

Seeking professional help

When do you need the services of a wealth manager?

By JAKUB LEWKOWICZ

When it comes to putting money in the right places, you may not necessarily be your best advocate.

While those who have hit rock-bottom need help paying the bills, those who have money often need a different type of financial help – wealth management services.

Wealth management is a general term that couples personal investment management with financial advice. Different situations require different types of services; while some investment services focus on helping you invest your cash – optimizing returns by separating good investments from the bad – others involve managing risk and preserving and transferring your wealth from one generation to the next. Some services even provide advice on charitable giving.

When seeking wealth management services, keep in mind that some providers require a minimum investment amount, such as \$250,000, according to Lou Desepoli, owner of Port Jefferson-based Desepoli Wealth Management, who added that in terms of minimizing risk and maximizing returns, the best strategies are at the million-dollar level.

Some companies, however, have relatively low minimum thresholds, such as \$100,000, and some do not have a minimum investment amount.

While wealth managers frequently serve high-net-worth people, they also give guidance to people from all walks of life. A client's age often dictates what type of service is needed.

WHILE WEALTH MANAGERS FREQUENTLY SERVE HIGH-NET-WORTH PEOPLE, THEY ALSO GIVE GUIDANCE TO PEOPLE FROM ALL WALKS OF LIFE.

"A 25-year-old who sold a dot-com company is worried about distribution strategies while those in retirement want to keep more of what they earned," said Craig Ferrantino, founder and president of Melville-based Craig James Financial Services.

Desepoli said the majority of investment services – about 80 percent or more – are related to retirement.

The United States had more than 76 million births from 1946 to 1964. Many baby boomers are currently retired or approaching retirement and are seeking knowhow to manage their assets.

Paul Schifter, president of the Financial Planning Association of Long Island, said



LOU DESEPOLI: Many wealth management providers require an investment minimum.

that about 10,000 baby boomers are turning 65 every day.

"Wealth is generally between the baby boomers and the World War II generation and also young people who are starting major dynamic companies," Schifter said.

"The focus on retirement planning is at an all-time high," Desepoli said. "[Individuals] need someone who can help them get to their retirement age."

However, wealth managers also deal with college planning and helping young families manage finances.

Often, people turn to a wealth manager if they are trying to juggle different assets in different places and worrying about investments and retirement strategies while trying to run a business at the same time.

Some specializations of wealth management have seen a significant increase in their numbers in recent decades. The number of certified financial planners has jumped from 30,000 in 1998 to 77,000 today, according to Schifter.

But despite high demand for wealth management services, there is a significant lack of young people entering the field to replace the experienced and aging wealth managers, according to Desepoli.

ence, making it difficult for newcomers to break into the field.

Wealth managers usually get paid through an asset-based fee – around 1 percent of the account, which is then divided quarterly. Therefore, their earnings depend on whether the account goes up or down, according to Schifter. Alternately, wealth

OFTEN, PEOPLE TURN TO A WEALTH MANAGER IF THEY ARE TRYING TO JUGGLE DIFFERENT ASSETS IN DIFFERENT PLACES AND WORRYING ABOUT INVESTMENTS AND RETIREMENT STRATEGIES WHILE TRYING TO RUN A BUSINESS.

managers may be paid for their time, or they may earn money from writing financial plans.

"If someone is coming out of college and looking for salary and growth in a position, it's difficult for them to start and earn a commission fee and survive," Schifter said, noting young people often have student loans to pay off.

Promoting student chapters and convincing students that it is a great field to work in, along with increased licensing, can be viable solutions, according to Schifter.

As wealth managers work with insurance, estate planning, asset management, taxation optimization and wills and trusts, they need strong analytical skills and a mathematical mind, complemented by a degree in finance or math.

■ JAKUB.LEWKOWICZ@LIBN.COM



Photo by Bob Giglione

CRAIG FERRANTINO: A client's age often dictates what type of wealth management services are needed.