

ROAD TO RICHES

Clients often use their advisers' own wealth and financial situation as a measure of credibility, Leng Yeow writes, so it's important for planners to practise what they preach.

At age 32, Bollen advises clients who are more than twice his age, including Denison when Guest is unavailable. And although his net wealth is currently only a fraction of Guest's, Guest pretty much does everything Bollen says.

Like Guest, Pezzi is also a significant shareholder in his business, Lachlan Partners.

Pezzi, a former accountant and investment banker, got started in financial planning in 2004 through the acquisition of a Godfrey Pembroke practice in Melbourne.

In 2005, Pezzi's practice, PMG Group, became the foundation partner of Lachlan Wealth Management, the new dealer group launched by Macquarie Group, and in 2008, the merger of PMG Group and Collins House led to the formation of Lachlan Partners.

Macquarie owns 19 per cent of Lachlan Partners, and Pezzi and business partner Michael Burton are the firm's other substantial shareholders.

Pezzi says age is irrelevant it comes to

wealth and "traits of wealth" should be evident in financial planners during their 30s.

"Because a lot of people in this age group have exposure to property and mortgages, and all the expenses that come with kids, they may not have surplus cash to spend," Pezzi says.

"But they should still be putting some money aside, investing and properly structuring their portfolios.

"That's the foundation of compounding, and that's the message we tell people in the wealth accumulation stage of life."

Pezzi says clients should focus more on the success of a financial planning business, rather than an individual, because an individual's wealth could be derived from numerous sources, such as inheritance or luck, or it could be a facade.

But if a firm has been around for a long time and is continuing to grow, then that's an indication the business is giving good advice and employing quality staff.

"It's almost guaranteed that if a firm is successful and profitable then the principals of the firm are successful, too," he says.

"If a financial planner isn't rich then clearly their business isn't doing well."

Pezzi, who looked at more than 60 financial planning businesses in the past 12 months as part of Lachlan Partners' goal to acquire up to six financial planning practices a year, says he's surprised at how few practices are successful.

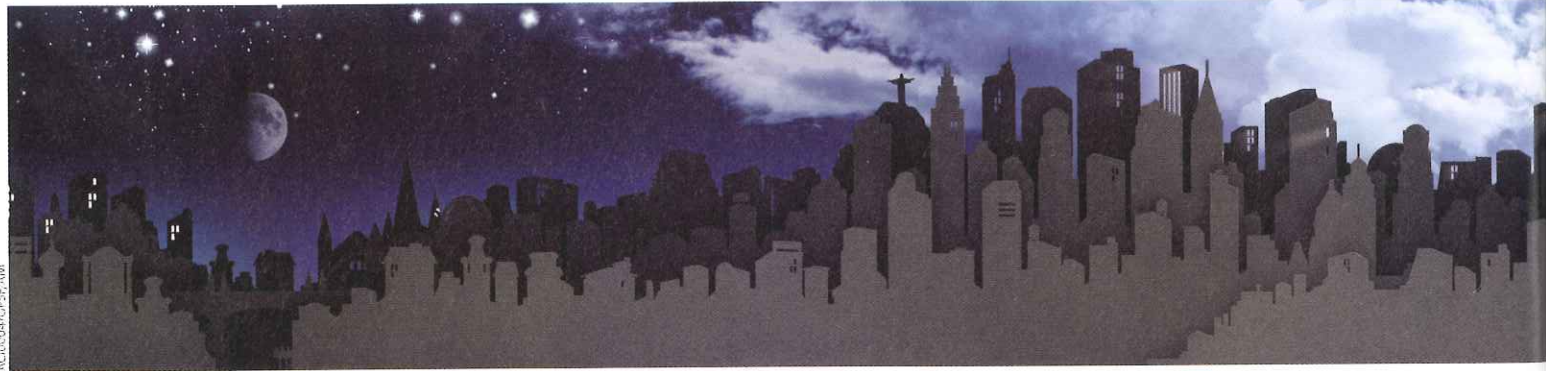
"Once commissions and rebates are stripped out, very few traditional financial planning firms are profitable and that's the harsh reality," he says.

Alan Dixon, managing director of Dixon Advisory, says it's more important to assess an adviser's methodology and strategies than their net wealth, although he agrees that by their 30s, planners should be financially ahead of their peers.

"Look for proof that the planning methodology being recommended and implemented

JESSICA SHAPIRO

Think



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Wealth adds credibility, especially among high-net-wealth clients who want to know their adviser is in the same league as them. Someone with more than a million to invest needs me to understand their issues.

Philip Pezzi,
Lachlan Partners



is proven and has been successful for people who have applied it before you," Dixon says.

"We take a lot of pride in our strategies and systems, and if you look at our long-term clients who are now in their 60s and 70s, it's a methodology that has worked for them.

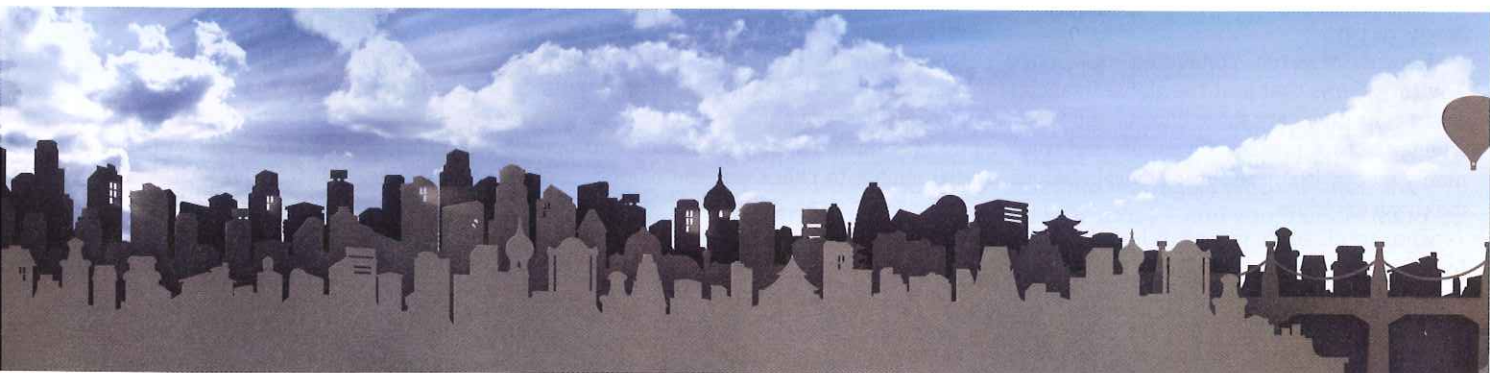
"Our youngest adviser at age 24 doesn't need to have a lot of money now because he knows that if he continues to apply the methodology to his life, and his clients, it will happen."

According to Dixon, it's also important for junior adviser, paraplanners and administration staff to see the senior planners and principals in their practice doing well.

He says it often takes three to four years before any results are evident, but after a period of time, the differences should be seen.

"Due to the beauty of compounding,

wide.



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