MINDY DIAMOND ON INDEPENDENCE A PODCAST FOR FINANCIAL ADVISORS

EPISODE TRANSCRIPT

$1B+ Multi-Generational Merrill Breakaway Team Leaves Behind the Big Brand to Gain "More" for Clients

A Conversation with Matt Liebman, Founding Partner and Chief Executive Officer, Amplius Wealth Advisors

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is Billion Dollar Plus Multi-Generational Merrill Breakaway Team Leaves Behind the Big Brand to Gain More For Clients. It's a conversation with Matt Liebman, founding partner and chief executive officer, Amplius Wealth. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

Mindy Diamond:

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Mindy Diamond:

There's one thing that just about every breakaway advisor we speak with says about leaving the wirehouses. It was difficult to rationalize walking away from a well-established, respected, and recognizable brand name. Because for some, the name was one of the key features that attracted them to the firm in the first place. Take Matt Liebman, for example, when he joined Merrill in 2008, one of the draws for him was the brand recognition. As he shares in this episode, if someone asked where you worked, all you needed to say was Merrill Lynch, and they automatically knew what you did for a living.

Mindy Diamond:

Matt is quick to note that the reputation of the firm was well-earned through a strong training program and an entrepreneurial environment, where clients felt well served and advisors could build strong businesses. And build a strong business he did, to some 1.2 billion in assets under management. Matt was part of a powerhouse multi-generational team, comprised of individuals in their 20s on through to their 90s. It was an intentional coming together of forces, with Matt joining his dad, Sam Liebman, and his team after they moved to Merrill from UBS.

Mindy Diamond:

And Forbes top next gen advisor, Aaron Marks, joined, rounding out the ranks to form The Liebman Marks Group. With a team as successful as theirs, one might wonder why they would rock the boat. For Matt, it was more about the pull than the push. That is the desire for greater autonomy and control in how they serve clients and grow their business. And while he credits so much of their success to Merrill, he acknowledges that the changes instituted by the bank were limiting them. Being a multi-generational team added some complexity to the exploration process. There was Merrill's retirement place program to consider and a young next gen advisor with a long runway.

Mindy Diamond:

And there was Matt, the man in the middle, so to speak, who was weighing all of the options. Ultimately, in March of '21, the team opted to build their own RIA firm, Amplius Wealth Advisors, with Dynasty Financial Partners' help. In this episode, Matt talks about this complex decision making process and how it played into conducting due diligence. He discusses why they chose independence with Dynasty and opted to leave some assets behind in the process, sharing how the decision to shrink to grow is working out for them. Matt's story has much to offer for those who are senior advisors, as well as the next gen, and everyone in between. It's a story he tells best, so let's get to it.

Mindy Diamond:

Matt, I'm really grateful for your time today and excited to hear your story.

Matt Liebman:

Thanks so much for having me, Mindy really looking forward to this.

Mindy Diamond:

Let's start at the beginning. Tell us a little bit about yourself, and mostly interested in what was your background prior to launching Amplius.

Matt Liebman:

Sure. I've been in the investment business for a little over 20 years now. Worked up in New York for the first, give or take, eight or nine years of my career in research and portfolio management, and then joined Merrill Lynch on the wealth management side in 2008, and then moved down to the Philadelphia Area and joined with my father's practice. He had just brought his team over from UBS to Merrill Lynch in '07. And we worked at Merrill Lynch together for 13 years, give or take. And earlier this year, we excitedly launched Amplius Wealth Advisors.

Mindy Diamond:

Yes, and our team is certainly proud and excited to have represented you in that move, and we will come back to why Independence and why Amplius and all of it, but let's give our listeners a little bit more perspective. Want to hear a little bit about your team, your partner, Aaron Marks, your dad, Sam Liebman. I know you're a true multi-generational group. Your dad's certainly a veteran of the industry for close to 50 years, and Aaron, the next gen advisor with a decade or so of experience. So, you are sort of the sandwich in the middle. Would be interested in hearing a little bit about, quick about their backgrounds, but then how their two perspectives play into how you run your business.

Matt Liebman:

Sure. To your point, my dad's been in the business for now about 51 years. He was a tax accountant prior and has been an advisor for 51 years. And was really ahead of his time in the business in a lot of ways. Back when he started advisors were known as brokers and they were sort of selling one stock at a time or one investment at a time, and he was always much more focused on asset allocation and a client's whole picture, and has just done a great job, evolving his perspective over time and keeping pace with the business.

Matt Liebman:

To your point, I am sort of the sandwich one in the middle of the generations. In fact, when we launched almost a year ago, we had people on our team ranging in age from their 20s to their 90s, as my dad's original partner, Ed Jawer was 92, I believe, at time of launch and came with us. Then Aaron joined up, he was at Merrill Lynch for about a decade, and joined up with our team about five or six years ago and has been honored as one of the top next gen advisors by Forbes and all those things. And each of them have a very different perspective.

Matt Liebman:

I think, in a lot of ways, part of my role is bringing it all together and keeping us all moving in the same direction, which we've been doing a pretty good job of.

Mindy Diamond:

Again, I want to come back to what drove you to leave Merrill at the time, but tell us a little bit about The Liebman Marks Group, your business, what it looked like at Merrill. How much were you managing? What kind of clients did you serve? Tell us a little bit about that.

