How Collaborative Teams Work and Why They Are Essential for High–Net-Worth Clients

By Albert E. Gibbons

Albert Gibbons details the elements required to organize a successful collaborative team and provides a step-by-step approach used in collaborative estate planning.

For high–net-worth planning, a solo practitioner is unable to provide the technical expertise, oversight and flawless implementation high-net-worth clients require. Experts chosen for an *ad hoc* team working on a specific case can implement better solutions faster than groups with a fixed roster of professionals. In addition to greater efficiency, *ad hoc* collaborative teams represent high ethical standards when delivering solutions to clients.

Wealthy individuals and families need a variety of advanced financial, tax and legal solutions that require several types of expertise. The more complex the client's wealth, the more sophisticated the solution and the more difficult the implementation. Therefore, it is not possible for one individual or even one firm to possess the capability to provide the range of advice a client might need for the advanced planning solutions that high-net-worth clients often require. Many disciplines and their highly specialized sub-areas can come into play: not just life insurance, but life insurance having a multimillion-dollar premium with underwriting challenges and gift tax issues; not just taxation, but taxation of foreign assets; not just business valuation, but the valuation of a specialty professional practice, to highlight just a few examples of challenges commonly encountered.

As individuals dispensing advice to their clients: investment advisors, trust and estate attorneys, insurance experts and wealth managers may offer a range of top-quality services and products. They may also exhibit up-to-the-minute knowledge of regulations and solution strategies. The problem is that their narrow slice of a client's entire financial life does not lead to the comprehensive strategy and solutions typically required by these clients and their families. Even excellent work, if performed in a non-collaborative manner, does not serve the client's best interests.

Although the following client situation and proper execution is not complicated, it is one example of uncoordinated planning that occurs surprisingly often. A client asks his attorney for a new or updated will for himself and his wife. He also wants a trust to administer their assets for their children. The diligent attorney creates perfect documents and sends them, and a bill, to the client. The client puts the documents in a desk drawer, thinking he will review them later. The problem, of course, is the lack of implementation, unsigned documents plus life insurance policies still in the client's and

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his wife's estates exposing them to a larger estate tax obligation than intended. Also, without the trust being properly funded, the children will potentially inherit assets before they are mature enough to manage them. Even this highly simplified example identifies several problems.

In just one six-month period, competent and concerned professionals asked me to consult on four client situations where serious errors or lack of implementation were discovered:

- Existing estate plan and life insurance policy

  Findings: Inconsistent ownership and beneficiary designations, no *Crummey* notices and premiums paid by insured/grantor directly to the life insurance company instead of the trust, as owner of the policy, paying the premiums

- Existing estate plan, buy/sell agreement, split-dollar agreement and life insurance policy

  Findings: Trustee inconsistencies, problems with the buy/sell and split-dollar agreements

- New second-to-die policy to be added to Irrevocable Life Insurance Trust (ILIT)

  Findings: ILIT is not a second-to-die ILIT; client actually has two individual ILITs and two individual policies that had not been transferred to them

- ILIT that has a split-dollar agreement with a closely held corporation

  Findings: CPA acting as trustee sent out *Crummey* notices showing the whole premium, not the actuarial calculation required using P.S. 38 rates

These cases are just examples of what occurs every day because of advisors working solo. The proven solution in which I have participated for decades is clear: teams of specialists who crosscheck each proposed solution and monitor all implementation.

The Seven Steps of Collaborative Estate Planning

The steps in a successful estate planning process include getting the client's agreement on how the planning process will be managed, assembling the estate planning team, orchestrating the initial

Why Planning Fails*

Lack of Sufficient Trust

- Clients must trust every participant in the planning process, not just the key participants.
- Advisors often mistake good relationships for deeply rooted trust.

Lack of Sufficient Clarity

- A client's intellectual acceptance of a solution does not have the same motivating power as the solution that brings emotional clarity.
- Tax reduction, for example, may get a conversation started, but it often lacks sufficient emotional conviction to get a strategy implemented.

