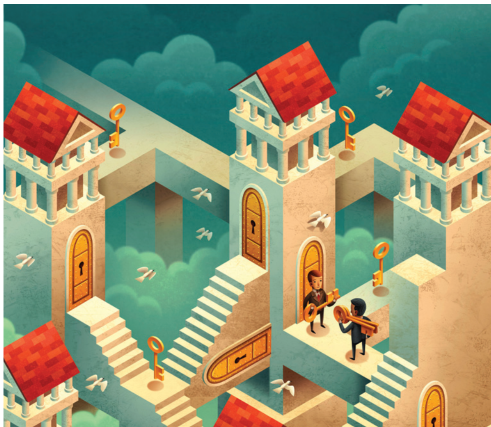
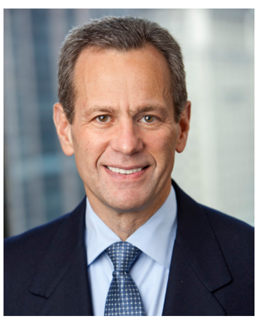


KLINGENSTEIN FIELDS
WEALTH ADVISORS

VIEWPOINT

April 2016

in this issue



Kenneth D. Pollinger
Co-Chairman and Chief Executive Officer

Klingenstein Fields Wealth Advisors is committed to providing our clients with insights to help them manage their financial lives. ViewPoint regularly delivers perspectives on an array of topical investment, market and planning topics. Please enjoy.

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Staying Fiscally Fit

Your exercise regimen is crucial to your physical health, but if you go it alone, you may end up injured trying to get in shape. And, if you are unsure about using the equipment or get disillusioned and give up, you may never reach your goals. Working with an experienced trainer can help you prevent problems, obtain a better understanding of key concerns and objectives, gain access to expert guidance and motivation, and establish a monitored program focused on your fitness targets.

Your wealth advisor should be your fiscal fitness instructor, providing you with an investment regimen designed to help you attain your financial goals. And just as with exercise, an important part of any disciplined regimen is regular monitoring to ensure that your program is delivering the optimal benefits. The question is, how often?

Maintaining Fiscal Flexibility

Your annual review with your wealth advisor is only the start. Since life events will inevitably interfere with your expectations, more frequent communication is often central to sticking with a financially fit plan. Sometimes, it isn't your life but the markets that prompt a reevaluation. Regardless of the source, it is important that the core of your plan lets you be flexible enough to adjust to – and take advantage of – opportunities created by change.

Communication Helps You Stay With Your Program

Maintaining communication with your wealth advisor allows you to pinpoint whether your plan is working, and where adjustment may be required. According to Shomari Gilyard, Wealth Strategies Advisor at Klingenstein Fields Wealth Advisors (KFWA), "Often the smallest changes can affect your overall portfolio. So, the more your wealth advisor knows about what is happening in your life, the better your assets can be structured to support your individual requirements."

Broadly speaking, KFWA looks at three types of events or situations that may impact your strategy. But, each client may face many other situations in addition to those listed below.

PERSONAL LIFE CIRCUMSTANCES

- Birth of a child/grandchild
- Change in marital status
- Death of spouse or partner
- Inheritance
- Medical issue
- Aging parents
- Special needs

WORK OR BUSINESS SITUATION

- Change or promotion in job/career
- Change in retirement plan characteristics
- Retirement
- Business startup
- Sale of business

MARKET ACTIVITY

- Significant market upswing
- Significant market downturn
- Market uncertainty/ volatility
- Asset class unusual strength/weakness
- Investment-specific news or event

Don't Put It Off

How often should you meet with your wealth advisor? There is no hard-and-fast rule; but, again, just as with a fitness regimen, regularly touching base can help ensure you are on track to achieve your intended results and, if necessary, make adjustments to stay on track. A study based on research conducted in 2013 and published in 2014 by Spectrem Group, a research firm, and The Vanguard Group indicates that most investors prefer to be contacted quarterly at a minimum.[1]

"Even the smallest change in personal circumstances can have a big impact."

At KFWA, our dedicated and credentialed financial planner can help you establish and reevaluate your investment plan. Working with your wealth advisor, our financial planner can help us structure a portfolio for you that is responsive to the markets while remaining grounded in your personal life circumstances. Your wealth advisor will monitor your portfolio and the markets and suggest meetings to help us keep things on track. We are here to serve you. If you encounter a life change that influences your current situation and potentially your future, then it's time to sit down and talk.