Matt Liebman:

Yes. At Merrill Lynch, we dealt, mostly I would divide our client into a couple categories, and we span broader than these categories, but as far as the main clusters of clients, we have corporate executives for sure, also business owners, entrepreneurs, and then your typical, like a lot of practices, doctors, lawyers. Also, beyond that, just for my time up in New York, we had a little bit of a specialty and group of clients in the hedge fund, private equity, real estate world as well. So, those were what our clients looked like in terms of profession.

Matt Liebman:

As a result of the fact that we have a broad age range of advisors on the team, we also have a broad age range of clients ranging from their 20s to their 90s. At Merrill in terms of AUM and so on, at the time we left, we had about 1.2 billion in assets, but really, it was about 700 to 750 in advisory assets, and the remainder were in, what you would think of as brokerage or custody type assets, or banking type relationships.

Mindy Diamond:

And we'll get to sort of the future what it looks like now, but was the plan in moving to move the whole book or just the advisory portion of the book?

Matt Liebman:

Really just the advisory portion. We did keep our brokerage, or I kept my brokerage license because of some legacy products we had for otherwise advisory clients that we wanted to be able to move those assets. But for the most part, we really wanted to bring our advisory clients. We wanted to take that 700, 750 that we were managing in advisory assets and really grow that, and get also some of our clients that worked with us more in a custody only, or brokerage capacity on board with this idea of being an investment advisory client. Right now, about 10 months in, we're in excess of a billion dollars here, most of which is advisory. So, our advisory business has actually grown a fair amount through the transition.

Mindy Diamond:

That's amazing. Again, we'll come back to that, but let's stick with Merrill for a minute. Tell us about your time at Merrill. As leader of the team for about 13 years or so, what was going on at the firm before you left? It's not that long ago, but tell us what it felt like to be an advisor at Merrill at the time.

Matt Liebman:

For the most part, for our time there, we had a really good experience. We have a lot of friends that are still at Merrill and we think highly of Merrill as a firm. Ultimately, I think any good advisory team, in my opinion, views their clients as their boss. That's who you work for. For the most part, for a lot of our time at Merrill, we were able to operate that way. But over time, when you work at a big company, there are other agendas, there are layers of management, then layers of bank management and boards of directors and shareholders, and all of these various groups have their own agenda.

Matt Liebman:

I don't mean that in a nefarious way, they have a right to have their own agenda, but it wasn't always consistent with the agenda that we thought our clients had. Over time, some of the autonomy started to whittle away a little bit.

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Mindy Diamond:

Let's talk about that a little. I want to hear, first of all, what was working for you at Merrill? What did you love about Merrill for the 13 years you were there?

Matt Liebman:

Yeah. What worked great at Merrill, number one is brand recognition in that, if you're at a cocktail party, if you're out in a social environment, someone asks you what you do, if you say you work at Merrill Lynch, they automatically know what you do. There was no explanation really needed in most circles. That's really cool, and that was a really good positive. Also, there was, at least for most of the time we were there, a really good pipeline of talent in that look, our team, Aaron Marks was in the training program at Merrill Lynch when I was running the training program, and that's how we connected.

Matt Liebman:

Patrick Swift who's on our team was in the training program when Aaron was running it, and that's how we connected. There was this constant pipeline of talent for most of the time we were there, which was awesome. Then frankly, the best part about Merrill to me were all the relationships we built with our colleagues that you could bounce ideas off of, and that was really valuable to our practice.

Mindy Diamond:

Okay. When people move though, at some point, they come to a place where, despite the positives, some of which they may be giving up to go elsewhere, the negatives begin to outweigh the positives. Let's first start with, what were some of the limitations you were dealing with, and ultimately the drivers that made you decide to leave.

Matt Liebman:

Yeah. At the time that we started our search process, which you and your team were incredibly helpful with, it was more of a fact finding mission. We did not expect to leave. Frankly, I know we'll talk about it later, but the destination where we wound up was not even really on the radar when we started our search process. It was really about, we saw a lot of other teams leaving. There were some pain points in the business where a lot of times we felt that we were somewhat limited in what we could do for our clients.

Matt Liebman:

There was nothing wrong with the services we were providing for our clients. We were growing a lot, by the way, so our clients were happy, we were getting referrals. There were no issues there. But I did find that over time, and this will, I guess, betray my age, given as a child of the '80s, my ultimate theme that it kept coming back to is, who's the boss? Ultimately, we just kept coming back to, and my dad always said this for decades, when I was a kid, just not in this business, just watching him in this business.

Matt Liebman:

I always said, "Oh, so who's your manager at Merrill? Who's your boss?" And he always said, "My clients are my boss." Actually, when I was a kid, it wasn't Merrill, it was other places, but same difference. And over time, it was becoming less and less. There were other agendas that we had to adhere to and stick with, whether it was various programs surrounding banking or other services, and it was just not necessarily what all of our clients want.

Matt Liebman:

Some of them were good fits for some of our clients. And we wanted to just see if there was something out there where we could have a little more autonomy and a little more control of the client experience to deliver what our clients were asking for.

