MONEY

TOTAL NUMBER OF PEOPLE IN EMPLOYMENT IN FIRST QUARTER OF 2025

2.8m

INCREASE OF 3% OVER LAST YEAR

ANNUAL RESIDENTIAL PROPERTY PRICE INCREASE IN MARCH THIS YEAR

7.5%

DOWN FROM 8% IN FEBRUARY

SOURCE: CSO

Wealth management is not an easy business, as Andrew "Coop" Cooper (Jon Hamm) learns in the Apple TV+ series Your Friends & Neighbors

Wealth managers are not just for filthy rich

Employing the services of someone to help you look after your long-term finances and retirement planning is money well spent, writes *Kieran O'Daly*

The serial entrepreneur Paul, who asked to use only his first name, has been investing in businesses for more than three decades, earning a number of significant successes along the way. He still enjoys the day-to-day cut and thrust of the business world but admits that he would consider employing a wealth manager to handle his affairs if and when he decided to take a step back.

"Most of my money is tied up in the companies I invest in," he says. "I know it's not the recommended approach to managing your assets, but I am fully committed to these businesses and making them work. I'm not at the stepping-back stage yet but can see the benefits of having someone to do your worrying for you on a daily basis if need be.

"My affairs are relatively simple, but business and finance can be quite complex and it's not always easy to stay up to date with the latest developments and opportunities. In such cases, it makes perfect sense to take advantage of the expertise that a wealth manager can bring to the table, particularly if you don't feel inclined or able to manage your financial affairs yourself."

For most mere mortals, an annual once-over with a financial adviser is more than enough. However, if you have multiple assets and investments across various equities, pensions and savings schemes, own at least one property and possibly a business as well, and want to maximise your income, your investments and the value of your estate, then perhaps a little more hands-on advice is required. That's where a full-service wealth manager comes in.

WHO NEEDS ONE?

"Wealth manager clients tend to be high net worth individuals who have significant assets and require a personalised, holistic approach to their wealth," Marina Giblin, senior portfolio manager at Cantor Fitzgerald Ireland, says.

"They might be entrepreneurs, executives, professionals or inheritors of significant wealth who are often asset rich but time poor. They want a relationship with an individual who has a deep understanding of their particular situation and is emotionally invested in their financial wellbeing.

"For the arrangement to succeed, the client and the wealth manager need to be aligned and have a good, honest and transparent relationship. The wealth manager is an advocate for the client to navigate what can be a very complex landscape. The advice is tailored, personalised, reviewed and adjusted on an ongoing basis in line with desired client outcomes and changing circumstances."

Daniel Moroney, investment strategist at the wealth manager RBC Brewin Dolphin, believes that there is no standard profile for prospective clients due to the number of different stages people experience in their individual "financial lifecycle".

"Wealth management isn't necessarily just for older people," he says. "There may be relatively young clients who are managing a family business with investable cash on the balance sheet. They might be thinking about long-term pension planning or may have received an inheritance."

Typically, though, people start to think about engaging a wealth manager when they are in their late thirties and forties, once they have accumulated some wealth and are beginning to turn their attention towards long-term finances – maybe because they've started a family – and retirement planning.

COMPLEXITY v VALUE

While clients of wealth managers tend to have assets above a certain value, it's more, but not exclusively, about complexity rather than value when it comes to making the move from financial adviser to wealth manager.

"As a client's wealth continues to grow and the overall complexity of their investment portfolio increases, they may feel that they need to have a relationship with a wealth manager who has a good in-depth knowledge of their overall circumstances," Giblin says.

"Clients could own multiple properties, have substantial investments and be managing a family business, but feel that they are losing sight of their ultimate goals."

Moroney believes that, while complexity is a key driver, a significant proportion of people consider engaging with a wealth manager after they have been saving for a prolonged period, or have recently inherited money or property. "An individual's circumstances don't necessarily need to be complex for them to engage the services of a wealth manager," he says.