Lack of Sufficient Competence

- Every advisor on the client's team must have sufficient competence in his or her particular discipline.
- Technical competence does not automatically bring good management skills and the ability to communicate with clarity, especially with clients.
- For high–net-worth (HNW) clients, advisors need to address all aspects of the clients' financial life, not just the core disciplines of legal, tax, financial planning and investment management.
- Management would include overseeing all of the client's money managers (regardless of which outside advisor controls the assets) and documenting the client's value systems and decision-making patterns, so they can be shared with future generations.

Lack of Confidence

Confidence comes when all four of the above categories are addressed and where the client has made confident decisions that carry enough momentum to make it through even the most challenging and precarious of implementation obstacles.

Endnotes

* Adapted from Scott Fithian and Todd Fithian, Why Planning Fails: Four Key Obstacles and the Confidence Formula Solution, Jnl. Fin. Planning, Sept. 2007.

meeting, agreeing on the overall direction of the plan, determining insurability, evaluating various planning alternatives and implementing the agreed-upon recommendations.

Step 1: Client Agreement on the Planning Process

Usually one advisor, such as an attorney or CPA, has the initial relationship with the client, and it is this advisor's responsibility to obtain the client's agreement regarding how the planning process will be managed. This professional takes on the role of lead advisor in this stage of the process. The client also needs to agree on the members of the team, since additional practitioners with particular expertise are required. While the client may have retained one or two members of the estate planning team, the client often does not have access to all the professionals required, and will rely on referrals from trusted advisors. Before the first planning meeting with the new team, the client should know who will attend, what the agenda and the goals are, how the advisors will share information and how they will be compensated. It should only take a few minutes to explain the process and obtain the client's agreement.

While no one expects professionals to work for free, it does seem appropriate that the initial meeting can be done without charge to the client. The small amount of time involved in this meeting can be considered an investment to see if the case is one in which the professional wants to participate. However, if the client is compelled to solve the agreed-upon problems, there will usually be enough compensation in the execution of the plan to fairly compensate the advisors.

Step 2: Assemble the Estate Planning Team

Assembling the estate planning team is a very interesting part of the process. The lead advisor will, very likely, make recommendations about adding the other members to the estate planning team. Once membership is agreed upon, the lead advisor can arrange a conference call to introduce the advisors to each other and provide a general overview of the case before speaking to the client. The planning process and the general fact pattern of the case should be outlined for the advisors to avoid surprises at the initial meeting. The conference call allows the lead advisor to demonstrate to the members of the estate planning team that each of the advisors is credentialed, credible and competent. The conversation goes a long way toward defining roles and ensuring all members of the team are in agreement prior to meeting with the client. Team members begin to form an essential platform of mutual respect.

Step 3: Initial Meeting of Client with Advisors

The third step is orchestrating the initial meeting of all the advisors with the client. Everyone should be around the same table at the same time. The lead advisor is usually the person responsible for making arrangements and it falls on his or her shoulders to anticipate what client information will be needed and to assure the information is available. Traditionally, the accountant is expected to have the financial information, including the balance sheet, income statement and tax returns. The attorney summarizes the legal documents. The insurance professional attends to life insurance amounts, ownership and beneficiary designations. At the meeting, the team also discusses at length the pension plan and IRA beneficiary designations, business assets, investment assets and other holdings of the client. Then, the all-important family relationships, goals, dreams and desires fill out the picture. Note that most of the issues discussed at the first meeting have been shared, in advance, with all the advisors. There should not be many surprises at this stage of the process.

The meeting will normally last one-and-a-half to two hours. The lead advisor sets the tone and moderates the agenda. Usually, this involves introducing everyone, setting the objectives of the meeting, and summarizing the facts and the client's objectives. The client usually has a few clarifications and items to add. The pivotal point of the meeting and of the entire process comes when the scenario of the existing plan is reviewed with a major question: In the event of the client's death, what would the issues be and how would the plan work?

- How would the assets be distributed?
- What amount of taxes would be due to the federal and state governments? Could that amount be reduced?
- What assets would have to be liquidated to pay the obligations of the estate?
- Would the surviving spouse and children face any new financial challenges?
- Would the client's wishes and goals be met?
- Would the charitable intent be fulfilled?

The answers to these questions will help the advisors and the client identify potential problems with the current plan and their relative severity. More importantly, the depth of the client's dissatisfaction with the current plan will directly reflect the likelihood of success of the rest of the planning process. If he or she appears disturbed by the fact pattern that would develop with the existing plan, then he or she will be motivated to take corrective action.

