

Beyond investment advice

All-around financial experts add value ... and reap the rewards

by Marie Swift

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When the phone rang that day, advisor Mary Lacey Gibson was surprised to hear one of her clients say, “My wife is making me call you and you will be the decision maker. I want to purchase a Toulouse Lautrec lithograph for about \$37,000. Can I afford to do that?”

The client is a retired university professor with a passion for art. This was his dream. Gibson, a CFP who owns and operates her own eponymous financial planning and business consulting firm in San Juan Bautista, CA, was pleased to get the call. After crunching some numbers, Gibson determined that he was able to afford it, but only with the proviso – and his wife had him write out a promise to her – that if the couple ever fell on hardship financially, he would be willing, without argument, to sell the lithograph.

Gibson says providing this type of ancillary advice is quite common for her. Some other services she’s provided: visiting housebound clients, setting up budgeting for newlyweds or soon-to-be-marrieds, coaching people on how to negotiate a raise, helping clients determine how best to buy or lease a car from a dealership versus from a private party or an auto broker, when to buy or sell a home, information to prevent calamities inherent to identity theft and evaluation of workplace benefits.

“I work by the hour, just like an attorney,” she explains. “Some of these situations are value added, some charged for. The most important aspect of working so flexibly is that it strengthens my clients understanding that I am the go-to person whenever any financial question comes up. If they are wondering about something, I tell them they need to be calling me. They recognize that in the long run, that by calling on my advice or insight, they will save money and anxiety.”

Jake Engle, a CFP who established Wealth Planning and Management LLC with offices in Kansas City and Seattle, says his clients use him as “a fresh set of eyes” regarding their real estate holdings. “In one family, they literally could not see the trees for the forest,” Engle says. “Two different family members had a substantial number of trees on properties they’d inherited. Trees grow bigger and better if the forest is thinned, and the trees being thinned can be sold right away thus improving cash flow,” he explains. “The bigger trees make the whole forest healthier, and a forest of fewer and larger trees can provide a good environment for new seedlings.”

“None of the trees were old growth, as the properties were logged in the 1920s, but no thinning had happened since the 1970s. So we devised a plan to thin the properties once every decade. All of us are environmentalists, and the trees were cut in environmentally friendly manner. The forest won, and the clients won by getting money now, and even more money in a decade.”

In the case of “the tree clients,” one paid Engle for his services by the hour, and one was already working with Engle under a retainer/AUM agreement. But fees are not the primary goal for him. “Mostly, my clients pay me for this type of ancillary work through referrals, and that’s what I want. I tell my clients I serve as network for them. My job is to share with them what other people have learned and are doing, whether it is incenting their kids to buckle down and study, or how to save money on household expenses. If I’ve heard it, I share it,” Engle says. “Clients are amazed and grateful. They say things like “I thought this was going to be just a bunch of dreary number crunching.”

Engle says his role as their advisor is to share and suggest, with the intention of getting the client’s mind working, because “the more minds we have working together, the better our solutions – and the more of the solution that comes from the client, the better.”

There are lots of ways advisors could be of use to their clients as all-around financial experts. Carl von dem Bussche, a CFP who owns and operates Financial Guidance Group, Inc. in Palm Harbor, FL, helps his clients negotiate luxury car purchases and leases with dealers for invoice pricing. He also helps with other major purchases, such as appliances, and has on occasion sold items on E-bay for clients. “We also help with technology purchases and provide limited training to get our ‘technophobia’ clients up and running on the Internet,” he says. “We have in the past sat with our clients’ children to educate them on investing, planning and budget issues. All these services are offered free of charge, but definitely bond the relationship,” he says.

Imagine how von dem Bussche’s clients felt when they received this letter: “In the past, several of our clients have asked us to help negotiate auto purchases on their behalf, which we have been pleased to do. To that end, I have arranged special pricing for the clients of Financial Guidance Group at three local luxury car dealerships. This special pricing is normally only available to dealership employees or Credit Union members. Financial Guidance Group receives no compensation or special consideration for this service. If you are in the market for a new luxury automobile, please call and I will arrange the purchase of the make and model of your choice. All you will need to do is sign and drive.”

Bradley Bofford, CLU, ChFC, of Financial Principles, LLC in Fairfield, NJ and his colleague Michael Flower say it is important for them to be a resource to their clients. “We would be foolish not to do this. We want them to think of us whenever they have any question or concern in their life,” Flower says. “If I am being asked my thoughts and opinions not only on their finances but life decisions (for instance job opportunities), I know that I have formed a strong relationship with the client. I have probably developed an advocate for my practice.”

The biggest example just happened: Flower had had a husband and wife as clients since 1999. The wife passed away from complications of a broken leg in 2002. There were questions about what the doctors had done or not done. Over the course of a year, Flower convinced the husband that he should speak with an attorney who deals with cases like this one. “I spoke with an Estate planning attorney that I refer a lot of business to and he referred the case to an attorney in his firm,” Flower recalls. “The case did not look all that promising and the client was hoping near the end to just recoup his costs, but he ended up settling for upper six figures.”

“Even when things looked dim, the client always told me that he was happy that I introduced him to the attorney and that the attorney had been working very hard for his benefit.

Needless to say, when the settlement was reached, the client went out of his way to thank

me several times for introducing him to the attorney. The client actually said, 'If I had not been working with you, this good outcome would have never happened.'"

Flower and Bofford agree that this type of involvement and ancillary advice will not only return to strengthen their bottom line, but it strengthens relationships with strategic partners and clients as well. In the example above, Flower was able to refer a center of influence (the estate planning attorney), who benefited from the referral inside his firm and created a common interest – working for the same client to achieve the best outcome.