"Once they have accumulated assets through pensions or savings, or though inheritance of a property, for example, they may wish to receive specialised, impartial investment advice in order to build a coherent long-term financial plan. That said, the more complex an individual's circumstances are, the more value they can gain from the breadth of expertise a well-resourced wealth manager has to offer."

COUNTING THE COST

Wealth managers usually have fewer clients than financial advisers, which allows them to focus more time on tailoring their financial plans and investments to meet individual requirements.

They will often work in tandem with clients' existing legal and tax advisers to ensure that any long-term plan is structured in the most tax-efficient manner possible.

> **The client and wealth manager need to be aligned and have a good relationship**

In addition to offering general financial advice, most wealth managers provide a continuing full-lifecycle turnkey service overseeing all aspects of a client's financial welfare. Generally, this covers everything from financial planning and investment management through to tax management, estate planning, charitable donations and beyond.

The costs involved can change depending on the scale and range of services provided but are usually about 1 to 1.5 per cent a year of the total investment value plus VAT. This means engaging a wealth manager is generally the preserve of higher net worth individuals with assets in the €5 million-plus range.

While the cost may sound exorbitant to some, if a wealth manager can help to generate healthy returns and take a sizeable chunk off your annual tax liability, hiring one may just be a wise move. Some wealth managers also include a flat per consultation fee as well, while companies regulated under the EU's markets in financial instruments directive are obliged to reveal all fees before any services are rendered.

PICKING THE RIGHT ONE

Choosing a wealth manager in tune with your financial goals is critical, as you are basically embarking on a long-term relationship with someone who will have a significant level of control over assets that you may have spent a lifetime accumulating.

It's important that they understand how much money you require to live comfortably, how you wish your remaining money to be invested, your willingness to take risks with those investments, and how you want your estate to be managed after you're gone.

"Steering your way through an ever-changing regulatory and investment landscape can be a minefield, and that's before considering evolving personal circumstances," Moroney says.

"Choosing the right wealth manager with an experienced team of professional advisers can help steer an individual successfully through each stage of their financial lifecycle, guiding them from the early stages of accumulating wealth, right through retirement and estate planning."

Like all big decisions, research is vital, so take your time before you make the call. Referrals from satisfied customers are crucial, but never go with the first name that is recommended to you – speak to at least two or three.

The larger companies will often hold exclusive client networking events, which can be useful in getting a feel for how they go about their business, to gauge how happy you would be to deal with them over the long term.

€? QUESTION OF MONEY

I've been hearing how important financial literacy is, but I'm not sure what I should even be aiming for. I'm in my late thirties, juggling a mortgage, bills and trying to save, but I'm not confident on things like pensions, inflation and investing. How do I know where I stand — and how can I improve?

CC, Dublin

Financial literacy isn't about having a degree in finance or being able to predict the stock market. It's about knowing how to manage your money and understanding the ins and outs of borrowing, saving, budgeting and protecting yourself financially.

According to a recent report from the Competition and Consumer Protection Commission, 43 per cent of Irish adults fall below a minimum standard for financial literacy set by the Organisation for Economic Co-operation and Development. What's more, about 12 per cent could not cover their expenses for more than a month if they lost their income, and 20 per cent have been victims of financial fraud. These aren't just statistics: they tell us a lack of understanding can lead to poor decisions, unnecessary debt and increased vulnerability.

The good news is, you can quickly improve your financial literacy. Start small by taking a good look at your mortgage, credit cards or savings accounts, and know your interest rates, fees and terms. Many are surprised by how much this can help.

Budgeting is another good place to start. Tracking your income and outgoings, even just for a few weeks, can help you find ways to save. If you haven't already, consider building up an emergency fund. Even a small one can make a huge difference.

It's worth thinking about your future goals too, whether that's saving for retirement, investing or your children's education. There's no shame in not knowing where to start. Asking questions and seeking advice is a smart move: talking to a qualified financial adviser can really help.

Something that's often overlooked is the value of shopping around. Many people stick with the same bank, insurer or lender out of habit, but might not be getting the best value. A quick comparison online can lead to better rates or lower fees, which add up over time.

