

Navigating Wealth Management

By Jeff Maurer

Wealth management has long been ripe for disruption. It's a fragmented and often opaque market, and no institution has – or ever will have – universal appeal. So how can a prospective client find the right fit, or how can an existing client evaluate an ongoing relationship?



Culture is a good starting point, especially in a business as personal as wealth management. Having to call a 1-800 number isn't a promising start, but there are many, more subtle signs to look for in figuring out the firm's culture. (Some of the most important are listed on page 18.)

We never set out to be all things to all prospective clients.

For the record, we thought about culture a great deal when we established Evercore Wealth Management in 2008, at the depths of the Great Recession. We had seen how quickly once great banks and trust companies could lose their bearings, by placing their firms' interests ahead of their clients' as the consequence of disruptive mergers or changes in management. We would make mistakes, but never that one.

Nor were we going to mislead clients on fees, liquidity, the potential impact to a portfolio of a significant market drawdown, or anything else we could think of. We would practice what many of us call “radical transparency” as a cornerstone of our culture and pride ourselves on, as a *New York Times* feature on our firm a few years later labeled it, “Telling the truth on fees, warts and all.”*

We never set out to be all things to all prospective clients. If you are looking for, say, access to hot new stock issues or do a lot of directed trades, a brokerage firm may suit you better than a registered investment advisor. And really large firms will have more technology-driven solutions.

Other choices will be very personal, as well as practical. For example, how much attention do you and your family require? It’s generally true that complexity increases along with wealth. But periods of transition (marriage, divorce, the sale of a business and so on) and market volatility are best navigated in close communication with knowledgeable advisors and portfolio managers. It’s interesting that robo-advisors, which have done much to help increase transparency and lower fees in this industry, are now hiring human beings, as are discount brokerages.

Change is often good, and it’s arguably long overdue in this business. But the most important elements stay the same. As it should be practiced, wealth management integrates very personal financial and fiduciary planning with solid investment management to meet individual and family goals.

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* <https://www.nytimes.com/2013/05/18/your-money/an-investment-firm-evercore-offers-clients-honest-returns.html>

Tough Questions to Ask Any Advisor

Dale Carnegie, the author of one of the world’s bestselling books and, for better or worse, the grandfather of the self-help genre, believed that the highest levels of influence are reached when trustworthiness and generosity surround our behavior. More than 80 years later, that still seems reasonable way to evaluate a wealth management firm. But how do we evaluate these qualities in financial advisors? Here are a few tough questions to get you started.

- Do you provide advice on investments, financial planning, retirement planning, estate planning, insurance planning and tax planning?
- Will my investment portfolios be customized to meet my goals and risk tolerance?
- Are your fees transparent, easy to understand and fully disclosed?
- Does your firm negotiate fees? If so, how can I know that I am getting the lowest fee the firm offers?
- How are you compensated? Can you earn compensation for selling specific products?
- How is your firm compensated? Does it earn compensation in any way other than through disclosed fees?
- Is your firm’s performance reported clearly, gross and net of fees?
- Is your firm audited? Is it subject to regulation? Does it have a code of ethics?
- Is your material clear, free from jargon and understandable?
- Do you report performance on a routine basis? Is it measured against industry benchmarks – and will it be measured against my objectives?
- Do you share your best thinking with your clients? Do you provide financial education for all members of the family?
- Do you provide trustee services?
- What other services does your firm provide? How will they help meet my needs?
- Who will work with me and my family? Can I contact my wealth advisor and portfolio manager directly?
- How will you communicate with me? How proactive are you? How flexible?

Generosity is demonstrated; real trust is earned – and easily lost. That’s something I’ve experienced twice in my career, before joining Evercore, and am determined never to see happen again.

—JM

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