



THE ELITE WEALTH MANAGER

BUILD A SIMPLE AND ELEGANT WEALTH MANAGEMENT BUSINESS

NAIL THE WEALTHY CLIENT EXPERIENCE

THE INVESTMENT
PLAN MEETING

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John Bowen: You're about to witness the second meeting in the consultative client management process, the investment plan meeting. Before we get into this meeting, I want to review four key things about this meeting that you should know. First, what you need to do to prepare for the meeting to have it really be powerful. Two, the objectives that you will want to accomplish in this meeting. And three, the experience that you should deliver to the client. And lastly, the results the meeting will produce.

So, your primary task in advance of this meeting will be to create the prospect's investment plan. This investment plan will be an important vehicle for keeping them on the wise course over the long term no matter what happens in the marketplace. We recommend dividing the investment plan into two parts. A summary of your investment consulting work with a client is the first part. This should be an overview of the client profile, the total client profile, the mind map, your consulting process, and review of that and then your investment recommendations. It should also include brief descriptions of your fees, it shouldn't focus on that, but you should state it, as well as your firm's background and investment philosophy.

An investment policy statement, the second part, many advisors choose to refer to this as the investment philosophy statement. This should go into the really more detail about your investment approach and portfolio process. It should be evergreen, updated every year. It also provides the summary of the returns of whatever key asset classes you're using and the range of types of portfolios that you're doing. This is a reference tool. You're not going to be referring to it in the meeting other than providing it to the client so that they can understand how thoughtful your approach is.

In addition to the investment plan you should also prepare an agenda for the meeting. Well we're here to help you on that. You can again download this on BT Online as well as the investment plan components on BT Online as well. Now before you begin and standardize your process you should review this with your compliance professional and make sure it's aligned with all the compliance regulations of your firm or your team to ensure that you have additional paperwork ready for the meeting.

In this meeting we'll accomplish several key goals. First, you're going to provide the prospect with an actionable investment plan that will take them where they are and where they want to go, that's going to achieve those financial goals, their values, and goals. Second, you will clearly demonstrate the value you can add to their situation. You'll wow them. Third, you'll continue to build a personal relationship with the prospect, something that really started in the discovery meeting but that's going to be even further enriched.

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Now let's take a look at the experience you want to deliver to this prospect. It's important to greet the prospect by name and reinforce some of the aspects of their high net worth personality. Set the stage for the meeting, outline the agenda, and describe the remaining steps in the consultative client management process. Walk the prospect through the investment plan, solicit and address concerns about the plan, set the stage for the wealth management plan that will be coming up the advanced plan. Remember we're going to be focused on the first of their concerns the investment side preserving their wealth, but then from there we're going to address the advanced planning in subsequent meetings.

Ask for the commitment to move to the next steps. We're not looking to go ahead and execute at this point what we're looking for is to schedule the next meeting, the mutual commitment meeting. Once we've closed that, we've got agreement on that date, then go ahead and send the confirmation of the next meeting. So, by the end of the meeting you should know about any weaknesses or any fine tuning that needs to be done in your investment plan. What you'll need to do to shore up these weaknesses or address concerns that the clients have, and you'll clearly understand how interested the prospect is in moving forward to the next steps. Okay, let's get started. Let's go to the investment plan meeting and see how effective this can be.

It's great getting back together again. We've had a just a little bit of time to work with our team here. And I'm really excited about what we've come up with and I'd like to run it by you, take about 15 minutes or so and just flip through some of the recommendations to make sure that we're aligned on kind of where you are and where you want to go and some of the gaps. And then walk you through the process as well of what we're accomplishing. And in this meeting, most of the clients when we run them through the plan and what we're thinking about doing their reaction is, "Let's just go ahead and get started."

And I want to be very clear that in this meeting what we're looking for is your questions, your any fine-tuning thoughts and so on. Because even if you wanted to invest today, I'm not going to let you. Take it home and then what we'll do is have you review it. We're looking for working together for a lifetime if we choose to work together. And what will happen then is we'll also have the next meeting which is what we call the mutual commitment meeting. And if you're committed to achieve all that's important to you, we'll commit our whole team. Remember the Verizon people we talked about before? Well we've got better ones behind us and we'll do that. Does that make sense?

