

Trust your finances to Main Street, not Wall Street

by Beth Anne Carr

In the Fall of 2008, everything changed in the financial world. Whether you call it a panic or crash, the stock market dropped precipitously. This was followed by the revelations of massive fraud and deceit carried out by former NASDAQ Chairman Bernie Madoff, who ran a massive Ponzi scheme. His large Wall Street firm, Bernard L. Madoff Investment Securities LLC, had operated since 1960 and had gained the trust of some of the largest investors, including many charities. All wiped out overnight.

This caused a massive self-evaluation for financial advisors everywhere, including Robert Laraia and Brandon Marinelli, founding partners and wealth advisors at Northstar Wealth Partners in West Hartford, Conn.

"It is a new world for us," Laraia said. "For us to not assume that potential clients come in thinking that everyone is like Bernie Madoff is a mistake. After all, major financial firms are writing big checks for the bad things they had done during and prior to the crash."

Northstar Wealth

Partners offers comprehensive, independent financial and business planning for closely held businesses and individuals. Laraia explained that his firm charges for work on an hourly basis, rather than by commissions for selling specific products to them. In this way, his firm offers complete transparency and independence.

"They know what they are going to pay, and they know that they will not have people come back later and try to force products on them that they don't want or need," Laraia said.

Planning for business expansion

Laraia said that the same message helps attract not only clients, but advisors as well, which has allowed his practice to grow significantly in the last five years, doubling in size in October.

"It's great to be passionate about what you do," Laraia said, "I like what I've done every day for 25 years. I've been doing the first part — investments for the whole time, and in the last 5 years, doing more of the firm-building."

Laraia, Marinelli and their firm are affili-



Robert Laraia

*Founding Partner & Wealth Advisor
Northstar Wealth Partners*

ated with LPL Financial, which has been the largest independent broker/dealer in the country by total revenues since 2006, according to Financial Planning magazine. LPL offers no proprietary products, which lets Laraia offer his clients conflict-free, independent advice to match their goals. A combination of Northstar and LPL value proposition supports the “running-the-business” part of an advisors practice by offering amenities such as a state-of-the-art website, extensive technology and research, advanced marketing solutions, and so on, which allows advisors to spend more time focused on providing financial services and growing their practices. Laraia explained that LPL plays a big part in making a practice better, but does it without getting in the way. Since Northstar Wealth Partners made a decision to grow back in 2008, LPL has played a big part in the firm’s success.

“LPL is on the cutting edge of a lot of things,” Laraia said. “My personal forte is a corporate executive at the high- to mid-level of their company, mostly in comprehensive planning.” “I really wear two hats these days: I’m an IFA (independent financial advisor), then I’m this other guy who spends three and a half days a week working along with Marinelli building one of the largest LPL offices in New England. After five years with LPL, Northstar is reaping the benefits of the relationship.” “We are a microcosm of LPL, following 90 percent of what they do because it works for us,” Laraia said.

Northstar Wealth Partners provides advisors with the business support that they are accustomed to at a large firm but at a much higher payout for them personally. He said that their business-ownership business model is one of the major reasons

people are leaving.

For a local firm, the advice is as good as it gets. “It is great to pick up the phone and have access to people like Burt White (managing director and chief investment officer of LPL Financial), Laraia said. “We also have a CFA (Chartered Financial Analyst) on staff who uses the LPL research and tools. We have a very deep bench.”

“Five years ago, we were a few advisors generating a little over \$1 million of gross production,” Laraia said. “Now we have six offices and 25 licensed advisors throughout Connecticut at a run rate of over \$10 million and AUM (assets under management) of over \$2 billion.”

Their most recent acquisition in October brought over a team of four advisors to Northstar with over \$1 billion of assets. “A lot of these people (advisors) like our model,” he said. “Just because you can cook, doesn’t mean you want to run a restaurant. There are folks out there who have owned a business in the past and never want to do it again. They understand the value of what we provide. It is a nice alternative.”

He added that sometimes past experience with running a business — and dislike of the day-to-day management —



Robert Laraia & His Wife, Lesa

makes the financial advisor a good fit for the LPL model.

Laraia said that as Northstar Wealth Partners expands, they will continue to focus on Connecticut with the potential of expanding into other New England states in the future, although they have clients in many states. They made that decision as part of their growth plan so that they have more access and control, and they have local expertise.

Technology

Innovative use of technology and social media in particular, distinguishes LPL and Northstar Wealth Partners from many other firms hesitant to embrace them. Laraia explained that investing in their website and being at the forefront of technology attracts many advisors, some of whom were not allowed to have their own Twitter accounts while working for other companies. Older advisors find this attractive, too, because they want to transition their business to the 21st century as they personally transition into retirement.

Given that LPL allows Northstar Wealth Partners to use social media, Northstar tries to take full advantage.

