Commonwealth Business Review

April 2022

Who's Going Digital? We Are!

We're pressing "pause" after the April 2022 issue, so we can build our future state. But you'll continue to receive thought leadership like this through our existing digital platforms.

The award-winning *Commonwealth Business Review* has a storied history at the firm. We've delivered this collection of strategies, best practices, and other under-the-hood knowledge from our in-house subject matter specialists since the late 1980s. It's a legacy we're proud of—and one we're excited to build on as we embark on a new journey: digital evolution.

As an independent advisor, you want help navigating the industry, markets, and economy; growing and nurturing client relationships; and running your business more efficiently. As a publisher of content that helps you do just that, we want to get it in front of you as quickly as possible, in a way that's optimized for you.

That's why we're focusing our efforts in 2022 on shifting from a primarily print-first publication to one that's digital-first. Our immediate plans include strategically consolidating different communication streams, including this *Commonwealth Business Review*, into our online *eCBR* platform; recategorizing content in the *eCBR* and on our blog, *The Independent Advisor*, into more intuitive topic areas; and exploring new content formats, including infographics, audio, and video. Longer term, we envision a dynamic multimedia hub that keeps you informed and on top of trends, with access to content from some of the best minds in the industry.

To help us achieve these goals, we're scaling back some of our current operations while we consider how they fit into our future plans—and this publication is one of them. The April 2022 issue is the last full issue we'll publish this year. But we'll continue to deliver this same fresh content and thought leadership to you through our digital platforms while we drive toward our end goal:

- **For Commonwealth advisors and staff:** Keep an eye on the *eCBR* (add the widget to your COMMunity Link® homepage by clicking Add Widget and selecting it from the list). We'll have new content for you monthly.
- **For other readers:** If you haven't already done so, go to *www.commonwealth.com/insights* to subscribe to *The Independent Advisor*. You'll receive new content from our subject matter specialists, delivered right to your inbox each month.

As longtime editor-in-chief of this publication, I'm sad to say farewell (for now) to our thematic issues, but I'm so jazzed about what's to come. And I can't wait for you to experience the results of our digital evolution, so please stay tuned.

Oh, and by the way: The theme of this issue is sustainability—in investing, in business, in relationships. You may have noticed we're delivering it digitally. That's no accident. Not only does publishing digitally help protect our planet's resources, but it gives us an opportunity to plant the seeds for our digital future.

As always, we hope you find value in the pages that follow. If you have any questions or comments, feel free to email me at *kflood@commonwealth.com*. Enjoy!

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April 2022

On the cover

The Staying Power of Sustainable Investing

Investors poured more than $69 billion into sustainable investments in 2021, and a record number of new ESG funds came to market. The message? Your clients want to know more about this space, and they'll be looking to you for answers. Learn about the major themes in sustainability, plus how to engage your clients in this green opportunity.

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Why Sustainability Matters

Peter Essele, CFA®, CAIA, CFP®

For more than four decades, Commonwealth has honored its longstanding commitment to doing the right thing in all aspects of business. This means operating under a model of true independence, where we deliver objective guidance, foster a community with a client-first mentality, and strive for mutually beneficial outcomes for all.

Our corporate social responsibility (CSR) commitment is a natural extension of a mantra that's defined us since 1979: to do what's best for those around us and create a supportive environment where all can thrive. We believe that embracing sustainable principles can also have a positive impact on a personal level by enhancing the physical, emotional, and financial well-being of each member in our community.

In 2021, we formalized this pledge with our inaugural *Corporate Social Responsibility Report*, which reflects our desire to act as a steward for the environment, a leader for the community, and a firm governed by reliability and integrity. In the report, we outline our ESG (environmental, social, and corporate governance) philosophy and highlight actionable, measurable goals our firm has set as we take a CSR-minded approach to doing business. Take a closer look by going to *commonwealth.com* and clicking About Us > Corporate Responsibility. We hope you'll find this framework helpful as you continue to shape your own CSR efforts.

But first, let's talk about some of the key drivers of sustainability practices and why a CSR commitment can help businesses succeed.

CSR Begins at Home

Outward change is only one aspect of CSR. Applying CSR principles and practices to optimize the environment within our own offices is equally, if not more, important. Developing a strong company culture leads to improved morale, productivity, and employee retention. Over time, this can also reduce costs related to high turnover rates.

When a workplace environment, a company image, and external social attributes all complement one another, your organization becomes well-positioned for sustainable growth and development. This then becomes an upward cycle; organizations that become more sustainably oriented will be better able to attract and retain top talent through their employment policies, according to GetSmarter's 2021 Sustainability Report.

Many of us are changing the way we do business, and those changes have been accelerated, in part, by the pandemic. This is especially true when it comes to the employer/employee dynamic. Today, workers expect more from their employers when it comes to how they're treated, operational efficiency, and the way a firm's vision transforms into action. This promotes a competitive landscape for talent and pushes companies to innovate.

At Commonwealth, it's driving us to improve practices from flexible benefits to programs and resources that foster diversity, equity, and inclusion. Firms that deliver on this challenge will reap the benefits of attracting and retaining the best talent. It's something to keep in mind as you search for and evaluate the talent that can help you build a sustainable practice and amp up your CSR efforts.

Values and Dollars Aligning

In recent years, it's clear that companies are going to significant lengths to brand themselves as "green," sustainable, or ESG-oriented. Since 1975, the value of tangible assets (e.g., machinery, buildings, and land) within the S&P 500 has declined, while the value attributed to intangibles (e.g., brand recognition) has increased dramatically. In 2020, roughly 92 percent of companies in the S&P 500 produced a sustainability report—compared to less than 20 percent a decade ago—according to a recent report from the Governance & Accountability Institute.

Why the pivot? It's similar to how the skeptics of the mid-2000s questioned the viability of firms like Amazon, Facebook, and Google because they didn't seem to produce anything "tangible." And yet look at where those firms are today. Consumers are now demanding more from the companies they choose to do business with and invest in. As a result, intangible assets like brand recognition and goodwill matter more than ever before.

We're seeing a shift in business models and the investment environment, and sustainability is at the forefront of it. Today, 634 Commonwealth advisors use the firm's SRI/ESG model portfolios as solutions for clients' evolving preferences. Plus, many take advantage of our quarterly ESG Reference Guide to provide recommendations and our sustainable investing newsletter to help clients understand the impact of their investments. In a nutshell, the common values we share across the Commonwealth community are aligning with how clients want to invest.

If recent trends prove accurate, then companies that continue to emphasize brand recognition through the integration of a sustainable principles will continue gaining market share over those who rely on antiquated operating models that ignore shifting client and investor preferences. Sustainability isn't just about doing good—it's also good business.

As investors increasingly scrutinize companies' behaviors, dollars will inevitably gravitate toward those with favorable sustainability practices. There may come a time when the idea of a *sustainability premium* becomes more commonplace, whereby investors are willing to pay a higher price for top-ranked, sustainability-oriented companies over other lower-scoring names in the same industry.

The Big Picture

Beyond the changing social and work-life climate, it's becoming clear that the world is transitioning to a net-zero economy. Innovators like Tesla have reimagined the auto industry, and car manufacturers are now clamoring toward an electric future. But it doesn't stop there. The brightest minds across the globe are working to decarbonize industries like aviation, shipping, plastics, and steel.

The push toward a decarbonized global economy could result in one of the greatest investment opportunities in decades. Regardless of industry, there will be leaders and laggards. The latter will experience declining market share, a talent drain, and withering profits, while the leaders will offer stakeholders *sustainable* value creation.

A Sustainable Future

As you take steps to evolve the sustainability of your practice as well as your commitment to CSR, you may find the results hard to quantify at first. But with a thoughtful strategy, strong guiding principles, and purposeful investments in people, productivity, and automation, you should start to see your actions pay off in meaningful ways. Remember, sustainability is a marathon, not a sprint—and we're excited to share each step of this journey with you.

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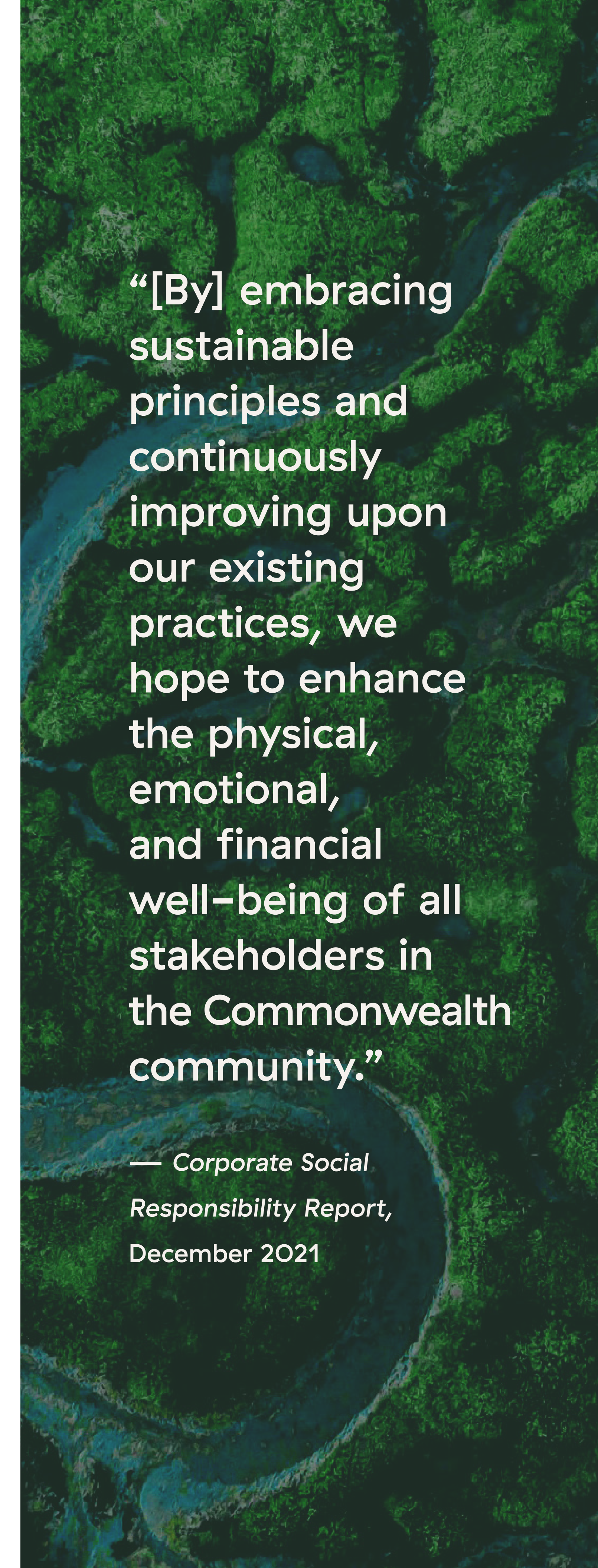


"[By] embracing sustainable principles and continuously improving upon our existing practices, we hope to enhance the physical, emotional, and financial well-being of all stakeholders in the Commonwealth community."

— *Corporate Social Responsibility Report*, December 2021

On the cover

The Staying Power of Sustainable Investing

Sarah Hargreaves

The sustainable investment universe is expanding, and investors will continue to drive this new era of stakeholder capitalism in 2022 and beyond.

After years of being a niche investment style, sustainable investing has gone mainstream. Seeking to deliver competitive financial performance alongside positive environmental, social, and governance (ESG) outcomes, sustainable investments are garnering investors' attention—and assets—at a prolific pace. Terms like *ESG*, *responsible investing*, and *impact investing* are now ubiquitous, while the demand for sustainable strategies has been nothing shy of unprecedented.

But does sustainable investing have true staying power? To find out, let's take a look at the sustainable investing landscape of today, what's on deck for 2022 and beyond, and the work Commonwealth is doing to support you and your clients with ESG endeavors.

2020: People, Planet, and Profit Converge

In 2020, the Covid-19 pandemic, natural disasters, and social unrest propelled sustainable investments into the limelight like never before. Amidst a volatile market environment and rising societal uncertainty, sustainable investments outperformed traditional peers and provided greater downside protection due to their robust risk mitigation practices. And the investment community—particularly individual investors—took note.

> A record number of new ESG funds came to market in 2021, including 121 new sustainable fund launches and 26 funds adding ESG to their investment mandates.

The intersection of people, planet, and profit precipitated a fundamental shift in investors' perspectives on sustainable investing, taking it from a mere values-based approach to a means of identifying high-quality companies with compelling long-term growth characteristics, often with less volatile earnings profiles. Moreover, investors began to recognize that companies that fail to adopt ESG practices remain subject to significant financial and systemic risks—including losing assets, market share, and brand loyalty—as company balance sheets grow increasingly intertwined with the transition to a low-carbon, sustainable economy.

Ultimately, the ability to unlock long-term value while generating a positive environmental or social impact solidified a formal identity to an investment approach once dismissed as a fad by a majority of the investment community.

2021: Sustainable Investments by the Numbers

In 2021, sustainable investing continued to reshape global capital markets, prompting companies—even entire industries—to rethink their business practices in order to actively address timely secular issues (e.g., climate change, the transition to net-zero emissions, and gender equity). 2021 was a watershed year for sustainable investments, as revealed by the following record-breaking numbers:

- Investors poured more than $69 billion into sustainable investments, a 35 percent increase over the previous record set in 2020, according to Morningstar data.
- While active funds have traditionally dominated sustainable fund flows, investors' preference for low-cost, tax-efficient investment solutions has given rise to passive ESG solutions, which attracted about 62 percent of all sustainable flows in 2021.
- Equity funds constitute the lion's share of sustainable fund flows, but sustainable fixed income flows are steadily gaining traction, topping $10 billion in annual flows for the first time in 2021.

Indeed, traditional asset managers have capitalized on the opportunity to capture assets and remain competitive by enhancing their existing product lineups to include ESG options. A record number of new ESG funds came to market in 2021, including 121 new sustainable fund launches and 26 funds adding ESG to their investment mandates. The total number of sustainable funds and ETFs in Morningstar's universe increased by 36 percent to 534 options in 2021, demonstrating a five-fold increase in the sustainable investing universe over the past decade (Figure 1).

What's in Store for 2022 and Beyond?