Bill: Absolutely. Yeah.

John Bowen: So, that's our agenda. Let me dive in here in a and really start with we prepared this plan and the very first part of the plan that I'd like to touch on is really check in with you.

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Remember how we talked about the total client profile and how we did that, and we need to do a little spell check and clean it up and so? And my staff has, and I'd like to review and make sure what we heard is where you are and where you want to go. And starting with the values what we heard is that the financial security, peace of mind was just so important.

You want to have a simple and elegant life going forward, this next new chapter. At the same time you want to know that you're going to have the financial independence so that you can support the quality of life that you'd like as well as your children, grandchildren particularly with concern with Andy to have the resources as he needs those. And then Angela, that provides some additional guidance and so on. We also wanted to continue to be supportive of the community and particularly the Catholic church. We wanted to provide some support there.

In addition, as we go through on values and we start talking about goals there are a lot of goals and they were really great. On the quality of life, we talked about having that house close to the beach if not on the beach but by the mountains too. So, we gave ourselves about five years to start thinking through what that might be, providing for the income, really taking care of the grandkids on the school so they could have the education they wanted no matter what. And then, we weren't clear on a goal. I mean Bill you might remember this, that fishing boat we were talking about there was a little debate on which boat, what type and all that and we want to make sure on that.

And then as we go through, we're thinking of relationships who's important and clearly both the kids were very important and the grandchildren, all three, with Andy a special concern but all of them. And the relationship that you both enjoyed very, very important. And then of course we can't forget the two dogs. I mean we talk about Billy Bob and Germaine and it's just I mean your two big buddies here and we want to make sure they have a great quality of life too because they are a big part of having that quality of life.

And then we went from there to the assets and we looked, and you've been great stewards of your assets, the home, we've got it all paid off now. We're not totally sure of the value because of the market and stuff but probably not that far off the a million five in the community we live. And the commercial building, a successful business and you were smart enough to own the real estate as well and that's providing a nice cash flow now. And as we reviewed the document we've got a pretty good cash flow that you have and you've got a fair amount that even as you're going into the lifestyle that you want, now that you've got flexibility, a fair amount of discretionary cashflow to achieve all you want and that gives us a lot of margin.

The income from the Merrill Lynch account and I've got some thoughts on both with the money market where in today's environment we're earning so little and certainly with inflation we're not

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earning anything. And then, the IRA's and we're going to talk about how to reposition that. But we've got the assets so that we can fund what we're really looking to achieve. And then when we go to the advisors you've had a team of advisors really focused on both of you but more on because of the business and the cornerstone has been Jack here, your CPA, who you know has been great and he was really the reason that we got together and he's served you well. And Steve Smith has, and we haven't had much contact with and when we get to the advanced planning side, we'll talk about that more because a lot has happened in the really the 13 years since the wills and trusts were, the living trust was all set up.

And from there we'll be taking these relationships and we really looked at the process last time and checking in with you and on the process side what we had was we wanted to be really clear so that we could enjoy our lives. That we wanted to know things were taken care of, but we didn't want to delegate it, we wanted it collaboratively. And I talked about us being the personal chief financial officers to really the two of you being co-CEOs of the family business, your life together now and how we would make smart decisions and we'd get together on a regular basis.

And then, and with this being the first part we did what we call the discovery meeting and now what we're doing and you might remember I brought this chart up last time and talked about the discovery meeting and now we're at the investment plan meeting. We've got the two parts. I'm going to share with you a review of where you are now and where you want to go in our minds. And then your current portfolio and then what we would do. And then later I'll talk about the mutual commitment meeting that if we choose to go together.

And then the interests when we look outside I mean you have a lot of interests and we talked about the Catholic church and really Rita your involvement in the community and how much you've been able to be a big part of it and particularly your skill on the fundraising side and you still wanted to keep that activity going. The choir, Bill you've really enjoyed that. And a lot of, keeping athletic and healthy and just a vibrant life and sneaking away fishing on occasion and these types of things. And yeah, so what we want to do is we want to really support the quality of life that you'd like to have.

