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Investment guru advises on hedge funds

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STAFF WRITER

CHESTER TWP. – A township investment specialist said he has been busy advising potential clients on an increasingly popular method that can avoid income tax implications.

John Anderson, the former vice president and insurance advisor for JP Morgan Chase Private Bank in New York, is one of a handful of specialists in “private placement insurance structures,” which are legal ways to invest in hedge funds without paying income taxes on the gains.

A **hedge fund** is a lightly regulated private investment fund often characterized by unconventional investment strategies and often making use of legal structures (sometimes offshore) to mitigate the effects of local regulation and tax regimes.

Anderson of Old Farmstead Road is managing principal of Tempewick Wealth Management LLC in Mendham. He was featured in an Oct. 18 story in the Wall Street Journal, in which he explained his niche in the insurance world.

Anderson works with specialized insurance contracts, which allow for policyholders to invest in a variety of options, including hedge funds.

He has more than 20 years of experience in providing income and estate tax planning, pension and business planning counsel to “ultra high net worth individuals and their families, professionals, financial and legal advisors,” according to Anderson’s biography on the [Tempewick.com website](http://Tempewick.com).

Anderson received a Bachelor of Science degree in finance from Fairleigh Dickinson University and the designation of Chartered Life Underwriter from The American College, Bryn Mawr, Pa., according to the company’s website.

Since the story in the Wall Street Journal, he has received comments and questions from people and organizations seeking more information on his area of expertise.

“I’ve gotten calls from all over the country,” Anderson said. “Very few people in the country specialize in this, only a handful.”

Anderson said the interviewing process resulting in the news story was long and very detailed.

“I was interviewed by the Journal for over five days in a six week period,” Anderson said. “The Journal is very thorough.”



The Journal article provided a comprehensive account of Anderson's "niche" in the insurance world and explained the fiscal benefits of private-placement insurance policies.

Anderson said he has specialized in methods to allow wealthy private-placement insurance policy holders to invest part of their premiums in separate investment accounts. He uses variable insurance policies that typically offer a variety of investment options, but do not offer any guarantees with regard to performance.

Anderson said assets inside the life-insurance policy can grow tax-free and death benefits can be paid free from income tax and may also escape estate taxes. Anderson explained that hedge funds are the most popular vehicle for this type of investment.

He said "qualified purchasers and accredited investors" are typically the ones to invest in these private-placement structures. The Wall Street Journal article highlighted this specific strategy.

This market, however, has been growing rapidly, something that Anderson attributes to the more clearly defined rules and regulations by the Internal Revenue Service, which has removed some level of "uncertainty" from investors.

Company Name

Anderson used one of the area's more famous historical stories to name his company, Tempewick Wealth Management LLC.

He named the firm after Temperance (Tempe) Wick who was the daughter of Capt. Henry Wick, who owned a home and over 1,400 acres of land in Morris County. In 1781 during a particularly harsh winter, Pennsylvania soldiers under Capt. Anthony Wayne approached the teenage Tempe and demanded her horse. She refused and escaped the soldiers on her horse.

The accepted story is that Tempe then rode home and hid her horse in the house, muffling the steed's hoof-steps with a feather bed. The soldiers then came looking for the horse and, without thinking to look inside the house, never found it.

"It wasn't uncommon for revolutionary soldiers to commandeer properties and take horses," Anderson said.

Anderson said that naming his company after the young woman was a perfect fit.

"The name Tempe Wick, identifies our locale," Anderson said. "Also, most insurance companies are named after people from the revolutionary war, like "John Hancock and Washington Mutual" and hedge funds are typically named after the locale. This name was the perfect marriage between hedge funds and insurance companies," Anderson said.

Anderson said Tempe Wick is also buried across the street from his office building.

Anderson grew up in Short Hills, and has lived in Chester Township for five years.

He has two children, Charlie, 3 and Jack, 5. He and his wife, Elizabeth, enjoy traveling to the Outer Banks in North Carolina and go to Walt Disney World every year.