At the San Fernando Valley Business Journal, our ears are always to the financial ground, and there are a number of questions that we’ve been hearing repeatedly from readers navigating the wealth management landscape. To take a closer look at the latest concerns and trends in wealth management, we have turned to one of the region’s leading experts, Stephen Davis, managing director of wealth management and portfolio manager with the Davis Group team from UBS Financial Services Inc., who graciously weighed in for a discussion and shared some insights on the state of wealth management in 2021.

We hope you will find our conversation with Steve, along with the additional wealth management articles in this special section, informative and useful.
A Q&A with the Expert

Stephen Davis joined UBS as a financial advisor in 2014. He has nearly 30 years of experience as a financial advisor and holds a Certified Investment Management Analyst designation from The Wharton School of the University of Pennsylvania. With $900 million under management, he works with a select group of high net worth clients, specializing in managing private client portfolios using proprietary models and investment strategies. Through careful analysis and tailored guidance, he provides tactical solutions to the important transitions and financial decisions that need to be made during life evolutions. Our ability to discuss and implement solutions was reassuring to our clients and alleviated the stress brought about by these uncertain times.

Describe the current investment environment and what you consider to be the best investment approach, in general terms.

The current investment environment has translated into a market that is difficult to predict because of the tremendous amount of debt that our country has accumulated. This is also complicated by the unstable political environment and negative interest rates around the world.

However, we believe there are still opportunities for investors. By analyzing companies in relation to their free cash flow, future earnings, and revenue growth we can determine and predict whether companies are still offering attractive investment opportunities.

The best investment approach would include meeting with your wealth manager to complete a comprehensive financial plan so that your investments and goals can weather the current environment. As a Senior Portfolio Manager, I help our clients determine how much money they need to retire so as not to outlive their money. This takes into consideration their current environment and what you consider to be the best investment approach, in general terms.

What geopolitical events are you watching for, and how might they affect U.S. and global markets?

There are several bills in Congress this fall, namely the Budget Reconciliation Bill, Bi-Partisan Infrastructure Bill, Debt Ceiling Extension, and the Government Shut Down Bill that can potentially translate into market uncertainty. While we are confident that these will be resolved by year end, if passed they may have significant financial implications for our clients. As a result, we will be watching the events in Washington carefully so that we can advise our clients accordingly.

What key wealth management strategy changes do you anticipate in the next five years?

In the next five years, we are going to see an increase in the amount of business owners looking to monetize their businesses. During the COVID-19 pandemic, we observed business owners delaying the sale of their business until they were able to become fully operational once again and experience a pre-COVID-19 rate of return. Moving forward, we anticipate that business owners who explore the sale of their businesses, may capitalise on high multiples. Moreover, we have observed business owners who are placing a greater importance on their personal lifestyle. We anticipate a growth and premium on the financial planning needs of our clients who are business owners, and we will ensure that they have a road map for pursuing their goals and objectives.

What advice can you share for longer-term portfolio asset allocation?

I share in the sentiments of the 1990 Nobel Prize recipient for Economics Harry Markowitz who wrote “Diversification is the only free lunch in investing.” As a strong believer in the power of asset allocation and financial diversification Markowitz’s statements are still applicable today. Long-term portfolio asset allocation includes the proper diversification of assets to avoid risk in your portfolios.

What should people look for in a wealth management advisor?

People should be diligent about asking the right questions when they are searching for the right wealth manager. For example, I am a Senior Portfolio Manager, I have my Certified Investment Management Analyst designation (CIMA) and I am licensed in the Series 7, 9, 10, 64 and 65. I have also been named to the Forbes/BLOOM Research Best-in-State Wealth Advisors list for the state of California every year since 2018.

What can advisors do to keep news-driven distractions out of the client’s heads to keep them focused on their long-term plan and goals to grow wealth and avoid the temptation of entering out and entering the market at the wrong time?