Rita: Thank you for that.

John Bowen: Does that makes sense?

Rita: Mm-hmm (affirmative).

John Bowen: Is there anything that missed?

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Bill: Good summing up. Excellent John thank you. Yeah, this looks up. This looks a little tidier than your original.

John Bowen: It is, and it brings it to life. It's a little bit, and this will allow us, this will be our checklist and obviously life will bring different things. On occasion there'll be an intrusion in life, and we'll change circumstances but each time we'll get together we'll start the meeting with this to see if anything's changed in personal, professional, family situation.

Bill: That the way we can stay nimble on changing events.

John Bowen: Very much so. So, then what we have then is that what we're doing now is we're going to review the investments and with the investments that remember was our really we find for our clients the number one concern but it was also your number one concern with the preservation of wealth. So, what we've done is we've taken a review of where you are now, and I've done an analysis with my team of all the assets that you have and then where they're currently positioned. And then we've run an analysis, in the industry we call it a Monte Carlo simulation. And what it does is it measures the probability under different investment in economic scenarios that you're going to have the cash flow to fund the rest of your life. And what the investment design we have, we have a high confidence level that we can achieve all that's important to you.

And so, the recommendations, what we've done is we've taken it and we've looked at and while the investments at the Merrill Lynch account you've been well served as you've worked with Bill Evans that that was then and now that we're entering this new chapter in life and with the cash from the sale of the business and the IRAs, well we'd like to do is have a totally diversified portfolio that will support the quality of life. So, if we look what we've done is we've gone ahead and we've put together some recommendations and this is a simulation that we put together and then if we look at some of the portfolios, let me grab, how we've thought about this. What have is we have the portfolios where we now would change the allocation and do a repositioning, and this would allow you to achieve all that's important to you.

We're going to stop here in the investment plan meeting, and I want to share where we are in the experience. What we're doing is modeling the client experience so that you can make it yours. Here's the challenge. Every advisor we work with has a slightly different investment experience and it's so tempting for us to share exactly what Bill and Rita not only their current portfolio but specific recommendations. But here at CEG we're agnostic on the investment side. We work with top advisors that know their business. We don't want to get into the debate of active versus passive investments, international domestic, tactical strategic, dynamic portfolio management. As we all know whether we're using traditional or alternative investment tools

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there's so many different ways of doing this. What is important is that we're serving our clients well. Whatever your philosophy, whatever your team is doing to help them maximize the probability of achieving all that's important to them that's critical.

So, what I'd like you to be thinking about as I walk through this. As we met with the client, we greeted them professionally, we shared with them where we were in the process and really dived immediately into the mind map of the total client profile. And we went through the whole process. Why? Because we wanted to make sure that we actually understood them and if we didn't any fine tuning that was needed and at the same time, we wanted to acknowledge to them so that they knew we got them, that we understood them. We were clear on where they were and where they wanted to go.

From there we walked them through the portfolio that they have currently, the financial statements, shared with them the key goals, any tax information. Most of it you can see in tactic 10 what we recommend in the investment policy statements and, in the plan, and you can also download it on BT Online some samples that we use with different advisors. Depending on your philosophy you'd review that going through part one, the executive summary. You'll be tempted to go into the details of part two, don't do it.

Bill and Rita are independence first but they're also family stewards. Both of those out of our high net worth personalities have very little interest in understanding investments or becoming investment advisors. What they want is they want to have the ability to trust you that you have a compelling value proposition and you're going to help them make smart decisions so they can achieve all their goals. So, what we want to do is provide them peace of mind. Walk them through where they are now, where they want to go through the profile, share with them their portfolio, share that with them the recommendations of what you would do if you were in their shoes and then if you have a Monte Carlo simulation or use any of those tools share one example. And then lastly share with them the fees for that specific allocation. Don't get caught up in fees just simply say that you're really proud of your fee structure and that because you get feedback all the time from your clients of how reasonable it is for what you do.