During the initial meeting, two or three strategies should begin to emerge. In my experience, clients rarely implement sophisticated ideas early in the process. The complex solutions tend to happen much later, even several years later. However, 80 percent of the process formulates quickly. In most cases, we know fairly quickly that clients want most of their assets to pass to their families and, perhaps, to charity. It is also known, with some certainty that clients would like to pass as little as possible to the government in the form of taxes. Basic planning techniques, including updated wills, trusts and life insurance strategies can accomplish many of these goals. More sophisticated strategies resolve other issues as the size and complexity of the estate increases. Good estate planning is nothing more than ensuring that what clients own will pass at the lowest possible cost to their loved ones and the charities they have designated.

Step 4: Agreement on Overall Direction

The fourth step occurs when the initial meeting is over; the advisors and clients have usually agreed on the general direction in which they are headed. The goal is not finality or absolute agreement, as the planning process is still in its initial stages. What is being sought is acknowledgment that the direction the team is headed in makes sense. To be sure, there will be several questions that must be resolved. There might be valuation issues. There will be drafting issues to deal with special business and family situations. However, the advisors and clients will be able to endorse a direction that is fundamentally and conceptually sound.

Step 5: Advanced Data Gathering

The fifth step is determining the client's insurability. Almost always, life insurance will be considered an integral component of the plan. So, while there will be numerous questions that must be addressed over the next several weeks or days, the insurance professional should move forward to obtain the best life insurance offers for the client. In order to get the underwriting done quickly and efficiently, the client needs to agree to take a physical examination promptly and authorize release of medical records. If the client cooperates, the insurance professional will submit "trial applications" and be able to obtain several competitive offers within 30 to 45 days.

As the end of the first meeting approaches, the client and planning team have agreed on how to move forward. Each participant will have particular responsibilities over the next few weeks. There will be agreement on what each advisor must accomplish and the deadlines for completion. Client expectations regarding the length of the process should be clarified. The team should agree on how to communicate. E-mail often works best. After each meeting one advisor should provide a summary so all members and the client can respond, and everything is written with clear accountability for follow-up.

Performance is paramount. There is no excuse for advisors to be late with their work. Delays are not permitted. The insurability process will often serve as the time frame for the completion of the estate plan. It is important for everyone to understand this point. When the underwriting offers come in, it is time to schedule the second meeting and make some decisions.

Step 6: Evaluate Alternatives

As the sixth step, the team evaluates various planning alternatives. When the advisors and the client know the cost and the terms of the life insurance offers, they will be able to discuss the estate planning alternatives with and without the use of life insurance. In some cases, estate plans are not implemented the way the clients wish because the clients are uninsurable or highly rated, and the cost of life insurance is prohibitively expensive and impractical. Since the life insurance offers are contingent on continued good health, offers will not stay on the table indefinitely. The client and the advisors are going to have to make a decision in a timely manner whether to use life insurance in the estate plan. Either way, the direction for the rest of the estate plan will move forward quickly based on that decision.

Step 7: Implementation

The seventh step is implementing the agreed-upon recommendations. When the seven-step process is followed, if the client sees value in the proposed plan, the estate plan should be completed and implemented in less than 90 days.

A Movie-Making Model

When top advisors collaborate on a case for a high–net-worth client using the seven-step process, they assemble in much the same way a crew does to work on a movie project. If it were a science fiction movie, a team of professionals with special talents would be assembled to accomplish that goal. After the movie, the team would disband. The next month, there might be a documentary project and that would require a different crew with a unique set of skills for that project. High–net-worth planning with collaborative teams works the same way. The team roster changes with each client, since each case has distinct, complicated issues.

Each member should support and enhance each other's relationship with the client with his or her effective analysis, solutions, and implementation. There must be a lot of trust among the advisors operating on the basis of mutual respect. Advisors are selected based on their reputation, credentials and willingness to be good team players. The team does not need one or two advisors striving for control of the client, which can happen if an expert has no experience working as an advisor to other advisors. The professional advisors should include the client as a participant of the team, not just a customer to whom they deliver a solution. In the end, there is a solution that everybody accepts. The approach is not confrontational or self interested. It is a solution based on the best interests of the client.

