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THE WOMEN'S ISSUE

Meet *InvestmentNews'* 2023 Women to Watch

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Rita Robbins, the Alexandra Armstrong Lifetime Achievement Award recipient

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CHECK IT OUT ONLINE

Editorial

Biden perpetuates advisor tropes, but end goal is valiant

Describing a few bad apples with such zeal, while evocative, risks tarring the whole industry with the same brush to the general public.

President Biden rarely talks about financial advisors directly. By our count, recent presidents have done so on average once a decade. So when financial advice is the sole reason he's on the podium, we naturally devour every word.

Last week, Biden introduced a Department of Labor rule proposal that would require more advisors to act as fiduciaries and mitigate conflicts of interest when making retirement savings recommendations. He took aim at "junk fees" and "self-serving" advisors who put their interests ahead of their clients' best interest.

"Most" advisors, he said, provide an honest service at a fair price, but Biden spent the vast majority of his address lambasting "unscrupulous" professionals who are "scamming" families out of hard-earned money. This kind of "financial fraud," he added, not only affects people's retirement but infringes on the American dream.

Well, yes, bad financial advice, given with the advisor's wallet in mind rather than the client's returns, is abhorrent and should be stamped out. But describing a few bad apples with such zeal, while evocative, risks tarring the whole industry with the same brush to the general public. Before you know it the words "financial advice" become shorthand for Bernie Madoff. For the good of the retirement saver, these conflicts must be rooted out, but the president's words buried the stellar work of a multitude of client-caring advisors.

Biden's comments also buried the nuances of what the DOL is trying to do, which was comprehensively detailed in a series of press releases from the White House, a fact sheet from EBSA and the 277-page proposed rule. *IN* writers Mark Schoeff Jr. and Emile Hallez have reported with aplomb on how the DOL wants to alter the definition of fiduciary by amending a 1975 rule that established a five-part test to determine whether advice triggered fiduciary duty to a client.

Specifically, the new proposal targets the "regular basis" aspect of that test, changing that requirement to include one-time advice provided by those who regularly make investment recommendations in the course of their business. This would then apply to recommendations to roll 401(k) funds into IRAs, an element that was heavily contested in the ultimate version proposed by the Obama administration, and annuities.

Even for most advisors who already work to a fiduciary standard, the rule will present some challenges, but for brokers and insurance professionals who claim Regulation Best Interest, the Securities and Exchange Commission's broker standard, is sufficient, it could change their regulatory lives.

Ultimately, tightening up the standards for recommendations related to 401(k)s will only help the retirement saver feel more confident about getting conflict-free advice. That's a good thing and should be applauded – but maybe with a little less "underhand" advisor grandstanding from our president.

Comments? Questions? Send your thoughts to james.burton@keymedia.com.

EMERGENCY FUNDS FALTER

A report reveals 81% of Americans have not added anything to their emergency savings this year. The reasons cited include:

57%
said inflation was a hindrance.

38%
said they had too many expenses to be able to save.

21%
said they had too much debt.

18%
cited a change in income or employment.

8%
admitted to having splurged too much on leisure and other discretionary expenses.

Source: Bankrate.com survey, Oct. 25

ANNUITY SALES ON THE RISE

Led by record demand for registered index-linked annuities, total third-quarter annuity sales surged. "Equity markets rebounding in 2023 combined with a strong increase in interest rates have allowed insurance companies to add additional value in their annuity offerings," said Todd Giesing of Limra Annuity Research. "Limra expects 2023 sales will surpass the record sales set in 2022."

11%
Increase in third-quarter annuity sales year over year

$89.4 billion
Total third-quarter sales

19%
Increase in third-quarter RILA sales to a total of $12.6 billion, a new record

$34.4 billion
RILA sales for first nine months of the year

$270.6 billion
Total annuity sales for first nine months of the year, up 21% year over year

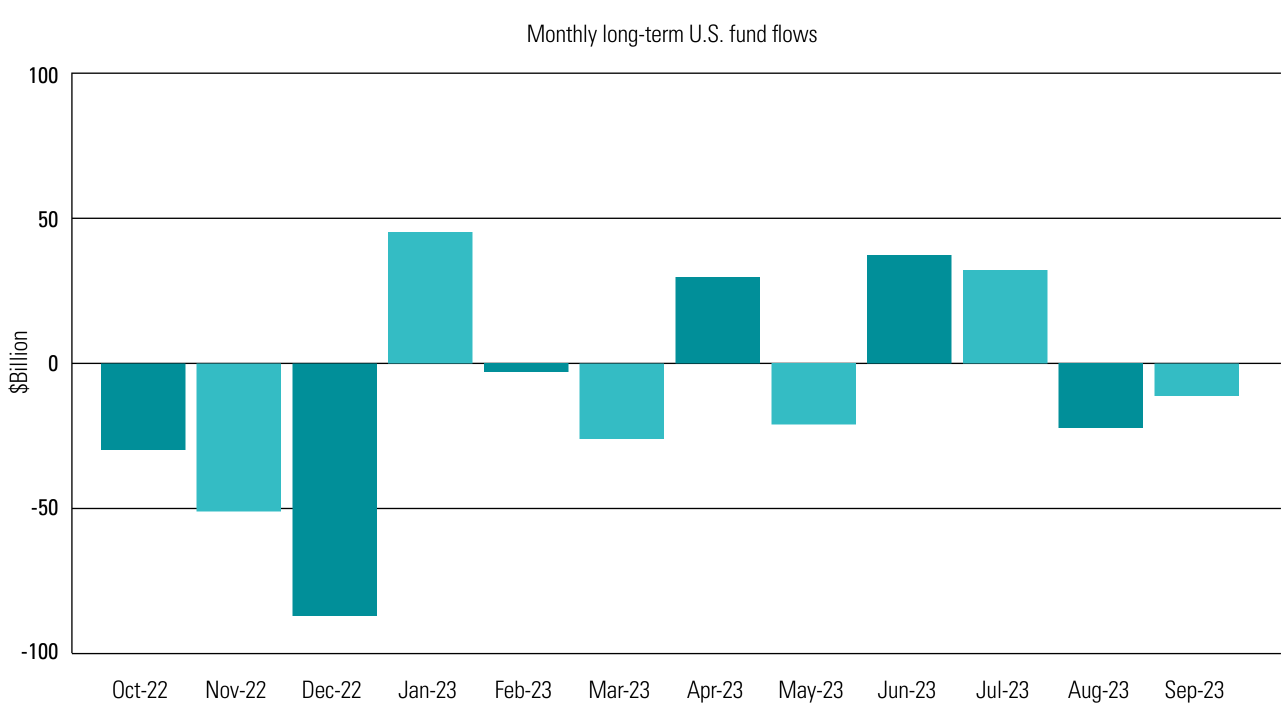
Source: Limra's U.S. Individual Annuity Sales Survey, Oct. 25

WHICH INVESTMENT PRODUCTS ARE GROWING?

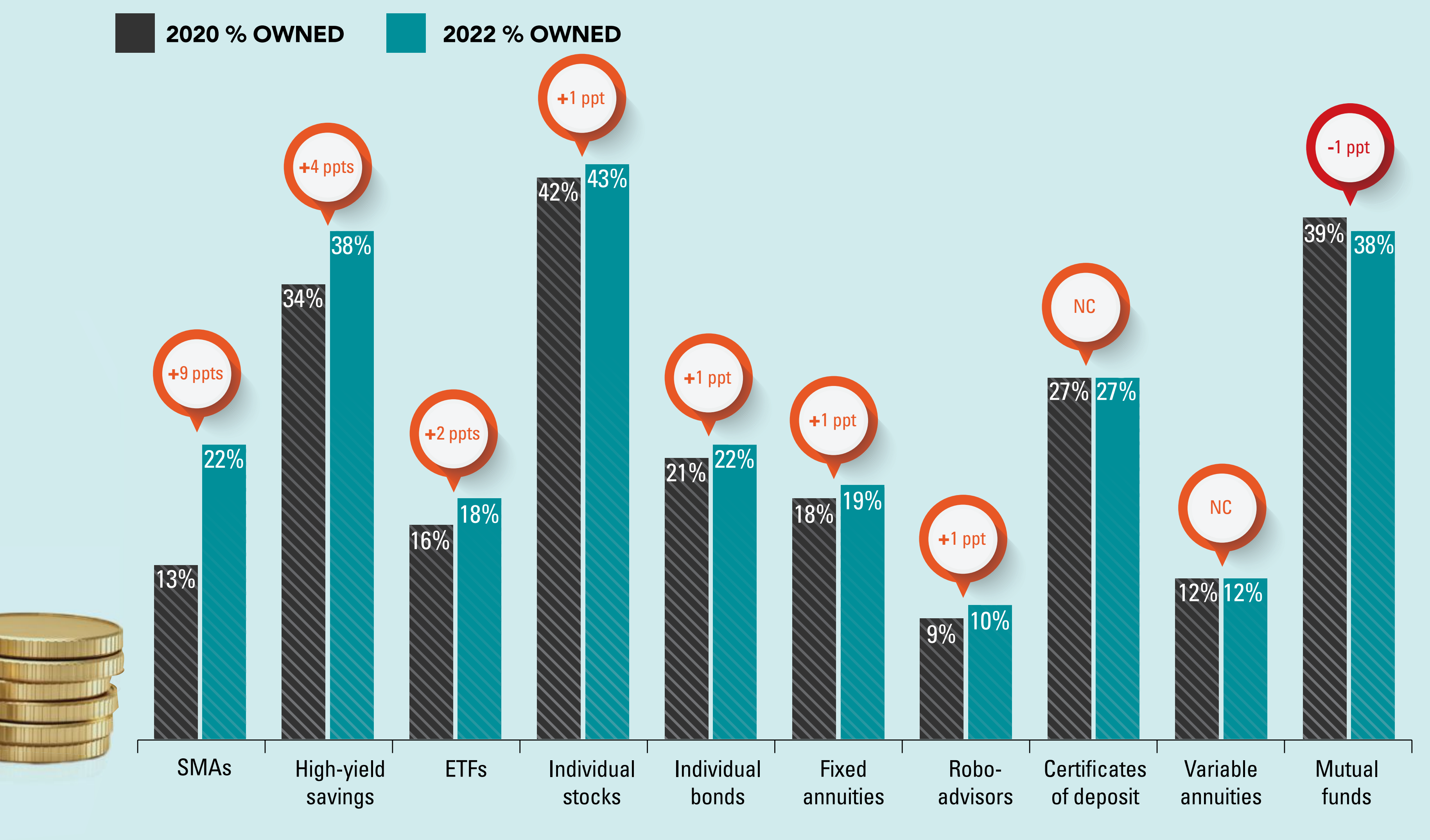
Separately managed accounts have achieved more growth than other investment product types in the past two years, while mutual funds are stagnant, according to a survey of U.S. households by Hearts & Wallets.

SUBPAR FLOWS

U.S. mutual funds and ETFs gave back $12 billion in September, the fifth month of outflows so far in 2023.



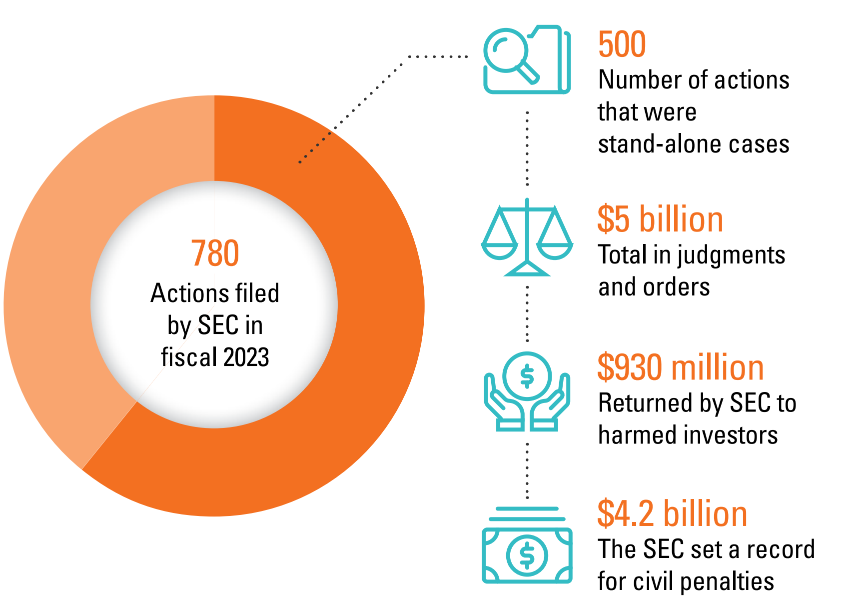
Source: Morningstar



Source: Hearts & Wallets survey of 5,993 participants, conducted from Aug. 15 to Sept. 15, 2022

SEC STEPS UP ENFORCEMENT

The Securities and Exchange Commission stepped up the number of enforcement actions it took in its most recent fiscal year, SEC Chair Gary Gensler said in a speech on Oct. 25. The agency filed more than 780 actions in fiscal 2023, 20 more than in fiscal 2022, while the total amount of money the agency collected from offenders fell.



Source: Securities and Exchange Commission

WHAT WILL AI DO TO QUANTS?

The financial world's computer-loving crowd is preparing for the dawn of a new AI-powered era — but that doesn't mean they're ready to fully embrace the technology just yet.

62%
said artificial intelligence is going to be just as important as traditional analysis in a decade's time.

13%
reckoned it will be even more significant.

9%
use AI extensively.

38%
use it to a limited extent.

53%
said they don't use it for the moment.

Source: Invesco survey of systematic investors with $22.5 trillion under management

NewsAnalysis

DESPITE ISSUES WITH SCHWAB, RIAs FROM TD STAY PUT

Some advisors don't like the number of master accounts at Schwab, the phone support or the technology. They're exploring other custodians but don't want to repaper.

BY EMILE HALLEZ

Charles Schwab's much-anticipated transition in September for independent advisors from TD Ameritrade's custodial system reportedly went off without a hitch — but not everyone is happy with the change.

It's been two months since the big move to Schwab Advisor Services — involving 3.6 million accounts among about 7,000 RIAs — and while the process itself has been praised as smooth, some advisors are taking issue with the house in which they're now living.

The list of complaints ranges from minor quirks, such as having to deal with numerous master accounts in Schwab's system, to more serious ones, including an accusation that the firm is trying to muscle in on their relationship with clients.

That's driven some advisors to start adding custodians, particularly for new clients, often those who are younger and more technology-fluent. But none of the advisors who spoke with *InvestmentNews* indicated plans to leave Schwab altogether, in part because the idea of repapering is too much to bear.

VICTORY LAP

In its quarterly earnings call in mid-October, Schwab executives paraded the Labor Day weekend migration of RIA accounts, citing low attrition rates ahead of that and few customer complaints since.

"Even the most negative observers have acknowledged the skill and attention to detail that is going into our integration efforts. And clients are responding," CEO Walt Bettinger said. "Former Ameritrade retail clients are awarding us levels of loyalty and retention that are far better than we anticipated when we announced the acquisition back in 2019. Similarly, attrition from former TD RIA custodial clients is also below our estimates."

The firm has switched over three of the five groups it is moving from TD Ameritrade's systems to its own, with the most recent being RIA clients. The two groups yet to be moved include some of its retail customers and active traders.

During the massive RIA move, customer service calls were answered within a minute, and complaints since the move have been low, Bettinger said.

"We are averaging 45 complaints for [every] 1 million converted accounts," he said, comparing that with 200 complaints per million accounts during the early 2021 meme stock craze.

"My plan going forward is to have Schwab as my default but to continue to send certain clients to Betterment."

JOHN BIEBEL, CHIEF CLIENT OFFICER, RIDLEY COVE FINANCIAL ADVISORS

But, he said, "clearly there was an adjustment period for some our clients as they familiarized themselves with new processes, new websites, new mobile apps."

Leading up to the RIA account switch, there had been an airing of grievances on Twitter, but it's unclear how widespread the discontent with the departure from TD was.

EXPLORING OPTIONS

John Biebel, chief client officer at Ridley Cove Financial Advisors, said the transition itself was smooth and that he's grateful Schwab will retain TD's iRebal portfolio management technology.

However, leading up to the transition, he and firm clients experienced frustration with Schwab's communications, including complex letters for 401(k) account holders asking them for restatement — letters that he didn't receive, he said. Many of those clients had opted for electronic communication at TD.

"I can't even imagine how many trees were decimated for that," Biebel said.

The 401(k) restatement letters "were so ridiculously complex that none of my clients would ever consider doing them themselves. They forwarded them to me," he said.

Although Biebel "wanted to be a one-custodian shop," he has started using Betterment, Equity Advisor Solutions, Altruist and Fidelity for some accounts, he said.

Much of the reason is that opening accounts is simple, particularly if clients are comfortable doing everything online, he said.

"My plan going forward is to have Schwab as my default but to continue to send certain clients to Betterment and continue to learn how to use the system, and also be very open to looking at other custodial platforms," he said.

"Repapering is a pain," Biebel said, but the biggest issue for him is the ease of onboarding. Currently, he contracts account openings at Schwab, as he did with TD, to a service team that helps clients with Docusign and paperwork being kicked back, which can result in long phone calls and time on hold, he noted. "Once the clients' money hits the account, Betterment invests in my models. I don't have to do anything. It's done."

Another advisor, who didn't want to be identified because of his working relationship with Schwab, said he has moved "a sizable chunk" of accounts to Betterment for the same reason.

"Betterment has a completely streamlined account opening and transfer process," he said. That has resulted in fewer requests being kicked back for documents not being in good order. "It's cut down on our time to onboard clients."

One thing that advisor's firm is getting used to is

Repapering "is so much paperwork … I did it once. It was horrible, and it took months to do."

CHUCK ROSEN, CEO, CPR FINANCIAL

the number of master accounts at Schwab.

"We're a small firm and we have six master accounts," he said. "It's just a different way of doing things."

Schwab's decision not to use TD's Veo One system was also disappointing, he said.

