



# Voices A tech upgrade helped me speak the language of my ultra wealthy clients

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Published June 01 2016, 11:04am EDT

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All too often, those of us in the wealth management space get stuck describing clients' wealth in terms that we think make perfect sense, but that they don't understand.

It's an easy habit to fall into. Portfolios that are straightforward to us often seem complex to them. It's not easy to explain in simple language and visuals how different asset classes change over time, or why members of a family can be exposed to different levels of risk. Especially since these concepts are often so different from those they knew when creating their wealth and almost always exclude the client's innately human aspirations, challenges and concerns.

Clients depend on us for more than just growing their wealth. They look to us for guidance to make sure their families are taken care of. In an increasingly interconnected financial world, we should spend less time advising clients on specific financial products, and more time being a steward of their financial understanding, knowledge and performance. When the markets are turbulent and the economic outlook seems uncertain, our jobs become more important than ever. Clients want answers, reassurance, and to know that we're looking out for them.

The truth is that giving satisfying answers to these questions can be hard. The wealthier the family, the trickier it can be to interpret their finances. Ultrahigh-net-worth families, like the ones we work with, often comprise dozens of people that span multiple generations with specific lifestyle needs, and complex portfolios. Suddenly, answers to once simple questions

— “What are my investment goals?” — aren’t so easy anymore. Through experience, we’ve learned that the better question is, “What are we solving for?”

Answering this question requires us to analyze the client’s holdings by all kinds of different criteria, and then package the results up in a transparent, digestible way. It means unpacking the typical investment portfolio into terms the ultra wealthy family can understand: their lifestyle needs, their generational needs and their legacy aspirations.

Faced with many of the challenges I mentioned above, my practice (50 clients representing 618 accounts and \$1.8B in assets) has invested a lot of time and effort arming itself with software tools that can deconstruct complexity and help us communicate. Now, we’re deploying cutting edge tools to revolutionize our counsel to a family whose wealth dates back hundreds of years. Here’s what we’ve learned in the process.

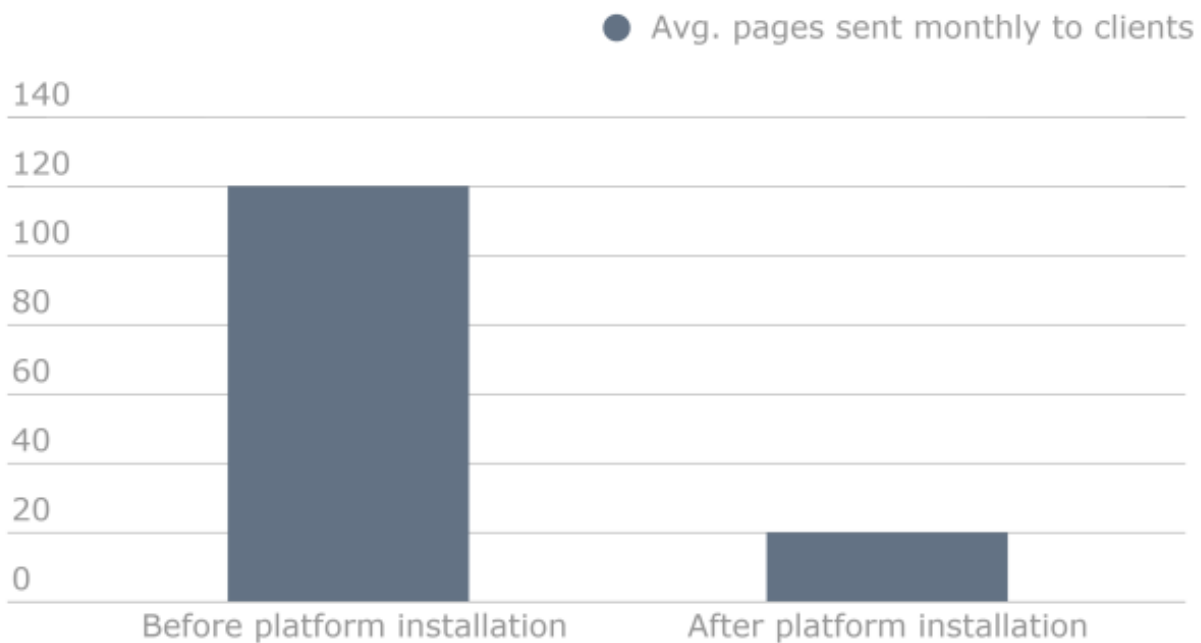
## **UNIQUE CHALLENGES OF THE ULTRA WEALTHY**

