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# Professional Portfolio

Finance: **Melissa J. Stein**

## Planning a Journey Together

**W**ealth managers are not financial advisors. So what are they? What advisory role do they play?

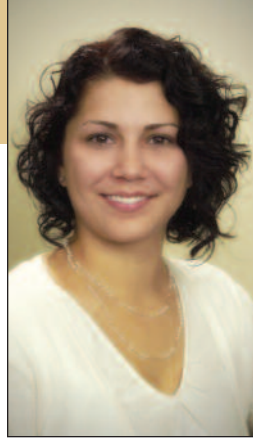
In the extended market volatility we've been experiencing, many investors are turning to the advice of licensed financial professionals for guidance. Investment advisors have seen a recent trend of pre-retirees, baby boomers, and even "do-it-yourselfers" taking the plunge and asking for help with the management of their retirement portfolios. For the majority of such investors, the difference between a financial advisor and a wealth manager is not well understood. In fact, most of the easily accessible literature on the subject is vague, misleading, and even contradictory.

When making the important decision of whom to trust with your life savings, it is important to clearly understand the defined and distinct differences between these professionals and the role that they play for their clients.

One way to understand the difference is for me to use a metaphor derived from my first road trip when I was a young child traveling with my father. We spent several days driving across the barren desert from El Paso, Texas, to Pittsburgh. As if being crammed tightly with luggage into a Chevy Cavalier while trying to navigate across country wasn't difficult enough, my father had an additional goal to drive through as many national parks as possible along the way. In order to complete our mission in the most effective manner, we made a side trip to the local AAA to pick up as many roadmaps as we could carry away. The representative was a friendly gentleman who seemed very knowledgeable and had himself driven cross country many times in the past. He provided us with plenty of maps and information. He even helped us choose the most efficient route utilizing fancy mapping software and the best places to stay. The advisor had given us the necessary information, but then left us at the door. We were alone once again as we headed for the open road.

This scenario is remarkably similar to what most clients of financial advisors experience. Financial advisors typically run reports and analysis that quantify the client's goals, taking into consideration risk tolerance, time-frame, and overall financial objectives. Based on this analysis they then develop a detailed strategy or financial plan that helps the client meet all of those goals using their recommendations. These goals can include buying a home, planning for retirement or funding education. The advisor may even suggest other professionals to follow up with concerning taxes and estate planning. Usually, you meet with this advisor a couple of times a year to make sure you are on track. But, again, the advisor, having provided the crucial information on your financial goals and the means to reach them, leaves you at the door. Once again you head out for the open road on your own.

Going back to our trip across country, we made it home safely. Our goal of hitting every national park wasn't fully satisfied, due to some unexpected bumps and snags along the way. The fact is that many of the inconveniences we encountered could have been avoided if the gentleman who provided us with the



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information at AAA had come along with us for the ride.

Wealth managers differ from other types of financial advisors because they do "come along for the ride," sitting in the passenger seat while their clients drive the car. Imagine having a personal chauffeur, with intimate knowledge of your specific trip, accompanying you all the way across country. How different would your trip feel? How much more confident would you be?

When engaging in a wealth-management relationship, the client is able to benefit from a holistic approach in meeting their needs and reaching their goals. Wealth managers do not simply put together an analysis that quantifies the client's goals. Instead, a wealth manager's first concern is developing a comprehensive understanding of what the client is looking to accomplish; a truly client-centric approach.

It is very common to have a wealth manager coordinate all aspects of a client's financial life and simplify this process by doing most of the work for the client. They often integrate and coordinate a number of specialists, like CPAs and attorneys in order to provide clients with the best solutions. Instead of "handing off" the client to a specialist the manager facilitates each step of the process. Wealth management is results-focused and allows the client to receive a highly personalized and tailored service that is dictated by their particular goals and preferences.

The journey undertaken by a client always includes the wealth manager because theirs is a relationship that goes beyond its professional confines. It is a journey of shared experience, in which the wealth manager uses her knowledge and intuition to help a client reach his goal with as little pain and as much pleasure as planning, experience and economic conditions allow. ●