

Wealthy Cry on the Shoulders of Their Advisers

By ALEXA HYLAND - 5/18/2009

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When Alin Wall meets with clients these days, she feels more like an armchair therapist than a financial adviser.

Wall, a local accountant who works with high-net-worth families on estate and trust matters, said that since the economy soured she has found herself fielding calls from clients needing to be consoled about their finances.

“I had a client come in right before tax season started, and he’s normally a very robust, gregarious kind of person – and he was incredibly down,” said Wall, who co-heads the family wealth group at West L.A. accounting and business consulting firm RBZ LLP. “He looked depressed and he sat down in front of my desk and said, ‘I don’t know where to turn. I had all of my money in the stock market or in real estate or in my retail business, and everything is in the tank. There is no place where I feel like I’ve done a good job.’”

The recession has been tough all around, but in some ways it has been especially unkind to L.A.’s wealthiest residents, most of whom saw their net worth decline across the board as retirement plans, stock and bond investments and real estate portfolios lost value.

Unlike some past downturns, even the wealthiest haven’t been able to shield their fortunes. As a result, financial advisers like Wall are finding that their clients often need a shoulder to cry on, expanding their traditional role to include a form of counseling in which they aren’t trained.

“I had to sit there and say to him, ‘Don’t blame yourself for this. Everybody who is here is exactly in the same boat you are in,’” said Wall of the distraught client.

It’s not surprising to some industry experts that people are currently turning to their financial advisers to have their fears calmed.

Elvin Turner, founder of Bloomfield, Conn., financial services consulting firm Turner Consulting LLC, said he has been watching the role of the wealth adviser expand.

“I envisioned the role evolving to a counseling role over a period of time, and the fall accelerated that dramatically. When clients had fully loaded portfolios and a lot of assets, they didn’t have a lot of problems to talk about,” he said. “People want to talk about issues that seem to have little to do with their investment portfolios.”

Exercising caution

Jay Cooper, a high-profile entertainment lawyer whose clients include comedian Jerry Seinfeld and pop music singer Katy Perry, signed up with a new wealth management firm less than a year ago after becoming disenchanted with his previous adviser of many years.

“I need to rely on someone that I trust, and that’s always difficult to find,” said Cooper, who describes himself as a conservative investor, and receives reports on his finances once a week and talks with his team of advisers every two weeks. Those discussions aren’t just about investment strategies, but include chats about his lifestyle and how he can maintain it in the down economy.

“I’m seeking some advice, and trying to feel confident that it’s going in the right direction,” he said.

According to wealth manager Phoenix Cos. Inc., the biggest complaint of 1,725 high-net-worth individuals surveyed was that their wealth manager failed to maintain contact. Some local advisers have taken that to heart.

“We have constantly been in touch with our clients, inviting calls, answering questions and reassuring them that, although the news wasn’t good, we were doing something about it,” said Eric Bruck, a principal at personal financial strategist firm Silver Oak Wealth Advisors LLC.

That service extends beyond phone calls and e-mails. Bruck, like others, said he is taking extra time to sit with clients and understand their personal and financial issues, values, family relationships and even their hobbies.

Getting to know clients personally recently helped Bruck when he had to counsel a client who was worried about his younger wife outliving the savings that he had amassed. “It’s about finding what is important to them and outlining the resources they have to support their non-negotiables in life,” he said.

Recently, the task was made even harder as several alleged investment scams surfaced, including the notorious Bernie Madoff scandal. It didn’t help that well-known Hollywood figure Jeffrey Katzenberg allegedly lost millions to Madoff.

For RBZ’s Wall, the scandals meant doing extensive due diligence on local money managers and calling clients to assure them their money was safe. “I felt like I was absorbing the concerns, and the worries, and the problems that were happening with my clients,” she said. “It was sobering.”

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