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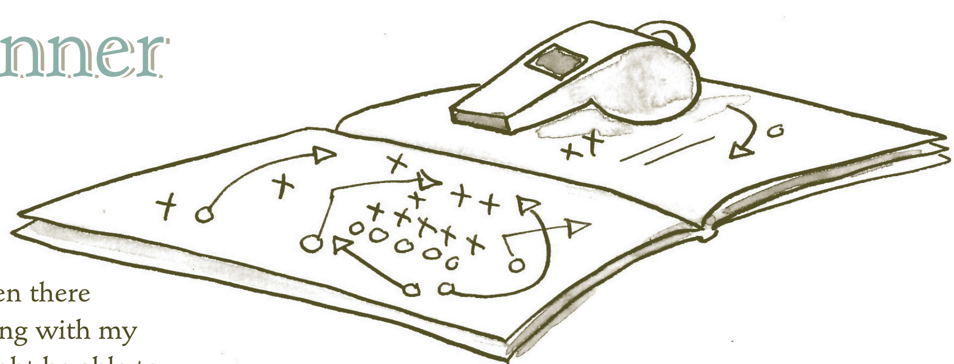
BY **Paul Joyaux, CFP®**
Partner, Senior Wealth Advisor

Why Corporate Executives Should Work with a Wealth Planner



In my professional life, I pride myself on being on top of things. When a client emails me with a question, I typically call back that same day. When there are big shifts in the market, I'm meeting with my team and talking through how we might be able to take advantage of them. But my personal life is a different matter. More than once, when things were simply too busy at work, I've rescheduled a dentist appointment or skipped a session at the gym. When professional needs arise, personal needs sometimes take a back seat.

I've been working with corporate executives for over 20 years and have seen this same situation play out with them. Sometimes top executives at major corporations, too busy helping their companies, put their own personal needs on autopilot. Day to day, this might have a negligible impact, but over the long term it can be more significant. This, in my mind, is why it's so essential that they find a financial planner to work with.

A good financial advisor will help you proactively plan your financial life so you aren't just reacting to market swings or dramatic headlines. A good advisor will help you stick to that plan once you've made it, so you aren't selling out of the market right when you should think about buying more. And, for a corporate executive, the right financial planner will be able to navigate the unique and often complex needs an executive has.

Below are my top three reasons a corporate executive should work with a financial planner—and, by extension, the top three things corporate executives should make sure their financial planners are capable of.

1. A comprehensive plan can't be done piecemeal.

Even if you have assets managed by multiple advisors, you want to have one investment plan that takes into account your entire picture. At RMB, we work with corporate executives to create a combined plan that takes into consideration captive corporate assets—things like deferred compensation, 401(k) investment options, restricted stock units, and stock options—along with portable investments. In this way, we try to make sure that the assets we are able to manage are properly balanced with the ones that we aren't. If, for example, we know a significant portion of the executive's net worth is tied up in domestic stocks, we might make sure the liquid assets are overweighted to international equities to compensate.

2. Timing is everything.

If you know you're going to have sizable cash events » on a set schedule, you want to make sure you're planning accordingly. Again, as mentioned above, by taking into consideration the entire plan, we can map out the major milestones in a corporate benefits plan and develop a corresponding tax strategy. During periods of market volatility, we can build up reserves of captured losses to help offset years in which significant capital gains are expected. When we are able to sell restricted assets, we do so in concert with our broader tax strategy, so that any profits made aren't too hindered by the taxes that have to be paid on them. These decisions sometimes have to happen quickly. And when you're bogged down in the particulars of your personal and professional life, it's immensely helpful to have a team that's monitoring your accounts and taking action based on the plan you've already created together.

3. Human beings are innately emotional.

And sometimes, our emotions get the best of us. This is particularly true when our finances are in the crosshairs. For corporate executives, this issue is often compounded—sometimes the stock that makes up the majority of their portfolios represents the very same company they've dedicated their careers to. It's extremely difficult in those situations to make an objective, rational decision. But if we are aware of this tendency toward the emotional, we can establish a rational plan at the outset to counteract any irrational reaction. Having a trusted advisor by your side who can remind you of the plan you crafted together, of the long-term goals you have in place, and of the contingencies you built into your plan for moments such as these, can help prevent you from being your own worst enemy. ■