In his "2022 Letter to CEOs," BlackRock's Larry Fink pronounced that in "today's globally interconnected world, a company must create value for and be valued by its full range of stakeholders in order to deliver long-term value for its shareholders." That's a pretty powerful statement coming from the CEO of the world's largest asset manager. It also helps set the stage for 2022 and beyond, where the major sustainability themes at play will include ESG data quality and greenwashing, reporting standardization and disclosure requirements, and a focus on shareholder engagement.

Greenwashing. It may surprise you to learn that performance is *not* the leading concern for investors when it comes to sustainable investing. Rather, greenwashing—when a company or fund manager overstates or falsely represents its sustainability characteristics—is top of mind for investors when selecting sustainable investments.

As additional ESG products come to market, a current challenge for investors is differentiating between the tried-and-true ESG strategies and reputable firms that are repurposing existing strategies with an "ESG" or "sustainable" mandate. When assessing ESG strategies, investors need to conduct thorough, fundamental research while being mindful of the concept of greenwashing and its many forms.

ESG data quality. Current nuances with ESG data and rating methodologies have created uncertainty for investors when evaluating a company or strategy's ESG risk profile. Moreover, inconsistencies among ESG data providers can prevent investors from drawing meaningful conclusions about, or comparisons between, a company's or strategy's overall ESG profile or rating. And while the uptick in new or repurposed strategies labeled as "sustainable" ultimately translates to greater choices for investors, the volume of new strategies has served as a headwind by convoluting the ESG universe.

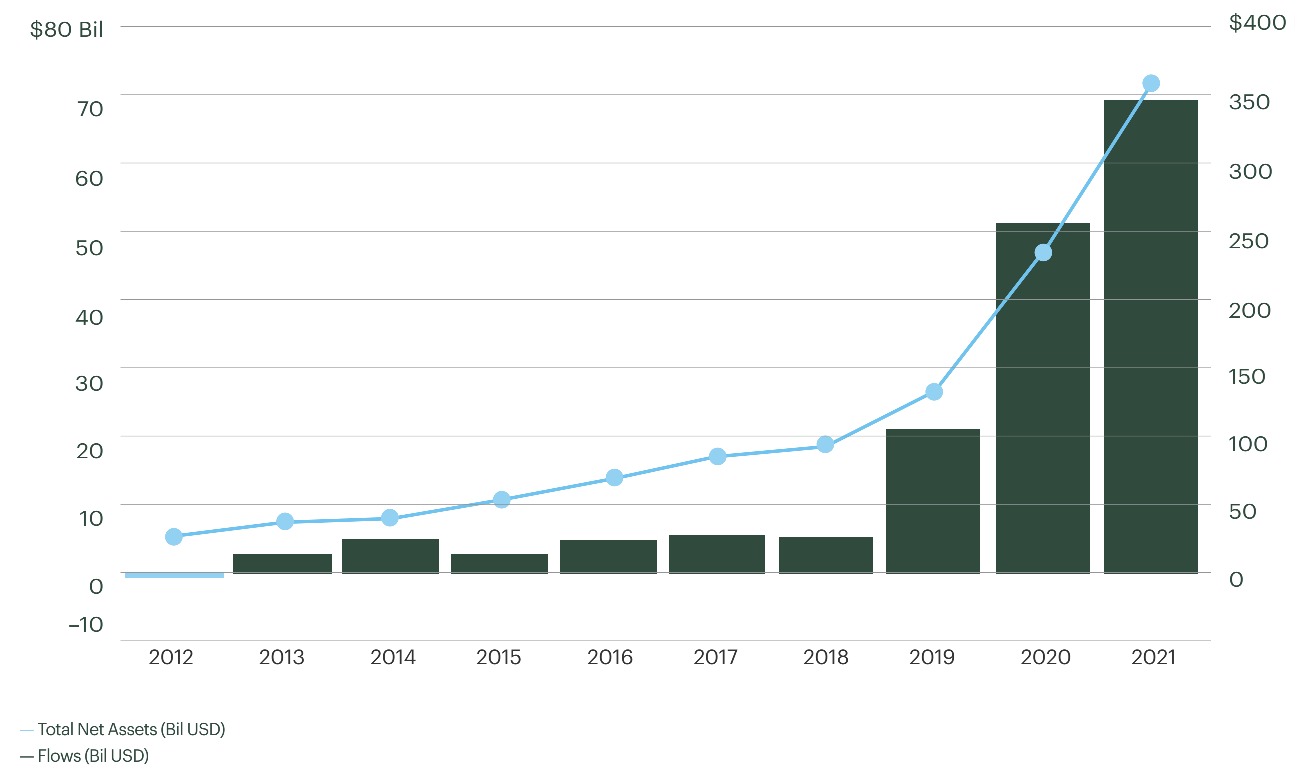
Ultimately, standardizing ESG data and ratings will provide investors with a framework to evaluate a company's ESG characteristics and risk profile and empower them to draw meaningful comparisons across ESG strategies.

Disclosure and reporting requirements. As ESG factors become more material, regulatory bodies will need to establish standards for measuring a company's performance on its environmental practices (climate risk and carbon emissions), relationship management with employees and key stakeholders (boardroom diversity), and governance practices (audit structure and contingency planning).

In the U.S., regulatory bodies are already working to establish a set of universal standards, disclosures, and science-based reporting targets for companies to disclose information on their ESG footprints, such as climate change, board diversity, and human capital management. Going forward, disclosure and reporting frameworks will become a global precedent—a norm already in effect in Europe.

Shareholder engagement. Now more than ever, investors are harnessing their ability to drive meaningful environmental and social change by leveraging tools such as proxy voting, shareholder engagements, and filing resolutions. In 2021, support for environmental and social shareholder proposals rose to 32 percent, up from 27 percent in 2020, according to the Sustainable Investments Institute, as reported by Reuters. A prime example of shareholder engagement in action was

Figure 1. Sustainable Investing Universe Is Expanding



Source: Morningstar Direct (data as of December 31, 2021). Sustainable investments are defined by Morningstar as funds that explicitly indicate any kind of sustainability, impact, or ESG strategy in their prospectus or offering documents. The prospectus's Principal Investment Strategies section should contain enough detail to leave no doubt that ESG concerns figure prominently in the investment process.

Engine No. 1's success in voting three directors to the board of Exxon Mobil, in an effort to meaningfully reduce its emissions and carbon footprint.

In 2022 and beyond, companies will face a greater number of external pressures from shareholders and regulators to adopt sustainability measures, standards, and reporting requirements. Those that fail to adapt may well lose their competitive advantages in the marketplace and remain subject to greater environmental, social, and governance-related risks.

Now that we understand the key drivers shaping the sustainable investing space, let's assess the opportunity it presents to you and your clients.

Effectively Engaging with Your Clients on ESG Investing

Did you know that 73 percent of clients are asking their financial advisors for sustainable investments? That's according to data from Calvert Research and Management, as reported by Citywire. Further, Nuveen's sixth annual responsible investing survey found that 81 percent of investors feel it's important for their advisors to talk to them about how to invest in a way that reflects their personal values, and 79 percent of investors would be "much more loyal" to an advisor who helps them make a positive impact on the world through their investments.

Despite this, only 21 percent of financial advisors are proactively initiating discussions with their clients on ESG investing, according to *InvestmentNews*. Take advantage of the opportunity to meet your clients' evolving investment preferences and differentiate your services by initiating a discussion on ESG investing. Here are a few best practices to keep in mind when broaching this topic.

Initiate the conversation. Be proactive and ask your clients if they have heard of ESG investing or if they have an interest in learning more about it. Not only is this a great way to gauge your client's interest, but it also allows you to meaningfully engage with your clients on their financial goals and priorities.

Stick to the basics. When introducing sustainable investing, it's best to keep it simple. By integrating ESG into the investment decision-making process, investors can gain a more complete understanding of how a company or industry operates. You can also mention how ESG factors can help mitigate risks by identifying high-quality companies with sustainable business models, which are critical drivers of long-term outperformance.

Make it personal. As always, there's no one-size-fits-all approach to meeting your clients' individual investment goals. Tailor the conversation to the issues your clients care about. You'll find that personalizing the discussion can go a long way with effectively resonating with clients.

Be prepared to answer questions. If clients have limited exposure to this space, be ready to address their questions. Some may wonder how to incorporate ESG into an existing financial plan, while others may be concerned with sacrificing performance, a common misnomer that can be confronted by turning to the data.

The Commonwealth Commitment

At Commonwealth, we believe there is a connection between our ESG commitment and our success—two outcomes that shouldn't be viewed as mutually exclusive. We have embraced sustainable investing principles since 2008 when our Investment Management and Research team began covering what was previously referred to as the socially responsible investing (SRI) space. We incepted dedicated SRI portfolios on our discretionary model platform, Preferred Portfolio Services® (PPS) Select, well over a decade ago. With a 12-year track record, the PPS Select SRI/ESG models' mandate has evolved, integrating ESG into the investment decision-making process and seeking to deliver sustainable, long-term wealth for our advisors' clients.

We continuously seek to further our social responsibility principles and practices to create value for our stakeholders and the community around us. We recently launched a sustainable investing hub to support our advisors with ESG investment insights via our quarterly ESG Reference Guide, client-approved handouts and newsletters, and media and virtual learning opportunities to enhance ESG education. We also offer an array of timely content from our dedicated ESG industry peers. Check out the new hub at Products > Investment Products > Sustainable Investing on COMMunity Link® We stand ready to support you in your ESG investing and sustainability efforts.

The Future Is Green

The ability to improve environmental and social outcomes in client portfolios and through various investment approaches has precipitated a fundamental shift in value generation. Investors are ushering in a new era of stakeholder capitalism by playing a more active role in allocating their investment dollars to those driving positive, sustainable outcomes alongside competitive long-term performance.

In turn, the investment community has embraced the staying power of sustainable investing and its ability to make a profound difference in the world. As Fink so aptly pointed out in his letter, "It is through effective stakeholder capitalism that capital is efficiently allocated, companies achieve durable profitability, and value is created and sustained over the long term."

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PPS Select: ESG Investing on the Rise

Sarah Hargreaves

In September 2010, the Investment Management team launched dedicated SRI/ESG models on our discretionary model portfolio platform, Preferred Portfolio Services® (PPS) Select. Now, more than a decade later, we continue to be at the fore in helping advisors meet their clients' evolving investment preferences.

PPS Select: Sustainable Investment Options

366	148	5	4	3	1
Mutual funds	ETFs	Commonwealth-managed models	Community investment notes	Third-party SMAs	Commonwealth-managed SMA

PPS Select ESG Models

These models seek to deliver long-term wealth to shareholders while integrating ESG criteria into the investment decision-making process.

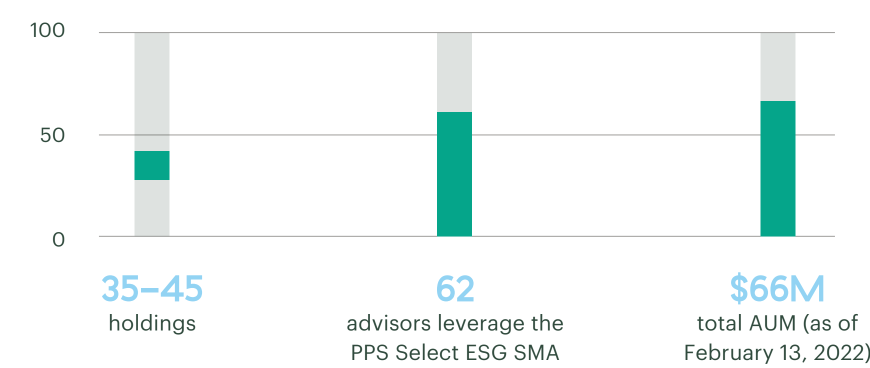
93% increase in new accounts in 2020

634 advisors leverage the PPS Select SRI/ESG models

$500M total AUM (as of February 13, 2022)

PPS Select ESG All-Cap SMA

This SMA offers investors the benefit of direct ownership of the individual securities they invest in, in addition to active management, lower platform costs, and greater tax efficiency compared with most mutual funds. It seeks to provide long-term capital appreciation while identifying leading corporations with proven track records of integrating ESG factors.



→ To learn more about ESG investment options, email the Investment Research and Management team at *investmentresearch@commonwealth.com.*

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How to Free Up Capacity: Benefits of Outsourcing Investment Management

Brian Glazer

"Remember that time is money" is among Benjamin Franklin's most famous sayings. Written as advice to young tradesmen in 1748, the adage is as relevant as ever for anyone in business, and especially for advisors. Better time management is a clear path to higher productivity and growth. But how can you get there? Outsourcing management of client investments is one effective way. If you'd like to free up substantial capacity and sustain your firm for the long term, consider the compelling benefits of outsourcing investment tasks.

Get Time Back

Most Commonwealth advisors spend a substantial amount of time building and managing client portfolios. More than 90 percent of assets in Commonwealth's fee-based Preferred Portfolio Services® (PPS) platform are in PPS Custom, with the advisor acting as the portfolio manager. But is this the best use of your time?

If investment management is a commodity (and it is), how can one advisor, who builds a balanced 60/40 client portfolio, add more value for clients than another advisor who does the same? Some try to beat the market, hoping to win and retain business based upon portfolio performance, but that's challenging. Others fear the consequences of losing control over their clients' investments.

But, delegating investment management is not an all-or-nothing proposition. By outsourcing, you can gain more time in your day and serve your clients well without giving up meaningful control of the investment process. A hybrid approach, as well as Commonwealth's outsourcing structure and support, lets you achieve this balance.

Retain Meaningful Control

With a hybrid approach, you keep certain assets in PPS Custom and outsource others. The most common divide is to retain nonqualified accounts in PPS Custom and to outsource qualified accounts, thus avoiding the tax ramifications of realizing gains when moving nonqualified assets.

> By outsourcing, you can gain more time in your day and serve your clients well without giving up meaningful control of the investment process.

This approach allows you to play a critical role in the process. It's up to you to choose which managers you want to use for your outsourced accounts, with Commonwealth's assistance readily available. By monitoring the managers' process and performance, and picking the right allocation for clients' risk tolerance and investment objectives, you retain meaningful control over monies held in managed accounts.

