

# HIGH NET WORTH

## PRACTICE PROFILE

### Organization Man

David Strege's firm uses its unusual structure to help clients get more for less. **By Jim Grote**

**D**avid Strege loves to organize. It shows in his planning business, which is structured in a way that lets clients pay lower fees for assets under management than they would at most other firms.

The co-founder of fee-only wealth management firm Syverson Strege & Co. in West Des Moines, Iowa, has been giving financial advice for more than three decades. After working for years in banking and insurance, Strege started his own financial services company in 1987. He and business partner Johnne Syverson later bought out the financial planning division of that company, joined NAPFA and started Syverson Strege in 2000. Strege also served on the inaugural board of the Financial Planning Association in 2000 and as CFP chairman of the board in 2008.

#### VALUES BASED HOLDING CORP.

Since the firm's founding, Syverson Strege has branched out into four related companies, each wholly owned by the stockholders of Values Based Holding Corp. Syverson and Strege are majority owners; there are also five minority owners. Values Based Holding's companies are Syverson Strege, Sherpa Investment Management, Transition Point Business Advisors and Charitable Giving Resource Center.

Few clients who use the services of Syverson Strege only seek investment advice. Rather, typical clients are small business owners and farmers, people with few liquid

assets but complex financial needs. About one-third of clients have no assets under management at all. Strege and Syverson divided the various entities of their organization with this clientele in mind.

The 14-person staff (not including support workers) includes planners and analysts who work in tandem with clients and are a mix of CFPs, CFAs and dual designees. (See Org Chart: Values Based Holding Corp., on page 44.) Syverson Strege handles the labor-intensive financial planning side of the combined practice.

"It is misleading to charge clients on assets under management and claim you are doing financial planning," Strege says. "We charge what it really costs us to do comprehensive planning and base our fees on the complexity of client cases, which is mostly reflected by net worth."

First-year planning fees might run anywhere from \$6,000 to \$50,000. While the 450 clients in Strege's operations have \$300 million in assets under management, Strege calculates that the firm bills on more than \$500 million in client net worth. The first-year financial planning minimum fee is \$6,000, which represents about \$1 million net worth. One advantage of the firm's diversified organizational structure is that asset under management fees are typically about 0.7% for the first \$1 million in assets for planning clients, while most firms charge about 1%.

The division of the firm that operates the



**David Strege**  
Syverson Strege & Co.

**Credentials:**  
B.S. in business admin./finance from Drake University, CFP, CFA

**Assets under management:**  
\$300 million

**How I see it:**  
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asset management process is Sherpa Investment Management, which launched last year as a separate division. While the philosophy at Sherpa uses both active and passive management styles, this business unit measures its performance against generic benchmarks and against the individual goals of its clients.

"Investment returns are the means to help clients achieve their life goals," Strege says. "Clients should match their investment allocation to what is required to meet those goals without taking on unnecessary risk."

For clients focusing on retirement, the firm's Goal Projection Service tracks both the capital required and the capital available against monthly income available to retire at various ages. The service can also run financial projections for survivor needs, education funding and disability protection.

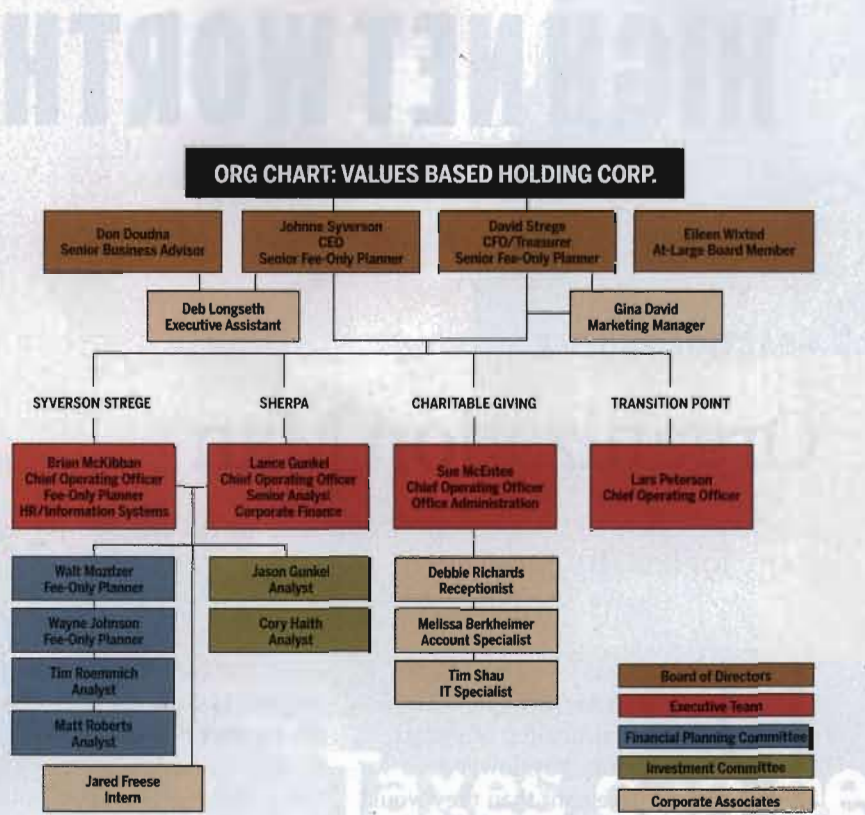
## TWO NICHES

The firm's other two business units are niche divisions that focus on Strege's twin passions of business succession planning and philanthropic planning. Transition Point Business Advisors started operating under this name in 2010 to help strengthen the human side of the transition process for family businesses, including family farms.

This division follows the Heritage Institute process and has three consultants trained in this approach, which prepares heirs to receive both their financial as well as their emotional inheritances. It can be as simple as creating special traditions that foster communication between family members or as complex as establishing multigenerational family governance structures.

Because transition planning is emotional, Transition Point Business Advisors addresses the following questions with their clients:

- How do I treat family members



or key employees fairly, although perhaps not equally?

- How do I minimize taxes while ensuring that my estate plan achieves my goals?
- What actions will assure my financial security in retirement while eliminating undue financial burden on the next generation?
- What if I want to stay involved? How do I balance my role with that of my successor?
- How do I prepare the next generation for a leadership role?

Strege Syverson has gone through its own transition planning process and emerged with a structure outlined in the organizational chart above. All of the people who will take over are employees being groomed for their positions by running the four divisions of the firm as members of the executive team. The transition plan not only includes this training process, but also a plan for the internal buyout of the current stockholders.

The firm's Charitable Giving Resource Center, organized in 2004,

consults with charities on how to be more efficient with their resources and also teaches donors how to be more effective philanthropists. "Johnna and I have always been involved in philanthropy," Strege says.

Strege himself gives back to his community in numerous ways. A Drake University graduate, he has taught personal financial planning courses through the school's adult education program, and has coached educators on how to teach financial planning to high school students at Drake's summertime insurance education workshop. In addition, Strege and his wife, Jennifer, who have two grown children, also welcomed 27 foster children into their home over seven years.

The firm has set up donor-advised funds as well as charitable trusts (with the help of attorneys as needed), he says. The division also checks to ensure that "the charities our clients donate to are well run," Strege says.

**FP**

**Jim Grote**, a CFP in Louisville, Ky., writes regularly for *Financial Planning*.