

## MEDIA REVIEWS – August 16-31, 2016

Dan Jamieson's article in this month's issue of *Financial Advisor* makes it clear that there's a lot of turnover going on in the broker-dealer world, with sales of BDs, and a lot of recruiting activity targeting reps who are involuntarily moving their business to a new firm. But all is fine in the independent custodial world, where Joel Bruckenstein singles out TD Ameritrade for its open platform approach to integration with software vendors.

Articles that received a "high" relevance rating:

### **"UBS, BofA Merrill Lynch Lead Private Bankers With \$3 Trillion"**

by (Bloomberg News)

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/ubs-bofa-merrill-lynch-lead-private-bankers-with-3-trillion-28215.html?issue=267>

Relevance: high

These are the two largest private bankers; UBS has \$1.74 trillion under management, while Bank of America/Merrill Lynch has \$1.439 trillion. But both are slowly losing assets, as are the majority of private banking institutions. The article says that Credit Suisse comes in third, but has seen AUM decline by 7.2%, while Royal Bank of Canada comes in fourth, and has seen an 11.9% decline. CitiGroup's private banking operation has lost 7.6% of its assets compared with last year. (p. 22)

### **"Time for Poaching?"**

by Dan Jamieson

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/time-for-poaching-28201.html?issue=267>

Relevance: high

There's a lot of activity in the independent BD space. American International Group has sold its Advisor Group of BDs (and 5,200 reps) to Lightyear Capital. John Hancock Network purchased Transamerica Financial Advisors (800 agents), and Cetera Financial Group emerged from bankruptcy with its 10 BD firms (and 9,000 reps). MetLife finalized the sale of its BD unit to Mass Mutual Life, affecting another 4,000 agents.

The larger BDs who have not been affected are heavily recruiting these reps, and experiencing a record year accordingly.

The article talks about the DOL fiduciary rule, and how it's disrupting the lives of dually-registered reps, some of whom might decide to turn pro and become fee-only. (p. 33)

### **“Getting Well”**

by Christopher Robbins

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/getting-well-28203.html?issue=267>

Relevance: high

The advisors who work with younger doctors—typically in the residency stage of their careers—find them underpaid and making bad financial decisions, like spending today the money they expect to make before long. They'll buy expensive homes or cars when they're still saddled with huge levels of student loans (eight years of school on top of four years of undergraduate education), and lenders will give them “doctors' loans” to entice them into these arrangements. They may not emerge from residency before their mid-30s, which means their earning career is foreshortened.

Helping these younger doctors apply for loan forgiveness (if they work in an underprivileged area) or refinancing is a start. You may need to talk them out of investing in real estate directly or complex tax-deferred options that are sold at high commission. You want them to have disability insurance. (p. 45)

### **“In the Lead”**

by Joel Bruckenstein

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/in-the-lead-28204.html?issue=267>

Relevance: high

Bruckenstein singles out TD Ameritrade Institutional for its open platform approach to integration with its VEO trading interface. There are now 105 integration partners, and software firms know that they can integrate with the custodian far more quickly and with less protocol than with the other custodians. The environment of collaboration and innovation benefits advisors.

How? For digital account onboarding, advisors can launch DocuSign from within VEO, and VEO will populate the fields within the TD Ameritrade forms. DocuSign will electronically send the forms to the client for e-signature. But advisors can also launch DocuSign from within a VEO-integrated CRM system, and have the CRM populate the forms. Or advisors could have Laser App Anywhere populate the fields with data fed through the CRM, and the advisor would launch DocuSign through Laser App to complete the process.

In March, the custodian launched Advanced Alerts, which will push operational alerts to and through any software vendors, which might trigger an action or a workflow. If a client address

has been changed in the TD Ameritrade platform, it can be automatically updated in the CRM or initiate a workflow to change the address. The alerts are being expanded to address cash management, trading and account management issues that advisors frequently encounter.

