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Optimizing ‘Money in Motion’ Referrals from Lawyers

For financial advisors, CEG Worldwide identifies the right attorneys with whom to partner and highlights important distinctions between CPA alliances and attorney alliances.

SAN MARTIN, CA—January 25, 2010—CEG Worldwide, the leading coaching, consulting and research firm for elite financial advisors, has announced new recommendations for financial advisors who are seeking strategic alliances with attorneys.

According to CEG Worldwide’s research, more than four in five wealth managers (81.9 percent) say referrals from other professionals are responsible for helping them attract their best clients. While the firm’s research shows that advisors most frequently seek CPAs for referrals and strategic alliances, attorneys can be another source. However, partnerships with attorneys do not necessarily follow the same structure as partnerships with accountants.

Key Differentiators Between CPA-Advisor and Attorney-Advisor Alliances

Attribute	Advisor Alliance with CPA	Advisor Alliance with Attorney
Economic Glue	Typically includes a revenue-sharing agreement.	Typically involves indirect financial incentives—primarily ways in which the advisor adds value to the attorney’s business.
Level of Formality	Guided by a formalized agreement.	Informal affairs with substantially less structure than CPA alliances.
Point of Contact	Advisors must gain consensus among all firm partners.	Advisors typically work with only one attorney.

Source: CEG Worldwide, LLC, 2009

Many types of lawyers work with affluent clients who have what CEG Senior Managing Principal Patricia Abram calls “money in motion.” These professionals include divorce attorneys, entertainment lawyers and merger-and-acquisition attorneys. But private client lawyers can be especially helpful to wealth managers as they are most likely to be working with a consistent stream of affluent clients, says Abram. “By forming strategic alliances with private client lawyers, you’ll position yourself to receive referrals for clients who have just received inheritances or who are in the process of restructuring aspects of their financial lives.”

Top Four Reasons to Partner with Private Client Lawyers

1. Private client lawyers make referrals.	Private client lawyers refer up to 10 percent of their clients to investment professionals, with \$2.7 million on average in investable assets per client.
2. Referrals from private client lawyers result in new business.	About three-quarters of affluent clients end up using the financial advisor that their attorneys recommend.
3. Private client lawyers want to make referrals.	One-fourth of private client lawyers are actively looking among their clientele for eligible clients to refer.
4. Investment professionals do not seek referrals from private client lawyers.	Most private client lawyers have not been approached by an investment professional in the previous year. This spells opportunity for financial advisors.

Source: CEG Worldwide, LLC, 2003

About CEG Worldwide, LLC

CEG Worldwide is passionate about coaching financial advisors and institutions to build a Simple and Elegant Wealth Management BusinessSM. Using state-of-the-art research methodologies and analysis combined with proven strategies and tactics for building highly successful advisory practices, CEG Worldwide provides uniquely powerful insight into what allows elite financial advisors to thrive.

CEG Worldwide delivers fully scalable financial advisor training programs at many of the world’s largest financial institutions. The firm’s proprietary institutional strength intelligence is based upon empirical studies of more than 10,000 advisors and 14,000 high-net-worth individuals. By combining research expertise with pragmatic and proven business experience, CEG Worldwide helps institutions achieve measurable gains in productivity, retention and assets under management and provides advisors with proven business-building strategies and tactics.