WEALTH MANAGERS

SPONSORS
As a senior portfolio manager for The Private Client Reserve of U.S. Bank, Sam Somuri provides investment services to help clients work toward their goal of building and maintaining wealth. He uses his expertise to establish an integrated investment approach, offering asset allocation strategies and recommendations to help clients meet their goals based on their short- and long-term financial objectives, financial status and risk profile.

Somuri graduated from the University of California in Irvine, Calif., with a Bachelor of Arts degree. He holds the chartered financial analyst, chartered alternative investment analyst and certified financial planner designations. He also is involved in the community and serves on the board of directors for the CFA Society of Minnesota.

Keith Moeller is the estate and business planning specialist at Northwestern Mutual in Minneapolis. He has been featured in The Wall Street Journal and Forbes, and has appeared on the Minneapolis Fox television affiliate as a financial news correspondent. His business purpose is to help guide people through retirement, business succession, incapacity and estate planning. He focuses on his clients’ visions rather than tactics, clarifying their goals, rather than just selling products, and empowering them to make confident decisions. Advising clients since 1989, he brings a wealth of knowledge and real-life experience to individuals and families seeking guidance. He earned his Masters in Business at St. Cloud State University and carries the financial designations CPA, CFP, CLU, ChFC, CASL and CLTC.

Marya Robben practices in the areas of estate planning, estate and gift taxation, fiduciary representation, probate administration, trust formation and administration, and guardianship and conservatorship law. She was elected to The American College of Trust and Estate Counsel, a national organization of approximately 2,600 lawyers elected to membership by demonstrating the highest level of integrity, commitment to the profession, competence and experience as trust and estate counselors. Robben frequently writes and speaks on estate planning and probate matters; advanced planning matters, including dynasty trusts and intentionally defective grantor trusts; marital deduction planning; disclaimer planning; guardianship and conservatorship topics; business succession planning; and fiduciary duties to other professionals.

Jim Lamm is a third-generation Minnesota estate planning and tax attorney and a principal in Gray Plant Mooty’s trust, estate and charitable planning group. He helps families create and administer estates, protect against risks of liability and divorce, arrange for business ownership and management succession, accomplish charitable giving goals, pass on family values, and minimize taxes. He is a fellow in the American College of Trust and Estate Counsel and an adjunct associate professor teaching an estate planning seminar at the University of Minnesota Law School. Lamm is a regular speaker on estate planning and tax topics. He has been interviewed and quoted by The Wall Street Journal, The New York Times, Forbes, Kiplinger’s Retirement Report, InvestmentNews, Morningstar, The Associated Press, Reuters, The Washington Post, KSTP, KMSP, National Public Radio and more.

As a nearly 150-year-old firm, we work with individuals, families, and their professional advisors to accomplish their personal, financial, and philanthropic goals.

Our forte is finding our clients solutions.

For Information on future Table of Experts, please contact Kathy Robideau at 612-288-2134 or krobideau@bizjournals.com.
The Minneapolis/St. Paul Business Journal held a roundtable Feb. 3, featuring a trio of expert panelists to explore topics about the wealth management and planning landscape.

Sam Somuri, vice president and senior portfolio manager at Minneapolis-based U.S. Bancorp served as moderator of the discussion. Panelists included Marya Robben, an attorney at Lindquist & Vennum; Keith Moeller, estate and business planning adviser and wealth management adviser at Northwestern Mutual; and James Lamm, a third-generation estate planning and tax attorney and principal at Gray Plant Mooty.

Somuri: Let’s begin by talking about what is, and what’s not, wealth management. Keith, let’s start with you.

Moeller: “Wealth management” is a vague term. We include investment management as wealth management. We make a mistake by not broadening the conversation. I would say that it’s comprehensive planning that encompasses business, personal, risk, estate and legacy. The point being that there’s such a broad opportunity for individuals, and wealth management is about understanding those areas and helping clients address issues that perhaps they haven’t thought about, as well as establishing priorities.

Somuri: What does that look like in different stages of life?

Moeller: For millennials and Gen Xers, it’s usually about getting started with a disciplined savings program, protecting their earning ability and taking care of their families. For baby boomers, it’s more about whether they’re on track, do they have enough to create financial independence. For those who have that confidence, it’s about what kind of legacy they want to leave.

Somuri: James, how about you? How do you think planning is different for baby boomers than it was for their parents’ generation?

