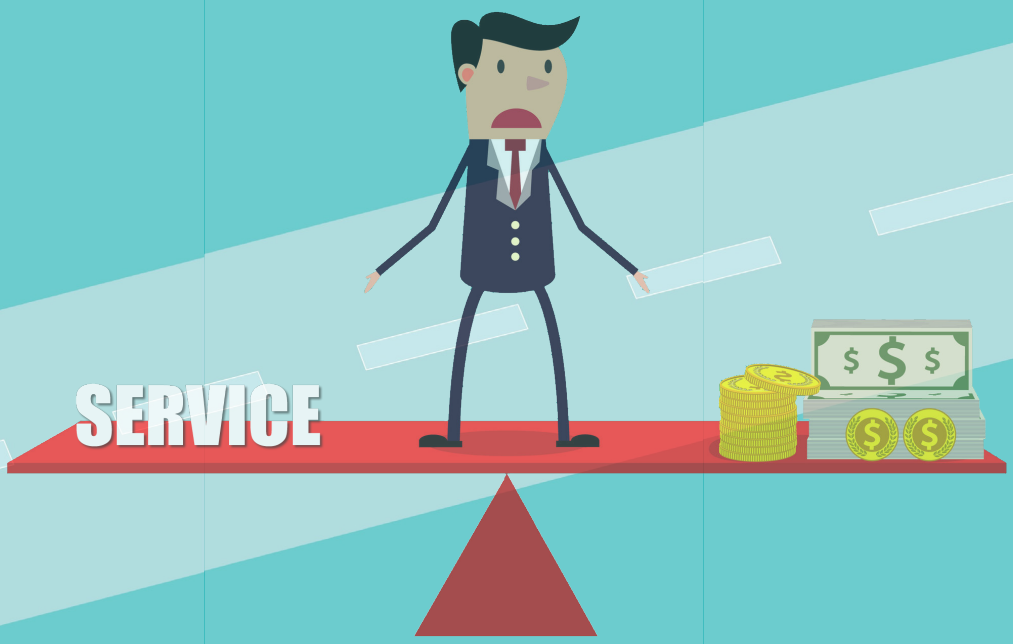
It is also important to know the level of contact the advisor will have with you as their client.

"Ask the advisor to detail the process by which they are going to help you solve your immediate financial problem, and then ask what kind of follow-up and meetings you'll have after that," said Brad Williams, president of Brad Williams Financial Services of Huntsville, Alabama. "Will you hear from the advisor monthly or quarterly, or will it be a couple years before you hear from them again?"

Understand what a fiduciary is, and why it's so important.

The fiduciary standard has been hot topic within the financial services industry over recent years. Recently, the Trump administration squashed attempts by the federal Department of Labor to create a blanket definition of fiduciary for all financial professions to work under. But just because the government isn't enforcing it, doesn't mean that consumers should not understand what a fiduciary is and know how to discuss the topic when interviewing

HOW IS THE ADVISOR PAID ?



potential advisors—in fact, it should be a priority.

One would think that working as a fiduciary, that is, working in the client's best interest, would always be the role of an advisor. Not so in the financial services industry where "advisors" can attain varying qualifications that may or may not mandate this level of customer care. For some types of advisors, a suitability standard that does not necessarily place the client's best interest first is acceptable when recommending financial products—as long as the products are considered "suitable" for the individual.

So, how do you know who is a fiduciary and who isn't?

One clear indicator is if the advisor has an RIA (registered investment advisor) designation. If your advisor is officially registered with the U.S. Securities and Exchange Commission (SEC), he or she is legally held to operate according to the fiduciary standard.

Thus, a client asking to see an advisor's own proof of SEC registration ought to receive a fairly prompt viewing of such documents.

"Ask that potential advisor if he or she is a fiduciary and if that means to them that they are required to work in the client's best interest," said Grant Conness, managing director and co-founder of Global Wealth Management in Fort Lauderdale, Florida. "Make sure the advisor you consider is working for you in that capacity. You want an advisor that is focused on you as the client and your goals, and not just selling or pushing a product."

How is the advisor paid?

Seems like a no brainer, right? Whenever one engages in a business relationship, you want to know what it costs, right?

Yet, all too often, longtime advisors tell us that the issue of fees and how the advisor is paid includes an awkwardness that doesn't exist in other business transactions. Clients aren't just timid to ask that question, they are downright uncomfortable.

They shouldn't be.

"Compensation transparency is paramount," said Chris Abts, president of Cornerstone Retirement Group, Inc., located in Reno, Nevada. He is part of the third generation of financial advisors in his family and he's had a ringside seat to watch the industry's struggle with fees over the past decade or so. "If an advisor cannot clearly explain what the fees are, don't work with that advisor."

Having the "fees discussion" early on in the development of an advisor-client relationship lays its foundation.

"Before I would ever sit with a financial advisor, I would want to know how they are paid and if they have a minimum investment management amount or minimum advisory fee," said George McCuen, president and founder of Napa Wealth Management based in Napa, California. "I want to clear the air, so I understand how the advisor is motivated."

Get on the same page and get it in writing.

There is a lot to discuss when an

advisor and prospective client initially meet. Private and difficult subjects are part of the conversation. When an investor gets up from the table, he or she wants to be sure that they were understood, and that they also are clear on all the information the advisor communicated.

The pros suggest you get it in writing.

"Specifically ask the advisor to detail—in writing—what you as the consumer can expect from them in terms of services for that very critical first year of engagement,"

said Christopher Detmer, founding partner and managing director of Steward Partners Global Advisory in Washington, D.C. "It puts everyone on the same page."

And it holds everyone accountable – a major component in developing a solid, trustworthy relationship, according to Abts, who also stresses the need for the nature of the advisor-client relationship to be put in writing.

"Ask that advisor if they consider themselves to be a fiduciary," Abts said. "Make sure that advisor is required to put your interests first and then ask them if they will put that in writing. Don't move forward if they won't."

McCuen further suggests that you, as a potential client interviewing advisors, also do some paperwork.

"You might want to give a brief outline of what you are looking for in an advisor," he said. "You could also describe your situation that is causing you to search for an advisor."

Having your needs pre-written to reference while talking to a potential advisor aids in keeping the conversation on track and goes a long way toward ensuring that you don't overlook an important aspect you wish to be addressed.

Any complaints?

Don't be shy about this: Flat out ask a potential advisor if anyone has made complaints against them and if so, also ask how the complaint was resolved.

"Has the advisor ever had any kind of action against them by any regulatory agency or any clients,"

suggests John "Joe" Terril, founder and president of Terril & Co. based in St. Louis, Missouri, as a way to broach the subject.

If yes, that is a possible red flag. Get further details, he advises.

Do you fit the advisor's client profile?

Each client's financial situation is different, yet there are many crossover demographics and attributes that can comprise the type of clients a particular advisor serves.

"You want to ask the advisor about his or her typical clients; who are the people they work with," Abts said. "Then ask yourself, 'do I fit that

mold?'"

If the advisory firm mostly has clients that are interested in green investing and you simply are not, that firm might not be the best fit for you. If the firm has extremely well-heeled clients for who risk is no big deal but you have limited resources and need a more conservative approach, then that firm also might not be a good fit.

A good or bad fit doesn't mean a good or bad advisor or that you, as an investor, are unqualified. It just means the fit wasn't right.

What about industry credentials?

When offering consumers suggestions as to what questions to ask an advisor, Val Folden, president of Fredericksburg Financial Planning Services in Fredericksburg, Virginia, said, "Obviously, you have to ask them what their educational background and credentials are."

And then, ask to see the certifications, he suggests. Most advisors will have them neatly framed in full display. If not, you might inquire.

Also be aware that while the industry initials that follow an advisor's name tells you that the financial professional passed the test – it ought to also mean that he or she is competent, but that isn't a given assumption, Folden cautions.

"Get a feel for the person in your interview of them," he said. "If what you feel doesn't match up with the credentials they claim, it might not be the best fit for you."

Kris Maksimovich, president of Global Wealth Advisors based in Dallas, echoes Folden's caution against relying too heavily on credentials.

"They are important," he said. "But frankly, you can get out and get 20 credentials and have no life experience working with clients. The client has to find out what kind of experience is combined with those credentials."

Trust your gut instinct.

Sure, emotions and all that touchy-feely stuff is something to keep out of future financial decisions, but when you are searching for whose guidance to make those choices with, your gut instinct counts.

"If you are not comfortable with an advisor; if you don't feel you can trust them, then seek someone else," Folden said. "Advisors can't be all things to all people, so you have to find someone that you feel you can have an honest dialogue with or the relationship simply won't work."

Are clients referring the advisor to their friends and family?

Request to see written referrals and or inquire just how many referrals the advisor gets from current clients.

"Ask them, 'how many clients have referred you,'" Jeff C. West, CEO of Financial Compass Group, LLC, suggests. The next moment is highly telling, he said. There shouldn't be any hesitation.

Comparing referrals for a financial advisor to restaurant suggestions, West said, "If I go out and get a bad steak dinner, I'll tell people. If I go out and get the best steak dinner ever, you bet I am going to tell people. If your advisor is not getting referrals from current clients, you can know those clients aren't happy and you can bet that advisor is not doing right by his or her current clients. No referral is a huge warning sign."

Does the advisor have a niche?

There are a lot of advisors in today's financial advice market

– more than 300,000 actually, Mark Foneville, explains.

"One of the first questions you should ask an advisor is what does he or she specialize in," he said. As the president and wealth manager for Covenant Wealth Advisors in Virginia, Foneville said too many advisors are generalists.

Finding a financial professional with specific experience and qualifications is like selecting a doctor whose practice focuses on a particular part of the body, said Foneville.

"Just as in the medical profession when you have a specific illness or issue, a financial professional with a certain forte can do a much better job for the client if that is what he or she specializes in and it is exactly what the client's financial situation needs," he said. "I think the same is true for wealth management."

James Davenport, founder of Integrated Financial Group in Salt Lake City, Utah, characterizes the question of specialization in this manner:

"Ask what the typical client in their wheelhouse is," he said. "Then, ask yourself if you fit in that demographic."

Do your research.

Take advantage of what the internet has to offer when evaluating advisors. Visit their company websites. Check a firm's status with the local Better Business Bureau. Visit their social media platforms to see their company news, activities, and how the firm, advisors, and staff present themselves online.

Then, click over to the FINRA BrokerCheck website. FINRA is the acronym for the Financial Industry Regulatory Authority—a private corporation conducting self-regulation for the industry, formed in 2007 in the wake of turbulent market activity and several scandals.

By heeding the advice offered by the financial industry professionals we've interviewed here and by doing your own research and due diligence to prepare, you should be well on your way to finding an advisor best suited to help you plan your financial future.

BY JUDE SCINTA

"SHARK TANK'S" KEVIN O'LEARY

TAKES ON FINANCIAL LITERACY

In an appearance on ABC's "Good Morning America earlier this year, "Shark Tank" star and Chairman of O'Shares ETF Investments, Kevin O'Leary offered a "jawsome" example of the power of compound interest.

> "The average salary in America is $52,000, if you save 10 percent when you start in your 20s, by the time you are 65, you will have $1.2 million dollars in the bank."

"You can do it," he said looking directly into the camera, and then shifting his gaze to the live studio audience he repeated, "You can do it… you can do it."

But in America, we have a significant obstacle – study after study confirms that many people in their 20s may not understand the concept of compound interest and other basic money management principles. One recent survey released in June of this year by Massachusetts Mutual Life Insurance Company (MassMutual), asked Americans aged 25-40 five basic financial literacy questions – and just 17 percent of participants answered them all correctly.

O'Leary has long been an advocate for financial literacy. His two best-selling books, "Cold Hard Truth: On Men, Women & Money" (2013), and "Cold Hard Truth: On Family, Kids & Money" (2015) serve as guides on "making, saving, and growing money."

What he finds frustrating is that American schools "essentially ignore financial literacy" he told Advisors Magazine during a recent interview.

"My kids grew up in a suburb of Boston and were taught everything – math, reading, geography, sex education, but they [the school system] never once gave them any help in explaining what debt was, or how a credit card works, or how to invest, or how you should think about spending money," he said. "It's not in any school curriculum in a way that's meaningful and it's got to change, it's a huge problem."

O'Leary suggests that U.S. educational systems should add financial literacy to the core curriculum for students beginning at age 7 to help them understand what money is and "how it fits in a family." Further, he wants the federal government to mandate that states put in place that at least ten percent of the educational day is spent on financial literacy. "Otherwise we're just setting up people to fail in life," he said.

Born in Montreal, Canada, and having lived in Cambodia, Tunisia, and Cyprus while growing up, combined with his experiences as a global investor years later, it's easy to conclude that O'Leary's worldview is significant. So, how does financial literacy in America compare to that of other countries?

In Europe, they build financial literacy into their educational programs, particularly the Nordic countries, he explained. Debt and spending habits are discussed at an early age, and in Switzerland part of marriage counseling includes discussion of such topics as "how you take on debt and how you understand your partner's affinity towards saving money," explained O'Leary. "They have very successful marriages – because the number one reason for divorce in America is not infidelity, it's financial stress."

For over three years, O'Leary has spent many Saturday mornings teaching a program on financial literacy at campuses all over the country including, MIT, Harvard, Notre Dame, and Temple University.

"I do quite a large cohort of

engineers usually, they're the ones that tend to want to be entrepreneurs, so I'm spending a fair amount of time with them. It's amazing, you see class of MIT engineers, the smartest people on earth, and they don't know how to buy a stock," he said adding, "There's nothing more exciting than the energy from a class of 22-year-olds about to go into the market and start a company."

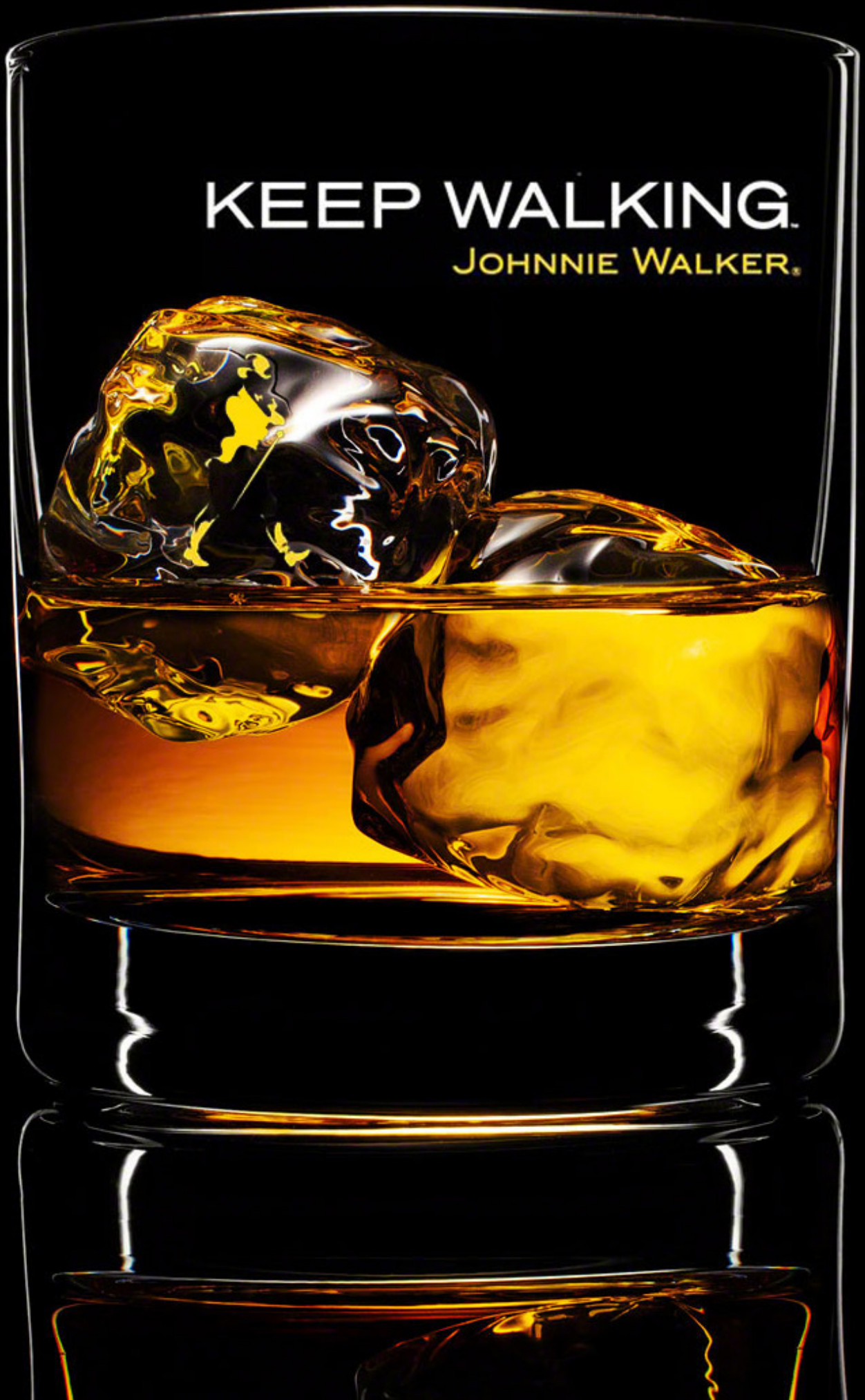
In further efforts to improve financial literacy for young adults, O'Leary, inspired by his own 24-year-old daughter's desire to start an investment portfolio, developed a fintech app called Beanstox. Users can put in any amount of money as low as a dollar and can buy shares in companies to learn about investing firsthand.

In countless interviews, O'Leary often mentions that his mother instilled sound financial concepts and values in him when he was very young – he was exposed to key business and financial insights at an age much earlier than most. Advisor's Magazine asked him, "What's the first thing that comes to mind that she taught you?"

"She told me at the age of 5-years-old, 'Never spend the principal, only the interest.'" he said. "It's the concept of saving money and making it work for you, it was engrained in my head very early."

