



FEDERAL STREET  
ADVISORS

*A team approach helps the financial advisor, and the other advisors they work with, by providing perspective, which often leads to a fuller understanding of a client's financial history and present circumstances.*

## **Effective Advisory Teams: *How Collaboration Among Advisors Keeps the Client First***

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“Teamwork” is one of those universal buzz words everyone expects to hear from a financial advisor. Certainly, to some extent every investment consultant and planner communicates with their clients’ other advisors – even if that communication is limited to the basic information needed to prepare tax returns and other reports.

Teamwork must be more than a buzzword; it must be central to effective working relationships. In this article, we’ll explore how we use “teamwork” to engage with clients’ attorneys, accountants and other service professionals. And because real examples are often more illuminating than theory, we’ll end with **a client case study** – to illustrate how teamwork turned into action for a family’s benefit.

### **Respect pre-existing advisory relationships**

Most clients come to an organization like ours with multiple professional service relationships already in place. These relationships typically include a trust and estate attorney and a tax advisor, but can also include specialists involved in developing and executing plans for charitable giving, insurance, family wealth planning, succession planning with the next generation, and other facets of a client’s often-complex personal and financial affairs.

### **Find the value in a well-coordinated team**

While there can be a tendency for experienced, busy professionals to operate in silos, it has been our experience that regular, open and respectful dialogue among different types of advisors leads to more informed decision making by and for clients. A team approach helps the financial and other advisors by providing perspective that leads to a fuller understanding of a client’s financial history and present circumstances. It also promotes more and better ideas for assisting clients in the growth and disposition of their wealth. This is especially true in developing strategies for preserving assets on an after-tax basis, and passing wealth down to future generations.

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*These days, we find ourselves initiating conversations about the opportunities inherent in the 2010 Tax Act.*

### **Actively initiate team meetings throughout the year**

It goes without saying that client meetings are common in our business. More accurately, they are essential. They present an opportunity to engage with clients and their other advisors at various points during the year. In some cases, these meetings are scheduled well in advance, but other meetings are arranged in response to new opportunities or changes in a client's situation.

When we are involved in a team meeting, the focus is typically on the integration of investment decisions with income tax and estate planning considerations such as:

- What is the best timing for making portfolio changes?
- Should securities be sold or gifted?
- When should GRATs and other specialized transfer techniques be used?
- Should regular IRAs be converted to Roths?
- How should recent or impending tax legislation be factored into decision making?

### **The 2010 Tax Act sparked a flurry of advisory team meetings**

A common topic these days concerns the opportunities inherent in the 2010 Tax Act, which passed in the final weeks of last year (see Federal Street's [recent articles](#) about the Tax Act on our website). This bill increased to \$10 million per couple the amount of assets that could be passed down free of any transfer taxes. Where increased lifetime gifting is appropriate, many clients are now taking steps to change their estate and tax planning for significant long-term monetary benefit and before the act's provisions automatically terminate at the close of 2012.

### **Bring in specialists as needed**

As a firm, we pride ourselves on knowing what we don't know – and never being afraid to bring in outside resources our clients need in special situations. For example, we often call in mortgage specialists for the financing or re-financing of a property, and insurance specialists to design programs appropriate for a client's specific estate planning, investment or business needs.



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Because clients' needs often extend beyond investment strategy and financial planning, we are prepared to recommend advisors that can assist on a variety of other fronts, including:

- charitable strategic planning
- locating and working with trustees
- educating families on wealth and governance issues
- second and third generation succession planning

### **Sometimes including a *new* advisor is in the client's best interest**

It is important to be sensitive to clients' long-held advisory relationships, as that history is critical to best serving clients on a go-forward basis. In some circumstances, however, clients may request assistance in adding new members to the team. Over our twenty years in business, Federal Street has been well served by our network of high quality professional relationships, which has provided us the experience to suggest advisors who we believe would be a good fit in terms of approach, geography, and areas of specialization.

Since chemistry is always an important component of successful and trusting relationships, we encourage the client to spend time with at least two candidates before engaging a particular advisor. To help both the client and the candidates prepare for these meetings, we are glad to provide background information that will serve to make the discussions more productive, including an inventory of the client's assets.

### **Collaboration is a win-win for everyone involved**

At Federal Street, we work hard to foster a team approach among our clients' various professional relationships. Professionals working together and sharing information takes extra time and effort on the part of all parties, including the client, but this added investment pays real dividends over time. Collaboration among professionals helps limit unpleasant surprises for the client and improves both the quality and timeliness of the advice they receive.

We invite you to read our **Teamwork Case Study** on the following page.

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Please visit [our website](#) to learn more about Federal Street Advisors' expertise, philosophy, services and staff.

### Federal Street Advisors Case Study: Collaboration

The following chart illustrates how we have engaged with outside advisors in our work with a female client over a rewarding 15-year relationship. We cannot overstate how greatly she values this collaborative approach.

<b>Client Situation</b>	<b>Federal Street's Responsibilities</b>	<b>Advisors Involved</b>
Couple with separate portfolios and objectives	<ul style="list-style-type: none"> <li>Educate wife about investment process</li> <li>Manage portfolio to reflect her risk profile and values</li> </ul>	<ul style="list-style-type: none"> <li>Family accountant</li> <li>Specialized SRI investment managers</li> </ul>
Adult children with diverse needs and capabilities	<ul style="list-style-type: none"> <li>Assist children in obtaining mortgage financing</li> <li>Educate and involve children in investments and philanthropy</li> <li>Establish separate trusts for each child</li> <li>Assist client with a challenging heir</li> </ul>	<ul style="list-style-type: none"> <li>Lenders for mortgages and bridge financing</li> <li>P&amp;C insurance agents for their new homes</li> <li>Trust &amp; estate attorney</li> </ul>
Desire for family-directed philanthropy	<ul style="list-style-type: none"> <li>Create a family foundation</li> <li>Work with family members to create mission statement and governance policies for the foundation</li> <li>Convene and facilitate yearly family foundation meetings</li> </ul>	<ul style="list-style-type: none"> <li>Trust &amp; estate attorney</li> <li>Outside advisors participate in annual foundation meetings</li> </ul>
Husband died suddenly of an unexpected illness	<ul style="list-style-type: none"> <li>Support widow's immediate financial needs and issues</li> <li>Manage lengthy estate settlement of husband's assets</li> <li>Coordinate major gifting to children and grandchildren</li> <li>Help widow purchase a second home to be closer to her children</li> </ul>	<ul style="list-style-type: none"> <li>Family accountant</li> <li>Trust &amp; estate attorney</li> <li>Insurance and banking advisors</li> </ul>