

OUR ANSWERS TO THE TOP 9 QUESTIONS FOR FINANCIAL ADVISORS

We searched the web for the top questions to ask when hiring your financial advisor, distilled them into nine primary inquiries and compiled our answers into a single article. While we believe Q&A is just the first step of an extended, personalized introductory process, we aim to be transparent and direct on these fundamentals.

WHAT ARE YOUR QUALIFICATIONS?

Brown Wealth Management has over 50 years of collective financial advisory experience and manages over \$600 million. We help affluent families face complex challenges and make critical and informed decisions.

We maintain a commitment to excellence through continued coaching and professional training, along with a specific team structure that highlights areas of specialty. Our team's certifications are specialized, well-rounded, and distributed across team members. They include CERTIFIED FINANCIAL PLANNER™ professional, Certified Private Wealth Advisor® (CPWA®), Certified Divorce Financial Analyst® (CDFA®), Masters degree in Finance, and life insurance licenses. These credentials demonstrate a high degree of competency in financial planning, investment, and wealth management strategies. While some wealth management firms employ a top-heavy approach (one or two advisors hold multiple designations), we have intentionally utilized each certification where it will be most valuable for our clients. Read more about the importance of these professional designations here.

ARE YOU A FIDUCIARY?

Yes. We act in a fiduciary role by placing our clients' interest ahead of our own, addressing potential conflicts of interest, and disclosing our fees and how we're compensated. Objective market research and lack of proprietary investment products support our commitment to keep our clients' best interests in mind.

HOW ARE YOU COMPENSATED? ARE THERE OTHER COSTS (EXPENSE RATIOS, TRADING FEES, ANNUAL ACCOUNT FEES, ETC.)?

Our Fees- Our service is priced to be competitive and aligned with your interests. Annual fees begin at 1% of assets managed and drop considerably for larger accounts.

Other Costs –Clients pay our cost to trade (to keep the percentage fee low) and we strive to use investments that have minimal internal expenses. Mindful trading and indexing make these a small fraction of clients' overall cost.

With answers to a few questions, we'll quickly estimate the percentage fee, internal expenses, and trading based on your situation and the size of your portfolio. By the end of our introductory process, you'll know exactly what you're paying now and how we compare to that.

WHO DO YOU SERVE?

- Approximately 200 families*, and we add 5-10 new clients each year.
- Most of our clients are considered high net worth, with \$2 million-\$50 million in investable assets.
- Many of our clients are/were San Diego locals, but 20% are now spread throughout the country.
- Our clients are typically pre-retirees who are envisioning what they want the rest of their life to look like.
- Many of our clients are financially savvy and comfortable with technology. They are focused on a wider perspective, while also valuing expertise, open, and trusting to implement good advice.

The three-part introductory approach we use with prospective clients is valuable in determining if there is a good fit. We believe managing expectations upfront has resulted in our excellent client retention rate.

WHAT DO YOUR SERVICES INCLUDE?

Our services can best be summarized as “total wealth planning”-the multi-leveled integration of financial planning, investment management and client service. Using advanced tools and technology, we regularly monitor and track the following total wealth planning topics and services:

- **Retirement Planning**
 - Social Security review and claiming strategies
 - Retirement income planning and optimization
 - Pre- and post- retirement planning and savings analysis (including IRAs, employer plans, deferred compensation)
 - Planning for lump-sum and periodic distributions: pensions, deferred compensation plans, executive compensation packages, etc.
- **Investments**
 - Active Portfolio Management-monitored daily, rules-based methodology, striving for low cost and tax efficient allocation.
 - Risk Review and portfolio Stress Testing-test the impacts of historic markets scenarios versus your current portfolio and you individual risk profile
 - Real estate and liabilities- analysis, education, tracking
 - Employee benefit education: employee stock, employer retirement/profit sharing plans, stock options, pensions
 - Employee benefit education: employee stock, 401(K), profit sharing plans, stock options, etc.
 - Managing concentrated stock positions

* Brokerage and advisory clients as of 5/2018.

- **Cash Flow Management and Budgeting**
 - Net-worth review, updates. Aggregation (real-time data feed) of outside account balances and education
 - Expense tracking and monitoring plan alignment: cost of living adjustments, appropriate level of cash reserves or alternative liquidity.
- **Estate Planning Strategies**
 - Estate investment planning and analysis
 - Titling of assets and account-level beneficiary assignments
 - Legacy planning
 - Charitable remainder trusts and philanthropic donor services
- **Education Planning-** Education planning and funding strategies
- **Insurance and Medicare-** analysis, assessment and referrals (life insurance protection, life insurance estate structuring strategies, long-term care, healthcare education, Medicare)
- **Additional Services-**the list is extensive but includes some of these highlights
 - Behavioral coaching
 - Business succession planning
 - Liquidity event optimization: sale of company stock, sale of business, inheritance, etc.
 - Distribution and “Realization” Strategy-how to plan for your retirement “paycheck”
 - Complex Review of “what-if” scenarios – when you come to a fork in the road, we can run side-by-side comparisons of the long-term impacts on your plan (integrated with all the other components staying the same)

Read more about our Wealth Planning services [HERE](#) and see our detailed planning “spotlights” [HERE](#).[†]

