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Drawing on Personal Experience to Help Grieving Client

By Niki Reading

The client, a woman in her early 60s whose husband died suddenly in 2005, was left with an estate worth tens of millions of dollars. But she had no experience even managing a household budget.

The woman needed to make important decisions about her financial future. That is tough at any time but incredibly difficult while grieving, said Andrew Menachem, the longtime financial adviser of the woman and her late husband.

Mr. Menachem should know. His father died when he was 22, and he moved home to help his mother manage the family's finances and support his younger siblings. But they chose the wrong advisers, made shortsighted investments and learned some hard lessons.

That experience inspired him to become a financial adviser. He is now senior vice president with the Menachem Wealth Management Group at Morgan Stanley, an Aventura, Fla.-based firm with several hundred million dollars in assets under management and close to 100 client families.

Based on his own experience, Mr. Menachem knew his widowed client would be feeling especially vulnerable until she had a clear idea of her finances. He needed to take charge of the situation.

First, Mr. Menachem scheduled a meeting at the woman's home to go over every detail of her financial plan, from how much money was coming in and going out to how her investments were allocated. He also orchestrated a meeting between her certified public accountant, estate attorney and himself.

Next, he knew her large inheritance was going to attract strangers pitching investment schemes and relatives seeking financial help. Recalling his own experience feeling pressured to make quick financial decisions, Mr. Menachem offered to be the "bad guy" for his client: All requests, ideas and investment schemes went directly to him for evaluation.

Some promised risk-free, guaranteed returns. Another wanted her to invest in mortgages. He rejected those schemes. "I can only imagine how horrific the mortgage investment would have turned out after the real-estate market imploded," he said. Mr. Menachem gave the client the space she needed as a grieving widow.

From there, Mr. Menachem scheduled monthly meetings with the client to ensure she continued to feel comfortable and in control. "We could basically just go over things and talk about any issue she had," he said.

But in those meetings, he adopted a much less-aggressive stance. There were portfolio changes to be made, such as shifting from a growth-oriented allocation to an income-generating asset mix, but Mr. Menachem didn't want his client feeling rushed or stressed. He wanted to make sure she understood the reason for every decision so there would be less room for regrets later. He moved slowly, taking about six months to change the client's asset allocation.

The monthly meetings continued for about a year and a half and only ended when the client asked to meet less


Andrew Menachem

frequently. She felt the meetings were becoming redundant.

That is exactly what Mr. Menachem wanted--a sign that she was confident in her financial knowledge. Now, several years later, the woman is "very happy," he said, with a growing family of grandchildren, a dating life and confidence that her finances will carry her through retirement.

And Mr. Menachem said he knows that his own experience with grief helped him recognize the immediate and longer-term needs that advisers must address for clients in similar situations.]