Mindy Diamond:

Okay, helpful. And we hear that a lot, that ultimately, when an advisor moves, they're looking for more freedom and control, but how hard was it to reconcile the giving up the brand recognition, certainly to go independent is the least amount of brand recognition, the pipeline of solid talent, the ability to collaborate and synergize with respected colleagues? Again, we were privileged to have a front row seat to your thinking process. And you're right, what started out as a fact finding mission wound up to in you making the biggest leap of all, not just leaving the firm, but leaving the firm to go independent. What was the crossover point and how challenging was it to give up some of those positives?

Matt Liebman:

Honestly, I think the crossover point, actually, you were very much involved. It was the initial meeting that you set up with Dynasty. We had never really considered Independence as you know, and your team knows having talked to us for the better part of a decade, but as we started going through and taking all these meetings and meeting with all these various firms, there were things that we liked and there were things that were appealing to us, but nothing really spoke to us, and it didn't feel differentiated enough. To the point where I remember one saying, "Look, I've read some articles about this Dynasty firm, and it seems like they are at the forefront of something different, but I asked you and your team and Kathy about that, and we set up a meeting.

Matt Liebman:

From that moment on, we couldn't unsee what we saw. Once we saw that effectively, because to us, the independent world felt like the wild, wild west. I know you're always talking about the pushes and pulls to something different. I would say a lot of it, in our case, was really the pull rather than the push, in that, once we saw that there was a firm out there that could operationally help us deliver what we wanted and what our clients wanted, and we could still spend most of our time with our clients and with the markets and financial plans and this type of work that we like to do, that was sort of the tipping point.

Matt Liebman:

We were like, "Wow, now let's get serious, now let's dive in." And see, can we really do this? What would it look like? And so on. I really think it was less about one push from Merrill or Bank of America, though there were tension points there, but really more about the pull when we realized that there was this ecosystem out there and there was this great company in Dynasty that could really help us do this.

Mindy Diamond:

You mentioned that Independence wasn't even on your radar. Yes, and for those unfamiliar or less familiar, Dynasty is really a firm, the leader probably, in getting people from here to there, those that are independent minded, helping them to break away and hit the easy button to get from being an employee of a major firm to setting up their own firm. But how did you go from ... Okay, Dynasty was able to get you from here to there and make it relatively operationally seamless, but what was the turning point in your thinking that got you to say, "We're ready to give up being an employee and be independent?"

Matt Liebman:

I think it came back to that who's the boss moment again, where it was sort of like, every firm we met with, we kept hearing about how they're better, they're different. They can do things a little bit better than Merrill, a little different than Merrill, but it really came down to us. There was no real differentiation. Everything seemed frankly, quite similar. Ultimately, to us, it was like, wait a second, if we're going to move, if we're going to actually go through this, which we still hadn't decided to do yet.

Matt Liebman:

It was not like a known thing that we were definitely going to move. If we're going to do this, let's look into owning it. Let's look into really designing this because we don't want to have to move again. We don't want to ... This sounds like, for lack of another term, a royal pain. If we're going to be disruptive, let's really see if we want to own this and go all the way. It almost became less about, can we take incremental steps to casually improve our situation and more about, can we really drastically change something here to make life better for ourselves and our clients?

Mindy Diamond:

Okay. I want to come back to the notion of your dad because I know that there had to be some special considerations for him, given his age and his tenure, but for now, let's talk a little bit about the transition. You left Merrill in March of '21, and you're saying that you left with an intent to take 700 to 750 million in assets with you, the advisory assets, and 10 months later, at just about a billion, which is extraordinary. Tell us a little bit about the transition, how challenging it might have been to move. What was the hardest part?

Matt Liebman:

I think the hardest part honestly, was really that night before going into that day, just the anxiety, the fear, you're going into the great unknown. You have this big practice. And then I remember sitting around the day of launch, just sort of debriefing with the team. Somebody mentioned whether they were going to call a prospect, a prospective client, or just stick with their clients. I remember saying at that point, "Well, they're all prospects now, because you have this whole business, and then you leave, in that moment, you have no clients until the paperwork goes out and they come over.

Matt Liebman:

That is a tense, scary moment. But I found the comforting part there or the part that got us rolling were just those calls with the clients and how positive they were at the beginning. It really gives you the confidence that, hey, we're onto something here. This is working. Then after a while, I would say within a day or two of starting, you're just so darned busy that you almost don't have time to be nervous or scared anymore. You just got to work, so that's where we focused.

Mindy Diamond:

What was the pitch or what was the main thing you said to clients that got them comfortable with you leaving Merrill and forming your own firm?

Matt Liebman:

It was different for different clients in the sense that there were ... some of our clients are very seasoned executives, know our industry very well and didn't need much of an education on what independence meant. In fact, a couple of our clients, when we first told them, and coincidentally, these were former executives of public companies, one of them sort of roughly said, "I told you to do this 15 years ago," to my dad, and another one just started giving me advice of, "Well, here's what you should be focused on. Here's how you can grow the business."

Matt Liebman:

A lot of it was consultative and then there was another group where, at first, they just kept congratulating us, which was very nice, but we really wanted them to hear all the benefits for them. But

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I guess ultimately what the pitch really was, for those that I guess needed a little bit more of a pitch is, it's the same team you've been working with. All that's changing are number one, your custodian is changing. You will no longer have Merrill Lynch accounts. We're going to pick up the assets over there and drop them off over at Fidelity. And number two, we would have basically everything we could do for them before, we thought we could do now the same or better.