However, the advisor, despite being pessimistic ahead of the account migration, which he thought "was going to be a nightmare," conceded that "it actually went pretty smoothly."

Additionally, some clients simply like Schwab for the sake of name recognition, he said. "I think you're going to see that more and more in the RIA space, where you have your preferred custodian for this and your preferred custodian for that."

COZYING UP TO CLIENTS

Another advisor who wished to remain anonymous said he was upset about Schwab's service line for RIA clients including a message that tells people where to go to open a retail brokerage account. With TD, advisors could be involved in helping clients resolve tech issues with their accounts, but that seems to be less the case with Schwab, he said.

"Schwab is not treating advisors right, in my opinion … They feel these clients are their clients," he said. "They're clearly trying to undermine the relationship between clients and advisors."

He is not planning to switch custodians yet but is interested in Altruist for the future, the advisor said.

SCHWAB'S RESPONSE

In a statement provided by a public relations firm, Schwab stated that the TD migration has necessitated that advisors' clients set up credentials with Schwab Alliance, and it has provided tech support to do so.

The Alliance system "is intended to reinforce the relationship between clients and their advisors, and customization includes individual firm branding" in addition to providing on-demand access to accounts, according to the statement.

"We have seen high levels of adoption of our single-workflow, multi-account, 100% digital account onboarding," read a statement from the PR firm attributed to Jalina Kerr, managing director of strategy integration and client experience at Schwab Advisor Services. "That said, transitioning to something new is challenging and we are working through an expected period of adjustment and actively seeking advisor feedback to shape immediate priorities … Our key priority right now is to support advisors who are adjusting and to resolve any issues quickly."

SCHWAB-TD TIMELINE

Nov. 25, 2019
Schwab announces $26 billion all-stock deal to acquire TD Ameritrade Holding Corp.

Oct. 6, 2020
Schwab closes on its acquisition of TD Ameritrade.

Oct. 26, 2020
Schwab announces plans to lay off 1,000 people, or 3% of the combined companies' workforce.

Aug. 9, 2023
Schwab discloses that a small proportion of client data may have been compromised in a hack of MOVEit software used by TD Ameritrade.

Aug. 14, 2023
Schwab reports lower net inflows as some advisors who had been on TD Ameritrade's custodial system depart.

Aug. 21, 2023
In a regulatory filing, Schwab indicates plans to cut $500 million in annual costs through layoffs and office closures.

Aug. 25, 2023
Plaintiffs file a proposed class action lawsuit against Schwab over the MOVEit data breach.

Sept. 4, 2023
Schwab migrates 3.6 million accounts across 7,000 independent financial advisors formerly with TD to its custodial system.

HAPPY SO FAR

One advisor, Chuck Rosen, CEO of CPR Financial, noted that although the switch from TD to Schwab was a long process — given that the acquisition was announced in 2019 — the event itself was seamless, and that Schwab's phone support is significantly better than was TD's. It was also helpful that Schwab made substantial efforts to train advisors on its systems ahead of time, he said.

While a downside has been the fact that his RIA, which has 600 accounts with Schwab, has 13 different master accounts, the lack of repapering "helped Schwab make their transition very sticky for those of us who were with TD."

Repapering "is so much paperwork," Rosen said. "And I know because I did it once. It was horrible, and it took months to do."

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NewsAnalysis

OSAIC BOOSTS CASH FLOW IN FIRST HALF OF 2023: FITCH

The improvement demonstrates that the giant broker-dealer network, which many believe will seek to go public in the next few years, is moving its cash flow in the right direction.

BY BRUCE KELLY

The broker-dealer network Osaic Holdings Inc. boosted an all-important profitability measure over the first half of the year by almost one-third, according to a recent analysis of the privately held firm.

Osaic posted an EBITDA – earnings before interest, taxes, depreciation and amortization – margin of 14.6% as of midyear on a trailing 12-month basis, which compares to its average EBITDA margin of 11% from 2019 to 2022, according to Fitch Ratings.

The substantial boost in Osaic's EBITDA, a key cash flow metric for measuring the valuations of registered investment advisors and broker-dealers, comes as the brokerage industry in general is benefiting from higher interest rates.

Since January 2022, the fed funds rate has risen from essentially zero to 5%. This means broker-dealers are profiting from cash held in client accounts, margin loans used to buy more securities and banking activity in general.

"Osaic's net interest income – NII – on cash balances held in sweep accounts improved year-over-year due to the higher rate environment, which has partially offset lower commission-based revenues and revenues linked to market performance," according to the Fitch report from October.

Fitch Ratings affirmed Osaic Holdings Inc.'s long-term issuer default rating for the company's debt at B, or "highly speculative." Such a rating indicates that a company's "financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment," according to Fitch.

Perhaps more importantly, the rising EBITDA margin demonstrates that Osaic, which many in the market believe will seek to go public in the next few years, is moving its cash flow in the right direction. In the wake of the financial crisis, broker-dealers like those that comprise Osaic were stuck generating single-digit returns as the Fed cut interest rates to zero and technology costs soared.

"I think that Osaic really recognizes that it takes a lot of capital deployed properly to support financial advisors and their success," said Rita Robbins, founder and president of Affiliated Advisors, which is registered with Osaic. "Osaic is putting resources where advisors can grow. It's had a great recruiting year and hired the right people. Management understands the market and what they need to succeed."

"I think that Osaic really recognizes that it takes a lot of capital deployed properly to support financial advisors and their success."

RITA ROBBINS, PRESIDENT, AFFILIATED ADVISORS

"The [Fitch] report confirms our continued success in utilizing our scale and financial strength to reinvest in resources that support the growth of our financial advisors' businesses and bolster our leadership position in the wealth management space," Jon Frojen, Osaic's chief financial officer, wrote in an email. "We are confident that our decision to come together under the Osaic brand will further enhance the long-term financial stability and growth potential of our company."

Osaic, formerly Advisor Group, is currently under the control of a private equity group, Reverence Capital. Osaic is a giant network of 11,000 brokers and financial advisors, with $500 billion in client assets. Its eight distinct firms are now operating under one brand and service platform.

In May, Fitch Ratings bumped up its rating on the

debt of Osaic – then Advisor Group Holdings Inc. – to B from B-, saying the firm's outlook was stable. A year earlier, Fitch had called the debt for the holding company of the giant broker-dealer network "highly speculative," a rating commonly referred to as junk.

"Fitch expects Osaic's EBITDA margin, adjusted for non-recurring and non-cash expenses, to gradually improve, supported by larger operating scale, a growing proportion of higher fee-generating assets on the proprietary advisory platform and further cost optimization," according to the ratings agency.

The stable rating on Osaic's debt is an indication of the network's "improving market position as one of the largest independent financial advisors in the U.S.; cash-generative business model; relatively flexible cost base, which should help cushion revenue declines in downward market environments; high advisor retention rates; and continued organic expansion that, over time, should lead to improved leverage and interest coverage metrics," Fitch said.

On the downside, Fitch took aim at Osaic's "still elevated leverage levels; weak interest coverage metrics; a relatively low, albeit improving, EBITDA margin; and the highly competitive environment associated with the independent broker-dealer and registered investment advisor, or hybrid RIA, business model."

Fitch also stated that Osaic's ratings are also constrained "by its private equity ownership, which introduces a degree of uncertainty over the company's future financial policies and the potential for more opportunistic growth strategies."

Fitch expects Osaic to continue to consider debt-funded acquisitions, which could yield periodic upticks in leverage, according to the ratings agency.

Osaic has been quiet this year on the broker-dealer mergers and acquisitions front after an extremely busy 2022, when it acquired American Portfolios Financial Services Inc. and Infinex Investments Inc.

Meanwhile, the company also announced changes in October to the pricing structure on its wealth management platform, switching to a flat fee for financial advisors with more than $50 million in assets. For advisors with more than $500 million in advisory assets, the fee will be zero basis points.

OSAIC HOLDINGS INC.

Outlook

Fitch Ratings: Long-term issuer default rating for the company's debt is at B, indicating a stable outlook

Margins

EBITDA margin was 14.6% as of midyear on a trailing 12-month basis, according to Fitch.

The downside?

Fitch took aim at Osaic's "still elevated leverage levels; weak interest coverage metrics; [and] a relatively low, albeit improving, EBITDA margin."

"We are confident that our decision to come together under the Osaic brand will further enhance the long-term financial stability and growth potential of our company."

JON FROJEN. CFO, OSAIC

Osaic outlined the pricing changes during its annual conference, ConnectEd, which took place in Phoenix Oct. 22-25.

"We are simplifying pricing across our ecosystem," Greg Cornick, Osaic's president of advice and wealth management, said in a statement. "As a first step, we're making advisory pricing on [the wealth management platform] more streamlined and less expensive." Cornick added that the firm's pricing will be "straightforward and market-competitive."

During the conference, the firm's executives gave details on forthcoming technology enhancements, according to the company.

Those enhancements include a revamped digital experience for advisors' clients; a new and streamlined affiliation platform; improvements to the client and account management platform; and the introduction of a new financial advisor portal, OneHub.

According to Osaic, the new portal will offer an improved user experience and access to data, content, peer networks and apps advisors use.

Osaic is currently consolidating its eight broker-dealers into one firm.

"Shaping the Osaic brand into what we want it to be is the next phase for our company," Jamie Price, the firm's president and CEO, said during his opening address at the conference, according to the company. "We are turning the page to the next iteration of the industry, which allows us to be better partners to all our advisors."

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RISING RATES HAVE ADVISORS SPRINTING TOWARD PRIVATE CREDIT

Such investments also address American banks' declining interest in making smaller, less-liquid loans since the 2008 financial crisis.

BY GREGG GREENBERG

Private credit is pulling away from the pack as the alternative of choice, taking the baton from crypto, commercial real estate and other so-called noncorrelated assets. The question facing financial advisors now is whether it has stamina to stay in the lead.

Both legs of the 60/40 portfolio failed in 2022, with the S&P 500 falling more than 18% and the iShares Core U.S. Aggregate Bond index dropping 13%. Taken together, the long-heralded 60/40 split lost 17% last year, its worst performance in over 85 years, according to the Leuthold Group. As a result, wealth managers have spent the better part of the past two years racing to find alternative asset classes to supplement the plain-vanilla stocks and bonds in their client portfolios.

While other options have been front-runners at one point or another, private credit has proven to be the hare in the race, slowly accruing portfolio share and assets.

Excluding real estate, global private credit has grown to roughly $1.6 trillion of assets under management, according to Preqin data as of March. That puts it on par, in terms of size, with some of the widely tracked U.S. high-yield bond and leveraged loan indices, according to asset manager BlackRock. Private credit deployed capital in North America still totaled only about $698 billion as of March.

The wind at its back, pushing it along steadily, has been the rise in interest rates. The yield on the benchmark 10-year Treasury has surged to almost 5%, up from 1.5% in October 2021.

"Private credit funds can be a good option for accredited and institutional investors looking for additional ways to generate income through higher yields. It's often structured as floating-rate debt, so the rising rate environment has enhanced the yield to limited partners," said Andrew Graham, founder of Jackson Square Capital.

These loans are also higher in the capital structure and are prioritized over other loans, making them even more palatable for anxious investors and their risk-averse advisors.

"For some time, private credit has been used to access the full spectrum of the opportunity set, which can provide a portfolio with yield enhancement, uncorrelated return streams and even downside protection. Investments in this space can also broaden the overall credit mix or complement traditional-fixed income exposure," said Jason Edinger, chief investment officer at Boston Wealth Strategies.

"The rise in private credit is not merely a fad."

JASON EDINGER, CHIEF INVESTMENT OFFICER, BOSTON WEALTH STRATEGIES

Adds Edinger: "The rise in private credit is not merely a fad."

MINDING (AND FILLING) THE GAP

American banks have shown increasingly less interest in making smaller, less-liquid loans since the 2008 financial crisis ushered in an era of stricter regulations. Not helping the situation has been the effect of rising yields on bank balance sheets and reserves, as evidenced by the collapse of Silicon Valley Bank back in March.

As traditional lenders have pulled back from commercial markets, private credit has "filled the gap," according to a recent report from BlackRock. And it will continue to do so until the economic circumstances change.

"The overall demand for private credit from high-quality borrowers and the volume of dry powder should provide strong deal flow and allow managers to be highly selective when deploying capital," according to the BlackRock report. "Given the floating-rate structure of most private credit, moderate rate rises should boost investors' returns, though they may increase the default risk for some borrowers."

BlackRock believes that private senior and unitranche loans should deliver investors an "illiquidity premium" of between 150 and 300 basis points, compared with publicly traded leveraged loans. And the difference can be even wider for opportunistic, distressed and subordinated debt.

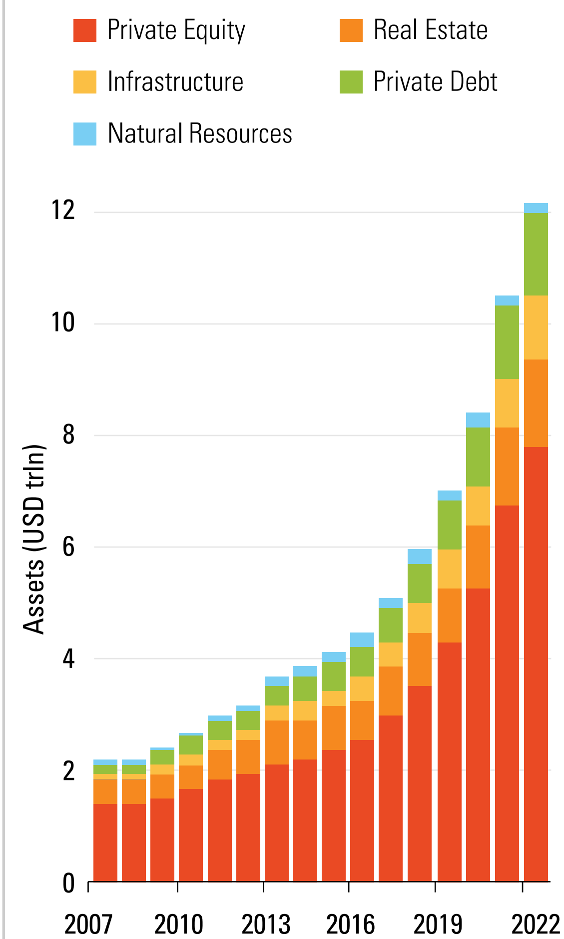
Financial advisors like Scott Bishop of Presidio Wealth Planners say retired clients have shown tremendous interest in products offering such elevated yields, especially since they have been starved of yield for so long.

"This can be a good asset for clients with IRAs if they don't need all the income now, to defer taxation since it is traditionally all ordinary income," Bishop said.

Ray Morrill, senior director of wealth management at Choreo Advisors, says private credit has become more accessible to individual investors and is being introduced as a way to diversify their portfolios

PRIVATE CREDIT: A GROWING ALTERNATIVE

Global alternative assets under management 2007-2022



Source: BlackRock Investment Institute with data from Preqin, October 2023. Notes: The chart shows the share of global alternative assets under management in U.S. dollars by category. To avoid double counting of available capital and unrealized value, fund of funds and secondaries are excluded. Natural Resources includes Natural Resources and Timberland fund types only to avoid double counting. Data is as of December in each year shown.

“Private credit funds can be a good option for accredited and institutional investors looking for additional ways to generate income through higher yields.”

ANDREW GRAHAM, FOUNDER, JACKSON SQUARE CAPITAL

further while providing the opportunity for increased performance.

“Rising rates, along with increased accessibility and awareness, have led to more capital moving into this space. At the same time, as with every investment, advisors have to determine whether they make sense within the context of the overall asset allocation and financial plan,” Morrill said.

BUYER (AND LENDER) BEWARE

It’s worth noting that while these loans are higher in the capital structure and are prioritized over other loans, they remain loans, which inherently means there is risk involved in owning them. Financial advisors had better make sure they are aware of such risks before introducing private credit to clients.

“I do recommend to some clients that they look into private credit, but I take a lot of care to make sure the issuer does a lot of due diligence and has a lot of experience in both diversifying the portfolio and finding good debt to buy, hold or issue,” Presidio’s Bishop said.

Boston Wealth Strategies’ Edinger also warns advisors about the dangers in the credit selection process, aka default risk. Beyond that, he believes the main challenges are typically the investment terms on these kinds of vehicles, notably their liquidity or lack thereof.

“We believe that in certain cases it makes sense for client portfolios to expand beyond traditional fixed-income and credit exposure, potentially utilizing private credit as a return enhancer or diversifier within the fixed-income sleeve of the overall portfolio,” he said.

No matter how far private credit outpaces other alternative investments in terms of popularity or asset accumulation, Jon Swanburg, president of TSA Wealth Management, is avoiding them altogether. That’s not because of their credit quality today, but because of the direction it may move in the future.

“I worry that issuers are going to continue lowering their lending standards to get the new inflows of cash put to work,” Swanburg said. “Given the limited regulation, the opacity of the underlying loans, and today’s high interest rates, I wouldn’t be surprised to see some sizable blowups in the years ahead.”

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NewsAnalysis

GOVERNMENT SHUTDOWN WOULD THREATEN SEC AGENDA

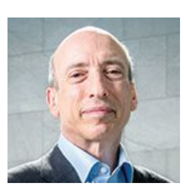
Another federal government shutdown looms. The SEC would cease most operations, potentially jeopardizing pending rules. The IRS would also go quiet while advisors wait for SECURE 2.0 guidance.

BY MARK SCHOEFF JR.

SEC Chair Gary Gensler has been able to forge ahead with an aggressive rulemaking agenda despite strong industry pushback and political pressure from Capitol Hill. But something looms in November that would stop him in his tracks — a government shutdown.

Federal funding is set to expire at the end of the day on Nov. 17. Without a congressional agreement on a short- or long-term budget, the government would close its doors until funding is restored.

In the event of a shutdown, the Securities and Exchange Commission would have to furlough most of its 4,500 staff and cease almost all operations — including examinations, enforcement and registration approvals — except in emergency circumstances where life or property are threatened.



