



GUYE PENNINGTON AT HILLIARD LYONS IN KENTUCKY KNOWS THERE'S A CASTLE IN THE FAMILY SOMEWHERE IN ENGLAND. BUT AT WORK, HE DEALS WITH OTHER PEOPLE'S ESTATES – CREATING CUSTOMIZED FINANCIAL PLANS USING WEALTHSTATION



Not long ago, only the very rich had access to the kind of financial plans Guye Pennington creates: highly customized, truly comprehensive, and backed by sophisticated quantitative modeling. In his position with the investment firm Hilliard Lyons, however, Guye is able to extend this level of service to a much larger, although still select, group.

"Our typical client has a net worth of about \$1.5 million," Guye says, "but the range extends considerably higher and lower. We do some plans for people with \$300,000–\$400,000." Providing this level of service to this broad a client base is possible because Guye and his colleagues work within an efficient, well-structured process and because they are supported by a software system that multiplies their productivity – WealthStation from SunGard.

CRUNCHING PLANS

A subsidiary of PNC Bank headquartered in Louisville, Kentucky, Hilliard Lyons is a regional broker/dealer focusing primarily on the south-eastern U.S. A Certified Financial Planner®, Guye is one of eight financial planners at the firm's home office who support 450 brokers, or financial consultants, in the field. "On big cases," Guye says, "the planners will sometime meet directly with a client, but our main work is at our desks, crunching plans."

Typically, Guye says, each planner will have 20–25 cases open at a time. The largest can take two to three months to complete. The smallest ones he could finish in a day and a half of solid work. As a new plan takes shape, it's actually the financial consultants in the field who carry out the first step, gathering information. "We have an extensive questionnaire," Guye says, "that the financial consultants can access via the Web. Whenever possible, they will sit down with a client and take a couple of hours to work through it."

Guye and his fellow planners then follow up and fill any gaps. "Usually the financial consultants get all the investment

HOME LIFE

FAMILY: "My wife and I are both in law school. We feel it would be cruel and unusual punishment for kids should we have them right now."

HOME: "I reside an hour from downtown on the Indiana side of the river."

EDUCATION: "I earned my degree in finance at the University of Louisville, got my CLU and CFC from American College in Pennsylvania, got my CFP® from the College of Financial Planning in Colorado, and my Chartered Wealth Advisor from the Academy of Multidisciplinary Practice, accredited through Michigan State."

HOME TOWN: Bloomington, Indiana.

FREE TIME: "Besides studying law part-time, I am completing my MBA."

OTHER INTERESTS: "Historical events, specifically the Norman Conquest; also strategy games."

VACATIONS: "We love Quebec. And we'd love to get over to England to explore my genealogy if we could find time."

CHILDHOOD DREAM: "To be a corporate attorney – I'm so geeky."

CURRENT DREAM: "To be a history professor or to design a cartoon for children that would be intellectually stimulating while also teaching them about the world geopolitical scene."



“THE SUBJECT MATTER IS VAST. WHEN YOU’RE WORKING WITH 25 CLIENTS AT A TIME AND LOOKING AT EVERY ASPECT OF THEIR FINANCIAL LIFE, IT’S A CHALLENGE. IT IS THAT PUZZLE-SOLVING ASPECT OF IT THAT APPEALS TO ME”

statements,” Guye says. “What might be missing are the insurance policies or the estate planning documents – or very detailed items, like the dates we want to use for our assumptions on permanent repeal of the estate tax.”

Once the data is complete, Guye turns to WealthStation, the modeling tool at the heart of the planning process. He estimates that he spends 70%–80% of his time working with the system, which generates as much as 80% of the financial plan that ultimately reaches the client. “However,” Guye points out, “that other 20% – the creative part – is critical.”

THE QUANTITATIVE AND THE CREATIVE

For a major plan, Guye says, WealthStation may generate 100–150 pages of reporting. It’s his job to complement this financial analysis with hand-tailored recommendations, creating a plan that will be meaningful to the client and useful to the financial consultant.

To illustrate the kinds of judgments that go into the process, Guye describes a typical client scenario. “You might see a family with a net worth of \$2 million, making \$200,000 a year,” he says. “In a lot of respects, their situation is solid. The retirement planning is good. They have the assets to cover long-term care if needed. However, you realize that they don’t have disability insurance. Everything else is predicated on their ability to work and earn as they have been.”

Given this situation, Guye says he would recommend and price disability insurance, and then work to identify the optimal funding source to cover the cost. “Rather than holding cash to pay the premiums,” he explains, “it might make more sense to arrange a stand-by line of credit so that you can invest most of any excess

WORK LIFE

BUSINESS HOURS: “Usually 8:30 a.m. to 5:30 or 6:00 p.m., plus time on the weekends.”

LOCATION: “We’re in the Hilliard Lyons headquarters in downtown Louisville.”

OFFICE DÉCOR: “An English-French historical chessboard, some family history on the walls, including our family castle in England, and my academic degrees.”

DESK HYGIENE: “With my case load, if I kept a neat desk people would wonder what I was getting done.”

DRESS CODE: “It’s business. We don’t have casual Fridays, etc.”

CORPORATE CULTURE: “We’re 150 years old and proud of that. There’s still something of the ambiance of southern gentility here.”

cash holdings. To test and present that idea, we’ll go back into WealthStation and model the alternate cash flows.”

Inevitably, many clients of similar net worth face similar planning concerns. Guye describes the most enjoyable aspect of his job as the 20%–25% of cases that present unique issues: the individual without an heir structuring his estate entirely for charity, or the nonprofit client not subject to typical tax considerations.

Even without these twists, however, the work is intellectually engaging. “The subject-matter is vast,” Guye says. “When you’re working with 25 clients at a time and looking at every aspect of their financial life, it’s a challenge.

“There’s a puzzle-solving aspect of it that appeals to me. You get the creative juices flowing and come up with a solution where at first it appeared there wasn’t one.”

THE SUNGARD SOLUTION: WEALTHSTATION

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