

# FIVE STAR Wealth Manager<sup>SM</sup> Award Program



## Program Overview and Summary of Research Methodology

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### Program Overview

- Crescendo Business Services contracts a third party research firm, QMI Research, to conduct the FIVE STAR Wealth Manager research methodology using objective market research methods. The research objective is to develop a list of wealth managers in a given market who score highest in overall satisfaction, based on an objective market research methodology that takes into account client evaluations (C) in nine categories, with adjustments to reflect inputs from peers (P<sup>adj</sup>), regulatory compliance reviews (R<sup>adj</sup>), and Blue Ribbon Panel reviews (BRP<sup>adj</sup>) The foregoing can be expressed as:

$$\text{Overall Score} = C - P^{\text{adj}} - R^{\text{adj}} +/ - \text{BRP}^{\text{adj}}$$

- Less than 7%, but no more than 1,000, of the wealth managers in a market are included on the final published list. The list is not intended to be exhaustive.
- The final list of FIVE STAR Wealth Managers for each market is published in the market's leading city and regional magazine and/or business publication.
- City and regional magazines and business publications choose to do this special section because personal financial planning and wealth management are very important to their readers. This special promotional section is seen by their readers and is used by financial services consumers and other service providers as a resource throughout the year.
- The list presented in the special section is not a ranking of wealth managers, but rather a roster of wealth managers who score highest in overall satisfaction, of those evaluated. The list is not intended to be exhaustive.
- The Program is currently conducted in the following markets:

Market	Publication	Market	Publication
Atlanta	Atlanta Magazine	Los Angeles	Los Angeles Magazine
Austin	TEXAS MONTHLY	Memphis	Memphis Magazine
Baltimore	Baltimore Magazine	Milwaukee	Milwaukee Magazine
Boston	Boston Magazine	Minneapolis/St.Paul	Mpls. St. Paul & Twin Cities Business
Buffalo	Buffalo Spree	New Jersey	New Jersey Monthly
Charlotte	Charlotte Magazine	Orange County	Orange Coast
Chicago	Chicago Magazine	Philadelphia	Philadelphia Magazine
Cincinnati	Cincinnati Magazine	Pittsburgh	Pittsburgh Magazine
Connecticut	Connecticut Magazine	Rhode Island	Rhode Island Monthly & RIBQ
Dallas	TEXAS MONTHLY	Sacramento	Sacramento Magazine
Delaware	Delaware Today	San Diego	San Diego Magazine
Denver	5280 Magazine & ColoradoBiz	Sarasota	Sarasota Magazine
Detroit	HOUR Detroit & D Business	South Carolina	S.C. Biz Magazine
Hawaii	Honolulu Magazine & Hawaii Business	Seattle	Seattle Magazine
Houston	TEXAS MONTHLY	Southwest Florida	GSL Magazine
Indianapolis	Indianapolis Monthly	St Louis	St Louis Magazine
Kansas City	KC Magazine & KC Business	Westchester	Westchester Magazine

## **Summary of Research Methodology**

The FIVE STAR Wealth Manager<sup>SM</sup> Award Program and its research process adhere to the guidelines established within the Investment Advisors Act of 1940 regarding third-party recognition.

In each geographic market the Program is conducted, QMI Research administers a survey, by mail and phone, to approximately 1 in 4 high-net-worth households and all identified FINRA registered representatives (QMI Research may adjust these guidelines in subsequent surveys based on prior year response rates, but will always survey a sufficient number of clients to have a statistically valid sample). Respondents are asked to name and evaluate up to three wealth managers. For the purposes of the research, wealth managers are those individuals who help their clients prepare a financial plan and/or implement aspects of their financial plan. The services offered by wealth managers include business planning, estate planning, financial planning, insurance, investments, taxation, and trust services.

Each client respondent is asked to evaluate only wealth managers whom they have worked with and each peer respondent is asked to evaluate only wealth managers whom they know through personal experience. Client respondents evaluate wealth managers on nine criteria: (i) customer service, (ii) integrity, (iii) knowledge/expertise, (iv) communication, (v) value for fee charged, (vi) whether the wealth manager meets client financial objectives, (vii) post sale service, (viii) quality of recommendations and (ix) overall satisfaction. Peer respondents evaluate wealth managers based on three criteria: (i) integrity, (ii) knowledge/experience, (iii) overall reputation. The questionnaires are structured to make it equally easy for an individual to give negative or positive responses regarding each wealth manager evaluated.

QMI Research scores the survey responses, including all responses both negative and positive, to determine which wealth managers meet the identified standards, and screens wealth managers based on their regulatory compliance history as reported by FINRA, the SEC, the State Board of Accountancy and the State Bar. Only wealth managers with five years of experience in the financial services, accounting, or legal professions are considered. Only FINRA registered representatives, IAR's, CPA's and state licensed attorneys are eligible to appear on the final list of FIVE STAR Wealth Managers.