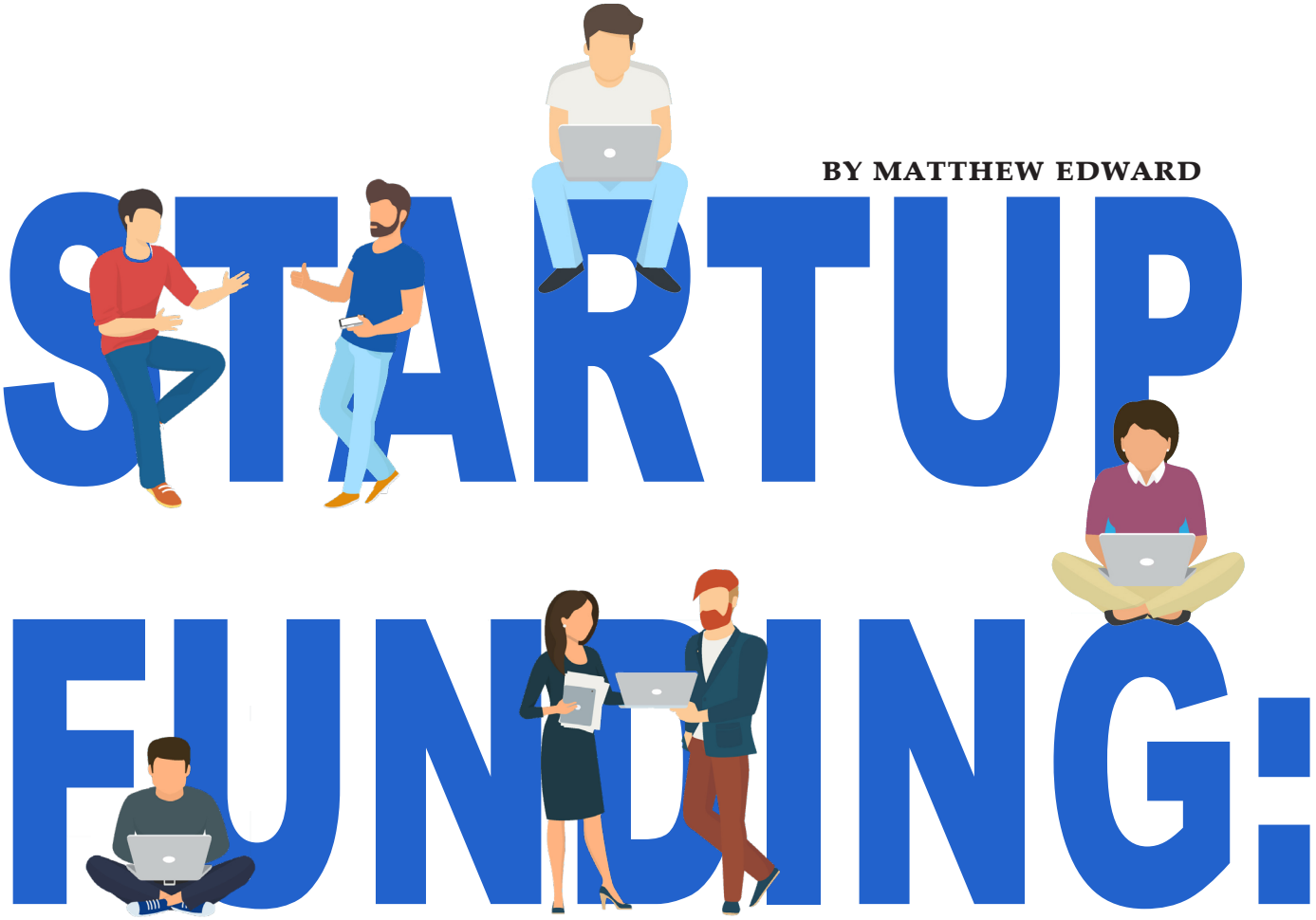
Evidently, his mother had a plan for her son for which she was preparing him. When he finished college, she told him she wasn't going to support him financially any more.

"That was pretty scary for a couple of years, but it all worked out. And I'm applying that same philosophy to my own kids now, having learned it from her," said O'Leary adding that his children are now 24 and 21 years old.


KEEP WALKING.
JOHNNIE WALKER.

BY MATTHEW EDWARD

STARTUP FUNDING:



LEVELING THE PLAYING FIELD

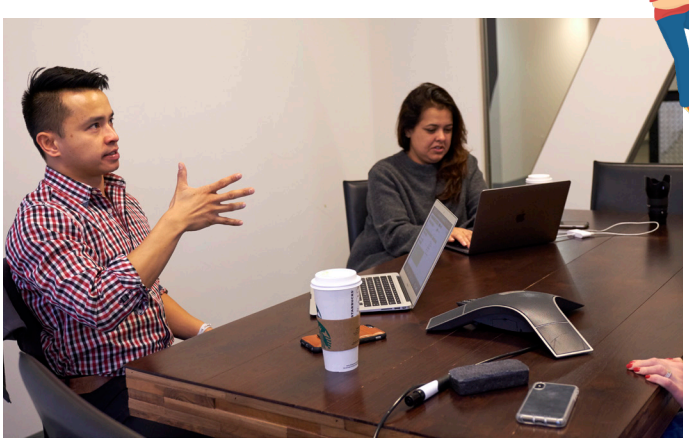
Republic CEO Kendrick Nguyen on opportunity, diversity, and choice for companies and investors

A new online platform for lay investors interested in funding startups describes its core mission as democratizing veture capital. CEO Kendrick Nguyen shares at how the platform – Republic – works for lay investors and what wealth managers need to know.

The average investor should be forgiven for reading financial news with a twinge of envy. Only venture capitalists and insiders, after all, reap the rewards generated by the unicorn startups highlighted in the "Financial Times" or showcased on CNBC, while the retirement-saver at home has to remain content with a traditional portfolio filled with slow-growth stocks and bonds. The startup world – complete with the initial public offering windfalls sensationalized by media outlets and lay investors alike – traditionally has remained the province of big money and the well-connected, until now.

"The democratization of startup funding will lead to more businesses generating more wealth, and will include more people in that wealth-generation event," said Kendrick Nguyen, co-founder and chief executive officer of Republic , a new platform that allows anyone to invest in a range of startup companies.

Republic hopes to "democratize" the funding landscape for startup founders and funders by allowing anyone to invest. The firm is registered with the Securities and Exchange Commission and FINRA-licensed. The platform allows anyone to choose from a prescreened set of startup companies vetted by Republic and invest; investors can even use credit cards and ramp up their commitment slowly, with $20 or $50 investments to start.



Currently, Republic lists on its site opportunities to fund Alaskan firm Indemnis, which is developing safety devices for aerial drones, Hemster, a San Francisco company that matches shoppers to tailors for speedy alterations, and Ring4, which offers a second phone line without the need for a dedicated business phone. The startups post founder bios, their business case, and funding needs in hopes of attracting investor attention, and investing remains open until a firm hits their goal. Startup investing, of course, remains riskier than a portfolio filled with bonds, but bonds never turn into billion-dollar household names, either.

"The risk of total loss with respect to any specific investment is high, but the return potential can be much higher than other asset classes," said Nguyen. told "Advisors Magazine". "Many investors choose to spread their investment across several startups, which increases the chance that one will be the next Uber or Spotify."

New Companies "For a Different Kind of Consumer"

Think startups and Stanford likely comes to mind, along with Silicon Valley, founders under 40, and mobile applications aimed at first world problems. Republic, however, tends to showcase a different breed of founder – self-taught upstarts, immigrants, and entrepreneurs raised in the American heartland.

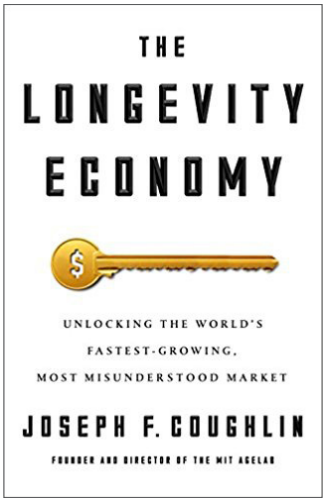
"There are those who that say Silicon Valley has never been less visionary than it

is today. They say no one is taking big bets, and that people are instead fighting for the profit margins of other industries. That may be true in the Valley, but every day I speak with founders from across the country who are building new kinds of companies for a different kind of consumer," Nguyen said. "They understand a part of the country the Valley does not, and a kind of person who is generally excluded. There are founders in Texas, Virginia, Alaska and Pennsylvania who are out to change the world, and they didn't all graduate from Stanford."

In the past, small-town entrepreneurs lacked access to even modest venture capital. Immigrant founders, business owners without platinum credentials, and other Silicon Valley outsiders faced a similar uphill battle in securing funds, especially if their idea targeted an underserved market.

"Silicon Valley is still concentrated in its thinking, and geography," Nguyen said. "Most founders are building startups for one kind of consumer, consumers who generally look just like them. It's unsustainable and bad for business ... I've got to think that there is more good to be done addressing unsolved problems, and money made doing so, rather than just making a better food delivery app."

Diverse entrepreneurs inject much-needed creativity into the



startup landscape and can provide services to overlooked communities. Several startups listed with Republic provide socially conscious services in niches ranging from banking to diabetes treatments to mental health and elder care, some of which receive precious little attention from traditional venture capitalists.

Take elder care, for example, which is projected to become a $512 billion market by 2020. Few startups currently serve that market, a fact highlighted recently by "The Longevity Economy," a new book written by MIT economist Joseph F. Coughlin. Although in the book Coughlin profiles a small cadre of startup founders targeting the elderly – a friend-finding app and delivery service are covered extensively – their number relative to other, more mainstream, startups remains small. Republic opens up funding to more nontraditional ventures such as these, Nguyen said.

"Going beyond the narrow lens of youth-driven Silicon Valley and

enabling a wider range of entrepreneurs and ideas is Republic's core mission," he said. "When entrepreneurs from different socioeconomic and geographic backgrounds have access to capital, the innovations they pursue necessarily target and benefit a more diverse range of consumers … At the end of the day, a good product or service is one that solves a real need, and if the market for that need is large, then it's the recipe for a successful business. That's why I believe that the big ideas and household brands of tomorrow are being incubated today in underserved communities around the country, not in Silicon Valley or Silicon Alley."

Venturing a Guess

Everyday investors might find being an amateur venture capitalist somewhat daunting at first. Republic's clear presentation and pre-vetting of startups makes life easier for investors, but there remains an enormous amount of information to process.

"The best way to warm up to startup investing is identifying a company or two that speak to you, then reading up on their vision and traction and available information," Nguyen said. "If you still like what you see after all that, then you can make a small investment that you can afford to lose."

SEC rules barred non-accredited investors – most people – from investing in startups prior to May 2016. The commission eased its rules that year, but the complicated legal issues surrounding these investments created a need for an investor-friendly, simple-to-use platform aimed at increasing access to startup investing. Republic's founders were not new to the startup landscape, either. Nguyen served as general counsel for AngelList, another service provider catering to startup founders and investors; other senior staff spent time with platforms such as Product Hunt and CoinList, which also are part of the "Republic family."

Republic has begun discussing the platform's utility with wealth management firms nationwide, which could make lay investors more likely to dive in. For now, however, investors will need to carefully sort out their startup choices through rigorous research and risk management.

"We've been in discussions with half a dozen wealth management firms, including names like Fidelity, but we have yet to finalize a partnership," Nguyen said. "Republic investing is rather unique. It's quick and simple, and you can begin with as little as $20 or $50. You can even invest on a credit card."

Leaving the Valley

Silicon Valley still dominates the American startup landscape, but other cities have emerged in recent years as entrepreneurial hubs. Republic's listings show a number of startups in unexpected places such as Alaska and Greenville, South Carolina, although these are outnumbered by the numerous San Francisco companies; still, it shows that the Bay Area does not hold a monopoly on up-and-coming firms.

"I love the energy of the tech communities in Chicago, Austin, New York and

Los Angeles," Nguyen said. "Charleston [South Carolina] may be the most surprising yet; it's startling to witness such vibrant entrepreneurial activities in a city so steeped in history and tradition that one may need a city permit to replace a window."

Republic offers far-flung startups an opportunity to compete for funding against their Bay Area peers, something that traditionally has been a problem for upstart firms in small-town America.

"For a long time, we thought ubiquitous internet connectivity would suddenly level the playing field between Kansas City and San Francisco," Nguyen said. "In some respects that's true – you see more and more mid-to-large sized companies opening satellite tech offices in places like Minneapolis. But funding hasn't followed fiber, yet."

Leveling the funding playing field between startup firms, regardless of geography, benefits founders and funders alike. Investors get access to what might be the next unicorn, and founders can find the money they need to put out useful, game-changing – at times life-saving – products.

"Republic is working towards a future where anyone can fund entrepreneurship, anywhere in the world," Nguyen said. "And each of us, regardless of our net worth, should invest in startups whose visions align with ours. That's the only thing we can do to ensure that our children will inherit a world we think they deserve."

SEACREST
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GLOBAL VISION

Today's global environment requires discipline and clarity of vision to successfully manage investment portfolios. Investment managers must combine a foundational perspective on history with an instinctive ability to anticipate future developments. Above all, they must remain committed to their core investment principles and earn their clients' confidence on a daily basis. These qualities are the driving force behind SeaCrest Investment Management LLC.

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SEC REMAINS QUIET ON FIDUCIARY RULE, stoking advisor anxiety

BY MATTHEW EDWARD

Last April, the Securities and Exchange Commission unveiled a package of disclosure rules targeted at retail investors. The commission has remained silent following the package's 90-day comment period, but industry insiders tell "Advisors Magazine" the so-called "fiduciary rule" is bound to appear in headlines again, especially after the Department of Labor's own version was squashed in court earlier this year.

The Securities and Exchange Commission remains quiet about a potentially forthcoming "fiduciary rule" aimed at increasing transparency for retail investors. Advisors across the financial services industry, meanwhile, hold mixed feelings toward the increased disclosure requirements, with some describing the rules as long overdue and others concerned about the impact to smaller, less affluent investors.

"As a fiduciary advisor, we must put your interest ahead of our own. We tell [clients] that disclosures help them identify conflicts of interest, so they are not being left in the dark when it comes to how we advise them," said George McCuen, president and founder of

Napa Wealth Management, adding that while he acts as a fiduciary with his clients, he sees the value in some commission-based services that adhere to arguably weaker disclosure standards. "That's another business model that, frankly, has its place for investors. If financial advisors that get paid commissions ceased to exist, and investors only could get advice from [fee-only] advisors, a large population of investors that won't meet the fee-only advisors' minimums would not be served."

McCuen, in an interview with "Advisors Magazine," also noted that some investors — without support from a commission compensated broker-dealer — might turn to new technologies such as the so-called "robo-advisors" or other do-it-yourself investing tools.

Many investors, however, would be too risk-adverse to manage their own investments using an online platform, he said, meaning that many would-be investors and retirement savers would simply find themselves excluded.

Other advisors, however, highlighted the benefits fiduciary advisors bring to all clients, regardless of asset level, and the pitfalls of dealing with commission-based broker-dealers.

"Somebody paid on commissions, can't be a fiduciary, I don't see how," said Joshua L. Reidinger, CPA, member, president, and senior client consultant for Warren Averett Asset Management. Reidinger added, during a phone interview, that he has recently seen firms selling proprietary products describing themselves as a fiduciary, a problem he described as "disappointing" and potentially harmful to investors. "I'm not casting all non-fiduciaries in a certain light, but I think [fiduciary] is a better solution for clients, I really do."

The commission unveiled the enhanced disclosure rules last April with Regulation Best Interest comprising the proposal's core. Regulation Best Interest, in its proposed form, required broker-dealers to "Act in the best interest of a retail customer when making a recommendation of any securities transaction of investment strategy involving securities to a retail customer," the commission stated in a news release. The release added that Regulation Best Interest made clear that broker-dealers cannot put their own interests ahead of customers'.

The proposal also included a new one-page disclosure document that financial services professionals would be required to use, and restricted use of the term "advisor."

"The tireless work of the SEC staff has proven to me that we can increase investor protection and the quality of investment services by enhancing investor understanding and strengthening required standards of conduct," SEC Chairman Jay Clayton said in April. "Importantly, I believe we can achieve these objectives while simultaneously preserving investors' access to a range of products and services at a reasonable cost. The package of rules and guidance that the Commission proposed today is a significant step to achieving these objectives on behalf of our Main Street investors."

A similar Department of Labor proposal, floated during the waning days of the Obama Administration, included similar rules but eventually was overturned in court. The DOL rule sparked contentious debate among financial services professionals, with many welcoming the news as good for clients and others concerned that it would pressure advisors to stop accepting smaller investors, or even prompt frivolous lawsuits over reasonable financial plans that simply failed to work out.

The SEC has not released any further statements following the April release, but other news hints at the commission's mindset.

The SEC, for example, charged a Connecticut-based investment advisory with pocketing hefty commissions off risky investments without disclosing its compensation details to clients. While misrepresentation to clients always has been aggressively pursued by the SEC, the statement that accompanied the charges is telling.

"Investment advisers must put clients' interests ahead of their own," said Paul Levenson, director of the SEC's Boston Regional Office. "[The Connecticut firm] violated that duty by placing clients in risky private placements while downplaying the risk of those investments and concealing the financial conflicts that motivated the recommendations."

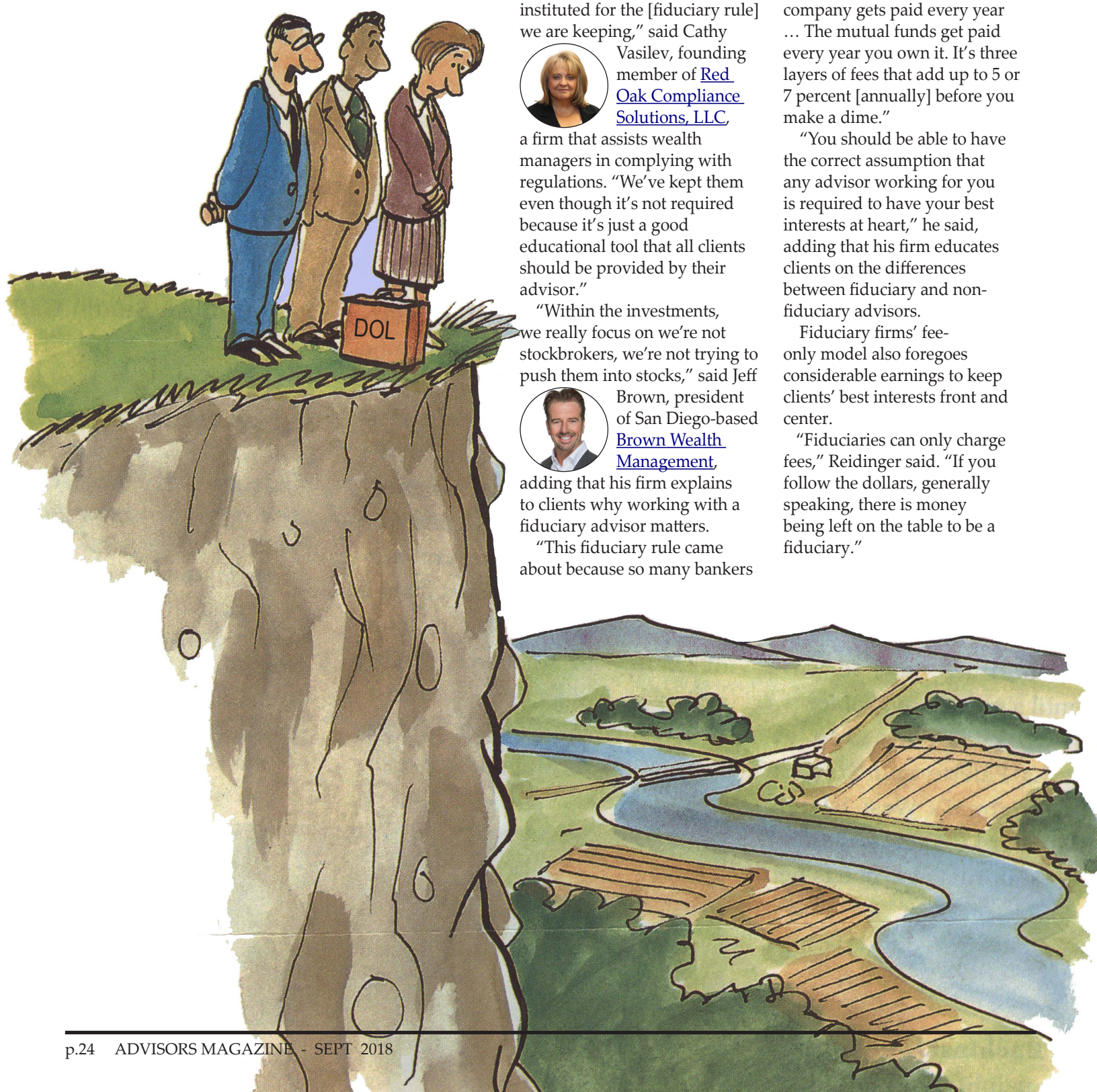
It remains to be seen how the financial services community will react to the SEC's proposed regulations. The Department of Labor's rule prompted a backlash, but that was because many wealth managers felt the agency overstepped its boundaries — the DOL had left regulation of financial professionals to the SEC prior to that.