"I come in the morning and the first thing I do is turn on Outlook, LinkedIn, and other social media sites and have them up all day. LPL even allows Twitter. People Google us. The more presence you have, the easier it is to find us," Laraia said.

Laraia was recently appointed to serve as a founding member of Chairman's Club of FAtoday.com. FA today is an exclusive online community consisting of only validated IFAs. FA today leverages behavioral profiling technology to offer custom-cu-

rated/filtered content, resources, practice management, education, industry-specific news, and data that is dynamically delivered to each financial advisor based on their profile and how they use the website. Laraia was invited to join the Chairman's Club because of his leadership in using technology to improve his business and client results.

"FA today is how every IFA should start their day. The FA today platform saves me time because it delivers all my practice management news in one place; I no longer have to go to 10 websites in the morning for my news. As a result, FA today has become a centralized place for IFAs to congregate. My active involvement in the Chairman's Club lets me participate in the formation of the future for the entire IFA community." He sees promise that FAtoday.com will deliver the content that independent financial advisors truly want and need.

Although Northstar Wealth Partners gets some attention by publishing information on its own website and appearing in stories in Investment News, Financial Advisor, and Marketwatch, Laraia's business is still primarily referral based.

"Referrals will always be our bread and butter," Laraia said, "People will say, 'I read some of your stuff.' or 'I'd love to look at some of your stuff', but I don't think it will be the way we get more of our clients." He adds that it creates some traction for new advisors and their clients when they are competing for their business with a national brand. He said that it is important to him that they are not an anonymous firm — that when you "Google" his company, you find pages of Google hits.

Complete financial planning — not just investing

Northstar offers fee-based financial planning and advice to those whose assets may be tied up or currently do not have investible assets. This can happen when an executive has a highly funded pension plan, which does not require specific investment advice from his firm, but rather wants help in everyday decision making — how that funded pension fits in with the financial “big picture” of that executive’s life when making decisions such as funding a child’s education, buying a second home, and so on.

Laraia discussed a recent referral that ended up working with Northstar Wealth Partners. He said, “This client said that out of the eight firms he contacted, our reference clients were the only ones who never mentioned us investing money for them. Instead they discussed that we helped them with the best way to send their kid to college, how to fund real estate ventures, and other life decisions.”

He added that they never ask clients to get rid of their other advisors. For example, keeping a brother-in-law managing an old 401K might help keep the family happy. Laraia said, “We work with them. We coexist with investment people where we do the comprehensive planning.”

He also gets referrals from executives within one company. “We have a lot of success working with a large company that is attracted to us because of the transparency of our process — no hidden agenda,” Laraia said. “Some of these executives have a high net worth: a two-tiered pension plan that pays out at \$150K per year beginning at age of 65. They would need \$5 million to invest to create that payout.”



Robert Laraia with son, Dario

The type of advice he prides himself on is more comprehensive. “A high percentage of advisors charge a commission or fee on investable assets only,” Laraia said. For example, he also provides advice on big purchases — just the kind of guidance many of his wealthy clients are looking for. “People need help with the big decisions,” he said. Other times, clients need advice on timing. “Once you turn on a pension, you can’t turn it off,” he said.

Life outside the office

“Professionally, I’ve done two things,” Laraia said. “In college, I ran a nightclub. I knew that I didn’t want to do that. One of my friend’s dads interviewed me and said, ‘I think you’d be good at this,’ and was picked up by a headhunter to work at an independent, locally branded firm that was 20 years ahead of its time. I was fortunate, and it helped me grow.”

Laraia said that he really loves his job, but if he could die and be reincarnated, he’d be a football coach. For now he content himself with coaching his 12-year-

old son's youth football team in West Hartford.

He and Northstar Wealth Partners are very philanthropic and are committed to their local community, and in particular, working with kids. For example, he volunteers with his alma mater, Central Connecticut State University, and has taught investment courses in the continuing education programs throughout central Connecticut. He also donates a great deal of his time to philanthropic causes such as Cherish the Children, The Mark Twain House, The Village for Families and Children and other local and national charities.

"The one downside of being independent is that there is no marketing budget, so there is a cap on how much we spend," Laraia said. The firm made a bit of a splash

locally by sponsoring the Northstar Wealth Partners Celebrity Mini Golf Tournament in association with the PGA Travelers Celebrity Pro-Am. Alec Baldwin showed up at last minute to bring it more attention.

"What it did was gave us created more credibility — almost more in giving us a bigger profile in the advisor community — that 'these guys are for real,' " Laraia said.

Northstar Wealth Partners was twice named Hartford Magazine's Best of Hartford Wealth Management Firm and Hartford Business Journal's Business Champion Award. He and his partner, Brandon Marinelli, both alumni, were inducted into the CCSU's School of Business Hall of Honor.

Laraia lives with his wife Lesa and son Dario in West Hartford, Conn.