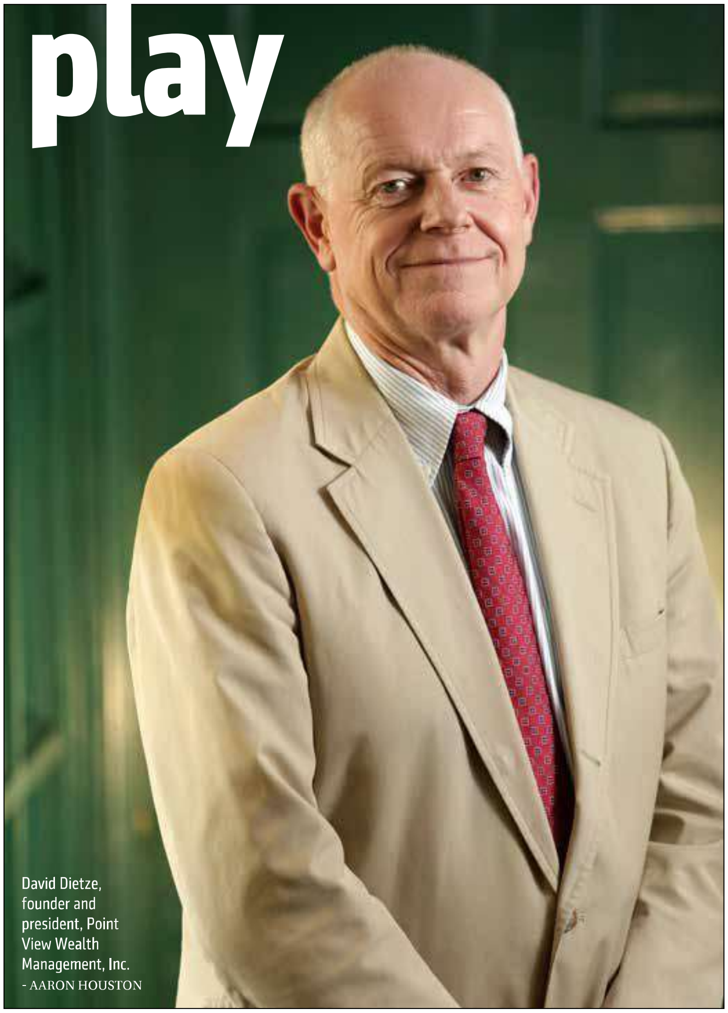
Child's play

Whether at the prompting of aging parents, or of their own choice, more young people are using financial advisers to plan for the future

BY BRETT JOHNSON



David Dietze, founder and president, Point View Wealth Management, Inc.
- AARON HOUSTON

Not all first encounters in the Summit office of **David Dietze**'s wealth management firm are desirable.

"We actually don't want to be meeting someone for the first time after their parents have passed away and have to say, 'By the way, we've been the ones behind the curtain financially, good to meet you,' " Dietze said. "That's too late."

So Dietze, president and chief investment officer at **Point View Wealth Management Inc.**, is glad that the trend today among the clientele of wealth management firms is to bring successive generations into the office for early introductions.

"The earlier we bring up the topic and make sure the children of these clients are comfortable and knowledgeable about what their parents are doing with their wealth, the better off everyone is," he said.

And while many wealth management experts encourage it, Dietze and others say it's just as often the clients themselves pushing for their kids to be involved in discussions on financial matters.

But these conversations aren't arising at random. Those in the wealth management industry are finding that a confluence of factors has put the prospects of younger generations on much less sturdy footing — bringing questions about financial futures of families to the fore.

"Baby boomers were extremely lucky in a lot of ways when it comes to accumulating wealth," Dietze said. "Who knows what the next generation is going to face — with burgeoning deficits combined with increasingly global trade as well as the soaring cost of education locally leaving so many in enormous debt.

"The stakes are much higher, which means the need has never been greater for a successful transfer of wealth."

Joan Antoniello, principal at **Mazars Wealth Advisors LLC**, said she's definitely seeing a motivated tendency among clients to get children talking about these issues with professionals.

Antoniello said her experience has been that the client wants children not only to be in the loop about the family's finances, but also to work with a financial planner on their own situation.

And, when it comes to millennials, there's a lot to discuss.

Coming of age in a different economic reality than previous generations, Antoniello said, means millennials have been put on a different — often delayed — timeline for reaching certain achievements in their assets, such as owning a home.

"There is this new timeline for certain milestones, but of course it's still very personal to the individual," she said. "I've seen everything from children nearing their 30s still living with parents and figuring out opportunities for their career to young people buying their first home and starting their family at that age."

At least in some cases, the personal finance playbook has had to be revised for younger generations.

It's a fraught situation that those in wealth management have seen come to bear on the financial position of older generations to some extent as well.

"I'm seeing a lot of parents looking at amount of student debt their children have and contributing to that payoff, either through gifting exclusions or outright paying off loans," Antoniello said. "A lot of parents are also helping them with rent or monthly expenses."

Needless to say, this can end up making for big expenses. But, apparently, it's increasingly preferred by clients who want to share wealth before their death in an age of lengthened life spans.

Kyle Stawicki, a financial adviser at Clifton-based **Sax Wealth Advisors**, said it ends up in conversations about intergenerational planning, which he also facilitates a lot more regularly today.

To the extent that people are living longer today, that also means that wealth in most cases has not totally been passed down.

"From what I've seen, the older generation is still in control of the money and has not made a big transition of wealth yet," Stawicki said. "It's not happening in an outright fashion, at least."

Before that does occur, local wealth management firms will look for more of the client's offspring to step through their doors — not least because it's good for keeping those doors open.

"Selfishly, as a business, it's the best thing for us, too," Dietze said. "When and if our client is no longer on the scene, we've already built up that relationship with the next generation and we get to understand their finances. We've gotten off on the right foot with them. That's important."

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Revenge of the avocado toast

Mockery came from all corners when an Australian real estate mogul, **Tim Gurner**, insinuated that millennials' financial woes came from them spending too much on avocado toast.

But it captured a prevailing opinion that millennials have bad spending habits — a generalization that **Bill Munn**, a private wealth adviser with **Munn & Associates**, hasn't found to hold true.

"Now, this could be just anecdotal, but what I'm finding with children of clients in their 20s is that they're actually more interested in saving money than people in that age group when I started in this business," he said. "They often seem to want to save that money for experiences, not just material things."

As far as why that's the case, Munn has his opinions — and they have nothing to do with the brunch menu.

"I think it's a direct result of the financial crisis," he said. "A lot of them saw their parents or their friends' parents very economically insecure during that time."

Robots making the calls

In wealth management, a new business model has emerged: it's referred to as robo-advisers, and it involves using online surveys and other internet tools and making decisions about clients' money using artificial intelligence.

David Dietze of **Point View Wealth Management Inc.** said the technology comes with obvious advantages — mostly in terms of lower fees — but there are disadvantages too.

"We find that, when you have a tweet coming out of Washington, and you want to know what the impact of it is on your money — robo-advisers are not poised to handle those questions," he said. "There's no substitution for a person to talk you through whatever nastiness is the problem du jour."

"It's similar to wills — you can go online and print one out to fill out yourself. And that's going to be cheaper, and better than no will at all. But, even with a detailed set of instructions, it's not certain that it will meet the particularities of that client's needs."

Dietze is skeptical that this approach will win out over the human touch.

"But, you know, I happen to not be a robo-adviser myself, so everyone has their biases," he said.