"It really bothered me that the DOL was getting into the business," Michael B. Keeler, CFP®, AIF®, president and chief executive officer of Peak Financial Solutions told "Advisors Magazine" during the DOL debate. "Let's do everything through the SEC. I think it'd be great if we could get insurance and everything under one organization so that we're all playing by the same rules. The average investor doesn't understand that this guy's going to do things one way, and I'm going to do things another way because I'm securities-licensed and that guy's insurance-licensed."

The DOL rule was overturned by the 5th Circuit Court of Appeals earlier this year. The rule had garnered the support of organizations such as AARP, the Financial Planning Association, and the National Association of Financial Planners. The U.S. Chamber of Commerce and Securities Industry Financial Markets Association, however, opposed the measure alongside several other trade groups and several, eventually successful, lawsuits were filed to overturn it.

Many financial services firms already act as fiduciaries and use the distinction

"The DOL Chairman was a good boss, but a little strict. Kick his briefcase down, too."



as a marketing tool. The firms that do, tend to be quick to tell clients. For the firms that already act as fiduciaries, the lack of SEC regulations is a competitive advantage. Other firms, meanwhile, adhere to a fiduciary standard because it improves the client-advisor relationship.

"Some of the things that were instituted for the [fiduciary rule] we are keeping," said Cathy

Vasilev, founding member of Red Oak Compliance Solutions, LLC, a firm that assists wealth managers in complying with regulations. "We've kept them even though it's not required because it's just a good educational tool that all clients should be provided by their advisor."

"Within the investments, we really focus on we're not stockbrokers, we're not trying to push them into stocks," said Jeff

Brown, president of San Diego-based Brown Wealth Management, adding that his firm explains to clients why working with a fiduciary advisor matters.

"This fiduciary rule came about because so many bankers and brokers took advantage of so many people with variable annuities, for example," said Brian Decker, chief executive officer of the fiduciary firm

Decker Retirement Planning, Inc. earlier this year. "They get paid every year you own that variable annuity. The insurance company gets paid every year … The mutual funds get paid every year you own it. It's three layers of fees that add up to 5 or 7 percent [annually] before you make a dime."

"You should be able to have the correct assumption that any advisor working for you is required to have your best interests at heart," he said, adding that his firm educates clients on the differences between fiduciary and non-fiduciary advisors.

Fiduciary firms' fee-only model also foregoes considerable earnings to keep clients' best interests front and center.

"Fiduciaries can only charge fees," Reidinger said. "If you follow the dollars, generally speaking, there is money being left on the table to be a fiduciary."

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FINANCIAL JOURNEYS: NAVIGATING LIFE'S CROSS-POINTS

BY MATTHEW D. EDWARD

To achieve their financial goals, investors need to successfully navigate life's cross-points by making informed, well-considered decisions.

And to make those decisions, investors need an advisor motivated to work with clients to help them reach a decision and not push products that overpromise and underdeliver.

"Just like a doctor who needs to have all of their patient's history along with current symptoms in order to provide a proper diagnosis, we work to ask the right questions of our clients because they are seeking an environment where they are educated and guided to the correct solution, not just sold the newest product," said Scott Krase, founder and president of CrossPoint Wealth, LLC.

As a Chicago-area wealth management firm, CrossPoint Wealth provides clients with investment management, tax planning, estate strategies, long-term care planning, and other related services. While a minimum of $250,000 in investable assets from prospective clients is generally required, Krase noted that exceptions can be made for those who align with the firm's philosophy.

The firm offers a "high-touch, exceptional client service philosophy" that, practically speaking, translates into customized plans and solutions, a focus on financial education to prepare clients to to reach their goals, and several information channels such as Krase's blog, in which he offers clients a chance to dig deeper into selected wealth management topics.

My own 'cross-point'

Krase spent 18 years in the financial industry training advisors on how to build portfolios using a diverse range of products – everything from mutual funds to ETFs to annuities. After spending years in the routine of events, trainings, and dinner parties, however, Krase began to feel there was a better way to help investors..

"Eventually I came to my own cross-point in my career, I could either continue my path of working for large firms that did not serve my clients' best interests, or I could run my own practice and share my knowledge and experience with investors," Krase told "Advisors Magazine" during a recent interview. "My vision was to help investors navigate the many cross-points we all face in our financial journeys."

Now, Krase works with clients

directly through CrossPoint Wealth where he helps guide clients to better, more stable financial futures. He also routinely publishes new articles to "Common Financial Sense," his blog and a channel that he is passionate about using as it allows him to directly speak to people about the wealth issues they need to consider.

To help clients navigate financial cross-points, Krase provides objective advice. CrossPoint Wealth holds itself to a fiduciary standard, meaning that clients' interests come before the firm's bottom-line. Krase said that being a fiduciary means he reveals any potential conflicts of interest to clients and explains clearly how he is compensated for helping them. This is in contrast to non-fiduciary advisors, who follow a more lenient "suitability standard."

"The [non-fiduciary] broker need only suggest products that are suitable for your objectives, level of income, or your age, even if they can charge more because they're proprietary," he said. "And they have no requirement to disclose conflicts of interest."

Investors, Krase said, should always sign on with a fiduciary advisor who can look out for them. Otherwise, investors risk trusting their hard-earned savings and retirement plans to the products pushing by particular brokers or advisors who lack the know-how, or incentive, to plan for multiple future scenarios. With a fiduciary advisor by their side, clients can feel an added sense of security, knowing that they come first.

Tools of the trade

The financial industry is in constant flux. New technologies appear on the scene frequently, prompting advisors to work harder to understand what's available to clients. Add to that a wider proliferation of products than decades past and emerging regulations, and it becomes clear that advisors work overtime just to keep up.

Krase sees the changing technology landscape as possibly beneficial for some investors, but not good enough yet to replace the old-school advisor-client model. New platforms – the so-called "robo-advisors" – that can generate asset allocations based on someone's stated preferences have come into vogue among a certain subset of investors, but they have a long way to go, Krase said.

"The technology of robo-advisors is changing the landscape for many investors, but the technology just often falls short for individuals seeking advice for their individual circumstances," he said. "There are questions that a robo-advisor simply cannot answer, and for me it's about helping investors along on their personal financial journey."

Robo-advisor platforms currently available, for example, fail to take into account unexpected life changes such as the death of the spouse, birth of a child, or a sudden illness. A financial advisor still is needed to help clients prepare for possible financial challenges.

CrossPoint Wealth does use technology extensively, but to augment its staff of advisors and not replace them. The firm uses sophisticated market models to assist in client education, for example. Krase said the technology can improve portfolio design while also allowing for human advisors to live up to CrossPoint Wealth's high-touch philosophy.

Making money make sense

Krase often shares his thoughts on the market via his "CommonFinancial Sense" blog. Recent articles have explored inflation, 401(k) problems, and how to pay fewer taxes during retirement. Through "CommonFinancial Sense," Krase is a prolific communicator with the public, helping investors make sense of their financial position. And writing is not just a hobby, it is also a core part of CrossPoint Wealth's business model.

"Client education is one of the main focuses for our advisory practice," Krase said.

Krase uses the blog as his "main tool," for communicating new market information, he said, but added that CrossPoint Wealth also makes extensive use of workshops. Recently, he published an e-book on annuities, which he hands out during workshops to draw attention to concerns investors often do, and should, have regarding purchasing an annuity.

CrossPoint Wealth also communicates with clients using more traditional channels such as monthly and quarterly reports. Unlike broker-dealer reports released by the big firms, however, CrossPoint Wealth writes reports in-house, ensuring that the information disseminated makes sense for clients.

Stereotyping clients and giving them cookie-cutter portfolio reports simply doesn't work for most. Krase has found that customized statements for clients do work and help demystify their current financial picture.. All of this allows CrossPoint Wealth, LLC, to educate clients more efficiently and thoroughly, although financial literacy remains a persistent problem across the industry.

Take 401(k) disclosures, for example. The disclosures could be made more transparent, Krase said, but also the industry's approach to educating clients about these products often fails to truly help clients make the right choices.

"It's a major problem within the 401(k) fee disclosures," Krase said. "Just the lack of education that's there … I think there could not only be better information and simplified fee disclosures, but also the education that needs to take place in this environment needs to really step up for the investors."

Breaking stereotypes with tailored solutions

CrossPoint Wealth takes a tailored approach to each client. The days of cookie-cutter portfolios based on generic asset allocations are long gone, Krase said. Now, clients need and expect that their advisor will take stock of their financial goals, retirement needs, and other concerns and develop a customized solution that can carry them into retirement.

The customized approach, however, is often found lacking in some wealth management firms.

"Most of the portfolios I review are over-weighted, either in tax-deferred entities or annuities," Krase said.

Instead of relying too much on one or two products, CrossPoint Wealth focuses on three financial needs – growth, tax, and income.

"When each leg acts independently and is designed for its specific purpose, the result of all three working together is a complete portfolio designed to handle every aspect of retirement," Krase said, adding that portfolios designed by the firm assume clients will live to 100, and assess other risks such as long-term care needs. The firm also does not cherry pick products, instead looking for the right fit for each client, with no bias toward particular vendors.

The triad-style portfolio allows investors to feel confident that their retirement goals are in reach if they remain focused, disciplined, and continue learning. But, as always, it is on investors to take charge of their own retirement planning and make the key decisions.

"No matter what profession someone chooses, they will face retirement at some time in the future," Krase said. "People need to be ready."

For more information, visit:
crosspointwealth.com

Scott Krase of CrossPoint Wealth, is an investment adviser representative of RCM Wealth Advisors. Investment Advisory Services are offered through RCM Wealth Advisors, an SEC Registered Investment Adviser. The views and opinions herein are those of Scott Krase, and RCM Wealth Advisors makes no representations or warranties about the accuracy, reliability, completeness or timeliness of the content. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

BY MATTHEW D. EDWARD

WEALTH DESIGNED, LIFE DEFINED

Countering negative emotions tied to money and defining a strong set of goals is key in helping investors stay on track to meet their financial targets. That's why Robert Graves, CERTIFIED FINANCIAL PLANNER™ , works with clients to understand market conditions, show them clear options during downturns, and – most importantly – to avoid panicked decisions.

Psychologists say that negative emotions feel stronger than positive ones – and that's certainly true when investors are losing money instead of making it. Financial advisors, meanwhile, often talk about clients whose negative experiences resulted in long-term consequences to their investments, savings, or retirement planning.

"A lot of [former investors] will leave the market and not come back into the market even though it has recovered," Graves, the founder and chief executive officer of Graves Financial Wealth Management, told "Advisors Magazine" during a recent interview. "That's where we come in and try to talk with the client about what is happening, show them how they're invested, and how we're countering the correction, or the drop, of 15, 20 percent. That keeps the client calm and focused on their portfolio, their goals, and how are we meeting them, and from not panicking into running away from everything."

Focusing on financial goals helps clients define what they really want in life and a develop set of investments to match. And wealth designed then becomes a life defined. That means clients who know where they want to be will be more likely to make it to retirement, or to other milestones such as home ownership, successfully. A skilled advisor is crucial in helping investors determine their financial goals, understand the implications of those goals, and then take action to reach them.

Graves Financial Wealth Management, based in southern California, provides wealth management and retirement planning services to clients ready to take control of their financial future. The company maintains a $250,000 minimum to sign on, but Graves said exceptions can be made for clients who align with the firm's philosophy.

Graves left a large financial firm to become a financial planner after he felt that clients could be better served by a more robust, customized solution to their financial challenges. Graves Financial Wealth Management works with clients to develop a portfolio using stocks, bonds, equities, and whatever investment tools are necessary to "fit their life pattern," Graves said.

To preempt clients from falling into negative cycles, Graves educates them about their finances. The daily financial media generates headline after alarming headline, which can create a sense of anxiety among investors. Often, that anxiety is unwarranted and the headlines fail to tell the whole story. Client education is key to making sure investors react rationally when the drumbeat of 24-hour news turns negative.

"There's a continuing education process,

and we talk in plain language so that they know what's going on, because this is their life, their money, and their goals," Graves said, adding that his firm publishes regular, weekly market commentary along with a quarterly outlook update and a monthly newsletter so that clients can get actionable information without a breathless newscaster causing concern.

Client education helps investors see the big picture and make the right decisions. And as the financial industry becomes more complex, with new products proliferating into the market and life spans increasing to 90-years-old or even 100 (or more), seeing the big picture is more vital than ever. Graves said he takes clients through their retirement plans by showing them the possible results of their decisions today, and by emphasizing how much the world can change between today and the day an investor officially starts their long-awaited golden years.

"In a nutshell, what we are trying to do for retirement planning is to take a picture of their current position and then project out how that position will support them in their life as they go forward," he said. "It's an education process for retirement. One [person in each married couple] is going to live to 90, and there have been studies on what the medical costs are going to be from 60 to 90 and we have to look at how that's going to work."

Many clients also find themselves grappling with retirement planning while caring for elderly relatives and older children in their teens and 20s. These "sandwich generation" investors struggle to balance saving and spending at times, and Graves works with them to balance their priorities so that they are ready for the future. Clients and advisors often cannot accurately predict what the future might bring, and how much money will be needed to sustain quality of life decades from now.

"We try to get them to understand what the future may bring to the cost of living," Graves said. "Don't save 10 percent, try to increase to 15 percent."

Graves Financial Wealth Management acts as a fiduciary, meaning clients' best-interests come before the firm's bottom-line. Graves' responsibility toward clients is that his advice remains impartial and tailored to their specific financial needs. Investors should not work with advisors who fail to live up to a fiduciary standard, Graves said. To further assist clients, Graves stays in touch often and keeps abreast of life-changes.

"Once the client and the advisor determine the amount of communications, then we will keep that going," Graves said.

Communicating early and often about goals allows Graves to adjust to clients' life changes. And clients need to stay in touch as well, so that their advisor is aware of what is new and how their financial goals reflect their current needs. Information, communication, and the ability to see plans through are what investors need to stay on track and successfully reach retirement. A good advisor can help them get there, Graves said, but in the end, the clients have to be proactive and willing to work.

"Those goals can change … now, what are the new goals? Always communicate with the client and know what affects their life," Graves said. "If you have this successfully covered, you'll have a successful life."

For more information, visit: gravesfinancial.com

GRAVES FINANCIAL
WEALTH MANAGEMENT

BY JANE MEGGITT

Helping People Build a Plan for Life

Planning needs to change as clients go through different life stages

USA Today recently reported that the typical 65-year-old man living an average lifespan will spend $189,687 in today's dollars on medical care in retirement, while the typical 65-year-old woman will spend $214,565, as women tend to live longer. That doesn't include long-term care costs, which can prove catastrophic.

It's no wonder these issues loom over retiring Baby Boomers.

Byron Ellis, financial advisor based in Woodlands, Texas, focuses on the challenges facing this generation.

"Planning for the future has always been difficult, and always takes discipline," he says.

Because Boomers have a longer life expectancy than their Greatest Generation parents, financial professionals must plan for clients living longer than ever before, and with higher health care costs that all Americans now face. He notes that Boomers own more of the responsibility for planning their own retirement, as their parents may have had a pension plan, and Social Security played a bigger role in their retirement. Meanwhile, Boomers must fund their 401(k)s, and have to decide whether to buy stocks or bonds.

Ellis points out it's not going to get easier for the generation following the Boomers, Generation X.

"Boomers have a longer life expectancy, but it's even longer for Gen X. Social Security needs fixing. I don't think it will go broke, but Gen X and Generation Y may have to be older before becoming eligible for it," he said, adding that Social Security could eventually become needs-based. "The good thing is we're talking about young people, and the more years they have, the more they can do something about it. Gen X and Y have the luxury of years."

Imagine a couple living the perfect retirement life, with traveling, spending time with grandchildren and living in a perfect, spotless house with a not a care in the world. The problem is they have a dark, dusty attic or basement – and from a retirement planning perspective, that means in one corner there's an estate plan needing updating, a portfolio that needs attention, and the need to make sure they don't run out of money.

Ellis sees the financial planner's job as cleaning out the attic and building a plan for life. The team works with clients and examines what can possibly

go wrong, and how to prevent these occurrences.

"We build investment portfolios and communicate this simple thing: I've never seen anyone mess up retirement in their first 10 years," he says.

Mistakes usually don't come back to haunt retirees until later according to Ellis, so he sees it as his job to make sure all decisions made in the first 10 years of retirement help allow people to stay comfortably retired until the end of their lives. That may be accomplished by setting up 10 years of income from the portfolio, designed with the goal of never having to sell when the market is down and still having growth potential.

With clients, the team discusses how they get to have enough money to do everything they need to live the life they want. Needs include putting food on table, a roof over their heads, and healthcare. Wants are the lifestyle they seek in retirement, whether it's travel or just generally having fun. The last discussion is about wishes, such as the ability to take the family on a major trip annually or wanting to help their kids if they have issues. Clients want to know if they have the ability to make a financial commitment to their kids and not affect their own ability to put food on the table.

United Capital's planning process isn't just about meeting needs, they also conduct stress tests. For example, if a client has to go into a nursing home from age 85 to 90, that's $150,000 annually, and by stress testing he can figure out whether that is a possibility.