"We're not doing this against a clock."

GARY GENSLER, CHAIRMAN, SECURITIES AND EXCHANGE COMMISSION

Congress averted a shutdown at the end of September with a so-called continuing resolution that kept federal agencies' doors open through Nov. 17. But the fact that then-House Speaker Kevin McCarthy, R-Calif., had to rely on Democratic votes to get the measure through the chamber led to his ouster by hardline members of the House GOP caucus.

It took House Republicans three weeks to select a new speaker, Rep. Mike Johnson, R-La. Although Johnson has said he wants to avoid another shutdown, Congress has little time to reach a consensus on federal spending — and pressure continues among House Republicans to resist a compromise with Democrats.

During a shutdown, the SEC can accept public comments on rule proposals but can't work on them. The agency would also be prohibited from releasing final rules. That raises the possibility that if there's a shutdown of substantial length, the SEC would not be able to promulgate final rules until after a date in 2024 that would allow a new Congress in 2025 to reach back and scuttle them.

Such a shutdown scenario could make vulnerable pending rules that affect advisors, such as measures related to custody of client funds, conflicts of interest involving the use of artificial intelligence and predictive analytics, cybersecurity protections and mutual fund reform.

Despite the uncertain atmosphere, Gensler said the agency is not speeding up the rulemaking process.

"We're not doing this against a clock," Gensler told reporters Oct. 25 on the sidelines of the Securities Enforcement Forum in Washington. "It's not against Nov. 17. It's not against Dec. 31. It's just when it's right."

The SEC has issued 27 final rules and has about 30 more proposals pending on its regulatory agenda. Gensler said it normally takes 15 to 20 months from the time a proposal is released until a final rule is issued. He stressed rules can be modified, re-proposed or dropped based on public input. Any of those decisions can also stretch out the timeline.

"That's the administrative process," he said.

Gensler's serenity belies the threat posed by the Congressional Review Act. Under that measure, Congress can vote to kill a regulation within 60 days of it being finalized. If the final rule is released within a certain number of legislative days before the end of a Congress, the clock resets for the new Congress.

If Republicans gain control of the House, Senate and White House in the 2024 election, they could have an opportunity to undo new SEC rules.

"The window is shutting," said Alison Staloch, chief financial officer at Fundrise, an alternative assets platform. "If the shutdown went on for an extended period of time, it would put the accomplishment of [Gensler's] full agenda in jeopardy."

A shutdown, no matter how brief, will mean a respite from most exams and enforcement for advisors and brokers.

"You'd see [the effects of a shutdown] if you're in the middle of enforcement or exams," said Staloch, who was chief accountant in the SEC's investment management division during a 35-day government shutdown in 2018-19. "It would give [advisors] some breathing room, but it doesn't significantly change the outcome."

During a shutdown, the SEC would not be able to review or approve new investment products, initial public offerings or advisory firm registrations, which could slow pending mergers and acquisitions.

"If you [submit] a new filing, it's unlikely that anyone will be allowed to take a look at it," Staloch said.

Despite the possible disruptions to their businesses, advisors have been sanguine in the face of a potential shutdown. They doubt it will last long, even if it does happen.

"There's too much at stake for both parties to leave the government shut down for a long period of time," said Steve Oniya, president of OM Investments.

“We can’t be too frightened of shutdowns when, historically speaking, markets tend to do well long-term.”

STEVE ONIYA, PRESIDENT, OM INVESTMENTS

Oniya doesn’t plan to adjust client portfolios in anticipation of a shutdown. In fact, he said, the market has gone up several times when the government ground to a halt.

“We can’t be too frightened of shutdowns when, historically speaking, markets tend to do well long-term,” Oniya said. “We don’t want to overreact to new events. People need to stick to their [investing] goals and time horizons.”

A shutdown’s impact on other federal agencies also could affect advisors. For instance, investment advisors to company retirement plans are eagerly waiting for the Internal Revenue Service to provide guidance on a couple of provisions of SECURE 2.0, major retirement savings legislation that Congress approved in late 2022.

Under SECURE 2.0, employees this year can begin to ask their employers to make matching contributions to their retirement plans as after-tax Roth — rather than tax-deferred — contributions. But legislative language in the bill leaves it unclear whether Social Security taxes would have to be taken out of the Roth contributions.

“We don’t think that was the congressional intent,” said Lance Schoening, director of policy at Principal Financial Group. While the situation “is sorted out by the IRS, we’re directing our plan sponsor clients to hold off on [Roth matches] … for now until we get that guidance.”

Similar questions surround a provision going into effect next year that would allow employers to match employees’ student loan payments with contributions to their retirement accounts. It’s not clear whether matches could be made on a cadence other than each time an employee is paid.

“It would be most feasible on an annual basis,” Schoening said.

How long Schoening and others will have to wait for the answers depends on whether Congress can find a way to keep the government open.

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SEC CLOSES, FINRA REMAINS OPEN

The SEC would mostly disappear during a government shutdown. The agency would have to furlough most of its nearly 4,500 staff, halt rulemaking and cease examinations and enforcement except in emergency situations. It also would not be able to review or approve advisory firm filings.

While the SEC would suspend most oversight of investment advisors, the Financial Industry Regulatory Authority Inc. would continue to regulate brokers because it is a self-regulatory organization. Finra exams, investigations and enforcement actions as well as arbitration cases would continue.

ROBBINS CUTS PATH THAT DIVERSIFIES ADVICE

Rita Robbins founded Affiliated Advisors 30 years ago, a ground-breaking move in a career that has created new opportunities for women.

BY MARK SCHOEFF JR.

WHEN RITA ROBBINS was an operations manager at a Paine Webber branch on Long Island in the 1980s, the firm held staff meetings at a country club that didn't admit women. No one seemed to care except her.

Fast forward about 40 years, and Robbins, who has been named the *InvestmentNews* Women to Watch 2023 recipient of the Alexandra Armstrong Award for Lifetime Achievement in the Financial Services Industry, has established herself as a pioneer for women in financial advice. She founded Affiliated Advisors in 1994, marking perhaps the first woman-owned super office of supervisory jurisdiction in the broker-dealer sector.

Yet a couple of years ago, when she was serving on the advisory board of a financial firm, she missed a meeting and was designated board secretary in absentia. She was the only woman on the board and was put off by the assignment, which was a role viewed as fit for a woman. She disagreed.

"They thought it was perfectly OK," Robbins said. "I'm not excluded from meetings, but I'm supposed to be the minute taker. You have to command respect – to say, 'No, that won't work for me.'"

It was an example of how women are still trying to navigate a path in a male-dominated sector.

"Microaggressions occur against women in our industry every second of every minute of every day," Robbins said.

She also points to conference speaker lineups that are almost all men and C-suites that are mostly male. That means there's still work for Robbins and other women leaders to do.

"We have to help other women and support their growth and getting them in positions of decision-making and power — so you're not the only woman in a room," Robbins said.

Women are a natural fit for the financial advice profession because they're good at listening and explaining and do so with minimal ego, traits many clients seek, she said.

"I'd like to bring that to the forefront – that we understand this is not the Wolf of Wall Street anymore," Robbins said. "We're helping families prepare for their futures and educate their children and take care of their parents when they become old and ill. It's a physiological truth that women are wired to be nurturers."

Affiliated Advisors — a comprehensive service and support platform working with 100 independent advisors with $3.5 billion in assets under management — is mostly led by women. Robbins is president and two of the three partners are women, as are seven of eight staff members.

Robbins said she selects her team based on skill sets and ability.

"I'm not looking to hire women," she said. "I'm looking to hire the best person for the job. This was not a deliberate, exclusionary approach. It was just the way it worked out."

"Microaggressions occur against women in our industry every second of every minute of every day."

RITA ROBBINS, FOUNDER, AFFILIATED ADVISORS

When Robbins, 66, entered the industry in the late 1970s as a brokerage assistant at EF Hutton, she was often one of only a few women on staff. She became interested in the financial industry when a roommate worked at Merrill Lynch.

She was intrigued by working in an air-conditioned office as opposed to outdoors, where she was an accomplished equestrian. Robbins had been riding horses since she was 4 years old but didn't qualify for the Olympic trials for the 1976 games in Montreal.

Her career in the brokerage industry took her to Paine Webber & Co., where she was introduced to Jay Lewis, who went on to found the first independent broker-dealer. She worked for Lewis before joining Lord Abbett & Co. in 1983 as the first woman wholesaler, breaking new ground for the sales of its funds by finding new customers, such as independent broker-dealers and other advisors.

In her 10 years with Lord Abbett, Robbins learned that she enjoyed being paid based on her results.

"The numbers were the numbers," she said. "You brought in x amount of assets, and you were paid that way. That idea of being able to control my own compensation and forge my own financial future became a really important foundation for me emotionally."

She took even more control of her career when she founded Affiliated Advisors in 1994. It gave her a chance to reduce the travel demands that come with wholesaling at the time when her daughter was born. She also was intrigued by the idea of working with advisors to build their businesses.

Affiliated Advisors is a super OSJ for Osaic. Its network of advisors spans the country, and since 2004, it has partnered with the independent broker-dealer Royal Alliance. The firm is headquartered in New York City, where Robbins lives with her husband, Bruce Arnold. Her two adult children also live in New York.

Affiliated Advisors provides practice management, compliance, business strategy and other services for its advisors. "We want to help our advisors build the practice of their dreams," Robbins said.

She does that every day by knowing what advisors need, even though she was never an advisor herself.

"I might not have played the game, but I've probably seen more games with more teams and more players" than many other industry leaders, she said. "I like to think of myself as a coach for the best advisors in the world."

Robbins is now working to diversify the advisor universe in a new way — educationally. She didn't attend college, and as she was watching her son's college graduation ceremony recently, she realized that she might not be able to break into the industry today without a degree.

Robbins plans to lobby the Certified Financial Planner Board of Standards Inc. to allow CFP certification for people who don't have a college degree.

"I don't think just because you didn't have that opportunity you should be excluded from our industry," she said.

If she succeeds, Robbins will have once again cut a new path through the financial advice business that will change the way it looks and operates for the better.

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PROFILE

Name: Rita Robbins

Title: Founder and president

Company: Affiliated Advisors

Interesting fact: When Robbins established Affiliated Advisors in 1994, she was likely the first woman to form a super office of supervisory jurisdiction. Outside of work, she has a different calling – as the owner of a lavender farm in Boyne City, Michigan. The operation – Lavender Hill Farm – not only grows 30 varieties of lavender, it's also the retail outlet through which other businesses in town sell their products, such as candles, beer, wine and maple syrup. It also sponsors 50 summer internships. "Most people wouldn't think of a lavender farm as an economic development engine, but that's what it is," Robbins said.

RETIREMENT PLANNING

Social Security do-overs and lump sums

We all have regrets. But for people who claimed Social Security early and now wish they hadn't, there's a do-over solution that can reverse an early claiming decision and result in larger future benefits. In fact, there are two do-over opportunities. And for some people, there may be a lump-sum payout option.

MARY BETH FRANKLIN

ONRETIREMENT

Social Security retirement benefits are available as early as age 62, but they are reduced by 25% to 30% compared to what you would receive if you claimed at your full retirement age, which ranges from 66 to 67 depending on your birth year. If you're patient, there's a big payoff for postponing benefits. You earn an extra 8% per year in delayed retirement credits for every year you wait to claim benefits beyond your full retirement age up to age 70.

The difference between claiming benefits as early as possible at age 62 and the maximum age of 70 is a whopping 76% increase in monthly Social Security benefits for life.

You can change your mind within the first 12 months of claiming Social Security benefits and cancel your application. This process is called a withdrawal and you are limited to one withdrawal per lifetime. You can reapply for Social Security benefits later.

But there's a catch. When you withdraw your application, you must repay all the benefits you've received, as well as those of anyone who has received benefits on your record, such as a spouse or child. Repayment includes Social Security benefits plus any money withheld from those benefits to pay for Medicare premiums or voluntary federal income tax withholding.

Repaying your benefits wipes the slate clean as if you had never applied for Social Security, so when you claim Social Security in the future, your benefit will be based on your new, older age at time of claim. That will result in a larger monthly benefit, plus any cost-of-living adjustments that were awarded since you became eligible for Social Security at 62.

If you already have Medicare and you decide to withdraw your application for Social Security, you must clearly state on form SSA-521 whether you want to keep your Medicare benefits. There's a box to check yes or no. If you keep your Medicare coverage, you will pay your premiums directly to the Centers for Medicare and Medicaid Services.

If you miss that 12-month window to withdraw your application, or if you would rather not repay your benefits, you have another option to reverse a Social Security claiming decision. But you have to wait until you reach your full retirement age or later to do so.

Once you reach your full retirement age, but you aren't yet 70, you can suspend your benefits. Your monthly checks will stop but you'll start earning delayed retirement credits for each month your benefits are suspended. Your benefits will automatically start again the month you reach 70 — unless you request benefits be reinstated before then.

But beware: If you voluntarily suspend your retirement benefit and there are other people who receive benefits on your record, they won't be able to receive benefits for the period that your benefits are suspended. However, there's one exception: A divorced spouse can continue receiving benefits on your earnings record even if you suspend yours.

Once you reach your full retirement age, but you aren't yet 70, you can suspend your benefits.

If you're enrolled in Medicare and you suspend your Social Security benefits, CMS will bill you for Part B premiums. If you don't pay the premiums on time, you could lose your Part B Medicare coverage.

RETROACTIVE BENEFITS

People who wait beyond their full retirement age to file for Social Security also have the option of receiving up to six months of retroactive benefits in a lump sum.

Let's say you were born in 1954 and your full retirement age is 66. You plan to file for benefits in December this year when you turn 69. You have two options. You can claim Social Security at age 69 and receive your full retirement age benefit plus three years' worth of delayed retirement credits or you can request a lump sum payout of six months of retroactive benefits.

If you choose the lump sum option, you would be paid monthly benefits as if you claimed at 68 and 6 months rather than 69. That's because you can't collect delayed retirement credits and retroactive benefits for the same period.

Keep in mind, Social Security benefits are subject to federal income taxes. If you chose a lump sum payout, you could increase your income taxes for the year, and if the lump sum payout pushes you above certain income thresholds, you might also be subject to Medicare high-income surcharges down the road.

(Questions about new Social Security rules? Find the answers in Mary Beth Franklin's 2023 ebook at MaximizingSocialSecurityBenefits.com.)

Mary Beth Franklin, a certified financial planner, is a contributing columnist for InvestmentNews.
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WOMEN to WATCH:

BEHIND THE BUSINESS CASE FOR MORE FEMALE ADVISORS

As women amass more wealth, there's a market for female financial advisors. Now it's a matter of meeting the demand.

BY GREGG GREENBERG

From head count to AUM and board members, there is a multitude of ways to measure the progress of women in the wealth management business.

Karen Altfest, executive vice president of Altfest Personal Wealth Management, has her own proprietary method for calculating female advancement in the financial advisory industry.

She counts lunches.

"There are many more women at financial planning and investment conferences now than there were when I started in the business, when I would typically count one woman and nine men at almost every lunch table. Now women hold steady at about a third of conference attendees," Altfest said.

Founded in 1983, Altfest Personal Wealth Management has a 45-member staff, 19 of whom are women, overseeing assets under management of $1.6 billion. Among those employees is financial planner Jessica Nelson, who believes that the need for more women in the wealth management industry will continue to increase as women amass greater wealth.

"I find that many female clients are looking to work with women advisors," Nelson said.

The numbers back up her observation. With a McKinsey study projecting that women will control $30 trillion in assets by the end of the decade, up from approximately $11 trillion today, there's an urgent case for recruiting more women into the wealth management business.

"Without question, the industry is shining a bright light on the need to bring more women into the industry and to serve female clients better. This is coming in the form of women pioneers who have set the stage for younger generations to join the industry, male allies who are intentionally advocating for women at many levels, and companies that are designing environments that offer opportunities to women," said Debra Brennan Tagg, president of BFS Advisory Group, which boasts seven women on a nine-person team overseeing $300 million.

"We may need to tell women to sharpen their elbows before they sit down at an advisory table."

KAREN ALTFEST, EXECUTIVE VICE PRESIDENT, ALTFEST PERSONAL WEALTH MANAGEMENT

In other words, there's a market for female financial advisors. Now it's a matter of meeting the demand.

BEHIND THE HIRING LINE

To change the gender distribution at those lunches so studiously watched by Altfest, advisory firms first need to adjust their hiring practices. And that starts at the top of the recruiting funnel.

Today, 18% of advisory firm owners are female, according to the recent *InvestmentNews* Advisor Benchmarking Study. In the position of lead advisor, which is right below partner, the study showed female advisors represent 30% of incumbents. The position below lead advisor — service advisor — is 38% female, and the entry-level position of support advisor is 39% female.

Put simply, representation declines with every promotion, which is troubling.

It's worth noting that this lack of promotion could be explained by saying that many women are joining the profession, and if given time, they will rise to partner level. Unfortunately, by comparison, in 2013, 25% of owners were female, which is more than today.

Stated plainly again, the industry is not making progress at all. It is traveling backwards.

Altman says one reason why women remain deep in the minority is that many fail to consider a career as a financial advisor in the first place. After decades of being told they're not able to make their own financial choices, she believes too many women have internalized such ridiculous notions.

"Actually, this is a great career for

women," she said. "At our firm, we mentor our women staff and want to help them be successful. Also, as a group, we may need to tell women to sharpen their elbows before they sit down at an advisory table."

Cindy Boyle, president of Freehold Wealth Management at Stifel Independent Advisors, began her career in wealth management in 1977, a time when women professionals in the field were a rarity. She says pranks and biases against her from her male colleagues were common in her early years at Merrill Lynch, but she persevered and eventually rose above her tormentors through hard work and exceptional service.

In Boyle's view, traditional views on women's role in child care may have hindered women's progress up the corporate ladder.