VEO One, the recently-launched next generation advisor workstation, offers added trading, new navigation and an action menu. There are advanced search capabilities powered by the Google Search Appliance. Meanwhile, an Integration Analyzer will construct a software ecosystem that suits the needs of a firm. You enter your current software applications and see, at a glance, which can integrate deeply into the VEO ecosystem, and it proposes some replacement programs for those that don't. (p. 47)

The rest of the articles:

### **“Advisor’s Work on Broadway Earns Two Tonys”**

by Jeff Schlagel

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/advisor-s-work-on-broadway-earns-two-tonys-28210.html?issue=267>

Relevance: moderate

Ken Mahoney of Mahoney Asset Management in Chestnut Ridge, NY has joined the gang of producers of Broadway musicals, and allocates resources between stage sets and marketing. He says the activity allows him to meet a lot of cool people. (p. 15)

### **“Signator: DOL Rule Will Drive Fees to 90% of Revenues By 2018”**

by Staff

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/signator-dol-rule-will-drive-fees-to-90-of-revenues-by-2018-28211.html?issue=267>

Relevance: low

The Manulife/John Hancock brokerage subsidiary says it has no choice but to move to fees, and more clients will be willing to pay fees for services that have traditionally been wrapped in a product sale. But clients will continue to want annuities. (p. 16)

### **“Morgan Stanley Targets Ways to Use Private Capital for World Problems”**

by Paul Ellis

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/morgan-stanley-targets-ways-to-use-private-capital-for-world-problems-28213.html?issue=267>

Relevance: low

An interview with Lily Scott Trager, director of investing with impact at Morgan Stanley Wealth Management, reveals that the company wants to generate market-rate returns while demonstrating positive environmental and/or social impact. The article, alas, reads like an advertisement. (p. 18)

### **“Can Americans Afford a Really Long Life?”**

by Eric Rasmussen

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/can-americans-afford-a-really-long-life-28214.html?issue=267>

Relevance: low

Allianz Life found that 70% of consumer respondents have some anxiety about what living longer will mean for them financially. 51% said that having enough money to live a full life to age 100 was a problem. (p. 20)

### **“Brexit Could Be Just the Start”**

by Evan Simonoff

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/brexit-could-be-just-the-start-28197.html?issue=267>

Relevance: low

Simonoff goes all over the place, wondering if England will actually leave the European Union, and decides that the country will emerge in fine condition either way, even if it runs slam into a recession next year. Theresa May, the new Prime Minister, has lashed out against executive pay, scarce opportunities for working class whites, the criminal justice system’s treatment of black citizens, and a consensus that the system favors the very affluent. Sound familiar?

Then we go all over the place again. Will Brussels punish the UK in its negotiations? Will nationalist political parties in France and the Netherlands force their own votes? (p. 27)

### **“Compatible Clients: Time Well Spent”**

by Russ Alan Price and Brett Van Bortel

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/compatible-clients-time-well-spent-28198.html?issue=267>

Relevance: low

Seek out clients who share your values, goals and interests. You have roughly 232 days a year to run your practice, after weekends and vacation have been taken out. You may spend five hours a day with clients, meaning 1,160 hours a year. If you want to make \$1 million a year, then you have to net about \$862 an hour. (The authors concede that one advisor’s “production” may be very different from another’s.)

Working with clients you like feels less like work, and people will recognize your natural interest in them. Keep your “affluent” clients happy, and you’re well on the way to your income goals. (p. 29)

### **“How to Work Effectively With the Media”**

by Ric Edelman

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/how-to-work-effectively-with-the-media-28199.html?issue=267>

Relevance: moderate

Don't set a goal of merely being a great advisor. Instead, set a goal of being KNOWN as a great advisor. How? Edelman says he speaks the language of reporters, editors, anchors and producers. He starts by asking: what's your deadline? He has his staff find him immediately if a reporter or anchor calls or emails. He makes sure he knows who he's talking to: a full-time employee of the publication or a freelance writer. He will check out their biases online.

Be prepared to be misquoted, and understand that if you say something provocative, regulators could show an interest in you. Be professional when you talk to the media, so people will perceive you as such. (p. 31)

### **“Do Sponsorship Deals Pay Off for Advisors?”**

by Jeff Schlegel

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/do-sponsorship-deals-pay-off-for-advisors-28202.html?issue=267>

Relevance: low

Westlake Village, CA-based One Capital, with 1,800 clients and \$920 million under management, is sponsoring a race car competing in the IMSA Continental Tire SportsCar Challenge, and they say this is opening doors among the racing promoters for AUM work.

