



## MAKING CENTS

### WEALTH MANAGEMENT VS. FINANCIAL PLANNING

-John P. Napolitano, CFP®, CPA, PFS, MST, RLP®



**W**ealth management and financial planning - often these terms are tossed around interchangeably when in fact differences may exist between the two.

In a nutshell, a financial planning engagement can occur between a planner and a client that is limited to a few meetings and results in comprehensive advice and a detailed road map. After meeting with a financial planner, people can implement the plan on their own or make another appointment or two - either to implement the initial advice or to address other issues. But a traditional financial planning relationship is not always forever, or proactive and holistic.

Wealth management, while a fairly new term in the marketplace, has yet to be clearly defined. I define wealth management as the manifestation of a financial planning engagement into a proactive and holistic relationship with a professional. Wealth management relationships are recommended for people with more complicated issues.

The wealth manager requires oversight and accountability for all work performed on behalf of a client's financial life. The wealth manager oversees the work of all of the financial "assistant coaches" - your invest-

ment professional, tax person, attorney, insurance agent, banker, real estate agent, business consultant and whoever else touches anything financial for you.

In many cases, wealth managers may also play some of the assistant coaching roles, such as tax preparation and projections, education planning, trust administration, family

gifting strategies, cash flow forecasting and budgeting, and estate management in addition to portfolio management.

To continue with my sports metaphor, the wealth manager may be the head coach, but the client is the owner of the

team. The client can fire the head coach at any time and even strongly suggest that any assistant coach be replaced. But any great head coach will probably want the last say about the assistants doing the detail work that contributes to the whole plan.

Understand that wealth management is not just about money. Wealth managers are confidants and counselors. They look not only at clients' present financial issues, but are also aware of their goals and are able to work with clients to come up with a life plan that is attainable and consistent with their values.

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