"While many companies have made efforts to address these issues, I think there are sometimes still limited options, especially for women starting out in their careers and negotiating a work environment that's highly competitive," she said. "Balancing family responsibilities with a demanding Wall Street job can be particularly challenging."

"Balancing family responsibilities with a demanding Wall Street job can be particularly challenging."

CINDY BOYLE, PRESIDENT, FREEHOLD WEALTH MANAGEMENT

Safety has also traditionally been a big issue holding women back from opting for a career on Wall Street. And it will continue to be until there is safety in numbers, says Robin Patin, senior director of wealth management at Choreo.

"Some financial advisors are asked to establish their practice and book of clients by literally knocking on doors. There are safety concerns with that approach. Not many women will want to show up unannounced at a residence or business," Patin said. "That can be a deal breaker for many women who are considering the industry."

STORMING THE OLD BOYS' CLUB

Another issue holding women back from executive positions in the financial industry is the perception that women in power are overly assertive or difficult to work with. This stereotype can deter women from pursuing leadership roles in the financial world, as it perpetuates the idea that women in power are seen as an exception rather than the norm.

"The industry still grapples with outdated notions of a male-dominated old boys' club, which can create a hostile environment for women seeking advancement," said Freehold's Boyle.

Her solution to combat this perception is for women on Wall Street to come together to fight prejudice and preconceptions, creating a more inclusive and supportive environment.

"Just as female elephants encircle a vulnerable sister to protect her from predators, there is a need for women in the industry to support each other in breaking through these barriers," Boyle said.

She believes mentorship relationships can promote this solidarity, providing valuable guidance, support and networking opportunities that can accelerate a woman's career.

Not that men don't have a place in advancing the careers of women. They need to be allies and advocates too, says BFS's Tagg.

"Our industry has many male allies who make room for women to succeed, but we need so many more to really make a widespread, permanent, meaningful change," she said.

Tagg added that corporations also need to put greater intention behind bringing more women to the industry. And it's not merely to check a box, but because "it's good for their business, both from a client experience and [for] the bottom line."

The media can do its part too, in her opinion, by highlighting successful women in wealth management so more females want to join the field.

Most of all, Tagg believes that women in the financial industry need not only to attend those lunches that Altfest talked about, but also be willing to "flip the tables over" once they get there.

"It all needs to change," she said. "We need to reimagine the beginning career path for our industry — less sales, more mentorship — then change the middle career path, allowing flextime for family and other priorities, and finally fix the later career path by making it as financially rewarding for women to be in leadership roles as it is for men to be in the same roles."

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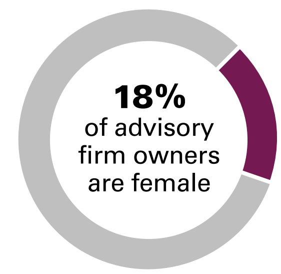
THE WAGE GAP IN ACTION

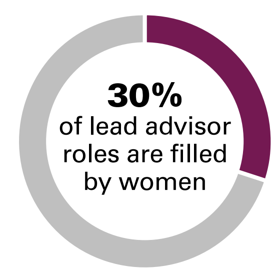
$140,617

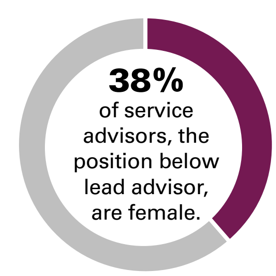
Average base salary for men in the RIA industry

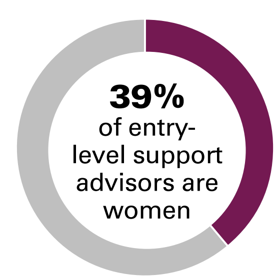
$91,419

Average base salary for women, about **65%** of men's









*Important to note is that as women's representation declines along the career path, they end up earning substantially less than men on average.

Source: *InvestmentNews* Advisor Benchmarking Study.

WOMEN to WATCH

The *InvestmentNews* 2023 Women to Watch Awards celebrate excellence and the women who are making a difference in our industry.

On Tuesday, Nov. 7, at Tribeca 360 in New York City, top advisors, rising stars and leaders shaping the wealth management space will come together to recognize each other's talents and contributions. This year's Women to Watch Awards feature a new independent judging panel and exciting award categories for organizations and professionals alike.

As part of this Women to Watch issue, *InvestmentNews* is proud to profile each excellence awardee in the individual categories as well as list those for the company awards. The winner in each category will be announced at the event and the winners will be published on InvestmentNews.com Wednesday morning.

RISING STAR OF THE YEAR
EXCELLENCE AWARDEES

GRACE HAYDEN MACNAUGHT

FINANCIAL ADVISOR, ATLANTA PLANNING GROUP

Grace Hayden believes in contributing to her community, a mindset that is supported by and informs her advisory work.

She launched the Grace Hayden Impact Scholarship at Georgia State University, a school in downtown Atlanta from which she graduated in 2015 with a degree in international economics and modern languages. She received a second degree from the Ca' Foscari University of Venice, through a Georgia State study-abroad program.

Hayden decided to give back to the school that gave her many opportunities by becoming the youngest donor to establish a scholarship there. It provides two $250 to $500 awards each semester that help buy books and finance other expenses for students studying economics, many of whom are nontraditional.

"There's a lot of need at Georgia State for these scholarships," she said.

A third-generation Atlantan, Hayden also raises money for local nonprofit organizations and highlights them on her platform, Atlanta Cares Radio.

"My advisory practice has allowed me to pursue my passion for stewardship," said Hayden, who specializes in socially responsible investing, retirement and small business planning at Atlanta Planning Group. "A lot of [clients] I work with are charitably minded."

Hayden has won several awards from Cetera Financial Group, the broker-dealer with whom Atlanta Planning Group is affiliated. She plans to double her current $150 million in assets under management to $300 million by 2026. Being a woman is an asset in the financial advice sector, she said.

"We need more female advisors because people want to work with women," Hayden said.

— Mark Schoeff Jr.

BRITTNEY OLINGER

ADVISOR, KOSS OLINGER

After beginning her career as a bond sales-trader on the high-yield credit team at BNP Paribas in London, Brittney Olinger decided to come home to be closer to clients.

Her time at the major European bank, where she started in 2015, taught her how to analyze macroeconomic developments. But she's more inspired by getting to know clients on a personal level, going beyond their financial statements and figuring out what is most important to them.

That's what Olinger's been doing since returning to her hometown of Gainesville, Florida, in 2020 to join her family's advisory firm, Koss Olinger. Instead of helping asset managers and hedge funds navigate credit markets, as she did in England after graduating from Oxford University, she is working with business-owner clients facing microeconomic challenges.

"We act as a source of emotional stability when big financial decisions come up for our clients," Olinger said. "Serving as a trusted advisor who can give clear, objective advice adds immense value in those moments. Being a touchstone when they need you most is the most important thing."

Olinger is a third-generation advisor, and Koss Olinger has many multigenerational families as its clients. One family helping other families helps build trust.

"It gives them a lot of confidence we're going to be there for the next generation of their family," Olinger said. "We're often making a commitment to a family for a very long time."

Olinger has benefitted from mentorship and advocacy from other women.

"It's something I plan to pay forward to Koss Olinger's future female advisors," she said.

— Mark Schoeff Jr.

TREMAINE WILLS

FINANCIAL PLANNER,
MIND OVER MONEY

Up until just a few years ago, Tremaine Wills taught math in schools, most recently in Newport News, Virginia.

That changed in 2019, when she registered with a broker-dealer, eventually opening her own registered investment advisor, Mind Over Money, in 2020.

Her background as a teacher has informed Wills' work as a financial planner and advisor. She focuses on educating clients and connecting them to a larger vision to close the wealth gap for minorities.

Her goal? To build a movement to help 1 million families grow their invested assets to $1 million or more, even if they're starting from zero.

Wills wants to provide financial planning, access and education from licensed professionals to the greater community that is often ignored by traditional financial services, she says.

"Our job going into [this year] is to focus on our goals," she said in an interview with Fortune at the end of last year. "Fear, stress and worry are not invited with us on this journey.'"

— Bruce Kelly

ARVETTE REID

CLIENT SERVICES DIRECTOR,
SIGNATURE ESTATE
& INVESTMENT ADVISORS

Arvette Reid possesses the ability to merge the worlds of finance and health care, resulting in a comprehensive and holistic approach to serving families in difficult circumstances.

It's no wonder. Before her current role as client services director with Signature Estate & Investment Advisors, or SEIA, a registered investment advisor with $11.7 billion in client assets, Reid worked for 15 years in health care. Her focus as a professional in senior housing and health care sales spanned a number of areas including independent living, skilled nursing, and hospice services.

Reid's experience, coupled with her Series 65 securities license, inform how she helped her firm create a new health care-driven financial plan called the Lifecare Affordability Plan. She's based in Tysons Corner, Virginia.

Reid's contribution to developing the Lifecare Affordability Plan and her commitment to serving families is a testament to her dedication. Her unique ability to integrate finance and health care makes her an asset to her team and the families she serves.

— Bruce Kelly

ARA TALKOV

FINANCIAL ADVISOR,
MORGAN STANLEY

A former captain of the varsity basketball team at Columbia University, Ara Talkov is now a financial advisor at Morgan Stanley, specializing in financial planning and equity compensation planning for the next generation and women in technology.

In her first three years as an advisor, Talkov has obtained multiple designations that put her in the best position possible to help her clients achieve their goals.

"It's not about me; it's about the team," she said in an interview published on a Morgan Stanley website. Talkov is a vice president and financial advisor with the Guimarin Shephard Tan Group, which manages $2 billion in client assets. The firm is based in San Jose, California, and Talkov works from New York.

She is the founder and co-chair of Morgan Stanley's Edge Committee, a diversity and inclusion initiative, and was also selected last year as a MAKER, a peer-nominated annual program at Morgan Stanley that celebrates groundbreakers, innovators and champions of women's achievements.

— Bruce Kelly

CHELSEA ADAMS

FINANCIAL ADVISOR, STRATOS
WEALTH PARTNERS

Academia had been Chelsea Adams' career choice until she experienced the changing dynamics of university hiring over the past decade.

Adams, who holds a Ph.D. in English, realized that financial services would allow her to leverage her teaching skills while providing education to the growing number of people interested in retirement savings and wealth management.

It's been two years since Adams joined Stratos Wealth Partners as a financial advisor. Her empathetic style has led her to work with millennials who want to establish passive income streams through rental properties, provide financial education to the local arts community and help the elderly understand and access financial statements.

A teacher first, her discussions with clients use well-developed pedagogical techniques to make people feel ready to tackle long-term financial goals.

As of June 2023, Adams is pursuing the pedagogical and technical skills to build an online financial literacy course for beginners.

— Bruce Kelly

AVA ELKINS

FINANCIAL ADVISOR,
RAYMOND JAMES & ASSOCIATES

After a decade in health care, Ava Elkins, a decorated competitive swimmer, took the plunge in 2020 and joined the Raymond James Advisor Mastery Program for new advisors, which lasts seven years.

"I had no experience, no licenses, no mentor, no team and no lucrative network to pull prospects from," Elkins said. "I am a stand-alone, solo financial advisor."

"Then the unthinkable happened: Covid," she said. "My business plan was full of public speaking appearances. I pivoted toward public speaking over Zoom, which was received enthusiastically."

Based in St. Petersburg, Florida, Elkins noted that she works as financial advisor to 72 families, all from creative prospecting through teaching. "In the past two years, I have given my presentation over 200 times to varying audiences. The most impactful comment I've heard was from someone who took the city bus to my library presentation," Elkins said. "The comment was, 'I finally feel empowered to level-up my finances. Thank you for outlining the steps to make it a reality.'"

— Bruce Kelly

DANA CAHAN

WEALTH ADVISOR, ZUCKERMAN
INVESTMENT GROUP

Prior to joining Zuckerman Investment Group last year, Dana Cahan worked as an attorney. She then pivoted to being a consultant at Altair Advisers, providing wealth planning services to high- and ultra-high-net-worth families and individuals, as well as working for a commercial real estate family office and overseeing all estate planning, tax and investment decisions.

Cahan's unique approach to client retention and maintaining strong relationships sets her apart from other advisors: she has had a 100% client retention rate since joining Zuckerman. As the only female advisor at the firm, she has built a relationship strategy on engaging the female partners in many of the firm's top client relationships.

Cahan focuses on making wealth management approachable and understanding pain points. She is fully engaged with clients with respect to their needs and desires around capital preservation, cash flow requirements, risk tolerance, efficient wealth transfer, philanthropy and legacy.

— Bruce Kelly

TRAILBLAZER OF THE YEAR EXCELLENCE AWARDEES

KAY LYNN MAYHUE

PRESIDENT, MERIT FINANCIAL ADVISORS

Kay Lynn Mayhue believes passionately in the power of coaching and uses her influence as one of the few female presidents in the advice industry to help other women take control of their careers and expand their impact.

As a result, the structures she and her leadership team have put in place have helped the firm attract and retain top female talent. Merit manages more than $8.9 billion in AUM, not including retirement plans, and has more than 220 employees, more than 53% of whom are women.

Mayhue is also passionate about diversity, but marries this with having top performers in the right roles. Her chief operating officer, Chrissy Lee, is a case in point. "She's amazing," Mayhue says. "I can't imagine my life without her! But her appointment had nothing to do with her being a Korean female; she was absolutely the best person for the job."

As a mom of five, Mayhue knows the demands of combining family life with a senior leadership position. At Merit, she has helped make several changes to align with women's working preferences, including a teaming approach; reinventing roles and responsibilities; women-focused professional training; revised compensation; and flexible working hours.

Mayhue is a respected thought leader and expert throughout the industry, speaking regularly at events on topics such as servant leadership, M&A (Merit has acquired 18 firms in the past 18 months, resulting in more than $4.25 billion in additional AUM), technology and DEI best practices.

— James Burton

BEATA KIRR

MANAGING DIRECTOR AND CHIEF IMPACT OFFICER, THE COPIA GROUP

It took a lot of grit to get to a top job in asset management overseeing more than $100 billion – and it might have taken just as much to walk away from it.

But that is what Beata Kirr did, this year leaving her role as co-head of investment and wealth strategies at Bernstein Private Wealth Management. At her new firm, The Copia Group, she is one of a staff of five. As chief impact officer, she is building an impact-investing platform for a new company aimed at closing the wealth gap in the U.S.

"This can be an incredibly selfish industry," said Kirr, whose family emigrated from the former Soviet Union during the Cold War. "I've made it to the top of the industry in many ways, and I feel an immense obligation to pay that forward."

Seeing her parents start over in a new country – where their education and degrees meant nothing – instilled the "grit and resilience" that she needed to get where she is today, she said. But along the way, she realized how many people could benefit from having a leg up.

Over the past six years, she has "spoken out and spoken [her] truth," which led her to become one of the founding members of The Copia Group.

Helping women and minority groups – both within asset management and in communities – is a critical part of the company's mission, Kirr said.

"It makes a huge difference when you have diversity at the top and grow diversity below you," she said. "It's the first time in my career that I'm narrowly focused on this goal."

— Emile Hallez

LESLIE SAMUELRICH

PRESIDENT, GREEN CENTURY FUNDS

An articulate and powerful voice in promoting environmentally responsible and sustainable investing, Leslie Samuelrich, as president of Green Century Funds since 2012, has turned the firm around. It has gone from not generating revenue for its nonprofit owners to having $1 billion in assets under management and triple the number of employees.

Samuelrich has also quadrupled the size of the shareholder engagement program. And in a recent campaign, renowned investor Carl Icahn nominated her to run for a seat on the McDonald's board to ensure the company honors pledges around animal welfare and antibiotics use. Green Century Funds also recently worked with Costco to come up with a five-year plan to reduce the amount of plastic the retailer uses.

"I helped Green Century become a strong and leading voice in this space," she said. "As it's one of the first fossil fuel-free mutual funds in the U.S., there's certainly a demand for it, but most other firms have not offered such options."

Samuelrich said it matters whether money is being managed by environmentally reckless firms that may not align with environmental values. And because Green Century knows who it is and what it offers, it has attracted loyal investors.

As for her future goals, Samuelrich hopes she can continue to be a voice that educates and engages investors in environmentally responsible investing.

"We have a lot at stake, in terms of protecting our natural world," she said. "There are thousands more advisors who, if they knew more about options and didn't have the misinformation that has come out recently, would incorporate these options into offerings for their clients."

— Josh Welsh

PAULITA PIKE

MANAGING PARTNER, ROPES & GRAY

Paulita Pike is one of the most sought-after asset management lawyers in the country, representing every type of registered product, and a fierce advocate for inclusivity. Pike, who is from El Salvador but made Chicago her home many years ago, uses her extensive experience and communication skills to advise clients and drive her firm's DE&I strategic plan.

"It is important for people of all backgrounds to have representation in mutual funds. Whether it's on the legal side, the investing side or the board side, this space should be representative of the public that is creating this capital," Pike said.

A true force in the investment management industry, she has worked on matters that have transformed the space to make it what it is today, including representing the independent directors of the Yacktman Funds in 1999, which resulted in industrywide governance reforms approved by the SEC in 2002 and 2004, and advising the independent trustees of the Innovator ETF Trust on its complex defined-outcome ETFs, a first for the ETF industry.

A recipient of numerous awards, Pike is also passionate about giving back to her community, whether through civic engagement, pro bono work with indigent immigrants or efforts to further diversity, equity and inclusion.

— James Burton

NOEL PACARRO BROWN

SENIOR VICE PRESIDENT AND FINANCIAL ADVISOR, THE CONSCIOUS WEALTH MANAGEMENT GROUP, MORGAN STANLEY

Noel Pacarro Brown is renowned for being highly political and uncompromising in her passion to make a difference. It's why, on maternity leave about 10 years ago, she decided to double down on this commitment and reform her business into a social impact one.

"I was witnessing our profession and recognizing that, if done wrong, we could be perpetuating inequity globally," she says. "I refuse to be a part of that."