An *ad hoc* group of experts works better than a static team formed and led by a single advisor, especially when the advisor is the employer of the other team members (*e.g.,* in-house teams). In that case, the atmosphere for dissenting but valuable views is muted. Static teams mainly depend on established strategic alliances based on a mutually beneficial economic relationship or friendship rather than the right expertise for a particular client's unique needs. Certainly, many advisors may engage in strategic relationships that exhibit high expertise, but the client is not the sole purpose for working together. These static kinds of alliances can also cause problems regarding compensation, and questions about who is a better rainmaker in delivering new clients.

Ad hoc teams have certain characteristics that bring clients benefits and flexibility:

- With a sound planning process, personal conflicts fade among team members.
- The client-focused team may contain members who have a longstanding relationship with the client, as well as new members with expertise specific to the client's situation.
- The team can provide the expertise that the client's circumstances demand in investments, taxes, wealth transfer, business succession, risk management, family wealth issues, philanthropic strategies and the interrelationship between these areas. Wealth managers and investment specialists sign investment policy statements, measure performance, evaluate returns and run Monte Carlo analyses to ensure they are meeting client goals. Insurance and risk management experts sign off on strategies, funding methods and insurer and policy viability. Lawyers advise and create legal strategies and binding documents.
- The team finds effectiveness working together to meet client-directed goals, as well as efficiency under a team leader.
- The team members provide checks and balances for each other because of their overlapping knowledge, plus involvement and monitoring of the implementation process.

No one on the team practices outside his or her expertise.

Selecting Team Members

Integrity without knowledge is weak and useless. Knowledge without integrity is dangerous and dreadful.

—Samuel Johnson

While clients may have relationships with one or two members of a potential estate planning team, they often look to advisors to refer other professionals when assembling the team. The members referred must be capable and trustworthy, and people who will act in the client's best interests. Although making referrals is a serious responsibility, many professionals make them for the wrong reasons, such as:

- Referrals based on friendships
- Referrals based on marketing concerns (referring clients to particular professionals in order to get reciprocal referrals)
- Referrals to ensure the endorsement of a specific proposal (referring certain professionals because they are unlikely to challenge a proposed solution)
- Referrals made because of a pre-negotiated sharing of fees and or commissions either disclosed or undisclosed to the client

In terms of technical expertise and professional reputation, competence and integrity are the two essential qualities any professional must possess to be considered as a member of a high-performance collaboration team. Several criteria, including designations, references, memberships in professional organizations and reputation can help in the member selection. How does the referring professional know which person to recommend? Speak to colleagues about their experiences with various professionals and observe them, if possible, over an extended length of time at conferences and other venues. The main point here is that you want to have familiarity with any professional before recommending him or her to a client.

As Henry Ford said, "You can't build a reputation on what you are going to do." A professional's reputation is the last and best means of differentiation from all the others who might be considered. If ethical behavior is defined by what one does when no one is looking, then reputation might be defined by what people say about a person when the person is not listening. A person's reputation is built on what he or she has done. It is based on performance. It is built over a long period of time and encompasses many transactions and experiences and involves many people. A reputation can take years to build, but can be destroyed in an instant by selling questionable products, performing shoddy work or betraying a client's trust.

Reputation is a forgotten way of doing business. An outstanding reputation can be a source of competitive advantage and is sought by professionals who are interested in doing business over the long term. The importance of reputation is demeaned and made light of only by those who are unable to compete with its demanding terms. A professional's reputation for competence and integrity will be rewarded in the marketplace. It should be the basis for any referrals that professionals make to their clients, and clients should hold their advisors responsible for making the appropriate referrals.

Implementing the Seven Steps: Efficient Estate Planning in 60–90 Days

Eighty percent of the client's estate planning should be accomplished in 20 percent of the time typically required to complete this task.[1] After the right *ad hoc* collaborative team has been assembled for a particular client, the three key elements required for achieving outstanding estate planning results in a short time frame are managing expectations, simplifying the plan and setting a target date for completion. From the client's perspective, reaching a solution by a reasonable date increases the likelihood of the client's time commitment and energy to see the task through. How many plans have not reached implementation simply because the client lost interest or patience?

