



Practice Profile

Managing the Highs and Lows

Rick Miller, Sensible Financial Planning and Management, LLC

As he peruses his client base and the effects that the recent market turmoil has had on it, Rick Miller picks up on a clear trend: “young retired” clients have been hit the hardest, while those looking to retire are being forced to consider adjustments to lessen the impact of the downturn.

“Anyone who was in great shape is now in good shape, and anyone who was in okay shape is now in poor shape,” says Miller, founder and CEO at Sensible Financial Planning and Management, LLC, in Cambridge, MA. “Clients who were in poor shape have to substantially rethink

their plan.”

It’s the first big bump in the road for Miller or his clients since he opened the firm in 2002. But Miller feels that he has the “right confluence” of skills and experience to weather the storm. “I really enjoy applying concepts from economics [which he taught at the college level], and I like to think,” says Miller. “Financial planning allows me to utilize my mathematical skills and economic knowledge to make a real difference in my clients’ lives.”

Miller started Sensible Financial after working for mutual fund company Scudder. At Scudder, he was given the opportunity to

create a business plan for AARP, which at the time was considering adding financial and investment advice to its member benefits. “I spent about a year leading the program to put something like that together for AARP,” says Miller.

The Scudder-AARP experience also taught Miller one of the most valuable business lessons ever: timing is everything. “We came out with the business plan right when the Internet bubble burst; the plan called for use of the Internet and telephones,” Miller recalls. “Scudder decided not to proceed with the investment.”

Shortly thereafter, Scudder was purchased by Deutsche Bank, and Miller decided to start a financial planning firm using “some of the industry knowledge that I developed while working on the AARP plan.”

Since that time, Miller has built a roster of about 160 investment management clients and about 40 comprehensive financial planning clients. In addition to retirees, typical clients are 40 to 50 years old and in need of college and retirement advice, as well as ongoing financial planning. When creating and adjusting those clients’ portfolios, the four-employee firm uses primarily index funds and ETFs.

“Finding enough of me to go around” has been Miller’s major entrepreneurial challenge, and he feels that his marketing

Down to a Science

The economic and market downturn has turned a spotlight on the issues of investing for and funding retirement. Rick Miller has set his sights on developing what he calls the “science of retirement income management,” which includes strategies like annuitization and asset-liability matching. “These are pretty new concepts for financial planners, although not for pension funds,” says Miller. “They aren’t conventionally or generally accepted approaches to individual retirement income management.”

Best practices in retirement income management have not been defined by advisors yet, says Miller.

Miller is striving to focus on the specific annual income needs of each client, and then working to fund each of these requirements. “We are starting to do this instead of using a broader, ‘specific liability blind’ approach,” says Miller. “It’s about focusing more on specific income requirements, and striving to meet them.”

-Bridget McCrea

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efforts and operational systems would benefit from more attention—if he was able to devote time to those activities. “Building a company is harder than I initially realized,” he says. “That’s an endemic entrepreneurial problem, and one that I’m challenged by on a daily basis.”

Of course, the national economy provides enough challenges for anyone these days. Miller, like most advisors, is seeing his clients’ portfolios shrink, and this is affecting the clients and the advisory business. For Miller, his assets under management are about \$135 million, down from about \$160 million at its peak. It hasn’t affected his overall revenue as much as other firms because he charges clients on a blended approach that uses AUM, fixed fees, and account-based fees (the latter two of which are independent of what happens in the stock market). Yet, even prior to the stock market crash, he was devising retainer-fee approach that would be simpler and more predictable.

As he looks ahead, Miller first sees a need to get through the tough times—but this has not dimmed his plans for growing his firm over the longer term. “A year from now I’d really like to have made it through the recession and have a reasonably prosperous year while continuing to support our clients and retaining our staff,” says Miller. “Five years from now, I’m hoping that the firm is substantially larger.”

Part of his optimism about building his firm comes from the knowledge and professional network he has developed since joining NAPFA in 2005. “Being able

Sensible Financial Planning and Management, LLC at a Glance

Location: Cambridge, MA.
Website: www.sensiblefinancial.com
Year founded: 2002
Number of staff: 4
Number of clients: 160
Amount of money managed: \$135 million
Typical clients: 40 to 50 years old; ranges from those planning for their children's education to planning for their own retirement.
Typical client needs: Investment management and ongoing financial planning.
Favorite financial planning Website: www.fairmark.com
Piece of advice to fellow NAPFA members: “Right now we’re at a point where we really need to figure out our next trick. NAPFA has had a huge impact in terms of communicating the benefits of Fee-Only advice to the world, and now it’s time to look at what can be done to create a similar impact by emphasizing another key value that we deliver as Fee-Only planners.”

to talk openly with other NAPFA members has been extremely helpful,” says Miller. “There are a large number of capable financial planners and investment advisors who are part of NAPFA, and I’ve had the chance to meet with them and develop solid relationships, both at the Boston local study group and at national conferences.”

He has returned the favor by serving as program director for the Boston Local Study Group and as an instructor and course developer for the NAPFA University School of Retirement Planning.

Based on his experiences, Miller sees

greater potential for NAPFA’s network of knowledgeable advisors to improve the financial advice that consumers receive. He believes that NAPFA’s new governmental affairs initiative with the Financial Planning Association and the CFP® Board of Standards is one important step. But outreach must be offered on an individual and on a group level, he says. “Networking is a very valuable benefit that could be taken outside of the conferences and into our day-to-day activities,” he continues. “I’d love to see NAPFA cultivate that in a way that benefits everyone.” **NA**



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