Lamm: What we’re starting to see is a real shift in the planning, both for their wealth management and their estate planning. We used to see people really focused on their own retirement and medical care, and leaving assets to the surviving spouse and children. But now with boomers and even some of the older Generation X members, we’re starting to see family members live longer. We’re seeing more volatile markets, and more difficulty in keeping a job or finding a new job. We’re starting to see more baby boomers helping their parents, their children, even their siblings financially. So, instead of planning for their own retirement and care, they’ve become a sandwich generation, and, because of that, their money needs to last longer. That’s changing the old tried-and-true models of retirement.

Somuri: Keith, we’ve heard about wealth management from an individual perspective, but what about business owners? What issues are they facing?

Moeller: Business owners have unique challenges and unique opportunities. For one thing, I have not met a business owner who is not in some way trying to accomplish personal goals. So, the problem is all the “whats” for the owner. Not as simple as saving X amount of dollars to meet their goals, but in some cases they have a whole village of employees they’re taking care of. They’re looking for ways to manage the impact of taxes and enhance progress toward retirement, while facing potential risks that could negatively impact the business – like an economic downturn or the loss of a key employee.

Recently, I asked clients who are business owners and also husband and wife: “If one of you can’t get up tomorrow morning, do you have a contingency plan?” And they just went white. That’s just a small glimpse of the challenges of what happens if there’s an event.

Robben: Also, too, we’ve been asking them: “What’s your vision for the company?” Imagine that you are 80 years old and that your company has been a wild success. What’s going to happen at that point? For some families, it’s an emotional conversation, and the idea of what comes next is difficult for them. But in general, being a business owner is such a powerful part of their story.

Moeller: True, and in a lot of cases, it might be 60 to 80 percent of their wealth, and the ability to maintain the lifestyle they’ve enjoyed is dependent on that. If they blow it in that transition, suddenly they don’t have the lifestyle they did before.

Lamm: When the business is that much of your net worth, the challenge on the estate planning side is what happens when you die. How do you take the value that’s really derived from somebody’s effort running the business and allocate that value equally to the children but maybe not allocate the control equally? That’s a difficult struggle. You could end up with your children being in conflict.

Robben: Right. It ends up being a conversation of the difference between ownership and management. When mom and dad ran the company, they were everything. When they leave, you may be splitting up the ownership piece from the management piece. That’s such a complete change that it leads to some interesting conversations.

Somuri: The area of wealth management can get very complex depending on the situation. Who do you think the key players need to be at the table to best serve the client?

Lamm: It’s about having a good team that communicates and collaborates. That means a financial adviser, tax adviser, life insurance agent, estate planning attorney, and possibly some other advisers, depending on the client’s needs. The important thing is collaboration, because everyone is looking at those needs from a different perspective. One may have a wealth-transfer focus and another may have an investment focus, for example. They all blend well when there’s communication with those different areas.

Moeller: That raises an important question in my mind, and it’s probably one of the biggest issues in wealth management today, as well as one of the biggest opportunities. A lot of clients I see have their advisers working in silos, so you’ve got the client in the center trying to be the CEO of their universe and having individual conversations with all these advisers and there’s no real leader of the team. All the horses are pulling in different directions. My encouragement to clients is to get everyone going in the same direction.

Robben: When people are willing to work together as a team, we can do so much more for them. You can start by talking...
Somuri: Let’s change gears a little and talk about estate planning, and a question that seems to be often misunderstood, and that is: What is probate? Is this something they have to try and avoid?

Robben: Probate is the legal process of transferring assets that the decedent had in his or her name alone at the time of death, that don’t transfer by some other means like a beneficiary designation. It’s a legal process, and it’s a court proceeding. In Minnesota, we’re fortunate that it can be an informal proceeding. But it’s a process of naming a person to collect your assets, pay your bills and distribute what is left according to your wishes. You don’t have to avoid it; sometimes it makes sense. This is another situation where it’s helpful to have a conversation with your team of advisers.

Somuri: Do people need to have an estate plan?

Lamm: I think they do. Taxes aren’t the only reason to develop an estate plan. You have a variety of reasons, like planning for potential incapacity. Who will make your medical decisions if you can’t? Maybe you want to create a trust for potential incapacity, to make your money last longer, or to protect your assets.

Robben: To pick up on that, I agree that estate planning is one important piece of a holistic plan. It does include a will, but that’s only one piece of it. If all you have is a will, it’s like going to your doctor and only getting your blood pressure checked. Obviously, that’s important, but it will be only one part of your health. There’s so much more to look at. It includes instructions about who will take guardianship of your minor children, who will be the executor of your estate, and how your assets will be distributed. These are tough things to think about, but they’re important.

