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5 REASONS YOU'LL NEVER NEED THE BEST ADVISERS IN THE WORLD (WELL, NOT ALL THE TIME)

By: Steven Abernathy

Reason #1 – It's not in the client's best interest to pay for advisers 24/7.

Gaining an informational advantage is how wealth grows, right? True. There are top tier advisers paid to do high level analysis on a fulltime basis. Warren Buffett employs such a group. But not even multi-billionaires are likely to require the time and expertise of ALL the experts they employ 40 hours every single week. The hedge to staying wealthy is have experts available—when you need them.

Reason #2 – The right expertise works smart not hard.

While Mr. Buffett (and others like him) may have an army of financial analysts modeling scenarios around the clock, it's unlikely he requires a patent attorney, actuary, or estate planning attorney working 24/7—even at his level. Most affluent families aren't billionaires and certainly do not require retainer agreements when a few hours of work are all that will be required. This is where having access to a multi-family office able to provide that access is an important asset. a worthy steward.

Reason #3 – Professional investors don't receive anything for recommending a provider.

As banks and brokerage firms may look to upsell additional services to their high net worth clients, the wealth management team within a family office has a fiduciary responsibility to act in the best interests of clients and their heirs. Family offices are legally bound to fair and reasonable fees and practices both in investment management as well as across the board in tax, legal, and estate planning. What does that look like? FINRA's Conflict of Interest Rule is outlined here: Minimum Criteria for a Best Interest Standard

At a minimum, any best interest standard for intermediaries should meet the following criteria:

The standard should require financial institutions and their advisers to:

- act in their customers' best interest;
- adopt procedures reasonably designed to detect potential conflicts;
- eliminate those conflicts of interest whenever possible;
- adopt written supervisory procedures reasonably designed to ensure that any remaining conflicts, such as differential compensation, do not encourage financial advisers to provide any service or recommend any product that is not in the customer's best interest; obtain retail customer consent to any conflict of interest related to recommendations or services provided; and
- provide retail customers with disclosure in plain English concerning recommendations and services provided, the products offered and all related fees and expenses.

Reason #4 – Intelligent investors work with their advisers on a game plan annually.

There are cyclical events (tax planning, business meetings, philanthropy) on the calendars of those who plan. They understand the consequences which befall those who lack a blue print for the year ahead. While meetings about estate planning goals or planned giving may not be dramatically different from year to year, they are reviewed with the necessary experts. (This could make a difference for business owners recent enforcements of the Department of Labor's rules as well as changes to the tax code.)

Reason #5 –Wealth is not infinite…even if you hold a lot of capital today.

Savvy family leadership engaged in multi-generational wealth planning does so with the next generation's values, abilities, and goals in mind. However, without transparent communication between generations, your wealth is highly likely to go from "shirtsleeves to shirtsleeves in three generations" no matter the amount of wealth acquired. Educational meetings are VITAL to the preservation of wealth. But educational values are learned when families walk their talk. Annual family meetings may be of great value, however, the key to wealth growth and preservation is in instilling great stewardship in the younger generation.

The world's most affluent families know that it's a combination of education, vigilance, and working smart that grows wealth—not simply throwing money around for its own sake.

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