Add Scale and Diversification

Outsourcing investment tasks gives you and your staff more time to focus on client-facing tasks such as financial, risk, and estate planning. Using managed accounts also allows you to diversify clients' product choices. If, for instance, you don't have expertise in alternative investments or options strategies, outsourcing can give clients access to these solutions.

Tell a Compelling Story

Outsourced managers usually have a more compelling story to share about their investment philosophy than advisors who build their own portfolio models.

For example, our PPS Select DFA offering is based on research demonstrating strong performance for portfolios weighted to value, international, and small-cap stocks. And, in fact, Commonwealth's broader PPS Select platform boasts a solid track record across a range of model types and direct access to portfolio managers. Within our PPS Direct Mutual Fund Wrap platform, American Funds models have a track record in low-cost active management, and BlackRock models lay claim to leadership in the passive, low-cost ETF space. Clients can review the approved historical performance for managed models, which isn't possible for PPS Custom models.

Simplify Due Diligence and Mitigate Risk

Through outsourcing, your due diligence burden will be significantly reduced. Commonwealth has already done due diligence for our platform, and the model managers document their own processes.

When you manage your own portfolios in PPS Custom, and a key staff member leaves, this could interrupt your firm's operations. Hiring and training replacements would take some time, leaving you shorthanded in the interim. By outsourcing, you would be able to ensure a smooth investment management process without worrying about these potential risks.

Provide Value to Clients

In addition to the benefits to your firm, there's potential to provide enhanced value to your clients through outsourcing. Given the diversity of managed solutions available, you'll be able to select the right model portfolios and managers for each client, potentially meeting their needs more effectively. As mentioned above, the track records of managed models may provide an attractive story regarding investment suitability and historical performance.

The management fee, which usually starts at 25 bps and is based on account size, is marginal given its benefits. Considering the fee covers trading costs and will free you up to spend more time on holistic financial planning, many clients may appreciate the value outsourcing could bring.

Commonwealth's Investment Consulting Services team is well versed in the philosophy, historical performance, and costs of our platform's options. We're available to assist you in positioning their value to your clients and to address any questions or concerns they may have.

To explore our platform options on COMMunity Link®, go to Products > Fee-Based Programs > Overview.

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5 Steps to a Seamless Transition

1 Identify

Identify which clients and accounts would be most appropriate to outsource. Discuss the benefits of managed accounts with these clients, ensuring they understand and agree before proceeding. Investment Consulting Services can guide you on tailored client messaging, including comparisons between current and proposed models.

2 Collaborate

Work with Investment Consulting Services to identify appropriate managers to partner with. We'll discuss investment style and performance, as well as suitable fund allocations for each client.

3 Prepare

Prepare for the transition and outline the next steps. Communicate pending changes with staff and clients as necessary. Assign one or more team members to be accountable for transition and ongoing management oversight.

4 Implement

Implement the transition to outsourced managers, relying on the Service Center to assist your staff with paperwork. Update your clients on the status of the move.

5 Oversee

Actively oversee each partner relationship to ensure that it continues to meet clients' risk tolerance and investment objectives. Avoid a "set it and forget it" mentality by routinely checking on investment performance.

The "Fragile Decade":

Strategies for Guiding Clients into a Successful Retirement

Justin C. Duft, JD, CFP®, CLU®, ChFC®, CLTC®, MSFS

The five years before and after retirement are a critical transition period. Help your clients meet the future with confidence with these practical strategies.

Nearly half of retirees retire earlier than expected, according to a 2021 Retirement Confidence Survey by the Employee Benefit Research Institute. Although about half of workers expected to gradually transition to retirement, only 19 percent of surveyed retirees reported having done so. And retirement was a full stop for 73 percent of survey participants. The reasons varied: some retired early because they could afford to, but many did so due to health problems or organizational changes.

These statistics highlight the urgent need to guide clients through the so-called "fragile decade," the five years before and after retirement. As your clients approach retirement, be sure you're prepared to assess their readiness, identify potential shortcomings, and navigate the risks that could derail their financial plan and desired retirement lifestyle.

Start the Conversation Early

Part of what makes the fragile decade so challenging is the need to make up for lost time. Saving more or spending less can help preserve assets, but starting late means less time for compounding to work its magic. You'll want to identify any savings shortfalls or unrealistic expectations early while there's time to address them. Topics to review with clients include:

- Current financial statements, focusing on cash flows and net worth
- Spending habits, long-term debt, and assets available to meet future income needs
- Target retirement date and desired lifestyle
- Goals for leaving a legacy to heirs and organizations
- Preference to maximize spending in retirement rather than leave assets behind
- Willingness to scale back spending in a market downturn

> Because people are living longer, retirees who overspend in the early years of retirement face a heightened risk they will outlive their assets.

Get Ahead of the Risks

Once you understand the big picture regarding a client's retirement readiness, it's time to start homing in on the risks specific to the fragile decade.

Longevity risk. Because people are living longer, retirees who overspend in the early years of retirement face a heightened risk they will outlive their assets.

Savings shortfalls. The biggest source of retirement income is often employer-sponsored retirement plans. Those lucky enough to have a defined benefit plan, also known as a pension plan, have an established income floor. Now, however, more employers offer defined contribution plans, which means the account holders bear the risk of their investments falling in value. If the markets fall, the expected income stream may fall short.

Sequence-of-returns risk. In the first five years of retirement, clients are especially sensitive to sequence-of-returns risk. This is the risk that an unfortunately timed market pullback can have an outsized impact on the longevity of the portfolio. As account balances dip, each distribution represents a larger percentage of retirement savings, pushing the financial plan further off track.

Figure 1. Social Security Benefits Before and After Full Retirement Age (FRA)

Claiming Age	Monthly Benefit Amount	Annual Benefit Amount	+/– on Benefits (%)
62	$1,750	$21,000	–30%
67 (FRA)	$2,500	$30,000	0
70	$3,100	$37,200	+24%

Source: U.S. Social Security Administration

Let Us Help!

Assess retirement readiness.

The Advanced Planning team is available to help you develop client assessment questions, determine an optimal social security claiming strategy, and more.

Identify annuity products.

The Annuities Research team approaches each case with a robust knowledge of effective products and how they fit individual income needs.

Develop an optimal portfolio.

The Investment Consulting Services team can assist you in assessing portfolio allocations and creating an optimal systematic withdrawal plan or a bucket strategy.

Tap into online resources.

You'll find an abundance of information on COMMunity Link® at Financial Planning & Research > Financial Planning > Retirement Planning. Two pieces to note are the Retirement Income Planning Guide, available under "Become a Pro," and Countdown to Retirement, available under "Coach Your Clients."

Consider a Conservative Target Date

The best way to shore up a shortfall in the fragile decade is to delay retirement, but phased retirement is becoming increasingly common.

Delay retirement. Working longer has the dual effect of extending the accumulation phase and shortening the distribution phase. But, how powerful is this effect? According to a study by the Stanford Institute for Economic Policy Research, working a single month longer is more beneficial to sustaining a retirement standard of living than increasing retirement savings by one percentage point in the 10 years before retirement.

Your clients may not want to hear they need to work longer, but the alternatives include outliving their assets or learning to spend less. Make sure clients understand their retirement date could set them up for success—or not.

Phased retirement. This is a good option for clients who are not financially or psychologically prepared to retire. By gradually reducing work hours, transitioning to part-time, or shifting to a less-demanding role, a worker could get a feel for what's on the other side of the retirement hump before making the often-permanent transition from the accumulation phase to the distribution phase.

Combine Tactics for Optimal Results

There are many strategies to manage risk and provide financial confidence as the retirement income spigot is turned on. For most clients, a customized plan employing a combination of the following approaches will be needed.

Income floor. This popular approach aims to establish a minimum level of guaranteed income in retirement. An income floor can be implemented by building bond ladders (using TIPs for inflation protection), purchasing income annuities, using pensions, and strategically claiming social security benefits.

Setting an income floor shrinks the portion of retirement income derived from portfolio withdrawals, thereby limiting market and sequence-of-returns risks. How much income to guarantee depends on the client's risk tolerance and preferences for asset use. For example, some clients may be comfortable with an income floor that covers just essential expenses, leaving the remaining portfolio to cover discretionary spending. Others may want all of their projected expenses to be covered with guarantees.

Guarantees come with costs, however. The trade-off of having guaranteed income is a reduction in long-term upside. Clients who wish to leave a legacy may be unwilling to trade long-term growth and appreciation for shorter-term stability.

Delaying social security benefits. Social security benefits are a substantial source of retirement income. For example, for individuals with average earnings who retire at age 65, social security replaces about 40 percent of preretirement income, according to the Center on Budget and Policy Priorities. For higher earners, the replacement percentage would be proportionately lower. These benefits can make up a significant portion of the income floor. Because they receive annual adjustments to keep pace with inflation, social security benefits are most valuable when viewed as a tool to battle longevity risk.

Strategically, therefore, clients should resist the temptation to tap into social security benefits too early. Social security benefits are permanently reduced when claimed before full retirement age and permanently increased when claimed after full retirement age. As shown in Figure 1 (on p. 15), consider an individual who is 62 years old today and has a full retirement age benefit (at age 67) of $2,500 per month.

It may seem counterintuitive, but even those clients whose retirement is underfunded are generally better off delaying social security benefits. The significantly larger, inflation-protected benefit gained by delaying will provide a much higher income floor for the majority of the plan, easily offsetting the extra portfolio withdrawals needed in the early years of retirement.

For married couples, this strategy can be especially valuable. Regardless of which spouse dies first, the survivor will receive the larger social security benefit, including any delayed retirement credits that were accrued, as an income floor.

Systematic withdrawals. The best-known systematic withdrawal approach is the SAFEMAX 4 percent maximum withdrawal rate developed by William Bengen. His research (based on historical returns from 1926 to 1994) showed that a portfolio of 50 percent stocks and 50 percent bonds would last for 30 years, even in a worst-case market scenario, if the withdrawal rate at the beginning of retirement was roughly 4 percent. Adjustments for inflation would be made in each subsequent year.

Bengen's findings have become a rule of thumb, but using a more dynamic strategy can help you tailor this approach to each client. Spending rarely stays static over the life of a retirement plan. Many retirees would prefer to spend more in the early years of retirement and then scale back as they age. Clients who are comfortable with a larger allocation to equities, as well as those with more guaranteed income, can afford to be more aggressive with their initial withdrawal rate.

To meet a preference for a higher initial withdrawal rate, the client must be willing to make adjustments based on market performance. The withdrawal rate would be temporarily lowered if the markets perform poorly or if the retirement plan is off track for other reasons. If markets perform well or the plan is ahead of schedule, the withdrawal rate could be raised.

Bucket strategy. This strategy is deployed two to three years before retirement. The client's pool of investments is divided into buckets designated for different stages of retirement. The first bucket, intended to cover income needs for the first several years of retirement, is invested in safe, liquid assets, such as cash, money market funds, CDs, short-term bond funds, and single premium intermediate annuities (SPIAs). Buckets covering the intermediate-term and long-term stages of retirement take on progressively more risk by shifting some investment exposure to equities. This strategy guarantees income for those fragile first years of retirement while creating a system designed to keep pace with inflation and mitigate longevity risk.

A modified bucket approach maintains the first bucket over the life of the plan so that short-term income needs are always secure. You would periodically harvest gains from the client's intermediate-term and long-term buckets and shift them into the short-term bucket. Alternatively, you can set interest, dividends, and capital gains to flow automatically into the short-term bucket. This approach allows retirees a higher degree of comfort regarding how their short-term income needs will be met. It could also help clients feel more comfortable maintaining equity exposure, as these riskier assets would be assigned to the longer-term bucket. That bucket has time on its side, being earmarked for income needs further into the future.

The Results of a Job Well Done

Planning for retirement is a rigorous process, but crafting a well-designed financial plan that successfully steers clients through the fragile decade and into a long and happy retirement can be highly satisfying. As you work hard to give your clients the confidence that comes from financial stability, remember that Commonwealth's many resources are available to assist you.

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Pension Payouts: Helping Clients Make the Right Decision

Maureen Baxter, CLU®, ChFC®

The decision of what to do with a pension—whether an employer is triggering the need to make a payout selection or a client is entering retirement—is a situational one. It requires a careful look at all of the options (and there are many), as well as an understanding of the client's future financial needs and longevity. Typically, this decision is irrevocable, and it can affect your clients' monthly cash flow during their retirement years and their ability to preserve other assets in the meantime. A lump-sum payment could be the right choice for one client but not for another. Here's how to help a pension-holding client make an informed payout decision.

The Pension Payout Report

Defined benefit pension plans offer monthly annuities based on the single life of the retiree or, for married couples, various survivorship payout options. Some pension holders are offered a lump sum in lieu of the monthly payments. You may also see combination plans, commonly referred to as PLOPs, offering both a partial lump sum and reduced monthly annuity payments.

Start by reviewing your client's full pension payout report. This report will break down benefits if the client retires early and benefits if the client waits until full retirement age or later. You'll see the base assumptions used in the calculations and, possibly, the relative value calculation. The latter compares the total actuarial present value of the various election payments relative to the single-life or 50 percent joint-and-survivor annuity benefit.

Keep in mind that while the payout choices vary, the assumed total benefit used in a pension formula is the same—your clients' payout choice and longevity will affect the total amount of benefits they will receive. So, let's discuss the options.

Options for Monthly Annuities

Single-life annuity. This option provides the largest monthly payment but only lasts during the retiree's lifetime. So, it may not be the best choice if the surviving spouse will need a guaranteed income stream to supplement their cash flow.

Joint-and-survivor annuity. This annuity pays during the pensioner's lifetime and then continues to pay the spouse or other beneficiary based on predetermined percentages. You may also see something called a pop-up pension feature, which allows retirees, whose survivor predeceases them, to change their monthly benefit to the higher single-life payout. This pop-up feature may have a time limit.

There are also term certain options that will pay a benefit to a beneficiary if the retiree passes away during a selected period of time. Simply put, a 10-year term certain benefit means if the retiree dies in year three, the beneficiary will receive benefits for the remaining term period.

For clients retiring early, a plan may offer monthly benefits that are initially higher (usually until age 62 or later). Then, once the retiree is eligible for social security benefits, the monthly payment will be permanently reduced.