With almost 30 years as a Wealth Manager at UBS, I have extensive experience speaking to clients when they are worried and fearful. There are a multitude of factors that lead clients to make sure that their risk tolerance adequately represents their needs and expectations. Our relationship is fluid; we are constantly monitoring the investment advisory assets we manage to ensure that as a clients circumstances change, their investment strategy reflects the clients changing needs. Typically, to avoid impulse decisions based on what they’re seeing in the news, we remind our clients that we’re in this for the long-term and it’s best to stay invested if their financial goals remain unchanged.

What should people look for in a wealth manager?

It is vital that clients find a wealth manager whom they trust, have loyalty and integrity. When someone speaks to me, they are sharing with me not just what their current financial situation is but also what their long-term goals are for their families and their heirs. At the Davis Group, we provide a comprehensive financial plan which considers where our clients are today and where they would like to be in the future. We look at the entire financial picture and offer extensive services that may include investment management, estate planning strategies, insurance, credit & lending, retirement planning, wealth transfers, all coupled with a world-class service.
You have a vision for how you want to live for today, tomorrow and beyond. I start by asking the right questions to uncover what’s most important, and then work with you to create a plan to help you pursue it. Along the way, I offer advice that addresses every aspect of your financial life, at every stage of your life. It’s what we call: Advice. Beyond investing.

For some of life’s questions, you’re not alone. Together we can find an answer.

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As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business, that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information, please review the PDF document at ubs.com/relationshipssummary. CIMA® is a registered certification mark of the Investments & Wealth Institute™ in the United States of America and worldwide. © UBS 2021. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC. - CMRA-120069361 - Exp. 10/31/2022
Retirement Planning: Baby Boomers Only Slightly Ahead of Millennials

According to recent data, more than half (59%) of millennials haven’t considered their options for retirement. However, this trend is not limited to younger Americans. According to a survey from the National Association of Personal Financial Advisors (NAPFA), one in three baby boomers — Americans who are nearing or starting retirement — haven’t done any financial planning in the last two years.

The survey — which assessed the financial health of Americans — found that stress around finances transcends generational differences. In fact, 74% of respondents said they want a financial plan do-over.

“As we move into a new decade, consumers continue to be pessimistic about their retirement options, with almost half of all respondents lacking confidence in Social Security,” said Geoffrey Brown, NAPFA CEO. “More than one-third of millennials and Gen Xers don’t think they’ll ever be able to retire. While these results are troubling, you can gain a greater sense of control and certainty over your financial future by having a financial plan that’s tailored to your life stage.”

The different generations are consistent in their goals regarding money, which include planning for retirement (61%), achieving greater savings (52%), and paying off debts (35%). Yet, their priorities for planning differ by generation. Millennials put a higher emphasis on increased income (50%) while Gen Xers are more focused on paying for their kid’s college education.

“Luckily, there are strategies each generation can use to start 2022 off on the right foot,” explained Brown.

TIPS FROM NAPFA ADVISORS:

APPLICABLE TO ALL GENERATIONS

• Put bonuses, tax refunds and/or reimbursements from Flexible Spending Accounts into a retirement account to boost savings.

• Make a list of debt in order of the amount you owe, from smallest to largest, then make a list of your debt in order of interest rate, from highest to lowest. Choose what will be most motivating to you — either paying off the smallest debt first or paying off the debt with the highest interest rate first.

• Write down what you value most in life and make a list stimulating your spending for the past few months. Ensure your spending is in alignment with both your values and your earnings. Also, be sure to reduce financial clutter by canceling subscriptions you aren’t using and negotiating for lower rates on cable TV, Wi-Fi and car insurance.

BABY BOOMERS

• Ensure you are paid your worth — consult industry salary surveys and stay objective when negotiating by focusing on your accomplishments and your future at your workplace. Small discrepancies in pay can have large, compounding effects on your future financial security.

• Automate savings — it is easy to justify keeping more money in your checking account, but it often gets spent.

• Take advantage of your employer’s 401(k). If you retire while still working, you can contribute an additional $6,000 pre-tax.