Matt Liebman:

I got that line from another guest on your podcast, maybe about a year or two ago, who had gone on a similar journey, but that's really how we were framing every evaluation of every vendor we were talking to and every business partner was, will this, from our client's perspective, be, at minimum, the same, and hopefully a fair amount better? We kept coming to the conclusion that once the transition was over, because that's disruptive for both advisor and client, but once that was over, the answer would be a resounding yes, and so that was what we focused on at that moment.

Mindy Diamond:

What were you hoping would be better for clients? What were you telling them would be better? I mean, we can all wrap our head around, do no harm, that you wouldn't move unless it could be the same, but what were you hoping or expecting could be better for clients?

Matt Liebman:

Choice, for one. We thought, the more choice that enters into equation, the more likely that you'll get better outcome. What I mean by that is, let's take a couple examples. On the investment side, we, at times, have liked buying structured products for clients. That term got a bad name in 2008, so various firms have changed them to market linked investments, but the idea that you could buy an investment for somebody, that some sort of manufacturers and may have better risk and reward characteristics than just owning the broad market. However, when we were at Merrill, and no offense to the team there that I'm sure works very hard to put those together, we did very little of that business because we really only had the choice of what they were offering.

Matt Liebman:

Fast forward to our current environment, and we saw this beforehand in our doing our due diligence before we made the leap, but because of technology, because of disruption in the industry, now when we want to buy a product for a client like that, first of all, we don't work for the firm manufacturing it so that sort of inherent conflict is removed. Secondly, we design the terms, customize them for the client based on our knowledge of the client, and then we put it out to bid for about 10 or 15 different companies to give us the best pricing available. That just led to so many more, just that's one narrow example on the investment side.

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Matt Liebman:

Just to give you one more on the lending side, a lot of our clients take out securities based loans, not margin for getting leverage on their investments, but more whether it's a real estate deal or someone that wants money to start a business, to help a child with a home, whatever it is. Merrill does a great job in that area. However, every time we want to do one of those loans, there was only one bank we could work with. That was Merrill and Bank of America. Here, we have four or five different banks that we can have somewhat of a bidding process on behalf of our clients. The more we saw these things, it was more with more choice, can we create more competition and give our clients a better output and probably at a lower cost?

Mindy Diamond:

Let me ask you a question. It meant for you, as I see it, and I remember walking through it with you that there were two, I don't even want to say obstacles, but two things to really reconcile. Once you sort of came to the determination, I like what you said, we couldn't unsee what we had seen, once you began to see what independence could mean for you, you became excited about it. But one, I'd love to hear a little bit about your dad's position about going independent. I remember I was on a train between, I want to say it was Boston and New York, and getting a call from you, asking if I would talk to your dad and sort of help him to think through this.

Mindy Diamond:

I want to hear a little bit about your dad's thinking. The second thing in is, is really getting comfortable with the notion of shrink to grow. You had a billion and two in assets and only 750 million that you were going to target for this new venture. So, the notion of going from a billion and two, to say 700 million, had to be scary as well. Would love to hear a little bit about how you reconciled those two things, how you came to a place that said, despite those two issues, it's still better for us to make this leap.

Matt Liebman:

It's a really good question and one we wrestled with, as you know, for a long time. I do remember that call. You were on a train, and I appreciate you talking with my dad, I'm sure you guys had a fun conversation as well. But as far as that goes, I think the shrink to grow thing was something that always appealed to us. The idea that if we do more for our clients that are doing the most with us, and we provide top level service to them, that will lead to more introductions of clients like them and will help us grow our business and make our business roughly the same size in grand assets.

Matt Liebman:

Because right now, we're at about 1.1, I guess we were, if you count banking assets there, around the same over there, but now, almost all of it is fee-based advisory business. What really resonated with us, and frankly, I will say it was a train session I had a few years ago at Merrill with one of the top advisors there who really focuses on shrink to grow. So, this idea was effectively in the independent space, can we do more for our core clients so that we get more clients like them? If we do that, they're going to be happy, we're going to be happier, and frankly, our business is going to be bigger. That was the bet we were willing to make after, as you know, a fair amount of due diligence.

Mindy Diamond:

Yeah. What I'd like to say is, and I've said this many times on this podcast and the interviews I've done, 99% of the people like you that have opted to go independent have been looking at a possibility of shrinking to grow. Even those didn't set out to shrink to grow, there's always surprises. You have to be comfortable with the notion of leaving some assets behind because you're so convicted and taking however many steps forward. Not everyone is willing to do that.

Matt Liebman:

Absolutely. That was a big part of it for us.

Mindy Diamond:

Yeah. Okay. Now let's talk about your dad, Sam. Tell me what his concerns were and how you reconciled them or how he got comfortable with them.

Matt Liebman:

I'm really lucky in a lot of ways as a result of being Sam Liebman's son, but one in particular, professionally, is unlike, and I've seen this firsthand with other multi-generational teams, unlike a lot of them, from really the minute I joined 13 years ago, 14 years ago, he has trusted my judgment and deferred to me on a lot of big decisions, and it's only become more that way over time. In general, he was more in the role of, and he said this, he's like, "It's your show," when we started the search process, said, "It's your show. I've done this before, but you know the future, you know the business, or at least you have an idea of where you want to take it, and I'm here to offer advice, and let me know when you get serious."

