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Wealth Adviser: The Parents Loved It, and the Kids Just Want It Sold

A morning briefing on coverage of special interest to wealth managers, financial planners and other advisers. Please send tips and comments to kevin.noblet@wsj.com or patrick.graham@wsj.com.

By Kevin Noblet

It's all too common a situation: A client has beloved possessions that he or she thinks the children will treasure some day, too. But have they ever been asked if they really want the house, antique furniture or whatever it is dad or mom held so dear? No, they haven't. California wealth manager Mark Van Mourick relates just such a case to Wealth Adviser at WSJ.com. The client had $250,000 in Asian art she and her late husband spent 50 years collecting. She didn't want it sold off after she died but, when asked at the adviser's suggestion, the kids said they were likely to do just that. Mr. Van Mourick helped with an estate plan which took that reality into consideration.

MANAGING THE MONEY:

The value of delaying Social Security. New research is giving precision to the gains that clients enjoy when they file for Social Security benefits later rather than sooner, notes Mary Beth Franklin at InvestmentNews. Comparing real rates of return using customized mortality estimates and 10-year Treasury yields, planner Joe Tomlinson has found that waiting until age 70 rather than filing at age 62 could provide 4.8% more for a woman and 3.6% for a man.

Some areas of legal tax avoidance. Straying into the wrong parts of the "gray zone" of tax avoidance means trouble for advisers, Steve Parrish notes. But "legal tax avoidance is possible. It's just that sometimes it's not all that obvious," the lawyer and financial planner writes on Forbes. He notes some examples in each of the three principal tax areas: Employment, estate and gift, and income.

THE PRACTICE:

Advisers get it wrong, but still have value. Advisers can no more predict the future than economists can. So they do clients a disservice when they present themselves as having that talent, and clients are wrong to expect it of them, says columnist Gail MarksJarvis. "The responsible adviser's value comes from positioning you to make it through the unexpected, even when they and economists don't see it coming," she writes in the Chicago Tribune.

Big decisions in selling a practice. Why would the owner of a wealth-management practice decide to sell at the relatively young age of 52 and at a time when the business and markets were thriving? In an article in Advisor Perspectives, Jim Whiddon sets out to explain that decision, which he made in 2012. A careful analysis led him to believe that competition for accounts and for talent would worsen, pricing would get squeezed, and his Dallas-based firm's value would shrink.

THE BUSINESS:

More high producers will slip the chains. Jeff Spears of Sanctuary Wealth Services sees a whole lot of big-brokerage advisers slipping out of their golden handcuffs in coming years. Speaking to InvestmentNews, he offered precise numbers: 2,730 advisers managing at least $100 million each will be free from restrictions by 2019, up from 860 in 2010. Mr. Spears expects the vast majority will stay in place or move to a similar firm, but 870 could move into the independent channel.

Another ex-UBS banker pleads guilty in tax case. A fourth former banker for UBS has pleaded guilty in U.S. court to helping clients evade taxes with overseas accounts. The plea agreement for Martin Lack, a resident of Switzerland, includes a recommendation that he be given five years' probation, Bloomberg reports. The agreement also envisions no fine or any need to make restitution.

(Murray Coleman contributed to this Wealth Adviser briefing, which is available to subscribers by email each workday morning. If you haven't done so already, you can sign up for it here.)