Finally, when protecting yourself, especially from scams, it really is a case of "better safe than sorry". Be cautious about giving out personal information; double-check any unexpected emails or texts; and if something feels off, trust your gut. Your bank will never ask for your PIN or password via email or phone call, so don't be afraid to hang up or delete suspicious messages.

Sinéad Cullen is head of wealth and financial planning at NFP Ireland

Send your personal finance or consumer-related questions to money@sunday-times.ie

Eoghan Gavigan

Use your seed money wisely for pensions or you'll come a-cropper

I recently visited the National Museum of Ireland – Country Life in Castlebar, Co Mayo, which features exhibits about life in rural Ireland between 1850 and 1950.

People of that era didn't have very much wealth – or, as we say in the industry, financial capital. Because of this, a lack of retail credit and fewer options for food storage, they had to manage their affairs in a way that ensured that production and consumption were largely matched. Not an easy task.

One of the museum exhibits that resonated with me illustrated that if the person responsible for putting food on the table in a household miscalculated during the year, the family could end up enduring what was referred to as "a hungry July" as they had to wait for that year's crop to ripen before it could be harvested.

The parallels with financial planning, which similarly deals with the management of human and financial capital, are many – so much so that I would need a longer column to expound upon it fully.

In modern Ireland, most people, aided by the ability to save and borrow, have enough to eat all year round. Saving, at a very basic level, shifts consumption to the future while borrowing shifts what would otherwise be future consumption to the present.

In the short term, most people generally make out OK, but the long-term management of financial capital tends to be lacking. The need for effective retirement planning is greater than ever, given the considerable increase in life expectancies over the past century.

Despite the generous tax reliefs on offer, pension penetration is nowhere near the level we need to achieve, so much so that the state is going to take over the management of this aspect of your finances through the introduction of automatic enrolment.

After much delay with progressing the scheme, which will be known as My Future Fund, Irish Life, Amundi and Blackrock have been selected to manage its assets. The Department of Social Protection has also finally advertised for a chief executive and chairman to run the National Automatic Enrolment Retirement Savings Authority. So things are beginning to move forward.

Due to its almost compulsory nature, the new scheme is certain to increase the number of people who are saving, but delays in getting it off the ground and the way it will be phased in over time mean that it will do very little for older workers.

Let's say that, like me, if you're old enough to remember listening to Dire Straits singing *Money for Nothing* back in the day, then you probably shouldn't rely on automatic enrolment to fund your retirement, as it won't arrive in time.

Automatic enrolment seeks to harness inertia in a positive way. In the same way that insufficient numbers of workers made an active decision to start a pension, the hope is that they will be less likely to opt out after being automatically enrolled. Of course, many people would say that their failure to start a pension was due to affordability – an issue which has become even more acute in recent years.

Younger people in particular, who are trying to achieve more immediate objectives such as buying their first home, will surely resent this interference in their finances.

It also comes at an inopportune time for employers, many of whom have been hit by inflation, increases in the minimum wage and PRSI and mandatory sick-pay legislation. With so few stakeholders in favour, few tears are being shed over repeated delays in the introduction of the scheme.

There are many potential issues with the current design of automatic enrolment. As I see it, the most significant issues are the apartheid between the scheme and conventional pensions in terms of the government contribution, which will mean that the optimum scheme for employees will differ according to their income level. This could result in some employers having to run two schemes.

I also feel that automatic enrolment is likely to result in minimal compliance – that is, a larger number of people having a pension, but very few of the additional pension savers having a fund that is going to make a meaningful difference to their retirement, especially if, as expected, opt-out rates are high.

So what would I advise? As life expectancies continue to increase, retirement is fast becoming a bigger part of our lives. Rather than waiting to be forced into a suboptimal arrangement, you need to take charge of your future.

Starting now might help prevent a hungry winter in later life.

Eoghan Gavigan is a certified financial planner and owner of Highfield Financial Planning; hfp.ie