Matt Liebman:

The call to you on the train was once we had gotten serious. Some of his concerns were around the fact that he had operated as an independent business owner mindset for the better part of the 50 years he was in the business, but there was no Dynasty, there was no ecosystem of independence 15 years ago. In his mind it was a little bit more like the wild, wild west because that's what the guys who went independent 20 years ago were like. It took a little bit of an education on that to get him exposed to you, to Dynasty, to Fidelity, frankly, our custodian, and so on, to see that effectively, what he had been doing 20, 30 years ago, having an autonomous practice inside of a big firm was available to us now, but we no longer had to be inside of that big firm. We could just have our own autonomous practice.

Mindy Diamond:

In that conversation I had with him, that's exactly what we talked about, I told him, in fact, how much respect I had for him for how protective he was of you, how much he trusted you and how lucky he was that were in fact going to be the steward of the business he created. But still, he had a lot to lose. He could have signed off on Merrill's CTP, the client transition program, which is Merrill's retirement place program, which for him, would've been the path of least resistance. And he had an awful lot of money to walk away from, because going is not about getting a big check upfront. How did he reconcile that?

Matt Liebman:

Slowly. I would say that answer applies to all of us in that, to your point, when you have significant deferred comp on the table, that you're leaving on the table when you leave, the opportunity costs that you're bypassing, seven figure checks that other firms are willing to write for you to leave, and in fact, you actually have to put up some of your own money to start the business, you can't make an argument that in the short-term, it's a wonderful financial decision. It's a risky financial decision. But the more we thought through it collectively, what we realized was, in a lot of cases, the money that you get in transition dollars to go to be an employee at another firm, whatever firm that is, the more we started breaking down the numbers, looking at what the business P&L would look like, the more we realized that a lot of those transition dollars were in fact transition insurance.

Matt Liebman:

That if your transition goes poorly, it would be nice to have that check. However, if your transition goes well, and at the other side of the transition, you're sitting there, owning and operating your own highly profitable business, financially, we will wind up doing just fine. The real risk was that the transition wouldn't go well, and thankfully, we are through that, but that was really the calculus we had to do financially. Then there was another factor that I think really applied to my dad above all else, which is, at his stage of the game, he doesn't need the money. He really enjoys his work.

Matt Liebman:

The question was, would he, and would all of us enjoy work a lot more on this side of the table, more qualitatively, away from the financials? On that, we got to that point quicker than we had to work through the money side, but both worked out pretty well.

Mindy Diamond:

So, and I don't want to go into personal details, but can you give us a sense then of how much he stood to lose and how you got him comfortable with the short-term financial risk? Was there something you did to get him comfortable with that?

Matt Liebman:

Well, he is pretty sharp guy, and as I mentioned, a accountant by training and former tax accountant. So, he can read numbers pretty quickly and pretty well. We walked through exactly what CTP would look like if he took the re retirement place program at Merrill, exactly what the numbers would look like if we took a check and went somewhere else, and then what the numbers might look like if we ran our own business as efficiently as we thought we could while still having enough resources to serve our clients well. My dad, to his credit for someone of his age, always has a long term perspective.

Matt Liebman:

When we looked at it through a sort of 10 to 15 year prism, which most 70 something year olds don't do, but he does, he thought it was actually a better financial deal to go independent long-term while also having a better time serving our clients. I think, for him, it was really seeing the numbers, which he can see very quickly, the qualitative benefits, and the fact that he has a very long-term perspective and has never desired to retire. So, the idea of retire in place only works if you want to retire. If you want to keep working and you enjoy what you do and you can see through a good long-term investment, it makes it a lot easier. So, I think we had a very, let's say easy subject to convince there.

Mindy Diamond:

Well, I think hit the nail on the head. Most advisors that are of the age to seriously consider CTP or any other succession program, most don't have a long-term view. One, it takes is having a long-term view or, and/or a partner who's willing to make you whole in the short-term so that you're doing no harm to the soon to retire. In your case, your father was out to protect you. He had a long-term view of the business, and that's what it took. Tell me a little bit about what your and his thinking were of CTP. If your dad had come to you and said, instead of being willing to go independent, he said the opposite, "I want to take CTP and you and Aaron and the rest of the team can take on the business," how would you have felt about that?

Matt Liebman:

If my dad came to me and said it, I would take it seriously, because I take his opinion seriously all the time, but to be totally honest, I would've been pretty lukewarm to the idea. The idea at this stage of the game for me, and certainly for Aaron, who's a handful of years younger than I am, of locking ourselves up a little bit longer at a firm when we're not ... At the time, even before doing research, we weren't sure that we wanted to say we definitely want to be here for the next five to 10 years. That's a pretty big leap. I would not have felt great about it, but certainly my dad's vote matters. And if he had thought that, we would've talked it through and I would've tried to gently persuade him to consider other options.

Mindy Diamond:

Right. What would've been the biggest reason why you would've wanted to consider other options?

Matt Liebman:

I had an itch, a sneaky suspicion that was confirmed once I started doing due diligence with you and your team, that there was a better way to serve clients. And the whole idea of skate to where the puck's going, which is interesting coming for me, because I can't skate and I've never played hockey.

Mindy Diamond:

I use that analogy a lot too, and I can't skate either.

