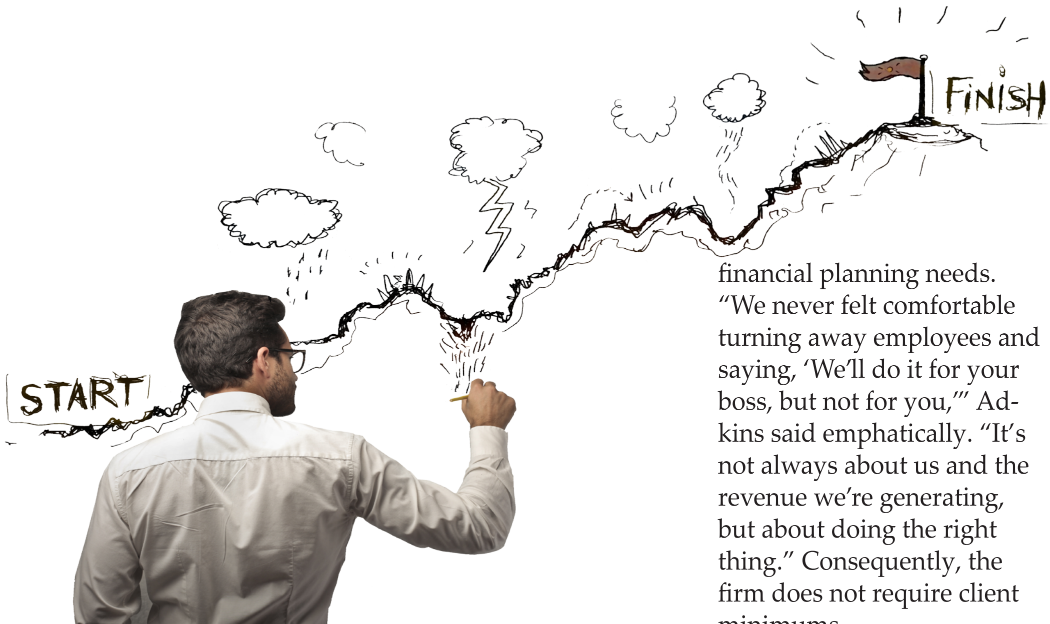
BEYOND FINANCIAL PLANNING

BY LORI PIZZANI



Teaching clients to rethink fees, embrace alternatives

Full service financial planning is what the two-decade-old Strategic Financial Associates, LLC of Bethesda, Maryland, offers. This includes counseling about retirement planning, how the children will be educated, the risks of living to the age of 95 – or deciding what happens if Mother Nature throws a curve ball – taking care of an elderly parent, and any other risks clients want to "offload" at a cost premium.

"We're not managing money for sport," says Jim Adkins, president, CEO and founder of the firm. "We're managing toward a holistic and comprehensive plan; toward solutions to a certain set of goals and objectives that clients have articulated." Those solutions are individually customized for business owners, executives and professionals as part of the firm's overall financial planning, investment advisory and wealth management services. Utilizing Eagle Strategies, LLC, a registered investment adviser, Jim Adkins and Strategic Financial Associates investment advisory business provides the bulk of such services, where serving as a fiduciary has always been key and charging fees, versus commissions, is the general rule.

Adkins believes that financial planning may be in his DNA. His father worked for a big insurance company and he became familiar with the people and lifestyle. After earning a finance degree in college and working for a consulting firm, Adkins realized that he was drawn to financial planning.

While Strategic Financial Associates target clients are business owners and executives, it also assists rank and file employees with their financial planning needs. "We never felt comfortable turning away employees and saying, 'We'll do it for your boss, but not for you,'" Adkins said emphatically. "It's not always about us and the revenue we're generating, but about doing the right thing." Consequently, the firm does not require client minimums.

The right thing, according to Adkins, also includes an educational component to dispel confusing industry jargon and help clients understand more. "For the folks willing to engage with you, and willing to spend the time, hopefully you're providing a level of education and financial literacy that even they didn't know was possible," he noted.

That often means schooling clients on time horizons, risk tolerance levels, as well as individual goals and objectives. "I think more and more people are conservative now because of the craziness that happened from 2007 to 2009 during the last financial crisis," says Adkins. "The wounds are still fresh."

But lessons also include putting low fees and passively managed investments into proper perspective. "Sometimes we have to explain to clients that, based on where they want to be in 20 years, here's the target rate of return and the portfolio that needs to go along with that." The passive versus active management debate sometimes surfaces. "Some people have resigned themselves to the fact that…low cost ETFs and passive index funds are the only way to go," Adkins explains. In rising or bull markets there will be value to passive investing. But if markets are going sideways or south, some active managers can provide value and do warrant the extra fees or costs. "Many times some type of blended approach is probably the best way to go."

Adding diversified and liquid alternative strategies that are non-correlated, as the firm did a few years ago, can also provide a teaching moment. Adkins believes that, over the next one to three years, something will lead us into a bear market, and the next recession.

Adkins added, "If we go into a raging bull market, these won't go up 30 percent, but if we go into a huge bear market these are not going to go down 30 percent. Clients tend to appreciate that."

To learn more about Strategic Financial Associates, LLC see: www.sfafn.com

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