

# SHOULD YOU HIRE A FINANCIAL ADVISOR WHO USES A TAMP SERVICE?



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**T**here is an interesting new trend happening in the financial advice industry today, and it's helping people get a better handle on their financial future. That is a movement toward holistic financial planning.

The holistic approach is much more thorough than traditional financial advice. It includes preparation of a formal financial plan, which means identifying and clarifying your goals, then helping you create a path to achieve them. Then, this approach also includes estate planning, help with reducing taxes, social security planning, health care planning and help with college funding.

Many financial advisors are taking this trend even further to help you with all aspects of your financial life, including the purchase of homes and cars, managing debt, and getting and staying financially organized.

This level of service can pay big dividends in helping you stay on track and feel truly confident about your financial future. But as you can imagine, these services may require more time and focus. That is why financial advisors are increasingly turning to TAMP services to better manage their time.

## **Why Advisors Outsource Investments with a TAMP**

The term "TAMP" or "TAMP Service" refers to a "Turnkey Asset Management Program." These programs are growing in popularity because they free up a financial advisor so they can focus on all those holistic financial planning tasks. Then, your assets are managed by a separate, specialized team whose only responsibility is managing your investments.

Together, you get a powerful combination: more holistic financial planning help and more attention paid to your investments.

## **Are TAMPs Popular?**

Because of the unique way TAMPs can expand the quality of advice you receive, their adoption is growing fast. TAMP services manage an estimated \$524 billion on behalf of financial advisor clients, according to research firm Cerulli Associates.

There is no wonder why. With the financial advisor/TAMP partnership, you as an investor get an additional layer of expertise. That means more expert eyes looking at your accounts.

## **Extra Expertise and Extra Protection**

That is a critical feature many people don't think about until it's too late. Too many times, people put money in the hands of a single advisor. Even professionals can fall victim to natural biases

we are all prone to regarding our money and investments. In today's complex financial world, why not have multiple people watching your investments and making investment decisions, instead of just one? This approach provides critical checks and balances that can help protect you against outside risks and losses.

Additionally, having multiple layers involved is an important line of defense against fraud. Is fraud likely? No, of course not. But it does happen often enough that you want to keep your guard up. And usually, when it happens, it's because there is only one layer of professional reporting involved. That is what happened with Bernie Madoff. He managed the investments, and he also controlled the firm that reported the investments to the clients.

When you work with a financial advisor who uses a TAMP, you've got two independent firms and multiple professionals involved, which is a significant discouragement against fraud. This is important risk management that can help you sleep better at night.

## Is There Any Reason Not To Use a TAMP?

When it comes to financial matters, there is no one-size-fits-all solution. While working with an advisor who uses a TAMP might be best for most, there may be times it is not an advantage.

Here are two examples:

**If the Additional Cost is Too High.** When the financial advisor partners with a TAMP, it is up to the advisor how to structure the fees to you, the client. Normally, the advisor will either absorb the fee or pass it along. What's important is that you are clear on what you will be paying in total, so be sure the financial advisor lays out details of all fees and expenses in writing. Always check around and make sure the fee you will be paying is competitive when compared with advisors who offer similar services.

**If the Investments Offered are Not Diverse Enough.** In order to properly diversify your wealth, you need enough investment variety. TAMPs vary widely in the type of investments they offer.

Some TAMPs may not have the variety of investments you need. In that case, your assets may not be diversified enough, making you vulnerable during market corrections and changing market conditions.

As your wealth grows, you may need to find an advisor who partners with a more specialized TAMP. Some TAMP services offer the ability to invest in more specialized areas and alternative assets, such as private equity and private credit, for example.

**If You Have Large Concentrated Stock Positions.** Many TAMPs provide limited services and cannot accommodate special situations, such as those who may have a concentrated stock position.

## TAMP: Good or Bad for Investors?

Overall, hiring a financial advisor who uses a TAMP service is a very good thing for most investors. You get the benefits of having multiple professionals looking out for your money and get far more service than you may have gotten with a traditional financial advisor.

More financial planning is a critical and often under-appreciated part of financial advice. After all, there are many aspects of your investments we cannot control. No one has a crystal ball.

But you do have more control over certain aspects of your financial planning. For example, you can control your expenses, including the amount of taxes you pay. If you work with a financial advisor/TAMP team who knows the tax code or can work directly with your tax accountant to help you maximize your tax strategies, you can potentially pay less every year.

The same applies to estate planning. Estate planning helps you prepare your family for when you pass on, but estate planning strategies can do far more. These techniques can often save significant amounts in taxes, either for you (today) or for your heirs, later. So these can help you shelter wealth and pass it on more tax-efficiently.

Additionally, estate planning can help you protect your assets. This is critical if you're a business owner, or if you work in a profession prone to litigation (such as certain medical specialties). With smart estate planning, done in advance, you can protect your personal assets from future business creditors and lawsuits.

## Conclusion

As you can see, there are a number of potential benefits to hiring a financial advisor who uses a TAMP service. But it's equally critical that the advisor and TAMP combination that you choose is the right fit for you. So be sure to take your time to evaluate experience, credentials, and fees before signing on.

No one needs to remind you that your future is important. And bottom line...getting holistic financial planning combined with high-quality investment management can make the difference between a good financial future...and a great one.

***This is not an offer of sale of securities. All investing involves risk, and particular investment outcomes are not guaranteed.***



## Kendall Borchardt AIF®

National Sales Director

Kendall has over 25 years of experience in the financial services industry. She started her career in 1993 at Dean Witter/Morgan Stanley in Houston and soon transitioned to the investment advisory side of the business, where she worked at a family office, exclusively with high net worth professional athletes, handling all aspects of their financial needs.

After working directly with clients for several years, Kendall made a shift to the fee-based consulting side of the business. She has a diverse background working with many types of financial advisors – registered investment advisors, single family offices, foundations, wire-houses, and independent advisors. She has also represented a variety of money managers - emerging managers, mutual funds, exchange traded funds, separately managed accounts, custom bond portfolios, and private equity.

Kendall believes this business is relationship driven and that the core of her success is delivering a very high-end style of service and products for advisors and their high net worth and ultra-high net worth clients. A niche, very specialized investment offering, a simple and user-friendly interface coupled with trusted service, helps advisors deliver a customizable and responsive experience to their clients and differentiate themselves from their competition. Her goal is to allow advisors to focus on growing their assets, revenue and profitability.

She has a B.S. in Economics from the University of Houston and has successfully passed the following regulatory exams: Series 7, 24, 63, and 65. She also attained the Accredited Investment Fiduciary® (AIF) designation from the Center of Fiduciary Studies. Kendall has served in numerous board positions at the local Georgia chapter of the Financial Planning Association (FPA), as well as President in 2011 and Chairman in 2012. She enjoys playing tennis, traveling, sailing and outdoor activities with her family.