

"Wealth management is about helping people reach their goals, and not just about returns"

US-based Deena Katz is a well known person in the wealth management field. **Monika Halan** talks to her on a range of issues that affect India as it prepares to join the mature markets. Excerpts of the interview:

■ **Wealth managers do not give assurances on return and leave the burden on choice on the client. What then is the value add that you as a wealth manager provide?**

Wealth management is not about getting the maximum return. A return that beats the market is not the goal of our work. Our work is to help clients crystallise their life's goals, prioritise

INTERVIEW

DEENA KATZ

CFP, President Evensky, Brown & Katz

them and then help them achieve them. Returns is a means to reach the goals and not the target. Nobody can

constantly beat the market and we do not promise to do so. If anybody is promising a certain rate of return, that is a lie.

■ **If return is not a goal, then how do clients evaluate if they are getting value out of your service?**

We set goals and then monitor every year how much closer the client is to the goal. We need to be able to show progress in terms of 'how much closer you are to your goals'.

■ **The Indian financial sector is where the US market was 20 years ago, specially in the wealth management field. There are no regulations today on financial planning or wealth**

management, anybody can call himself a planner. What should be our first regulatory goals at a time when regulation is still being crystallised?

Twenty years ago Forbes magazine put a money in a suit on its cover and called it a 'financial planner'! That was the state of the industry then. We have spent time and effort to interact with the media to put across the value that we bring into a client's life. It is only when people heard from unbiased sources, like newspapers and other media, about the merits of wealth management that the value add of the profession was understood. Now 20 years later the CFP (Certified Financial Planner) mark is highly respected and people



rely on the CFP code of ethics to get quality advice and service. In the regulatory space, two changes have helped — registration of wealth managers and disclosure norms for them.

■ **Given the scenario that there is no regulation on wealth managers today, what should clients look for while choosing somebody to manage their money?**

They should look for education. What has this person done that qualifies him to manage your money, where has he been educated? The wealth manager should be prepared to split the planning and implementation functions. The plan should be robust enough to be implemented by anybody — the client should be able to get the products that the plan suggests from any vendor. Clients should look for fee-only wealth managers to be able to get quality advice. The US market has kept pace with this need and there are no-load mutual funds and insurance products that serve this market. This should happen here as well.

■ **Is there any particular age or profession that understands the value that a wealth manager brings?**

I find that it is usually when a person has enough money. Enough for him to say that it is too much for him to manage. The amount could differ from person to person. I find it is usually professionals like doctors, lawyers who see value in a wealth manager and are willing to pay for it. Entrepreneurs are usually putting money back in their own business.