Investing wisely

How to choose a wealth management provider **Interviewed by Amy Dison**

In today's investment market, some people enjoy being aggressive with their personal assets and the risks they take. For some, these risks turn into excellent investment returns, but for others they become a lesson in managing money safely. Some of these same people are business owners responsible for their employees' investments, whether in pension or profit-sharing plans and, to a certain extent, 401(k) plans. Therefore, it is important for people to remember that investment objectives for personal and business investments are simply not the same, says Dan Crawford, senior vice president and managing director of NexTier Wealth Management.

"If you are a business owner developing a retirement plan for your employees, you should not take major risks with employees' money," says Crawford. Retirement plans are often less aggressive than personal investments because others have a stake in the outcome of the investment returns. It is also important to seek help from a professional provider when dealing with investments that affect employees, the future of your business and your personal future.

Smart Business spoke with Crawford about selecting a wealth management provider and the benefit of investing in a team of professionals.

Dan Crawford
Senior vice president, managing director
NexTier Wealth Management

Where can business owners find qualified providers, and what information must owners have prepared?

To find qualified providers, it is important to ask friends and other successful business owners for referrals. Ask around, find out what is working for them, and why.

The company's accounting firm should be able to educate the business owner about the advantages and disadvantages of numerous retirement plans available, the right time to start investing, how much money the company can afford to invest, and tax implications. Before meeting with a provider, a business owner should understand the types of benefit plans and the purpose of their retirement plan.

Owners realize that the success of their business is because of their employees, so they may choose retirement plans that give back to their employees.

How can using an investment provider benefit the future of a company?

Once a company decides to offer an employee benefit plan, a wealth management provider should design the best plan. Providers should give clients unbiased investment advice and offer an open architecture investment platform and best-of-breed investment approach. It is important for a provider to search the entire realm of investment opportunities to find investments that will best serve the needs of both the business and its employees.

The level of professional experience is important to evaluate. One should ensure that a provider's book of business contains benefit plans similar to yours. Providers should be experienced in working with like-size businesses, since retirement plans have specific compliance and regulatory issues. A provider should be familiar with the regulations with which your company must abide.

Also important are a firm's investment philosophy, its process, and how it delivers its services. It is also important to review the performance track record of the products in which your company will be investing.

Finally, price should be fully disclosed. It is recommended to find a provider who charges an asset-under-management fee. This fee arrangement aligns the provider's interest with the business owner and eliminates a potential conflict of interest with the provider.

What are important characteristics to look for in a wealth adviser?

Business owners need someone they can trust who will look out for their best interest. There should be a sense of personal integrity from the provider, who must work for the business owner, not the provider's firm. There should be active listening in order to design a retirement plan to help businesses reach their goals.

Providers should not make promises on which they cannot. They should engage additional experts when they are not familiar with a specific application or product in which you are interested.

There is a risk in choosing a sole provider. A team of providers can help a company with individual levels of expertise and knowledge to help the overall plan. A team also helps prevent disruption if there is turnover with your provider, since each member is familiar with the relationship.

A larger organization provides the client with a higher level of stability and comfort. If the sole provider with whom you are working commits fraud, it may be difficult to recoup your losses. Conversely, the larger organization is there to protect and represent you should illegal activities and losses occur.

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