

# A firm belief in fee-only financial planning

## Adviser says success possible without sales

By **JOAN VERDON**  
STAFF WRITER

The way Laura Mattia sees it, protecting the integrity of the financial-planning profession is a cause worth fighting for.

It was a passionate argument about the fiduciary responsibility of planners to their clients that led her to her current job at Baron Financial Group in Fair Lawn.

She was taking a certified financial planner class at Fairleigh Dickinson University where "I would always tell my fellow students what I wanted to do, and how I wanted to be a true adviser" -- someone who provides financial advice for a fee, rather than someone who makes a commission selling investments. "And all of them -- every single one of them -- told me there's no way you can make money doing that," she said.

At the final class, students from another FDU campus joined the group, and Victor Cannillo, hearing the ongoing argument, pulled Mattia aside and said "There's an organization called NAPFA (National Association of Personal Financial Advisors). You can do what you want to do."

Mattia, Cannillo and two other partners -- Anthony Benante and James Shagawat -- are wealth-management principals at Baron. They provide financial planning and investment advice on a fee-only basis. Mattia, 49, worked

in the finance offices of M&M Mars, Telcordia and Cendant before joining Baron. She lives in Mountain Lakes with her husband and four children. (Interview condensed for space.)

**Q. The Securities Industry and Financial Markets Association just launched a campaign to improve the image of financial advisers. Do you think financial advisers are getting a bad rap?**

When I walk into a room, whether for a networking event or whatever, and somebody says, "Oh there's 10 of you here. There's 10 of you financial advisers." I just cringe inside. I want to say, "But I'm not like that. I'm not part of that group." Because one of them, I'm sure, is a mortgage salesperson, and another is selling annuities. Who knows what real experience and education they have?

**Q. What does fee-only mean? Do you have hourly fees?**

It's a little bit case-by-case. When we manage somebody's portfolio, we'll charge a percentage of their portfolio, which is very common in the industry. If somebody comes in and they don't have investments, but they want some guidance, we'll try to work out something that's agreeable to both parties. We want to offer a value-added service. We want people to say, "Wow, I got more than what I paid for." But we can't do everything on a pro-bono basis. We wouldn't have a business. Sometimes we have trouble turning people away, even if they can't pay us.

**Q. That's not good wealth management.**

Unfortunately we'll have times when people will come to us and we'll just look at each other and



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Laura Mattia is a wealth management principal/partner at Baron Financial Group in Fair Lawn.

say, "Well, where are we going to send them? If we don't help these people, who is going to help them?"

**Q. Are these people who've been burned by other advisers?**

There are people who've created big messes. A lot of them are very smart. A lot of times it is the smart people -- the engineers, the doctors -- who think they're really smart in finance, too.

**Q. What are the biggest mistakes people make?**

Not really understanding the power of diversification and what that can do for you, to protect your risk.

**Q. The old not putting all your eggs in one basket?**

Yes, but it's even more than

that. It's about finding asset classes that are negatively correlated, so that when one asset class is not doing well, the other asset class is doing well. People said that in 2008 asset allocation did not work, but it did work. Asset classes that work well in a bear market, such as international bonds, did well in 2008.

**Q. When the Madoff scandal first broke, what was the reaction in your office and among your clients?**

We quickly did some research. We sent out a letter to our clients and we said, "If you went to a place called brokercheck.com, which is part of FINRA, and another site that is part of the SEC, you would have seen there were some red flags on his file." The whole idea of an adviser who

is the custodian of the assets is a really bad idea.

**Q. What's the alternative to the adviser being the custodian of the money?**

Having a third-party custodian. Companies such as Charles Schwab, TD Ameritrade, Pershing or Fidelity. You're not making out a check to that adviser; you're making out a check to that third-party custodian.

**Q. Do you have any personal financial decisions you regret?**

I've made one or two. Probably the worst decision I made was somebody very close to me insisted that his business was going to take off and that I should invest a large amount of money in it. I did and I lost

## Laura Mattia

Principal, Baron Financial Group

**Her business:** She is one of four partners at Baron Financial in Fair Lawn, an independent, fee-only financial planning firm. Mattia offers commission-free financial advice to her clients, and specializes in working with clients facing transitions, including retirement, job change, divorce or exiting a small business.

**Her background:** She joined Baron Financial in 2002, after working as a chief financial officer consultant for small businesses, and as a finance executive for various corporations, including M&M/Mars, Telcordia and Cendant. She has a bachelor's degree in psychology and a master's in business administration from Montclair State University, and is pursuing a doctorate in personal financial planning at Texas Tech University. Mattia is a certified financial planner, a chartered retirement plan specialist, and a certified divorce planner (CDFA). She is a member of the National Association of Personal Financial Advisors. She teaches classes for the certified financial planner certification program at Fairleigh Dickinson University and has taught MBA classes at Centenary College.

every penny. The problem was I allowed him to tell me what his assessment was, without doing my own research. And I should have known better.

**Q. What's the best piece of financial advice you can give someone?**

You have to actually earn more than you spend. And you have to understand the difference between savings and investing. People will ask me, where should I put my money? I'm going to need it in two or three years. If you're going to need it in three years or five years, it shouldn't be invested. *Exec Access appears every Sunday.*

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