The Lump-Sum Option: FAQs

Many clients may be tempted to choose a lump-sum payout that they roll into an IRA. Before going that route, they should consider these important questions.

What is the client's risk tolerance? Conservative clients may favor taking the monthly annuity if they are concerned about exposing their pension assets to investment market risk and losing the guaranteed monthly payments.

Does the client have other fixed income options? If there are other monthly pensions, guaranteed withdrawals from an annuity, or other income, the client may favor a lump-sum option.

What are the health and longevity considerations? Is it likely that the retiree and survivor will have long life expectancies? If so, the monthly joint-and-survivor payout may be preferred.

What benefits might be lost? The pension plan could be tied to medical, life, or other benefits that will go away if the lump-sum option is chosen. (This same issue applies to retirees foregoing the joint-and-survivor annuity over the higher single-life annuity; they may be giving up future benefits for the survivor.)

50%

Start by reviewing your client's full pension payout report. This will compare the total actuarial present value of the various election payments relative to the single-life or 50 percent joint-and-survivor annuity benefit.

Is the client foregoing any asset protection benefits of an ERISA-qualified plan by rolling over to an IRA? In general, ERISA accounts are protected in bankruptcy except in the case of divorce, tax debts, or fraudulent conveyance. In situations other than bankruptcy, however, creditor protection rules for rollover IRAs will follow state law.

What is the hurdle rate (i.e., the rate of return needed for the lump-sum total to match the monthly annuity payment option)? By using the client's longevity assumptions as a guide, the lump-sum rollover should be considered if the expected investment rate of return exceeds this hurdle rate. In general, the longer the assumed longevity, the higher the hurdle rate. The Pension Decision Calculator on COMMunity Link® can help with this review. Visit Financial Planning & Research > Financial Planning > Retirement Planning for more information.

How could interest rates affect the amount of lump-sum benefits? Companies use the IRS-published Minimum Present Value Segment Rates in their lump-sum payout formulas. This is an inverse relationship—as interest rates rise, the lump-sum figure may decrease.

Companies use their own formulas for determining rates. For example, they may incorporate an average of the segment rates for specific months in a quarter before the pension commencement date. A full pension statement may outline, in general terms, the rates used in the quotes.

The Pension Fund's Financial Strength

Last, but certainly not least, you'll want to help the client assess the pension fund's financial strength. Will the pension fund be able to meet its commitments if your client opts for the monthly annuity? The annual pension report should provide some answers, and underfunded plans should have safeguards in place. While the Pension Benefit and Guaranty Corporation (PBGC) was created to protect the defined benefit pensions of workers if a company or plan fails, pensions taken over by the PBGC guarantee benefits only up to certain limits, and state pensions are not covered at all.

One Size Does Not Fit All

Determining the most prudent payout election involves evaluating several factors—there is no one-size-fits-all solution. Each client and employer plan will require a different analysis. If you have any questions, Commonwealth's Advanced Planning team is happy to discuss pension elections.

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Can Going Fee-Only Be a Catalyst for Growth?

Kristine McManus and Brian Lampron

There's been a significant increase in the number of fee-only advisors across the industry over the past decade. From 2011 to 2020, FINRA-registered firms *decreased* 23 percent, while investment advisor-only firms *increased* 21 percent, according to FINRA's 2021 Industry Snapshot. That's a swing of 44 percent. The trend toward fee-only is clear, but it's hard to tell which is the chicken or the egg in this scenario. Did client demand for fiduciary, fee-only advisors lead to more advisors changing their business models? Or, did advisors, who wanted to run a completely fiduciary practice, do such a great job telling their stories that clients chose them?

In any event, we're seeing this same tremendous growth at Commonwealth, with an increasing number of advisors changing their business models to fee-only. Looking closer at this cohort, we've noticed trends in the growth trajectory at individual firms; many fee-only advisors are adding new clients, prospects, and AUM to their practices at a rapid pace. In short, they're killing it. But how?

> Telling people you are a true fiduciary makes the story simple for advisors to share and easy for prospects to understand.

The Catalyst for Growth

Commonwealth currently has more than 84 offices and 160 advisors who have chosen to affiliate as fee-only advisors. While 2021 was a great year for growth across the firm, this fee-only group did even better. For 2021, the median growth rate was 30 percent for our fee-only advisors. That's a strong number, especially when you consider the pandemic as a backdrop. Here are some of the reasons behind the strong growth posted by fee-only advisors.

Clients and prospects prefer a fiduciary. In our experience, prospects are looking for an advisor who is a fiduciary, and people are screening for the term even if they aren't quite sure what it means. If you act as a fiduciary, ensure that you're making it easy for people to learn this fact about you on your website or social media. And, using simple terms, tell them what it means!

Advisors have a simpler story to tell. The financial services industry can be guilty of using jargon. Words and phrases that your prospects aren't familiar with don't make you sound smarter; they make it harder for prospects to decide if your firm is a good fit. Telling people you are a true fiduciary makes the story simple for advisors to share and easy for prospects to understand.

Clients give more referrals. When advisors move to a fee-only practice, they have a powerful story to tell. After reaching out to inform clients of the change, we've found that advisors often discover that they respond well and use this opportunity to refer their friends. Often, additional assets are uncovered as part of the conversation, even assets the advisor didn't manage.

Fee-only advisors charge more. Compared with the industry at large and Commonwealth advisors overall, our fee-only advisors charge more in fees. Perhaps, they feel more confident in their value proposition and what they deliver to clients, or maybe clients are willing to pay more for someone who they know will act only in their best interests.

Let's take a look at a few of Commonwealth's fee-only advisors who have achieved strong growth.

Michelle Cortés-Harkins, MSW, CDFA®, CRPC®, CSRIC®
Harkins Wealth Management

Michelle Cortés-Harkins, along with her husband, Rick, and son, Chance, joined Commonwealth in 2019 and was interested in going fee-only from the start. The team members at Harkins Wealth Management were already acting as fiduciaries for their clients and were paid mostly from AUM and planning fees—so the business decision to go fee-only seemed like a natural extension of their philosophy.

Their growth was greater than 40 percent during the pandemic.

As you work on business plans and goals for 2022, think about where you'd like to see your business in three to five years and plan accordingly.

Michelle Cortés-Harkins, MSW, CDFA®, CRPC®, CSRIC®
Harkins Wealth Management

> 40%

Cortés-Harkins's growth was greater than 40 percent during the pandemic. The median growth of her peers during that time was 5.6 percent, and industry-wide growth was 7.9 percent.

Tim Menefee, AAMS®
Eagle Peak Wealth Management

> 40%

Menefee's 2020 growth rate of greater than 25 percent was far above his peers and the industry average, and his 2021 rate of greater than 40 percent means the pace accelerated from there.

Matthew Jessup
Jessup Wealth Management

> 40%

Jessup's growth rate was greater than 40 percent in 2020, which is astonishing compared with his peer group average of 6.4 percent and an industry average of 7.9 percent.

They worked with Commonwealth's RIA Services team on a glide path that was right for them and transitioned to fee-only in 2020.

Their focus paid off. During the first year of the pandemic, Cortés-Harkins's growth was greater than 40 percent, her best year to date. To give you some context for comparison, the median growth of her peers during that time was 5.6 percent, and industry-wide growth was 7.9 percent. And in 2021, Cortés-Harkins's growth was greater than 32 percent, putting her well ahead of her peers again.

While this is impressive, Cortés-Harkins is especially pleased that so much of her new business consists of her ideal clients. The team works with an SEO consultant and can track that 40 percent of their new business came from people who searched for "fiduciary, fee-only, SRI" in their state. As Cortés-Harkins says, "Clients are more sophisticated; the first question we typically get in an introductory meeting is 'Are you a fiduciary?' Being able to unequivocally say 'Yes!' lays the perfect foundation for the rest of our discussion."

Tim Menefee, AAMS®
Eagle Peak Wealth Management

Tim Menefee had been unhappy at his old firm; he wanted to run his practice the way he chose and help his clients to the best of his ability. He chose Commonwealth as the partner to help him and joined in 2019. Menefee moved his clients over and learned new processes and technology. With the help of RIA Services and a glide path plan in place, Menefee started 2021 as a fee-only advisor.

Menefee didn't expect to have a growth surge as a result of these changes—but that's exactly what happened. He wasn't sure if clients just loved the changes they saw at Commonwealth; if they heard the excitement again in his voice; or if they loved the fee-only, fiduciary story he told. But, whatever the reason, they responded. Menefee says he received more referrals in one year as a fee-only advisor than he had received in the prior 15 years combined.

His 2020 growth rate of greater than 25 percent was far above his peers and the industry average, and his 2021 rate of greater than 40 percent means the pace accelerated from there. Menefee now finds himself in the enviable position of having so many referrals, he has a waiting list for appointments!

Matthew Jessup
Jessup Wealth Management

Matthew Jessup had been at Commonwealth since 2012. For years, his practice was conducting less and less commission-based business. Because of this, Jessup was already well positioned to go fee-only when he worked with the RIA Services team on a glide path plan and ultimately transitioned his practice over to fee-only along with his partner, Mark McEvily, in 2018. Jessup and McEvily say that "going fee-only simplified our practice and allowed us to focus on what matters to clients: transparency, avoiding and disclosing conflicts of interest, and acting as true fiduciaries."

Along with the positive impact on clients, Jessup and McEvily have found that going fee-only simplified the lives of their client-service staff, allowing for greater productivity and efficiencies within the office.

Jessup's personal growth rate was greater than 40 percent in 2020, which is astonishing compared with his peer group average of 6.4 percent and an industry average of 7.9 percent. But, Jessup may have accomplished something even more impressive than that—he repeated his greater than 40 percent growth in 2021 as well.

At Jessup Wealth Management, the team found that cutting back on the number of households and focusing more on the clients they want to serve have made all the difference. Both Jessup and McEvily feel clients are more willing to provide referrals when they understand how their referral will be treated (fee schedule, client service, and portfolio management). This has generated a significant increase in referrals, and the team is off to another great start in 2022.

How to Know if the Time Is Right

Although a move to fee-only isn't right for every advisor or client, the trend is unmistakable. If you've been thinking about a move to fee-only, answering these questions can help you get started:

- Do you derive more than 95 percent of your revenue from AUM and planning fees?
- Has it been at least three years since you sold a commissionable product?
- Have you asked existing fee-only advisors about their experiences?
- Do you think clients and prospects would like to know that you are a fiduciary for them in all aspects of your practice?
- Have you had discussions with firm colleagues about a move to fee-only?

The more "yes" answers you have to these questions, the more likely it may be that going fee-only is a fit for your practice. As you work on business plans and goals for 2022, think about where you'd like to see your business in three to five years and plan accordingly. And, of course, you can always reach out to RIA Services to see if a move to fee-only is right for you.

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Retirement Plan Investment Oversight: Creating a Sustainable Process

Bob Burke

For many individuals, employer-sponsored retirement plans are the go-to retirement savings vehicle. But while the employee benefits are clear, these plans present employers with several forms of fiduciary liability under ERISA. This responsibility extends to virtually all decisions involving plan investments, meaning the employer must adhere to fiduciary rules that govern the selection, monitoring, evaluation, and replacement of the plan's investment options.

Given this vast responsibility, creating a sustainable investment oversight process is mission critical. The problem? Most employers simply don't have the know-how to put such a process in place. And that's exactly where you—as a trusted partner—can step in. By understanding the key elements of developing and implementing an oversight process, you can provide your plan partners with the essential guidance and knowledge needed to meet their fiduciary duty.

Establishing Framework

A great place to start is with the building blocks of an investment oversight framework. Building a sustainable framework will include the following four actions.

1) Assist the plan sponsor in forming an investment committee. The role of the investment committee is to identify the plan objectives and establish guidelines for periodic investment reviews. When the group is ready to meet, be sure that the minutes include who attended, key discussions, and any decisions made. A written record will demonstrate that a prudent and consistent process was followed.

2) Tap into an independent expert or firm. Here, look for a third party that has the tools and expertise to perform accurate and independent investment analysis.

3) Create an investment policy statement (IPS). Adhering to a written IPS demonstrates procedural prudence over investments. An IPS should include clear standards for how investments are chosen and evaluated and the criteria that would cause an investment option to be placed on a "watch list."

4) Perform quarterly reporting and continuous monitoring. Retirement plans are long-term investments that generally focus on trends over a three- to five-year period. As such, quarterly reporting should be sufficient. Continuous monitoring, on the other hand, ensures that if something material happens between reporting periods, review and research can take place in a timely manner. Here, there are a few important things to note:

- Reporting should be based on the IPS and not simply provide fund performance information. Often, this is one of the most important elements missing from investment monitoring and will demonstrate that a methodical process was implemented.
- Reporting should include a broad range of quantitative *and* qualitative measures for each investment, and fiduciaries should analyze how the complete investment menu fits together.
- Investments that don't meet monitoring criteria should be evaluated for potential replacement (i.e., the "watch list"). The decision of how many times an investment should be allowed to fail should take into account several factors, including fund manager changes, change in operations, and style drift issues.

Analyzing the Investments

As mentioned earlier, both qualitative and quantitative reviews are necessary and should be key elements of the investment analysis.

Qualitative. The qualitative review process is designed to identify factors that may influence investment performance, focusing on three primary factors: people, process, and

The qualitative review process is designed to identify factors that may influence investment performance, focusing on three primary factors: people, process, and philosophy.

philosophy. What team is managing the investment? What research and operational systems are in place to manage the investment? And, what are the goals of the investment strategy?

Quantitative. Investment analytics require a quantitative review process and include a variety of considerations:

- **Asset allocation.** How do the investments in the group relate to one another? An appropriate allocation has asset classes with low correlation to one another. Further, underlying securities should be reviewed for overlap.
- **Correlation to a style or peer group.** The investment should be highly correlated to its associated peer group. Assessing correlation is a crucial aspect of the analysis since much of the due diligence responsibility involves comparisons to the appropriate peer group.
- **Performance relative to a peer group.** The key point here is that performance should be measured against an appropriate benchmark *over multiyear periods*.
- **Performance relative to risk.** The risk-adjusted performance should be evaluated to help determine suitability for the plan's objectives.
- **Manager tenure.** How long has a manager or team been managing the portfolio? The experience of the management team is significant.
- **Expense ratios.** Given that increased regulatory pressure within the industry has put a spotlight on investment fee structures, expenses are a critical consideration.