Ultrahigh net-worth families’ portfolios can exhibit several different kinds of complexity. These include the complexity of the assets (which can range from liquid assets to operating companies, real estate, alternative investments and more) as well as the complexity of the ownership structure.

Ultra wealthy families often own their assets through individual family members as well as complex trusts and pooled investment vehicles, which can make it difficult to get a clear picture of who owns what, and how much. Mix in years of strategic and efficient tax and estate planning from attorneys and accountants, and all of a sudden, you’re struggling to break down an intricately woven ownership structure into manageable terms.

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Biltmore reduced mailings and centralized client data



Source: Biltmore Family Office

Let's take the Smith family, your typical next-door-neighbor ultra wealthy family (note: the Smith family doesn't exist). The Smith family consists of five individuals. Each of these individuals alone might have one to three legal entities (a simple trust, an IRA, a pooled family entity). And each of those legal entities can have up to 10 account numbers.

Pretty quickly you can end up managing 80 account numbers. The account numbers execute trades on Wall Street, but tracing them back to the Smiths can get complicated fast: A trust might have a Smith family member's name on it, but the ultimate beneficiary might be a grandchild or a future Smith not even born yet. Moreover, the ownership of the entities can continually change due to effective estate planning.

Tactically speaking, we're managing wealth by using a methodology designed by Wall Street: the account number. In reality, the account number means nothing to our client. But strategically speaking, we're offering guidance to families on how to allocate the means to live their lives. The chasm between these two objectives can feel large sometimes. To bridge this gap, we've implemented an investment management platform.

## NO MORE JARGON

Using the platform we've chosen, Addepar, we've been able to map our client's assets (financial assets, business interests, compensation, royalty rights, etc.) with what we remind our clients' their true liabilities are.

*Unpack the typical investment portfolio in terms that the ultra wealthy family actually understands: their lifestyle needs, their generational needs and their legacy aspirations.*

Our clients may have mortgages, loans and the like, but the liabilities they must solve for to sustain wealth across generations are far more important. These are: their lifestyle (the cash flow needed to sustain the family's quality of life), generational (how to grow the balance sheet of family members alive today), and legacy (how to grow the balance sheet for future generations, charity, or philanthropy).

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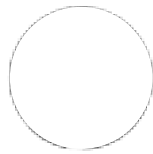
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Freed from the need for manual number-crunching, my team can focus on our client relationships. I can tailor my counsel to the specific needs of my client, whether that's the 89-year-old grandmother whose lifestyle needs are met and sole liability is her legacy, or the entrepreneur whose portfolio must be managed relative to the risk, concentration and

illiquidity of the operating businesses she's built.

I don't have to rely on jargon, or show generic impossible-to-read tables. I use transparent, highly customized visuals that everyone can understand, and best of all, I can give my clients almost everything they need to know on a single page dashboard.

Overhauling my practice's tech infrastructure was a daunting task, but it has changed my client relationships in a way I never thought possible. By enabling me to decipher financial complexity, I now can give counsel in more human terms based on what they are truly solving for. It's given our firm the first true marriage of financial planning, investment management, and estate planning based on the clients' point of view and not ours.



## **Chris Cecil**

Chris Cecil is principal of the Biltmore Family Office.

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