



Is your wealth manager
**YOUR TRUSTED ADVISER
OR A SALESPERSON?**

WEALTH MANAGEMENT IS ABOUT BEING THE CLIENT'S TRUSTED ADVISER, UNDERSTANDING HIS DEEPEST NEEDS AND PROVIDING A TOTAL SOLUTION FOR THAT NEED.

As an independent private wealth manager, besides helping clients to manage their investments prudently, we look after their other financial needs such as managing their financial risk, conserving, and distributing their estate on their unfortunate demise, consolidating their relationships with other financial institutions, coaching their children on money management, planning for their retirement, amongst many others.

Recently, someone asked me if the insurance planning service we provide to our clients is profitable. You see, he knows that we are a fee-only practice. This means that clients pay us a fee for independent advice and we return all product related commissions (if any) to them. We feel this is the best way to give unbiased advice, advice that is not dependent on how much product commissions. But he must have thought how can we be profitable without taking insurance commissions (which is very lucrative)?

MEANS TO A GREATER END

He is right. The insurance service we provide our clients merely breaks even the cost to deliver it. So why then do we continue to do so? I told him it is because of our belief and purpose. Providend exist to serve our families of clients, to fulfill their dreams and achieve their family goals by providing them with the most honest, independent and competent financial advice. We believe the best way to do so is through time-tested, prudent and holistic financial solutions.

When client comes to us, they are not looking to do just investment planning or insurance planning, etc. These are means to a greater end. Clients come to us to plan for their financial independence, their retirement years or simply the overall financial well being of their families. To achieve these life goals, the various financial areas of their lives must be taken care of. All these areas must be well coordinated. Every decision made in one area affects the others. Unfortunately, most financial salespeople focus only on one area - the area they are best compensated with.

AN EXAMPLE: A SUCCESSFUL BUSINESS MAN

As an example, sometime back, a senior gentleman came to us as he was preparing to move into the next stage of his life. He wanted to retire from work but not retire from life. He just sold his business for a handsome sum. As expected, bankers from various institutions were swarming around him and taking him to lunches. All had plenty of ideas on how best to invest his money. But this gentleman never felt at peace with what they had proposed. He knew he needed more than simply buying investment products that could give him spectacular returns. But he could not put a finger to what was wrong. Fortunately for us, we had the opportunity to meet up with him. After many hours of discussion, we knew that the client needed more than an investment plan. Yes, he wanted a perpetual stream of income that would give him a comfortable life; he wanted to make sure his young adult children could also benefit from his wealth. He wanted to be sure that if any mishap were to happen to him, everything could remain as normal as possible. He also wanted to be able to be involved in some new business ideas, so that he can impart the business experience that he has accumulated over the years. But most importantly, he wanted the entire plan to fit together.

We sat down together with him and his wife and allocated his assets into different purposes. We made sure there were sufficient resources for his retirement, sizeable wealth for his children so that they could be well cared for but at the same time, not to the extent of motivating them to not work. Insurance programmes that would take care of their medical needs, should they require it, were put in place. We crafted a distribution plan for him so that everything would be clear in the event of his unfortunate demise. With our assistance, his children learnt about his financial plan and knew exactly what was going to happen. They had questions to ask and it was a rewarding time to hear the parents share and

we shared our collective views as well. When we all agreed to the plan, we executed it over many months. We handheld our client through the process because we understand that these are his years of hard earned money and all these are new to him. These important issues could not be rushed through.

Today, we continue to meet this family quarterly, updating them on their investment plan, coaching them on risk of the investment markets and making changes to their overall financial plan when necessary. From time to time, we act as gatekeepers to the many financial salespeople who try to sell to our client. As for our client, he continues to be active in business, more for the love of it than for work's sake. He travels frequently with his wife and enjoy this new phase of his life.

GREATEST SATISFACTION

To us, the greatest satisfaction is in knowing that he has peace of mind because every area of his financial life is well taken care of.

So why do we continue to provide a service that only breaks even the cost? Because wealth management is not just about selling an investment product. It is about being the client's trusted adviser, understanding his deepest needs and providing a total solution for that need. The wealth management business is an advisory business, a partnering business and not a sales one.

This is an original article written by Christopher Tan, Chief Executive Officer of Providend, Singapore's sole fee-only independent private wealth management firm. The edited copy appeared on Millionaireasia's Jul-Sept 2008 Issue.