Choosing a Support Model

Once the framework and review process are determined, you can help plan sponsors decide which type of investment fiduciary can best help fulfill their responsibilities: an investment advisor or an investment manager. Let's break down the differences.

An ERISA 3(21) investment advisor works with the plan sponsor to recommend the investment lineup but does not have discretion over plan investments. The plan sponsor continues to have liability for the selection, monitoring, and replacement of the plan's investments. An ERISA 3(38) investment manager, on the other hand, is given full discretionary authority for making investment decisions for the retirement plan. Under this agreement, the investment manager assumes sole control of the fiduciary burden for plan investments. The plan sponsor is still responsible for ensuring that the investment manager is fulfilling its contractual obligations but is not responsible for any of the investment decisions.

Commonwealth's Retirement Plan Consulting program allows qualified advisors to assist plan sponsors with fiduciary duties through the PlanAssist 3(38) investment management program or 3(21) investment support. To learn more about these resources, including IPS support, investment selection and monitoring, and portfolio composition, go to Products > Retirement > PlanAssist Investment Services on COMMunity Link®

The Benefits of a Sustainable Process

The Department of Labor has indicated that, in enforcing ERISA, it will not judge fiduciaries solely on the results they achieve but rather by the processes they follow. This stance, along with recent legal decisions (e.g., *Wildman v. American Century Services*), illustrates the importance of having a documented approach to managing these responsibilities.

By helping develop and implement a sustainable investment oversight process with these strategies, you can strengthen your overall relationship with plan sponsors while also providing resources to reduce administrative burdens for all parties. If you would like to learn more, feel free to reach out to the Retirement Consulting Services team.

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Mitigating Risk Within Managed Investment Accounts

Mike Youngerman

In recent years, the wealth management industry has been increasingly shifting away from commission-based, transactional investment management and moving toward fee-based (advisory) portfolio management solutions. As regulators have caught up with this trend, they've channeled their focus on how advisors are managing client assets.

To help you navigate this regulatory landscape and mitigate the risks for managed investment portfolios, Commonwealth has strengthened its focus on compliance expectations regarding your firm's use of our managed account solutions. From expectations for using managed accounts to guidelines for outsourcing or managing portfolios yourself, we offer the strategies and best practices you need to streamline operations and meet the goals of both your clients and your firm.

> Commonwealth's reporting tools can assist you in identifying and mitigating risks related to shortfalls in your responsibility for active management.

Using Managed Accounts: Primary Expectations

Determining how you wish to handle your investment management role is a big part of creating a sustainable business. Commonwealth's managed account solutions are available to you through our fee-based Preferred Portfolio Services® (PPS) platform, which encompasses the PPS Custom, PPS Select, PPS Direct Mutual Fund Wrap, and PPS Direct SMA/UMA programs. These options give you great flexibility in running your business. Still, no matter which line of business you determine is in the best interest of your clients, employing a managed solution places two primary expectations on your firm:

1) Annual client reviews. A process for conducting annual reviews must be in place to ensure that clients understand their portfolios' status and for you to understand any personal or financial changes that would alter the management strategy. These reviews must be thoroughly documented.

2) Ongoing portfolio management. Evidence of ongoing, active portfolio management is required. The asset management fee for PPS accounts is payment for your services, so you must prove those services are delivered. When reviewing ongoing management, Commonwealth's Compliance team will look for red flags including:

- Extended periods of minimal to no rebalancing or reallocating activity
- Prolonged periods of concentration in cash or other individual positions
- Lack of actions to maintain the suitability of products and allocations in accordance with stated investment objectives

Outsourcing Portfolio Management

For many advisors, outsourcing asset management to a portfolio management program helps their firm achieve greater efficiency. The documented methodologies and track records offered by Commonwealth's PPS Select, PPS Direct Mutual Fund Wrap, and PPS Direct SMA/UMA portfolios simplify the process of matching suitable products to each client. Choosing one of these solutions can free up much of your time, as they satisfy your responsibility to:

- Establish a due diligence process for screening current and future investment options
- Create an actively managed investment process with a set rebalancing/reallocation strategy
- Set up trading capabilities to adjust for client additions/withdrawals, locked cash positions, periodic investment and withdrawal plans, billing, and dollar-cost averaging

In-House Management with PPS Custom

If you enjoy asset management and believe you can best serve your clients' interests by handling this role, PPS Custom offers the greatest flexibility. But using this platform comes with additional compliance expectations. To avoid bringing undue risk into your practice, be sure you understand and fulfill your responsibilities for ongoing portfolio management.

Investment screening. Establish a research and due diligence process to screen investments as you construct client portfolios. Creating a watch list identifying underperforming positions could strengthen your screening process and help document active portfolio management. Commonwealth's PPS Select model portfolios and model allocations can be used to create your own models and performance benchmarks.

Portfolio monitoring. Create recurring meetings (e.g., monthly, quarterly, semiannually) to review and grade investments based on factors including performance, underlying holdings, and manager tenure. Investments should be screened against benchmarks, and your watch list and potential replacements should be reviewed. The best practice is to complete this process through an investment committee format or by relying on the assistance of Commonwealth's research teams. Ongoing account monitoring is at the core of fiduciary portfolio management.

Client-specific objectives. Schedule recurring client reviews (at least once a year) to ensure that the current advisory objectives and PPS Custom account allocations are in line. Creating an internal process that leverages your firm's CRM system can also help keep allocations aligned with clients' objectives. The reporting tools described below will help you review allocations and identify out-of-balance accounts.

Compliance reporting. Commonwealth's reporting tools can assist you in identifying and mitigating risks related to shortfalls in your responsibility for active management. The following reporting features, available at My Practice > Reports > All Reports on COMMunity Link®, can help identify clients, households, or accounts that require attention:

- **Account Register.** Identify large cash concentrations and accounts for senior clients with aggressive objectives.
- **Trade Activity Summary.** Identify accounts with limited or no rebalancing/reallocation activity in the past 12 months.
- **Holdings.** Identify households and accounts holding heavily concentrated positions and evaluate unrealized gains and losses on current positions.
- **Asset Allocation/PPS Custom Equity Review.** Identify accounts whose allocations are currently not aligned with the client's investment objectives.

Two customized reports, both of which contain enhanced data analytics compared with the above report offerings, are available:

- **PPS Custom Activity**, which may be more beneficial than the Trade Activity Summary
- **Out of Balance**, which may be more beneficial than the Asset Allocation or PPS Custom Equity Review reports

These custom Compliance reports can be generated upon request. To obtain either of these reports (they are *not* available on COMMunity Link), email your request to *compliancereports@commonwealth.com* and include your branch ID. Please allow 24 to 48 hours for turnaround.

Essential Support When You Need It

To assist with your advisory accounts and their ongoing management requirements, Commonwealth's teams are ready to support you. Lean on Investment Management and Research and Investment Consulting Services for investment product and monitoring assistance, Practice Management for achieving business scale, and Compliance for guidance on mitigating risks.

Establishing and monitoring model portfolios is a tremendous undertaking, but one that can result in smoother operations for your firm on several fronts—including compliance.

For more information on Commonwealth's solutions, go to Products > Fee-Based Programs > Overview on COMMunity Link.

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Mapping Out a Pathway to Partnership for the Next Generation

Dina Sonenshein

Helping next-generation advisors rise from individual contributor to leader can be a powerful tool in your firm's long-term growth strategy.

For advisors who want to establish a sustainable enterprise that will outlast them, there's one thing often standing in the way: a clear pathway for the next generation of advisors to follow if they want to buy into ownership.

Being able to articulate how someone can rise through the ranks and eventually become a partner is a way to support your firm's long-term strategy. This approach shows a commitment to an incoming advisor's personal development—a powerful recruiting and retention tool as you grow your firm.

The Advisor Glide Path

Most firms typically have an idea of the path they expect next-generation (or G2) advisors to take. Moving from paraplanner to service advisor to lead advisor, G2 advisors are trained on the technical skills needed to become successful independent contributors. They use this time to learn how to manage themselves effectively while focusing on producing high-quality work and cultivating good habits, such as professionalism, relationship-building, and keeping up with industry knowledge. It's also a time to gain credentials and start building a network.

As they move along the advisor glide path, you'll want to offer opportunities for mentorship, give thoughtful feedback on their performance, and let them take on more responsibility as their levels of sophistication and competence increase. Commonwealth can also help with this foundational work, whether it's moving from being second to first chair through Commonwealth Advisor Live (a three-day workshop) or going more in-depth with our Associate/Lead Advisor Mentor Program. (For more information on our Practice Management programs, go to My Practice > Practice Management > Practice Management Programs on COMMunity Link®)

> With any leadership opportunity, the goal is for these advisors to be less focused on themselves and more focused on the firm as a whole.

The Partnership Pathway

Some G2 advisors have the capacity and drive to take an additional route: the one toward partnership. Whether you're thinking of selling a piece of your business to future successors or you have a formal equity structure in place, you'll need to help them develop a new set of skills beyond technical mastery of financial planning. These advisors will need to learn what it takes to become successful business owners.

Of course, this pathway isn't the right fit for everyone. For many, being a salaried advisor is a fulfilling, financially rewarding career goal in and of itself. Not every financial advisor wants—or has the capacity—to become a partner at the firm.

But for those who do pursue it? They need to know that partnership must be earned in its own right and can be built off of the following traits.

An entrepreneurial mindset. Thinking like a business owner is just one essential shift. It's the beginning of a new and exciting journey that involves driving action to proactively guide the firm forward. The entrepreneurial mindset also requires a comfort level with a certain level of risk, as new partners are personally invested in the continued success of the firm.

Versatility as a leader. As soon as you make someone a partner, they should be viewed as a leader by the rest of the team. But what does this mean, exactly? They need to embody the culture of the firm and orient themselves toward the success of the *entire* team. Since partners frequently take on C-suite positions in their firms, they need the ability to think strategically and to take on those leadership roles while managing their client relationships.

Figure 1. A Sample Partnership Matrix

Qualification	Associate Partner	Partner	Senior Partner
Revenue Under Management	$700K	$1M	$1.5M+
Business Development	Proven business development skills	Active contributor to growth of the firm's top-line revenue	Critical growth engine for the firm
Initial Contribution	Client base and/or capital investment	Client base and/or capital investment	Client base and/or capital investment
Leadership Contribution	Ability to influence, motivate, and mentor individuals and teams	Ability to take on C-suite role (CEO, CFO, etc.) and thought leadership role at firm	Strategic, visionary leader for the firm and ensures accountability for execution
Cultural and Team Development	Embody firm's culture and actively support the personal and professional development of everyone at the firm	Proactively cultivate culture and actively mentor advisors and staff	Set the tone for the overall firm and guide partners on their path toward senior partner
Community/Market Presence	Ability to represent firm externally in a beneficial manner	Proactive involvement with community and marketplace to build visibility and credibility	High visibility and credibility through media, marketing, and community involvement
Decision-Making	Involved in partner meetings to provide input and influence	Responsible for day-to-day management/decision-making	Macro-level strategic decision-making
Experience in Advisor Role	8 years	12 years	15–20+ years
Firm Tenure	5 years	7 years	10 years
Credentials	CFP®, AIF® or equivalent	CFP®, AIF®, CPWA® or equivalent	CFP®, AIF®, CPWA® or equivalent

A driver of growth. No matter the size, a firm needs to grow to remain economically viable. This becomes even more essential in an equity structure, where diluting ownership while bringing on new partners only makes sense if those new partners are able to "grow the pie" for everyone. Thus, new partners must have strong business development skills.

Preparing for Partnership

When you have identified someone with the potential and desire for partnership, it's time to decide what you want out of a future partner and how you will coach them. Here are some of the steps involved.

Step 1: Map out what you want to see in a future partner. This will help you articulate a consistent, clear set of expectations. Step back and take time to think through these attributes and qualifications so that you not only encourage the right people to join your leadership team, but also come up with a road map to help them understand how to get there. In Practice Management, we help advisors come up with a Partnership Matrix, which outlines the different qualitative and quantitative elements that someone must bring to the table to be considered. (See Figure 1 for an example of how a firm could lay out the requirements for its three tiers of partnership.)

Step 2: Find leadership opportunities. Perhaps the G2 advisor can take the lead on a project or initiative, update a process, or oversee a small team. With any leadership opportunity, the goal is for these advisors to be less focused on themselves and more focused on the firm as a whole. It gives them a chance to practice (and maybe even to fail), and it eases other team members into seeing the advisors in this new light.

Step 3: Develop their management skills. Depending on the size of the firm, advisors on a partnership track may need to learn how to manage others. This can be a challenging pivot because the technical skills that made them good at their core job do not necessarily carry over to success as a manager. But in order to become leaders, G2 advisors must learn how to effectively delegate work, coach, provide feedback, and hold people accountable.

Step 4: Elevate their status. Eventually, potential partners need to increase their visibility both within the firm as well as the general community. Sometimes it's difficult for senior advisors to step back and make space, but a key step is to give your G2 advisors increased visibility among your clients. Whether it's co-hosting a client event and delivering the opening remarks or writing an article in a newsletter, they need to become an ambassador for the firm.

This visibility should also extend to the larger community in order to help them cultivate their own networks. G2 advisors and partners should be encouraged to join boards and be active in local professional and business groups to help represent the firm.

Step 5: Consider compensation. One last piece to consider in this process is *how* your G2 advisors will be able to buy into partnership. While some will have their own book of business that can be contributed toward the purchase, many will not, or it won't be sufficient to cover the full cost. Ideally, firms create a compensation structure that mirrors the advisor glide path, so that increased responsibility and results track with increased reward. When designing compensation packages, several levers can be pulled, such as fixed salaries, variable compensation based on revenue under management, and bonuses for business development, to ensure that incentives align with firm values.