And then move on and talk about the part two, wave your hand over part two and say, "This is our philosophy. We write it up every year. It's a very thoughtful investment approach. We take investing seriously." And from there we're going to remind them where we are in the process and simply schedule the next meeting, the mutual commitment meeting.

Let's go back to the clients. Well Bill and Rita I'm really proud of what you've accomplished. And I think what our team has done is put together a plan that can allow you to really move forward

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with confidence to achieve what's important to you. Now I want to check in though here does this make sense to you?

Bill: It absolutely does. I am noticing some deja vu moments that remind me of some of my dealings with Bill Evans and there seems to be a clear overlap in what you're doing and what he does. So, I'm just wondering if at this point, he might be superfluous to us moving forward.

John Bowen: One of the things Bill, I mean this is a challenge is you've had all this success and sometimes is we grow out of advisers and we've seen that a little bit with the estate planning attorney, we're not sure yet whether we should continue with Steve for instance. But on the investment side while you've been well served by Bill it's time to coordinate all of this and take really the total picture of where you are to achieve all that's important. So we would be bringing over to our custodian these assets, if we choose to decide move together we would be doing that in the mutual commitment meeting and this allows us to coordinate these so that we can be more tax efficient, coordinate also the efficiency on distributing income that you need, those types of things. And then I'm in a position to help you to make sure that we keep everything aligned when we get together at our next regular progress meeting and so on throughout the years that we have everything there and it's just, it's well orchestrated. Does that sound right?

Bill: That sounds right. It sounds like I need to have a phone conversation.

John Bowen: Okay. Well let's do this then. What I'd have you do is take the plan back and review this. Now Rita, is there any questions?

Bill: Yeah. I mean part of the reason we did stay with bill for so long is it felt safe. There was a relationship there and my only concern is risk. We don't want to move away from Bill and put ourselves at risk. That's the only concern, that is the biggest concern with me.

John Bowen: Well, it's a concern I share with you too. I mean when we look at there's four pillars of investing, we think about there's returns, there's risk, there's tax, we're concerned with taxes as well, and then cost. So, when we put the portfolio together there's really three things that we can control. We can't control returns. The market is going to bounce around a bit. We can control risks though by how we diversify. And because you've been such good stewards of your capital you don't really need to take that much risk to provide the income that you need to support that. So, we can be pretty conservative which we have been. And then by combining this though what we also do is we're able to take advantage of the tax efficiency. So, we all have things often in this way it's a lot more coordinated. And then cost effectiveness by

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combining asset-based fees what happens is the more money you have in one area usually the fees are lower. And that by combining this we can be much more cost effective.

Bill: Well, that's good to know. That's much better.

John Bowen: No, I'm excited about it. I mean, let me just point out where we are and let's schedule our next meeting. We've completed the discovery meeting. We then I worked with my team and we did the two parts of the investment plan, this executive summary I just walked you through. I'm going to give you part two which is really what we call the investment policy statement so that you can see the thoughtfulness of it. Now I'm not going to walk you through it. It's so tempting as a financial advisor to show you all the details and it's got some great information. Different clients want to go in deep. It's all the areas if you want to get in deep you can read that. And then we're going to schedule now the mutual commitment meeting let's say next Wednesday, why don't we do 9:00 again? Would that make sense?

Bill: Yeah.

Rita: That's great.

John Bowen: Okay. And at that mutual commitment meeting what I'd like you to do is take this material home, review it. If there's any questions at all call me or just save it for our appointment and write them down so we remember them and we'll go through them one by one, make sure we've addressed them, see if we have to do any fine tuning. And then if you're committed to achieve all that's important to you, the financial independence, the security, the peace of mind, taking care of the kids, everything, then we're going to commit our resources too to align those to maximize that probability. And then we'll execute the paperwork to move that ahead, get everything started and from there we'll continue with the 45-day meeting and then the regular progress meeting where we'll go over all the other components of the wealth management.

Bill: Terrific. Thank you so much.

John Bowen: Well, I look forward to seeing next Wednesday.