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The leaders of 4Thought Financial Group, Inc.—Brian Mackey, Jesse Mackey and Marty Levine—took one of the greatest economic downfalls in history and turned challenges and experiences into a thriving and growing business. While launching a practice at the height of the recession was risky, to put it mildly, the three principals came together, forming what has become an ideal partnership—a perfect blend of asset gatherers and asset managers. Now one of American Portfolios' up-and-coming firms, 4Thought Financial is reaping the rewards of that risk and showing other advisors—literally—how it should be done.

“

WAS MANAGING the investment department in a firm with 100-plus advisors throughout the financial crisis of 2008, when everything was going into the toilet; that was a real eye-opener for me,” remembers Jesse Mackey, the investment mind behind 4Thought Financial. “Really, it was an eye opener for everyone. The way we did business,

the investment ideology, it was very heavily influenced by those series of events. It basically changed my life, and certainly changed the way I do business. Even though it was a very negative event for most of the world, there was actually a silver lining to it because, probably as a result, I’m in this business today. I used those events to rework the entire way I thought about investment management—using multiple methods of investment to achieve the same goal. That heavily influenced what we are doing now in the firm ... it’s the basis of our program.”

Indeed the program is a unique one, combining the experiences and expertise of three forward-thinkers with varying strengths and time in the industry. As the self-proclaimed lover of economics and investments, Jesse is the youngest in the group. At only 32 years old, he is the future of 4Thought Financial; really, he is the future of financial services. With more than 30 years experience his father, Brian Mackey, works in the role of visionary for the group. And Marty Levine, a long-time friend who has a working relationship with Brian going back 25 years, is the face of the company; he’s the one spending his time in the field, building and strengthening client relationships.

This is not, however, your family business. While the men have a long history together and often spend time outside of work fishing on the boat, the familial relationships are left at the door. In the office, it’s all business—a partnership in the truest sense, with all three sharing in the profits of the practice equally. Founded in 2010—though the business first started taking shape in late 2008 with the collaboration of Jesse and Marty—on the premise of trust and common vision, the leaders behind 4Thought Financial value relationships above all else.

“To make that transition from sole practitioner to a group, you really have to bury the egos and have that team spirit; there’s not a lot of pretense here,” states Marty of the relationship between the partners. “One of the beauties that we see here is the synergy between us. This is a tough business; to be able to talk to somebody who can understand the emotions you’re going through can help motivate you and soften some of the pains. We are like a think tank; I look at this as a really good place to air some of what’s going on—not only professionally, but personally. We all feed off each other’s energy and that’s a huge advantage; a sole practitioner doesn’t have that.”

More than the relationship with each other, though, is the relationship they strive to build with each and every client—both the advisors they serve and their end-clients who are usually of high net worth, drawn to 4Thought Financial because of the group’s technological background and natural ability to service complex, estate planning cases. These relationships are the reason Marty is the face of the firm and only spends one day in the office each week. It’s the reason so much time is spent cultivating trust and friendship with those they serve. In the case of 4Thought Financial, it’s the underlying reason why the practice and model was first put into action.

While working with Jesse at Park Avenue Securities, Marty realized that he wouldn’t be able to go on practicing the way he was forever. With almost 30 years in the business, the time would quickly come in which he wouldn’t be able to keep up with new regulations or trends in investing, and he didn’t want to short-change the clients he had spent his entire career putting first; he needed help and, in the process, built himself a succession plan. The way he did this? By partnering with Jesse.

It’s simple for Marty. “If you’re a sole practitioner, you need to be around to service your clients. You have to be healthy, stay current; there’s a lot going on and it’s a very hard thing to do. Part of the attraction at 4Thought and why I want to build and advise other advisors is so they will have what I have now—a back-up plan, an exit strategy. I have the ability to make sure that if I want to slow down a little bit, I can still continue to receive an income stream. Other advisors that have been doing this a long time should wake up to that fact. They’re not going to be around forever; they’re not going to be able to keep the same heavy schedule they always have. They need to eventually think of their own future and getting the value of what they worked so hard to accumulate.”