Long-term care insurance is more of a choice and dignity decision, says Ellis. He tells the story of one couple who were both teachers and both had long-term care insurance. When the husband went into a nursing home, because of his insurance he was in the best facility. He knows of another couple who did not have long-term care insurance, although they had more money than the teachers. The husband also had to go into a nursing home, but because there was no money set aside for this purpose, he was put in a mediocre facility.

"If he had long-term care insurance, the ending would have been different," says Ellis.

Yet, United Capital Financial Life Management doesn't operate on the premise that life is about the money.

"Imagine yourself on your deathbed, your loved ones are around. You're not going to hold up an investment statement and say this is what you're most proud of," he says.

The firm looks for clients who want to experience life, improve themselves and their health, and not necessarily spend time with money. While the firm doesn't have a minimum investment amount, they typically work with people who have millions of dollars.

Our United Capital team in The Woodlands empowers Baby Boomers to experience the clarity and confidence essential to long-term financial success.

"We help people realize what is most important to them," Ellis says. "You need to do real planning for the lifetime of clients. Planning is not one time 'Get in the door so I can sell you something.' Life is fluid, and planning needs to change as clients go through different stages of life," he said.

When asked about changes he'd like to see in the industry, Ellis mentions transparency, saying there's too much smoke and mirrors.

"Consumers need to be informed, they need to understand what they pay, and they can assign value to that," he says.

Offering a comparison Ellis says, when you pay for a meal at restaurant, you know exactly what you're paying for, and the financial industry needs the same kind of simplicity. Overall, the industry needs to simplify, as financial planning and investments don't need to be so complicated.

For more information, visit United Capital

UNITED CAPITAL
FINANCIAL LIFE MANAGEMENT™

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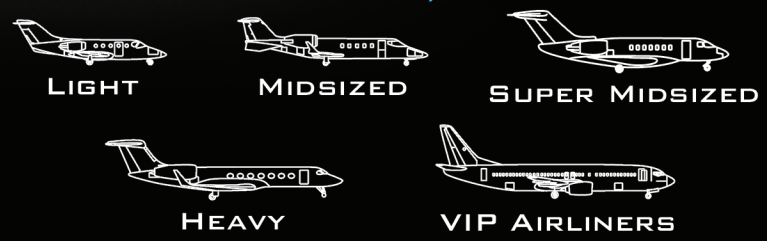

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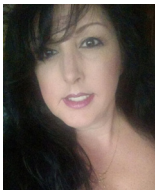
This Firm's Low-key Vibe PUTS CLIENTS AT EASE

Albert Einstein is credited with saying "I speak to everyone in the same way, whether he is the garbage man or the president of the university."



When it comes to her clients, financial advisor, Jean Baun, president of JSB Financial, LLC, embraces Einstein's inspiration, but adds her own spin.

"I talk to everyone with the same dignity and the same respect regardless of their balance sheet," she told "Advisors Magazine" during a recent interview.

With such impartiality, Baun taps into what makes people tick as evidenced by a recent research project commissioned by Northwestern Mutual. A reported 36% of participants in the 2018 Planning & Progress Study ranked "not feeling judged on size of assets/financial decisions" as a "remarkable advisor experience," according to the findings released in July.

"We offer truly personalized service, clients become like family members. We tell them, we want to see you," Baun said, explaining that in addition to their financial planning meetings she encourages clients to come to workshops, charity events, and social events the firm hosts.

Protecting principal balanced with strategic investing marks the approach of JSB Financial, a full-service financial consulting firm based in West Pittston, Pennsylvania. Baun says their proven process includes a full assessment of a client's current financial picture, research on investment products the client already owns, and recommendations on how to move forward to achieve client goals. The entire process is supplemented by educating the client on investment concepts, strategies, and products.

"It's a slower process, but if we don't really know our clients, and what's going on in their world, then we can't really help them," she said.

In acknowledging the shortcomings of her own industry, Baun suggests that sometimes financial professionals tend to suggest to clients, "We know what's best for you, give us all your stuff and then we'll do it for you."

"We create a whole different vibe," Baun continued. "For instance, we're low-key on our dress code, because we want to create that relaxing environment to encourage open conversation – and we do it without using stodgy industry jargon."

Part of that conversation includes full disclosure of how the firm is paid and what the product fees are.

"Clients embrace getting to the core in a way that is not threatening. They're not dumb, they're looking for the catch, give them the catch!" said Baun, who holds several industry designations and is licensed to sell securities, savings, and insurance products.

There are many products that clients can choose from to ensure an income throughout their lifetime which, today, can extend 30-plus years beyond retirement, but Baun cautions that these products are not all created equal.

"There are some great choices, but then there are some that aren't as great, and we explain this to our clients," she said. "As a financial advisor, you have ownership to drill down through those products and make sure that the math actually works for clients."

As JSB Financial continues to grow, Baun says she and her staff work very hard to serve as many people as they can but not lose the core of the family environment they have created.

"That's a hard line as you're growing, and part of that is knowing who you are and who you want to service. We don't want to get so big that we don't know who our clients are," she said.

Baun, who loves the dynamic vibe of financial planning, says that helping clients achieve financial peace of mind is the greatest reward of her work.

"It's an amazing and challenging time to be in our industry," she said.

For more information visit: jsb-financial.com

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Jean Baun is a Registered Rep with and offers Securities through TCM Securities, Inc. Members FINRA-SIPC Investment advice offered through Triumph Wealth Advisors, an SEC Registered Investment Advisor

TUDOR HERITAGE
CHRONO

BY AMY ARMSTRONG

HONEST DISCUSSIONS BUILD RELATIONSHIPS

The expertise to navigate the sometimes uncomfortable discussions of how finances intersect with real life is one that all financial advisors ought to have – and these discussions should be a routine part of their advisory process. Many financial advisors, however, are product-focused rather than honed in on understanding the client's financial dreams and aspirations.

For David Volkman, managing director, Certified Wealth Strategist ® and Accredited Investment Fiduciary® with Granite Ridge Wealth Advisors, LLC, and First Allied Securities, Inc. located in New York City, having those difficult conversations with clients might not necessarily be the "favorite" aspect of his work, but it is where his skill set shines and it is the most satisfying component of his work.

"Being completely honest with people is where I can help them the most," Volkman said.

For example, a professional couple came to him to discuss retirement options. The wife was an accountant and thus Volkman initially thought that perhaps their retirement plans were already on track.

That was the furthest from the truth for them.

He had the fiduciary duty of conducting a sincere heart-to-heart conversation and then say things that would provide a bit of a wake-up call to the client. He had to tell them that despite their prodigious income, the household spending habits were such that their future retirement goals would not likely be achievable without a significant change in personal spending expectations, simply based on their investments not being large enough to accommodate it.

The couple was not expecting to hear that kind of straight forward advice from Volkman, but it led them to a financial epiphany to consider a different path. They spent the next many months mulling it over before committing to following a plan proposed by Volkman that included his original recommendations. They also explored what motivated the uncontrollable spending even though they knew in their hearts that their current habits would not help them achieve their long-term financial goals.

"Many financial advisors would not feel comfortable delving into such difficult topics with a client as it exposes a very raw nerve for most and those types of conversations are typically surrounded by emotion and fear," Volkman said. "It is a tough, but necessary discussion to facilitate, yet it feels completely natural for me to engage in these challenging conversations, as that is likely where the hardest work for a client resides."

His philosophy originates from a feeling that people want leadership and advice they can have confidence in. Today's marketplace contains so much conflicting information, that a good intentioned investor could be swayed into an irrevocable and costly financial decision if not properly advised. Volkman's perspective on financial decision making is one based on independently investigating the pros and cons of any decision and logically helping the client make a choice that is best suited to them, even if that choice is changing nothing in their financial lives at that moment in time.

Volkman operates his practice with a straightforward, fee-based fiduciary style process, in which the advisor puts the client's needs first in the relationship and seeks a comprehensive holistic approach to managing their financial affairs, without the coloration of any conflicts of interest.

Today, new clients join Granite Ridge Wealth Advisors by referral. Volkman doesn't advertise – he doesn't have to. Rather, his clients tell their friends about his focus on designing their portfolio to a standard of care versus cost. The quality of the plan he designs is more valuable in the long run than is cost. It is a message he continues to bring to the investment marketplace.

For more information on Granite Wealth Advisors, LLC, visit online at: www.graniteridgewealthadvisors.com.

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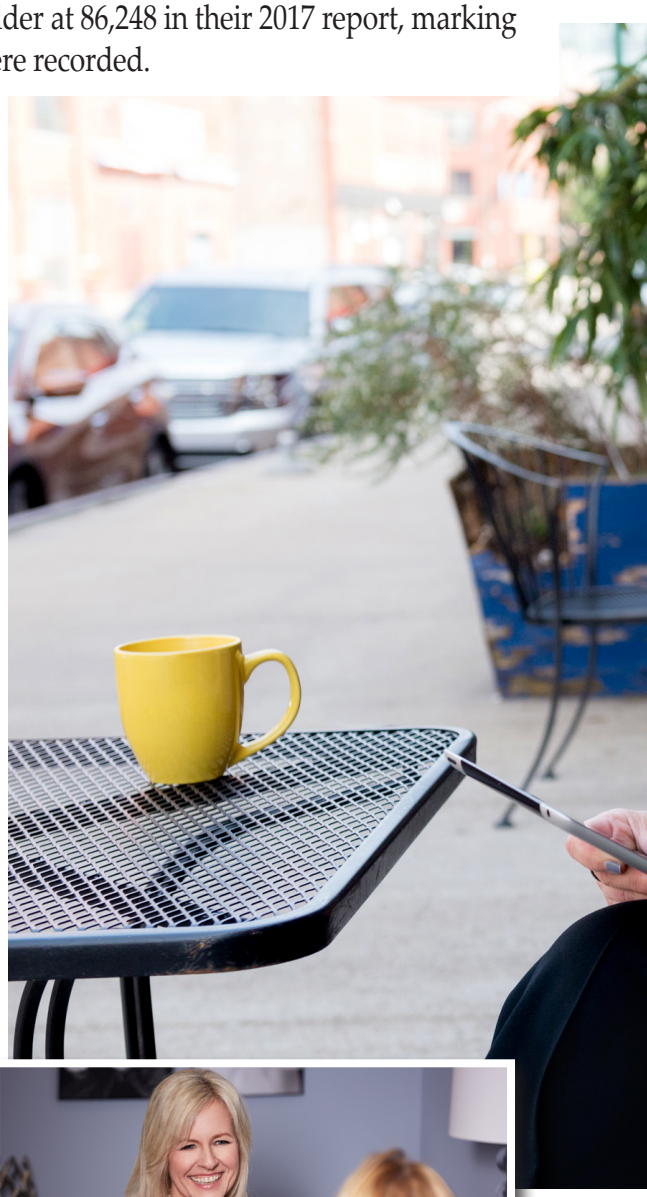
BY JUDE SCINTA

COLLABORATIVE RETIREMENT PLANNING WITH AN EMPHASIS ON LONGEVITY

Reaching the age of 100 was once an elusive milestone in the U.S. But, times have changed. The U.S. Census Bureau pegged the number of Americans who are 100-years-old or older at 86,248 in their 2017 report, marking a sharp increase from 1990 stats when just over 37,000 contrarians were recorded.



While financial advisors and wealth managers have always helped clients plan for longevity, the conversation has changed significantly over recent years as people live longer.

"I think this is a great time in our industry, it's a perfect time to help people and be successful," said Annette Findling, CFP®, founder of Stonebridge Wealth Advisors LLC based in Chicago.

Longer life spans are a nod to the hard work and success of people devoted to research, technology, and healthcare, however, seniors, their families, and society face complex issues concerning lifetime income, long-term care, and other considerations earlier generations faced less often, or for shorter durations.

"When life gets more complicated, that's where the value of an advisor comes in to navigate through these complexities," said Findling.

In helping clients plan for longevity, Findling says that clients first have to understand what their lifestyle costs them, and unlike a steady paycheck that is often the same week to week, the payout from your investments during retirement can fluctuate.

"The transition from earning a paycheck to living on your investments is a huge psychological shift," she said.

Most new clients of Stonebridge Wealth Advisors are referred by existing clients and bring a minimum of $1,000,000 in assets to manage. Providing comprehensive services including retirement and estate planning, and insurance and investment management, Findling says that the firm specializes in long-term relationships with people who want to collaborate on financial issues affecting their lifestyle. Frequently, new clients are in the midst of a life-changing event.

"Often, I feel like a therapist. We could be dealing with a family transition of a business, a divorce, the death of a spouse, or the loss of a job, or a move from one job to another. In these situations, people need help understanding what to do next financially," she said.

Insurance companies have become increasingly more innovative by offering diverse annuity products to meet today's financial concerns says Findling, and she views them viable options to help people receive an ongoing income during retirement.

"They may not be suitable for everybody, but an annuity is there to pay you for as long as you live. So, with people not receiving pensions and with social security having trouble, annuities are another way to help people have some sort of paycheck for the rest of their lives," said Findling, adding that long-term care options offered by insurance companies have also increased.

Starting her career at a large financial company in 1992, Findling said a passion for numbers is what led her to become a financial advisor.

"My mom always told me you had to be good in math, and I loved helping people. As a young person in my twenty's, I met people in the industry and I really liked what I saw," she said.

A strong believer in the power of

networking led Findling to meet the owner of advisory firm who was searching for a successor for his business. At that time, women working in the financial industry were few and he recognized that she would be "a good fit," so a partnership was formed. While his experience was in traditional insurance and employee benefits, Findling gravitated towards investments and financial planning. Their synergy paid off – they provided clients with a holistic financial planning approach. Eventually, Findling purchased the business.

Today, clients of Stonebridge Wealth Advisors span in age from 40 to 80-plus and the firm excels at transitioning people into retirement and planning for longevity. As an independent advisory firm, Findling says their customize approach lacks a corporate agenda – something that clients of large financial investment firms often encounter.

Findling suggests that people in search of a wealth management professional should understand the full scope of services that an advisor offers, and they should be very clear on how and why fees are charged; but the most important indicator as to how well someone can work with an advisor is the same as it is for any relationship: chemistry.

"Clients have to feel a comfort level, because if you don't have that, then services and fees don't even matter," she said. "It boils down to whether an advisor and the client have a good chemistry and feel that they can work together and have a level of trust with each other – that's what makes a relationship. The clients that I work with value a personal relationship with somebody that knows their situation and knows the intricacies of their family dynamics."

With a strong focus on client education, Stonebridge Wealth Advisors presents clients with strategic solutions and options to help people and families achieve their goals, now and in the future. They also reach out to the children of their clients.

"We explain our recommendations so that clients can see how they fit into their life versus the mindset of 'this is the latest and greatest thing I should have in my portfolio,'" Findling said, adding that part of their value-added service includes meeting with their clients' children who are earning money on their own to discuss saving and investing options. "The kids love it, and they're open to it."

Beyond Stonebridge Wealth Advisors, Findling has launched "Rich Women Rock," a blog and online resource that continues to gain a loyal following among women of all ages and status.

With its tagline, "Defining Your Own Rich Everyday," the platform was created to "inspire, educate, and entertain" with original content to help women gain control of their financial lives.

"I'm not sure where it's taking me, but it's taken me into the lives of so many amazing people that I've met," Findling said.

For more information visit: stonebridgewealthadvisors.com and richwomenrock.com

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BY JANE MEGGITT

THE STOCK MARKET IS FOR THE LONG TERM

Jon L. Ten Haagen's grandfather was an inventor who created the country's first photoelectric cell – a device that generates electrical current based on light. He put all of his considerable fortune into a "safe" utility stock before the 1929 crash – and was wiped out. His father went from being chauffeured to prep school to having to get up early and go to work, but he managed to still put himself through prep school and Brown University.

His family's story made Ten Haagen realize early on that nothing is guaranteed, and as the founder and principal of Ten Haagen Financial Group, based in Huntington, Long Island, he refers to himself as an "investment portfolio repairman," and he guides people through the emotional ups and downs of investing by putting logic back into the equation.

As a solo practitioner for many years, Ten Haagen realized some clients were thinking, "What will happen when he's not here?" So recently, he merged his practice with another firm and is now teamed with two younger advisors, both of whom, like Ten Haagen, are Certified Financial Planners® and enrolled agents.

All three advisors share the same philosophy, which is finding the right plan for the client and also asking a lot of questions, so they fully understand what the client is feeling. The firm doesn't have a minimum, and Ten Haagen is willing to work with young people who are just out of college and starting a job to get them on the right financial track.

When it comes to retirement planning, Ten Haagen creates a customized plan for each individual.

"The bottom line – there are stocks, bonds, cash and alternatives," he says, adding that he explains that the market is for the long term, and if they can't put money away for at least five years, they shouldn't be in the market. "Turn on any news program, and they're all trying to get people to go short term – you can't afford to do that," he says.

Ten Haagen also points out to clients that they will be retired for a long time, which means they need to put more money away and it must last longer. It's particularly hard for the sandwich generation – those people trying to save for retirement at the same time they are saving or paying for their children's college education and caring for their aging parents.

"I educate clients that they may have to work a little longer, or retire and get a part-time job," he said.

Ten Haagen's goals include educating clients with small businesses about adding retirement plans so they can attract better employees.

He's also writing a financial book pegged for publication by the end of the year with the working title of "If Not Now, When." The book covers how to do budgeting, read balance sheets, which insurances people should consider, the differences between a Roth and traditional IRA, and other subjects at a level most people can understand.

Ten Haagen has also proposed to his township committee and legislators the idea to create a program called "5 Years from Retirement," in order to get people at this life stage focused.

"It will educate them and make them feel I'm the guy to talk to," he says.

Ten Haagen also helps a Suffolk County legislator with teaching youth about areas of financial literacy. Classes cover how to balance a checkbook and how to save. The latter uses the commonly used three buckets method, with one bucket each for saving, spending, and giving to charity. He also plans to get involved with the lecture circuit, helping brokers and individuals get better organized.

For more information, visit: Ten Haagen Financial Group

INSIGHTS FROM A FIDUCIARY

If you ask a group of people what a financial advisor does, chances are you'll hear many thoughts on the types of services offered—but in some cases you may just get a blank stare.

A 2016 Harris Poll revealed that 36 percent of respondents said they don't have a strong understanding of what services a financial advisor provides. But, the confusion is understandable since the role of an advisor has morphed into various specialties and niches over the years.

For instance, how many people in search of a financial professional understand the significance of working with a fiduciary?

Denson Lipscomb, president of Lipscomb Investment Group, LLC, based in Auburn Alabama, has built his independent, Registered Investment Advisory (RIA) firm around the fiduciary standard.