RiverPoint Capital Management in Cincinnati, with \$2.1 billion in AUM, is spending less than \$5,000 a year to sponsor a women's bicycling team called the Women's Racing Project. Total Wealth Planning in Cincinnati, with \$360 million in AUM, was a headline sponsor for an annual 5K run, but so far hasn't seen any return from it. (p. 42)

### **“Social Security: A Planning Paradox”**

by Jeff Schlegel

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/social-security—a-planning-paradox-28195.html?issue=267>

Relevance: moderate

Social Security income is important even to (generally wealthier-than-average) financial planning clients, but many clients suspect it won't be there when it comes time for them to claim it. The article mentions Social Security Solutions, with software that helps people navigate the more than 20,000 pages of Social Security claiming rules. Many benefit by waiting to age 70 before claiming benefits—unless they're in poor health. Meanwhile, when Social Security's cost-of-living adjustment doesn't rise, the Part B Medicare premiums don't either. The article notes that the system will have to change if it is to be solvent forever, but even if there are no changes, and insolvency occurs, people will still continue to get 79% of the promised benefits. (p. 50)

### **“REITs Could Go Even Higher”**

by Eric Rasmussen

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/reits-could-go-even-higher-28205.html?issue=267>

Relevance: low

Some real estate investment trusts are sitting on year-to-date gains of 40% or more, taking them above their consensus NAVs. But the article suggests that most individuals are underweight REITs, and seven years of GDP growth without a lot of new construction has created an undersupply of property. (p. 59)

### **“10 Simple Rules for Alts”**

by Don Wilson

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/rules-for-alts-28206.html?issue=267>

Relevance: moderate

Alt funds are hot. When you jump in, decide what you’re looking for: a low-risk bond surrogate or a growth-oriented strategy. Evaluate a fund’s performance and conduct a phone interview with the portfolio manager. Ask what could go wrong with the fund’s strategy. Consider the correlation to stock and bond markets, to see how much diversification the alt fund actually provides, and pay attention to taxes and expenses, since these funds are often less tax-efficient and have higher expenses than traditional stock and bond funds. (p. 61)

### **“Keeping the Bear at Bay”**

by Marla Brill

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/keeping-the-bear-at-bay-28207.html?issue=267>

Relevance: low

A profile of the Swan Defined Risk Fund. (p. 64)

### **“Playing Detective”**

by Jerilyn Klein Bier

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/playing-detective-28208.html?issue=267>

Relevance: moderate

When somebody dies without an estate plan, the family has to play detective while feeling stressed, frustrated and disappointed. They face funeral costs and hospital bills. They have to track down the deceased’s bills, care for the dogs and find those \$400 monthly automatic debits in accounts they have to find. Some digital providers, like Yahoo, will erase an account when they find out somebody has died. 31 states have introduced or enacted the revised Uniform Fiduciary Access to Digital Assets Act, which allows the executor to manage digital assets in accordance with a user’s estate plan.

If there is no executor named in the will, survivors can petition the court to administer the estate. The court will look at the family tree. The advisor should create spreadsheets detailing an estate’s assets and liabilities. (p. 67)

### **“The DOL Standards Are Coming! Get On Board”**

by Dick Wagner

*Financial Advisor*, August 2016

<http://www.fa-mag.com/news/the-dol-standards-are-coming-get-on-board-28209.html?issue=267>

Relevance: moderate

The fiduciary rule will help weed out the professionals from the pretenders (i.e., salespeople), so Wagner applauds it. We may see the end of inappropriate (but “suitable”) recommendations, and we will see a shift in risk from consumer (buyer beware!) to advisor (justify that recommendation!). Wagner says “we have played kindness games with our imitators for way too long,” and “we have tolerated gimmicks of various sorts by people using the word ‘fiduciary,’” and “we have not fought back when both salesmen and industry periodicals have muddied the meaning of the words ‘advisor’ and ‘financial planner.’” Let’s get tough and embrace the DOL Rule.

At the end, Wagner wants the profession to define itself. “What is it that financial planners really do and whom do we serve?” he asks. “Are we wealth managers? Advisors? Salesmen? Do we mainly just serve the top 10% of net worth? Or do we need to broaden our horizons?” (p. 124)