Since then, she's attracted investors who match her level of commitment. Her practice caters solely for those who want to use their wealth, privilege and influence to better the world, she added, not to "exacerbate the systemic issues that exist."

Born in Hawaii but based in Portland, Oregon, she leads a business founded by her mother, Gwen Pacarro, 40 years ago. Over the years, Brown has witnessed ESG go from niche to mainstream, and the recent backlash just adds fuels to her fire. "We feel more committed than ever, in this moment, to help educate people on the ways in which capital can basically save us."

The women component shows up in many aspects of her work. The Supreme Court's decision in 2022 to overturn abortion rights prompted her to develop the Women Rise Up campaign, a call to action in response to violent backlashes against women, Asian American and Pacific Islanders, and communities experiencing persistence discrimination.

Inspired by the trailblazing women before her, she feels optimistic about the future. "I went from feeling allergic about my job to now feeling extremely excited and hopeful about the work that we can do."

— James Burton

NICOLE SIMPSON

CEO, HARVEST WEALTH FINANCIAL

A World Trade Center survivor, Dr. Nicole Simpson's life changed indelibly on 9/11. Physically and emotionally affected by the tragedy, she knows what it's like to suffer trauma, spiritually and economically, and uses this to help families who have also endured catastrophic, life-changing events.

"I have the experience of what regular families go through when they suffer trauma economically," she says. "The rebuilding process is known to many families. The loss of a job, the loss of a loved one, the loss of your health … they all affect you financially."

A CFP before that fateful day, Simpson founded her own business in 2007 while still being treated for medical issues resulting from 9/11. A prolific speaker and educator, she focuses on people's emotional connection to money and helps them plan for the unknown. Her business experienced "explosive growth" during the pandemic despite markets being down.

"During a time when others may not have been so available, I made myself readily available to individuals," she says. "Any time that we have turmoil or uncertainty, my voice has been credible over the years, and one that helps people understand that there is a way to manage your life financially. And it's not something that can be ignored."

Simpson's reputation grew as a public speaker after she wrote her first book, "Planning for a Reason, a Season, and a Lifetime," outlining her experiences on 9/11 and how she applied the principles of financial planning to help her recover. Simpson is also a pastor and the author of six other books.

— James Burton

GABRIELLE CLEMENS

MANAGING DIRECTOR AND SENIOR PORTFOLIO MANAGER, RBC WEALTH MANAGEMENT

A pioneer of divorce financial planning before these three words were even accepted by the large wirehouses, Gabrielle Clemens knew through personal experience there was a need for this speciality.

Her mother divorced after 30 years of marriage, and Clemens herself went through a divorce, so she understood the challenges women faced. The Massachusetts-based former tax, trust, estate and divorce attorney transitioned into financial services back in 1998, a time of few female advisors, with the aim of serving single women, independent women and stay-at-home moms.

While cold-calling, she discovered that many were going through the divorce process. Clemens would help them figure out whether the proposals they were reviewing with their attorneys were really viable for them in a post-divorce lifestyle. What was obvious, she says, was that many didn't understand the tax consequences at a time when alimony was taxable.

"You go through such an emotional process that threatens your home, your children, your well-being, so I just became dedicated to helping women go through the process of divorce," she said.

Faced with numerous headwinds, Clemens persevered, worked with com-

pliance and is proud to have helped educate and shape the industry. She added that while some aspects of divorce are now less complicated financially, the volume is high, and she sees a lot of grey divorce.

"The pandemic pushed some people over the edge in their marriages," she said. "People weren't travelling and were under the same roof for two years when maybe they weren't accustomed to that. It requires an adjustment, and some decided to go their separate ways."

— James Burton

KIM CRAWFORD GOODMAN

CEO, SMARSH

Kim Crawford Goodman made her way from Chicago's South Side to get two degrees from Stanford University and then an MBA at Harvard Business School.

Now CEO of communications data firm Smarsh, Goodman attributes the fire and ambition that got her there to a strong sense of community growing up.

"I was very fortunate to be part of a close-knit family," Goodman said. "We had this 'us-against-the-world' point of view."

It also helps that the skill set she spent years building has been well suited to a rapidly progressing world. Being a technologist and an innovator in her field has worked out well, she said.

"Over the last three decades, the major drivers of advancements in business and many areas of life have been a combination of technology and globalization," Goodman said. "I see advancement in humanity, based on what we do as businesses, as kind of a beautiful evolution. I am really energized by being a leader in that."

Goodman started at Bain & Co. and had successful stints at Dell, American Express, Worldpay and Fiserv before being named CEO of Smarsh in June 2022.

"I've had a wonderful journey as an African American female in technology and leading technology businesses, but it has been difficult," she said. "I haven't always been accepted in the roles that I have been working to step up to. There are people who have been my promoters, but there have also been people who have been detractors, just because they haven't been ready for the world that my face [represents]."

— Emile Hallez

TRAILBLAZER OF THE YEAR EXCELLENCE AWARDEES

DANA WILSON

FOUNDER AND CEO, CHIP

No matter how many times Dana Wilson has tried to get out of the wealth management industry, it's always pulled her back in.

"I think it's just the love of learning about wealth and money, how it's distributed, wanting other people to really embody what wealth means and have a new definition for themselves as well," Wilson said. "Between working and banking, insurance, wealth management and running my own independent advisory practise, it's an evolution of some sort of love language within financial services."

This evolution has allowed her to reinvent her career, going from working as an investment advisor at large independent firms to starting Changing How Individuals Prosper, or CHIP, a B2B financial services marketplace that makes it easy to find Black and Latinx financial professionals.

"It's really [about] wanting to see change within the industry and making sure that people feel seen, heard and valued when it comes to their wealth and what that means to them," Wilson said.

The best part of her day? Being able to share, talk and learn from other people and sharing parts of her journey that she hopes inspire others to live their authentic selves.

Wilson leads strategy and operations for the SuperNova Scholars program, which helps students from historically Black colleges and universities launch careers in the financial services industry. She's also a board member and partner for MaxBlack Wealth and MaxBlack Media, the first Black-owned digital and online multilayered media and streaming network. And if that isn't enough, Wilson is also preparing to run in the 2024 New York City Marathon.

— Josh Welsh

PORTFOLIO MANAGER OF THE YEAR

EXCELLENCE AWARDEES

CATHERINE AVERY

FOUNDER AND CEO, CAIM

Catherine Avery was working in Morgan Stanley's office at the World Trade Center on 9/11, and a morning errand run may have saved her life.

"That changed a lot for me. I truly loved my work, and I had a 5-month-old baby at home," she said. The reminder that life is unpredictable and fragile "was a real eye-opener" that altered her career path in a way that allowed more flexibility for family, she said.

Avery left her job as a vice president at Morgan Stanley in 2003 and bounced around a couple of companies before starting her own investment management firm, CAIM, in 2007.

Although she fell in love with the business at 18, working part-time at Oppenheimer Funds while going to school at New York University, the path to managing a fund wasn't easy. Even now, only about one in 20 funds is led by a woman.

That aside, "from the asset management side, there are only a few slots available. They don't just make these jobs," Avery said. "You often have to wait for someone to leave."

She did get her chance — and she's managed mutual funds and separate accounts across equity income, natural resources, commodities and real estate investment trusts. "After waiting all those years to get a fund to manage, I realized I really enjoyed managing money for individuals," she said.

The collaboration among portfolio managers, advisors and clients is a draw, as "you really get to see the fruits of your work and how they benefit the end client," Avery said.

— Emile Hallez

KELLI BURGER

WEALTH MANAGEMENT ADVISOR AND PARTNER, WEATHERLY ASSET MANAGEMENT

Kelli Burger started on the front desk at Weatherly Asset Management in 2011 and became a partner in 2018, a quick career trajectory that she attributes in part to great mentors.

"The key was having access to the team at Weatherly," Burger said. "There weren't a lot of barriers. It was great to have female mentors. I was able to learn from people in a variety of roles."

The Weatherly team supported her in getting a certified financial planner designation. As her knowledge and skills grew, she moved up the ladder.

"It was a combination of education, mentorship and hard work on my part," Burger said.

The boost that she received from mentors is one she tries to pay back by serving as a mentor herself for firm staff and for other women in San Diego through professional networks.

Her roles at Weatherly include onboarding clients from strategic referral channels, working with clients on retirement planning, serving on the firm's investment committee — where she provides recommendations to build tax- and fee-efficient portfolios — and developing marketing initiatives.

Each client is unique and, therefore, each portfolio is customized. Needs, goals and risk tolerance must all be calibrated based on the granular knowledge of a client's life that Burger gathers. It's a dynamic environment in which she thrives.

"The relationship-building with clients is what I love about the job and find really fulfilling," she said.

— Mark Schoeff Jr.

CHRISTINE CAPPABIANCA

PORTFOLIO MANAGER, IMPAX ASSET MANAGEMENT

From a young age, Christine Cappabianca embraced computer programming. In college, she was turned on to volunteering to meet social needs.

Cappabianca attended Harvard University to major in computer science, but along the way, she discovered her passion for social service at a residential house on campus. She wound up getting an economics degree, focusing on the economics of poverty.

She spent her first two years after graduation working with the elderly homeless in greater Boston. She then became a quantitative analyst for an asset manager. She found a way to meld her callings when environmental, social and governance datasets became widely available in the late 2000s.

"I said, I want to be the one who analyzes this data," she said. "The only way I can justify my existence is to do good through investing."

Cappabianca is now a portfolio manager and vice president for systemic strategies at Impax Asset Management. She recently led research that found gender diversity and equity have a positive financial effect on companies.

"It did add alpha," Cappabianca said. "Gender was able to stand alone as a value driver. Creating a culture that is supportive of gender diversity and broader diversity results in companies that outperform."

— Mark Schoeff Jr.

REBECCA ALBERS

SENIOR WEALTH ADVISOR, CARSON WEALTH

Using her earnings from waitressing and babysitting, Rebecca Albers started buying stock when she was 16.

Her father's encouragement led her to that — and she was soon quite glad. Her investments paid off in more ways than one.

"I was able to pay for a semester of college, and it piqued my interest," she said of the returns she saw on her stocks.

And that set her on a career path. But Albers didn't get into portfolio management right away — her first 14 years after college were at Wells Fargo, where she worked in mortgage origination. That role helped her "understand the full size of the balance sheet," both assets and liabilities, she said.

Nonetheless, she enrolled in a stock analysis program, which she did along with her father. She did some trading on her own for a couple of years but realized she had a skill that could benefit others.

When she saw an opening for a financial advisor in Wells Fargo's private client group, "I realized, gosh, I could help others a lot by doing this," Albers said.

She followed up her stock training with CFP and chartered market technician designations.

Carson Wealth gave her an opportunity to do even more, Albers said.

"One of the key questions that was coming up with my clients was tax-related, and Carson had a lot of great tools around tax planning," she said.

What motivates her?

"My faith definitely drives me, and keeping in mind who I work for. I wake with gratitude that I'm in the line of work I'm in," Albers said. "I enjoy helping clients."

— Emile Hallez

CARIN PAI

CHIEF INVESTMENT STRATEGIST AND PORTFOLIO MANAGER, FIDUCIARY TRUST INTERNATIONAL

In her 27 years at Fiduciary Trust International, Carin Pai has made an indelible mark, building the firm's investment associate program and mentoring the next generation of portfolio managers.

"In anybody's career, there are people who motivate you and help you along the way," said Pai, whose mentor in her early years at Fiduciary Trust was the late Jeremy Biggs, the firm's chief investment officer. "He was willing to teach. I felt like he noticed when people worked hard, and he gave the time to people who had the interest."

Today, as the company's head of portfolio management, Pai oversees a team of about 80 who manage a total of roughly $34 billion.

"I've been here for as long as I have because I love what I do," she said.

She appreciates the combination of the quantitative and relationship aspects of portfolio management in the wealth business.

"Very few jobs give you that. My job's never boring," she said.

Pai got a taste for portfolio management — and proved her mettle — in the '90s, starting with an internship at Prudential Securities that turned into a full-time job.

"The '90s was such an exciting time in the stock market. It was the rise of what turned out to be the dot-com bubble. It was super energizing, and in a way, it was also super glamorous to be in the investment world," she said. But "to be a female in the business in the '90s — it was not easy."

Recognition was hard-earned, and there were few women in her peer group. That's part of the reason Pai supports women who are just starting out in their careers.

— Emile Hallez

STEPHANIE LINK

CHIEF INVESTMENT STRATEGIST AND PORTFOLIO MANAGER, HIGHTOWER

One of Stephanie Link's first inspirations was a next-door neighbor, a woman who worked in bond sales — a field dominated by men.

Much later, Link would find a mentor in Jim Cramer, serve as head of global equities research at Nuveen, co-managing more than $200 billion in assets, and most recently become chief investment strategist at Hightower.

Now a mentor herself, her advice to young women she coaches is "come in early, leave late, work harder than anyone, under-promise, overdeliver and exploit your strengths."

She's been there. Link started her career on the sales floor at brokerage Dean Witter Reynolds, which in 1997 merged with Morgan Stanley. Her next job was at Prudential Equity Group, where she was managing director of institutional sales for 10 years.

Before she went to Nuveen, she worked alongside Jim Cramer as chief investment officer at TheStreet for seven years and co-portfolio manager of Cramer's charitable trust.

In all, her career spans more than 30 years across the buy and sell sides of the business.

Link attributes her drive to a competitive spirit she developed from competing in tennis as a kid.

When she moved to Hightower in 2020 to build out the company's investment solutions group, CEO Bob Oros noted her "exemplary communication skills, history of leadership in growth environments and deep knowledge of investment management."

— Emile Hallez

LISA HORNBY

HEAD OF U.S. MULTI-SECTOR FIXED-INCOME TEAM, SCHRODERS INVESTMENT MANAGEMENT

Lisa Hornby follows a simple but powerful formula for ensuring the funds she leads excel.

"The price of risk should inform the level of risk you take," said Hornby, head of the U.S. multi-sector fixed-income team at Schroders Investment Management.

Hornby's thesis is that credit spreads are cyclical and revert to the mean. A fund must add and subtract risk at the right moment.

"If you follow that valuation formula, you can really enhance your alpha over time," she said.

With bond yields at their highest levels in 20 years, the sector where Hornby works is one that's ripe for harvesting performance.

"Fixed income and bonds represent a compelling opportunity," said Hornby, who has a 3-year-old child and another on the way.

A Rutgers University graduate, Hornby joined Schroders in 2010 and was promoted in 2020 to her current role, where she develops and manages sustainable and thematic funds.

The Hartford Schroders Tax-Aware Bond Fund that Hornby leads more than doubled its assets under management over the last year to nearly $1 billion. That fund and the Hartford Schroders Tax-Aware Bond ETF have garnered five-star ratings based on risk-adjusted returns from Morningstar. Another of Hornby's funds — the Hartford Schroders Sustainable Core Bond Fund — received four stars.

Hornby integrates environmental, social and governance factors into her team's investment process. For instance, she has created a bond fund that is "labor aware," investing in companies that have high retention rates and put a premium on employee benefits and training.

— Mark Schoeff Jr.

ALLYSHIP CHAMPION OF THE YEAR EXCELLENCE AWARDEES

PORTFOLIO MANAGER OF THE YEAR EXCELLENCE AWARDEES

SANDRA CHO

PRESIDENT, POINTWEALTH CAPITAL MANAGEMENT

Sandra Cho would like to see Tara replace Tina.

Tina — there is no alternative (to stocks) — was popular during previously frothy times in the market. In Cho's view, perhaps it should be supplanted by Tara — there are reasonable alternatives — or some other catchy investing shorthand.

"Broad diversity now means you have to have something other than stocks and bonds," said Cho, founder and president of Pointwealth Capital Management. "You have to have alternatives if you're going to be truly diversified. We need to move on to another acronym."

Her firm specializes in tax-efficient and retirement account models, and the larger ones devote about 20% of their allocations to alternatives, including structured notes. Half of the structured notes produce income as an enhancement to bonds, while the other half are designed for growth to enhance equities. The products are held for three to five years.

Cho and her staff carefully evaluate clients' needs and goals through free financial planning before designing their portfolios.

"I feel that's the only responsible thing to do in order to give them appropriate advice," she said.

Her investment approach has generated significant referrals and catalyzed the firm's growth from $80 million in assets under management to $200 million. Cho is in the Chairman's Club of LPL Financial, the broker-dealer with which her firm is affiliated.

Cho has cultivated a diverse staff. The average age of her employees is 30, and 50% of them are LGBTQ, as she is herself.

"We hired the most capable person for the position, and it just so happened the majority [were] LGBTQ," she said.

— Mark Schoeff Jr.

ALYSSA MOEDER AND COURTNEY MOORE

MANAGING DIRECTORS AND PRIVATE WEALTH ADVISORS, MERRILL WEALTH MANAGEMENT

The combined depth of experience of Alyssa Moeder and Courtney Moore is impressive. Moeder has worked in financial services since 1991 and provides goal-based wealth management advice and services to multigenerational families, ultra-high-net-worth individuals and institutions. Moore also has more than 30 years' experience serving institutions and wealthy families, specializing in customizing investment plans, strategic asset allocation modeling, hedging and diversifying sophisticated portfolios and incorporating liability management.

They're also passionate about volunteering and working with organizations that center around their beliefs and values. "I firmly believe that you get what you give," Moore said, talking about her volunteer work. "Throughout the course of my life, I've always been rewarded. Our business is a meritocracy-focused business. But I also believe that people need a chance."

In 2004, Moeder founded the Women's Exchange, a forum for women in Bank of America's wealth management businesses to share ideas and experiences and offer support to one another. Moore became involved early on, helping Moeder spread the word, host events and expand the organization. What started as a group of women from the same office floor evolved over time into a nationwide organization, with more than 6,000 members.

Both Moeder and Moore have been recognized by countless publications for their demonstrations of success and leadership in the financial advice industry.

"Courtney and I wouldn't have accomplished what we accomplished with the Women's Exchange without supporting each other, and I can't even believe it developed into what it did. We're just a great team," Moeder said. "I think when we work together on these things, we see ourselves as one. We've come a long way, but there's still so much work to be done."

