Special Report: Managed accounts in the boomer portfolio

boomer™

MARKET ADVISOR

THE BOOMER RETIREMENT EXPERTS

BoomerMarketAdvisor.com
May 2009 | Vol. 8 | No. 5

A summit PUBLICATION

Advisor of the year

So good, we chose them both.

Stanley Corey and Paul Bennett, C5 Wealth Management.

[John Sullivan]

Emotional rescue

A quick perusal of the consumer press tells you all you need to know about how clients feel: They ain't happy.

The *Wall Street Journal* weekend edition (I am that much of a geek) featured an asset allocation horror story of an elderly couple – one with Alzheimer's – who gave a broker $100,000. He promptly invested it in only four securities; Ford Motor, General Motors, GMAC and Sears Roebuck Acceptance. As the paper's indispensable Jason Zweig noted, "[The investments] quickly fell."

The same day, the *Journal* featured Shelly Banjo's "How to choose a financial advisor":

"Small wonder that many investors are getting reluctant to put their faith in experts. More than three-quarters of individuals with at least $1 million to invest intend to move money away from their financial advisors, and more than half intend to leave their advisors altogether, according to Prince & Associates Inc."

Whatever your boomer clients are telling you, they're reading stuff like this, and talking with one another. I was going to use some ridiculous "Eye of the Tiger," back against the wall, overly dramatic metaphor, but you get the point. As an industry, we need to seriously step it up – with our investment performance, customer service, our ability to filter the noise, whatever.

Paul Bennett and Stanley Corey certainly have, and we're proud to feature them as the 2009 Boomer Market Advisor(s) of the Year. Not to take anything away from past winners, but to receive this kind of recognition in year such as this sets the bar that much higher for the rest of us. They're doing right by their boomer clients and building their business (even now) as a result. So for the rest of us, no complaining, no excuses. Too much is at stake.

John P. Sullivan

jsullivan@boomermarketadvisor.com

EDITOR'S BLOG
www.BoomerMarketAdvisor.com

BY JOHN SULLIVAN
PHOTOGRAPHY BY DRAKE SOREY

2009 Advisor of the year

Stanley Corey & Paul Bennett,

C5 Wealth Management.

The best of the best

(in a year that's a mess).

"Stan and I sat down, had a mind-meld and said, 'What are we all about? What do we stand for?'"

— Paul Bennett

It's obvious, but worth repeating nonetheless; attention to detail pays (especially in this business). After consuming far too much black coffee and pizza, we thought we had the Advisor of the Year nominees wrapped up and looked forward to putting it to bed. Then we got an entry from C5 Wealth Management and tossed it on the pile.

When we finally got around to reviewing it … well, we were blown away. It's by far the best presentation we've received; detailed bios, investment philosophy, background information on the firm, charitable involvement, life outside the business, testimonials from clients (the table of contents was a big help). When we did our own due diligence, we found it all measured up – and then some.

Stan Corey and Paul Bennett built the business together, and we couldn't get either to take credit, so in a twist on the annual award, we named them both 2009 Boomer Market Advisor(s) of the Year.

The feat is all the more impressive in a year such as this. Not to take anything away from past winners or this year's other nominees, but that they were so solidly recognized by peers and clients (with all that's happening) means they've set the bar that much higher for us all. And they lay waste to the pessimistic, sky-is-falling, nothing-can-be-done attitude reported by too many advisors in the consumer press.

Both have been entrepreneurial from the start and this spirit, combined with their extensive experience, has paid off – big time. The partners have $750 million in assets under management, advisement and administration, a family-office RIA and a third-party administration business. They have clients in 20 states and some overseas, and they are in the enviable position of choosing the clients with which they work. Overall, they say, they're keeping busy and doing right by their boomer clients.

ONLINE EXTRA

Get more best practice advice and unique ideas for serving your boomer clients from past Boomer Market of the Year winners at www.boomermarketadvisor.com

It hasn't always been this way, but they both recognized the need for independence early on. Corey, in particular, has grown up with the modern financial services movement.

