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Are You In The Market For A Guardian Angel?

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When it comes to money, advice can sound obvious. The more you earn, the more you have to protect.

And as you mature, your priorities expand. You're concerned with more than building wealth. You think about passing it to loved ones and perhaps favorite causes. "It's a familiar cycle," said Reed Fraasa, president of the Financial Planning Association of New Jersey.

With each passing year, people grow more aware of having less time to bounce back from a bad market, a bad business move or even a personal setback like divorce.

So financial advice must be custom-tailored to each age's needs. "When you're in your 20s, you have no concept of risk," Fraasa said. "You can be aggressive with investments. It's usually a long time before you need most of your money."

Taxes are relatively straightforward, as is overall planning.

But your needs expand with the passage of time. "Your adviser may have to address everything from personal taxes to business taxes, insurance and philanthropy," said Joel Framson, chairman of the personal financial planning executive committee of the American Institute of Certified Public Accountants. "And he's got to help you get ready to pay for your children's education, with estate planning and family-business succession too."

Within each area, your needs can get fancier too. "As people advance in age and in their careers, their needs and challenges get more complex," said Anthony DeChellis, managing director of the UBS Private Wealth Management Group.

Consider what happens to a young corporate chief executive. His pay package may include a lot of stock options. Before long he builds up a huge block of company stock.

Soon he needs to diversify. Still, he's an insider. He's privy to sensitive information. He can't just sell big chunks of company stock whenever he wants.

Usually, he'd be barred from selling shares during certain blackout windows of time.

But an adviser can create what's known as an SEC rule 10b5-1 trading plan. Basically, it lets key executives trade securities according to a prearranged timetable.

"These plans let people sell securities outside the normal selling windows they may be restricted to as a result of their insider status," said DeChellis.

Michael Schweitzer, co-head with DeChellis of the UBS Private Wealth Management Group, said: "The intricacy of each client's finances varies. It depends on such things as his career, his portfolio and his personal circumstances."

As people age, the types of investments they use reflect their increasingly complex needs.

Your adviser may steer you into a focused portfolio of growth stocks and funds when you're young.

Later he'll cut your portfolio's preponderance of volatile stocks. That'll lead you to a more varied portfolio, designed to withstand sharp market tumbles.

That trend will continue. Your adviser will recommend a diversified lineup of investments, including more that tend to zig when the overall stock market zags.

That can include bonds and foreign stocks. If you have sufficient assets, your adviser may introduce you to hedge funds, private equity, real estate, derivatives and collars. Collars are typically hedging strategies that can involve long and short positions. Buying or selling is triggered by one or more securities passing a trigger price — the collar.

"Asset diversification can minimize damage from market downturns," Schweitzer said.

Financial firms are fighting fiercely for wealthy investors.

One way financial firms compete for wealthy investors is by offering a broad range of services. "But there are holes in some platforms," said Mindy Diamond, whose Diamond Consultants is a Chester, N.J.-based executive search firm specializing in financial advisers.

One hole: Some wire houses don't offer credit or lending services.

Even when a giant firm offers such services, your investment adviser may not refer you to a banking-division colleague when you ask about loan availability.

Why? If the brokerage division doesn't sell mortgages, the wire house may not pay your broker for the referral, Diamond says.

Investors can sense when advisers put their own interests ahead of the client's.

Declining trust has driven 25% of affluent investors surveyed to move at least part of their business to a new adviser within the past two years, according to a new study by Spectrem Group.

"In a way, success in this business is simple," said Framson, who is also a Los Angeles CPA specializing in personal financial planning. "An adviser has to give as much as possible to a client. And he has to put the client's interests in front of his own."