Table 1. An Ideal Collaborator

AN IDEAL PROSPECTIVE COLLABORATOR . . .	Overall Rank
Indispensable	
Is enthusiastic about the subject of our collaboration.	1
Is open-minded and curious.	2
Speaks their mind even if it's an unpopular viewpoint.	3
Very Important	
Gets back to me and others in a timely way.	4
Is willing to enter into difficult conversations.	5
Is a perceptive listener.	6
Is skillful at giving/receiving even negative feedback.	7
Is willing to put forward unpopular ideas.	8
Is self managing and requires 'low maintenance.'	9
Is known for following through on commitments.	10
Is willing to dig into the topic with zeal.	11
Thinks differently than I do/brings different perspectives.	12
Not Relevant	
Is well organized.	31
Is someone I immediately liked. The chemistry is good.	32
Has already earned my trust.	33
Has experience as a collaborator.	34
Is a skilled and persuasive presenter	35
Is gregarious and dynamic.	36
Is someone I knew beforehand.	37
Has an established reputation in field of our collaboration.	38
Is an experienced business person.	39
Source: *The Ideal Collaborative Team*	

For advisors, a more efficient process makes better use of time:

Manage Expectations

> Clients and advisors need to know and accept the fact that a 100-percent plan is unattainable. The 100-percent plan would require knowledge of the unknown, such as the precise date when the client will die, what the value of his or her assets will be at that time, the financial circumstances and the marital status of the children and other very important considerations. Since perfect knowledge is impossible, planners need to focus on working with solid information that they have at hand. A great deal of teamwork can be wasted by a client's pursuit of a personal mission for the "perfect" solution.

Plans with flexibility provide achievable goals for the team and survive changes in family circumstances well. A good plan, then, is one that performs as expected in a variety of circumstances without specifying all the variations possible. Plans must work for clients in the full range of life stages. Again, however, life does bring surprises, and thus plans must be updated and remain as flexible as possible.

Simplification/ Empowerment

The second element is simplifying the estate plan and making it easy for the client to understand. More often than not, the reason that plans are not implemented is that clients become overwhelmed by the complexity of the recommendations made by their advisors. The central mission of each team member is to empower the client and the other advisors and to put them in a position to make good decisions.

Target Date

The third element is critical. The advisor and client must set a target date for completion of the planning process and implementation of the plan. This is where most advisors stumble. Advisors should ask clients how long they want the estate planning process to take.

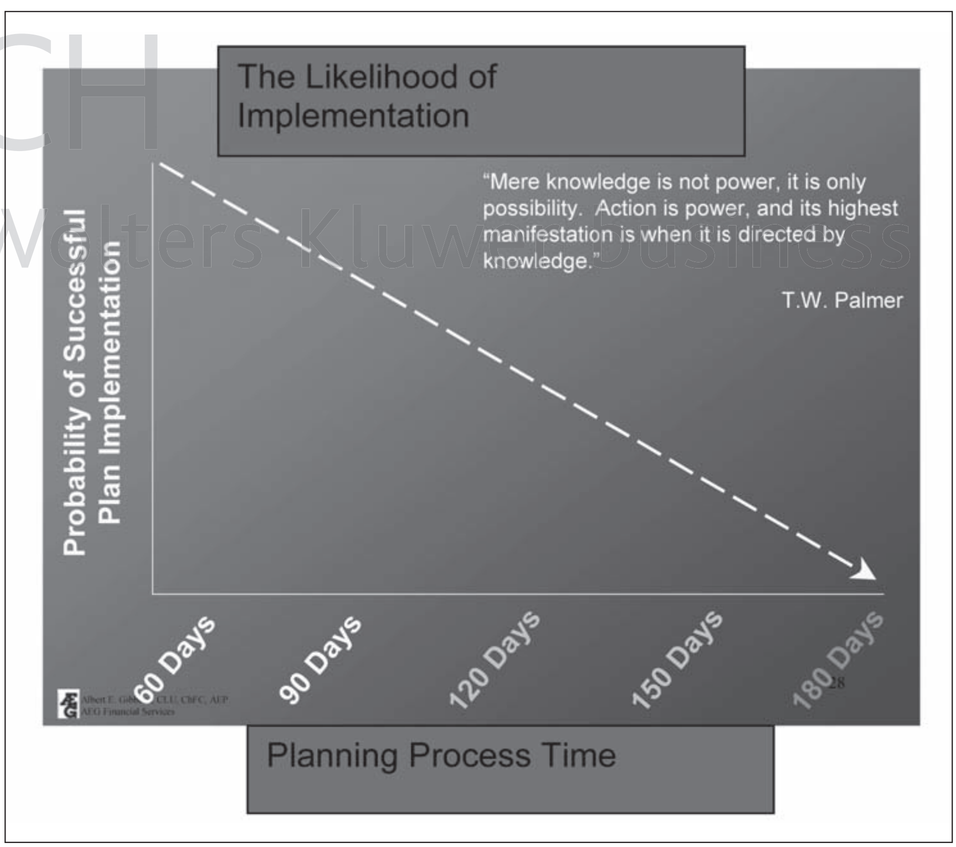
If advisors ask clients how long they want the estate planning process to take, no client will say "two years." Clients will almost always respond by saying 30, 60 or 90 days. Clients do not want to spend their time attending numerous estate planning meetings.