— Josh Welsh

AMY JAMROG

CEO, FOUNDER AND FINANCIAL ADVISOR, THE JAMROG GROUP

Before making a career in financial planning, Amy Jamrog wanted to be an artist.

"If I wasn't a financial advisor, I'd be an interior decorator, or a full-time author," she said. "I'd also carve out time to crochet blankets for hours and hours a day! I love anything crafty, creative and colorful."

It wasn't until Jamrog turned 25 that she was approached by a businessman who taught her the wealth management industry is not only creative but also personal and incredibly rewarding. "I am grateful every day for the fact that he took the time to really explain what the role of a financial advisor is, and that he saw what a great match it was for my skills and personality."

In addition to working as a financial advisor, Jamrog is an author and motivational speaker, and a coach for other women advisors. Pursuing her love of writing, she has written two best-selling books, "Confetti Moments" and "Life Savings Conversations: Prepping You for The Ten Most Important Conversations You'll Have in Life." Jamrog hopes to write a third book next summer.

Through her consulting company, Jamrog established Coalition, a coaching group exclusively designed for MassMutual's female financial advisors. The group's members work toward three goals: to increase results, profitability and happiness. Last year, members reported their participation resulted in an average of a 21% increase in overall happiness, a 46% improvement in work/life balance, and a 53% increase in their business goal clarity.

Next year, Jamrog hopes to increase the number of women she coaches by 50%.

"I care so deeply about other people's happiness, and how I can help contribute to it. That alone drives everything I do," she said.

— Josh Welsh

ASHLEY GOLSON

SENIOR VICE PRESIDENT, NATIONAL SALES DESK, JACKSON NATIONAL LIFE DISTRIBUTORS

Ashley Golson knows sales. That's her primary role as senior vice president of Jackson's national sales desk.

She also knows that diversity and inclusion are ideas worth selling. And she's an expert at that, too.

Golson is very involved locally and nationally in D&I efforts, consistently reminding others that the company's diverse and inclusive workplace is essential to its continued success, positive culture and employee satisfaction. In addition to her daily responsibilities, Golson serves on Jackson's D&I Council and provides advisory support to the leaders of Jackson's Visions in Black Excellence Network, which supports the professional development of black associates at Jackson.

Golson is also passionate about financial education. She is a former instructor for Rock the Street, Wall Street, teaching high school girls about the principles of finance.

"Women bring a unique gift, perspective and skill set to the table. Many will become breadwinners or will inherit significant dollars. We need to understand how money works and the value of investing. We will then be able to pass this knowledge from generation to generation," she said.

Golson attended Grambling State University, a historically Black university, and has developed a passion for supporting students. In 2022, she joined Tennessee State University's economics and finance board to support students on their journeys into the financial profession.

"I obtained an amazing education, but it also built my confidence and prepared me for the challenges and opportunities ahead. Many students at HBCUs come from backgrounds similar to mine. They are extremely intelligent, hardworking, and resilient, and just need an opportunity to shine," Golson said.

— Gregg Greenberg

MARY BETH STORJOHANN

CO-CEO, ABACUS WEALTH PARTNERS

As a public speaker, podcaster and industry leader, Mary Beth Storjohann has never shied away from using her voice to promote positive change in the financial industry.

As co-CEO of Abacus Wealth Partners, Storjohann makes it her mission to help clients expand what's possible with their money. She joined Abacus in 2019 as chief marketing officer after successfully launching and growing her own RIA firm, and in 2022 was named co-CEO.

Over the course of nearly two decades in the financial services space, Storjohann has focused on financial education. She started the website and podcast "Workable Wealth," which provides financial education and empowerment to those in their 20s through 40s, and wrote a book, "Work Your Wealth: 9 Steps to Making Smarter Choices with Your Money."

Storjohann makes frequent media appearances to offer her ideas on wealth management and advocate for women in the industry. A believer that "actions speak louder than words," she's known for sparking debate in order to make the industry a better place.

Storjohann also believes in making sure the next generation follows through on her drive for equality. She oversees the BLX Internship Program, a charitable organization whose mission is to make the demographics of the financial planning profession more representative of our country's population.

"Even small pieces of financial education can create a large impact in someone's life," Storjohann said. "Working to spread financial literacy helps to increase the accessibility of information and it allows our team members to show up in a variety of ways within different communities."

— Gregg Greenberg

COLLEEN BELL

PRESIDENT OF INNOVATION AND EXPERIENCE, CAMBRIDGE INVESTMENT RESEARCH INC.

Colleen Bell is affectionately known at Cambridge Investment Research as a "change agent." Ask any of her colleagues and they will undoubtedly tell you that her type of change is always for the better.

Bell joined the independent broker-dealer in 2006 following her experience as a securities examiner and auditor with the Securities and Exchange Commission. As president of innovation and experience at Cambridge, Bell's focus is on driving associate engagement and advisor satisfaction. Bell also serves as an executive sponsor of Cambridge's DEI Committee and Community of Women program.

Bell has always made an effort to share her expertise and knowledge with women at the firm and around the industry. One of the ways she's done that is through mentorship and teaching. Bell regularly visits local schools to share with students what the financial services industry is like.

"Exposing students to key financial concepts and principles at a young age can prevent harmful and stressful financial habits from developing later in life as kids transition to adulthood and begin to take on more responsibility," she said.

Bell is also an executive sponsor of Cambridge's diversity, equality and inclusion advisory council, where she works with groups of associates and advisors to develop and enhance the firm's approach to diversity and inclusion.

"My goal has always been to do whatever I can to support women in the industry so they feel as empowered as I have felt my entire career. I have been fortunate to have wonderful personal and professional mentors and allies, and my philosophy in life is to always pay it forward," Bell said.

— Gregg Greenberg

TASNEEM DOHADWALA

FOUNDING PARTNER, EXCELESTAR VENTURES

Tasneem Dohadwala, founding partner of Excelestar Ventures, is big on Boston, and even more so when it comes to boosting women in the venture capital space.

Dohadwala's entire career has been guided by a strong devotion to equality and inclusion, with a special focus on empowering women. She believes in the value of investing in diverse and underrepresented teams, which is evident within her practice, as 61% of Excelestar's portfolio companies are minority-led and 50% are female-led.

Dohadwala also serves as a managing director at Golden Seeds, where her leadership has channeled more than $165 million into 225 dynamic women-led enterprises, a testament to her deep advocacy. Her influence not only ushers in fresh avenues for funding within the realms of minority and female-led technology startups, but also inspires future generations of trailblazers.

"By challenging the existing norms, we have the opportunity to not only rectify the funding gap but also to optimize our returns. It's time to reshape the landscape, empower women, and fuel innovation and prosperity for all," she said.

Dohadwala is also deeply involved in the Boston community, where she mentors young founders through organizations like Harvard Innovation Labs and Wellesley College. This past year, she was named a venture capital advisor and Rock Executive Fellow at Harvard Business School's Rock Center for Entrepreneurship.

"The innovation and disruption unfolding in Boston leave me in awe," she said. "To not promote this city would be a disservice."

— Gregg Greenberg

ADITI JAVERI GOKHALE

CHIEF STRATEGY OFFICER, PRESIDENT OF RETAIL INVESTMENTS AND HEAD OF INSTITUTIONAL INVESTMENTS, NORTHWESTERN MUTUAL

Ask Aditi Javeri Gokhale what success means to her, and she'll say it's what defines her sources of happiness.

"That means spending time with my 16-year-old, spending time with my friends, delivering and succeeding professionally, and ensuring that my family and I feel connected," she said.

Born and raised in Mumbai, India, in a close-knit, middle-class family, Javeri Gokhale came to the U.S. with two large suitcases and $150 in her bank account. She earned her bachelor's degree and an MBA at MIT.

After working in several positions at leading brands, she settled into her current role at Northwestern Mutual as chief strategy officer, president of retail investments and head of institutional investments.

Javeri Gokhale has several accomplishments under her belt. In the first part of the year, she led the company's wealth management business to extraordinary performance with growth of $30 billion in assets under management. She was also recognized by Involve's Empower Awards list of 100 top executives, highlighting those who support and empower people of color in the workplace.

"It's an honor for me to champion others in the workplace and help create a world where everyone has an equal voice and a seat at the table," she said.

When it comes to planning ahead, Gokhale aims to set strong and lofty goals, but also take realistic steps to reach them.

"Something my father always said to my sister and me growing up is this: 'Eye on the sky, feet on the ground.' To me, this means staying humble, but always aiming high," she said. "While this approach has guided me through my education and career, I've also seen this mantra play out in business."

— Josh Welsh

MARIANNA GOLDENBERG

FOUNDER AND CEO, CURO WEALTH MANAGEMENT

If Marianna Goldenberg weren't a financial advisor, she would be a teacher.

"I love teaching," she says. When she's not working at her Langhorne, Pennsylvania-based firm, she's a guest lecturer at Temple University and Bucks County Community College.

"I'm a believer that, as a society, we don't do a good job educating our kids in school and that's why we have so much student debt and people are not able to retire, and also have so much credit card debt," Goldenberg said.

An immigrant from the former USSR, Goldenberg worked tirelessly to achieve the American dream. After graduating from the University of Pennsylvania, she started her financial career at Salomon Brothers, then trained in the prestigious financial advisor professional development program at Merrill Lynch.

Through those experiences, Goldenberg started her firm Curo Wealth Management, featuring a team of strong women who aim to better the lives of women through financial awareness and empowerment. In Latin, curo means "to take care." That's what she and her team do every day for their clients.

Seven years ago she also created a "study group" made up of six women who regularly discuss business ideas and the latest developments in the industry, supporting each other through both professional and personal ups and downs.

Her goals next year will be to continue to grow and serve her clients. "I enjoy it, I really do," Goldenberg said. "It's something that I love, and I see the difference we make in people's lives. It's been a really rewarding career."

— Josh Welsh

LAURIE STACK

VICE PRESIDENT OF BUSINESS DEVELOPMENT, AVANTAX WEALTH MANAGEMENT

Everybody can benefit from a little coaching in their careers. And Laurie Stack is dedicated to providing that mentorship to young women in finance seeking to get a leg up.

Stack joined Avantax four years ago after three decades in leadership positions at financial services firms including LPL Financial, Cetera Advisors and The Wealth Consulting Group. In addition to helping run business development at Avantax, Laurie heads the Avantax Women's Advisor Forum, where she focuses on developing educational resources, coaching and mentoring programs and face-to-face engagements.

"Surveys show that by the end of 2032, two-thirds of American wealth will be controlled by women, and I know firsthand that women clients often prefer working with women advisors, so by mentoring young women we help them pursue a thriving future in financial services," Stack said.

She said that she's committed to shifting the investment industry's perspective away from focusing on women "breaking barriers" because she believes women have already broken those barriers.

"It's imperative we change the narrative and feature successful women so others can see there's a clear path to being a financial advisor running her own rewarding and potentially lucrative business," Stack said.

Stack is also a highly sought-after speaker for investment industry conferences and thought leadership panels. She frequently advocates for women on behalf of Avantax.

"The days of women holding only support roles is over. Our industry is pivoting, as women now are among the most sought-after and deeply trusted financial advisors," said Stack.

— Gregg Greenberg

EMPLOYER OF CHOICE EXCELLENCE AWARDEES

Kestra Holdings
Merit Financial Advisors
Osaic
Prudential Advisors
RBC Wealth Management
RMB Capital
SageView Advisory Group
Thrivent

EXCELLENCE IN GENDER DIVERSITY & INCLUSION EXCELLENCE AWARDEES

Cetera Financial
Fiduciary Trust International
Lincoln Financial Group
Palisade Capital Management
Prospera Financial Services
Raymond James & Associates

GIVING CLIENTS' FINANCES A HEALTH CHECK

Carolyn McClanahan looks back on her career change from physician to financial planner and how the two professions are more interlinked than she anticipated.

BY GREG HUDSON

As the famous quote goes, nothing is certain in life except death and taxes. Carolyn McClanahan, founder of Life Planning Partners, knows both intimately, having started out as an emergency room physician. "Now, nothing seems as challenging as that," she says.

That's not to say, of course, that death never comes up in her work as an advisor, it's just that now she helps clients prepare for it, instead of helping them delay or prevent it. As for taxes, they're one of the reasons she changed careers in the first place.

McClanahan's introduction to the world of financial planning was born of personal necessity. Her husband had inherited a modest sum and wanted to use it to make a career change. He was an engineer, but he wanted to be a track and field coach and a photographer. Not wanting to become the sole breadwinner, McClanahan insisted that they speak with an expert.

"We interviewed all these financial planners to see if my husband could change careers and none of them really gave good financial planning advice," she recalls. "It was all about investments. They didn't do cash flow planning, budgeting or help us figure out tax efficiency, or any of what we expected from a financial planner."

Soon, it wasn't only her husband looking to change careers, after McClanahan decided to go back to school to learn about financial planning. By 2004, she had founded her firm, offering comprehensive financial advice on a fee-only basis. "I fell in love with it and haven't looked back."

Despite the career U-turn, her training as a doctor still provides the backbone for her financial practice. "When I became a financial planner, I didn't realize how just how many intersections there were between health and finance," she says. This prompted her to get on the speaking circuit with a talk called "How to Improve Your Insurability" about what to share with your doctor to get the most favorable insurance rates. After that, she did another popular talk that took a deep dive into the Affordable Care Act.

"Then I started seeing these other intersections, like end-of-life planning, or when somebody is diagnosed with a terminal illness," she says. "I just saw so many sad things [where advisors] could have helped clients better prepare financially for the end of life."

Physicians and financial planners, she adds, both seek answers to the same fundamental questions from their patients and clients: Am I going to be OK? Both professions also have to deal with people who assume they know what they are doing, like the

> **"I still don't want to be the billion-dollar firm. But maybe we'll be the $600-to-$700 million firm."**
>
> CAROLYN MCCLANAHAN, FOUNDER, LIFE PLANNING PARTNERS

FAST FACTS

Name:
Carolyn McClanahan

Company:
Life Planning Partners

Founded:
2004

Number of client families:
More than 90

Recognition:
Investopedia Top 100 Financial Advisors 2021; *InvestmentNews* Icons & Innovators December 2017; *InvestmentNews* Women to Watch, November 2016; NAPFA Special Achievement Award, June 2016.

> **"I just saw so many sad things [where advisors] could have helped clients better prepare financially for the end of life."**
>
> CAROLYN MCCLANAHAN, FOUNDER, LIFE PLANNING PARTNERS

person who stays in a job they hate because they hope to retire sooner.

"That's not really the best route," McClanahan said. "The best route is to find work you love and work as long as possible doing something you love. We end up doing a lot of career planning."

Like any good doctor, McClanahan realized that the best way to ensure her clients' financial well-being was with a holistic approach, making sure clients were doing the right things financially to support their goals and values. That means, in addition to making sure they're saving and spending appropriately, checking that they're not over-insured or underinsured and that they don't do foolish things with their money because of cognitive decline.

Her biggest challenge, it turns out, was managing business growth. She knew she needed to hire an investment manager, but did she need administrative support? A marketing department? "Do I try to grow a billion-dollar company? Or do I stay small? I realized my love is not growing and managing a bunch of people."

McClanahan stayed small, relatively speaking. "What ended up happening was we went years when we quit taking new clients — which people say is heresy — but in reality, it made us all love our work because we were doing a great job taking care of the clients we had."

Keeping her firm lean meant each advisor could specialize in an aspect of planning, while also staying up to date with every client's full plan. While McClanahan deals with estate and tax, another team member may handle projection planning and insurance. This division ensures that all the bases are covered. "We all split up the work. We all know all the clients," she explained.

Having a small, close-knit team does present challenges, though, like having an internal succession plan. In McClanahan's mind, selling to a larger group would "dismantle" everything they've done so far. "We love our clients too much to do that," she says.

But, not surprisingly, she has a plan. She'll allow Life Planning Partners to grow, just a little, so that nine or 10 years from now, there will be a larger pool from which she can choose a successor.

"I still don't want to be the billion-dollar firm," she said. "But maybe we'll be the $600-to-$700 million firm."

greg.hudson@keymedia.com

Industry

Wells Fargo cash sweep options investigated by SEC

WELLS FARGO'S cash sweep options are being investigated by the Securities and Exchange Commission, the bank disclosed in a regulatory filing. Wells Fargo offers three sweep options, under which uninvested cash can be deposited into interest-bearing accounts or money market funds.

The Money Market Fund Sweep is typically offered to government accounts, insurance companies, banks and credit unions, and invests in the AllSpring Government Money Market Fund, which advertised a 4.93% yield as of Oct. 31. The SEC has brought several cases over cash sweep conflicts in the past two years. In 2022, Charles Schwab Corp. agreed to pay $187 million for failing to fully disclose the impact its cash sweep program had on customer returns.

RIA M&A: No jerks and lots of capital

THERE ARE WAYS to avoid pitfalls, mishaps and selling to the wrong RIA rollup or aggregator.

One bit of advice to avoid such outcomes is to focus on the attitudes and behaviors of the other firm in the deal. There should be a simple rule: "No jerks," said Shannon Eusey, CEO of Beacon Pointe Advisors.

Speaking in Philadelphia at Schwab Impact, the annual meeting for thousands of RIAs that use Charles Schwab Corp. and its custody group, Schwab Advisor Services, Rush Benton of Captrust Financial Advisors added, "It takes a lot of capital to do this. The capital structure of the different firms matters. If you are looking for a transaction, you will find lots of different models, a lot of different personalities."

FOCUS

From engineering to financial services

SAHIL VAKIL vividly remembers a frustrating encounter with a major bank that refused to serve him, despite his substantial income and assets, simply because of his visa status. This incident, combined with his industry knowledge and education, provided the catalyst for RIA Myra Wealth.

Vakil knows that navigating the financial landscape in a new country is a daunting task, and with his team, he has made it his mission to simplify the process.