Matt Liebman:

Yes, but Patrick Swift on our team is a former college hockey player, so we'll go with that, but the whole idea of skate to where the pucks going, it just felt to me that this is where the industry was going. I mean, you have a podcast series, Mindy Diamond on Independence, not Mindy Diamond on leaving Independence. It seemed like everybody was heading that way or at least heading towards smaller firms, even if you were employee with more autonomy. So, I just had a feeling that we may want to make a move in the next decade. I didn't expect it to happen when it did, so that would've really given me pause in signing an agreement to keep us in place longer.

Mindy Diamond:

Right. That is the key that, if you were looking to preserve optionality, that is what makes signing those agreements particularly bad for the next generation. Not a bad thing for a senior advisor, but can be really detrimental for the next generation, so I get that totally. But let me ask you a question. One of the options that a lot of multi-generational teams consider today are the notion of middle ground solutions. Say a firm like Rockefeller. So, if First Republic wasn't in Philadelphia, that wouldn't have been an option, but Rockefeller, as a new boutique firm, would've paid you some really nice transition money upfront and felt like much more independent than being an employee of Merrill. Had you considered options like that, and why or why not?

Matt Liebman:

Yes, we did. In fact, in most scenarios, whether it's my portfolio and investment opinions, maybe some political stuff, so I'll stay away from that here. I tend to move towards the center. This idea of these firms that existed in the center, not fully independent, but not the full big employee model at a wirehouse or private bank, sounded on paper appealing to me. We certainly met with some, and Rockefeller in particular, super impressive what they're doing and a really impressive firm. We took those meetings very seriously, and they were real contenders as we were considering moving.

Matt Liebman:

Ultimately, what it came down to, I remember it was actually a conversation I had with my wife after going up to New York to meet with a couple of those firms, including Rockefeller, she said to me, "If you don't believe in this 100%, you're not going to be able to represent that to your clients as being 100% the best thing for them. So, what you should decide is what you think will be best for your clients, put the money to the side. We live a nice life. We'll be fine. Come up with what you think the best answer is and think about it that way." And that was her advice at that time.

Matt Liebman:

Ultimately, the more we thought about that, it really came down to, if we're going to move, if we're going to go through this disruption for our families, for us, for our clients, we want to, at the end of the day, call the shots. We want to own this. We don't want to be owned, no offense to anybody else out there, but we do not want to be owned indirectly by a private equity firm. That did not feel appealing to us. And it may be to other people. That's great. But for us, at the end of the day, if we were going to go through the transition, we wanted to own it.

Mindy Diamond:

I know that there was one other thing that took some reconciling as well, and that was Dynasty's suggestion that you would need to reduce some staff in going independent in order to protect profitability. So, how did you reconcile that, and do you think it was the right move?

Matt Liebman:

Glad you mentioned that, because you had asked before, what some of the difficult moments were in the transition. That was probably the most difficult part, which was saying goodbye to colleagues that had worked with us, and recognizing the fact that we made a choice to not invite them to come with us. That was very challenging because I like those people a lot. I mean, they were people I was friendly with and I think highly of. But ultimately, when we started through with Dynasty building this firm, not knowing that the transition was going to go as well as it did, we also, we had to factor in, let's bring with us the people on our team that our clients know the best, are the most comfortable with, and that we can see really growing with going forward, that are in a role that is less dependent on the bank and the firm.

Matt Liebman:

$1B+ Multi-Generational Merrill Breakaway Team Leaves Behind the Big Brand to Gain “More” for Clients

A Conversation with Matt Liebman, Founding Partner and Chief Executive Officer, Amplius Wealth Advisors

Once we went through that thought process, it actually was a little bit less about the P&L and a little bit more about, what kind of firm do we want to build? And if we start a little leaner, while that will make the transition certainly a little harder for us, once we're through that and we can start hiring people that makes sense in our new world, we think it'll lead to a better outcome. Now that we're here, since we launched with eight people, Edward Jawer, who I mentioned retired shortly after the transition, but we've hired two new people that are wonderful, that really fit with our new business, and we're probably going to be hiring two or three more this year.

Matt Liebman:

So, personnel wise, we'll be right back up to the same in size team by the end of year two. However, we think it's a team that is way better suited for the business we're running now.

Mindy Diamond:

Let's talk about Dynasty for a second. What went into the decision to use a firm like Dynasty at all, a service provider, if you will, as opposed to going it alone, going directly to the custodian, and what other sort of helpful advice has Dynasty given you along the way that proved to be invaluable?

Matt Liebman:

Dynasty has been an awesome partner, and Cheryl has built really an incredible firm there. The idea of going it alone, as much as I may talk boldly now about how my much we want to own the business and be independent, going it alone to us was just a bridge too far. As you know, from talking to us over the years, independence felt like a bridge too far for a long time. Independence without the support of a partner like Dynasty just felt like too much to take on, life short, and transitions can be both fun and not fun, but we want to ultimately have fun doing our job again, and we thought it would take quite some time doing that there.

Matt Liebman:

Where Dynasty's been really great for us is, if there's something that we have a lot of passion about, whether it's investments, planning, things like that, they will work with us with their industry knowledge to create the most customized, tailored, and in our opinion, best solution we can offer to our team and our clients. However, if there are areas that we don't know as much about, whether it's some of, let's say some marketing things, because frankly, we couldn't really market a whole lot outside of the brand of Merrill in our old job, they really can suggest ideas.