"As registered investment advisors, we are held to a higher standard than traditional brokerage firms. We work on a fee basis, not a commission basis. And, as a fiduciary, we are obligated to do what is deemed to be in the best interests of the client," said Lipscomb.

Clients of Lipscomb Investment Group most often want comprehensive services that extend beyond money management to plan their financial future. Typically working with high net worth clients with $100,000 in assets, Lipscomb collaborates with the client's attorneys, tax accountants, insurance, and other related professionals to ensure a holistic and cohesive financial plan.

"We work with a team approach. We're the quarterback, and the client is the coach," he said. "It's a matter of educating the client and helping them plan in all different areas and facets of life."

Based on his experience in the financial industry for over 40 years, Lipscomb says he finds no correlation between a client's financial intelligence to his or her level of education and professional success.

"A lot of people haven't been subjected or privy to finances or investing, so our education process with clients is ongoing," he said, adding that he keeps pace with changes and innovations in the financial industry.

In fact, as part of that innovation Lipscomb Investment Group utilizes planning tools that assist the client's understanding of their income and expenses and their assets and liabilities which identifies the importance of knowing their net worth. This foundation lays the groundwork for setting and accomplishing financial goals such as education, retirement, and legacy planning.

"We have tools that allow us and the client to input all of their financial information into a plan and program that we can review, and that they can work on themselves. It is very customized because people are different and look at things differently," he said.

As an example of such different client perspectives, Lipscomb points to risk tolerance saying that some people define risk as not wanting to lose anything, while others define it as being able to endure market declines.

"No two plans are alike; they vary significantly depending on the attitudes of the clients and their desires and needs," he said.

Through the years, Lipscomb has observed a shift in perceptions, attitudes, and behaviors of people across generations towards money and investing. Today, the media's financial news networks tout short-term returns and ignore investing for the long haul. And, people are turning to online investment management tools and financial advice platforms called robo-advisors for help. But, with the lack of financial education programs in American schools, people don't have a solid financial foundation as to the value of a dollar and how to manage it wisely as they enter adulthood, he said.

Pinpointing the reason for his firm's success and continued growth, Lipscomb said: "There's a whole lot more to this business than managing somebody's money—it's more of being invested in the client and working with them to solve a lot of life issues and a lot of life's concerns, and not just whether or not they're going to get a decent annual return on their investments."

For more information, visit: Lipscomb Investment Group, LLC

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THE TAILORED APPROACH

Wealth Strategies that Fit

Everyone wants something different from their retirement. And cookie-cutter financial plans and wealth management strategies that push one-size-fits-all approaches can fall short of savers' expectations.

What investors need instead is a customized approach that fits their life goals.

"I generally start with the end in mind and reverse-engineer the plan to pursue the client's' goal," said Angelo Anello, CRPS®, founder of Tailored Wealth Management. "That's why each plan is really tailored to each clients' needs."

Tailored Wealth Management, based in Newton, Massachusetts, provides wealth management, retirement planning, and insurance services to clients ready to take charge of their financial future. The firm also assists clients in articulating their estate planning needs and locating the right specialists to assist. The firm – which uses LPL Financial as its custodian – does not require a minimum asset level from prospective clients, but Anello looks for investors ready to clearly lay out their goals and work towards a future that works for them.

"I'm in the business of problem solving … I act as the CFO in the relationship, and the client is the CEO. My job is really to educate them, and provide them with multiple strategies to choose from" Anello told "Advisors Magazine" during a recent interview, adding that clients need to be empowered to make decisions.

Tailored Wealth Management, founded by Anello nine years ago, prides itself in taking each client's individual situation into account, and developing a personalized financial plan. Anello grew up with an understanding of how hard money can be to come by, and the value of personalized service from his father, a master tailor.

"My father was a master tailor, and came to the United States to pursue the American Dream. Even though my parents didn't attend high school in Italy, education was something that they really valued. My sisters and I worked hard and understood the value of a dollar. Acting with integrity was a value that was always stressed." Anello said. "When I did decide to go independent with LPL, I decided to name my firm Tailored Wealth Management as an homage to my father."

The tailored approach often is lacking in today's technology-centric wealth management industry. New tools—the so-called "robo-advisors"—may provide value for savvy investors or savers in certain situations, but the technology remains limited and cannot provide customized advice when markets take a turn for the worse. A human advisor, meanwhile, can apply the brakes to an investor who lets the daily chaos of financial headlines and market swings influence their decision-making.

"I don't think savy clients would work with a robo-lawyer for important legal matters," Anello said. "If it's important enough then it's best to work with an actual advisor."

At Tailored Wealth Management, clients will get the human touch an "actual advisor" can provide. And that means no complex jargon, no questions that are off-limits, and an advisor who will take the time to help clients develop, articulate, and plan to pursue their financial goals. Planning for retirement deliberately and with attention to detail is key, and Tailored Wealth Management works with clients to help them every step of the way.

"Investing for retirement is serious business," Anello said. "It's not a dress rehearsal and it's important we get it right the first time."

For more information, visit: tailored-wealthmanagement.com

TAILORED WEALTH
management

BY JOSS MURRAY

ELEMENTS TO WISE WEALTH PLANNING

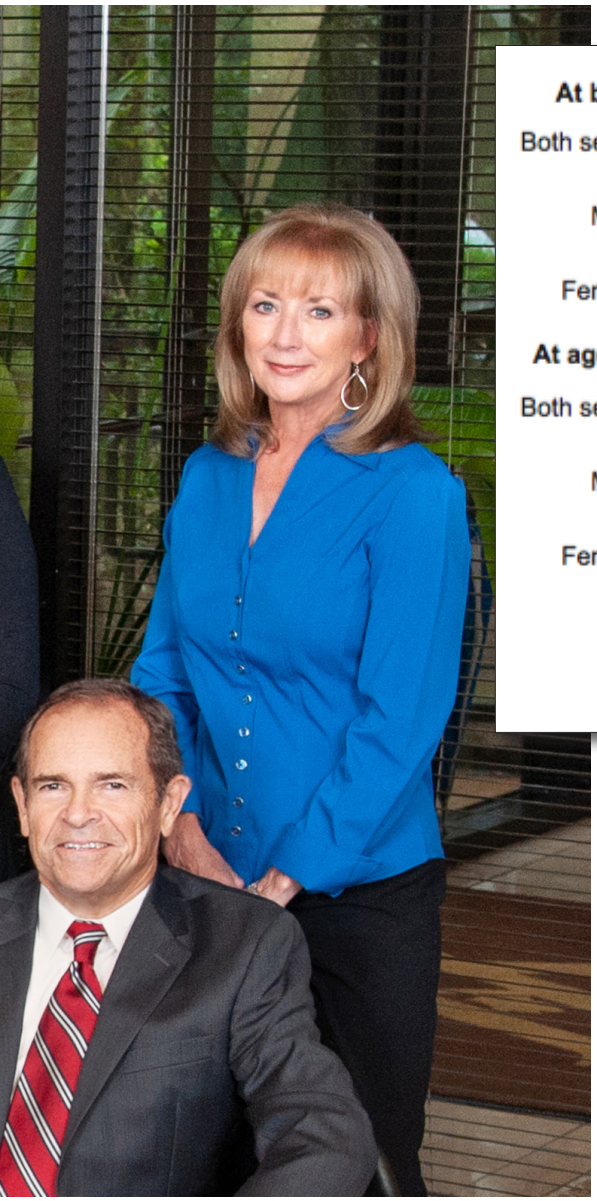
As life spans increase, retirement planning becomes increasingly complex. Long-term care concerns, saving enough to retire for almost as long as a retiree worked, and optimizing Social Security all pose complications for savers who want their hard-earned money to work for them in retirement. Today's low interest rate environment further complicates the retirement scene and savers need an advisor able to guide their transition to retirement.

"The key to retirement planning is finding the appropriate intersection of income, growth and guarantees, but the low interest rate environment makes this difficult," said Jeremy Nelson, a partner in Element Wealth, adding that his firm works to maximize guaranteed income streams for clients, often against the prevailing wisdom. "Social Security optimization, a lot of people make the mistake of drawing early because they fear dying and not getting out, what they put into the system … [But] a loss is a loss whether you lose by one goal or 10. Delaying where possible provides income security and protects us against longevity and gives the plan an inflation hedge."

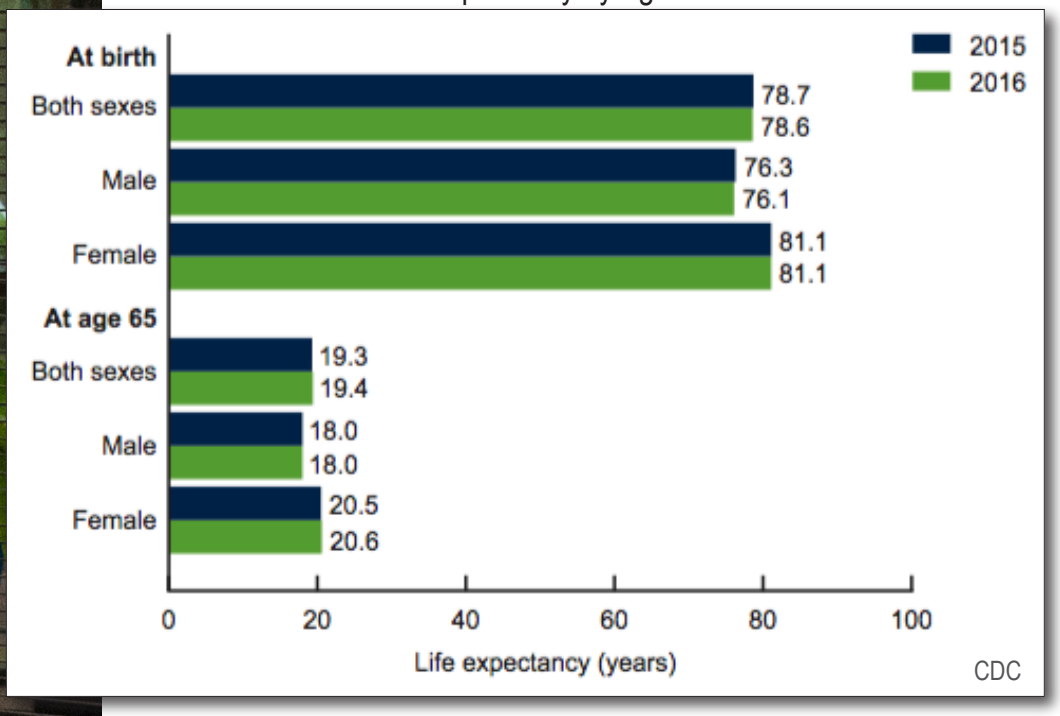
Element Wealth, based in Ridgeland, Mississippi, provides financial, retirement income, asset management, and legacy planning to clients ready to take charge of their financial futures. The firm does not require a minimum asset level to sign on, instead Nelson looks for clients who agree with his holistic view of financial planning and who are ready to make difficult decisions about their retirement.

"Ultimately people have limited resources, they have differing views on investing and risk, and they all have differing goals for themselves and their families. Our service model is built around pulling all of those things together so that clients can feel comfortable about their financial future," Nelson told "Advisors Magazine" during a recent interview.

Life expectancies – despite modest



Life Expectancy by Age



declines the past two years due to a rising suicide rate and substance abuse issues among certain population segments – continue to rise overall and current savers can expect to live into their 80s or 90s. The traditional worker who wants to retire at 65 needs to grapple with the fact that he or she probably will be retired for almost as long as he or she worked. A good advisor who can ground investors in financial literacy, and prepare them for considering the wide variety of products and services available to ensure their golden years go as planned, is a must.

The Key Elements of Successful Wealth Planning

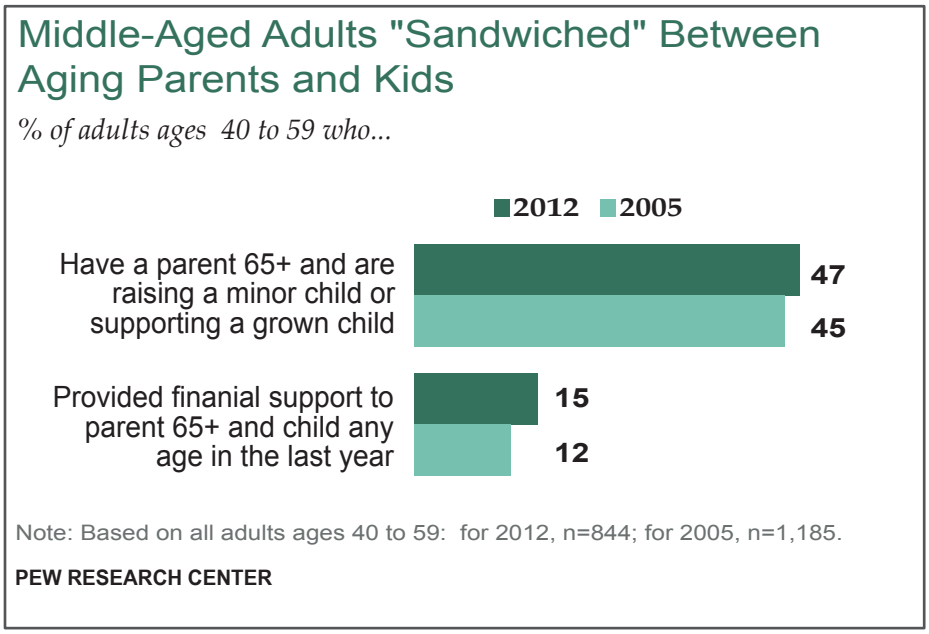
Building a successful retirement plan and resisting the urge to make hasty decisions when the market turns can make or break a saver's financial situation. Element Wealth works to educate clients on the options available for their portfolios and the risks involved with different types of investments. The firm also communicates frequently with clients to ensure their financial plan remains on track, and to make adjustments if needed.

"Education is everything. We're not in a business where we're able to make a lot of guarantees," Nelson said. "The future is unknown. Markets are going to go through periods in which they test our plans. Clients must have a long-term focus. The key to a successful retirement plan is to stick to the plan. We have to monitor and adjust over time, but if we freak out and flip every time that markets turn then ultimately we're setting up clients to fail."

Nelson walks his clients through their finances step-by-step, making time for questions and ensuring that investors "get it" before moving on. Financial literacy, even among educated clients, tends to lag due to the industry's tendency to rely on jargon, over-written prospectuses aimed at attorneys, and advisors who fail to realize that while money is second-nature to them, it can be foreign to new investors. Getting clients up to speed requires an environment in which advisors listen, questions are given the time and attention they deserve, and no topic is off-limits.

"If you come into our office, we have whiteboards in our meeting rooms, and my favorite thing to do is just get up on the whiteboard and draw these things out because I think that simple visuals help clients understand these concepts," Nelson said.

Each client's unique situation also makes investor education tricky. Nelson has to carefully plan for each client, explaining to them what they need to know to tackle their individual financial challenges. A number of investors today, for example, find themselves locked into the "sandwich generation," meaning they care for both an elderly relative and teenage or adult children. Assisting sandwich generation investors requires



a different approach from traditional retirement planning.

A 2013 Pew Research Center study found that 47 percent of adults in their 40s and 50s are members of the sandwich generation, defined as taking care of both an adult or minor child and an elderly relative older than 65. Burgeoning health care costs for an elderly parent can maul a retirement plan and advisors also need to consider the emotional toll of being "sandwiched."

Nelson uses a few money management shortcuts to keep these investors on track.

"[We] bucket and designate money for different time periods," he said, adding that clients who could reasonably become "sandwiched" need to manage their plans very carefully. "There are variables that are going to come up that they weren't expecting when they sat down and made that plan."

Elderly investors, or their sandwich generation children, also need to consider the possibility that they will require long-term care for serious ailments such as infirmity in old age or dementia. The long-term care insurance market, however, is seeing many insurers pull-out as regulations raise the cost of doing business; the insurers left, meanwhile, have jacked up prices while cutting back on benefits. The remaining long-term care plans often leave consumers with little choice and, possibly, no realistic options.

Nelson instead proposes to many clients that they use "asset-based long-term care," in which investors determine how much they can afford to self-insure. Asset-based long-term care comes with an opportunity cost, but investors will "always get back at least what [they] put in," Nelson said. He added that the strategy also acts as a hedge against extended care for illnesses such as Alzheimer's.

No matter the financial situation, knowledge of basic money management is essential for investors. Without a grounded advisor, however, investors can easily be led astray by misinformation or let their emotions influence their financial decision-making, resulting in poor outcomes.

Battling Misinformation

Few retirement savers come to their new financial advisor with a thorough knowledge of the market and how it works.

"The financial planning process, investing, markets, all these things, are very complicated," Nelson said. "People generally don't have education on these topics."

Fragmentation drives financial misinformation with the internet, 24-hour business news, and uninformed laypeople all feeding into market frenzies. It can be difficult, in this chaotic environment, for investors to resist the creeping anxiety that can influence their decisions for the worse. Nelson said that he works with clients not only to educate them about the market, but also on his responsibilities as a professional advisor.

That standard of disclosure is lacking in many corners of the financial services industry, where advisors often neglect to give clients a full picture, he said.

"We need to hold advisors to the same standard of care. This isn't just about how people are compensated because there are times when a commission-based product is right for a client," Nelson said. "We should have to demonstrate that we've gone through a process to ensure that the recommendations we're giving to people are the appropriate solution."

Nelson acts as a fiduciary to his clients, meaning Element Wealth puts investors' best interests before bottom-line concerns such as commissions. To Nelson, that means presenting clients with options and then educating them to make their own choices; and it also means being upfront with clients about how he is compensated for advising them.

"If we have one solution for all clients, inherently we cannot be acting in everybody's best interest," he said, adding that prospective clients always should ask a potential advisor whether they hold themselves to a fiduciary standard and to explain how they are compensated.

Client education, financial goals, and tolerance for the unknown all come together to create an investor's plan. Nelson works with investors to find where all of the possibilities inherent to the market could potentially interact, and to then help clients set their own limits, choose their own products, and make their money work for them. As a fiduciary, however, that sometimes requires being firm with clients who might be headed in the wrong direction. Clients who hesitate to pull the trigger on suitable investments, or who are too concerned about losses to take action, need an advisor to encourage them to accept the realities of the market – even if that can be difficult.

"We find the intersection of income, growth, and guarantees for each individual client," Nelson said. "We help them understand the difference between risk tolerance and the need for risk; some people are very risk-averse but if they have no growth in their plan then they aren't going to make it."

For more information, visit: myelementwealth.com

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Client Education Helps Clients Go the Investment Distance

Sticking to a long-term investment strategy can help you work towards financial independence for your future. Often, though, the rollercoaster ride of economic market conditions can be emotionally challenging for investors.

It is one of the reasons that Louis J. Butera, CFP®, founder of Butera Wealth Management, LLC, based in Newtown Square, Pennsylvania, uses the "bucket strategy" to help diversify varying amounts of a client's investment from excessive long-term risk while ensuring assets and cash are readily available.