Often, the biggest mechanism that enables G2 advisors to buy into a firm is profit distribution. When our Practice Management team works with offices on these transactions, we always pay close attention to the salaries and the amount of operating profit available to owners. While it may be necessary for a G2 advisor to obtain financing (whether from Commonwealth or an outside lender) or to break up the transaction into multiple smaller tranches, if appropriate target profit margins are set, then the new partner will have adequate cash flow to fund the purchase. After spending so much time developing your next-generation advisors, the buy-in should be designed in such a way that it's economically feasible.

Taking the First Step

Mapping out a pathway to partnership takes time, so whether you'd like to make someone a partner in the next few months or in the next few years, it's always a good idea to reach out to Commonwealth's Practice Management team and start the conversation. Together, we can create a road map for next-gen advisors to move from employee to owner, ensuring a sustainable future for your firm.

Dina Sonenshein is a practice management consultant. She is available at x9437 or at dsonenshein@commonwealth.com.

To Be Continued: Ensuring Your Business Goes On Without You

Derenig Kostikian and Daniel Monopoli

Transitioning your business to a successor is a pivotal point in your life and career—everything you've built will translate into the legacy you leave behind. And, for most advisors, maximizing the value of your practice and ensuring that your clients are in good hands are the main priorities. But what if the unexpected happens? The same kind of guidance you give your clients applies to you: sustaining everything you've worked to achieve means having a plan in place before you actually need it.

Understandably, the prospect of creating a continuity plan may seem daunting. To help you get started, we'll answer some common questions below to help guide you through this process.

Who Makes a Good Continuity Partner?

Generally speaking, the ideal continuity partner is another advisor who can immediately step in and work seamlessly with your clients, has the capacity to absorb your business, and can deliver the same standard of client service.

An advisor who practices under the same roof may seem like the natural choice—but are they the best choice? If you're considering a lead advisor, ask yourself how well they fit the ideal criteria above. If you're contemplating a promising next-generation advisor, determine how you can help prepare them for a leadership role.

If you decide to look for a partner outside of your firm, the Commonwealth Classifieds and Commonwealth Connect (both available under the Community tab on COMMunity Link®) are good ways to connect with other Commonwealth advisors who are either interested in becoming or searching for a continuity partner.

What Happens If I Don't Have a Continuity Plan in Place?

When you don't have a plan in place, several issues could potentially affect the sustainability of your practice if something unforeseen happens to you.

First, business continuity decisions will be handled by your estate. Commonwealth can help source prospective buyers and offer extensive support throughout the process, but your estate or family will, ultimately, need to settle on the buyer and negotiate how the deal terms are structured. This can be incredibly challenging for a grieving family member who may be unfamiliar with the industry, Commonwealth, or the nuances of selling a business.

Additionally, client experience and retention may suffer. Ideally, a succession process might include warm client introductions and relationship hand-offs; these are steps that can promote confidence and help ensure that clients want to continue the relationship with your successor. If clients are left in limbo, however, they may decide to explore other options.

Your revenue could be affected, too. While Commonwealth helps source a buyer, advisory revenue ceases immediately from the date of death. Commission business can continue to be paid, as it is currently set up, for 30 days. If there is no buyer at that point, all payments would cease. Plus, with no plan or accompanying documentation (e.g., the Continuing Commissions Agreement, which allows Commonwealth to pay your beneficiaries through a revenue share earnout), fixed payments with an optional annual retention adjustment may be the only option. This shifts more risk to the buyers, which could further devalue your practice.

How Are the Payment Terms of the Buy-Sell Commonly Structured?

Payment terms in the buy-sell agreement can be flexible. They typically include a lump sum, a promissory note, an earnout, or a combination of the three. The payment of the lump sum and the promissory note are anchored to a formal valuation of your practice, which can be challenging for continuity since the timing of death and disability is unknown and unpredictable. A valuation today is likely not an accurate representation of your practice 3, 5, or 10 years from now, and doing a valuation annually or creating a formula-based valuation can be cumbersome.

Therefore, it's common for payment terms in the buy-sell to be structured as a simple earnout, which takes the formal valuation out of the equation. The parties agree that a percentage of revenue from the transferred book of business will be paid to the transferring advisor, their estate, or their beneficiaries for a set time of no more than 60 months.

How Do I Formalize My Continuity Arrangements?

Start by completing Commonwealth's Continuity Instructions, available on COMMunity Link at My Practice > Practice Management > Business Transitions > Step 2: Execute the Continuity Instructions. Though this is not a legally binding document, informing Commonwealth of your intended successor ensures service to your clients in the event of your death or permanent disability.

You'll need a buy-sell agreement to formally transfer legal ownership of your business to your continuity partner and outline the payment terms that you or your beneficiary will receive for your business. Because the buy-sell agreement is a legally binding document, it will be wise to consult with your attorney on this matter. Commonwealth's sample buy-sell for death or disability is available at My Practice > Practice Management > Business Transitions > Step 5: Complete the Buy-Sell Agreement.

What If I Become Disabled?

It's a good idea to build disability provisions, with defined thresholds of temporary versus long term, into your continuity agreements. This may include temporary compensation arrangements with another advisor that transform to full purchase calculations in the event that your situation persists or worsens. Additionally, an advisor absence agreement can be included for absences of less than four weeks, though engaging an advisor for their participation may be complicated if your health is compromised.

Sharing Your Plan

Once you have a continuity plan in place, be sure to communicate it to your staff, clients, and, of course, your family. For your staff, knowing that there's a defined plan of action will help them feel prepared and reduce the stress of having to improvise. Additionally, you can work with them to iron out procedures for notifying the home office, clients, and your continuity partner, should the time come.

Ideally, a succession process might include warm client introductions and relationship hand-offs; these are steps that can promote confidence and help ensure that clients want to continue the relationship with your successor.

The same is true with clients. While discussing your demise may seem counterintuitive for instilling confidence, assuring them that they'll be taken care of can further demonstrate your skill for holistic planning. You may even consider inviting your continuity partner to client events in order to make introductions.

Having this conversation with your family likely will be the most emotional aspect of this process. But knowing they'll have a road map and the space to grieve without worrying about your business in a time of crisis will, ultimately, be an invaluable gift.

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Pro Tips for Taking a Sustainable Approach to Paperwork

Soumiya Arun and Ben Otte

As a staff member in a financial services firm, chances are, you're no stranger to paperwork. But what if we told you we offer digital tools that can minimize paper and provide clients with an efficient way of viewing and completing documents? It's true! Read on to learn how you can take a more sustainable approach to paperwork.

Investor360°®

Paperless preferences. The Investor360° platform (learn more at Client Service > Client Access > Investor360° on COMMunity Link®) allows clients to securely view an array of important documents. It also gives clients the option of setting up paperless preferences for many of them, including confirms, correspondence, shareholder reports, statements, and tax documents. Simply direct them to the Settings tab, letting them know that signing up to go paperless will reduce the amount of paper they receive while still allowing them to view their accounts and correspondence. Going paperless will also eliminate wait times and the chance of documents getting lost in the mail. Plus, during tax season, tax documents are made available online before any hard copies are mailed.

One important note to keep in mind is that certain authorized signers might not initially have access to sign up for paperless preferences in Investor360° (e.g., powers of attorney and officers on entity accounts). Not to worry! Simply give the Service Center a call, and we can have this set up on the back end for you.

Reports. User reports are another useful feature of the Investor360° platform. Here are two that may be worth adding to your repertoire:

1. **Paperless Delivery report.** This report shows who has already signed up for paperless preferences and in which categories.
2. **Investor360° Logins report.** This option allows you to see all existing login IDs, as well as which clients are using Investor360°.

Pro tip! One clear benefit of going paperless for clients is that the confirm fee (i.e., the $4 service charge) will be waived if a client enrolls in paperless for all documents except tax forms.

DocuSign

Digital signatures. As of March 1, 2022, we have saved 1.3 million pounds of wood, 4.0 million gallons of water, 3.2 million pounds of carbon, and 218,465 pounds of waste with our paperless initiatives. So if your office would like to contribute to these environmental savings, using DocuSign (learn more at Client Service > Operations > DocuSign) is pretty much a no-brainer. Here, you can create envelopes and pull in account-opening paperwork and money movement requests, all while getting a digital signature from the client. Plus, DocuSign saves clients time—they can access and sign documents anywhere, without having to go into an office or mail back hard copies.

Templates. Creating and using templates within DocuSign can further reduce paper waste. Templates allow you to create a standard document with any supported file type, using set recipients, recipient roles, and signing fields. Do you send out the same packet of paperwork and disclosures to every new client at account opening? Or, maybe you have one client who processes the same wire every month, but only the amount differs? Templating these requests might be the ideal solution. You could even make certain fields of a form required to ensure that clients don't miss inputting vital information.

Pro tip! Not only can you use DocuSign to send documents, but you can also tag the document as an attachment. That way, clients can sign a Transfer of Assets Form, for example, and attach a statement to send back to you all at once.

You can also set automatic reminders for your clients to go out every few days, letting them know they have outstanding paperwork. To do so, simply choose Advanced Options when you begin a new envelope.

Firelight

The Firelight application (available in the Client Account Wizard when setting up a new account profile or at Client Service > Open an Account > Saved/Finished Forms) allows you to complete e-applications for variable, fixed-indexed, and structured annuities. Regardless of product complexity, annuity carriers maintain their forms within the Firelight system, so you know you have the most up-to-date versions of sponsor applications. Plus, Firelight will customize selection choices based on what's available at the carrier—thus helping ensure good order processing. This digital solution allows you to complete applications, electronically sign, and submit for principal approval.

Pro tip! If you launch Firelight through the Client Account Wizard, the client data you enter will populate for you within Firelight. Otherwise, when launching Firelight through the Manage Annuities in Firelight link, you will need to manually enter the client data to establish a new record.

Also, you don't want to miss our Firelight Overview page and FAQs for additional training and answers to common questions (available under Important Links at Products > Investment Products > Annuities).

FundCompli

If you visit Client Service > Trading > Overview, you'll notice the FundCompli Launch button. FundCompli allows you to search for and send financial documents (e.g., prospectuses) to clients with ease. You can also favorite fund families for easier access in the future.

Pro tip! You don't want to miss FundCompli's Unviewed Prospectus Alert tab. It shows emails that have been sent to clients with links that have not yet been accessed. There, you'll have the option to resend the email or simply remove it.

Be a Paperless Pro

The solutions discussed here will save time and ensure that paperwork and disclosures are completed correctly the first time around. Want more tips on becoming a paperless pro? Give the Service Center a call at x9992 to learn more.

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Commonwealth's Environmental Savings

1.3 million pounds of wood
(3,294 trees)

4.0 million gallons of water
(2,332 washing machines)

3.2 million pounds of carbon
(234 cars)

218,465 pounds of waste
(2,973 trash cans)

Source: DocuSign. Graph reflects activity from 10/1/2020 through 2/15/2022. Some environmental impact estimates were made using the Environmental Paper Network Paper Calculator Version 4.0. You can find more information at *www.papercalculator.org*. Paper usage habits and manufacturing processes can change over time, and DocuSign reserves the right to periodically update the assumptions used to estimate the environmental impacts from using DocuSign's products, which may increase or decrease the environmental impact estimates presented. Other data used in determining environmental impact estimates and equivalencies are as follows:

- Annual CO_2 emissions of a refrigerator (A++ rated): *Carbonfootprint.com*
- Gallons of water in a bathtub: *EPA Watersense Newsletter*
- The weight of solid waste in a 20-gallon garbage bin: *City of Portland Planning and Sustainability*

Eyeing Sustainability? Check Out the View Through a DEI Lens

Scarlett Abraham Clarke

Implementing sustainable business practices isn't a onetime investment—it's a process that requires ongoing commitment, attention, and improvement. And if you're a sustainably minded firm, the natural inclination may be to focus your investments exclusively on your external environmental, social, and governance (ESG) practices. While that's certainly a critical part of it, the investments you make within your business—your community and culture—may be the missing link when it comes to building a sustainable business.

Companies that focus on diversity, equity, and inclusion (DEI) are more sustainable than those that don't, according to a 2020 Oracle report. It makes sense. When you bring people with eclectic backgrounds, perspectives, and experiences together, you're likely increasing the potential for diverse thinking and out-of-the-box solutions.

If business sustainability and corporate responsibility are top of mind for you in 2022, consider taking a step back to look at DEI practices in your firm.

What's DEI Got to Do with It?

I'm often asked, "Can you have the D, the E, or the I without the others?" In short, no. Even if you hire for diversity on your team, you can't truly break down barriers and create a sense of belonging unless you also foster equity and inclusion. Similarly, if you're on a path to develop a sustainable practice, there's a greater likelihood for success if your strategy integrates a mindful eye on DEI—especially if your approach balances all three tenets of DEI. Recruiting, retaining, and engaging a diverse workforce can be crucial to helping you achieve your sustainability goals in a meaningful way.

To better understand the connection, consider this: The idea of sustainability comes down to doing what's best for those around us to help create a community of good—both for today and for future generations. Increasingly, members of the workforce are looking for a commitment to these human-centric ideals in their employers.

It only makes sense that you approach sustainability through a lens that incorporates the perspectives of people's lived experiences, values, and struggles. This applies both to building the sustainability of your practice, as well as to your corporate responsibility efforts.

Sustainability for All

I recently attended a conference where one of the speakers shared some interesting food for thought. In an effort to increase accessibility and tap into different customer personas, a farmer's market in an affluent neighborhood started accepting SNAP benefits as payment. It sounded like a great idea, in theory, but the move didn't make much of an impact. Why? In reality, there just weren't many families who were eligible for or using SNAP benefits in the nearby areas. This begs the question: As they vetted their strategy, *who* was at the table designing the program and able to speak to the lived experiences of those they were looking to support? Representation matters.

So how do you marry your sustainable development strategy and your DEI efforts? Here are a few ideas to keep in mind.

Economic. When you consider sustainable investing practices, shouldn't those also apply to the investments you make in your human capital? This could mean prioritizing influence over skills in the hiring process. But what does this mean, exactly? The people you hire—no matter their role in your firm—are responsible for supporting and advancing your company's brand, values, and business goals, so you want to select candidates who embody and embrace those values.

Environmental. The internal environment you create in your workplace can become a natural springboard for your larger environmental sustainability efforts. Fostering a workplace culture where everyone is treated equitably and has access to the same opportunities can help set an example both within your organization and in the communities around you.