This, in essence, is the model of 4Thought Financial. As a service and support provider, 4Thought Financial develops financial planners looking for an exit strategy one, five, 10 years down the road—a retirement plan where money continues to come in.

“We’ve been doing this a long time. Traditionally, in this industry, when someone becomes disabled or dies, their business goes to the four winds,” Brian expresses. “So what we have built is a model where that won’t happen; we’re looking to offer that model to other advisors and CPAs—which makes up a large part of our client base—since we understand their business. We can pay them an income stream long into retirement.”

One way they strive to do this, and establish continuity so that an advisor can seamlessly leave the business or even keep a hand in it indefinitely, is to also focus on bringing some younger advisors into the fold; those with education and experience, but maybe not the biggest book of business. According to Brian, those advisors have something that he and Marty no longer do—youth. ►

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—Marty Levine

Says Brian, “That’s important to us long term. We need to build that continuity. Again, Marty and I have been doing this for so long that I’ve got families where I’m in the third and fourth generation of doing business and planning for them. While that’s a pretty satisfying feeling—to know that they’ve entrusted their family wealth with us for multiple generations—I can also see by the time we get to the third generation that they don’t connect with me as well as their parents or grandparents did. It’s important that I can bring in Jesse or one of the younger guys to make that connection.”

Marty further supports the model on which 4Thought Financial was created. “Our model is the same model we’re offering to other advisors. There’s no hot air since we’re practicing the same thing we’re selling. After all, that was the catalyst for how all this [4Thought Financial] started. We formed together because I realized I needed this succession model. I now have the freedom to take a day or several weeks off without worrying about my business, and know that my clients will be in great hands once I head into retirement. That’s important.”

Their desire to build a business based on this model is a large part of the reason Brian, Jesse and Marty made the recent switch to full independence with American Portfolios and transitioned over in March 2012. They just celebrated their first year with the broker/dealer. Despite this short time frame, they have quickly molded 4Thought Financial into a company that is being watched closely; it is the business of the future. The freedom to build that business as they saw fit eventually swayed them over to AP after a two-year search for a new home. The ability for them to run their separate business and have the support of AP was a huge draw.

“There are so many benefits that drew us here but, for me, I’d say the culture was No. 1,” Jesse says of what led them to AP. “That’s what I find to be the biggest difference between AP and other broker/dealers. Culturally, the B/Ds we worked with before were in the land of ‘No’; here, it’s more like the land of ‘Why not? How can we do it?’ It’s dramatically different, and that encapsulates all that’s great about AP. American Portfolios is looking for ways to grow and build your business; to help you, as opposed to basically stifling it as many other B/Ds are doing. Many other broker/dealers don’t allow the degree of innovation or adaptability that AP does.”

“Absolutely,” backs up Brian. “It’s the independent culture. If I go back to the first RIA I created in 1989, it was like the Wild West. Now, the pendulum has swung the other way and there’s a sheriff in town and a hanging judge. Everything you try to do is bad, as far as they’re concerned. Coming here, I think it was a nice balance, somewhere in the middle. It’s a hell of a lot better than the land of ‘No.’”

Another draw to American Portfolios—and one of the things the group is fairly adamant about—is the use of the firm’s Advisor’s Solutions advisory platform for business. While 4Thought

Financial does conduct some transactional business—they want to make sure that they can service their primary clients, the advisors, in totality—they do 90 percent of their business on the Advisor’s Solution platform; this being the platform of choice because of the WRAP fee pricing. For Jesse, as the main money manager within the group, it is instrumental to have that arrangement in which all fees are included; neither the client nor the advisor will be hit up with additional charges.

Though Marty believes that advisory is the better option for advisors in terms of market perspective and salability, he feels strongly that advisory business is about more than the end game; it’s about the here and now, and the foundation that 4Thought Financial works by—take care of the client first and last, and the rest will follow.

