WESTCHESTER

Personal Finance Tips from Morgan Stanley Managing Director Kevin Peters

His take on wealth management, personal finance, and investing.

By Scott Simone

Kevin Peters has been in wealth management for nearly three decades, so it's no wonder *Barron's* named him one of the industry's top 100 Financial Advisors from 2010 to 2013. Working from the company's Purchase offices as managing director and wealth advisor in the Wealth Management Group of Morgan Stanley, he leads The Peters Group, an eight-person team—which includes his son Jonathan—that works with some 350 clients with combined assets of $2.7 billion.

Peters' job is to "help successful people think about, manage, and provide for future generations—their philanthropic needs, their finances, their legal documents, and their thought process." But, he explains, it also includes managing emotions and family needs, and "helping people think not only about unintended consequences, but what their legacy should be."

We caught up with Peters for a quick coffee break to discuss managing finances, the health of the market, and everything in between.

What would you say surprises people most about wealth management?

That what a great advisor does is set up a process and a long-term goal. What we do is keep them on a path. What I think people lose sight of is that our entire thought process when we're working with a family is to get the desired outcome over years, not over days. So I guess, at times, we have to be financial psychologists.

Do you handle more than just their financials?

We do something with The Peters Group called "family university." We bring in multiple generations of families and we discuss the goals of the patriarchs, some of the structure put in place, and some of the expectations. There are also the newly minted millionaires who have 8- to 15-year-old children. Do these children know who the first call is if something happens to them and they can't reach their parents? So we not only try to teach financial responsibility, but social responsibility and safety of the family.

With so many clients, how often do you speak to each of them?

Some clients I speak to weekly. Others monthly. Some quarterly. Whatever is needed. When someone has a large issue going on in their life, whether it's an issue with a child or selling a business, I may speak with them every day for two months. Then we could have a quiet period of four or five months where they're satisfied, they're set up, and we've set the process in motion.

If there's a dip, or something happens in the market, how do you manage a client's fear?

Every client is different, but it depends on why there is a dip. Is it an event that people are reacting to on a short-term basis? Is it something that's more structural and longer-term? Let's take Europe for example. Europe had a tough time for a while. On the way down, you just have to tell people to step back. You still want to own great European companies, but maybe you want to trim your exposure. We make adjustments depending on the person's timeframe, amount of capital, or short-term needs. So it's a conversation. And it's keeping as much information in front of them as possible.

There's obviously been talk about how the market has recovered, or at least is still on the upswing. Have you seen that, or is it a bit of hyperbole?

Prevailing wisdom for many decades has been that the market is the leading indicator of the economy. I think what we're hearing now is the economy is getting better, although a bit slower than anyone would like. So we've certainly seen the market move higher. We've seen businesses doing better. But it's not something we saw just last year. This is something we've been working on, investing in, and believing in since 2009.

So are people more willing to invest now?

Everyone is slightly more cautious than in 1999 to 2001. They're coming back to the market—but I wouldn't say everyone is rushing in.

Have you found one best way to strategize investing, or is it truly case by case?

We think that preservation of principal is paramount. We have to give you a fair rate of return after tax and inflation, but with the least units of risk possible. So the way we view the world is that you take advantage of dislocations—whether bonds, stocks, or anything else. Sometimes when people are getting nervous is the best time to enter a market. No one can know what's around every corner all the time, but we have a good idea and we try to reduce risk when we think it's appropriate,

What exactly do you mean by dislocation?

When we think there's an abnormal amount of selling, something is priced too low, or people just don't understand what's going on and are doing what we call the 'herd mentality.' News shows have higher ratings during times of crisis, which may prompt people to act in an irresponsible manner. Our job is to say, 'There's a great bond that is now trading at 75 cents on the dollar, and nothing has changed except the flow of funds and people selling.' We want to step in and buy that. Then you get a terrific return for the investor.