

Tom M.: In this episode, we're going to talk about how you used to be somebody, now you're nothing.

Welcome to the Mullooly Asset Show. I'm your host Tom Mullooly. This is Episode 41, The Seaver. Tom Seaver may be the single best player ever to wear a Mets uniform so far. Almost a near unanimous pick for the Hall of Fame. He's got tons of Met records even today, and he's been retired forever. But what we do in these episodes here, these videos, is we get questions or topics that our clients are talking about that you're talking about. You get in touch with us, you never know, pretty soon it may show up on a video. Casey gets these questions, he puts them together and hits me with it. That's how we come up with these daily videos. Well, we try to make them daily. Casey, what do you got for me?

Casey: Why do some advisers have account minimums?

Tom M.: When it comes to minimums, I think it's important that you talk to your advisor, or if you're looking for a new advisor, talk to several advisors. And one of the questions you should ask is, what's your minimum account size? Some advisors will have a million dollar minimum. Some will have a five hundred thousand dollar minimum. Some will have no minimum at all. It's interesting what's happening in the business. Pay attention. When I was a broker, and this goes back 14 years or more, around the turn of the century. Merrill Lynch was just starting to roll out the idea that if you had under a hundred thousand you were going to a call center. You wouldn't be working with a broker anymore. And the way they did that was they would reduce the commission that the broker would get on small accounts to the point where today they don't pay anything on small accounts. A broker is not going to take it unless he plans on working for free and his manager will have something to say about that.

That was in '99, 2000, the minimums were a hundred thousand at that point, at the big firms. Prior to the financial crisis in 2008 ... we got these numbers from Financial Advisor IQ, that's an email newsletter that we see here in the office. Prior to 2008, the minimum bar had been raised to two hundred and fifty thousand. Now, if you had a quarter of a million dollars, you were still treated pretty well. Today, in 2016, a lot of firms are now raising that bar to seven hundred and fifty thousand dollars as their minimum account size. That's a lot of money. That's a lot of money, and that's a big jump in 15 years from a hundred thousand to seven fifty.

It's very, very important that you talk to your advisor or when you're looking for a new advisor, always ask what their minimum account size is. If you're trying to work with an advisor who takes million dollar accounts and you talk him into taking your five or six hundred thousand dollar account, you've got to ask if you're going to get the time and attention that the bigger guys get. It's something that you really need to factor into your equation when you're looking at new advisors. I don't really understand why the minimum thresholds continue to be raised at these big brokerage firms, but I think it's actually a boom for individual advisors. I think that's really good. There's plenty of investors across the country who want to work with an advisor who have less than a million dollars or less than three quarters of a million dollars or less than five hundred

thousand dollars. Ask, ask, ask. That's the lesson for today.

We're going to see you next in Episode 42. Thanks again for watching. We'll see you soon.