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# How should lawyers work with financial advisors?

BY MICHAEL J. NATHANSON, JD, LLM



Standing, left to right: Elisabeth Talbot, Stephen R. Stelljes, Nadine Gordon Lee; seated: Michael J. Nathanson

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# I

n recent years, lawyers have found themselves increasingly drawn into the world of financial planning. The new realities of earlier retirement, lower capital market assumptions, longer life expectancy and rising healthcare and retirement costs all but ensure that even the busiest attorneys will at some point be forced to engage in a personal financial-planning process.

Yet, lawyers also are realizing that, by working with financial advisors, they'll be better positioned to advise their own clients. The reason: Lawyers may find that certain clients they interact with are navigating career and life events that require integrated legal and financial advice.

That's why collaborating with competent financial advisors can help lawyers better serve their clients. Naturally, these lawyers will prefer working with financial advisors who are adept at anticipating and working through any complex situations their clients face. Consider some examples:

**An executive negotiating an employment agreement.** Here, the attorney might be highly experienced in negotiating employment agreements but not in the complex matters of compensation these agreements may entail. These matters could include the use of equity or equity-like instruments, and even deferred compensation. While some lawyers may possess the requisite tax and employment expertise to evaluate and negotiate these provisions, a multi-dimensional approach to advising the client is crucial.

Beyond the tax implications, an executive receiving equity-based compensation must

A financial advisor can help the lawyer better understand which assets and liabilities optimally should be owned by each spouse and, more importantly, can offer a comprehensive financial plan that helps ensure the long-term viability of any settlement or judgment.

**Representing a professional athlete.** A professional athlete is well served by an attorney/agent who coordinates his or her efforts with a financial advisor to ensure that the client can maximize and preserve the rewards of professional sports.

An experienced financial advisor can

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Lawyers are realizing that, by working with financial advisors, they'll be better positioned to advise their own clients.

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evaluate and adjust for the investment, retirement and portfolio-related implications of holding concentrated positions; and an executive receiving deferred compensation must plan for the cash-flow and retirement implications of these deferrals as well. By working alongside a financial advisor, an attorney in this type of scenario can provide the client far more complete and effective advice.

**A client transitioning through a divorce.**

Again, a good lawyer can surely secure a successful result for a client divorcing a wealthy spouse. But “success” is relative. Obtaining a favorable settlement or judgment is an important start, but real success will also entail better positioning the client for the future.

educate the athlete on a wide variety of financial topics, create savings and spending plans, advise on significant purchases, construct investment portfolios to achieve goals and design estate plans, which may include individuals as well as philanthropic entities. The financial advisor also can help the attorney address multi-jurisdictional tax challenges in ways that complement the lawyer/agent's work.

**Representing a client going through a liquidity event.** A merger, sale or other liquidity event can be the most important financial event of a client's life and, in turn, offers a lawyer an exceptional opportunity to add value. The lawyer can make the most of this opportunity not only by negotiating the best legal structure possible but also by working with a financial advisor who can coordinate the necessary (and timely) planning to minimize taxes, restructure the client's estate plan, mitigate new risks and rethink investment strategy.

In the end, these examples each reflect a single theme: Good legal results can be amplified into great life results by collaborations between lawyers and financial professionals.

What's key is for lawyers to coordinate with financial professionals proactively to offer their clients holistic advice that best positions them for long-term success. ●

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