"At Financial Principles, one of the ways we differentiate ourselves from other advisors, is we take a 'macroeconomic' approach in working with our clients," Bofford explains. "It is clear we go beyond simply providing investment advice. Our philosophy is that every financial decision made affects another area of the client's financial life. Thus it is pivotal to understand the impact of every financial decision implemented in the client's planning."

For example, by using an economic model for their planning, they address all insurance coverages (including auto, homeowners and umbrella), group benefits, allocation of 401(k) plans with current employers, estate planning documents, reviewing of tax returns, and so on. When first meeting with a client, they use the analogy a doctor. "Before a prescription is made, a good doctor will give a thorough check-up to ensure the proper diagnosis. We do a thorough and professional job for our clients with a similar thought process," Bofford says. "We remind them that we can be doing a great job on the management of their investments, but hypothetically if the client is in a car accident tomorrow and is sued for millions of dollars without the proper coverage, their portfolio can be completely lost. How good of a job did we do to make sure the clients retirement dreams are fulfilled if something catastrophic like this occurred? So, we will review the coverage and suggest they either address it with their current property and casualty insurance agent or we can provide a quality referral for them."

Bofford and Flower find that people truly appreciate their value-added advice, especially when it is clear there is no form of compensation involved. "We simply care about our clients and want to be sure they have all of their bases covered in their overall planning," Bofford says. "We have heard countless times how very grateful the client is. An indirect result is it solidifies the wealth management relationship and stimulates referrals."

Gregory Banner, CFP®, CLU®, CRTP of Asset Preservation Strategies, Inc. in San Diego, CA says he tries to educate his clients to call him before they make any major financial decisions. "My job is to help them steer around the potholes in the road, helping them avoid any flat tires and accidents," he says. "I have one client that was making a million dollar charitable donation of privately owned company stock. After he informed me of this I insisted that he needed an appraisal to validate the tax deduction. At the time, he complained about the appraisal cost because it was a private company. A year later when the IRS sent out a notice trying to disallow the deduction, a copy of the appraisal resolved the matter."

"My clients know that if I can't answer their question I have the resources through my collaborative network to get the answers or help they need. I like to think of myself as the quarterback in the relationship. One of the greatest things I do that helps cement relationships typically has nothing to do with the clients investments or finances; it's about listening to and learning about them, and what is important to them."

Banner has had many occasions to put two clients or relationships together. A recent example was one of his clients who purchased a property management company and was

frustrated with some of the existing vendors being used. After hearing this, Banner made an introduction to another client who owns a local commercial landscape and maintenance company.

Banner has one affluent client that he meets for a review and lunch on a quarterly basis. The typical gathering is about 20 minutes reviewing the finances and an hour catching up on what is going on in her life and Banner's family. "If you ask her what I do, her answer is in the following order: 'He has helped me find a landscaper, a contractor, gave me some great ideas on my patio arbor, and he also takes care of my finances.'"

Banner's fee structure typically includes asset management fees and additional fees for specific projects like creating a financial plan or an exit plan for a business owner. The matchmaking and ancillary advice is value added.

While many advisors host client appreciation and/or educational events, Bill Spalding of Bill Spalding Financial Services in Sandy Springs, GA takes things a step further. "I'm always telling my clients that mental and spiritual health is just as important as financial wellness," Spalding says. "So I decided to put my money where my mouth is and am sending a gift certificate to my Catholic clients good for a weekend spiritual retreat. They can use it for themselves or pass it on to anyone they'd like. When the certificate is presented at the end of the weekend, I will pay the retreat house directly." Spalding, who has a strong presence in the local Catholic community, says this is a win/win for all.

Holly Gillian Kindel, CLU, CFP®, Director of Financial Planning for Mosaic Financial Partners, Inc. in San Francisco says they offer a wide variety of services to ensure that clients feel well served. The ancillary list includes:

1. Educate clients about the services that professional organizers provide (financial paperwork management, home inventory, moving assistance, estate settlement and Quicken setting)
2. Assist clients in caring for their aging parents through the use of geriatric care providers (within and inter-state)
3. Onsite property casualty home reviews
4. Financial planning for children of clients
5. Notarization of client documents
6. Education funding / 529 plan analysis
7. Provide clients resources about cash flow, credit management, mortgages, benefits, estate planning, etc in meetings and through a quarterly newsletter
8. Referrals to professionals (organizers, insurance agents, attorneys, professional story tellers, CPAs, geriatric care agents, career counselors, coaches, mortgage brokers, real estate agents)
9. Mortgage analysis
10. Social Security analysis
11. Business and business transition planning

"Most all of the services listed above we typically don't charge for," Kindel says. "They are included in our asset management fee." Kindel recalls a time when she convinced a client to sign up for LTC insurance, and then several months later the client found out he had a debilitating disease. A major catastrophe was mitigated due to her foresight.

“One of the greatest values a planner brings to client is that of experience and repetition,” she says. “Obviously life can't be anticipated and dangers averted completely, but planners see the comprehensive way people's lives are connected through their finances over and over again. And through that experience, they bring a methodology and balance to people finances, which inevitably brings along with it a higher probability that when adversity does strike that that person will be prepared for it. Our real value added as advisors is the peace of mind we bring to the client when when we say, ‘Relax . . . we've planned for this.’”

Marie Swift is president of Impact Communications, Inc. As a consultant to the industry, she has worked with and observed financial planners “best practices” for nearly twenty years.