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INTERPLAY BETWEEN ESTATE PLANNING AND FINANCIAL SERVICES

I don't shop for clothes much, but when I do, I like to go to a store that offers a high level of service. Nordstrom salespeople, I have found, go the extra mile to help you select the right shirt or tie that accompanies your suit, or to find the right belt. I'm tuned in to how the salespeople work, as my father once owned a haberdashery. As a child I often worked the sidewalk sales. So I recognize good service.

I contrast the Nordstrom level of service with that found at a Wal-Mart. While the Wal-Mart prices are far lower, I find that the quality is also lower. And try to find a salesperson who can help you with anything. For bare essentials I don't mind shopping the discount retailer, but for those things important to me I prefer the full service.

So it surprises me when so many of my clients take the discount brokerage route when managing their investments. It's even more surprising when I find clients who are retired and therefore cannot easily replace losses in their portfolios. But there they are, managing through a discount brokerage firm, doing everything themselves. Even when a person is good at managing their own money, the money manager also needs to understand the interplay between the financial plan and the legal estate plan.

Complicated estate planning usually means that there are many "eggs" in different "baskets". Some baskets might be established and intended to be consumed during retirement. Other baskets might be intended for growth for future generations. Still other baskets might be deemed for "wealth replacement", such as when you have an irrevocable life insurance trust owning a whole life policy. Some baskets are inappropriate for investments, and in fact shouldn't be commingled with investment accounts that the retiree is using for day-to-day living expenses.

It is my experience in dealing with the discount brokerage firms, that they have little, if any, support for the interplay between complicated estate planning and financial planning. There is absolutely no one at the brokerage house that knows how all of these pieces fit together, what needs to happen when someone becomes disabled or dies, or how a given investment decision might affect the other parts of a plan.

While I am not suggesting that all full service brokers, banks and trust companies are adept at these decisions, nor am I suggesting that one cannot lose money at a full service

broker or trust company (I've seen plenty of bone-headed decisions), I am of the opinion that one should not simply throw caution to the wind, attempt to do everything by oneself (without the requisite knowledge and experience of the interplay between estate and financial planning) – and claim that index funds are always the answer.

As you gain affluence, it is my experience that for at least a portion of the portfolio you should engage the services of a good financial investment advisory firm that understands the interplay between the investment strategy and the legal strategy. This is not commonly found, even in our affluent Southwest Florida market. So how do you find these qualities in a firm?

Ask your estate planning counsel and CPA to recommend several for you to interview and then ask many questions, including:

- Given my estate planning situation, would you do anything different than what I have done to date?
- How do you decide what is right for me?
- How do you assess my level of risk tolerance?
- How do you address my financial planning issues once you have assessed my level of risk tolerance?
- How can I assure that I have enough money to last through retirement?
- What are the costs and fees associated with your work?
- Do you recommend commissioned products and do you disclose those commissions to me?
- Who else do I work with in your firm?
- Have you worked with my attorney before? What has been your experience?
- Do you have any credentials? What are they?

As you might determine, fees and costs should be discussed and made a priority, but they should not be the sole determining factor.

Spend the time and energy it would take to interview your financial planners, even those that have been serving you for some time. It's a good exercise to ensure your estate planning, your financial well being and that of your family.