As Chart 1 illustrates, the more efficient the planning process, the greater the chance of success.

Timeline from an Actual Case

The timeline example in Sidebar 2 offers a relatively uncomplicated, straightforward situation that highlights the process of the collaborative estate planning process, rather than technical design issues. It also illustrates the need for both horizontal (among team members) and vertical (with support staff, practice colleagues and

Chart 1. The Likelihood of Implementation



The Timeline for an Estate Planning Case

April 3–Correspondence from attorney to insurance expert:

The attorney's 76-year-old female client has received a recommendation to purchase a $10 million life insurance policy. The attorney would like a second opinion. The client appears to be in excellent health, but has underwriting issues due to planned travel to Israel. The insurance expert must examine the recommendation, which includes exploring income and taxable gift issues, and evaluate the suggested policy decision and carrier.

April 4–E-mail from insurance expert to attorney

After reviewing multiple scenarios with an insurance broker, the insurance expert can achieve a better result (more insurance or lower premiums using the same assumptions).

April 20–E-mail from attorney to insurance expert

The client would like to move forward to determine if a better result can be achieved. The attorney will have the client complete the pre-application questionnaire, and she has agreed to take another insurance physical exam when she returns from a trip to Israel. The attorney will forward all the life insurance information that has been previously presented to his client.

May 17–E-mail from insurance expert to attorney

The insurance expert's assistant has been meeting extensively with the client, although the insurance expert has not talked directly with the client yet. The assistant has scheduled and coordinated all the details for the insurance physical. The assistant notifies the attorney, the insurance broker and the insurance expert that the physical exam has been successfully completed. The fact that the client has been willing to put up with the inconvenience of taking an insurance physical indicates that she is serious about assessing her options. At this point the clock starts running—the goal is to complete the process in 90 days.

June 1–Communications between team and outside resources

The insurance expert explores underwriting issues with his assistant, the insurance broker, and an alternate carrier's home-office underwriting and field representatives. There are some health questions and the insurance company wants some retesting and additional explanations from the client's doctor. The issue must be resolved immediately or the client must be advised to consider accepting the original offer.

June 7–E-mail from home-office advanced underwriting attorney

The home-office advanced underwriting attorney indicates that they have explored the issues and will be able to provide the coverage discussed.

June 15–E-mail summary of life insurance issues to attorney

It has now been one month since the insurance physical. All indications are that the desired insurance rating will be obtained. The insurance expert summarizes the issues and puts firm numbers to the recommendations. In addition to including the attorney, the discussion will now also include the trustee of the existing irrevocable insurance trust, the children and other advisors. The summary will put all parties on the same page. The attorney forwards the summary to the appropriate people.

E-mail from the attorney to insurance expert

He is grateful for all items accomplished thus far and the clarity brought to the process. He would like to arrange a meeting with the client and a conference call with all interested parties.

