



Regions Wealth Podcast

Episode 21: What to Know About Working With a Wealth Advisor

What are the benefits of working with a wealth advisor, and what can you expect when it comes to wealth management fees? In this episode of Regions Wealth Podcast, Private Wealth Management Trust Executive Wise Jones joins us to discuss some frequently asked questions about working with a wealth advisor, from “How much money do I need to hire a wealth manager?” to the differences between a wealth advisor and a financial advisor.

Episode Transcript

Sarah Fister-Gale:

Welcome to Regions Wealth Podcast — the podcast that tackles life’s challenges with financial experience. I’m your host, Sarah Fister Gale.

When it comes to money management, we can all stand to benefit from professional guidance — a fact that’s particularly true for high net worth individuals. And if you’re someone who falls into that category, you may have wondered about wealth management services. This episode will get into the specifics of working with a wealth advisor: how to find one, what to expect in terms of fees, and the benefits of working with one.

Joining me remotely is Wise Jones. He’s the Private Wealth Management Trust Executive for Regions Bank. Wise, thanks for joining us today.

Wise Jones:

Thank you, Sarah. It’s a pleasure to join you.

Sarah:

In this episode of Regions Wealth Podcast, we’re discussing wealth management. We’ve taken some frequently asked questions and developed a character who needs your help. So, let’s listen.

Mark:

“Hello, my name is Mark and I’m the CEO of a healthcare manufacturing company. I’ve been married to my wife, Beth, for almost 25 years, and we have two highschoolers at home — Aidan and Ellie. Financially-speaking, we’ve been quite blessed.”



*A few months ago, my father passed away. I'm an only child, so I received, well... a **sizable** inheritance. Some might call it a windfall, but I don't like to use that term given the circumstances. Beth thinks it's time for us to work with a wealth advisor. Now, we've worked with the same financial advisor, Bill, for years. He helps manage our investments and a few other things. To be honest, I'm just not sure a wealth advisor is necessary. Of course, I want to be responsible and handle this money with care, but... I don't know if we'd even qualify for a wealth advisor. We're well off, but it's not like we're members of the "Forbes 400" club. I suppose I always assumed we'd just continue to work with Bill regardless of how much our net worth has increased."*

Sarah:

So, Wise, let's start with the basics. What are the main differences between a financial advisor and a wealth advisor?

Wise:

Sure, Sarah. Typically, a financial advisor is a bit more structured around their compensation, how they're paid, and driven by commissions that they make on each sale. A wealth advisor has a more transparent fee structure, and fees are typically based on assets under management. So, if the market does better, our fees do better, and vice versa. Also, a financial advisor is typically one person, while a wealth advisor is most often joined by a team of supporting professionals, such as a banking specialist, a credit specialist, a trust and estates professional, and certainly an investment professional.

Sarah:

I love that. Is Mark correct in assuming that wealth advisors are only for the ultra wealthy?

Wise:

Many of our clients and prospects with several million dollars don't think they're wealthy. Mark is well to do. We serve, and many of our wealth management peers serve clients as low as 500,000, with that emerging wealth segment.

Sarah:

So, is there a rule of thumb? Once you have a certain amount of money or assets, you should shift your focus from a financial advisor to a wealth advisor, or are there other things to think about?

Wise:

That's a great question, Sarah. I think it's the complexity of the services that they need. There are lots of things to think about, but when you begin to reach half a million, a million dollars, you're able to attract the services of a full wealth advisor platform.



Sarah:

So these services aren't just for, as Mark puts it, "the Forbes 400" crowd, but are actually available to a much wider audience than some might assume. That's great to hear. Let's turn back to Mark and hear the next portion of his story.

Mark:

"These days, my schedule is pretty packed with work meetings, travel, family obligations, and so on. I'm not sure I have the time to look for — and then vet — a wealth advisor. It's important to me that I find an advisor I can trust. I'm just not convinced that the benefits would outweigh the upfront time commitment it might take to find the right advisor. I'm also concerned that I won't have enough time in my schedule to meet with this advisor and catch him or her up to speed. And then there's the fees — I have no idea what to expect on that front."

Sarah:

Okay. So, going a bit deeper, what types of things can a wealth advisor handle for Mark?

Wise:

A wealth advisor can offer products and services that financial advisors don't. Most firms do investments, but not everyone does loans. Likewise, for security based lines of credit, access to various accounts, mortgages and insurance, and from a risk management standpoint. We have analysts to take Mark through wealth replacement, funding of trusts with life insurance to create wealth for future generations. We have access to other financial vehicles too, like 529 plans, mortgage loan originations, and certainly those trust and estate specialists to help Mark.

Sarah:

So, you're really there to help him with all of the different aspects of his wealth management.

Wise:

That's an excellent way to put it.

Sarah:

So, Mark mentioned that he didn't have a lot of time to find and vet a wealth advisor. What should he look for when he's considering which wealth advisor to work with?

Wise:

Well, Mark should ask about that advisor's credentials. How long have they been in the business, how many clients do they serve? That really is getting to the point of how much time will they be able to dedicate to Mark and his family? Specifically ask the potential advisors about



their fee structure. A good advisor will be transparent. Also, it would be important that he consider the personality fit. Who fits well with Mark and his spouse?

Sarah:

So, it's not just their background, but also, do you feel comfortable talking to this person and sharing those intimate details?

Wise:

Exactly. Any professional will know the questions to prompt Mark to think through, but we all realize too that we have to gain his trust, his wife's trust, that we have their best interests at heart.

Sarah:

So, Wise, are there any specific questions he should be asking?