"We use it to help smooth out the ride for clients," Butera said. "We do that by segregating assets in different buckets based on an investment objective – conservative, moderate, aggressive, etc. We have three to five years of cash flow in a conservative bucket that provides income to the client. It gets spent down during bad times and replenished in good times. This helps clients stick to a long-term plan because they understand the purpose of each bucket."

Butera believes the bucket approach helps clients to look further than just a few months ahead financially, because he is also educating them in related financial concepts.

"It's a big deal," he said referring to the role teaching plays in developing client relationships and their acceptance of the bucket strategy to diversify the risk tolerance of their assets.

Because client education is such an important part of the advisor-client relationship, Butera starts the process at the first meeting he has with a prospective client – and the client is under no obligation to sign on with the firm.

"I have developed a brief process that helps people determine how to select a financial advisor that's right for them. Many people are intimidated when meeting advisors and it is difficult for them to develop enough trust in the advisor to make a decision from just one meeting. We take people through our process and it has proven to be a valuable exercise and time saver for them in the end," he said.

Planning for the "what-ifs" of long-term health care is another area where Butera's educational efforts serve to guide clients toward more prudent decisions.

The demands of health care in later life have long been identified by the AARP (American Association for Retired Persons) as the greatest threat to financing a retirement, yet far too many Americans fail to plan for it.

"The issue of how to handle long-term care is a great question with no easy answer," Butera said. "Healthcare and long-term care are the big variable costs in retirement."

While the industry has prepared a plethora of charts and reports addressing this threat, no guarantees can made regarding longevity and illness, so exact forecasting is difficult.

To be diligent, Butera provides clients with scenarios depicting current healthcare costs escalating by at least double the prevailing inflation rate.

"We compare that to their present retirement income plan and stress the outcome to see if they will have enough money," he explained. In reality, long-term care insurance isn't always an option for many clients. Thus, Butera knows a chat regarding its alternatives is in order. "We discuss living arrangements while clients are still healthy in retirement."

As the son of a small business owner, the idea of working for yourself was the mindset with which Butera was raised. He started in the property casualty insurance industry, and later obtained his health and life insurance licenses.

"One day a client asked me if I could help him with setting up a retirement plan," said Butera. "That is when the light went on for him. "I got hooked on all of the facets of asset allocation and financial planning."

For more information regarding Butera Wealth Management, LLC, visit buterawm.com.

Butera Wealth Management llc

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Private Advisor Group, a registered investment advisor. Private Advisor Group and Butera Wealth Management are separate entities from LPL Financial. No strategy including diversification assures success or protects against loss.

BY AMY ARMSTRONG

EXPLORATION IS KEY FOR FINANCIAL PLANNING

During the 1990s, John Bonnemort spent the early part of his career working in Silicon Valley immersed in the rapidly growing technology industry. So, when it comes to technology, he is all for using the latest and greatest innovations as long as they fit one caveat: Does the technology best serve his clients today in his role as a financial advisor?

When asked by "Advisors Magazine" about the rising trends of people turning to online platforms – known as robo-advisors – to plan, manage, and invest their money, Bonnemort doesn't think it's the best option for people seeking well-qualified financial advice.

"I am not against using technology, but I also do not believe that an algorithm can give comprehensive financial planning advice that will efficiently help someone sort through all of the options to find the appropriate solution," he said.

As the founder and president of Alta Peak Wealth Management, LLC, located in Salt Lake City, Utah, Bonnemort's goal is to map out a path for his clients from their current financial position to where they want to be in the future. His process starts with exploring all the investment avenues in which a client could navigate.

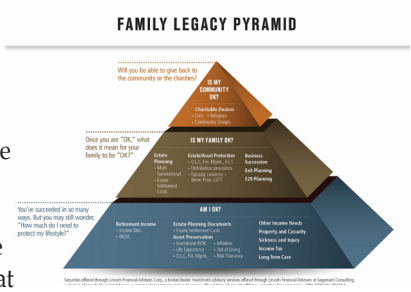
"I think in this industry we have failed to answer the client's fundamental questions regarding their financial futures," Bonnemort said. "Instead we push products, which are nothing more than tools. Our focus should be on solving the client's problem first and then determining which products will do that."

And that focus extends far beyond just handing a client a product prospectus, a cumbersome document that he believes needs to be simplified to be effective.

"Most advisors don't read a prospectus cover to cover," he said. "How can we expect clients to? It needs to be a document that is much more user friendly – more accessible and easier to understand," he said, adding however, that some progress has been made to include summary pages that help with fee transparency and provide a better overview of the product for the client.

While Bonnemort isn't convinced the financial services industry will ever create simple enough documentation for Mainstream America, he does contend that it's the duty of professionals working in a capacity to translate financial jargon for clients into relatable terms.

"If you as a financial professional take the time to go through and answer every question your client asks and are very, very clear regarding how you are compensated and the value you bring to them, then this industry will be fine and clients will walk away



with a better understanding of their insurance, their investments, and their wealth management," Bonnemort said. "At the end of the day, that is the ultimate goal."

For more information on Alta Peak Wealth Management, LLC, visit: altapeakwealth.com

ALTA PEAK WEALTH MANAGEMENT

John Bonnemort is a registered representative of Lincoln Financial Advisors Corp., a broker-dealer (member SIPC) and registered investment advisor offering insurance through LFA Insurance Agency and other fine companies. Alta Peak Wealth Management is not an affiliate of Lincoln Financial Advisors Corp. CRN-2222240-082418

Guiding Clients Toward Financial Freedom

Few families discuss their finances around the dinner table. Add to that a generational tendency for older men to handle family finances and die younger than their spouses, and the result is a high number of elderly women suddenly forced to grapple with their financial situation.

R

Regina McCann Hess, CFP®, CFDA®, chose to incorporate a lantern into her firm's logo because she feels a responsibility to these clients who find themselves, without warning, left in the dark.

"The lantern represents me guiding and educating my clients along the way, and I did that on purpose." said McCann Hess, president of Forge Wealth Management, LLC. "When I first came into the industry years ago I learned that a majority of the elderly poor are women. And I realize that they take time off for rearing their kids and staying at home with the family … But also, certain age groups were not brought up discussing these topics at the family table. They certainly weren't taught this in school."

Forge Wealth Management, based in Wayne, Pennsylvania, provides comprehensive, tailored wealth and risk management solutions for clients working toward lifelong financial independence. The firm requires a minimum asset level of $500,000 to $1 million from prospective clients due to the intensive attention provided to each investor.

"I'm very relationship-based with my clients; that's a priority for me," McCann Hess told "Advisors Magazine" during a recent interview. "I've had some clients for 20 years. I rarely lose a client because I'm very focused on the relationship with them."

Helping clients achieve their lifelong financial goals requires McCann Hess to adopt a teaching role. Financial literacy among clients often lags, with even highly educated clients like corporate executives or doctors being unaware of the ins and outs of how investments work. She works to break down barriers to understanding by stripping the financial services jargon from client meetings, explaining financial concepts using real-life examples and metaphors, and creating an environment in which clients know they can ask anything.

"I encourage them to call me out if I do use industry jargon," she said.

One activity McCann Hess uses with clients involves a chef's table and the ingredients needed to prepare a meal. Clients work through the activity to learn how different investment products – represented by the ingredients – create a diverse portfolio that leads to financial success and are all needed to develop an investor's full wealth picture, as demonstrated by the finished meal.

"We try to think a little bit outside the box and do some fun activities while also educating them," McCann Hess said. "We say, 'Here are all your ingredients, and this is what we do with your portfolio.' I try to make it more of an approachable topic for people."

Financial literacy can change lives. McCann Hess herself never expected to become a financial advisor until – while she was working as a nurse – a friend introduced her to basic stock market concepts.

"That changed my life … I think a lot of people are uncomfortable because they just don't understand [the market]. And they're uncomfortable with the topic because it was never a conversation piece," she said.

McCann Hess added that women clients, especially, tend to lack financial literacy because their husbands took care of the family finances. After the spouse passes, the learning curve becomes steep for these women suddenly stranded and left struggling to understand how their money works. Educating these clients to understand their finances, and to ignore the "squawking" from 24-hour television networks about the market's ups and downs, is a core piece of Forge Wealth Management's mission.

The firm also remains in contact with clients often through quarterly meetings, calls, and staying available for investor questions, and they work to keep clients on track in pursuing their financial goals and understanding the sacrifices that may come with retirement.

One exercise McCann Hess does with clients is to cut their monthly income month-to-month to show them what their retirement spending might look like.

"They don't like it; it's a reality check for sure," she said.

Forge Wealth Management also helps clients build cash flow to supplement their retirement and turns clients' attention to the conversation few want to have: long-term care. As lifespans increase, long-term care and retirement planning have become more complex, and it takes considerable planning to work through these complications.

"They do not want to have it; I am constantly having to redirect the conversation and bring it back up meeting after meeting," McCann Hess said, referring to long-term care planning and insurance. "Once it happens, it's too late to plan for … Think of a barn fire; that's how quickly it'll go through your assets if you have to pay for your own long-term care costs out of pocket."

By forcing investors to grapple with the long-term care question, their own financial goals, and the problems that might crop up in retirement, McCann Hess keeps her clients on track. Many clients put off planning for long-term illness or overspend while working, thinking retirement will be the same, but the reality check Forge Wealth Management provides is invaluable in helping those clients realize the inherent difficulty in maintaining financial independence.

"It's almost like I'm their mother sometimes, nagging them … But that's my job," McCann Hess said.

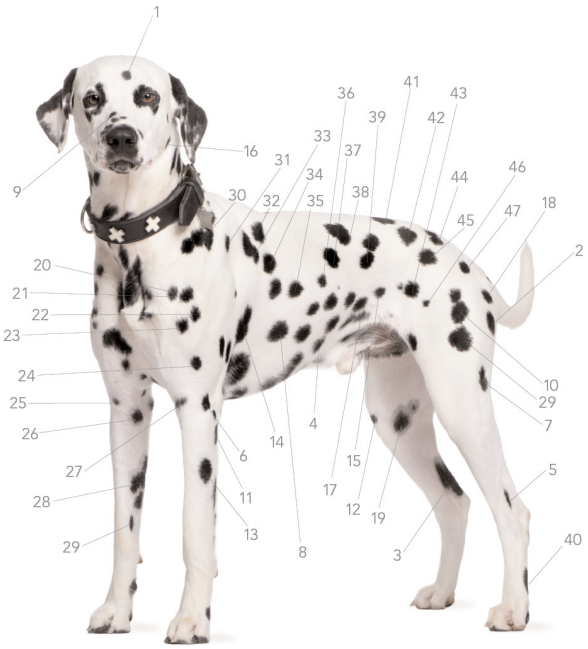
With a focus on the future, clients' goals are re-evaluated periodically and their status is monitored to make sure what mattered to them when they signed on still matters today. And as clients' needs and goals change, the firm works to help their plan adapt, or to steer them back to reality if they wander into unrealistic ideas.

"What I do for my clients is I hold them accountable," McCann Hess said. "I remind them of what their goals are, I remind them of what they said was important to them, I ask them 'Are those things still important to you?'"

For more information on Forge Wealth Management, LLC, visit: forgewealth.com

FORGE
WEALTH MANAGEMENT

47 Of Everything And Everything In Its Place



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IAEM Conference, November 11-18 in Las Vegas (booth 210 hosted by IBM)

Assets, Advocacy, and Attitude GUIDE FIRM'S CLIENT PROFILE

The federal government battled for and against creating a fiduciary rule across two presidential administrations. Legislation that would regulate how investment professionals could operate was introduced during the Obama era, but ultimately met its demise under the current administration dominated by the GOP.

No matter where the government stands in regulating the importance of a financial fiduciary – that is, advising in a client's best interests without allegiance to specific investment products or financial institutions – Lawrence Sprung, CFP®, president of Mitlin Financial, Inc. knew that's how he wanted to operate. So, though he started as an independent broker, the firm became registered investment advisory firm (RIA) in 2011. As an RIA registered with the U.S. Securities and Exchange Commission, he is legally bound to act as a client's fiduciary.

Sprung pegs his passion for the financial industry back to his childhood. His mother, Linda (the "lin" in Mitlin Financial) became very ill when he was young, and he remembers the impact illness had on his family.

"It's the drive of wanting to help people through the events in their lives that might disrupt their situations. Some are planned like marriage, birth, and starting a business. Others aren't planned like death, disability, and loss of a job. This was a great career choice for me to help people navigate through life's situations," said Sprung.

While many advisory firms have a minimum of assets required from prospective clients, Mitlin Financial, instead, evaluates other criteria which they informally refer to as "Triple A."

First, they learn about a prospective client's "asset range," Sprung explained. Next, they consider "advocacy" – the potential of client referrals to friends, family, and business associates that can benefit from the firm's expertise. The last component, "attitude" is based on a client's desire to rely on the firm to manage their accounts.

"Attitude is the key component of us being a fit together and having a multigenerational relationship. We don't want to be everything to everyone, we want to be everything to a small select group of people," Sprung said.

Mitlin Financial works to break down very complex financial concepts into bite-size pieces so that clients understand "industry terminology, how investment products work, and transparency in compensation," said Sprung as he explained how the firm creates an atmosphere of open communication.

> **"Mitlin Financial is fully on our clients' side and fully transparent about how we do business. Our success grows from helping you to succeed."**

"Part of our approach to retirement planning is to develop a formalized view of where the client is today and where they want to be, and then map out a game plan under current circumstances to see if they can achieve these goals under certain parameters," he said, adding that inflation rates, investment return rates, and estimated contributions by the client over the years must be evaluated on a regular basis to make sure that their financial plan is moving towards the client's target. "The heavy lifting is to make sure that you're staying on top of all of these variables on a regular basis to make sure that you're getting closer to target, or you're staying on target."

Based in New York, Mitlin Financial maximizes technology according to Sprung.

Clients each have their own web portal secured with encrypted technology where they can access their financial plan, assets, performance, and statements.

"As years go on, technology is key to get clients the information they need in a timely manner, and it's the most effective way to get it done. Our web portal allows clients to get everything they need 24-7," he said.

For more information, visit: Mitlin Financial, Inc.

MITLIN FINANCIAL

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RETIREMENT REQUIRES
More Than Returns

Retirement savers can often lose sight of what really matters. Many investors spend so much time wrapped up in rates of return, new products, and the daily deluge of financial headlines that the most important piece to a successful retirement gets lost in the shuffle.

"These things are very important but they're not the most important," said Christopher Calandra, CFP® founder and principal of Elliott Wealth Management Services, LLC. "The most important thing is accumulating wealth by saving, investing, and doing things to increase your net worth. Sometimes, with so much of the information that's out in the public domain, people get lost on that point. But it's something we want to keep our eye on when working with clients throughout the retirement planning process."

Elliott Wealth Management Services based in Southington, Connecticut with additional branch offices in Connecticut and Florida, provides wealth management services to clients across 28 states. The firm offers its "Gold Medal" framework of services—which include investment oversight, tax reduction planning, retirement income, family wealth planning, and frequent client communication. Elliott Wealth does not have a firm minimum, although clients with greater taxable income and investable assets are a focus of the firm.

Calandra works with clients to move beyond short-term gains and rates of return so that they can begin the difficult work of carefully planning the asset accumulation needed to achieve their financial goals.

"The adage that I had heard early on in my career and it has always stayed with me … is that most people spend more time planning for their vacation than they do for their financial future," Calandra told Advisors Magazine during a recent interview, adding that, "reaching financial dreams takes more than investments, it requires a firm grasp of how money works generally".

"It's true that some people put their heads in the sand and don't pay attention to their money. And I think the danger is when you do that you're more prone to making mistakes, missing opportunities, and not having your money work as hard for you as you did to earn it," he said.

Elliott Wealth Management Services uses their Gold Medal framework to develop tailored strategies for each client rather than cookie-cutter planning services. Client education, especially within the five Gold Medal Service categories, helps clients to make the right decisions and win with their money over time. The personalized approach allows the firm to empower investors more effectively than new, automated investing tools—which the firm uses to aid advisors—or generic advising strategies, Calandra explained.

"I believe there are lots of great new tools, they're a wonderful addition to the landscape," Calandra said. "There is a risk though that the help is not comprehensive and personal enough … Every situation is individual in some way, shape, or form."

Elliott Wealth Management Services is a fiduciary firm so clients' best interests come before the firm's bottom line. Calandra said that the fiduciary approach is about more than giving investment advice. Instead, he takes a holistic look at clients' finances to advise them on tax issues, the impact of unexpected events, retirement concerns, and other contingencies.

The holistic approach also means that clients can take ownership of their financial futures, which matters now more than ever as lifespans stretch into the 90s or triple-digits. Middle aged investors become "sandwiched" by elderly relatives and adult children, and the regulatory environment becomes increasingly complex.

"People need to be purposeful in accumulating wealth," Calandra said. "You're going to need that money to work hard for you for, hopefully, a very long time."

For more information, visit: elliottwealth.com

Christopher Calandra is a registered representative of SagePoint Financial, Inc., member FINRA/SIPC.

Setting the Tone A MODERN APPROACH TO INVESTING

For nearly 20 years, Hunter H. Irby had a front row seat as an equity trader with clients who were some of the world's most successful investors. Though he was there when the markets performed spectacularly, he learned even more as his worldview evolved during the Long-Term Capital Management implosion in 1998, the dotcom bubble of 2001, and the financial crisis of 2008—the worst economic crisis since the Great Depression.

When Irby had the opportunity to run his own business, he took it. He and his team, all of whom come from the institutional side of the business, opened Tone Capital, LLC in Richmond, Virginia in 2016. Irby serves as Chief Investment Officer and is architect of the tactical ETF strategies that inspired the firm.

Although the intention was to build the firm as a product provider, when the partners began marketing the strategies to friends, family, and extended networks, almost immediately they were asked if they could manage retirement accounts, 529s, and more. The partners quickly found themselves in the wealth management business, which Irby has found rewarding.

"Some of our clients were in situations that were not ideal, and I feel like we've been able to educate them and positively impact their financial situation. Going forward we will continue to be the product-centric firm we had imagined, but we will always have a wealth management business for select clients."

Tone considers a large part of their mission to be educational; what really adds value as opposed to what's just marketing. One of the factors they focus on is cost. The cost discussion has become much more front and center in the press in recent years, but Irby believes most people still just don't spend the time to understand the investment management business and are wasting money by paying too much to their adviser and too much for inferior investment products. The missing link, he says, is education, and that is a core component of the firm's mission.

