



What Is Wealth Management?

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The term “wealth management” is thrown around plenty—at industry conferences, in the boardrooms of private client firms, in trade and mainstream articles and in front of clients. Still, most professionals are hard pressed to actually define the term with any degree of precision.

Wealth management is very straightforward. From the client’s perspective, wealth management is simply the science of solving and enhancing his or her financial situation. From the financial advisor’s perspective, wealth management is the ability of an advisor or advisory team to deliver a full range of financial services and products to an affluent client.

Theoretically, a wealth manager can provide every single financial product in existence. In reality, most wealth managers specialize in services and products they feel most comfortable with.

A further defining quality of wealth management is that it is delivered in a consultative, client-centered manner. A good wealth manager does not have preconceived ideas about what financial products or services are appropriate for an affluent client.

While it is common for a wealthy client to sit with a wealth manager to address a particular need (investment management, say), the consultative wealth manager’s overriding objective is to understand the client and find out what is important and why. Then the wealth manager is able to bring in the appropriate experts and provide the appropriate financial products.

In sum, wealth management is the consultative process of meeting the needs and wants of affluent clients by providing the appropriate financial products and services.

Wealth management entails coordinating a team of experts to address the needs and wants of affluent clients.

There’s considerable research showing the income advantages of financial advisors who are

wealth managers to those who are principally investment oriented. In general, a financial advisor transitioning to a wealth manager will see profits increase by 35 percent or more within a year. Hence, if a financial advisor's annual income were \$250,000 before becoming a wealth manager, his or her annual income will be \$337,500 within a year.

That said, not all financial advisors are good candidates for becoming successful wealth managers. Many financial advisors are doing quite well running money, for instance, and are not inclined by temperament or preference to be wealth managers. At the same time, it's important to realize that wealth management is not for all affluent clients. It's usually appropriate for wealthy clients with diverse needs and wants.

In doing wealth management with a client, you must develop an in-depth profile. Doing so can take a fair amount of time. In order to spend that time, it only makes business sense if the client is appropriately wealthy; otherwise, he or she may not benefit from a number of the financial services and products you're able to provide.

If you're focusing on the affluent, then being a wealth manager is a business model you very much need to consider.

<http://www.fa-mag.com/news/what-is-wealth-management-17946.html>