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Is the multiple advisor model costing you?

MICHAEL S. SCHWARTZ, CFP®, AEP®

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ach week I meet with an array of prospective clients who disclose that they have more than one active financial advisor. They might have one investment account managed at a broker-dealer and one or more elsewhere overseen by other advisors. So, I'll often ask, "What are you trying to accomplish by having more than one advisor?" The common and expected response revolves around "diversification." Mind you, they are also meeting with me to discuss yet another advisory relationship. I have found that this reasoning is deeply rooted: Investors may be reluctant to terminate an existing advisory relationship. They may have a short-term desire to validate or compare advisors. They may receive new and perhaps better advice, eschewing that of their current advisors; or they may simply fear losing everything.

Advisor diversification is quite common among high net worth investors. But more times than not, the strategy is flawed, counterproductive and outright detrimental.

Are your advisors' responsibilities, strategies and recommendations integrated? The risk exists that each advisor is operating in a vacuum with little to no cross communication. This could result in improper diversification, a sub-optimal risk profile, holdings that neutralize one another or gaps in the overall financial plan. Ultimately, these factors may lead to undesirable results.

Are tax considerations being coordinated across advisors and accounts? Tax considerations mainly revolve around visibility. The risk comes if all holdings are not clearly known, visible and accessible. This results in a higher incidence of tax-related mistakes and may result in overpayment or unnecessary taxes. Tax leakage, which suppresses the amount of money compounding on your balance sheet, directly impacts performance. Not only does it result in lost opportunity cost, but it limits an advisor's ability to offset gains via tax loss harvesting.

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Are you getting the best pricing? When your assets are not aggregated, you lose scale. You are afforded better pricing proportionate to the amount of assets you have invested. Consolidation of accounts can save you thousands of dollars a year in reduced advisory fees.

Who is at the helm? My clients are busy professionals with demanding responsibilities at work and at home. They rely on me and my team to engineer their financial plans and manage all the moving parts. I am responsible to call out and execute the plays

and help them put points on the board, all while avoiding costly turnovers.

Our relationship allows them to remain in the "owner's box" rather than on the field. In the multiple advisor model, the client ends up quarterbacking all those relationships. Time is one of, if not the most valuable, commodities you have. If you are managing multiple advisors, you are taking precious time away from your family or business.

Having one advisor is the simplest, most efficient model. There is no compelling need to diversify advisors if your preferred advisor is trustworthy, employs an integrated financial-planning model, uses a reputable third-party custodian and has an open-architecture investment platform with low-cost funds and ETFs from reputable issuers.

More than anything, be certain the advisor you select represents your interests clearly as a fiduciary. ●

Michael Schwartz was a partner of Pioneer Financial at Northwestern Mutual Park Avenue at the time of this publication. Since September 15, 2017, Michael Schwartz has served as the CEO of Magnus Financial Group LLC, an SEC registered investment adviser that maintains a principal place of business in New York, NY. Magnus Financial Group provides personalized services to a diverse range of clients including existing and emerging high net worth individuals, families and closely held businesses. The firm utilizes offensive and defensive financial planning approaches, encompassing asset management, risk management, tax planning, retirement income distribution and estate preservation planning. Michael Schwartz was named by the Financial Times to the Top 400 Financial Adviser List in 2017.

