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Alexander Coolidge

MICHAEL J. CHASNOFF

FEE-ONLY FINANCIAL PLANNING

Founding his wealth-management firm in 1990 as one of the first fee-only companies in Cincinnati at the time, Michael Chasnoff remembers a time when he had to explain the concept to clients.

Unlike a stock broker, banker or insurance agent who might also collect commissions for selling financial products in addition to providing advice, his firm, Blue Ash-based Truepoint Capital, charges clients a straight fee for assets under management - an approach Chasnoff says makes his firm a more objective financial adviser.

Since then, the approach has taken off nationally. Truepoint, which manages about \$500 million in assets, has recently been named one of the nation's Top 100 advisers by Worth magazine for the 12th straight year.

Why is fee-only service important to your clients?

I was one of the first fee-only advisers in Cincinnati when most people didn't understand what that was. The tide turned in the late 1990s when I think investors became more savvy and educated - and more cautious. Most advisers in business began working with brokerage firms, insurance companies and banks, so they tended to represent those organizations. They have corporate programs that recommend proprietary investments. An insurance adviser may sometimes tend to favor annuity products, whereas a banker might suggest commissionable mutual funds. On a fee-only basis, you're more objective and able to identify investments that are low-cost investments for our clients.

Who are your clients?

Our bread-and-butter clients are P&G clients who are taking early retirement packages and need advice on how to take their distribution and they've never really managed these assets because they left it to the company's plan, which is mainly a stock program. Many of those executives we'll see 40 percent to 80 percent of their assets in P&G stock, which we encourage them to diversify. We don't specifically have minimum account sizes, but do have minimum fees. We have a lot of clients with assets of \$1 million to \$2 million.

How widespread is that problem?

Since Enron, many corporate plans have improved their ability for employees to diversify, but we see a lot of clients still who have overweighted exposure to their employers' stock. Fortunately, P&G performed well, but many who retired in 1999 and 2000 found that worked against them.

Where should I be investing my money now?

We are frequently asked this question, and many times our answer surprises individuals. Rather than attempting to predict the short-term performance of individual stocks or sectors, we believe the success of our investment results are a product of focusing on asset allocation and maintaining a disciplined rebalancing process. It is this opportunistic strategy that leads us to consistently invest in out-of-favor market segments while adhering to a long-term, strategic allocation.

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The Michael J. Chasnoff file

Age: 47

Title: Certified Financial Planner, president and founder of Truepoint Capital

Business: Personal wealth advisory firm in Blue Ash Michael J. Chasnoff, president and CEO of Truepoint Capital, says charging clients a straight fee makes his firm a more objective financial adviser.