

Handwerk Multi Family Office

This is a follow-up to a three-part series of articles which focused on titles various “financial professionals” use to convey their “job description” and the resulting value proposition delivered to clients. I have suggested, in previous articles, that client confusion abounds surrounding titles and what the family can expect regarding the services rendered from the financial professional. This client confusion is propagated by the large brokerage companies and large insurance companies who financially benefit from this confusion which can also lead to a poor client experience.

The vast majority of people in the financial industry, regardless of title, have a bias. They see the world from a stock broker perspective or an insurance agent perspective. They may use different titles such as Financial Planner or Wealth Manager, but don’t let a title confuse the facts. Having 250 or more clients does not allow adequate time to **focus** on holistic financial needs of each client family. Similarly my experiences suggest most affluent clients cannot tell the difference in services provided by one financial professional vs. the next. Don’t get me wrong, if you want to hire someone to handle your investments or sell you life insurance, great. My concern is those financial professionals are broadening their target audience by suggesting they work on comprehensive financial planning.

I have suggested, in past articles, when interviewing potential financial services providers to ask the number of clients they have and who will be the point person. Simple math exposes some interesting facts. If a stock broker has 250 families and spends 40 hours/week working on client issues and meetings 52 weeks/year, even using these unrealistic assumptions the broker **could spend only 8.32 hours/ year** working on issues, phone calls and meeting time with each family.

If you are affluent and have a complex financial situation, the company you work with should put in the time commensurate with the complexity of your financial life. In short, the person you hire should look at all facets of your financial life, not just insurance and/or investments.

What follows is just a sampling of Family Issues which our firm examines for each client! Take note, portfolio management is very important but is just one area that is examined. I believe that while working with my families’ accountants and lawyers over the past five years, that we have saved more money in taxes and lost assets via litigation than my clients have placed with me as assets under management!

Family Issues

1. Discussion of goals, concerns, time-frame, risk tolerance
2. Tax Planning on multiple fronts
3. Asset Protection and Titling of Assets
4. Corporate Entity Selection vs. Federal Tax Election
5. Qualified Retirement Plan Assessment
6. Portfolio management
7. Educational Funding Review
8. Charitable Inclinations
9. Business Succession Plan Review
10. Estate Plan Review

How can ambiguity harm a client?

As I mentioned before, I believe most people who call themselves a financial advisor/planner etc. etc. are really insurance people or brokers. In short, they are salespeople, with major companies that have with thousands of representatives working on salary and their allegiance is to that company.

Unfortunately, affluent families don't always know how to make certain their financial partner will help achieve their goals and work with them closely on an ongoing basis. You could be working with a "financial planner" that doesn't have your best interest at heart. It could be the "planner's" main concern may be increasing his sales and his only real obligation to you, as their client, is to make sure that the products they're selling you are suitable but not necessarily in your best interest.

From the brokerage industry, these affluent clients may be given the services and investment products similar to clients with \$300,000 to invest. I see a distinct differentiation between the retail investment client who is usually placed into several investments of the broker's company vs. a client with a net worth of over 3 million dollars and who may have a diversified portfolio which may include her company, a 401(k) or 403(b) and real estate. This affluent client has a different and more complex set of needs when it comes to investing. The planning needed is very detailed, comprehensive, intricate and idiosyncratic.

What's in a name?

According to Shakespeare's Juliet; she explains that a name is an artificial and meaningless convention. A name is not important but rather what the name represents is important. Shakespeare's Juliet loves the person who is called "Montague". Romeo's sir name is not relevant to who he is as a person.

I believe that the company name or title of the financial professional has very little meaning 99% of the time. The nomenclature used to describe the organization or individual, or in Juliet's case a name, is of little consequence when picking a financial professional.

To be honest I felt badly for potential clients who immediately lumped me into the same financial bucket as all the other planners, because my company name was just like all the others. Due in part to a preconceived notion, I was not effective in explaining my capabilities or our process to the potential family who instead saw me as an investment manager or financial planner for the masses.

Many times I meet a client to solve one of their pressing problems and end up solving that issue and five other problems which the client is not even aware they have.

To break away from the din of brokers and insurance agents and to have a company name that truly represents our mission statement we have made a change. We have changed the name of Handwerk Wealth Advisory so it can better reflect our goal of spending a lot of time working as a partner with a very small number of families. In an effort to have our name not be an artifice, I am proud to announce that Handwerk Wealth Advisory has changed its name and to **Handwerk Multi Family Office**.

What does working with a Multi Family Office mean to you?

Having a senior level person who spends 50-200 hours meeting with you, performing information analysis and setting strategy and resolving issues in the first year is the norm.

From my experience, most people with less than \$10 million of investable assets have never had the opportunity to work with a partner who is primarily concerned with the client's wellbeing.

For clients with more than \$1 million of investable assets, an institutional platform is available. These institutional quality investment managers tend to be less expensive and are chosen for their ability to beat their benchmarks, often with less risk.

If you have at least \$50 million to invest with one of the larger multi family offices, you will receive many of the same services I have been offering to my clients.

There are many other real differences between the companies most affluent families currently use and a company that uses a multi family office model. If you have any questions or would like more information on Handwerk Multi Family Office give us a call at 215 238-0212 or send me an email. Derrick@handwerkmfo.com. www.handwerkmfo.com.

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Derrick received his MBA from Lehigh University and is a Martindale-Rauch Business Scholar. He has earned the designation of Certified Wealth Strategist.

After college he spent 3 years in the pharmaceutical industry and then went on to run and own several businesses including Handwerk Multi Family Office.

Handwerk Multi Family Office works with small business owners and families who are affluent. Over 50% of his family clients are physicians.

Derrick is available to speak at regional or national event and many of the articles he publishes are a result of questions or issues sent in by readers via email. Please email financial questions or requests for speaking engagements to derrick@handwerkmfo.com.

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