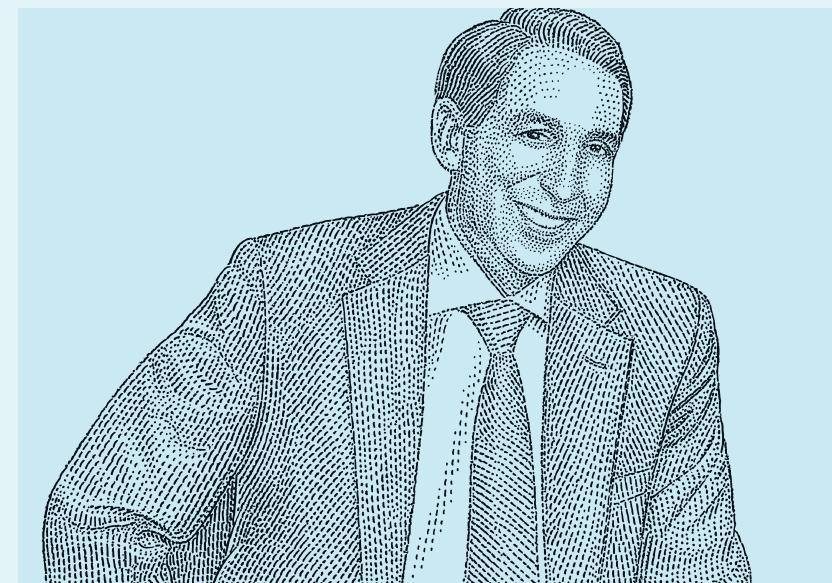
ABOUT MICHAEL S. SCHWARTZ

MICHAEL SCHWARTZ'S UNIQUE SKILL SET HAS MADE HIM RECOGNIZED NATIONALLY

AS A PREMIER WEALTH MANAGEMENT ADVISOR. Michael helps high net worth clients achieve their goals and objectives related to wealth accumulation, protection and distribution by applying a blend of knowledge, experience and skill. He began his career in finance over 19 years ago and has met with thousands of clients since then. Since September 15, 2017, Michael has served as Chief Executive Officer and Wealth Management Advisor of Magnus Financial Group LLC based in New York, NY.

Michael earned his Bachelor of Science in Economics along with a minor in English while attending Fairfield University. While there, he was a student-athlete playing Varsity Baseball all four years and competing at a NCAA Division I Level. His commitment to higher learning has allowed him to not only differentiate himself from his peers but significantly advance his competency, knowledge and skill set. He holds the CERTIFIED FINANCIAL PLANNER™ professional certification, the ACCREDITED ESTATE PLANNER™ designation, his Life/Health Insurance licensing and previously maintained securities Series 6, 7, 63, 66 registrations.

Prior to founding Magnus Financial Group, Michael was a partner and wealth management advisor at Pioneer Financial which was affiliated with the Northwestern Mutual Wealth Management Company. While there, he achieved various professional honors, and was recognized for his consistent top-level performance. In 2017, Michael was named to the Top 400 Financial Adviser List by Financial Times. In 2016, Michael became one of two exclusive financial planners to the National Football League (NFL) Alumni Association and its growing members of current



athletes, former players, coaches and employees. In 2014, Michael was the youngest advisor in Northwestern Mutual's 150+ year history to achieve the "Double-Million" Club where he originated over \$1M in insurance premium and \$1M in investment production in a single year. Michael repeated the "Double-Million" in both 2015 and 2016. Michael was highly sought after to speak at company forums sharing his experience on building and sustaining a comprehensive financial security practice.

In 2014, Michael was recognized by America's PremierExperts as a Wealth Management Advisor. As such, he was featured in the March issue of Forbes Magazine discussing the concept of "Systemic Saving" and its effect on financial security. His recent accomplishments have been displayed online by Bloomberg Businessweek, Fortune, Money, Reuters, Seeking Alpha, The Wall Street Journal's—Market Watch, The Street, Yahoo Finance, and Worth. Michael's constitution is exemplified by a recent personal milestone: competing in and completing an IRONMAN 70.3® event.

Michael has a passion for charities focused on children, veterans and athletics. He is a current board member of Positive Coaching Alliance (PCA)—New York Chapter. The PCA develops "better athletes, better people" through resources for youth and high school sports coaches, parents, administrators and student-athletes. PCA has partnered with roughly 3,500 schools and youth sports organizations nationwide to deliver live group workshops, online courses and books by PCA Founder Jim Thompson that help those involved in youth and high school sports create a positive, character-building youth sports culture. Michael has recently donated to various public charities including: Alex's Lemonade Stand Foundation, Autism Speaks, Challenged Athletes Foundation (CAF), Intrepid Fallen Heroes, Michael J. Fox Foundation, National MS Foundation, Pan-Mass Challenge, Save the Children U.S., The Life Raft Group, and the St. Baldrick's Foundation. ●



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