Ethical. Here's where the social and equity concepts are most prominent. Research shows that a diverse, equitable, and inclusive workplace can improve the ethical and social impact of a company. Who is at the table influencing decisions? Intentional representation helps ensure that different views are being heard and different communities

represented. According to a 2020 McKinsey report, diverse teams continue to overperform and are poised to make bold, innovative decisions.

Commonwealth Takes Action

In our role as responsible corporate citizens, we're proactively working to achieve more equitable and inclusive outcomes for all members of our Commonwealth community, as well as have a ripple effect on the communities where we live, work, and visit.

Here are a few recent initiatives underway to help drive greater inclusion and shape our sustainability efforts:

- **DEI online hub.** We've created a centralized resource where staff can learn more about DEI issues and initiatives, as well as share their thoughts, stories, and experiences.
- **DEI Speaker Series.** We invite guest speakers every quarter to share stories and perspectives that can help inspire, educate, and ignite actions toward inclusive workplaces and communities.

Takeaways from Our First DEI Staff Survey

To help establish a baseline for shaping our DEI strategy, we sought anonymous, candid feedback from employees.

88% feel a sense of belonging at Commonwealth

84% feel that their manager creates a work environment where differences are embraced and celebrated

92% feel included on their team

- **Employee Resource Groups (ERGs).** We've launched ERGs to provide our women, Black, Asian American and Pacific Islander, Latinx, and LGBTQIA+ staff the opportunity to both represent themselves and feel represented. Our ERGs provide a forum for colleagues with commonalities to meet, support one another, and work toward specific outcomes that help improve overall inclusion, business goals, and job satisfaction.

Where Do I Start?

Recognizing that sustainability and DEI are intertwined is integral to the success of your business sustainability and corporate responsibility strategies. Remember, it's an evolving process, and even small, purposeful steps can make a difference. Try focusing on these areas to start:

- **Inclusive hiring.** Does the diversity of your team reflect that of your community and those you serve? The more diverse your talent pool is, the greater your collective decision-making process, productivity, and overall outcome as a firm and a community can be.
- **Talent enablement.** Are you aligning talent with future business priorities? Try instituting regular internal talent reviews to identify a diverse pool of top performers to mentor for leadership roles. Having a diverse leadership team can help set the tone inside of your organization, as well as broaden perspectives and bridge gaps as you make decisions about your CSR investments.
- **Education and belonging.** Start developing a DEI education curriculum and resources, such as Commonwealth's ERGs, to create opportunities to further educate and increase cultural awareness. You may also want to consider surveying your staff and clients to assess their sense of belonging. This can help you identify areas of opportunity as well as inform your recruiting and retention efforts.

By taking intentional action to create an environment that welcomes unique perspectives, promotes meaningful dialogue, and fosters lasting relationships, you can establish a strong foundation for building a sustainable practice and acting as responsible corporate citizens.

Scarlett Abraham Clarke is vice president, chief diversity and inclusion officer. She is available at x4221 or at sclarke@commonwealth.com.

Commonwealth Cares:

Thank You for Helping Commonwealth Cares Make a Difference

Joni Youngwirth

The Commonwealth Cares Fund (CCF) is a 501(c)(3) charity that was created more than a decade ago to maximize the impact of our many and varied efforts to give back to the communities where we work, live, and visit. We provide contributions of time, talent, and, of course, financial support to a wide range of philanthropic efforts aimed at relieving human suffering, promoting social and economic growth, and sustaining and protecting our planet's resources. Since its inception, CCF has issued more than 4,000 grants totaling more than $3 million.

Throughout the past two years, our fundraising efforts largely supported Covid-related relief efforts, with donations going to worthy organizations providing food and shelter to disadvantaged individuals and families, including the Boston and San Diego food banks and REACH Beyond Domestic Violence. Now, as we continue to emerge from this challenging period, we will refocus our efforts in 2022 on supporting children in need. Some of our target organizations include Make-A-Wish, the Home for Little Wanderers, Feeding America's Children, and Read to a Child.

Commonwealth Cares is funded primarily through generous contributions from Commonwealth, but thanks to support from many of our advisors, Commonwealth Cares is a public rather than a private organization with a Charity Navigator rating of 99 out of 100.

How Can You Get Involved?

In 2021, more than 40 Commonwealth advisors and firms (see sidebar) generously donated directly to Commonwealth Cares.

You can contribute to Commonwealth Cares in whatever way makes sense for you, including authorizing a onetime or recurring deduction from your revenue pay cycle. All operating and administrative expenses for Commonwealth Cares are borneby Commonwealth, which means 100 percent of every dollar contributed goes directly to the causes we support.

For more information, please visit Community > Giving Back > Commonwealth Cares on COMMunity Link® or email *ContributetoCommonwealthCares@commonwealth.com*.

Joni Youngwirth is the executive director of Commonwealth Cares. She is available at x9124 or at jyoungwirth@commonwealth.com.

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Leslie Wiberg

Names in the News

Sarah Baun

Congratulations to the following advisors who were named to Forbes Top Women Wealth Advisors Best-in-State list in February 2022:

- **Carrie Coghill**, AIF®, CFP®, Coghill Investment Strategies, LLC, Pittsburgh, Pennsylvania
- **Kim Dignum**, CFP®, ChFC®, Dignum Financial Partners, Fort Worth, Texas
- **Stacey Hyde**, AIF®, CFP®, Envision Financial Planning, Memphis, Tennessee
- **Virgil Kahl**, CFP®, Spring Ridge Financial Group, LLC, Wyomissing, Pennsylvania
- **Sarah Kaplan**, AIF®, CFP®, Kaplan Financial Group, Rockville, Maryland
- **Nichole Raftopoulos**, AIF®, CFP®, Nvest Financial Group, LLC, Portsmouth, New Hampshire
- **Judy Redpath**, AIF®, CFP®, VISTA Wealth Strategies LLC, Reston, Virginia
- **Andrea Stackland-Winterer**, CFP®, e3 Financial Planning, Needham, Massachusetts
- **Elizabeth Thorley**, AIF®, CFP®, CLU®, Thorley Wealth Management, Pittsford, New York

The Forbes ranking of America's Top Women Wealth Advisors Best-In-State, developed by SHOOK Research, is based on an algorithm of qualitative and quantitative data, including a minimum of seven years' experience and the weighing of factors, including revenue trends, AUM, compliance records, industry experience, and best practices (gathered through telephone and in-person due diligence interviews). SHOOK Research also employs an opinion-based weighting system that prioritizes its preferred "best practices," which include business models, activities, processes, and structure. This recognition and the due-diligence process conducted are not indicative of the advisor's future performance.

Congratulations to the following advisors who were named to a Five Star Wealth Manager list in their region in January 2022:

- **Donna Sowa Allard**, AIF®, CFP®, Sowa Financial Group, Lincoln, Rhode Island (*Rhode Island Monthly*)
- **Kirsten Bagaglia**, BankRI Investment Services, North Kingstown, Rhode Island (*Rhode Island Monthly*)
- **Vance Barse**, Your Dedicated Fiduciary, Prosper, Texas (*San Diego Magazine*)
- **Nathan Beauvais**, CFP®, Sowa Financial Group, Lincoln, Rhode Island (*Rhode Island Monthly*)
- **Shelley Boyce**, AIF®, CFP®, Financial Planning Solutions, Inc., Carlsbad, California (*San Diego Magazine*)
- **Ka'Neda Bullock**, AIF®, CFP®, Master Plan Investment Group, Pennington, New Jersey (*New Jersey Monthly*)
- **Mary Jane Callaghan**, Evergreen Financial Associates, Ramsey, New Jersey (*New Jersey Monthly*)
- **Chris Collins**, AIF®, CFP®, Warren Wealth Associates, Warren, New Jersey (*New Jersey Monthly*)
- **Colleen Farley**, CFP®, Loring Advisory Group, Greenville, Rhode Island (*Rhode Island Monthly*)
- **Bob Fiocco**, CFP®, Somerset Hills Wealth Management, Basking Ridge, New Jersey (*New Jersey Monthly*)
- **John Fitzgerald**, Fitzgerald Financial Group, Vineland, New Jersey (*New Jersey Monthly*)
- **Mike Fox**, AIF®, ChFC®, CPFA®, CLU®, Commonwealth Financial Network, Providence, Rhode Island (*Rhode Island Monthly*)
- **Kim George**, CFP®, Decisive Wealth Management, Warwick, Rhode Island (*Rhode Island Monthly*)
- **Todd George**, Decisive Wealth Management, Warwick, Rhode Island (*Rhode Island Monthly*)
- **John Gunning**, AIF®, Wells Financial Partners, LLC, Needham, Massachusetts (*Rhode Island Monthly*)
- **Neil Henning**, Fortress Financial, Nutley, New Jersey (*New Jersey Monthly*)
- **Tina Huston**, CFP®, JM Financial Strategies, San Diego, California (*San Diego Magazine*)
- **Megan Johnson**, CFP®, Monarch Retirement Group, San Diego, California (*San Diego Magazine*)
- **Michael Krisko**, CFP®, Lignum Wealth Management, Wakefield, Massachusetts (*Rhode Island Monthly*)
- **Jeff Loring**, CRPS®, CFP®, Loring Advisory Group, Greenville, Rhode Island (*Rhode Island Monthly*)
- **Nick Loring**, CIMA®, CRPS®, CFP®, Loring Advisory Group, Greenville, Rhode Island (*Rhode Island Monthly*)
- **Andy Lucking**, CFP®, NorthStar Financial Partners, Mendota Heights, Minnesota (*Twin Cities Business*)
- **Sean Monahan**, AIF®, CFP®, Financial Alternatives, Toms River, New Jersey (*New Jersey Monthly*)
- **Gabor Nagy**, ChFC®, CFP®, CLU®, Mendham Wealth Partners, LLC, Mendham, New Jersey (*New Jersey Monthly*)
- **Mike Ovshak**, CFP®, FPS Financial, Inc., New Brighton, Minnesota (*Twin Cities Business*)
- **David Santoro**, CFP®, Santoro Financial Planning Group, Plainville, Massachusetts (*Rhode Island Monthly*)
- **Shain Steffens**, AIF®, Steffens & Steffens, Byram Township, New Jersey (*New Jersey Monthly*)
- **Shawn Steffens**, AIF®, Steffens & Steffens, Byram Township, New Jersey (*New Jersey Monthly*)
- **Jon Sweet**, CFP®, Oak Leaf Wealth Management, North Smithfield, Rhode Island (*Rhode Island Monthly*)
- **Alan Testa**, BankRI Investment Services, North Kingstown, Rhode Island (*Rhode Island Monthly*)
- **Jeff Tiber**, New Century Financial Group, New Brighton, Minnesota (*Twin Cities Business*)
- **Melissa Trapp**, AIF®, BankRI Investment Services, North Kingstown, Rhode Island (*Rhode Island Monthly*)
- **Kevin Vieira**, BankRI Investment Services, North Kingstown, Rhode Island (*Rhode Island Monthly*)
- **Tom Weber**, CFP®, APT Asset Management, Rutherford, New Jersey (*New Jersey Monthly*)
- **Todd Wokoske**, Decisive Wealth Management, Warwick, Rhode Island (*Rhode Island Monthly*)

Congratulations to the following advisors who were named to a Five Star Wealth Manager list in their region in February 2022:

- **John Bacci**, AIF®, ChFC®, CFP®, CLU®, Foundation Financial Advisors, Inc., Linthicum Heights, Maryland (*Baltimore Magazine*)
- **Austin Collins**, Integrated Wealth Advisors, Bellevue, Washington (*Seattle Magazine*)
- **Dave Flanders**, CFP®, PFS®, The Flanders Group, Bel Air, Maryland (*Baltimore Magazine*)
- **Bruce Glenn**, Infinitas, Overland Park, Kansas (*Kansas City Magazine*)
- **Ed Grogan**, AIF®, ChFC®, CFP®, CLU®, Summit Wealth Management, Gig Harbor, Washington (*Seattle Magazine*)
- **Scott Herz**, Infinitas, Overland Park, Kansas (*Kansas City Magazine*)
- **Nick Ibello**, CFP®, AIF®, Williams Asset Management, Columbia, Maryland (*Baltimore Magazine*)
- **Chris Jones**, Cypress Wealth Management, Columbia, Maryland (*Baltimore Magazine*)
- **Terri Mansell**, Olympic NW Advisors, Silverdale, Washington (*Seattle Magazine*)
- **John Olson**, CFP®, 2250 Financial Services Inc., Millersville, Maryland (*Baltimore Magazine*)
- **David Pacer**, CFP®, CRPS®, Infinitas, Overland Park, Kansas (*Kansas City Magazine*)
- **Jerry Perfect**, AIF®, Infinitas, Overland Park, Kansas (*Kansas City Magazine*)
- **Gerard Suarez**, AIF®, AMS Financial Group, Mountlake Terrace, Washington (*Seattle Magazine*)
- **Gary Williams**, CFP®, AIF®, Williams Asset Management, Columbia, Maryland (*Baltimore Magazine*)
- **Joleen Yelton**, Sparks Financial Services, Lynnwood, Washington (*Seattle Magazine*)

Congratulations to the following advisors who were named to a Five Star Wealth Manager list in their region in March 2022:

- **Larry Albert**, AIF®, CFP®, Capital Management Partners, Lynnfield, Massachusetts (*Boston Magazine*)
- **Rich Allred**, AIF®, CFP®, CFA®, Core Wealth Advisory, Waltham, Massachusetts (*Boston Magazine*)
- **Tom Bartholomew**, AIF®, Bartholomew & Company, Worcester, Massachusetts (*Boston Magazine*)
- **Steve Blanchette**, CFP®, AIF®, The Blanchette Financial Group, Newburyport, Massachusetts (*Boston Magazine*)
- **Charles Brown**, CLU®, ChFC®, Capitol Financial Advisors, Wellesley, Massachusetts (*Boston Magazine*)
- **Cliff Caplan**, AIF®, CFP®, Neponset Valley Financial Partners, Canton, Massachusetts (*Boston Magazine*)
- **Peter Caplan**, CFP®, Caplan Asset Management, Foxboro, Massachusetts (*Boston Magazine*)
- **Lisa Cremonini**, AIF®, CFP®, Capitol Financial Advisors, Wellesley, Massachusetts (*Boston Magazine*)
- **Leslie Roper Day**, CFP®, AIF®, Leslie Roper Day & Associates, Folsom, California (*Sacramento Magazine*)
- **Charlene Dolan**, CFP®, AIF®, Linden Financial Group, Amesbury, Massachusetts (*Boston Magazine*)
- **Todd Ehrenberg**, Port Wealth Management, Newburyport, Massachusetts (*Boston Magazine*)
- **Gregory Farland**, AIF®, CFP®, Alliance Private Wealth, North Reading, Massachusetts (*Boston Magazine*)
- **Sean Flynn**, AIF®, Commonwealth Financial Network, Danvers, Massachusetts (*Boston Magazine*)
- **John Foley**, CFP®, ChFC®, e3 Financial Planning, Needham, Massachusetts (*Boston Magazine*)
- **Chris Fraga**, CFP®, Fraga Wealth Management Group, Naples, Florida (*Boston Magazine and Gulfshore Life*)
- **Steve Geremia**, AIF®, Ashwood Advisors, LLC, Medfield, Massachusetts (*Boston Magazine*)
- **Heather Girolamo**, Ryan Wealth Advisors, Worcester, Massachusetts (*Boston Magazine*)
- **John Gunning**, Wells Financial Partners, LLC, Needham, Massachusetts (*Boston Magazine*)
- **Rich Hagopian**, Itera Wealth Management, Waltham, Massachusetts (*Boston Magazine*)
- **Richard Hertzberg**, CFP®, Ames Financial Services, Wrentham, Massachusetts (*Boston Magazine*)
- **Danielle Holmes**, AIF®, Linden Financial Group, Amesbury, Massachusetts (*Boston Magazine*)
- **Jonathan Holt**, CFP®, Your Path Financial Solutions, Waltham, Massachusetts (*Boston Magazine*)
- **Jane Hood**, CFP®, Commonwealth Financial Network, Salem, Massachusetts (*Boston Magazine*)
- **Dory Huard**, AIF®, Bartholomew & Company, Worcester, Massachusetts (*Boston Magazine*)
- **Sara Kappos**, CFP®, Blue Hills Wealth Management, Quincy, Massachusetts (*Boston Magazine*)
- **Andrew Karelis**, AIF®, Core Wealth Advisory, Waltham, Massachusetts (*Boston Magazine*)
- **Tim Kelley**, CFP®, The Murphy Financial Group, Braintree, Massachusetts (*Boston Magazine*)
- **Mike Klonsky**, AIF®, CFP®, New England Wealth Management, Danvers, Massachusetts (*Boston Magazine*)
- **Michael Krisko**, CFP®, Lignum Wealth Management, Wakefield, Massachusetts (*Boston Magazine*)
- **Jen LaFrance**, e3 Financial Planning, Needham, Massachusetts (*Boston Magazine*)
- **Ryan Marini**, AIF®, BostonPremier Wealth, LLC, Hanover, Massachusetts (*Boston Magazine*)
- **DeAnne Mathis**, AIF®, CFP®, Emerald Wealth Management Solutions, LLC, Cape Coral, Florida (*Gulfshore Life*)
- **Doug Mavilia**, CFP®, Grandview Partners, Westwood, Massachusetts (*Boston Magazine*)
- **Tara McDermott**, Ryan Wealth Advisors, Andover, Massachusetts (*Boston Magazine*)
- **Christopher McIntyre**, Green Harbor Financial, Waltham, Massachusetts (*Boston Magazine*)
- **Cynthia Meyers**, CFP®, Confluence Financial Planning, LLC, Sacramento, California (*Sacramento Magazine*)
- **Charlie Murphy**, III, CLU®, The Murphy Financial Group, Braintree, Massachusetts (*Boston Magazine*)
- **Jason Navarro**, AIF®, ChFC®, CRPS®, New England Wealth Management, Danvers, Massachusetts (*Boston Magazine*)
- **Nathan O'Loughlin**, Lignum Wealth Management, Wakefield, Massachusetts (*Boston Magazine*)
- **Ashley Ott**, AIF®, CFP®, Vantage Point Financial, LLC, Boston, Massachusetts (*Boston Magazine*)
- **Joshua Paul**, AIF®, CFP®, Bartholomew & Company, Worcester, Massachusetts (*Boston Magazine*)
- **Mark Paylor**, M. J. Paylor & Associates, Inc., Braintree, Massachusetts (*Boston Magazine*)
- **Rick Perry**, AIF®, Commonwealth Financial Network, Danvers, Massachusetts (*Boston Magazine*)
- **Matthew Piaker**, AIF®, Capitol Financial Advisors, Beverly, Massachusetts (*Boston Magazine*)
- **Dan Romaine**, AIF®, ChFC®, CFP®, CLU®, Blue Hills Wealth Management, Quincy, Massachusetts (*Boston Magazine*)
- **Brett Saide**, CFP®, Wells Financial Partners, Needham, Massachusetts (*Boston Magazine*)
- **Dan Santanello**, CPFA®, AAMS®, Capital Management Partners, Lynnfield, Massachusetts (*Boston Magazine*)
- **David Santoro**, CFP®, Santoro Financial Planning Group, Plainville, Massachusetts (*Boston Magazine*)
- **Scott Schutte**, AIF®, Lightship Wealth Strategies, Newton Lower Falls, Massachusetts (*Boston Magazine*)
- **Joe Shadduck**, AIF®, ChFC®, CLU®, Shadduck Financial, Braintree, Massachusetts (*Boston Magazine*)
- **Louise Sharp**, AIF®, PlanWise Financial Group, Danvers, Massachusetts (*Boston Magazine*)
- **Peter Smith**, AIF®, CFP®, Grandview Partners, Westwood, Massachusetts (*Boston Magazine*)

- **Andrea Stackland-Winterer**, CFP® e3 Financial Planning, Needham, Massachusetts (*Boston Magazine*)
- **Sheila Stehlin**, CFP® Port Wealth Management, Newburyport, Massachusetts (*Boston Magazine*)
- **Drew Stratton**, CFP® Larson, Potter, Stratton & Cote Financial, Worcester, Massachusetts (*Boston Magazine*)
- **Wayne Sullivan**, AIF® Sullivan Financial Services, Norwell, Massachusetts (*Boston Magazine*)
- **Jon Sweet**, CFP® Oak Leaf Wealth Management, North Smithfield, Rhode Island (*Boston Magazine*)
- **James Taylor**, Commonwealth Financial Network, Wakefield, Massachusetts (*Boston Magazine*)
- **Nathaniel Tilton**, AIF® CFP® Tilton Wealth Management, Waltham, Massachusetts (*Boston Magazine*)
- **Justin Turcotte**, Lightship Wealth Strategies, Newton Lower Falls, Massachusetts (*Boston Magazine*)
- **Dianne Webster**, AIF® CFP® Insight Financial Horizons, Danvers, Massachusetts (*Boston Magazine*)
- **Chip Weier, Jr.**, CFP® Weier Financial, Rockland, Massachusetts (*Boston Magazine*)
- **Cliff Westberg**, CPFA® CFP® With Integrity Wealth Management, Plymouth, Massachusetts (*Boston Magazine*)
- **Kerri Wilkes**, CFP® Commonwealth Financial Network, Danvers, Massachusetts (*Boston Magazine*)
- **Jon Wolff**, CLU® AIF® Lightship Wealth Strategies, Newton Lower Falls, Massachusetts (*Boston Magazine*)

The Five Star Wealth Manager award, administered by Crescendo Business Services, LLC, is based on 10 objective eligibility and evaluation criteria, including a minimum of five years as an active credentialed financial professional, favorable regulatory and complaint history, fulfillment of firm's internal review, new client acceptance, client retention rates, client assets administered, number of client households, and education and professional designations. These awards are not indicative of the wealth managers' future performance.

Sarah Baun is PR manager. She is available at x7138 or at sbaun@commonwealth.com

A Welcome to New Advisors

Becca Hajjar

Please welcome the following advisors who joined Commonwealth from December 2021 to February 2022.

New Commonwealth Offices

Name and Former Firm

Kevin Braddock,
Estill, SC
Wells Fargo Advisors Financial Network

Bill Driver,
Seattle, WA
Securities America

Josh Ervasti,
West Des Moines, IA
NYLIFE Securities LLC

Tish Gray,
Dallas, TX
Lincoln Financial Advisors Corporation

Jessie Harris,
Cary, NC
Edward Jones

Andrew Harvey,
Seattle, WA
Securities America

Jim Harvey,
Seattle, WA
Securities America

Joshua Jerele,
Lakewood, CO
Mosaic Family Wealth, LLC

Mike Kruchten,
Joilet, IL
LPL Financial LLC

Mike Maehl,
Spokane, WA
Securities America

Carter Mallett,
West Des Moines, IA
NYLIFE Securities LLC

Jeff McPherson,
Grand Rapids, MI
MML Investors Services, LLC

Kyle Nicholls,
Williston, VT
CUSO Financial Services, L.P.

Lisa Noonan,
Rochester, NY
Wells Fargo Advisors Financial Network

Adam Provance,
Morris, IL
LPL Financial LLC

Rich Rainforth,
West Des Moines, IA
NYLIFE Securities LLC

Scott Schmailzl,
West Des Moines, IA
NYLIFE Securities LLC

Rob Stenzel,
Joilet, IL
LPL Financial LLC

Jeff Woody,
West Des Moines, IA
NYLIFE Securities LLC

Advisors Joining Existing Offices

Name and Former Firm

Dave Baldwin,
Vista, CA
TCFG Investment Advisors, LLC

Harrison Baxter,
Bellevue, WA
Merrill Lynch, Pierce, Fenner & Smith Inc.

Mark Becker,
Crestview Hills, KY
Lincoln Financial Advisors

Ashley Daigle,
Falmouth, ME
Pruco Securities, LLC

Kevin Dunford,
Columbus, OH
Charles Schwab

Jason Kennedy,
Tucson, AZ
TMD Wealth Management

Nicholas Krey,
Madison, WI
Edward Jones

Jeff Lanscek,
Macungie, PA
Baldrige Asset Management

Meagan MacKinnon,
Portsmouth, NH
LPL Financial

Salvatore Mansueto,
Lowell, MA
Citizens Securities, Inc.

Emily Moore,
Macungie, PA
Raymond James Financial Services, Inc.

George Raftopoulos,
Portsmouth, NH
N/A

Kaelen Shay,
Billings, MT
N/A

Jeffrey Stoffer,
Sausalito, CA
Stoffer Wealth Advisors

Jim Tracz,
Willoughby Hills, OH
Ameriprise Financial Services

Existing Staff-to-Advisor Transitions

Jacob Alonzo, Glastonbury, CT

Matthew Bausch, Wilmington, MA

Robert Blandford, Lombard, IL

Sandra Boggs, Lacey, WA

Nash Cullens, Greensboro, GA

Bridget Davis, Cedar Rapids, IA

Allison DeLena, Newburyport, MA

Patrick Dietze, Elkhorn, NE

Ryan Doherty, Uncasville, CT

Jerod Ensz, Rapid City, SD

Carol Esposito, Georgetown, MA

Diane Greer, Scottsdale, AZ

Liliya Gubceac, Scottsdale, AZ

Michael Hannon, Glastonbury, CT

Elevia Hearne, New Bern, NC

Tracey Huegler, Yardley, PA

Kirk Huismann, Lees Summit, MO

Catherine Hyder, Orlando, FL

Carly James, Annapolis, MD

Kirsten Keefe, Rochester, MN

Kevin Lake, Glen Mills, PA

Taylor Ledbetter, Dayton, OH

Jenny Lynch, Austin, TX

Elizabeth Marks, Pittsford, NY

Vient McKoy, Columbia, MD

Ryan McNamara, Bedford, NH

Eric Merrigan, Braintree, MA

Derick Mesch, Fort Worth, TX

Quinn Mickelson, Marysville, OH

Shane Murphy, East Syracuse, NY

Melissa Myers, Overland Park, KS

Bobby Nadolny Jr., Needham, MA

Heidi Oakley, Tucson, AZ

Kay Pfleghardt, Fairport, NY

Eric Ragland, Cookeville, TN

Clayton Rexroad, Wilmington, NC

Jennifer Statler, Scottsdale, AZ

Louie Summer, Plano, TX

Ryan Swenson, Tequesta, FL

Dean Sylvester, Marshfield, MA

Magda Szarejko, Glastonbury, CT

Tammy Tetzlaff, Overland Park, KS

Keith Whitcomb, Orchard Park, NY

Brian Williams, Islandia, NY

Blake Workman, Overland Park, KS

Elizabeth Younts, Matthews, NC

Bruce Zong, Arroyo Grande, CA

Becca Hajjar is senior vice president, chief business development officer. She is available at x9195 or at bhajjar@commonwealth.com.

Directory

To quickly and easily reach a Commonwealth specialist, please follow these steps:

Step 1: Call Commonwealth:
Waltham: 800.251.0080
San Diego: 877.347.1983

Step 2: Select options 1 through 8 to reach specific departments.

Step 3: Depending on the option you select, there may be additional options.

Step 4: Dial 0 to reach the operator anytime.

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8 For Prospective Advisors — 8

Email

Generally speaking, Commonwealth staff email addresses are as follows: [first initial][last name]@commonwealth.com
For example, Kol Birke's email address is: kbirke@commonwealth.com.

Popular Articles Last Quarter

1 A Hot Debate with New Relevance: Growth Vs. Value Investing

(Investing, 02/24)

2 A Primer on Defined Outcome Investing

(Investing, 03/16)

3 Top 10 Features to Help You Make the Most of Client360°® Beta

(Fintech & IT Solutions, 09/02)

4 Deliver Content That Resonates with Your Audience Through CRM

(Marketing & Practice Management, 01/20)

5 3 Factors to Consider in Client-Focused Insurance Solutions

(Wealth Planning, 01/20)

> Commonwealth's story was built one advisor at a time. You'll find the solutions and expertise to move your business forward, backed by our best resource: the best people. Let us help you succeed.

What Do You Think?
We welcome your questions, comments, and ideas for future articles. Simply email the editor-in-chief, Kate Flood, at *kflood@commonwealth.com*.

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