TONE CAPITAL

SOUND ● SENSIBLE ● INVESTING

The firm uses technology extensively; for financial planning, client risk assessment, portfolio risk management, and for performance measurement. But the largest value-add from a technology standpoint is in their investment process. They believe a factor-based, systematic approach to investing maximizes returns over the long term. They trust in their models, and the software used to create them. "Staying lean and keeping our costs low so that we can keep our clients' cost low has been and will always be a top priority."

When asked about the risks consumers may face in using robo-advisors and other apps that "gamify" financial planning, Irby replied that he doesn't see a lot of risk in the gamification aspect. "I think the robos have done a very good job of making investing more accessible. I consider anything that gets young people to start saving and investing at an earlier age a good thing. The risk may be in staying with these platforms as account values get larger; they're pretty basic from an investing standpoint."

Irby recommends investors find an advisor they trust will act in their best interest, and that will charge a reasonable fee. "It's worth the few extra basis points to be able to speak with someone that understands your situation and is committed to doing the right thing for you", he says.

Irby and his partners are quietly building an impressive investment advisory business a bit off the beaten track in mid-town Richmond, Virginia, away from the large office buildings of the city's downtown, which aligns perfectly with the firm's "cost-focused" culture. Tone's principals have significant experience in trading, portfolio management, and financial operations. The firm is independent and fee-only and accepts no third-party compensation.

For more information, visit their website at Tone Capital, LLC.

WORKING WITH THE REAL MILLIONAIRES NEXT DOOR

The Barrel Approach for a Successful Retirement

"The Millionaire Next Door: The Surprising Secrets of America's Wealthy" by Thomas J. Stanley and William D. Danko was published in 1996, and its influence still resonates today.

One enthusiast of the bestselling book is Erik. J. Mikkelson, CFP®, president of RMR Wealth Advisors LLC, based in Madison, Wisconsin. He built his firm around working with those who have already accumulated wealth or have the determination and ambition to do so. Mikkelson notes that his office has 54 boat slips next door – and many of the smaller, not the larger boats likely belong to the wealthier families, the Millionaire Next Door types.

"We strive to serve those who live life under the radar, are hardworking and are accumulators," he says.

While there's no firm minimum per se, the RMR Wealth Advisors team must be able to service clients in a cost effective manner, and that usually means clients must have at least $250K in assets.

When working with clients, the dialog is kept in plain English. Since clients often just want the big picture on their portfolios, Mikkelson gives them RMR's three barrels analogy when discussing retirement. The first barrel is the most conservative, money they can access, while the second barrel is more aggressive and volatile. The third barrel is all equity exposure, with a lot more volatility but from which clients can gain their highest returns. From a financial planning perspective, clients must decide (along with their advisor) how much money is in each option. "I try to inform and educate them that spreading investments across barrels allows them the best chance when markets are off. Barrel one will get them through it," says Mikkelson.

He generally recommends 7 to 10 years of living expenses in Barrel 1, which is a higher amount than many other financial planners. Mikkelson points out that many clients have more money today after distributions than they did prior to 2008 when the Great Recession began. "Retirees often ask how many years are in Barrel 1. Nine times out of 10, that's all they want to see. They like to cut to the chase," he says.

However, retirement comes down to the ultimate interests for a client's accumulation. Finding out what each client's financial goals are helps the firm establish overall strategies. When it comes to long-term care, most of his clients have enough money to self-insure. That money is earmarked within a barrel. The retirement plan involves continually rebalancing and refilling Barrel 1, so in a downturn there's no need to sell assets in Barrels 2 and 3. Distributions are monitored so clients don't start the downward spiral of depleting capital. "The plan for most clients is to have enough money equal to or more than they have today at the end of life, whether that's two or four more decades," according to Mikkelson.

The firm is a truly independent, fee-only registered investment advisor. There's no parent company or firm influencing either their advice or portfolio investment direction. There are no commissions, and they bring in independent experts for advice on legal, taxation and insurance matters. Mikkelson's small but dedicated team truly cares about their clients. "Every person is top notch," he says. "Everything is done for our clients' financial future. We wake up every morning asking what can we do that day for our clients' financial future – that's our purpose."

For more information, visit www.rmradvisors.com

RMR Wealth Advisors

Investment Advisory Services offered through RMR Wealth Advisors, LLC, a Registered Investment Advisor.

streamlined efficiency **quality** *professional* elegant

NETJETS®

Netjets Torch

A brand moodboard of Netjets the brand with key brand values noted

UNIQUE APPROACH NEEDED FOR THE 'SANDWICH GENERATION' STRUGGLES

As lifespans grow longer and college costs rise faster than the inflation rate, many would-be retirement savers find themselves stuck in the "sandwich generation," caring for elderly relatives and adult children at the same time. The financial pressures placed on sandwich savers can derail even carefully laid retirement plans.

"These situations are unique to each of us," said Eric Linser CFA, a private wealth manager with Green Valley Wealth Advisors, adding that financial advisors need to tackle each sandwich generation client's case with a fresh approach. "An asset allocation or specific model cannot address these [clients] … They need a plan that really incorporates not only the investment advisor, but also other close advisors to make sure you can help these people in any facets of their lives."

Green Valley Wealth Advisors provides tailored wealth management and retirement planning solutions to clients ready to responsibly tackle their financial goals. The firm generally requires a $250,000 minimum in taxable income and assets to sign on as a client, although the majority hold between $750,000 and $2 million, Linser said.

A 2013 Pew Research Center study found that 47 percent of adults in their 40s and 50s are members of the sandwich generation, defined as taking care of both an adult or minor child and an elderly relative older than 65. Burgeoning health care costs for an elderly parent can maul a retirement plan and advisors also need to consider the emotional toll of being "sandwiched."

Preparing investors to make the right financial decisions is the first step toward getting them on track.

"If you can break [their finances] down, particularly in a friendly, graphic way … Then it's getting people over the hurdle," Linser told "Advisors Magazine" during a recent interview.

Investor education reduces the emotional power of money, Linser said. Investors, especially those just starting out or those with financial difficulties like the sandwich generation, often hesitate to risk money in the market. By working with investors individually to understand how their money works and solutions available to protect and grow their hard-earned investments, he helps his clients make rational choices toward achieving their financial goals.

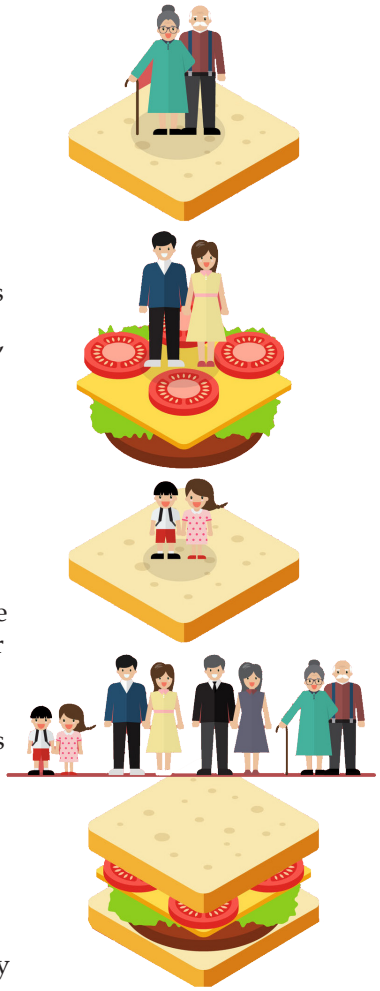
As a fiduciary firm, Green Valley Wealth Advisors, puts clients' best interests before the bottom line—unlike wirehouses or insurance brokers, who offer products according to the weaker suitability standard. The customized, individual approach is part of a larger mindset shift within the industry, Linser said.

"Ultimately, I think there was a shift in the late-90s to the turn of this century, that the investment management process became, particularly in working with individuals, not about performance versus a benchmark, but more financial planning based," he said.

Still, he feels that client education and financial literacy is lacking across the industry, and one of his goals for 2019 is to begin offering more educational services to the community at-large either through a community college or to high school students. A stronger focus on financial literacy in schools will help produce investors able to see the big picture, he said.

For the sandwich generation, meanwhile, increased financial literacy will help them to get the most out of the tools available. And it can even help reduce the pressure on these investors, who often feel stretched-thin by the competing demands on their time, thoughts, and money.

"Investor education is the crux," Linser said. "The more educated your client base is, that's going to make for a more fluent conversation and take the edge off the uneasiness that can creep into these conversations from time to time."



For more information, visit: gvwealth.com

GREEN VALLEY WEALTH ADVISORS

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BY JANE MEGGITT

COMING TO
THE AID OF THE SANDWICH GENERATION

A Holistic Approach to Financial Planning, and Guidance Throughout the Journey

They number in the millions, and their lives are quite the balancing act. The "sandwich generation" must plan for their own retirement while in the midst of caring for aging parents as well as their teen, college-age or "boomerang" children. They're primarily in their late 40s and early 50s, and as a group, they need assistance with their financial planning. Carey Yukich, the co-owner of TrueWealth Advising Group based in Northwest Indiana, specializes and enjoys working with this group.

The firm's motto, "Guidance Throughout Your Journey," is a long-term approach to financial planning, not a quick fix or reliance on a hot stock tip or risky portfolio.

"People may plan and feel comfortable about a strategy, but they procrastinate, and life happens. We are catalysts for clients to take action—perhaps a to-do list, with a deadline. Our process breaks down financial planning into manageable pieces," said Yukich.

There's no client minimum at the firm, although Yukich typically works with those who have an investable net worth of $250,000 and up. She trains and mentors new financial advisors, and the typical investable net worth of their clients is $150,000 or more. About one-third of Yukich's clients are business owners, and Carey assists them in diversifying beyond their businesses. She works with numerous female clients and desires to empower them to make optimal financial choices.

Yukich notes that retirement means different things to different people. Some want to stop working completely, some want to work part-time but retain financial independence, and others want to transition out of their business over several years. She asks her clients an abundance of questions to discern each individual's experience with finances and adapts her approach to each client's style.

"Some clients are busy or analytical, and don't have time for fluff," she says.

TrueWealth Advising Group encourages collaboration with the client's other trusted advisors, including attorneys and accountant. This way the client feels confident they have a team striving collaborating to serve their best interests. Clients all receive a customized, strategic solution, beginning with each individual articulating their needs and wants. Then, with the help of MoneyGuidePro® financial planning software, clients can view simulations of their retirement plan. "It helps us to run simulations to stress test the plan," says Yukich. "We can look at all the pieces—liquidity, investment assets, insurance, estate planning and so on." The goal is to assist the client in navigating the complexity of transitioning into retirement.

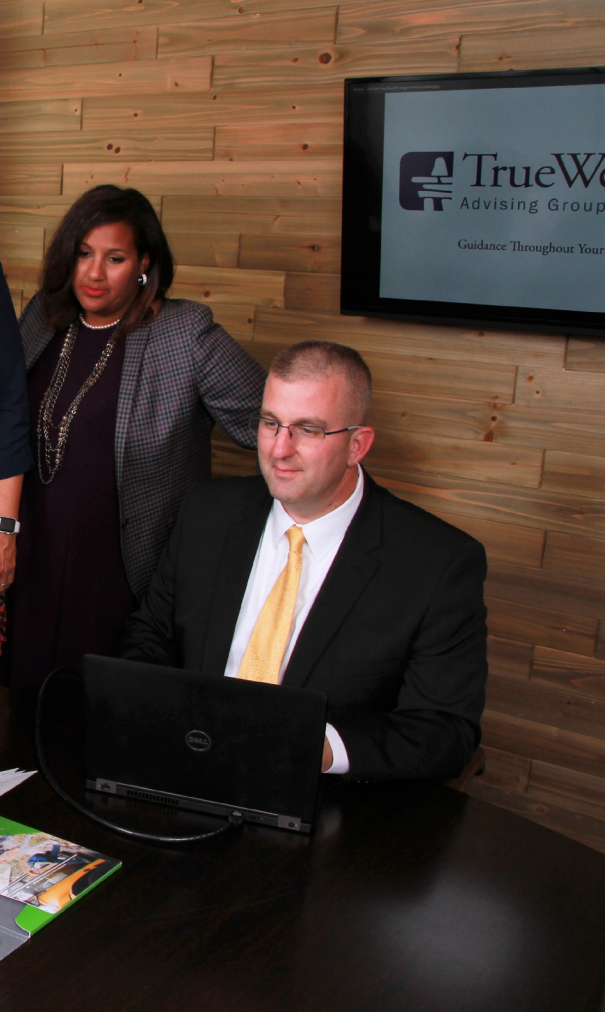
Yukich's focus on investment earnings and withdrawals, helps people to understand the distribution process. She points out that hardly anyone prepares for the distribution phase of retirement.

When running simulations and scenarios, she asks clients about their desired income in retirement, and includes varied rates of return and inflation in different simulations.

"The simulations are realistic, and have contingencies in them," she says. "The most important strategy is having an adequate buffer in the account balances."

Ideally in a down market, assets not correlated to the market are used for income. Yukich recommends at least three years of income in assets such as CDs, life insurance cash value, and other asset classes not subject to market volatility.

The buffer account is especially



strategic for longevity. Her clients don't rely solely on the market, and Yukich has utilized fixed indexed and variable annuities for their guaranteed stream of income.

Having a sound Social Security strategy is essential. Calculating the optimal age to begin drawing it is also part of the planning scenario. Many of Carey's clients still have pensions. An issue that arises frequently while educating clients on retirement planning is 401(k) fees. Most clients have no idea whether their plan charges such fees.

"We know where to look in the fine print for this disclosure and can articulate to the client exactly what their 401(k) expenses are," she says.

Long-term care planning is a topic with which the sandwich generation is all too familiar. Yukich requests clients think about their parents' generation and identify who is financially or physically dependent on them or likely will be in the future. She asks about health issues. One of her strategies is often a family meeting, which she attends.

"I'm the objective third party who can bring up sensitive issues," Yukich explains. "Do you have an estate plan? Who helps with financial decisions? Many financial planners don't go down that path."

She educates families about long-term care and the threat of financial ruin due to lack of planning for end of life health care needs. Likely, someone in the family or a friend has been in a nursing home or assisted living. TrueWealth Advising Group advises clients on protection strategies, and a portion of their revenue comes from policy commissions, including long-term care. Advisors discuss the pros and cons of self-paying for long-term care, and Yukich updates families on what Medicare and Medicaid will provide.

When questioned about changes she'd like to see in the industry, Yukich cites financial literacy, which she believes needs to start early and become integrated into the educational system. Such concepts could be utilized in math, accounting, and business classes, and should include budgeting basics, compounding interest, liabilities, an explanation of FICA and similar topics.

"As a society, we need a more holistic approach to finances. The loudest noise is the stock market, but it's not the only component in financial planning," she says, adding that TrueWealth Advising Group is extremely involved in promoting financial literacy at young ages. Yukich and her team volunteer and donate to Junior Achievement as well as a program called Reality Store from her local Chamber of Commerce.

Yukich says those looking for a financial planner should ask questions about the planner's background, how long they have been in the industry, their processes and philosophy, and whether they are investment-centric or holistic.

"It's important to have expectations and values aligned," she says.

As for short-term goals, Yukich plans to hold more workshops for business owners, providing education and resources for busy people. She also wants to add another experienced financial advisor to the team.

"It's important to have a practice like a residency program for younger financial advisors, who have the ability to work with a senior financial advisor," she says.

For more information, visit True Wealth Advising Group

BY JANE MEGGITT

Long-term Equities Investments Crucial for Successful Retirement

Most people who retire spend about 120 percent of what they used to make

It's been widely reported by national financial news sources that business magnate and iconic investor Warren Buffett recommends that retirees have as much as 90 percent of their savings in equities. While the actual percentage may vary, it's a sentiment shared by Chuck L. Cooper, president of the Master's Financial Group, LLC., with offices in Colorado and Michigan.

Cooper's retirement approach for clients is equities-based.

"Long term, money has to be in equities," he says. "Put it in bonds, you're lucky if you get a 2 percent return, and you can't live on that. It's a guaranteed loser – you will run out of money."

Cooper tells clients that when they invest with him, the equity portfolio will climb 14 percent annually, every three years it will climb 15 percent, but sometimes there will be a bad year and stocks will drop 40 percent.

In his view, the media has a way of driving fear and focusing on the negative when it comes to investing and equities.

"On any given day, 75 percent [of reporting] is about the next market crash," he says, but he teaches clients to buy stocks every month to balance it out.

Cooper points to a lack of understanding in the industry about how equities work over the long haul. Seeing a 55-year-old with a target date portfolio in 10 years, and 50 percent of it is in bonds frustrates him.

"They must understand that the market has ups and downs and plan for that. In a rising interest rate environment bonds will lose money," he says.

Cooper had clients who took a huge hit in the 2008 market crash, but it bounced back. In 2009, his clients didn't call him in a panic, because they understood it was one of those 40 percent decline times.

Because people are living longer today, they need their money to last longer than previous generations. It's a concern for many retirees.

"Most people who retire spend about 120 percent of what they used to make," according to Cooper. "They have to have money set for them so they don't burn through everything."

While he previously recommended long-term care insurance, there are now only a few companies in that business and the price is "through the roof." The life insurance industry has come up with long-term riders on life insurance policies, which are a huge help. With such hybrid policies, clients will use it one way or the other, either by having their heirs get the death benefit or having it pay for assisted living. Pension plans are less common, and 401(k)s don't do what pensions do, but If people save, they can build up substantial monies in their 401(k)s.

"If they invested right, they can take out 5 percent in some years," he says, advising that people should save 10 percent in their 401(k)s from the beginning, putting in as much as possible for matching.

A former policeman, Cooper has worked in the industry since 1983, and bought out the senior partner in his firm in 1989. There are ten advisors who have been with him for 1.5 to 35 years. While the firm doesn't have a minimum per se, he likes to see at least $500,000 from an efficiency point of view. However, he enjoys meeting someone young, fired up and going places, and help them to get started.

During the interview process, clients are asked what they want from the firm, and the answers run the gamut. Some want to call their own shots, and then there are those who want Cooper to set up everything and monitor it for them. He encourages clients to ask questions, so they don't lose sleep over any aspect of the investment process.

For more information, visit The Master's Financial Group, Inc.

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THOUGHTFUL PLANNING

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Retirement saving and planning requires investors to be resilient when the going gets tough. The record market boom today could become tomorrow's downturn fairly quickly, and investors need to prepare themselves not just financially, but mentally, for the chaos an economic downturn would bring.

An advisor who understands the unpredictability inherent in the market also is a must-have for investors reaching for retirement and who understand the value of protecting their money.

"We realize that markets don't just go up every day, there are going to be times when the markets are down," said Chris Santini, president of First Financial Advisors Group. "Because we're independent it means that we can think outside the box in regard to people's unique situations and offer alternative investments. … Sometimes even the clients will bring ideas and we'll evaluate them."

