

ASSET MANAGER vs. GATHERER vs. FINANCIAL PLANNER

There is a difference between the three –
and you need to ask questions

Some folks, lacking the time or expertise, want a professional to manage their money. But what if that professional parcels out your wealth to different advisors?

Within financial services, an ongoing debate rages between so-called asset gatherers, asset managers and financial planners. Here are the differences:

- The asset gatherers outsource money management to others
- The asset managers keep it in-house
- Financial planners are usually a combination of the two

MANAGERS VS. GATHERERS

According to the managers, the gatherers are nothing more than marketers, who charge extra fees for the added hands tending to your assets. The gatherers, by contrast, defend their model as the best way to focus on top talent, on the theory that not everyone is an ace at everything. The financial planners take the best from both and manage some of your money in-house, depending on their expertise, and hire others to manage asset classes outside their wheelhouse.

Generally speaking, gatherers are smaller firms who don't have the expertise on staff. For gatherers, coordinating the hired guns is key. The risk: Too often, dividing your money among different firms doesn't work well, because having separate money managers often ends up messy. One may be going long on Apple, while a second is shorting the stock.

Asset managers often display the bravado of the knight errant, risking much. One asset manager puts it this way: "I'm a high-touch manager. I take the risk, and I might lose the client. If I give advice on a 529 college savings plan, it is on me. My name is on the line. So, I am reluctant to "farm out" an account.

FINANCIAL PLANNERS

Note that neither managers nor gatherers are involved in more wide-ranging financial planning.

- How much life insurance should you have to take care of your family in case a meteorite mashes you?
- How much risk are you willing to take in order to achieve your retirement goals?
- Will you run out of money too soon into retirement?

None of those are the asset managers' or gatherers' concern. Their specialty, running your portfolio, involves only investing.

Regardless of what model you prefer, stay on top of what's going on. If you don't understand, ask. If you still don't get a clear picture, maybe it's time to switch.

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