

Managing Your Nest Egg

Over the next decade, baby boomers will retire in droves, and companies like Ames Planning Associates, Inc., a personal financial advisory services firm, will be there to help.

By Jonathan Steiman

Harvey Ames didn't understand the military's development programs in Vietnam. As a freshly minted Foreign Service officer, Ames watched the army throw money, food and materials at Vietnamese civilians, then walk away. This approach, he thought, suppressed the people's problem solving skills, and fueled power struggles between those with goods and those without. "We were basically paying people to be bullies," remembers Ames.

So when Ames was asked to give a village the materials to build an open-air market, he refused. "I want to empower the people," he recalls telling his Vietnamese counterpart. And he did, by helping the townspeople build the market themselves.

Today, 37 years later, Ames relies on the lessons he learned from that experience when running his business, Ames Planning Associates, Inc, a financial planning firm in Peterborough, NH. "That self sufficiency, that going inside yourself to find out what it is that you have, what it is that you bring to bear and how is it that you can work your issues through with a little help, that is the kind of thing I try to bring here," Ames says.

At Ames Planning, Ames and two other certified financial planners concentrate on their clients' life goals. "When we visit with a prospective client we do a lot of initial digging and save the crass money issues for later," Ames says. Indeed, before even talking money, Ames sends clients home with three questions: What would you do if you were told you had five to 10 years to live? What would you do with one month to live? And finally, if you had 24 hours to live, what would you regret not having done?

Along with crafting financial plans with life goals in mind, Ames Planning works on a fee basis, as opposed to commissions. "This ensures that transactions are done objectively, rather than to aggregate money on commissions," Ames says. Because of the recent scandals in the financial world, most notably AIG and Marsh & McLennan, Ames predicts the industry will shift in favor of his model, a model that has allowed him to grow to \$63 million under management in 17 years with annual revenue growth of 25%.

Whether the financial advisory services industry's business practices will shift is debatable. What isn't debatable, however, is the boom the industry will experience in the next decade, when the wealth of one generation is passed to another.

The boom will begin when the "greatest generation," those born before the Depression, passes its wealth on to its children, the baby boomers. The greatest generation, estimates Ames, has between \$7 trillion and \$20 trillion of assets. In addition to its parents' money, the baby boomers have created massive amounts of wealth from years of working in one

of the most robust economies in history. In total, baby boomers will retire with no less than \$20 trillion, and possibly as much as \$50 trillion, of assets, estimates Ames.

"There is a huge--almost unimaginable--transfer of wealth that is going to occur over the next 30 to 40 years," Ames says. And with that wealth comes a host of opportunities for people starting and growing businesses in the personal financial advisory industry.

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