First Financial Advisors Group, based in East Setauket, New York, provides investment management, insurance, and tax planning services* to clients prepared to take charge of their financial future. The firm requires a minimum of $250,000 to $500,000 to sign on as a client due to the high-involvement and personalized service provided, Santini said.

"We're not just here to open up accounts, we're here to do comprehensive planning," he told "Advisors Magazine" during a recent interview.

Clients often experience difficulty finding an advisor they can trust. Part of that comes from the media's negative portrayal of the financial services industry; and retirement savers should be aware that everyday wealth managers are not jet-setting to Milan and Monte Carlo in their off-hours, Santini said.

"I think this is much more of a relationship business than people perceive it to be, it's about having mutual trust in each other. I see myself much more as a financial counselor than I do as a 'stockbroker' or money manager," Santini said. "Our client's knowledge of the financial markets ranges dramatically so we spend a lot of time educating our clients' so they feel comfortable with the financial plan we've created for them."

First Financial Advisors Group acts as a fiduciary for clients, meaning investors' best interests come before the firm's bottom-line. And for Santini, that also means providing unbiased advice on the range of products available.

"Everyone is completely different, it's totally customized. And that's why it takes time," Santini said.

A tailored investor experience is the goal for First Financial Advisors Group and its clients. Santini, who began his career at a large brokerage in the 1980s, struck out on his own so that he could help give clients the flexibility they needed to achieve their financial goals. The firm maintains long-term relationships with clients, some who are second and third generation patrons of First Financial Advisors Group.

The relationships that produce such long-term clients require transparency and frequent communication to maintain, Santini said. A financial advisor, similar to a doctor, needs a full accounting of the client's history to properly plan for the future.

"If you only give him one symptom, it's very hard for the doctor to prescribe a treatment," Santini said.

Maintaining a smaller firm away from the rigidity of the large brokerage firms and Wall Street banks allows Santini to develop those close relationships. The firm's independence – Santini does not sell any proprietary products – in an effort to help clients feel they can entrust their life goals and financial problems to First Financial Advisors Group.

"I learned very quickly that bigger didn't necessarily mean better," Santini said. "I became an independent financial advisor so I could run a practice that was more personalized for my clients' needs and they could feel like they were more than just an account number."

For more information, visit: firstfinancialag.com

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BY MATTHEW EDWARDS

Redefining Retirement for Today's World

Everyone knows the drill—go to college, start a career, work until 65, and then relax on the beach with a cold drink complete with miniature umbrella. But the stereotypical retirement imagined by so many falls apart as lifespans continue to increase, and with scores of the newly retired listlessly falling into their so-called golden years without a plan to spend their extra time. After all, there are only so many beachside drinks someone can have before boredom sets in.

Retirement needs a redesign.

"I believe retirement is somewhat of a relic that was created in a world that no longer applies today," said Jeff Brown, president of Brown Wealth Management. "We see people working at a job they don't like for a number of years for this magic cut-off date after which they'll never have to work again, and they have to save a lot of money to do that."

Brown Wealth Management, based in San Diego, provides comprehensive, tailored wealth management services to high net worth clients. The firm requires a minimum of $1 million to sign up for its high-touch "ensemble practice" where multiple specialists work with each client to help them achieve their unique financial goals.

The redefined retirement is not a state of being. Instead, retirement should be a transition point in life—the time when people shift from doing what they need to do, to what they love to do.

"I'd say it's about living your life to achieve financial independence," Brown told "Advisors Magazine" during a recent interview. "If clients did that, and they worked longer than that hypothetical retirement date they would get to [transition] much sooner in life. And they wouldn't have to save all that money because they wouldn't need that huge nest egg."

Brown Wealth Management uses an approach called dynamic financial planning, meaning that clients' wealth management plans are living documents that constantly adapt to changing circumstances. The financial plan forms the core of a client's' wealth strategy. And the firm checks in with clients often, conducting three or more plan reviews annually and hosting between six and eight webinars. Clients also can expect a response to their questions or concerns within 24 hours, Brown said.

The comprehensive, customized approach offered by Brown Wealth Management matters to high net worth clients because their complex assets require thorough, careful advice. New financial tools—the so-called "robo-advisors"—might fill a niche for younger, less wealthy investors, but the high net worth individual still needs the human touch to properly maximize their

hard-earned assets.

"I do think some of those things will work for young investors where it's really about saving as much as possible … Maybe it'll encourage people to look at that earlier in life, that's certainly a problem in the United States," Brown said, adding that high net worth investors, in contrast, often have mortgages, rental properties, and other complicated assets these younger savers lack.

The human touch also provides a backstop to the emotional rollercoaster that a market downturn can take investors on.

"People are programmed to make poor investment decisions; people often buy high and sell low, they don't want to, but it's what they end up doing," Brown said. "I think some of these platforms are going to help people make poor decisions without human interjections to stop them."

Brown Wealth Management prioritizes financial education for clients. Investors often can make panicked financial decisions or fail to take into account all the facets of an investment product. Brown helps clients understand how their money works so that they are less likely to feel pressured to sell during a downturn or buy during a market upswing.

"We help people understand that typically when things are going good they're going to get greedy and when things are going bad they're going to want to take risk off the table, and that's really the opposite of what you want to do," he said.

High net worth investors also need an advisor who knows when to address specific financial decisions. Many investors want to understand how their money works, of course, but like airline passengers, they often just need to get to the destination safely. Clients need to be educated when the financial plan is in development, but after that, Brown Wealth Management tries to make sure their money stays moving and working.

"Most of our clients want that education upfront, but once we're moving along they just want to get to there safely," Brown said. "We try to educate a lot in the financial planning stage because that's what we can control."

Brown Wealth Management takes client education seriously because the firm acts as a fiduciary, meaning that investors' interests come before the bottom-line. The company places an emphasis on behavioral finance, and has two Certified Private Wealth Advisor(SM) professionals on its team to make sure clients understand how their emotions can affect their investment decisions. The firm also makes clear to investors what a fiduciary is, and why it matters.

"Within the investments, we really focus on the entire asset allocation, not just the assets that we manage, but also the asset that the clients hold outside of our control.," Brown said, adding that the firm uses outside market research and does not sell any proprietary products. In the event a client needs a relationship with a non-fiduciary professional such as an insurance broker, Brown Wealth Management works to assess the product and provide a fair recommendation.

The redefined retirement likely will see long-time savers easing out of full-time work and into a new occupation that makes them genuinely happy. The transition from one stage to another will require careful planning, a focus on the future, and the ability to make the right financial decisions. Savers, however, likely will find the new retirement paradigm one that keeps them healthy and active into their golden years, rather than homebound. Rather than "old age" or "sunset years," the new retirement promises to be an active, engaging life-stage.

"I believe that it would make your life more fulfilling," Brown said.

For more information see brownwealthmgt.com.

BY JANE MEGGITT


John Creekmur, CFP®
Founder & Senior Wealth Advisor

True Wealth Lies in the THINGS MONEY CAN'T BUY

Wealth means more than your bank balance or stock portfolio. True wealth comes from chasing financial dreams—and catching them. And for investors interested in building true wealth, picking apart returns and sifting through the proliferation of investment products on the market is a losing strategy.

"We take the conversation and, initially, pull it off financial concepts, off the tools or the investments to use, and we really take the conversation and make it more holistic," John Creekmur CFP®, MBA, the co-founder of Creekmur Wealth Advisors said. "We determine from the client what their goals are, what things they want to accomplish, and what things are really important to them. By directing the conversation to where it's about them and what they want to achieve, it puts us in the position to give them the best information and they can acquire true knowledge to make the best decisions."

Creekmur Wealth Advisors, based in Illinois, provides tailored wealth management solutions to clients who want to accumulate true wealth. Creekmur and his wife, Stacy Creekmur—also a co-founder and the company's director of operations—recently spoke to "Advisors Magazine" about their firm's focus on true wealth and what it means for investors ready to reach for their financial dreams.

"True wealth, which is all the things in life that money can't buy … If a person can walk through and identify what those import things are to them and they are able to clearly identify and verbalize really what those goals are to live that out, that's the kind of person we get excited about working with," said Creekmur, adding that the firm does not maintain a minimum to sign on as a client, and instead looks for investors with matching values.

"We look for people with big goals and who are ready to work hard to achieve them," he said. "When clients sign on, they don't leave because we're here to help them accomplish their goals."

The true wealth process emerged from the Creekmurs' early experiences in the financial industry. In the early 1990s John Creekmur saw the financial services industry offering clients a buffet of products and jargon, but few solutions aimed toward addressing clients' goals. Those early experiences spurred Creekmur to adopt a holistic approach to financial planning, one in which financial goals and the client's unique situation took center stage, and he founded Creekmur Wealth Advisors shortly after. The true wealth idea of aligning financial goals and strategies to produce customized outcomes differentiates Creekmur Wealth Advisors from other, product-focused firms, and provides a framework for investors to look beyond returns to what they really want from life.

"We're still an industry which is product-driven. It is an industry that is still focused on different, newly developed tools and the conversation goes to what is the best product or the best rate of return. But the reality is that the product is just a tool to reach an objective," Creekmur said. "The conversation needs to change … What is the goal that needs to be accomplished? The initial conversation [between advisors and prospective clients] needs to change to something more goal-focused and less product-driven."

Achieving true wealth requires considerable client education. Financial literacy often hobbles even educated investors, who may not understand the nuances of the products available or who might not be able to connect how an investment affects their individual situation. Investors also can find themselves bombarded with 24-hour financial news that drives up anxiety without providing actionable information.

"Information that's out there and available, there's a certain level of accuracy in most of it, and there's a lot of misinformation," Creekmur said. "A lot of people get paralyzed with their financial decisions. And many people make no decisions as a result."

Creekmur Wealth Advisors educates clients to empower them to make the right financial decisions for themselves. And clients especially need to understand how their decisions work within their financial plan.

"There's good investments out there that may not be right for an individual," Stacy Creekmur said.

Client education also requires an advisor who can help investors break their bad habits. Many investors, fed a steady diet of negative news or who fail to see beyond short-term returns, fall victim to their own emotions and make poor choices when market turbulence leads to uncertainty.

"The way that people actually make poor decisions is that it comes down to emotions or their past behaviors that are dictating their decisions," John Creekmur said.

Breaking the cycle of negative emotions feeding into poor financial decisions takes a human advisor, Creekmur said. New financial tools and applications—the so-called robo-advisors—turn the financial planning process into a numbers game without considering investors' emotions.

"What they're doing is simply making games or plans for the most important decisions of their lives and removing the management, or the psychology, from these decisions," Creekmur said. "We've actually seen some people who've gone through this where they go negative, they end up increasing their tax burden … It's because [robo-advising platforms] turned this into a game."

The human touch remains essential to building a strong client-advisor relationship in which goals and financial worries can be openly discussed. The technology can support advisors to better serve their clients, but emotion plays too critical a role in financial decision-making to remove humans from the equation, Creekmur said.

Building True Wealth is not easy. The Creekmur Wealth Team encourages clients to remain disciplined to reach their financial dreams, and achieving those goals often requires hard work. Investors may find attaining true wealth a difficult path, but it is one that can lead to the financial freedom to live the life they want. And Creekmur described helping his clients reach that sort of freedom as the most rewarding part of what Creekmur Wealth Advisors does.

"The greatest success that I've had in this business is seeing the hundreds of people that are living out incredible lives and they're doing what they've always wanted to do and we've come alongside and shepherded them on their journey," he said.

For more information, visit: CreekmurWealth.com

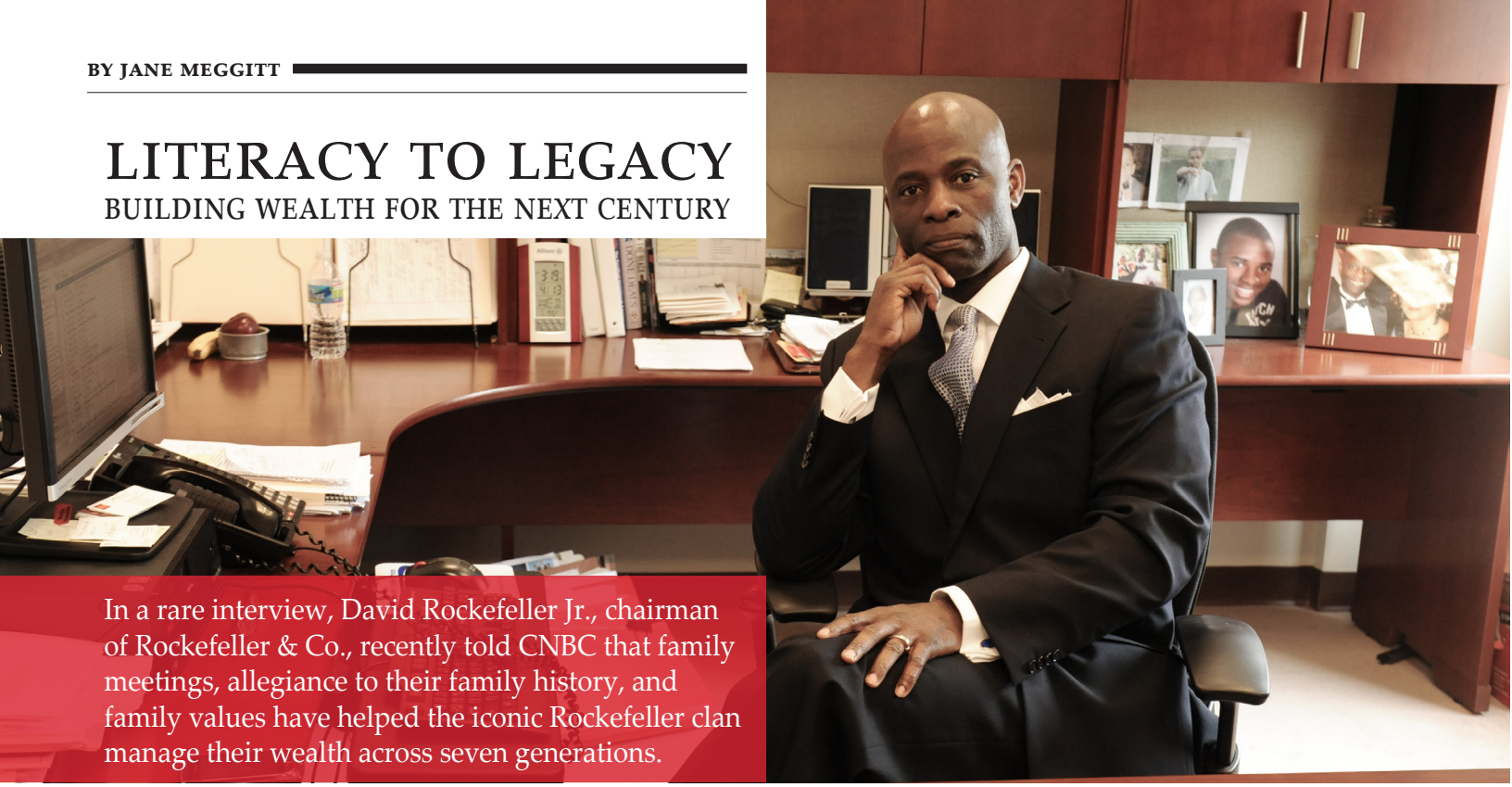

L/R: Stacy Creekmur and John Creekmur, CFP®

CREEKMUR
—WEALTH ADVISORS—
BUILDING TRUE WEALTH

BY JANE MEGGITT

LITERACY TO LEGACY

BUILDING WEALTH FOR THE NEXT CENTURY



In a rare interview, David Rockefeller Jr., chairman of Rockefeller & Co., recently told CNBC that family meetings, allegiance to their family history, and family values have helped the iconic Rockefeller clan manage their wealth across seven generations.

But the Rockefellers are a rare breed, and as is often suggested in financial circles, family wealth is often made and lost in three generations.

Creating sustainable wealth through the power of thoughtful financial management has been the focus of **Eric D. Bailey**, Certified Financial Planner® Practitioner. As the founder and CEO of Bailey Wealth Advisors (BWA) based in Silver Spring, Maryland, he finds that those new to wealth don't have a long-term game plan.

Most of Bailey's clients are first or second generation affluent, and generally have little idea on how to perpetuate wealth. For them, and for the community at large, Bailey has created the Literacy to Legacy program, a philosophy developed over his 34 years in the financial industry.

The program focuses on creating sustainable wealth in families and communities. The topics covered in seminars and workshops include wealth conservation, asset protection, income tax reduction strategies, business succession plans, retirement income, and perhaps most importantly, a family's sense of financial security.

The initiative was born with the notion of improving financial literacy for the next generation. Bailey says, "We have our clients engage in conversations with their children regarding a 50-year game plan for the family."

The average consumer spends just 1.5 hours a month on finances, and that's mainly paying bills. Bailey believes financial literacy programs are needed in middle school and high school, so by time young people get to college they know the economic fundamentals and are minimally capable of making good decisions.

For clients, the education process involves the financial advisor first asking clients what is most important to them. How do they see themselves and family 20 to 50 years from now? "Once the specifics are articulated, clients realize they actually have more decisions to make than they imagined. In many cases, they were never asked these questions."

Bailey explains, "Most clients are well-educated and capable of making good decisions, but they need more than just data. They need knowledge. When we help them evaluate strategies that show potential opportunities, as well as the downside of any action or inaction, they can make better decisions that impact their families for 50 to 100 years."

As people live longer, they become concerned about outliving their money. BWA utilizes a unique approach that builds a three-tranche portfolio, divided into thirds based on the client's projected life expectancy.

The first tranche is designed for stability and income while the second and third tranche is invested for growth and designed to outpace inflation. This shows clients a clear picture of how each tranche will help provide income and security for the different phases of their lives. It makes tangible the ability to not outlive their money.

As for long-term care, BWA helps clients with hybrid and traditional long-term care insurance options. The hybrid is a non-traditional life insurance acceleration product with little inflation protection, but if it isn't used, their beneficiaries receive the money. BWA helps the client determine which program is best for their needs.

For retirement planning, BWA's secret sauce is understanding what the client really wants. They pointedly evaluate current expenses verses what a client will need to spend monthly to sustain their desired lifestyle in retirement. They believe only then can clients determine if their projected accumulation of wealth will be sufficient for the next 25 to 30 years.

Baily says, "Once that is determined, the portfolios are customized with a number of variables – inflation, taxes and health costs – that are not always on the client's radar. The portfolio is then structured with the goal of minimal volatility and risk, clients can pursue their retirement goals."

As for what people should look for in a financial planner, Bailey says they should find out if the advisor is a fiduciary, officially recognized as a CERTIFIED FINANCIAL PLANNER™, Chartered Financial Analyst®, or Chartered Financial Consultant® designee. Earning these designations show a continued commitment to the higher standards for financial education, expertise and business practices that always put the client's best interest first.

For more information, visit Bailey Wealth Advisors.

BAILEY WEALTH ADVISORS

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