Matt Liebman:

So, it's sort of a combination of, they're not just here to take our instructions and execute, though they will do that, but they're also not here to tell us what to do, though they will do that, and they're very talented at maintaining that balance there of both helping us and offering suggestions and also executing our vision.

Mindy Diamond:

How about that vision going forward? How do you expect Dynasty to help you or partner with you going forward?

Matt Liebman:

Our plan with Dynasty is to include them in every decision we make. It's still our business, not theirs, and we're effectively a client of theirs, that is their business model, but every step of the way, we want to take their input. Doesn't mean that we're going to listen. Ultimately, it's ultimately on us, both for better and worse when we make decisions, but whether it's hiring and expanding, marketing, any sort of financial restructuring we do in terms of the people who work here having more of a stake in the business, they have a department that can deal with everything. So, effectively, every area of our business, we plan to leverage them as much as possible to make life better for us and better for our clients.

Matt Liebman:

That is our feeling is, once we committed to them and once we're with them, we want to use them as much as possible. The Dynasty people can attest we are not strangers and we are on the phone with them all the time.

Mindy Diamond:

Good. Okay. Let's back up a second. Tell us about Amplius Wealth, which is your independent RIA. First of all, what does the name mean?

Matt Liebman:

Our marketing people called it a curated Latin word, which I found to be a fun phrase, but what Amplius really focuses on is, from the Latin root, amp and amplify, effectively to amplify our focus on the client, and we've also adopted that a little further to go above and beyond for our clients, that we were doing, in our opinion, really good work for them when we were at Merrill, we took a lot of pride in the team we had built there and the services we provided, but we really wanted to amplify that and take that to the next level here, so that is where, along with our marketing partners, we came up with that name.

Mindy Diamond:

I love it. I think that's great. All right. We talked a little bit, a few minutes ago, about what you hoped would be better for clients of your independent firm, as opposed to clients of yours at Merrill. You talked about the notion of choice and hopefully better pricing and the ability to remove conflict. With 10 months of hindsight, has that proven true? And what kind of things like, can you give some examples of some things you've been able to do better for clients that you couldn't have done while at Merrill?

Matt Liebman:

Yes. It has been proven to be true from the standpoint of cost, like the example I gave of the structured notes earlier and maybe securities based loans as well. I will say that we were really lucky to have the clients we have who had a lot of patience with us during the transition, because it's disruptive to them too. And ultimately, as I've said multiple times, they're the boss and we do our very best to keep them happy, but a transition is a disruption to them. I do think, going forward, it is our job, as an Amplius team, with Dynasty's help, to make sure that our clients that have been so loyal to us continue to see all of the benefits.

Matt Liebman:

But to give you a couple of examples, and let's just deal with both sides of the balance sheet here, when a client is looking now to make an investment, and as you know, there have been a whole lot of private investments out there recently. There's been quite a boom in area, especially since the whole work from home and COVID environment over the last two years, in the past, when that investment could not be held at Merrill Lynch, we were, to a certain degree, done with that conversation. Now, when a client's considering making an investment, even if we are not being compensated for that, it's not going to be an asset that's held with us, if they want us to look at a deal with them and just be a sounding board, we can have those conversations now.

Matt Liebman:

That has been proven to be very helpful for our clients because they feel now that we can really talk to them about holistically their whole picture maybe more than before. And especially, the ones that especially resonates with are the business owner clients that now I think view us a little bit more like their contemporary because we are business owners as well and we know what they're going through a little bit more. Then, on the other side of the balance sheet, on the borrowing side, because with interest rates as low as they are, there are a lot of people borrowing for a lot of purposes, we have more choice now, as I mentioned, with securities based loans, and we're also, when it comes to things like we're residential finance, we're not in the mortgage business anymore.

Matt Liebman:

Which frankly, no offense to those that are in it, is a relief for us. We don't really want to be in that business. But what we do want to do is sit down with our clients, from a financial planning perspective, and as they're considering options from various banks on various loans, have those conversations and give them totally objective advice without any benefit to us other than keeping our clients happy, which is the ultimate benefit.

Mindy Diamond:

Okay. I assume, while I know that a lot of the decision to go independent was altruistic, wanting to be able to serve of clients better and more conflict free, there had to be some things you were hoping would be better for you, and the business overall, and your team. So, what are those things? With 10 months of hindsight, what is better? And if anything, what's more challenging?

Matt Liebman:

Sure. Definitely. There are a lot of benefits to us as well for sure. One thing I will say that I probably didn't anticipate as much, that's been a really nice benefit, is how closely our team works together and how much we all get along. Now, not that we had conflict or issues before, but when you're at a big firm, as much as you can operate as a team, there is still an incentive, to a degree, to control your little, and to hoard your, these are my clients, not yours, Aaron, Pat, Sam, Matt, and all that. Once we came over here, that was all gone, and it was all, we're all rowing in the same direction. We're all in the same team. Again, we were never that bad over there, and most teams over there operate as best they can like that.

Matt Liebman:

But when you own the business together, it really is quite true. That has been certainly one benefit. Along those lines, it's just a friendlier, more casual and collegial environment while we still all work very hard. I think that has been a huge benefit. If there was a negative, I think Michelle and Monica on our team, who have been with us for a long time, probably could have used a little bit more help during the transition had we brought maybe a bigger team with us, and we're certainly, we've already hired some help for them. We're hiring more now. But on that, they really, like our clients, had a lot of patience with us and we look forward to rewarding that patience.

