



The wisdom of now

Creating clear expectations with your advisors:

The difference between delegating and delegating effectively

By *Michael Giokas*

As wealth increases, people anticipate increased freedom. If you no longer have to worry whether you have enough, life should be simpler. However, ironically, established families find that increased wealth brings greater complexity. The logical next step is to delegate some of the issues to quality professional advisors.

Baseline delegation begins with one or more attorneys, a CPA and several investment specialists or money managers. Having put these layers of assistance in place, many feel their affairs are handled. They feel quite literally, that things are “done”.

There are two concerning misnomers to this perception. The first is that the concept of being *done* implies that once you execute estate documents and allocate your investment portfolio, there isn’t much left to do – either ever, or for a long time. The second misnomer is that the advisory roles described above provide enough breadth for an affluent family to see as far as the eye needs to see. It implies that no one else is needed on the team.

On a daily basis, we observe three missing links in the delegation of one’s affairs to their advisors.

At a certain level of wealth, it is no longer effective for each professional to work primarily in their own silo of expertise. When applying sophisticated strategies, each decision or opportunity inherently impacts something else in a neighboring discipline. Accurate planning requires frequent and open communication between your advisors, and a point person to lead this communication.

Initially, wealth owners play a de facto project management role in handling their affairs. As wealth increases, effective project management must be handled by a professional advisor who has expertise across all disciplines that come into play. This advisor stimulates and coordinates communication among everyone on the advisory team. He or she also holds each advisor accountable to specific goals and timeframes set forth by the wealth owner or the advisory team as a whole.

The last point takes us back to the misnomer of being *done* with planning. Effective planning leverages legal documents, the financial markets, the economy and the tax code. Each of these elements is inherently dynamic and none of us has control over whether or when things change. In order to help ensure the plans you put in place continue to function the way you intended, there must be an explicit accountability agreement with one of your advisors. He or she thereby accepts a leadership role in maintaining the integrity of your planning on a continual basis.

Consider how your advisory team has evolved over time in conjunction with your needs. Take some time to plot out goals and observations regarding the points noted above.

As always, feel free to contact us regarding this or other planning related questions.