Fiscal Fitness: A Team Effort

Ultimately, wealth management isn't an annual event – it is a daily, monthly and ongoing process with one goal in mind: your financial well-being. At KFWA, we know that your goals can only be achieved by remaining active: our active management, advice and planning and your active participation. But the best action is collaborative – working together – throughout the year to evaluate your progress and current situation to ensure that we have all of the information we need to address your needs now and in the future.

[1] Vanguard, Spectrem Group, "Today's affluent investors: insights and opportunities," 2013

Fee Transparency: Know the Fee Facts Before You Invest

You wouldn't have a contractor do work on your house without first getting an estimate specifying the services to be performed and materials to be used. Similarly, knowing what (and how much) you are really paying for money management is critical when you are making investment decisions. Fees can make a substantial difference in your net returns.

Knowing what you are purchasing and how much you are paying from any kind of service provider should be crucial to your decision-making process – and a recent study by Cerulli Associates bears this out. When it comes to selecting a wealth management firm, Scott Smith, director at global analytics firm Cerulli Associates, said in a statement, "HNW investors most frequently cite transparency as a very important differentiating feature."[1]

In order to be transparent, Cerulli Associates stresses the need for advisors and advice providers to make it "much easier" for prospective clients to understand all of the potential fees they are subject to in their current relationships.

Understanding Where To Find Fee Information

Investment advisory fees are charged on individually managed portfolios, mutual funds, ETFs, annuities, private equity and hedge funds. Some fees are readily apparent, such as those printed in the investment advisory agreements of wealth advisors or the published expense ratios of mutual funds. Fees for asset management on some products may only be disclosed in prospectuses or other documents, and may be harder to identify. Investments in some products like annuities and some mutual funds may carry significant upfront fees that need to be factored into potential return projections. Certain hedge funds and other partnership structures may entail double digit performance fees which can erode returns.

If you use multiple advisors for your funds, you may encounter a wide range of fees. Depending on the type of investment vehicles used, these fees may include:

Administrative fees
Fund expenses
Management fees
Performance fees
Transaction fees
Operating expenses

We Will Help To Answer Your Questions

"At Klingenstein Fields Wealth Advisors, we want our clients to understand their fees and expenses," comments Susan Curry, who, as Chief Operating Officer, oversees client services at KFWA. "We are prepared to help you understand the calculation of fees charged for our services as well as break down and explain the cost of any investments we purchase for your account."

Susan Curry continues, "Even for funds you have invested elsewhere, KFWA will help you understand what you are paying. We may also make suggestions if there are different options for investing that could save you money in expenses while offering similar opportunities for return."

[1] Cerulli Associates

Commitment To Transparency

At KFWA, we have always believed that fee transparency, investing cost-effectively and an open dialogue are integral to the enduring relationships we build with our clients. We invest alongside our clients and whenever we invest, we ask these questions:

- How are fees calculated and paid?
- How comfortable are we with the fees we are paying?
- How do the fees potentially affect the bottom line?

What does this mean for our clients?

- Our fees are stated in our investment advisory agreement
- We do not charge for transactions, trading or planning and work to control transaction costs paid to brokers
- For specialized asset classes, the fees charged are an important consideration in our manager or investment selection process and are disclosed

The answers to these questions and our commitment to the fee characteristics listed above may sometimes lead us to find innovative ways to structure a portfolio. For example, rather than investing in traditional hedge funds with their complex performance-based expenses, we believe that investing in liquid alternative mutual funds provide an effective, liquid and lower-cost way of accessing the risk management and performance opportunities typically afforded by hedge funds.

> *KFWA believes that a true understanding of the fees you are paying can help your wealth advisor and you make more informed investment decisions which can have a significant impact on returns.*

Collaborative Approach

Our work together is a partnership based on openness and trust so that you know what we are doing for you and how it may affect your portfolio. The more you understand us and the more we understand you – the better we can work together to help you achieve your personal and financial goals. •

A Deep Heritage of Wealth Management

With a distinguished history of over twenty-five years in wealth management, Klingenstein Fields Wealth Advisors can help you and future generations preserve and grow your wealth. We remain privately owned and controlled by active management, without the distractions that publicly-owned companies face. As a result, our sole focus is on the long-term financial success of our clients. Our owners invest alongside you, helping ensure our interests remain aligned with yours.

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