

Current Observations

FIM Group Joins With Mercer Advisors *By Paul Sutherland, CFP®*

FIM Group just celebrated its 35th birthday, and the past few years have been a time of reflection for us. We now are serving third and fourth generations of clients. In this newsletter, I would like to reflect on the past, but mostly on what the future holds.

The team at FIM Group from our inception has been dedicated to providing relevant, meaningful, impactful, and efficient financial service to our clients. We have been engaged in that single pursuit since 1984. Our bottom-line internal culture has been guided by one core “What Do We Stand For?” questions:

- What is best for our clients?

In 2018 the world is a far more complicated place than it was at our founding. I need not go into how computers, regulations, global factors, and social and societal changes have made our world much more complex. In some ways, this complexity seems ridiculous and maybe a bit over the top. Common sense instructs us to accept the reality of the seemingly “drip here and another drip here” changes that seem to happen daily, adding up to a significant ocean of changes over time. Another societal difference that seems substantial, is that we all appear to be more time-starved than we were 10 or 20 years ago. The ability to take the time to do deep-diving, contemplative financial planning has almost vanished in today’s complex world of constant movement and busyness. The integration of helping our investor-families with comprehensive

financial services that interrelate has been lost to a more simplified approach that often loses track of how everything in our lives connects. Being time-starved due to the onslaught of activities in our busy lives is, to me, one of the main things we at FIM Group have pondered as we think “*How do we serve our clients best?*”

Our senior team has always been forward-thinking and has constantly practiced the humility to ask ourselves “How are we serving our clients? Are we providing the very best service possible? Are we performing the best we can? Where is our industry going? What are the best practices? And is anyone else doing it better?”

This process is guided by our core tenet: “How can do the best for our clients?”

Complex Problems Require Complex Solutions

By now, I suspect you are thinking, “Fine, Paul – where are you going with this?” I am writing this letter 32,000 feet above the Arizona desert. My longtime partner Jeff is to my right, Barry is on his way back to Hawaii, and other team members are on separate planes on the trek home.

We are on our way home from spending time listening to, questioning, and observing a firm that we believe has the scale, talent, scope, culture, and attributes we think are necessary to help us serve our clients best for the next 35 years and beyond. I am excited to announce that we have decided to

join the Mercer Advisors Team. Every employee at FIM Group will be retained in this merger. We see no downside for our clients – and indeed significant *upside*. We have always been humble enough to think that if we ever found someone who can enhance our model, we would adopt their systems and would partner, join, or merge with them.

So, change is happening, and it is all for the greater good. What does this mean to you, our clients, friends, suppliers, service providers, and community members? FIM Group was one of the first fee-only firms in the U.S. We are joining a firm that was among the small group of professional firms that felt that receiving commissions, kickbacks, or any form of compensation with inherent conflicts of interest is not in the client’s best interest. So Mercer Advisors roots its core values just as we at FIM Group have always done.

Rather than give a narrative about FIM Group’s merger with Mercer Advisors, I’ll set up a Q&A format so that you can skim to what is important to you.

Q1. Is Mercer Advisors financially stable?

A. Yes. Like FIM Group, they are a profitable, well-capitalized, and stable firm. Mercer has \$13.1 billion under management and is one of the largest Registered Investment Advisors and financial planning firms in the U.S.

Q2. How are they different from FIM Group?

A. Mercer is larger. They have 31 offices throughout the U.S. (FIM Group has three). They have a very deep bench of

professionals with extensive in-house expertise in legal, accounting, tax compliance, estate planning, charitable trust planning, asset protection, risk management, and corporate trustee expertise. FIM Group will add our 14 credentialed team members to Mercer's 150 (which embraces CFA, MBA, CFP®, CPA, and JD accreditations).

Mercer employs a "family office" service model. In addition to providing comprehensive investment management services, clients can take advantage of their tax consulting and tax return preparation, estate planning consulting and document preparation services. Mercer offers a complete suite of services that permit it to be a "family office" that addresses all the needs of its client families. It offers these services as a bundled service for its clients (who meet certain asset thresholds), so the clients get significant value due to Mercer's scale of services.

While FIM Group has a significant back-office presence to help free our professional team to serve clients and do what they do best, Mercer's scale allows it to have very specialized team members to help with (for example) complex estate planning strategies, business sales or mergers, charitable trusts, asset protection, tax-favored/second generation planning for retirement plan distributions, and many other requirements.

Q3. Will my fees change?

A. There is no intended change. Under the Mercer platform there are diverse additional offerings and ways to provide different custom services so in the future the fee structure might change depending on what is best for each client.

Q4. Who will I talk too? Who will serve me?

A. Merging with Mercer will not change our team. That said, by partnering with Mercer we are adding new services and subject matter experts in different disciplines to better serve your needs. Mercer has in-house attorneys, CPA's,

certified trust financial advisors, 14-member investment committee, etc., all here to help you when you need it.

Q5. Will I still receive my monthly/quarterly reports?

A. Yes you will, along with a monthly newsletter from the FIM Group and/or Mercer's Chief Investment Officer and our new expanded investment committee. In the future our intent is to integrate onto Mercer's platform and those reports will be generated by their dedicated back-office team and service providers. No essential information, reports, data, or insight will be lost.

Q6. Where will my reports come from?

A. From Mercer as we integrate into their business and its platforms. Before that integration occurs, however, all reports will come from us as usual.

Q7. Will the FIM Group name go away?

A. No, for the time being we will co-brand. Ultimately FIM Group branding will drop but that's a ways off.

Q8. Will my investment strategy change?

A. No. We intend to operate as is, and if and when it becomes necessary and appropriate to migrate to Mercer customized model portfolios, we'll make that decision together with all the facts before us. Mercer has over 120 different model portfolios, over 80 separately managed account providers/solutions, and has 17 different socially responsible funds.

Q9. Can I use Mercer's family office services now?

A. Yes, you can use them immediately and those services are free for clients with more than \$1M in assets under management (while the threshold for tax services is \$3M.).

Q10. What am I missing? This seems like a win-win for clients, but how is it beneficial for FIM Group's team?

A. We all like to do what we do best. Mercer has invested heavily in technology to support its team

members. The result is that they spend less time cranking out manual paperwork, creating documents, and preparing checklists and more time interacting, working with, and helping clients. Overall, I believe the merger will result in employees' having greater job satisfaction. After all, we are in a people/relationship professional service business, so acquiring any new tools that will help us spend more actual time with clients will ultimately be fulfilling. Although FIM Group's offices are in the best places to live in the U.S. (in my opinion), in the future our team members will have the opportunity to migrate to work in other offices.

Q11. What else?

A. One of the core books that we use at FIM Group to guide our culture and inform how we serve clients details the respectful, patient-centered approach of the Mayo Clinic. We all are time-starved, and Mayo Clinic's multidisciplinary approach is based on a model of providing excellent care to patients that respects each person's integrity, time, and resources; that sees each client-patient as an individual; and that uses systems, technology, and training and all available resources to obsess over and create the very best outcomes for each patient. Similarly, FIM Group's merger with Mercer, we believe, will allow us to serve you, our clients who have long trusted us to guide your wealth management, in ways that I believe cannot be duplicated. I hope that you will give us a chance to show you why this makes sense to you, why this is best for you, and why we made this choice. Please know that we come to it from a position of success and strength, and that this is a path that we believe will be best for you, our valued clients.

Happy Thanksgiving,

