



# PENSION & WEALTH MANAGEMENT ADVISORS

IMPROVING FINANCIAL SECURITY

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## WHY INVESTMENT MANAGEMENT PROFESSIONALS NEED WEALTH MANAGEMENT ADVISORS

Investment industry professionals are among the most well educated and sophisticated investors in the world. These skilled individuals typically have the highest academic credentials, industry certifications, decades of financial market experience, and they are often responsible for managing portfolios worth billions of dollars. So why would they possibly need to hire a wealth manager - everyone knows that a “super genius” can do a better job managing their own money – right?

As logical as that sounds, it is often not the case and has nothing to do with investment acumen. Managing personal assets is significantly different than managing institutional assets. It requires a completely different set of skills, tools, tax awareness, product knowledge and estate management expertise. A skilled wealth manager can often save an investor a lifetime’s worth of advisory fees with just a handful of adjustments that may not be apparent to those not working with these situations regularly.

The chart below can help identify areas investment professionals may not have considered. Should you find yourself answering ‘no’ to any one of the questions below, you may very well need a wealth manager so as not to be a penny wise:

	WHAT CAN A WEALTH MANAGER DO THAT I CAN'T?	ANSWER
1	<b>PLANNING:</b> Everyone has a spreadsheet, but have you properly defined and planned out your wealth management goals? Do you know how much you need to retire, and when? Are your partner’s goals aligned with yours and are you working toward a common goal? Are your assets in the proper location and allocated across asset classes for tax efficiency and generational transfers? Have you considered non-market risk factors and implications to your goals? Do you have an estate plan, and have you run multiple scenario testing on your overall plan to weather any curve that life may throw your way?	YES/NO
2	<b>ALTERNATIVES:</b> As a qualified investor, do you have an allocation to and are you properly structuring your alternative investment portfolio? Are you taking advantage of private equity, private credit, distressed debt and other non-correlated or return enhancing strategies? Can you custody, performance report and evaluate their impact on your overall portfolio? Are you managing the capital calls efficiently? Do you have access to top tier firms with limited capacity? Do you need a third party to evaluate private investments with family or friends? Do you need assistance in structuring your own vehicles <sup>1</sup> ?	YES/NO

\*Investment advisory services offered through Pension & Wealth Management Advisors, Inc. The firm is a Registered Investment Advisor (RIA) with the United States Securities and Exchange Commission (SEC). The team of advisor representatives operating as Pension & Wealth Management Advisors have been in business for over 35 years. Principal Office: 800 South Street, Suite 160, Waltham, MA 02453. E-mail: [info@pensionwealth.com](mailto:info@pensionwealth.com).

3	<p><b>VALUE:</b> Are you aware that while indexing is inexpensive, strategies like direct indexing can add post-tax returns over a benchmark (tax alpha) up to 2% per annum<sup>2</sup>? Are you aware that a wealth manager can do a tax-free share class exchange of your existing funds from higher cost A-shares to lower cost I-shares, which can represent a significant reduction in your existing fees? Are you aware that your advisor will review all your investments and contracts to ensure the lowest cost vehicles are always being used – and that these savings can potentially <u>reduce or eliminate</u> the cost of using an advisor depending upon your situation?</p>	YES/NO
4	<p><b>COMPLIANCE:</b> Are your pre-trade clearance and post-trade declarations complicated and time consuming? If you work for a large asset manager, it can be extremely difficult to have anything pre-cleared for trading, and it often comes with a certain amount of career risk and wasted time.</p>	YES/NO
5	<p><b>GIPS:</b> If you choose to leave your firm, do you have an advisor that can help protect your track record? Do you have the performance tools to provide GIPS compliant performance reports so that you can keep your track record viable – and marketable? Do you have an advisor that can help you start your own firm or pathway you to your next role?</p>	YES/NO
6	<p><b>FOCUS:</b> Are you as focused on your personal portfolio as you would like to be, or are you properly focused on managing the specific mandates for your clients? Are you an expert in every asset class? Are you constantly looking across asset classes for dislocations and relative value opportunities?</p>	YES/NO
7	<p><b>TAXES:</b> Are you aware of low-cost investment vehicles that can defer taxes for up to two generations? Are you aware of special trusts that can be created for children and family members with special needs so that they are taken care of when you may not be able to be there? Do you have someone to update you on tax law changes from an investment, estate, and tax accounting perspective? And to help implement strategies to lower or defer taxes through 1031 exchanges and other advanced planning vehicles for single stock diversification?</p>	YES/NO
8	<p><b>CURATION:</b> Do you have a resource that can provide you with a curated list of experts to help you with accounting, tax, legal, mortgage and other providers to save you time and due diligence?</p>	YES/NO
9	<p><b>FAMILY:</b> Do you have someone that your spouse or children can call in case of emergency that is fully aware of your financial situation to help guide them through a crisis? Or someone to help guide you through the settlement of an estate? Are they available to you when needed as a single point of contact?</p>	YES/NO
10	<p><b>ALPHA:</b> Were you aware of the recent study by Vanguard, <i>“Putting a Value on Your Value: Quantifying Vanguard Advisor Alpha,”</i> that hiring an advisor leads to better performance over time by more than 2% per annum<sup>3</sup>?</p>	YES/NO

## SUMMARY

Investment professionals are “do-it-yourself” investors with strong opinions on how they want to manage their own assets. While this benefits them in their day job, we believe it is too narrow of a focus when contemplating what it takes to successfully manage personal wealth. Tax, estate, trust, risk management, advanced planning, portfolio analytics, performance reporting, access to alternative investments, compliance issues and diversification requirements are all compelling reasons to allocate at least half of your wealth to an advisor. Some may view it as a “completion” strategy around the work they are doing on their own portfolios.

Wealth management advisors can also provide insight and guidance into areas that investment professionals may not have even contemplated such as eldercare and other complex family issues where compassion and finance intersect. Hiring the right financial advisor can be one of the best investments that even the most seasoned investor can make.

If you would like to speak to us about any of the items above, please let us know and we can discuss them in more detail.

<sup>1</sup>*Prequin Special Report: The future of alternatives in 2027, October 2022*

*\*For portfolio values in excess of \$250K*

<sup>2</sup>*Vanguard. “What is Direct Indexing?”*

<sup>3</sup>*Vanguard. “Putting a value on your value: Quantifying Vanguard Advisor's Alpha.”*

*Pension & Wealth Management Advisors does not render advice on tax or legal matters. You should discuss any tax or legal matters with the appropriate professional.*