



The wisdom of now

### Where does the role of one advisor end & another begin?

*Insights for building your ideal team*

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When affluent families or individuals approach planning, it can be difficult to decipher where the role of one advisor ends and another begins. For an ideal result, it's important to understand who to turn to for each of your needs, and then appoint one of your advisors as the team leader or communication liaison.

Here is a brief outline of the roles you may need represented on your team, and what to expect from each of the advisors:

*Certified Public Accountant:* Beyond preparing your personal and corporate tax returns, your CPA may provide proactive tax planning, or cash flow and profitability management for a family business. Some CPAs have expertise in estate planning while others do not.

*Estate Planning Attorney:* Determine whether your current firm has specific experience in estate planning for affluent families. If not, ask for a referral to a firm that works daily in this arena. Also, it's crucial to review any documents you execute at least every three years, or when a life event takes place (birth, death, marriage).

*Investment Advisor:* Every affluent family should have a written Investment Policy Statement. Also consider whether your advisor offers true "open architecture". This means they have access to a multitude of investment alternatives and are not beholden to the proprietary investments from the institution they are affiliated with. Lastly, many families spread their managed assets across several investment professionals thinking this provides diversification. If the advisors aren't sharing information about how your assets are allocated, you could accidentally reduce your diversification, based on stock or sector overlap.

*Insurance Professional:* Rely on a life insurance professional who works with other families of your net worth. Also, seek out an insurance provider with experience in disability income, long term care, property & casualty coverage (including personal liability), business overhead expense, and if you own a business – group benefits. Always look for professionals who work with other families of your net worth.

*Private Banker:* If you don't currently have a relationship with a private banker, ask your advisor to make an introduction. With a consistent personal relationship, you'll receive preferred banking services and assistance in navigating bureaucracy. With regards to banks as investment advisors, see *Investment Advisor* section above.

Finally, consider whether your affairs have been managed from a planning orientation or a transactional orientation. A planning orientation takes multiple factors and disciplines into account simultaneously. A transactional orientation addresses a single discipline at a time, such as legal, tax, investments or others. When a family reaches substantial net worth, the strategies and opportunities inherently commingle, and it's no longer effective to plan on a transactional basis. Continuing with a transactional orientation typically causes hidden gaps that can nullify planning you have executed, or cause excess expense or risk.

*As always, please feel free to call us regarding this topic, or any planning related questions.*