
With Erin T. Botsford of The Botsford Group

By **Bruce Kelly**
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Erin T. Botsford loves being at the center of her clients' financial well-being.

And she considers identifying and attacking risk, not boosting the returns on a client's portfolio, the key to financial health.

"Certainly, there's the money piece, but the thing that's real important to us is what we call risk management," said the 49-year-old president of The Botsford Group in Dallas.

"The rest of the industry, they call themselves financial planners, but in truth, what they are is investment managers," Ms. Botsford said. "There's a big difference."

At the start of last year, she left Lincoln Financial Advisors Corp. of Fort Wayne, Ind., where she had been the top-producing financial adviser, and her practice is now affiliated with FSC Securities Corp. of Atlanta.

"She is so client driven, because of her own experiences," said Tim O'Rourke, senior vice president and national-sales-recruiting manager for FSC. "She has a different approach to protecting the assets of high-net-worth clients."

Q. *Why did you become a financial planner?*

A. You are a product of what has happened to you along the way. My dad died when I was 11. He left my mom with six kids and a \$10,000 life insurance policy. My dad was only 50 when he died. He had a doctorate in psychology and was a very bright man. But at 50 years old, he hadn't gotten around to "planning." He left my mom and us kids destitute, really.

Q. *How did you deal with that?*

A. I became a little workaholic from that time forward. And then, when I was 16, I was involved in a very bad car accident, and as a result of the accident, a kid on a motorcycle was killed. First, I was charged with manslaughter by the state of California. I got out of that. He hit me; I didn't hit him. My mother had to take a second mortgage out on her house to do the criminal defense. It took me 10 years to pay off that second mortgage. After the criminal trial, this young man's parents sued my family for everything we were worth.

The good news is, we weren't worth anything. But the bad news is, I remember my mother just freaking out and crying because she thought she was going to lose the only asset that she had, which was her house.

Even amidst all this stuff, by the time I was 19, 20, I had saved a bunch of money, \$22,000 to be exact. I was working at McDonald's and baby-sitting and working the night shift at a grocery store, stocking shelves. I was on "Wheel of Fortune." I did anything to accumulate money. And I bought a condo in San Diego with a friend of mine, and that worked out pretty



Photo by Amy Gutierrez/AP Images

well. We bought and sold, and then I gave all my money to a stockbroker, and he lost all of it.

Q. *How do all these difficult experiences affect how you think about your clients?*

A. In our business with our clients, we are so laser focused on asset protection, because I know what it feels like to think you're going to have the rug pulled out from underneath you. But it's all good, because back then, I said, "I'm going to learn everything I can about money, and I'm going to make sure that doesn't happen to anybody that comes into my world."

Q. *How do you bring that point home to clients?*

A. We go to our clients and say, "Here's your life." Life has a way of throwing barbs at us, and we call those risks. My contention is, if a client comes in, whether he's got \$5 million or \$50 million, if an event can happen — and they can happen in a split second of time where they can be sued and have that money taken away from them — then they've spent a lot of time for nothing. That's clearly what we focus on. And then we ask the client, "What would it take to make that thing go away?" And

then we make decisions. Can we transfer risk by forming [a limited liability corporation]? Can we transfer risk through a [Section] 529 plan or a long-term-care plan?

Q. *What kind of risk do you see frequently?*

A. We have a lot of clients who have sons-in-law. The clients are wealthy; they may have \$10 million in net worth. And their daughter is married to a young man who works at a job, and they have children.

Well, how much life insurance does that son-in-law have? One of my clients was retired, 65, and his oldest daughter's 41-year-old husband dropped dead in the driveway, leaving my client's daughter with three little girls, no life insurance and \$800,000 in debt, because he'd started a business. That was back in 1992. That was when I used to be an investment manager.

Now, I want to know their mom, dad, brothers, sisters, nieces, nephews and all of their kids. We have clients who will pay for life insurance for their son-in-law if he can't afford it. Maybe he's a minister or whatever. What we don't want is any surprises for our clients. That event for my client in 1992 was devastating. The daughter, with the three granddaughters, wound up moving back with the client.

Q. *What do you mean when you say you see advisers claiming to do financial planning, but they are really managing clients' money?*

A. I love coming into a situation right after a client from a wirehouse comes to the office, after they've been pitched four or five times. I sit there, and it's all the same. It's asset allocation, diversification, asset classes, beta, Sharpe ratios. And I think, "What does that have to do with the client?" A lot of our competitors, or people that call themselves our competitors, are merely [product] manufacturers' reps.

Our motto is, "To be the keepers and protectors of our clients' lifestyles as they define it." The investment products are purely a function of what we have discovered through our process. It's very holistic. It's about people and their issues, and

who they love and who they care about, and what they worry about and what their fears are.

Q. *What is wrong with the wirehouses' approach?*

A. For example, we read every word of an estate-planning document — every word. And we can tell the clients: “What do you have?” and, “What do you [not] have?” In the wirehouses, I was really shocked to find out recently that they would take an estate-planning document and take it up to the trust department, and the guy leafs through it and goes, “Yeah, they’re legal, they’re OK.” Well, truthfully, I can legally leave my money to my dog.

Q. *So what are your relationships like with wirehouses?*

A. Very early in the game, we say, “Stockbroker, we are not a threat to your business. I’m not looking to take that away from you. I don’t have to.” Some of them really embrace us and love us. They bring us in to do estate planning. Other ones, they can be threatened by any other relationship. But that’s not what we’re all about.

Q. *What are you doing for your clients that is new or different?*

A. Have you heard of eMoney [Advisor Inc. in Conshohocken, Pa.]? They provide secure vaulting, and we’re going to be offering this to our clients. Anything that’s in your wallet, you make a copy of it, front and back, and then you upload it to your vault.

So if I was to lose a credit card, and I was in Paris, I can go to the business center [at the hotel], download a copy of my card, front and back, with the phone number and report it. So this is online secure vaulting for all the clients’ documents. Our clients are just over-the-top excited about that.

SnapShot

Erin T. Botsford, 49, president of The Botsford Group, a unit of the Botsford Financial Group in Dallas, since 2006

Career: 2006-present, registered representative with FSC Securities Corp. of Atlanta; 1995-2006, registered rep and regional director of investments with Lincoln Financial Advisors Corp. of Fort Wayne, Ind.; 1989-95, registered rep with St. Louis-based A.G. Edwards & Sons Inc., in both Panama City, Fla., and Plano, Texas

Education: Bachelor of Science degree in business management from the University of Maryland in College Park, 1987

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