WHAT IS YOUR INVESTMENT PHILOSOPHY?‡

In order to successfully implement a total wealth plan, you need an [investment process](#) which is dynamic and adaptable. Our process:

- Begins with the development of your [financial plan](#), which includes a side-by-side stress test of your goals, savings, and income versus potential portfolios. This statistical simulation includes 1,000 possible market environments and helps us identify the minimum risk required to assist you in realizing your goals.
- Continues with the design of a dynamic, rules-based portfolio asset allocation, integrated into four main components:
 - [Strategic asset allocation](#), which focuses on the optimal core asset allocation driven by your financial plan. This component of the portfolio directs our long-term decisions – the

[†] LPL Financial does not provide tax and/or legal advice. Clients should consult with their personal tax and/or legal advisors regarding the tax consequences of investing.

[‡] No strategy assures success or protects against loss. Tactical allocation may involve more frequent buy and selling of assets and will tend to generate higher transaction cost. Investors should consider the tax consequences of moving positions more frequently.

- appropriate balance of stocks, bonds, cash, commodities, etc. for an individual in an “ideal world.”
- Rules-based tactical changes to manage risks or capitalize on opportunities that exist in the short term. We outline our overweight/underweight allocation tolerance boundaries for each asset class and use predefined rules to guide these tactical changes.
 - Customization of the portfolio on a client-by-client basis.
 - Investment selection seeking low-cost, tax-efficient vehicles, where appropriate.
- Concludes with a regular, systematic review process. We monitor each client portfolio daily and have discretion to make investment changes when needed. This allows us to take quick and decisive action between review meetings (always within the constraints of your objectives, time horizon, and risk tolerance). If larger, more fundamental, changes are recommended, we meet to discuss those with you first. We report back to clients in each review meeting with recent changes to their specific portfolio, our economic and market outlook, and detailed performance data. Clients have online access to these figures between meetings and we’re always available to answer questions or provide abbreviated market updates between meetings.

Our investment philosophy is just one component of the value of the Brown Wealth Management experience, but an important one. An entire portion of our introductory meeting delves deep into our investment process and how it relates explicitly to the portfolios that we build for each client and account.

HOW DO YOU APPROACH FINANCIAL PLANNING?

Your financial plan should encompass more than a summary of your investments, goals, and target dates. It should not sit on a shelf gathering dust once it’s completed. A financial plan should be a living, breathing document which evolves over time and adapts to changes in your life. Most importantly, it should be a tool to help you make critical decisions based on an objective and complete view of your finances. Our plans are:

- Proactive
 - Having a plan, which is overseen and updated by a professional advisor, reminds clients of the things they might need to do, based on age or life stage, before they happen.
 - When plans are detailed and up-to-date, it becomes easy to make quick, confident financial decisions.
- Integrative
 - We look at real-time client data, and regularly review assumptions, goals, progress, and setbacks.
 - Plans are implemented with managed accounts and consultation with other trusted advisors (financial coordination).
 - Assets are aggregated on one balance sheet so your plan includes your entire financial picture, not just the accounts we manage on your behalf.
 - The financial plan is the driving force for the investment plan—each is integral to the other. Is the driving force for the investment plan, one is essential to the other.

- Multi-faceted
 - Stress test and risk assessments feed into the financial planning assumptions/discussion, rather than using a standalone calculation or survey.
 - As technology develops, so do the tools we have at our disposal. We're able to integrate our planning software with multiple platforms.
 - We don't operate in a single silo of cash flow (time value of money) calculations. Instead, we combine investment analysis which leverages statistical testing/simulations with stress testing and inject human expertise strategically. Some advisors don't bother to utilize more than one approach, which is critical to total wealth planning.

Rather than merely reprint a generic sample plan, our in-depth series of introductory meetings culminate in the delivery of your customized financial plan and corresponding investment portfolio. Once you become a client, we get to work implementing our recommendations, which are flexible and adaptable to your financial, professional and personal goals.

WHAT LEVEL OF SERVICE CAN I EXPECT?

We pride ourselves on responsiveness and proactive communication. Because our close-knit team of skilled and experienced individuals works collaboratively, clients have the freedom to ask any one of us for assistance. We often hear from clients that they feel informed and up-to-date due to our proactive communication throughout the year—from scheduling regular review meetings and making periodic “check-in” calls to offering informative webinars/market commentary articles written by our team.

We also help coordinate the efforts of your other trusted advisors, including your estate attorney, CPA, and insurance professional, knowing this synergy helps you better see your entire financial picture.

[Learn more about our superior service model.](#)

WHAT MAKES YOUR CLIENT EXPERIENCE UNIQUE?

Expertise - Bespoke Engagement - Integrated Financial Planning – Rules Based Investment Management

Each of these is coupled with optimized efficiency based on years of experience, refinement, acute attention to detail and enveloped in deep resistance to complacency, putting clients above all else.

We're ready to discuss your questions.

We've just offered you an abundance of information. You may have additional questions or want more details on our [New Client Introductory Process](#). If so, we invite you to email us at info@brownwealthmgt.com or schedule a meeting in our office, on the phone, or via the web by clicking [here](#).