“It’s about relationships,” Marty says. “Really, advisory is almost synonymous with relationship, whereas transactions are not focused on the relationship. It’s the difference between clients and just customers, and that difference is one that drives the business. I think the best approach is to have an advisory platform because the interests align with clients. I get it, most of us started out in the transactional world and so making that switch to advisory can be challenging. But the groups out there—the Brinkers and the Genworths—they realize it’s not easy and so they provide a turn-key solution. Once you get it up and running, it’s a very serviceable income stream.”

As the numbers guy, however, Jesse also sees doing advisory business as a simple matter of following their business model. “The way that I view it, especially as a younger advisor—though it applies for an older advisor as well—an advisory book is worth much more from a sellable standpoint at the end of the day. When you’re looking for your exit strategy, an advisory book is going to be worth way more to a purchaser or someone looking to take over that book than a transactional book is. It makes much more sense to build your business towards the end game; why would a younger advisor even bother to start building a transactional book of business at this stage when there are so many years ahead? It also makes sense for an older advisor since they are that much closer to wanting to settle down a bit and take more time for themselves and their family, or even retire completely. With advisory, they would be building themselves a retirement plan, essentially.”

With so much focus put on advisors’ futures—as well as the futures of their clients and books of business—4Thought Financial has a bright, and steady, future laid out. With two of the three partners nearing retirement age, the business model allows for them to continue doing what they love for as long as they choose.

Says Brian of retirement, “When I came into this business it was because I couldn’t find anything that I liked better. Well, I still like the business better than anything else. I’ll keep doing it as long as I can. If I can push some of the stuff I don’t like doing onto the younger generations, then I can focus on what I like best. Why would I stop?”

Indeed, why would anyone? ●

THE FOUR COMPETENCIES

Behind 4Thought Financial Group

4THOUGHT FINANCIAL GROUP applies objectivity, global perspective and innovative capabilities—combined with their experience in economics and finance—in an effort to help every client achieve the goal of personal financial freedom. Value is delivered to the clients of 4Thought Financial through services in their four core competencies, as described below by the group’s partners:

FINANCIAL PLANNING FOR BUSINESS OWNERS AND INDIVIDUALS

This is how 4Thought Financial advisors work with their clients; 4Thought provides its advisors with all the technical support for them to aid their clients in their processes. It is a planning-oriented firm. Most of the assets that 4Thought has gathered over the years has come from doing full-blown financial plans; either doing that plan directly or end-clients working with an advisor who’s done the plan for them, but that is implemented through 4Thought. It’s all a part of—and integrated with—the financial planning process.

MULTI-CONTINGENCY INVESTMENT MANAGEMENT

4Thought’s asset management programs are essentially comprised of separately managed accounts (SMAs) utilizing the following four different methods of investment styles:

- 1

Liability-Driven Investing
- 2

Strategic Asset Allocation
- 3

Opportunistic Investing
- 4

Selective or Conwcentrated Investing

The best aspects of each of these styles are applied to a single end-client’s goal; for 4thought, the net result of these methods—the premise of which comes from Bruce Lee’s mixed martial arts discipline—have lead to a greater probability in achieving investor’s goals. The theory and real-life application behind Bruce Lee’s martial arts—not just in the movies—was to be able to take the best aspects of multiple martial art styles and apply them to the same opponent. By doing that he was able to fight just about anybody, anytime, anywhere. That’s what 4Thought tries to do on the investment management side.

SUPPORT FOR PARTNERED FIRMS AND ADVISORS

Above and beyond financial planning and multi-contingent investment management, 4Thought provides the following practice management resources:

- Financial planning experience
- Investment advisory support
- Marketing support
- Integrated transition solution from a transactional to fee-based book of business
- Educating financial planners, CPAs and property & casualty firms on developing centers of influence and additional profit centers through revenue streams from qualified plans, long-term care and disability using fee-based planning
- Business coaching that raises the bar in marketing, client service and advanced case management

ECONOMIC THEORY AND RESEARCH

4Thought provides ongoing research and publishing on the underlying theories behind its investment models for the benefit of its associated advisors and end-clients. ●