While a significant portion of Myra Wealth's clients are of Indian origin, the company's focus is on assisting immigrants from all backgrounds. "Coincidentally, because I'm of Indian origin, a lot of my clients are Indian," he said. "But a lot of the world population is Indian, so you're going to get a lot of Indian immigrants as clients. I mean, if you think about it, 40 or 50 of the Fortune 500 firms have some form of Indian leadership."

Vakil can lean on an eventful career arc to help new immigrants settle. He never intended to end up in financial services. With a background in electrical engineering and a master's degree specializing in aerospace controls, his dreams of working in the aerospace industry in this country were thwarted by the limitations faced by non-U.S. citizens in obtaining security clearances. Instead, he pivoted to consulting firms before deciding to self-study to become a CFA.

Over the following decade, Vakil worked in various financial roles, including at Goldman Sachs and JP Morgan. While earning his MBA at Wharton, he delved further into personal finance, specializing in trust and estate planning.

> "A lot of people make the mistake of going broad," he says. "They say, 'Oh, I'm an RIA and I provide personal finance services.' How do you differentiate, though?"
>
> SAHIL VAKIL, MYRA WEALTH

Myra Wealth's clients are often highly educated and hardworking individuals who have pursued degrees at prestigious institutions like Stanford and MIT. However, they may lack the necessary financial infrastructure and support system in the U.S. Vakil empathizes with their situation. "They don't have family," he says. "They don't know who to ask. They don't have friends because they're new to the country. We're their first point of contact."

Additionally, navigating the complex world of U.S. financial regulations and reporting requirements can be overwhelm-

Real estate firm blows up

CAP ENTERPRISES INC., a real estate investor and manager that raised $245 million from investors by selling through independent broker-dealers, declared bankruptcy near the end of September, and now clients who bought the high-risk securities are suing those firms.

Based in Bellevue, Washington, iCap was founded in 2007 by Chris Christensen, according to court papers that are part of the Chapter 11 bankruptcy that iCap filed Sept. 29 in U.S. Bankruptcy Court for the Eastern District of Washington.

The company had 35 employees at the time it declared bankruptcy. iCap owned or controlled at least 13 real estate properties, according to court filings, and about 1,800 investors bought iCap securities.

Kestra PWS scoops teams with combined $850M AUM

KESTRA PRIVATE WEALTH SERVICES has added two teams with a combined $850 million in client assets to its network.

Kindred Wealth Partners in Pittsburgh brings a $650 million team led by senior managing partners Charles Palmer, Sean O'Riordan and Randall Klaiber.

Rob Bartenstein, CEO and senior managing director of Kestra PWS, said in a statement, "In this case, we even went on a fishing trip together. When spending that kind of quality time together, it's evident when there's a right fit – and everyone knew this was a very right fit."

Meanwhile, Catalyst Retirement Solutions in Salt Lake City joins Kestra PWS with $200 million in client assets.

SAHIL VAKIL

ing, even for the most astute individuals. Myra Wealth steps in to bridge this gap, providing essential guidance and support.

"We write blog topics on content that is very relevant to this population," he said. "It's pretty much stuff that you're living day to day and that you have issues with."

Vakil emphasizes the importance of hyperfocus. It's not enough to offer generic financial services; you must tailor your approach to the specific needs and interests of your target clients.

"A lot of people make the mistake of going broad," he says. "They say, 'Oh, I'm an RIA and I provide personal finance services.' How do you differentiate, though?"

Creative Planning adds Mesirow's retirement plan advisory team

CREATIVE PLANNING is acquiring Chicago-based Mesirow's corporate retirement plan team, which oversees more than 350 retirement plans with roughly $13 billion in assets under advisement and management.

The announcement comes just a couple of months after Creative Planning struck a deal to acquire Goldman Sachs' RIA, Personal Financial Management, with $29 billion in assets and a few hundred advisors. That deal is expected to close by year-end.

Creative Planning's retirement services practice already oversees more than $137 billion in assets under advisement.

Twenty-three team members from Mesirow will join Creative Planning, including eight advisors.

Vanguard will shutter China office next year

VANGUARD GROUP INC. is taking its last steps to exit China and shut down its office in the 29 trillion yuan ($4 trillion) mutual fund market.

Vanguard has signed severance agreements with the remaining staff of about 10 people in Shanghai, including country head Luo Dengpan, according to people familiar with the matter. Most of the team will leave by early next year and the office will be closed, the people said, asking not to be identified as the decision is private.

The Malvern, Pennsylvania-based firm sold its 49% stake in a robo-advisor joint venture with Jack Ma-backed Ant Group Co. last month.

Schwab cuts more than 2,000 jobs

CHARLES SCHWAB CORP. finished cutting as much as 6% of its 35,900-member workforce amid efforts to curb costs as it continues to integrate TD Ameritrade, according to a company spokesperson.

The number of cuts, ranging from 5% to 6% of staff at the Westlake, Texas-based company, translates to as many as 2,154 employees, based on a corporate fact sheet that put the company's overall head count at 35,900 at the end of September.

Schwab said in August that it planned to cut jobs and close or downsize offices

to achieve at least $500 million in annual cost savings amid efforts to strip complexity from the firm.

Choreo acquires BDO USA

CHOREO, a Chicago-based registered investment advisor, is acquiring the wealth management business of accounting firm BDO USA, which oversees roughly $8.1 billion in assets under advisement or management. Terms were not disclosed.

Choreo also announced that it is joining the BDO Alliance USA Business Resource Network as an independent member, which will provide it with opportunities to serve BDO USA, its clients and other BDO Alliance USA members and clients.

Thirty-three employees will join Choreo from BDO, including 17 advisors. The deal also adds seven locations to Choreo's nationwide network.

Regulation

Bankman-Fried found guilty of fraud

SAM BANKMAN-FRIED has been convicted of a massive fraud that led to the collapse of his FTX exchange, following a month-long trial that pitted the testimony of the former crypto king against that of some of his closest friends.

Bankman-Fried was found guilty of seven counts of fraud and conspiracy after jurors in Manhattan deliberated for less than five hours last Thursday. He faces as much as 20 years in prison on each of the most serious charges. Judge Lewis Kaplan set a sentencing date for March.

Bankman-Fried "perpetrated one of the biggest financial frauds in American history," Manhattan U.S. Attorney Damian Williams said after the verdict. "A multibillion-dollar scheme designed to make him the King of Crypto."

Investment advisor slapped with emergency asset freeze

THE SECURITIES AND EXCHANGE COMMISSION has intervened to protect what it claims are vulnerable investors, securing an emergency asset freeze against Julie Anne Darrah, a Santa Maria, California-based investment advisor, and her hybrid RIA, Vivid Financial Management Inc.

The agency alleges that Darrah and Vivid Financial engaged in a fraudulent scheme, misappropriating over $2 million from elderly clients.

According to the SEC, Darrah preyed on at least nine clients, primarily elderly women, many of whom depended on her for their financial stability. The complaint details how Darrah exploited her position of trust, taking control of her clients' assets through various means, including becoming the trustee of their trusts, manipulating bank and brokerage accounts, and obtaining power of attorney.

FOCUS

Biden takes aim at 'self-serving' advisors

PRESIDENT BIDEN warned financial advisors not to recommend high-fee investment products that line their own pockets rather than help their clients build a nest egg, as he promoted a proposal to raise advice standards for retirement accounts.

"Most advisors give their clients good advice at a fair price and are honest with them. But that's not always the case," Biden said at a White House event marking the introduction of a Department of Labor rule proposal that would require more advisors to act as fiduciaries and mitigate conflicts of interest when making

$1.8B penalty in landmark antitrust case

IN A GROUNDBREAKING decision that has sent shock waves through the real estate industry, the United States' premier real estate brokerage firms have been held responsible for a staggering $1.8 billion in damages. This verdict comes after allegations of a seven-year conspiracy to compel homeowners to pay substantial commissions to the brokers representing buyers, resulting in a significant drop in related stock prices.

The National Association of Realtors, representing over 1.5 million agents, along with industry giants such as several subsidiaries of Berkshire Hathaway and Keller Williams Realty, were found liable. The trial, held in Missouri, scrutinized the industry's adoption of anti-competitive regulations, which mandated sellers to allocate 3% of a property's sale price to the buyer's brokers.

Proposal would add a lot of fiduciaries into the mix

ADVISORS WHO MAKE one-off recommendations to 401(k) plans and participants may face a new reality under the latest fiduciary rule proposed by the Department of Labor: They will be fiduciaries, whether they like it or not.

Response was mixed but founder and chairman of one of the big retirement advisor RIAs, Randy Long of SageView, said the new iteration of fiduciary standards has been a long time coming.

"It's a step in the right direction to provide clarity on operating in the best interest of the consumer or the participant," Long said. "It is good. It will bring some compensation down and benefit the participant … I think there were inherent conflicts in the industry in the ways in which advisors were being paid. This goes a long way to create a fiduciary standard of care, which is positive for Americans overall."

retirement savings recommendations. "Some advisors and brokers steer their clients toward certain investments, not because of the best interests of their clients but because it means the best payout for the broker. I get it. I understand it. But I just want you to know we're watching."

Biden's involvement in launching the proposal illustrated that it's one of his priorities. The Obama administration proposed a similar rule that was struck down by a federal appeals court in 2018.

When advisors put their interests ahead of their clients' best interests, "they're scamming Americans out of hard-earned money," Biden said. "When a person pays for trusted advice and it comes with a hidden cost, that's what I call a junk fee, and I think it's wrong."

The proposal would define as a fiduciary act a one-time recommendation to roll over funds from a company retirement plan to an individual retirement account. It also would apply a fiduciary standard to the sale of insurance products that are not securities, such as fixed index annuities.

Biden pointed to annuities as an example of an investment product that can harm investors. He said that when "advice is sound," annuities can be a good source of retirement income, like Social Security. But when the advice is "self-serving," annuities rife with "hidden fees" can erode retirement savings.

Conflicted advice can cost retirement savers up to 1.2% annually in lost investment, or tens of thousands of dollars over time for a middle-class household, Biden said. In a statement, the DOL said conflicts of interest related to the sales of fixed index annuities cost investors $5 billion annually.

> **"Most advisors give their clients good advice at a fair price … But that's not always the case."**
>
> PRESIDENT JOE BIDEN

Insurance industry trade associations took umbrage at annuities being in the cross hairs of what the DOL calls the retirement security rule. The criticism ignores more than a decade of work by financial firms as well as recent legislation that has increased the transparency of annuities and made them easier to understand, said Jason Berkowitz, chief legal and regulatory affairs officer at the Insured Retirement Institute.

"I'm struggling to figure out why the [DOL] has such a strong negative view of products that are important to people trying to plan for retirement."

Avantax hit with suit alleging merger misinformation

A STOCKHOLDER IN Avantax Inc., which is being acquired by the giant broker-dealer network Cetera Holdings Inc., last week sued Avantax, claiming that its board of directors had approved the filing of a proxy statement that had incorrect information about the merger and potentially could harm investors.

One of those named in the complaint is Christopher Walters, Avantax CEO and a member of the board, who could walk away from the deal with a golden parachute worth $21.6 million, according to the proxy statement that is now being questioned in court.

Silver-coin IRA seller settles over alleged $68M fraud

A COMPANY IS settling fraud charges from regulators amid a widespread crackdown on precious metals dealers who target retirees.

The firm, Safeguard Metals, along with its sole owner, Jeffrey Ikahn, allegedly defrauded customers to whom it marketed gold IRAs of $68 million, according to two separate lawsuits brought by the Securities and Exchange Commission, the Commodity Futures Trading Commission and numerous states in early 2022.

Safeguard misrepresented key figures about itself to more than 450 customers, and it used a markup averaging 50% more than it disclosed on the coins it sold — most often silver collectibles toward which it steered clients, the plaintiffs alleged in the lawsuits.

Broker, executive suffer $1M arbitration loss

A SOUTHERN CALIFORNIA registered representative and a broker-dealer executive lost an arbitration claim entailing a little over $1 million in damages to an investor who bought GWG Holdings Inc. L bonds in 2018.

Dozens of broker-dealers sold about

$1.6 billion in GWG L bonds, so-called because they were backed by life settlements, before the firm declared bankruptcy last year, leaving investors in the lurch and potentially inclined to sue the broker or firm that sold them GWG bonds.

The three-person panel cited fraud, breach of fiduciary duty and negligence on the part of the broker.

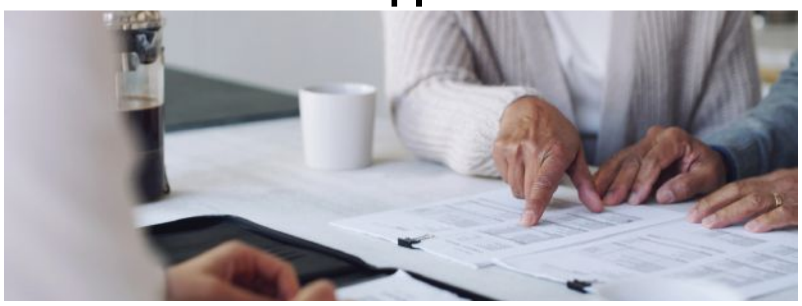
Insurance industry reacts to DOL's proposed rule

THE BIDEN ADMINISTRATION singled out annuities in the DOL's proposed fiduciary rule, and the stakes are high for independent insurance agents.

The proposed changes will almost certainly make it more difficult to sell annuities via 401(k) rollovers.

The industry's reaction was immediate. The Insured Retirement Institute said in a statement that the DOL would "needlessly cause millions of lower- and middle-income workers to lose access to the financial advice they need." The American Council of Life Insurers said that Biden conflated "legitimate retirement costs with junk fees," which "is a scare tactic to push regulations that will hurt Americans in need of greater financial certainty."

How 401(k)s, 529s factor into the new student loan application



THIS FALL COULD be an unusually stressful time for families with children planning to start college next year. The cause: Many will be guessing about how much they will have to pay or borrow for tuition.

Not only are they awaiting acceptance letters, but there's a two-month delay in Federal Student Aid applications as a result of a major overhaul in how the government assesses eligibility. While the Free Application for Federal Student Aid (FAFSA) is typically published in October, this year it has been delayed until December.

Other changes include the fact that pretax contributions to employer-sponsored retirement plans won't count as income, which could make participating in 401(k)s beneficial for multiple reasons. And changes to the status of 529 accounts in grandparents' names stand to benefit students.

Advisors not seeing a spending slowdown

THE LATEST ECONOMIC data show Americans are continuing to open their wallets despite the rise in interest rates and stubbornly high prices. Apparently, financial advisors keeping a sharp eye on their clients' accounts aren't seeing much of a spending slowdown either.

Consumer spending climbed 0.7% in September, up from an unrevised 0.4% in August, according to a report Oct. 27 from the Commerce Department's Bureau of Economic Analysis. Adjusted for inflation, spending rose 0.4% for the month compared to a 0.1% rise in August. Both numbers exceeded economists' forecasts.

Spending on goods increased 0.7% for the month, while outlay on services surged 0.8%, lifted by international travel and health care.

FOCUS

Good planning means clients can live their own stories

"I BELIEVE THAT financial planning transforms lives," says Marguerita Cheng, CEO of Blue Ocean Global Wealth, as she reflects on a moment seared into her memory.

At the tender age of 10, as the oldest of three girls, she was taught an invaluable lesson by her father amid family trauma. Her aunt died with no life insurance, and her uncle subsequently asked Cheng's dad for a loan to pay for the funeral.

"My dad wasn't a jerk," Cheng says. "He said, 'No; I'll pay for the funeral because you shouldn't have to mourn the loss of the mother of your four kids and experience financial distress.'

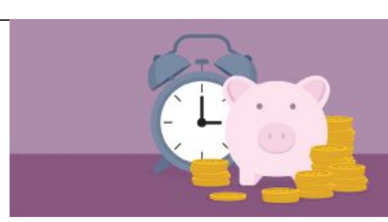
"My dad really wanted to expose me to personal finance, so he showed me where the safe was, showed me where the life insurance policy was, and said, 'If anything happens to Daddy, you gotta take care of Mommy and your sisters," she said. "He felt it was important to be prepared, and planning is a way of showing how much you love and care for others."

This attitude sowed a seed in Cheng's mind, and in her 20s she embraced her desire to be a financial planner. She devoured books and took it upon herself to get up to speed on different concepts. She entered the financial world by working at a Japanese securities firm but soon realized she didn't like the fast-paced brokerage environment. "It doesn't mean that I'm slow – I just felt disconnected. Who were these clients?"

Cheng refocused and decided to take the concepts she had learned in corporate finance about strong balance sheets and

> **"I want people to know that I am here to guide you because you can do what's important to you — you don't have to follow what other people are doing."**
>
> MARGUERITA CHENG, BLUE OCEAN GLOBAL WEALTH

How much can clients add to 401(k) in 2024?



THE AMOUNT THAT can be saved for retirement in 401(k) plans and other types of plans has been increased for 2024.

The Internal Revenue Service announced that contributions of up to $23,000 will be allowed next year, up from $22,500 in 2023. That applies to 401(k)s, 403(b)s, most 457 plans and the government's Thrift Savings Plan.

For those age 50 and older, the catch-up contribution limit was held steady at $7,500 for 2024, meaning someone who is 50 or older can contribute a total of $30,500 next year. The catch-up contribution limit for employees 50 and over who participate in SIMPLE plans remains $3,500 for 2024.

Millions will be financially burdened by caregiving

AMERICANS ARE LIVING longer, but the downside is that many will require assistance from family members, who may in turn face a financial burden.

A new report from the TIAA Institute and the University of Pennsylvania School of Nursing reveals that 1 in 5 adults now provides care to loved ones, with uncompensated expenses running to an average of $7,000.

"Although the emotional and physical toll on family caregivers is well recognized, the financial impact of these roles has received less attention," said Surya Kolluri, head of the TIAA Institute. "The impact on lifetime earnings, savings, Social Security benefits and retirement readiness can be severe. Especially today, as people are living longer, caregivers should plan for these costs at various life stages."