Wise:

Yes. I think one of those might be does your firm serve as an investment fiduciary? It's good to know that they're held to that standard and accountable for the level of advice and counsel they provide. What frequency and in what format will they be provided? Is that annually? Is that quarterly? Is that digitally, or is that face-to-face? How would his holistic services react as his personal circumstances change? Ask that advisor prospect how they would attempt to minimize the tax impact on his portfolio. Another great question might be, give me some recent examples of your firm's responsiveness to industry trends and innovation.

Sarah:

So, Wise, what factors should a wealth advisor take into account when creating a plan for Mark?

Wise:

The extra considerations are really what the wealth advisor should be assessing for Mark to derive those benefits. So, while we're really trying to help people figure out retirement, and do they have enough to live on in retirement, at some percentage of their pre-retirement income, that if they're trying to educate kids what that cost is and can they afford it? If they are older and facing increasing medical expense, if they are really wealthy and want to be funding philanthropy, gifting their university, their local hospital, their American Cancer Society, what have you, that they can do that and still not diminish their standard of living.

These other considerations are really what a good wealth advisor, from a planning perspective, ought to assess and know about Mark, Beth, and the kids. Do they want a weekend home? Are they only going to work six more years, or 18 more years? Do they want to pay for every one of



the kids' education, or are they going to make them get a job, or they have to take out a loan? Those are the benefits of working with a wealth advisor. -

Sarah:

That makes a lot of sense. So unlike his current advisor, Bill, who's focusing exclusively on his investment portfolio, a wealth advisor will take into account all aspects of Mark's life and generate a holistic plan. So, Wise, let's talk about fees. What kind of fees should Mark expect if he were to work with a wealth advisor?

Wise:

Really good question, and very important. There's a broad range of fees across our industry, even within a single firm. They're based on the particular products or services that are implemented to achieve Mark's goals. Firms typically present a single fee, often referred to as an advisory fee. This may be the only fee paid directly to the firm. However, you could be paying additional fees for the investment products used or the insurance used, or transactional fees based on the activities within your portfolio.

We typically charge a percentage of assets under management. There are a lot of potential assets at play. It could include stocks and bonds and ETFs and mutual funds. With a number of those, there are fees that may be embedded. The thing is, everyone has to execute on an exchange somewhere. At Regions, we get extremely good institutional pricing with actually over 100 billion in our total wealth management assets, and that's important in these recent days where we've seen a lot of offerings like zero commissions. Sounds great, but that can require you do everything yourself and online. As soon as you call for guidance, you're hit with a commission. We charge anywhere from one cent to five cents per share in equities. That's a kind of an industry standard. It's reflected on our client's statements, predominantly our fees, that percentage of assets we talked about, and there are sometimes add-on fees for services like tax preparation or real estate transactions, or closely held evaluations. -

Sarah:

So, are there specific questions he should be asking regarding the fees?

Wise:

He can probe deeper into the types of products and investment vehicles and loans that are recommended, and how that fiduciary is compensated for each of those recommendations. Some of those questions might look like, "Explain any fees associated with my account," or, "What investment products or loan products or deposit vehicles are offered, and "How is that advisor's firm compensated for my use of each of those recommended products?"

Sarah:



Excellent advice. Those are all very important questions to ask. Now, let's take a listen to the final portion of Mark's story.

Mark:

"We need to make sure that we're doing the right thing here. Beth and I have a lot of goals. Beyond things like investing in more property and paying for our kids' college, we also like to use my inheritance in a way that will establish generational wealth and support our grandkids — maybe even our great-grandkids. In short, I want to make the most of our money, and if a wealth advisor could help us do that, well, then I'm open to learning more."

Sarah:

So, how can working with a wealth advisor help Mark and Beth reach all of these financial goals?

Wise:

Well, Sarah, our team would sit down and visit with Mark and Beth, we would discuss their other aspirations and goals that they have, and what keeps them up at night. Our wealth planning process would outline and track their goals, for investments, for property, for philanthropy, for retirement, for a vacation home, that yacht. A wealth advisor would really help them cover things like retirement plans. We create and maintain a roadmap for them for their aspirations and their goals, what investments we would recommend, the IRAs that they have, any qualified plans. We could provide a path forward for each of those goals, and outline any changes they may need to make in order to achieve those. It's not one and done. We go in depth to create a whole picture of their net worth, and we revisit that often. We also identify gaps. Do they have proper estate plans in place? Have they named powers of attorneys? Are their wills updated? That would be a part of our planning scope. We'd also check in periodically throughout their different life events and revisit those plans and update them.

Sarah:

Okay. So, you're there with them guiding them as they try to achieve all those financial goals.

Wise:

Well said.

Sarah:

So, Wise, at the end of each episode, we like to ask for some key takeaways, some insights people can share with their friends. What are some of the key takeaways for people wondering whether or not they should work with a wealth advisor?

Wise:



I think if you need professional guidance and you don't have the time, the experience, even the scale, that's when you ought to consider working with a wealth advisor. You should make sure any prospective advisor is financially astute and experienced in taxes, in legal statutes some of those unique assets that we spoke about, and any other specific needs your finances require. Look for diverse experience in a wide range of investments and asset classes, and the ability to manage a wide range. Also, consider the team supporting the advisor.

Sarah:

That's excellent insight. Thank you so much, Wise Jones, Private Wealth Management Trust Executive for Regions Bank.

Wise:

Thank you for having me, Sarah. I've really enjoyed it. I'm passionate about this topic, and it was a pleasure to visit with you today.

Sarah:

A pleasure for me as well.

And thank *you* for joining us today. Each episode of Regions Wealth Podcast covers a different financial topic, so be sure to check back. In our next episode, we'll be discussing a fascinating topic: investment fraud. Visit regions.com/wealthpodcast for updates, or to explore past episodes.

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