BY AMY ARMSTRONG

Endowment Style Investing Creates Stability

High net worth families using models formerly reserved only for university investing find creation of financial security for future generations

The endowment model of investing finds a welcome spot among the portfolios of high net worth families seeking safer ways to allocate to alternative investing while still capitalizing on the potential gains available to those willing to navigate higher levels of risk. Large universities such as Harvard and Yale, use the endowment-style- investing-method which has quickly become a go-to-tool for growing family wealth, and for protecting retirement income and facilitating wealth transfer to the next generation.

For Robert L. Riedl, Director of Wealth Management at Endowment Wealth Management, Inc. (EWM), based in Wisconsin, his work as a wealth manager is encapsulated in the firm's Endowment Index® calculated by NASDAQ OMX®. Which is a national index used as a benchmark by foundations, endowments, high net worth families and more – and the firm's Endowment Multi-Asset Collective Investment Trust that can be only used in a 401k plan, a fund managed by ETF Model Solutions, which is a sister company to the endowment wealth management.

"We took the two dimensional 60/40 stocks-to-bonds ratio and converted to a three dimensional 50 percent equity allocation, 25 percent income allocation and a 25 percent risk managed allocation," Riedl explains. "That third allocation grew out of how Yale and Harvard manages their university endowment for the past 20 to 30 years. In the third dimension we use liquid alternatives, private equity, commodities and real assets. That third leg of the table provides greater diversification and lower volatility."

Stabilization is not only an important concept for Riedl to communicate to his clients, but it is also something he wants to create for their family financial situations.

As a professional specializing in family wealth management, he knows that his clients trust his professional judgment not just to see their numbers increase, but to help sustain the economic future of their families.

"The word 'family in 'family wealth comes before wealth," Riedl explained. "That is our approach. For our families, their greatest and most valuable asset is their family."

It's why his firm operates from a fiduciary standard that is always seeking the best interests of its clients. For younger members of client families – the millennial generation – the firm embraces online platforms such as the robo advisers that tech savvy 20 and 30 somethings prefer.

"EWM's platform is online at www.MyRoboAdviser.com and it is just what the financial doctor ordered for engaging the younger generation," Riedl said.

"We are seeing a big influx of new clients who do not know what they do not know – and they do not know whom to trust," Riedl said. "So turning to the technology and turning to the robo adviser gives them a broader range of choices and a better goal-based decision-making process that they understand through the use of the technology."

This gives Riedl and his associates the opportunity to ensure that the younger generation is exposed to the same principles of asset allocation being taught to their elders. That financial education of endowment-style investing is what he believes will stand them in good stead as markets remain volatile and the impact of the global marketplace plays out in the United States.

"Creating an integrated family wealth plan gives them sustainable wealth but also realistically tells them about their spending habits and their impacts. When returns are low and markets are choppy, this is an important thing to be aware of," Riedl said. "Having a family wealth plan that includes the client perspective and the reality of their spending habits is critical to the whole planning process and achieving sustainable family wealth."

Learn more about Endowment Wealth Management, Inc., online at www.EndowmentWM.com

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