MARGUERITA CHENG

use those to help people develop better net-worth statements. "Statement of cash flows for a corporation is really a budget like a household's," she added.

She also places a particular focus on retirement income. Cheng's parents were 14 years apart in age, so, again, she can lean on firsthand experience when it comes to strategies like Social Security optimization, downsizing and long-term care planning. But she wants clients to know the greatest gift they have is their health.

"You need to have a reasonable amount of wealth, you want to have time to enjoy it, and you also want to have good health," Cheng says. "And that's when all the stars are in alignment. I want people to know that I am here to guide you because you can do what's important to you – you don't have to follow what other people are doing."

Growing up multicultural, multiracial and multiethnic, Cheng knows her story is different from that of many, but she wants prospects to understand that their stories can be different, too.

"That's why I'm passionate about retirement income," she said. "You don't have to do what the next person is doing. You're not them. Do what's right for you."

Annuity sales surge in Q3

LED BY RECORD demand for registered index-linked annuities, total third-quarter annuity sales rose 11% year over year to $89.4 billion, according to preliminary results from Limra's U.S. Individual Annuity Sales Survey.

Limra said RILA sales hit a new record in the third quarter of $12.6 billion, up 19% from the same period last year. RILA sales for the first nine months of the year were $34.4 billion, 11% higher than the same period last year.

Total annuity sales increased 21% to $270.6 billion through the first nine months of 2023, LIMRA said. In addition to the strong RILA performance, the report showed fixed indexed annuity sales were $23.3 billion in the third quarter, up 8% from last year's Q3.

Wall Street raked in $1.7B in fees from NYC pensions last year

NEW YORK CITy's pensions paid Wall Street money managers about $1.7 billion in fees last year, a roughly $150 million increase from the prior year.

Fees paid by the city's five pensions rose 10%, faster than the growth rate of assets, according to the city's annual comprehensive financial report, released Oct. 27. The value of the funds for the city's police officers, firefighters, teachers, civil service employees and school district personnel rose about 6% to $253.3 billion for the fiscal year ended June 30.

The report also showed an increase in fund managers who extend private loans to companies or buy distressed debt. The pensions used 36 "alternative credit managers" in fiscal 2023, compared with 27 last year.

Gen Z is running out of cash

THE SHARE OF Americans who said they could cover a $400 emergency expense with cash or equivalent dropped for the third quarter in a row, according to a survey out last Thursday.

The share of Gen Z adults who say they'd have the cash to cover an unexpected expense dropped to 28%, down 11 percentage points from the first quarter, according to a poll conducted by decision intelligence company Morning Consult for Bloomberg News.

"Gen Z consumers have really been supporting a lot of the surge in spending that we've seen over the summer," especially on discretionary categories like vacations and apparel, said Morning Consult economist Sophia Baig. As student loans resume and cash runs out, "they're starting to sort of feel the heat a little bit more, especially with these emergency expenses."

Most Americans have sidelined their emergency savings

SAVING FOR A rainy day has been sound financial advice for generations, but when the rain keeps coming it's easy to fall behind.

A new report from Bankrate.com reveals that 81% of Americans have not added anything to their emergency savings this year, and 6 in 10 say they feel behind in maintaining this valuable pillar of financial security.

Since the start of 2023, less than one-fifth of poll participants have boosted their emergency savings, with 32% saying that they now have less saved, including 14% who have somewhat less and 17% who have significantly less. Three in ten have about the same.

YourPractice

Why firms should upgrade their data aggregation

A WAVE OF disruptive technology is reshaping the wealth management industry. New ESG screening tools, generative AI and conversational ChatGPT marketing have helped firms elevate their offerings, increase advisor productivity and deepen and expand client relationships.

But while wealth data management is more important than ever before, many firms still seek to grow their business without harnessing the power of emerging technology driven by data and behavioral science, according to Paul Camuto, vice president of product and head of wealth aggregation and insights at Broadridge.

"Although it's only human nature to stick with what's comfortable, this strategy can hold firms back from reaching their potential," Camuto said.

Asset manager websites 'not keeping up with trends'

WHILE VARIOUS TYPES of technology continue to be a resource for advisors, many say asset management websites are not one of them.

Results released last Thursday from a J.D. Power survey of 2,500 financial advisors found that one-fourth of the advisors said asset management websites weren't meeting their basic needs.

Craig Martin, executive managing director and head of wealth and lending intelligence at J.D. Power, cited three key criteria that fund company websites need to meet to deliver an exceptional digital experience: design and usability; easily accessible information; and clear, valuable insights.

"The business effects of these shortfalls are already being felt and will only increase as digital becomes more critical for advisor engagement," Martin added.

FOCUS

'We decided not to be each other's bosses'

DON'T MIX BUSINESS with pleasure, the cliché goes. Husband-and-wife team Charles Zhang and Lynn Chen-Zhang are grateful they didn't conform to this warning, having spent more than 25 years building the Zhang Financial team into one of the country's leading practices.

Charles, founder and president, started the firm in 1991 after receiving a master's in economics, fulfilling a long-held goal to work in financial planning and wealth management. His initial foray was with IDS, which later became American Express Financial Advisors and is now Ameriprise.

His progress was impressive. "Charles did remarkably well," Lynn says. "In 1996, at the age of 29, he became the No. 1 advisor out of American Express, surpassing over 10,000 advisors nationwide. It was a phenomenal accomplishment, especially considering he didn't have any established market to begin with."

As a CPA, she began her career around the same time, with Price Waterhouse Coopers, but on the side, Lynn assisted with her husband's clients' tax queries and handled tax returns. As Charles' business thrived, he pushed for Lynn to join forces with him.

"He obviously did very well in the first two years. By the end of the second year, we really weren't relying on my small income," she says. Yet, despite Charles' efforts to recruit her, Lynn was wary. "I've seen plenty of husband-and-wife teams that fight from the meeting room to the bedroom. It can strain a marriage, and I didn't want to see that happen."

> **"Right from the beginning, we clearly had very different skill sets. We sat down, discussed who does what ... We just celebrated our 33rd year together."**
>
> LYNN CHEN-ZHANG, ZHANG FINANCIAL

Instead, after having their first child, Lynn led the tax compliance department of a Fortune 500 company. But when their second child came around, she started to reconsider. "It became clear that managing two demanding schedules wasn't fair to our kids," she said.

"It felt like a marriage proposal. I said no, no, no, many times." But in 1997, she finally said yes.

And as with any marriage, the couple had to define their roles. Lynn's expertise in tax consultancy, coupled with her oper-

More tech coming for Schwab advisors

NOW THAT THE merger of the Charles Schwab Corp. and TD Ameritrade Holding Corp. is in the rearview mirror, Schwab is throwing more technology at the thousands of registered investment advisors who use the firm to custody close to $4 trillion in client assets.

Over Labor Day weekend, 3.6 million accounts held across 7,000 registered investment advisors finally moved from TD to Schwab Advisor Services, the most significant step toward completing the integration of Charles Schwab Corp.'s $22 billion acquisition.

More than a month and a half later, senior Schwab executives were stressing a variety of additions, from technology to fund managers, intended to give their advisors more ways to work with clients.

More advisors are making the move to RIA

CERULLI ANNOUNCED THAT independent and hybrid RIA channels experienced the largest year-over-year growth rate in advisor head count, a trend that holds true over the five- and 10-year periods.

As more financial advisors go independent, David Settanni will attest that making the switch to the RIA space was one of the best things he did for his career.

"Being in the independent broker-dealer channel, I just felt that we didn't have any real brand recognition," said Settanni, advisor and chief financial officer at Settanni Financial, an independent RIA. He added that going independent allowed him to have an entrepreneurial mindset.

Cerulli found the number of independent RIA firms has grown at a compound annual growth rate of 2.4% over the last decade, while the number of advisors operating at independent RIAs has grown at a CAGR of 5.2% over the same period.

Lead donors Charles Zhang and Lynn Chen-Zhang hand over the cheque after a fundraising campaign with local politicians and community leaders helped raise funds for a high ropes course and zip line aerial attraction at Binder Park Zoo in Battle Creek, Michigan.

ational strengths, complemented Charles' asset management skills.

"Right from the beginning, we clearly had very different skill sets," she said. "We sat down, discussed who does what, and decided we're not going to be each other's bosses. So far, we're still married. We still love each other. We just celebrated our 33rd year together."

In the early days of the business, they used commission-based products, but they were always seeking a model that was truly free of potential conflict. To do that, they decided to break ties with Ameriprise in 2007 and adopt a fee-only structure. Cleaning up the practice to align with their new direction took time, but by 2011, they had successfully transitioned.

"The fee-only approach has not only benefited our clients but has also helped us attract and retain the right talent," Lynn says. "We have very low turnover ratios. Part of the perks of working here, other than the fact that I pay them very well and we offer excellent benefits, is the pride they can take in their work."

Emotions will rule client decisions

CLIENTS MUST BE reminded to focus on what's important – staying the course for the long haul, avoiding emotional decisions and maintaining long-term plans through portfolio rebalancing, according to Patrick Hynes, head of sales at Prudential Advisors.

"Emotional investing is a common mistake whether prices rise or fall, and it can lead to long-term underperformance," Hynes said. "Advisors must marshal their clients to keep investing, regardless of market fluctuations. This tactic mitigates the risks of reacting to short-term volatility in the markets. Active investment solutions that include dollar-cost averaging, adjusting stops and targets, and portfolio rebalancing are strategies that can help. Clients shouldn't put all their eggs in one basket, so diversification is key to long-term success."

Ultra-rich investors are pulling back from $1M-plus artworks

ULTRA-HIGH-NET-WORTH art collectors are pulling back from the market, according to a new report conducted during the summer by Art Basel and UBS.

Of roughly 2,800 collectors surveyed, those who commonly buy artworks priced at $1 million or more fell from 12% in 2021 to 4% in 2022, a decline of nearly 67%.

The median expenditure on art and antiques actually rose 19% from 2021 to 2022, to $65,000 total, and the median level for the first half of 2023 – also $65,000 – could still point to further growth. "It indicates that the high end is there, but it's thinning out," says Clare McAndrew, who founded the research and consulting firm Arts Economics and prepared the report.

"In 2021, people were back and spending with a vengeance, and budgets were out the window," she said. "We've seen that decline."

World is waking up to women and finance

THE WORLD IS waking up to women's decision-making role in household finances, said Kate Healy, CEO and founder of AdvoKate IQ, and women advisors are uniquely positioned to capitalize on this shift.

But despite the opportunities this creates for careers in the industry, the wealth management industry still has a shortage of women advisors.

Healy said, "Women are historically relationship-builders, they're multitaskers. They reach out to women in their community, they have events that bring women together, and they really prospect in many ways.

"Women have this unique ability to just be in their community and meet and talk to people," she said. "Look in your natural market, look at your LinkedIn. Look at who you live near. That's how they can find those unique opportunities."

Active asset allocation may actually cost you

SCOTT HANSON, co-founder of Allworth Financial, formerly Hanson McClain Advisors, a fee-based RIA with approximately $16 billion in AUM, said his first experience with fee-based asset management in the 1990s with an investment program that practiced "active asset allocation" was a disaster.

The problem was the investment manager was not at all proficient at determining which mutual funds would be the top performers or at determining which asset classes to overweight and which to underweight.

"This experience taught me two valuable lessons," Hanson said. "One, selling my clients on the value of a specific investment manager would sting badly when (not if) the performance was off. And two, because it's hard to sit on the sidelines when all your neighbors are making money, clients won't tolerate 'contrarian heat' for long."

Investing

FOCUS

From hedge funds to impact investing

ONCE STEPHANIE BUCKO was exposed to the intricate world of hedge funds, she was hooked. But when she started managing money for people, she knew she had found her calling.

The CIO and co-founder of Los Angeles-based Mana Financial Life Design started her career in accounting, working for PwC auditing hedge funds. After getting her CPA, she joined a fund of hedge funds company and started gaining deeper knowledge around compliance and cash flow management.

"It was a fund that invested in hundreds of different hedge funds," Bucko said. "It was like if you put 40 hedge funds into one portfolio, what could happen? How does this portfolio manager manage this massive beast? It was super challenging."

The work was captivating to Bucko, but she was managing money for institutions, reporting to a board of directors. About 10 years ago, she started managing money for people and really fell in love with the business.

"Actually getting to work one-on-one with people just really hit home for me," she said.

She acted upon this lightbulb moment. Partnering with her best friend from college, Cristina Livadary, who was also in asset management, they observed a gap in the market; Millennials like them were underserved. They launched Mana Financial Life Design, aiming to serve people in a way that was both personal and profound.

"We call it financial life design because we really are about helping people live a life that they're super excited to live today and not just in the future," Bucko explains.

From an investment standpoint, the duo married this with a focus on impact investing, in which it's not only about financial returns but also about generating positive, measurable social and environmental impact.

"There's a lot more coming out in both the impact space and the alternative investment space for liquid investments," Bucko said. "For me, it's just an area that we're all passionate about as a firm. The industry has evolved so much and it's rapidly changing, so just being at the forefront of that and being able to provide that to our clients [is important]. Our clients definitely want to do good with their investing, in addition to growing their investments."

To build their client base, Bucko and Livadary "emailed everyone we knew." It meant a lot of their friends became clients. They wanted to choose the right prospects who were going to be in it for the long run. "It's fun because we all get to grow together," Bucko said. "I want to see my friends do really, really well. But the beautiful thing about having clients is that they bring you clients."

> **"We call it financial life design because we really are about helping people live a life that they're super excited to live today and not just in the future"**
>
> STEPHANIE BUCKO, MANA FINANCIAL LIFE DESIGN

Private credit allocations rising as investors seek diversification

THE PRIVATE CREDIT MARKET is gaining traction as investors across the spectrum seek better returns and greater diversification.

A new report from private credit platform Percent and Coalition Greenwich shows that 63% of respondents – largely asset managers, hedge funds and wealth managers in family offices and RIAs – plan to increase private credit allocations. Half have increased their exposure in the past year.

Diversification is a key driver of allocations to private credit (71% said so), especially among financial advisors whose clients want alternatives to public equity and fixed-income options. The second-most-cited reason for increased allocations is income generation.

Foreign investors dumped $27B in emerging Asia equities

GLOBAL FUNDS ARE offloading emerging Asia equities outside of China in droves as broader risk appetite cools amid concerns over a stronger dollar, higher borrowing costs and geopolitical tensions.

Foreign investors have dumped nearly $11 billion of shares in October, taking the three-month sell-off to about $27 billion, according to the latest data compiled by Bloomberg. That's the longest bout of selling since last June, when the Federal Reserve's tightening cycle and lockdowns in major Chinese cities were spooking investors.

Continued uncertainty about the path of U.S. interest rates and potential impact of the Middle East conflict on oil prices – which reached almost $100 a barrel last quarter – have weighed on a region where most countries are oil importers.

Macro hedge funds rebound

MACRO TRADES HAVE bounced back to become the best-performing hedge fund strategy in the third quarter, turning a page on a dismal first half that saw economic uncertainty weigh on managers.

Asset-weighted returns for macro funds hit 3.07% in the three months through September, according to data from fund administrator Citco, which sees over $1 trillion of global hedge fund asset flows.

That's in contrast with multistrategy and equities funds, which saw muted losses of around 0.1% and 0.5% respectively in the third quarter, though these strategies remain the top two performers this year to date.

Central banks buying up more gold than we thought

CENTRAL BANKS HAVE loaded up on more gold than previously thought this year, offering crucial support to prices that have faced pressure from global monetary tightening.

Countries expanded bullion reserves by 337 tons in the three months through September, the World Gold Council said in a report last Tuesday. That follows an increase of 175 tons in the second quarter, which was bigger than the council's previous estimate of 103 tons.

Central bank purchases for the first nine months of the year now total 800 tons, driven mainly by China, Poland and Singapore, as well as unreported buying. The pace has exceeded the amount for the same period last year, which ended with record demand.

SMAs outpace mutual funds for wealthier clients

AFFLUENT INVESTORS HAVE been pouring money into separately managed accounts and turning slightly away from mutual funds, a new consumer research report shows.

As of 2022, 22% of U.S. households that invest had SMAs, up from 13% in 2020, according to data published Oct. 26 by Hearts & Wallets. Meanwhile, mutual fund ownership went from 38% to 39% during that time frame.

"I look at the decline of the mutual fund with sadness, but it's getting replaced by other vehicles that are much more modern and accomplish the same things," said Laura Varas, CEO of Hearts & Wallets.

Investing

Listed REITs offer buying opportunity, analyst says

WITH THE MARKET for listed real estate investment trusts at historic lows, financial advisors may want to dust off the real estate allocation in clients' portfolios and begin to expand that position.

That's according to Rich Hill, senior vice president and head of real estate strategy and research at Cohen & Steers, an investment manager focused on real estate securities like listed REITs and private funds that are not listed.

"We're a big believer that listed real estate is a leading indicator for the private markets," said Hill, who was speaking on the sidelines at the Schwab Impact conference in Philadelphia Oct. 25. "Listed real estate is down 32% from its peak, Dec. 31, 2021. It's been a bumpy ride."

Fed pause 'really good time' to buy stocks

CAPITAL GROUP IS seeing an opportunity for investors to load up on global equities after the Federal Reserve held rates steady, signaling an end to its aggressive tightening cycle.

"The really big message for investors is that this moment of central banks peaking is likely to be the opening of a window where it's going to be a really good time to get invested," Andy Budden, investment director for equities at the $2.3 trillion manager, said at a briefing in Singapore.

Capital Group is now advising clients to "have the courage to act," portfolio manager Winnie Kwan said at the same briefing. "The divergence between the asset classes, between cash, fixed income and equities, is the most prominent" after rates peak, she said.

MassMutual Ascend

A leading annuity provider

At MassMutual Ascend, we are committed to going above and beyond – so when it comes to your clients' financial futures, the impossible feels possible. It's the reason we're a leading provider of annuities today, and it's the reason we'll continue rising to the top tomorrow. Learn more at MassMutualAscend.com.