"I had my first company when I was 17 and it paid for most of my college as a result," Corey says. "I was evaluating things in the 1970s and the financial services industry really intrigued me. I found the easiest way to get into the program at that time was through an insurance window with no real upfront money to do it. I got some basic training and I started at the end of 1979. My goal from the beginning was to develop myself as an independent financial planner, which was fairly new. In 1983 I formed my RIA, and started charging fees."

Bennett took a bit of a different route, following his mother's advice and working for what is now (post mergers) Bank of America as a commercial loan officer and credit analyst.

"It's where I picked up a lot of my finance experience, having to analyze companies and financial statements and all that," Bennett says. "But I realized I wasn't working one-on-one with people. I was looking at credit files and it just really wasn't me. I'm more of a people person."

After a stint with John Hancock Financial Services, he landed at The MONY Group, a broker/ dealer where he met Corey. Both advisors had independent RIAs at the time. They eventually decided to merge the two, and Great Falls, Va.-based C5 Wealth Management was born. "Stan and I sat down, had a mind-meld and said, 'What are we all about? What do we stand for?'" Bennett says. "We kept coming up with these C words and phrases such as client first, comprehensive, collaboration, cutting edge ideas (401(k) fiduciary responsibility is one area of particular pride in this area) and credentialing."

STANLEY B. COREY JR., CDFA, ChFC, CFP®

"The clients referred to us over the last six or eight months are what I call 'the walking wounded.'"

— Stanley Corey

C5 – get it? This last of the C's, credentialing, is a large part of their success.

"We're huge proponents of continuing education," Bennett says. "We pay for it for our employees. We have several CFPs, we have two people in the CFA program currently. We have MBAs. Bottom line, credentialing is huge."

Industry involvement, either with ongoing education or advocacy organizations, is "in our blood here at the firm," says Bennett. As an example, he's a Certified Financial Planner, Chartered Financial Consultant and an Accredited Investment Fiduciary. He's currently enrolled in the CFA program and is getting his master's in security analysis and portfolio management.

So they have the credentials, the expertise and the experience. All well and good, but what specifically are they seeing from their baby boomer clients? Not surprisingly, lots of emotion.

"The clients referred to us over the last six or eight months are what I call 'the walking wounded,'" Corey explains. "They've gotten beat up terribly. We've been fortunate enough, since our goal has always been to outperform the downside of the market dramatically, and we're not as worried about outperforming the upside. And we have absolutely killed the downside. We're not going to take 10 years to recover the damage that's been done. A reasonable scenario is that over the next five years they'll be in fine shape."

"We stress test the retirement cash flow scenarios," Bennett adds. "We'll actually run

"We're all about risk mitigation first and the returns are a byproduct of that."

— Paul Bennett

PAUL C. BENNETT, AIF®, ChFC, CFP®

that out for our client based on the goals and objectives, resources, etc. We'll stress test it, back test it, run bad timing tests, we'll use rolling period tests, Monte Carlo analysis – anything we can get our hands on. We're all about risk mitigation first and the returns are a byproduct of that."

As if to emphasize the point, Corey is quick to note he's had clients that retired in the 1980s who are still on the same (increasing) income stream. But he is concerned (and rightfully so) about baby boomer retirement in general. Baby boomers in their 50s making less than $100,000 a year who are putting all their money in 401(k)s have gotten hammered. As a result, he says, they sell low and wait for the market to recover, afraid to invest in down markets (which is exactly the time they should).

"My advice to boomers in this position is simply, 'Don't give up the ship. You've got to continue to invest. Don't wait for the market to recover.'

"(Boomers) need to reevaluate their allocations, they may have been exposed to too much risk but they need to continue to invest. And yes, it may mean that they're going to work a little longer. Or they're going to have to live with less in order to save more," Corey concludes.

But, he points out, it's a problem baby boomers have always had.

"We (baby boomers) go beyond our means. We made the credit card industry overwhelmingly successful. I'm struggling to find out if there are other things we can do to help the boomer population in general." b