June 22–Conference call and follow-up

Conference to discuss the June 15 summary: client, attorneys, trustee, daughter and her CPA. The income and taxable gifting issues are significant. The insurance expert shares reasons and strategies for avoiding tax. Premium paying alternatives and the internal rates of return (IRRs) on death benefits on a year-by-year basis involved the expertise and review of all the professionals to make sure that all were in agreement on the best way to proceed.

June 23 through July 1–Communications between original insurance agent and attorney

There is a lot of money at stake for both the client and the advisors in terms of compensation. The original insurance agent does not want to lose his sale, regardless of his problematic recommendations. He tries to disrupt the entire process planning process.

Members of the team continue acting in the best interest of the client.

July 18–Decision time: conference calls

The plan for the decision process:

1. All interested parties conference with the original agent for 30 minutes.
2. All interested parties conference with the insurance expert for 30 minutes.
3. The interested parties have their own conference call and come to a decision.

July 24–Phone message from daughter to insurance expert

The daughter, a co-trustee, wants a letter from the alternate carrier's home office confirming the details the expert discussed: the rating, premium, and guarantees. Insurance expert contacts home office and provides this information.

July 26–Client signs the application

Assistant informs the insurance expert *via* e-mail that she met with the client who signed the application. The attorney thanks the insurance expert for his assistant's contribution to the team.

Although this case was uncomplicated and straightforward, it still had many moving parts and personalities. No one advisor could have handled it alone. The original agent's weak strategy was another example of inadequate solutions from lack of collaboration. No one firm had the all the expertise or ability to advise and implement the plan appropriately in 90 days. It took all the advisors and all their resources to reach a successful outcome for the client, on time and flawlessly implemented.

external resources) collaboration. Typically, the attorney and the accountant have additional expertise that they can access within their firms. Either or both might seek special expertise within their firms (or professional networks) regarding taxes (domestic and international), philanthropic strategies, advanced planning techniques, asset protection issues, *etc.* A life insurance professional might seek support from a broker, the carrier's home-office advanced-underwriting attorneys and other professionals with specialized expertise. For all professionals, the most important support that they bring to the process is their day-to-day teams, their vertical collaborators, who help follow-up on all the details, enable promises to be kept and support the collaborative team by acting diligently and promptly.

Lack of Collaboration Overwhelms Expertise

Planning professionals promise great planning *and* implementation; however, it is surprising how often the two do not come together. Rather than incompetence, poor implementation derives from a lack of process and commitment. Several times each year, for example, the author is asked to review well-developed plans created by competent professionals that are, incredibly, poorly implemented. The anecdotal evidence from colleagues in the range of planning professions confirms a similar experience and suggests that a collaborative team would have recognized the mistakes and fixed them. As a result, the teams on which the author participates must often perform "corrective surgery" on the work of others.

Characteristics of High-Performance Collaboration

In a study of experienced collaborators from many disciplines, researchers asked subjects to rate 39 criteria for the selections of teammates.[1] The results may surprise those who have not spent much time as members of truly cooperative teams. The top criteria considered indispensable are:

- Having enthusiasm about the subject of collaboration
- Being open-minded and curious
- Speaking one's mind even if it is an unpopular viewpoint

These are characteristics of a good team member and do not describe expertise in collaboration, presentation or business, nor do they consider established reputation or a previous relationship. All these descriptions, in fact, appear at the bottom of the results in a list of importance. All the top criteria used to select teammates relate to how a person communicates and collaborates. (See Table 1.) Interestingly, the study confirms what many advisors have observed: a person with technical expertise is not necessarily a good collaborator. Someone is needed who not only is a technical expert but who will allow group collaboration to take place. If a client solution requires the expertise of a particular professional who may be disruptive to the process, then you probably do not want to invite this individual to join the group as a member, but would consider this professional an outside consultant. Typically one or two team members would interact with the consultant and report his or her work to the group.

One of the researchers, Mitch Ditkoff, made an insightful comment about the study:

> Since collaborations are often like marriages and go through various ups and downs, it is essential that the collaborators enter into the relationship with the kind of attitude that can weather the roller coaster ride of the sometimes chaotic and challenging creative process.

Endnotes

[1] Russ Alan Prince with David A. Geracioti, Cultivating the Middle Class Millionaire: Why Financial Advisors are Failing Their Wealthy Clients and What They Can Do About It (2005).

