

Here's why coveting a client's superyacht will just bum you out

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One advisor says if they can help clients grow or retain their wealth, that means clients can do more with it philanthropically.

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It's one thing to recognize envy as one of the seven deadly sins, but another to know how to inoculate yourself against it. That's especially so for those financial advisors who find themselves surrounded by their ultra-wealthy clients' oceanfront homes, luxury cars and fine wine.

Who wouldn't want that opulent lifestyle?

But it turns out even advisors who work with average high-net-worth clients can feel envious, and unhappy. That's the finding of a U.S. [survey](#) from Kitces Research that delved into advisors' sense of self-worth.

"As human beings, we tend to compare ourselves to others," says Michael Kitces, certified financial planner (CFP) and head of planning strategy at Buckingham Strategic Wealth in Washington, D.C. He is also the publisher of the popular financial planning industry blog *Nerd's Eye View* on [Kitces.com](#).

"We're not immune to this as advisors, in being around clients, and the income and wealth that they have."

In a world where those riding the subway guide those driving a Rolls Royce, an advisor's self-confidence and life satisfaction can take a beating. The findings showed that while advisors tend to have a naturally high sense of self-worth, there's a small but real pattern of decline as a client's net worth grows.

And there's a much steeper decline of the advisor's positive self-image and happiness as that client's assets exceed US\$2.5-million. The report posits that as some clients move up to a higher socioeconomic sphere, their advisors may start to question whether they're still up to the job of guiding them.

Keeping up with the Vanderbilts can take an emotional toll in other ways too. Research shows people who experience more envy also report more depression and lower self-confidence as negative self talk increases.

But ask Tom McCullough, co-founder, chairman and chief executive officer of Northwood Family Office in Toronto, which works solely with very wealthy clients, how he handles the green-eyed monster and he's quick to point out, he doesn't have to. Money isn't what drives him.

"Being in our field, you can't live that way," he says. "This is just a different category of people. If someone has a billion dollars and if you're oriented toward living with jealousy and lack of self-worth, you're in the wrong business."

Mr. McCullough says it also helps he has chosen to work with very affluent clients who are generally humble about their wealth. Many of them were entrepreneurs who built successful businesses and now need a way to navigate their new reality. They're looking for guidance with everything from complex tax strategies to philanthropic choices.

Being happy for your clients

Tiffany Woodfield, associate portfolio manager with Swan Wealth Management at Raymond James Ltd. in Kelowna, B.C., says attitude is everything.

Her ultra-high-net-worth clients actually make her feel more fulfilled. She describes their plans as puzzles ready to be solved. And if she can help these clients grow or retain their wealth, that only means they can do more with it

philanthropically. According to Ms. Woodfield, even buying a yacht means her clients are creating jobs for others. What's there to feel bad about?

Besides, if the clients have dynamic personalities and big dreams, they inspire her to dream bigger too.

"I get excited when I hear somebody else has found their passion. So, if I have a client who does really well, that makes me even happier," she says. "I find the clients that we tend to get along with best are the ones who have let go of their limiting beliefs."

Still, Ms. Woodfield can see why some advisors might feel otherwise. She likens it to people who are more financially successful than their friends, but then pull away from them once the friends' success surpasses their own. They can't take it.

"It's like the client is holding up a mirror to what they don't have," she says.

Reflect on your work with clients

Yet, oddly, there's one circumstance in which advisors' mood actually improves when comparing themselves to their wealthy clients: When clients start pulling in an astronomical income, say, over \$1-million a year. The reaction makes sense, Mr. Kitces says.

"Advisors themselves tend to be very goal-oriented people who try to be fiscally prudent," he says. "We're kind of wired as goal-achieving machines."

But that's not necessarily the case for some clients when they start pulling in big money. With high income comes the temptation to spend it imprudently rather than setting goals for the future and amassing wealth with the help of their advisor. Think blowing \$30,000 on a meditation retreat.

“So, a reverse-effect kicks in in which the advisor can actually sit back and say, ‘Well, I may not make as much as this person, but I’m way better with my money than they are,’” Mr. Kitces says.

Christopher Dewdney, CFP and principal at Dewdney & Co. in Toronto, is a good example of a goal-oriented advisor. Up at the crack of dawn to work out and train for triathlons before work, he says while he can understand why some advisors wish they had what their clients had, it’s important to flip that thinking around.

He points to the fact that many of the world’s wealthiest people admit their success hinges on their ability to hire well. So, what does that say to their advisors? Maybe it should inspire self-confidence and a level of happiness, Mr. Dewdney says.

“They’ll tell you one of the best moves they make is hiring people smarter than them. So, if you take that to heart, you should feel privileged and encouraged,” he says.

“If you’re envious of all these things this person has, take a deep breath and say, ‘But hey, they’re coming to me. They’re trusting me.’”

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