• Max out your 401(k) contributions. For 2020, you can contribute up to $19,500 of pretax money to your 401(k). If you’re 50 or older, you can contribute an additional $6,000 pre-tax.

• Prioritize paying back any loans you have created a plan to accumulate assets for retirement. Now you need a plan to help you prudently spend down those assets.

Information for this article was provided by the National Association of Personal Financial Advisors. Learn more at napfa.org.

How to Keep Your Money from Slipping Away

As with virtually all financial matters, the easiest way to be successful with a cash management program is to develop a systematic and disciplined approach. By spending a few minutes each week to maintain your cash management program, you not only have the opportunity to enhance your current financial position, but you can save yourself some money in tax preparation, time, and fees.

Any good cash management system revolves around the four As — Accounting, Analysis, Allocation, and Adjustment.

Accounting quite simply involves gathering all your relevant financial information together and keeping it close at hand for future reference. Gathering all your financial information — such as mortgage payments, credit card statements, and 1099 forms — and listing it systematically will give you a clear picture of your overall situation.

Analysis boils down to reviewing the situation once you have accounted for all your income and expenses. You will almost invariably find yourself with either a shortfall or a surplus. One of the key elements in analyzing your financial situation is to look for ways to reduce your expenses. This can help to free up cash that can either be invested for the long term or used to pay off fixed debt.

For example, if you were to reduce restaurant expenses or spending on non-essential personal items by $100 per month, you could use this extra money to prepay the principal on your mortgage. On a $130,000 30-year mortgage, this extra $100 per month could enable you to pay it off 10 years early and save you thousands of dollars in interest payments.

Allocation involves determining your financial commitments and priorities and distributing your income accordingly. One of the most important factors in allocation is to distinguish between your real needs and your wants. For example, you may want a new home entertainment center, but your real need may be to reduce outstanding credit card debt.

Adjustment involves reviewing your income and expenses periodically and making the changes that your situation demands. For example, as a new parent, you might be wise to shift some assets in order to start a college education fund for your child.

Using the four As is an excellent way to help you monitor your financial situation to ensure that you are on the right track to meet your long-term goals.

This material was written and prepared by Emerald.
New Tools from NAPFA Advance Workplace Diversity, Equity & Inclusion

The National Association of Personal Financial Advisors (NAPFA) has announced new resources and tools to help members navigate Diversity, Equity & Inclusion (D, E & I) issues in the workplace.

An integral part of NAPFA’s mission has always been to be a beacon for diversity within the financial planning profession through building and strengthening relationships between financial planning professionals and the diverse populations they serve.

“Our vision is to be the standard bearer for diverse advisors by offering member resources that advance D, E & I and helps cultivate a community where diverse perspectives and backgrounds are valued. While there seems to be plenty of awareness around diversity and inclusion, the struggle for most organizations is making it a part of everyday experiences. These new resources are designed to help planners discuss relevant issues and pursue the opportunities D & E & I initiatives present,” said Geof Brown, NAPFA CEO.

As the stewards of the association’s D, E & I efforts, NAPFA’s Diversity & Inclusion Steering Committee sponsors conference scholarships, learning and in-person educational events, and convenes effective conversations with NAPFA members around diversity, equity, inclusion, and racial inequality. The committee met with NAPFA firms in several listening sessions to understand the obstacles and challenges they experienced with D, E & I.

As a result of those listening sessions, the Committee developed a D + I Toolkit. This resource will help NAPFA members and their firms navigate issues and conversations in the D, E & I space. While dialogue and education are crucial steps to improving understanding, it’s clear that without action, true progress cannot be achieved. The toolkit includes both a written guide and a series of short videos designed to help NAPFA members take action in the workplace.

The D + I Toolkit addresses four key components:

- **Culture** – How to create a culture that is inclusive and welcoming
- **Hiring Practices** – How to craft and implement equitable hiring procedures
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- **Inclusion** – Ways to be an advocate for marginalized groups

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Learn more at napfa.org.