



Wealth Management:



A Well-Tuned Professional Team Helps Assure Financial Well-Being



Success generates its own distinct set of challenges. A business owner, who over time accumulates a large net worth, almost always faces hurdles in preserving, enhancing and passing along these assets in the best possible manner.

By Michael Silverstein, Contributing Writer

As issues such as taxes and estate planning have become increasingly complicated, the need for the right team of accounting, legal and financial planning professionals to help meet these challenges has grown in tandem. As Marguerite L. Mount, a principal with the Mercadien financial advising firm in Hamilton notes: “You definitely need a brain trust these days. This isn’t new, of course . . . Things have just gotten a little harder over the years.”

While this team approach to managing assets of high net worth individuals has become commonplace, the way these teams function can vary greatly. Thus, how a team is assembled, who quarterbacks its efforts, the relationship of team members to each other and to a client, the way the costs of team members are handled, and even how to follow up a team-created asset management plan, have all become important considerations in determining a plan’s ultimate outcomes.



Rita M. Danylchuk, counsel and head of the private equity group at the Newark-based law firm Gibbons

Assembling The Team

Who becomes part of a business owner's wealth management team usually depends on who is calling the team together and the issues to be discussed. Typically, says Bradley H. Bofford, a managing partner with the Financial Principles advisor group in Fairfield, when it's a wealth management issue, "I'm the first person a client sees. I will then bring in the other professionals, unless clients have their own attorney or accountant they want to work on the issue."

Specific circumstances may incline a client to seek out a certain type of professional, who then recruits other professionals. "A financial advisor I've worked with in the past may call me when an estate planning or trust issue comes up," says **Rita M. Danylchuk**, counsel and head of the private equity group at the Newark-based law firm **Gibbons P.C.** "Conversely, when tax filing becomes an issue with a client, I'll call in an accountant. It all depends on the situation."

Personality, as well as professionalism, is another important consideration when it comes to a wealth advisory team. "Chemistry is a huge part of client service," says Mount. A business owner "should meet and vet new team members to make sure [he or she] is comfortable with them."

Another very important element when it comes to determining a team's composition is emphasized by Bofford — making sure the people offering advice are specialists in their fields and not general practitioners. "If you have a heart prob-

lem," he observes, "you go to a cardiologist, not a G.P."

When it comes to referrals for wealth management team members, Lawrence E. Adamo, senior vice president at Fusion Financial in West Orange, notes, "I'd say 80 percent of the time, CPAs and attorneys refer us to a client, and it's the other way around 20 percent of the time . . . Clients are very partial to their CPAs and legal counsel."

Not surprisingly, the person who calls a team together tends to end up its quarterback. But this not a hard and fast rule.

In his experience, says Jeff Campo, managing partner at the accounting firm of Wiss & Company, Livingston, it's generally the CPA who fills this role. "The CPA usually does the quarterbacking because we [CPAs] have all of a client's financial information at our fingertips." Adamo expresses a similar view. "CPAs usually have intimate knowledge of a client's financial situation, personal as well as business."

Though quarterbacking is a term frequently used when any sort of team situation is discussed, it can be somewhat misleading in the context of an asset planning team effort.

Team Management

A cooperative rather than a competitive atmosphere is thus the general rule when professionals help with a business owner's financial well-being. Still, as in most human endeavors, occasional disagreements are inevitable.

Familiarity of team members with one another and with the issues being discussed are both important factors in smooth team functioning. "A lot depends on how often members of the team have worked together in the past," says Danylchuk. According to Adamo, however, the only time he might suggest a new attorney or CPA be brought into the discussions is when the person already on the team "isn't familiar with specific issues facing a particular client." When a simple disagreement, rather than lack of experience, is the problem, communication is often the solution. "Conversations away from a client can often be more candid" and resolve the matter without further difficulties, notes Mount.

What, then, happens when no consensus about a strategy is reached by members of an advisory team? "Ultimately," says Bofford, "It's the client who has to decide which way to go."

The Cost Factor

Communication between a client and a team's professionals is sometimes limited by worries about costs — a worry, however, that may turn out to be counterproductive.

Fears that the costs of regular meetings with professionals may become excessive are also not always well founded. Bofford, for example, notes that not every professional in attendance is billing by the hour.

Another way to do away with surprise charges that might crop up is cited by Campo. “We eliminate a client’s fears about the costs of these team efforts by estimating costs up front for everyone involved, the same as a contractor would do for a project around the house.”

Client Participation And Follow-Up

Where do business owners fit into a planning process that involves their own assets? And what should they do after a plan is created?

The extent of client involvement in the process all depends on the client, says Mount. “Some want to be part of all discussions. They are very hands on. Others just say, ‘Let me know what you’ve come up with.’ ”

In many planning situations, a business owner client doesn’t have to be present, notes Danylchuk. “But when it comes to really substantive matters, what documents have to be filed in a timely manner, when things that really impact assets and planning are discussed, the owner is there.”

A typical client involvement is described this way by Campo: “The client is generally active in the process: in the beginning when needs and objectives are identified; in the middle, when a proposal is presented and tweaked; and of course at the end when professionals communicate the final package they’ve put together.”

Such a final package, however, is not the end of the wealth management process.

To ensure business owners do needed follow-up, Danylchuk says, “We will get back in a month or two to make sure it’s done. The needed steps are taken, trusts are funded, and documents are signed. When there’s no follow-up by the professionals, problems arise.”

Conclusion

“I did it my way” is a wonderful sentiment in a song title, and frequently a fairly accurate description of how things are handled in a business start-up. With the passage of time, and with the accumulation of wealth, the lone entrepreneur invariably develops a need for professional help to retain and pass along what has been created. An understanding of the collective team workings that emerge from this need helps guarantee that successful wealth preservation follows successful wealth creation. 🍀

