

MERCER CAPITAL

# Putting Liquid Family Wealth to Work

Which Type of Advisor Makes Sense for You?

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BUSINESS VALUATION &  
FINANCIAL ADVISORY SERVICES  
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# What Got You Here, Isn't Going to Get You Where You Want to Go ...

## The GET RICH Business

Building a business requires...



## The STAY RICH Business

Managing family wealth requires...



# The World of Money Management...

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# What's the Difference Between a Wealth Management Firm and a Trust Company?

## Wealth Management Firm

- Manages assets in accordance with a client's financial objectives
- Offers comprehensive financial planning services, including investment management, tax advisory, retirement planning, liquidity strategies, and charitable gifting
- Employ financial advisors to help clients realize their investment goals
- ~13,000 RIAs and 1,100 bank wealth management divisions
- Sometimes offer trust services

VS

## Trust Company

- Administers assets in accordance with a client's trust
- Offer discrete trust administration services, including estate settlement, trustee services, intergenerational transfers, and asset distribution to beneficiaries
- Employ trust officers to manage trust assets and advise on estate issues
- ~200 independent trust companies and 1,400 bank trust departments
- Sometimes offer wealth management services

# What Services Do These Businesses Provide and What Fees Do They Charge?

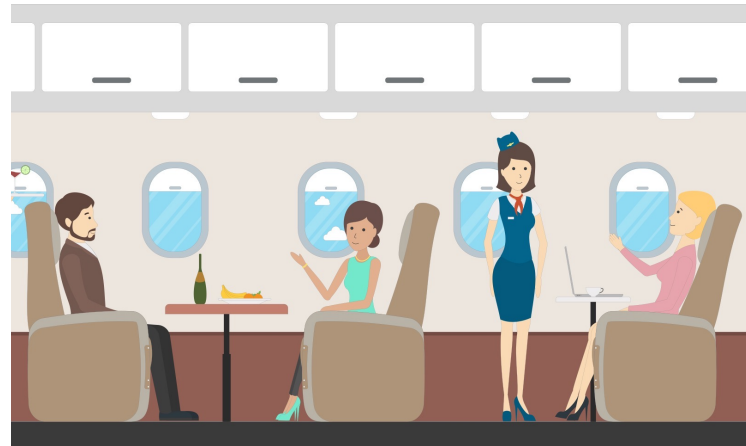
The level of service and fees typically depend on the client's asset base

## High Net Worth



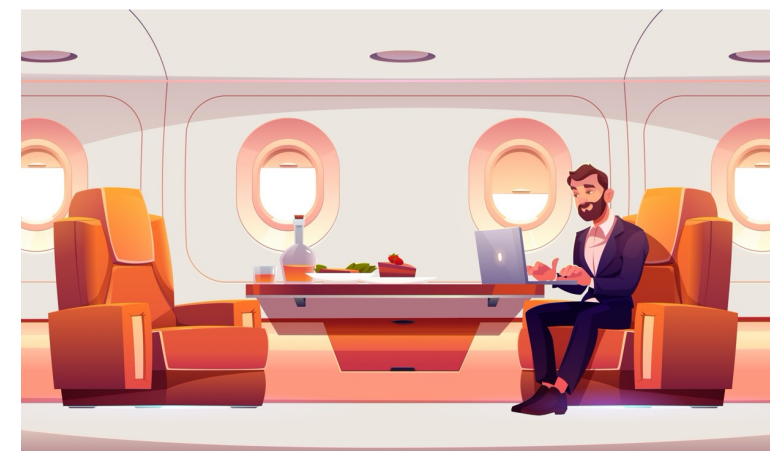
Investible Assets  
\$1 Million - \$5 Million

## Very High Net Worth



Investible Assets  
\$5 Million - \$30 Million

## Ultra High Net Worth



Investible Assets  
Over \$30 Million

# What Services Do These Businesses Provide and What Fees Do They Charge?

The level of service and fees typically depend on the client's asset base

## High Net Worth

Usually retain a dedicated advisor for general investment management and financial planning with annual meetings

Annual fee in the 0.60% to 1.0% of AUM range

## Very High Net Worth

Usually retain a team of advisors for comprehensive investment management, tax/estate planning, and trust administration with quarterly meetings

Annual fee sometimes negotiated and in the 0.10% to 0.60% of AUM range

## Ultra High Net Worth

Usually retain a family office to deal with complex investment management, liquidity, diversification, tax, insurance, trust, and estate planning with monthly meetings

Annual fee often negotiated and in the 0.05% to 0.20% of AUM range

# What Is the Fiduciary Standard and Why Does It Matter?



The fiduciary standard of care requires financial advisors to act solely in the client's best interest when offering personalized investment advice.



Only fiduciary financial advisors are required to fully disclose all material facts concerning an investment recommendation and avoid conflicts of interest.



Not all financial planners and investment professionals are fiduciaries, so it is important to ask if they are fiduciaries and adhere to the fiduciary standard at all times.



Studies have shown that fiduciary financial advisors typically earn higher returns for their clients because these advisors are required to recommend investments in their clients' best interest, including lowest cost options.

# 9 Questions to Ask Your Potential Advisor

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1. Do you follow the fiduciary standard?
2. What do you charge and how are you paid?
3. What is your approach to financial planning?
4. What financial planning services do you offer?
5. What sort of clients do you typically work with?
6. What is your minimum account size?
7. What information will you need to know about me to develop my financial plan?
8. How often will we meet?
9. How will you work with my other advisors – such as attorneys or CPAs?





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Matthew R. Crow leads Mercer Capital's Investment Management Industry Team. The team provides RIAs, independent trust companies, broker-dealers, and investment consulting firms with valuation services related to corporate planning and reorganization, transactions, ESOPs, and tax issues as well as valuations of intangible assets, options, and assets subject to specific contractual restrictions. Matt and his team also consult with investment management clients in the process of selling or buying. Matt is a regular contributor to Mercer Capital's weekly blog, *RIA Valuation Insights*.

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Brooks K. Hamner is a senior member of the firm's Investment Management Industry team. The team provides RIAs, independent trust companies, traditional and alternative asset managers, wealth management firms, broker-dealers, and investment consultants with valuation services related to corporate planning and reorganization, litigated matters, transactions, employee stock ownership plans, and tax issues as well as valuations of intangible assets, options, and assets subject to specific contractual restrictions. Brooks also consults with investment management clients in the process of buying other RIAs or selling their business. He is a regular contributor to Mercer Capital's blog regarding the investment management community, *RIA Valuation Insights*.

[>> Click here to learn more about Brooks](#)

# Mercer Capital's Family Business Advisory Services

Mercer Capital provides financial education services and other strategic financial consulting to family businesses.

## Services

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- Customized Board Advisory Services
- Management Consulting
- Independent Valuation Opinions
- Transaction Advisory Services
- Confidential Shareholder Surveys
- Benchmarking / Business Intelligence
- Shareholder Engagement
- Shareholder Communication Support

We help family ownership groups, boards, and management teams align their perspectives on the financial realities, needs, and opportunities of the business.

We also help family business boards and management teams explain strategic financial decisions to shareholders and help shareholders communicate preferences to boards and management teams.

We have had the privilege of working with successful family and closely held businesses for the past 35 years. Given our experience, we are convinced that an engaged and informed shareholder base is essential for the long-term health and success of a family or closely held business. Yet, cultivating an engaged and informed shareholder base is often difficult. We can help.

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