QMI Research then prepares a preliminary list of results for review by a company-selected panel (Blue Ribbon Panel) of local financial professionals. The Blue Ribbon Panel reviews each wealth manager appearing on the preliminary list. As part of their review and evaluation, panelists are able to recommend additional wealth managers for inclusion and to recommend wealth managers for removal from the preliminary list (based on objective criteria). Checks and balances are in place to avoid conflicts of interest; specifically, panelists remain anonymous, only receive a portion of the preliminary list and, in most cases, cannot add or remove a wealth manager by themselves.

After review by the Blue Ribbon Panel, QMI Research determines each wealth manager's Overall Score. The Overall Score is calculated using the following formula:

$$\text{Overall Score} = C - P^{\text{adj}} - R^{\text{adj}} +/ - BRP^{\text{adj}}$$

where:

C = Client Score, a statistically valid, objective measure of client responses

$P^{\text{adj}}$  = Peer Adjustment, an objective measure of peer feedback

$R^{\text{adj}}$  = Regulatory Adjustment, an objective measure of regulatory history

$BRP^{\text{adj}}$  = Blue Ribbon Panel Adjustment, an objective analysis of comments received from a panel of local experts.

The final list is set by sorting the wealth managers by their Overall Score in descending order. The Cutoff Score is determined to be the point where the number of Overall Scores that exceed the Cutoff Score is less than 7% of the market's wealth manager population, to a maximum of 1,000. Those wealth managers with an Overall Score equal to or greater than the Cutoff Score are included on the qualifying FIVE STAR Wealth Manager list.

QMI Research then sends a notification letter and business contact confirmation form to the qualifying FIVE STAR Wealth Managers. Within the business contact confirmation form the wealth manager is asked to: (a) verify their name and contact information for the article; (b) certify that they (i) have never had a license suspended or revoked by an applicable regulatory agency, (ii) have not had more than three customer complaints filed against them with any regulatory or industry agency where at least one complaint resulted in a settlement payment by them, (iii) have been actively employed in the financial services, accounting or legal professions for a minimum of five years; (c) verify the number of client households from whom they earned a fee or commission within the last 12 months and the number of those households with a high-net-worth (defined as the upper 1/3 of all households based on net-worth); and (d) certify their FINRA registration number, IAR number, CPA certification number or bar number. Wealth managers that are unable or unwilling to verify contact information or to provide the required certificates are excluded from the final list. Wealth managers are required to fax back their completed business contact confirmation form to Crescendo to be listed.

Once the list is finalized, the contracting magazine publishes an article, prepared by Crescendo, that describes the evaluation process and presents the resulting list of FIVE STAR Wealth Managers. The Program is not administered in the same market more often than once each year.

Wealth managers do not pay a fee to be included in the evaluation process or to be named as a FIVE STAR Wealth Manager. In connection with publication of the article, wealth managers may elect to pay a fee to include a photo and certain profile information in the "profiles" section that accompanies the article. For additional fees, Crescendo will (i) provide reprints of the section article and (ii) provide the wealth manager with strategies for further publicizing being named as a FIVE STAR Wealth Manager. A wealth manager's purchase of a profile, reprints or company services does not influence Crescendo's determination whether or not to include or exclude a particular wealth manager from a later list of FIVE STAR Wealth Managers.

### **Research Declarations:**

The following research declarations are included in the section article:

- The 2010 FIVE STAR Wealth Managers do not pay a fee to be included in the research or the final list of FIVE STAR Wealth Managers.
- The overall evaluation score of a wealth manager reflects an average of all respondents and may not be representative of any one client's experience.
- The FIVE STAR Award is not indicative of the wealth managers' future performance.
- Wealth managers may or may not use discretion in their practice and therefore may not manage their clients' assets.
- The inclusion of a wealth manager on the FIVE STAR Wealth Manager list should not be construed as an endorsement of the wealth manager by Crescendo Business Services or the *magazine*.
- Working with a FIVE STAR Wealth Manager or any wealth manager is no guarantee as to future investment success nor is there any guarantee that the selected wealth managers will be awarded this accomplishment by Crescendo in the future.
- The research process for the FIVE STAR Wealth Manager Award Program, managed by QMI Research, incorporates a statistically valid sample in order to identify the wealth managers in the local market that score highest in overall satisfaction. QMI Research does not include a wealth manager on the list unless their score is statistically valid. At least fifty percent of the wealth managers in the market have a statistically valid score.

For more information on the FIVE STAR Award and the research/selection methodology, go to: [fivestarprofessional.com/wmresearch](http://fivestarprofessional.com/wmresearch).