WEALTH ADVISER: US Bank's Wealth-Management Group To Expand

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NEW YORK -(Dow Jones)- U.S. Bank's plans to expand its wealth-management group include hiring financial advisers as well as professionals with backgrounds in psychology and genealogy to help its ultrahigh-net-worth clients better understand their family histories.

"We are hiring as fast as we can," said Mark Jordahl, president of the wealth-management group of U.S. Bank, a unit of U.S. Bancorp (USB).

The group encompasses the bank's asset-management business; private banking services for high-net-worth clients; broker-dealer subsidiary U.S. Bancorp Investments Inc.; and U.S. Bancorp Insurance Services LLC. It has nearly $60 billion in assets under management, one-third each among affluent, high-net-worth and ultrahigh-net-worth clients.

As of April 8, the wealth-management group had about 489 financial advisers, up from 430 at the end of 2009, but it is actively hiring and hopes to have 600 advisers by year's end, Jordahl said.

The hiring is focused on metropolitan areas across the 25 states in which the bank conducts business, which stretch as far east as Ohio to the West Coast, he said. The hiring environment is competitive, but the group, which generally seeks advisers with one to three years experience, is having success attracting advisers from all types of broker-dealers, Jordahl said. "Clearly, the market for talent has heated up quite a bit."

As part of the expansion, the bank will build out its family wealth institute, meant to help ultrahigh-net-worth individuals and families, those with more than $25 million in investable assets, coordinate their estate planning. Part of its mission will be to help families understand what their collective values are, train them for leadership and engage in true communication, said Jordahl.

The bank last month appointed Scott Winget, former senior vice president of Wells Fargo's wealth planning center, as senior managing director to lead complex wealth planning, family education, governance and stewardship for all ultrahigh-net-worth clients.

Michael Cole, president of U.S. Bank's ultrahigh-net-worth business, said it is early to say how many will be hired for the new family wealth institute, but that U.S. Bank plans to open about six offices, and will announce the locations shortly. While it will look to add over the next few months those with some very traditional backgrounds, such as law, tax and financial planning, it will also seek employees with backgrounds in psychology and genealogy, he said.

Some studies have shown a failure rate as high as 70% when it comes to transferring intergenerational wealth, meaning that 70% of the time, the wealth has dissipated by the time the third generation takes control, Cole said. That has largely been attributed to lack of communication, trust and preparation, so it is critical to the wealth-management process that a family understand its past and its values for the future, he said. U.S. Bank will seek to help families not only manage their wealth, but manage the impact of that wealth as well, he said.

"It's clear that we're in the midst of one of the largest wealth transitions in history," said Cole. In 2003, Boston College's Center on Wealth and Philanthropy validated its 1999 conclusion that at least $41 trillion of wealth will transition from one generation to another in the U.S. by 2050.

For now, Jordahl said, "there is a fair amount of nervousness" among investors overall. Much of an adviser's job now consists of counseling clients not to be overwhelmed when the markets are bad and not to get complacent when the markets are doing well, he said.

U.S. Bank is "cautiously optimistic," and the wealth-management group's asset-allocation model is now modestly overweight equities, Jordahl said. Corporate earnings are good and he expects they will continue to be, he said.

However, he added, "It's an environment that you have to watch very closely. Investors have to be on their toes."

Still, he said he expects a 10% to 12% return from the market this year.

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