Somuri: With so many aspects to wealth management and estate plans, retirement plans and other financial components in these plans, should there be some routine steps for evaluating these plans over time?

Moeller: There needs to be certain benchmarks and procedures. The most important that’s on purpose, the greater the possibility of success. I would say initially, rather than managing from what I call “the pebble in the shoe” approach, you should sit down with the people involved, whether it’s business owners or a married couple, and talk about what they really want, and why do they want it? What is the real goal to accomplish? From there, you agree on the agenda for the items to address. For me, it’s uncommon in the first year of taking on a new client to have seven or eight meetings before moving on to periodic check-ins. I think clients should expect at least an annual meeting to look at progress, what’s changed, review the decision makers, review the asset allocation. Maybe the portfolio needs to be adjusted or rebalanced. Then of course there’s the broader issue of how all their planning is working together.

Lamm: It’s common to meet on a regular basis with a tax adviser, and at least every two to three years you should talk to an estate planning adviser. If you change your situation, like retirement, divorce, marriage, the birth of a new child or starting a new business, you would want to go in and see how that changes any of your goals and your planning. Those are good trigger points to looking at your estate plan. And that includes a broader review, like is your house titled the right way? Are your beneficiaries named correctly? Is your life insurance designed the way you want it? It’s good to periodically check these things to make sure they match your goals.

Robben: We do often hear that people think they have certain planning components done, then we call up that advisor somehow the form never made it there or it’s out of date. Maybe you named your spouse as a beneficiary and then you got divorced, but didn’t change the beneficiary. So, if you passed away, that person would receive your assets. It’s astounding how often those beneficiaries don’t align with current goals. In general, you always want to be forward-looking with your estate plan. You can include plans that are short-term for what you need now, and mid-term for what might be 10 or 20 years out, and long-term could be for the next generation.

Somuri: What I often see with estate documents is they’ve done all the work, but they’ve failed to either sign the document or place the assets in trust. Are those common pitfalls, and how do we make sure people actually take it to the goal line?

Robben: Definitely. I’d say it’s important for everybody to know that documents don’t do anything until they’re signed. It’s great if you have them ready, but until they’re executed, they’re not doing anything for you. The asset funding, I think it’s the advisory team. Let us work together to help you. I love it when there’s a whole team in place to work on changing title of assets, putting a beneficiary in place. And it’s not just about getting a team in place, it’s about getting the right team in place.

Somuri: We’ve spent a fair amount of time talking about documents in hard-copy form. I want to switch gears since we’re in this electronic age. I think we need to address how we plan for digital access to our fiduciaries in the case of incapacity or death.

Lamm: That’s an important question right now, because more of our communications and records are digital. They’re on our computers or stored in the cloud. From an estate planning perspective, traditionally what we’d do is go to a person’s house, collect financial records, and watch the mail for bills, then we’d pay the bills and distribute the assets. Now we’re missing that paper trail. Subsequently, we’re facing obstacles in getting some of the information we need, because we have to figure out how to unlock smartphones and guess passwords, and some data is encrypted. Also, there are privacy laws and criminal laws, which have a chilling effect on fiduciaries, because even if I authorize my wife to log into my Facebook account, that’s still not allowed by Facebook. People should anticipate these challenges by making a list of any online accounts, passwords, and digital records that need to be accessed after your death, and update your estate planning documents to authorize fiduciary access to your digital records.

Somuri: As a way to close the discussion, let’s talk about what you feel is the biggest opportunity in wealth management and estate planning to help people be successful.

Moeller: I would go back to what I said earlier about the pebble in the shoe. From the client side and the adviser side, there is a great opportunity here for accountants, bankers, attorneys and portfolio managers to work together to create a bigger picture for the client. In our office, we talk about the “planning horizon,” which involves the client’s real value, their vision and dreams. They have to identify what’s important in their lives, and from there, that will impact all their long-term planning.

Lamm: I agree. There’s such an opportunity to create an engaged, collaborative team that has a wealth of collective experience. When you have that, you can come up with a plan that gives someone peace of mind. Really, we’re trying to make people’s lives easier, not add complexity for them. If we can smooth the process of estate planning or wealth management, then I consider that a job well done.

Robben: Definitely. I always say that my job is to try and help people sleep at night, and I honestly mean that. That’s the opportunity we’ve all been given: to explain these subjects in a way that makes clients feel comfortable and informed, and like they truly are working toward their goals.