One recent example of poor process and lack of collaboration is quite dramatic and shows what can happen when an advisor is not subject to the checks and balances of a collaborative team. The patriarch of a family had two children, a son and a daughter, who each had two children. He wished to establish insurance coverage on his son and daughter for the benefit of his grandchildren, utilizing a split-dollar agreement through a holding company. A large trust-owned policy was issued on the daughter and her husband for the benefit of their children. The premium was significant, and the arrangement was entered into prior to the change of the split-dollar regulations.

The son and his wife were uninsurable. The life insurance agent recommended another significant policy to cover the daughter and her husband to provide for their two nephews. This second policy, which the family wanted for the benefit of the nephews, is actually owned by the daughter, with *her* children listed as beneficiaries. If the daughter and her husband had met with untimely death last night, the nephews would receive zero and the life insurance death benefit would be included in the daughter's estate and subject to estate tax. If, as the agent recently recommended, the daughter changes the beneficiaries to her nephews and both insureds die, the nephews would get the death benefit tax-free, but it would still be subject to estate tax, and the daughter's children would suffer a $2M loss to taxes.

In the words of the current estate planning attorney retained by the family:

> The policy was applied for and obtained and the premiums paid from inception through 2006 without the agent coordinating with me or any other counsel so that the policy was properly held in trust. As of the date of this letter, premiums have been paid for 2003, 2004, 2005 and 2006. Although the intention is for premiums to be paid through a split-dollar arrangement and this is the case, no split-dollar agreement or trust agreement has been executed by the clients.

The insurance agent should have coordinated his work with legal counsel. The life insurance company issued a large survivorship policy and should have questioned why an ILIT was not the owner. The insurance company should have also examined the excessive amount of coverage, given the financial capacity of the insureds. A collaborative team can resolve these issues, but the solutions will be tedious and expensive for the family.

Collaboration: The Ethical Imperative

A single advisor attempting to create a comprehensive strategy for a high–net-worth client is providing services in a less-than-ethical guise. He or she just cannot do the complete job alone without contemporaneous feedback and testing by other professionals. The baseball pitcher may take the lead role in the game, but the team will not win without collaborative fielding, and players backing each other up. There may be different models to work within the team approach, but the important element is that planning for high–net-worth clients requires a team of experts in individual planning areas. No one planner possesses all the experience or expertise that is required to bring all the elements of the plan together. The implicit duty of financial professionals to prospective clients to work in their best interests places them apart from salespeople merely selling advice as a commodity. When these professionals present themselves as expert consultants, they become ethically obligated to act in that way, even if a certain solution that is best for the client is not as profitable for his or her practice.[2] The promise leads directly to an *ad hoc* team of experts that can assure proper implementation undertaken in the best interest of the client.

Even when an experienced financial planner creates a solid plan and an attorney drafts perfect documents, the client has not been ethically served until the correct and complete implementation takes place. And that is where cases can break down and fail to fulfill the wishes of the client, causing at least a moderate level of harm, or worse, launching all types of income and transfer errors resulting in lasting damage for generations. The villain in most of these failed plans is not the advisors employeed but the planning process itself. Unless the plan is designed in the clients' best interest and is actually implemented, a duty to the client has been breached. The client has been ill served. While many advisors prefer the intellectual challenge of creating the strategy that will solve the issues confronting the client, the execution of fine details, such as the correct drafting of documents and checking ownership and beneficiary designations, can make or break a plan. Clients expect mistake-free implementation based on recommended solutions. That is what is offered in the initial meeting and expected in every review meeting: ethical, competent, coordinated planning.

Responsibility for and commitment to the client cannot be divided. If three advisors work on a solution, they are not each one-third responsible. They are each 100 percent responsible for the well being of the client. At the point of flawless implementation, the client has been properly served and advisors have demonstrated their commitment to the client and discharged their professional obligations.

Endnotes

1 Albert E. Gibbons, Estate Planning: A to Z in 60 Days, National Underwriter, June 21, 1999, at 16–19.

2 Albert E. Gibbons, Beyond Competence: The Ethics of Implementation, Trusts & Estates, August, 1999.