

Advisers go it alone on personal finances

Despite the risk of missing a mistake, many opt not to hire an outsider for a second opinion

By **Lisa Shidler**
February 7, 2010

Like many financial advisers, Rick Kahler struggled for years over whether to hire a peer to review his personal financial plan.

In 2000, he decided to get an outsider's opinion, and the adviser he chose immediately showed her worth by discovering that he had named the wrong beneficiary in his life insurance trust.

"It's not that I don't have the competence to do my own planning, but it's hard to do," said Mr. Kahler, whose firm, Kahler Financial Group, manages \$100 million in assets. "There's a lot of resistance from planners to pick up the phone and call another planner; it was a hard call for me to make."

Mr. Kahler's story illustrates an all-too-common problem in the financial planning business. Although advisers continue to push to be recognized as professionals like, say, doctors or lawyers, who often turn to peers with their own medical or legal issues, most representatives believe they can manage their personal finances by themselves.

Advisers say that they are reluctant to hire another planner for their personal finances, because they think that they do a better job than anyone else. They also think that it is important to "eat their own cooking" to show clients that they believe in their own investment style.



Rick Kahler: Made a tough call — and found a potentially costly error.

"My belief is, if I can't manage my own affairs, why would a client have any confidence in me managing theirs?" said Bob Kargenian, president of TABR Capital Management LLC, which manages \$160 million in assets.

Practice-management experts, however, said that advisers could avoid serious problems in their own finances by swallowing their pride and asking for help.

For starters, advisers, like most professionals, need another opinion, said Todd P. Clarke, president of CLS Investments LLC, a money management firm that manages more than \$4 billion in assets.

"I get some strange looks when I talk to advisers about hiring an

InvestmentNews Reprints



This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Reprints tool or the Reprints link at the top or bottom of any article, respectively.

- [View reprint options](#)
- [Order a reprint article now](#)

adviser," he said.

"Rarely does a trial attorney take on his own case. I think it helps to have an objective point of view," Mr. Clarke said.

One of the major pitfalls for advisers overseeing their own plans is that their personal finances tend to take a back seat to their clients' needs.

"How do you not neglect your own stuff?" asked David Blain, president and chief investment officer at D.L. Blain & Co. LLC, which manages about \$50 million in assets. He has four children and said that he hasn't updated his will since his first child was born.

"I'm a little behind," Mr. Blain said.

An outside adviser can also offer insight and perspective without emotion, said Brian Propes, Cambridge Investment Research Inc.'s vice president of practice management.

"An adviser needs to be willing to reach out and take an opinion from another adviser, and apply the client model to himself to reach a conclusion," he said.

Indeed, advisers who manage their own finances admit that it is hard to apply the same objective criteria they use with clients to their own portfolios.



Laura Mattia: Was as nervous as her clients during the downturn.

Laura Mattia, an adviser with Baron Financial Group LLC, which manages \$120 million in assets, said that she was just as nervous as her clients during the market downturn. If she had had full control of her assets, she might have been tempted to make an impulsive decision, she said.

Instead, one of Ms. Mattia's business partners manages her money.

"If I didn't have someone else and was doing it on my own, I don't know if I could have had the stomach to stay in the market when things were down," she said.

Scott Hanson, a certified financial planner with Hanson McClain Advisors Inc., which manages about \$1 billion in assets, said one way to get outside advice is for advisers to manage their investments but to hire an adviser to oversee their financial plan.

In his 17 years in the business, he has met only one adviser who used another adviser, he said.

"I think most financial advisers are horrible with their own finances," said Mr. Hanson, who admits to handling his own.

"Most advisers don't save enough," he added. "They need a plan just like they tell their clients to have a plan. If they're not doing that, they need someone to give them a good kick in the pants, and sometimes a good financial adviser is the best person to do it."

Of course, advisers who go it alone argue that they save money and that by controlling their own assets, they feel more connected with their clients through experiencing the same ups and downs.

"If there's a particular investment that I feel is good for someone else, I usually own that as well," said Clyde Wyatt, managing director of Navigation Financial Group, which manages about \$900 million in assets. "I eat my own cooking and cook what I'm serving to others."

E-mail Lisa Shidler at lishidler@investmentnews.com.

Reproductions and distribution of the above news story are strictly prohibited. To order reprints and/or request permission to use the article in full or partial format please contact our Reprint Sales Manager at (732) 723-0569.

ARE YOU READY FOR A B/D THAT KNOWS YOUR NAME?



COMMONWEALTH *financial net*
commonwealth

[About Us](#) | [Contact Us](#) | [Search](#) | [Editorial Calendar](#) | [Advertise](#)

Subscriber Services: [Subscribe](#) | [Renew](#) | [Subscription Status](#) | [Pay an Invoice](#) | [Change Mail Address](#)

[Reprints](#) | [List Rental](#) | [Issue Index](#) | [Privacy Policy](#) | [Terms & Conditions](#)

Crain Financial Group: [Pensions & Investments](#) | [FinancialWeek](#) | [Workforce Management](#) Copyright © 2010 Crain Communications Inc.

Use of editorial content without permission is strictly prohibited. All rights reserved. 711 Third Ave., 3rd Floor, New York, NY 10017