

California Advisor on Moving to \$5 Million Minimum

BY: [KATHY KRISTOF](#)

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Long before it was trendy for financial planners to cater to women, Laura Tarbox was building up a substantial retinue of female clients.

Tarbox, who founded her eponymous firm in 1985, says she didn't intentionally target female prospects, she would just meet someone in her day-to-day life - in the stands during one of her daughter's basketball games, at a charity event or while she was teaching - and they'd start talking. The next thing she knew, the woman would be making an appointment to talk.

"Most of my single women clients have become friends - some very close friends," she says. "To me, it's hard not to get close. I care. I find things that we have in common."

Still, she resists saying that her planning firm markets specifically to women. In fact, although about 20% of her clients are single women, the rest are couples and families - business owners, retirees, and executives.

RAISING THE MINIMUM

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The Tarbox Group, based in Newport Beach, Calif., is hiking its minimum investment requirements to \$5 million from \$3 million to restrict its client roster, she says. Though the firm will keep a handful of clients who don't have sufficient assets to qualify, Tarbox plans to hand off a number of customers to other firms in the area.

"We don't really need to take on anyone else," she says. "If a client comes in and it's clear we are not going to enjoy working with them, or they're going to fight us on our recommendations, it's not worth it."

With just four full-time planners and \$380 million in AUM, Tarbox thinks her practice should limit itself to about 100 clients to do the job right. That's partly because each client tends to come with a multigenerational family and Tarbox thinks that part of her job should be to help the whole family - from the parents to their adult children and even their grandchildren - with all the financial issues that come with wealth.

The firm provides education on taxes and investments to children and grandkids, as well as offering tax planning, estate planning, risk management and, of course, portfolio management and financial planning.

How did Tarbox reach such an enviable state? There's no single answer. Tarbox thinks the turning point was when she first hit Worth magazine's top planners list in 1996, which won her national acclaim and a number of new clients.

However, she says a lot of business has also come from her charity efforts. For the past five years, she was chairwoman (she's now treasurer) of the Laguna Beach Community Foundation, which threw her into a fund-raising role among wealthy and philanthropic Southern California families. She also speaks at financial seminars and teaches planning at both universities and nonprofits.

That's the type of thing planners normally do to get clients. However, Tarbox says she does it to help people who may otherwise be unable to afford her services.

"A lot of these people have lost a lot of money and gotten some really bad financial advice," she says. "They don't meet our investment minimums but I take the time to meet with them anyway. We know we're going to get a lot of strays in the office that we're not going to be able to take as clients."

DEEP PLANNING

When the firm does accept a new client, she says, it goes "really deep" into planning - starting with a review of the client's life, health, auto and home-owners insurance policies. High-net-worth clients have more to lose, Tarbox says, so making sure that they have adequate insurance is key to risk management.

Although her fee-only firm takes no commission on the sale, Tarbox says she'll recommend changes when a client could get a better deal and will recommend more insurance when the client doesn't have enough. From there, the firm gets into tax planning, multigenerational estate planning and retirement planning. Advisors also look at whether a client could get a better deal on their mortgage.

Although investment management fees are the lifeblood of the firm, the investment plans tend to come last - once the client's personal wants and needs are well established.

"It really is almost an aside by the time we get through a lot of the other planning. We talk about our philosophy, our approach and our process," she says. "It is probably a year before [the client's investments] are where we want them."

The firm's portfolio approach is a simple one. Advisors buy low-cost ETFs, individual bonds and a handful of alternative investments and actively managed funds on behalf of their clients.

Although the mix varies, Tarbox says her goal is to make the investment mix as conservative as her clients can afford it to be.

Even though some of her clients have tens of millions of dollars invested, there are a few whose lifestyles are so lavish that they could risk running out of money if they had a conservative asset allocation.

"It's all the same basic issues. You still have to live within your means," she says. "There are challenges and stresses at every income level."

POINTS OF VIEW

To explore a client's financial issues, every client meeting involves two planners - usually a man and a woman. Because Tarbox and her two male partners, Mike Nozzarella and Mark Wilson, approach planning differently, she thinks clients benefit from the group approach. And they're not shy about saying when they disagree, Tarbox says - not only with the client, but with each other.

"Financial planning is an art; there is no one way to do it," she says. "It helps to have different points of view and different approaches."

Some of the more animated client discussions at the firm revolve around topics like who should be named as a client's trustee and how clients can say "no" to their adult children - many of whom are still asking for (and expecting) financial support well into middle age, Tarbox says.

Clients appreciate the debates, she adds, and seem far more interested in the philosophy behind these decisions than in the fine points of their investment returns. In fact, Tarbox plans to launch women's salons in her home this winter. The meetings will involve both personal and professional sharing about financial topics, such as the challenges of choosing a trustee. "That's just not something you could do with a bunch of men," she says.

Although a woman's group recently asked her to speak about the trials and tribulations of being a woman in a male-dominated profession, Tarbox says she has always considered her gender an advantage. "I think that even my male clients feel more comfortable confiding some things to me than they would to another man," she says.

Tarbox says there was only one time that being a woman was used against her. In 1996, when she was pregnant and vying for a new client, a rival planner cautioned the client against hiring Tarbox, saying she was certain to neglect her business once she was a mother. Disconcerted by the rival's ruthlessness, the client hired Tarbox anyway and told her why. "Under the circumstances," she recalls, "I was really glad to get that business."

Kathy Kristof, a Financial Planning contributing writer in Los Angeles, also writes for Kiplinger's and CBS MoneyWatch.

LAURA TARBOX

Tarbox Group Newport Beach, Calif.

Credentials: CFP; adjunct instructor at USC, College of Financial Planning and California Lutheran University

Experience: President of the Tarbox Group; former member of the CFP Board of Standards' board of examiners and the Charles Schwab Institutional Advisory Board; former chairwoman and current treasurer of the Laguna Beach Community Foundation

AUM: \$380 million

How I see it: "Financial planning is an art. There is no one way to do it. It helps to have different points of view and different approaches."