Mindy Diamond:

Tell me about long-term plans. In other words, was one of the motivations for going independent the ability to enter into this very frothy M&A market where multiples are at a high watermark?

Matt Liebman:

A benefit to independence from our perspective is to at least be able to have those conversations realistically, which you can't do when you're an employee. I don't know that we're going to go ahead and start buying for firms tomorrow. In fact, last year we were offered a couple of opportunities that we just weren't ready for, to be totally honest, and we felt like we had to take care of the people who took care of us first, and that was really the employees and the clients who were going through this transition. We wanted to make sure they were all settled and seeing all the benefits before we made life even more come complicated by bringing on somebody else.

Matt Liebman:

But now that we are through that, we certainly want to have those conversations with like-minded advisors and/or other RIAs. We're at the point now, you mentioned a rather frothy M&A market, if it is indeed frothy, we probably don't want to be on the buy side of that just yet, because we'd rather not overpay, and we're certainly not sellers at this point. I don't know that we'll make any big moves anytime soon, but we like to be able to have that conversation, and I think it really helps us hone in on how we want to grow our business organically when we're considering the inorganic growth.

Mindy Diamond:

Do you think that you'll be a seller someday? Fast forward 20 years and you're at your dad's stage of the game, could you see yourself at some point selling, or merging, or what do you think the end game looks like for Amplius?

Matt Liebman:

Never say never. It is possible. I would never rule anything out, but that is not our plan, and that is not our vision. What we would like to do is keep growing this, keep benefiting from the growth, keep serving our clients as best as possible and get more referrals from them. And then what we're working on now, and we've already started, is bringing on more young talent that hopefully will move into roles in the business. So, we really want to build Amplius so that we never have to sell it. So, 20, 30 years from now, is it possible? Sure. But that's certainly not the plan.

Mindy Diamond:

Got it. And tell us a little bit about how you spend your days. How different are your days as the leader of the firm different from might have been as leader of the team at Merrill? How much time is devoted to management of the business overall?

Matt Liebman:

What's changed is ... So, there's still the piece of the day, which is a big chunk of the day, which is being an advisor, talking to clients, and also working with clients on plans, and portfolios, and doing investment research. The amount of time spent on that has not changed a lot. What has changed is the amount of time that we used to spend having to let's say adhere to various operational requirements at Merrill Lynch, attend a lot of meetings, do a lot of training that the firm dictated and so on. That time now has been more redirected to actually running an enterprise, trying to grow that enterprise, and working with Dynasty to see what we can do to more efficiently run this place.

Matt Liebman:

I would say probably a little bit more on the business management side than there was when we were just employees. But thanks to Dynasty, it's not as much as one would think from the outside. We have a lot of help in that area and our core days are still spent serving our clients.

Mindy Diamond:

Yeah, well that's good. I think that's what most people would like it to be exactly, what you're good at and what got you into the business in the first place.

Mindy Diamond:

Matt, you're less than a year out, you've hopefully got a very long runway and I can't wait to hear more and see more of what you do in building this enterprise. But wondering one last question, with hindsight, what message would you want to deliver to your ex colleagues at Merrill or ex wirehouse advisors about either leaving the firm, going independent, or anything else you've gathered in perspective in the last year or so?

Matt Liebman:

Sure. I do think Merrill Lynch is a great firm, as are many of the private banks, and other wirehouses, and I'm sure they all have benefits, and they are the right fit for certain advisors and certain clients. That said, I really do think people, if they are doing due diligence on a move, which most advisors do as a regular course of action, if nothing else, just to reconfirm that they're in the right place, while they're doing that. I think independence, particularly supported independence, which is what I think of as our role because we do have Dynasty, is a lot less scary than it appears from the other side.

Matt Liebman:

I think the more due diligence you do, the more you realize life does not have to be wildly different, and you can still own your own business. I'm not saying it's exactly the same. It's not. But there are a lot of things that frankly are better. To your question earlier about going it alone, I think if we had gone fully alone with no support, then maybe our days would look a lot different, and that's what we wanted to avoid. I think, when considering your options, I think people should look at the full landscape and not limit themselves, and look into this supported independence. Because if you look at where the numbers are going, there's a reason a lot of big teams are going that way.

Matt Liebman:

And it's again, not saying that there aren't wonderful things about other firms, but it's pretty awesome out here and we're really excited about it.

Mindy Diamond:

Well, Matt, thank you so much for sharing your journey to date. You've got a long way to go and can't, as I said, can't wait to hear more and see more. So, I'm hoping you'll come back again and update us. But in the meantime, wishing you all the best, and thank you so much for sharing so much wisdom with us.

Matt Liebman:

Thank you, Mindy. This was a lot of fun, and thank you for all your help.

Mindy Diamond:

As an employee of a large firm, many advisors come to a point where they need to decide where their loyalties lie. For Matt, it was clear to him, the clients were his boss. As such, he and his team were responsible to answering their needs first and foremost, a direction he felt they could only take in independence.

Mindy Diamond:

I thank you for listening and I encourage you to visit our website diamond-consultants.com and click on the tools and resources link for valuable content. You'll also find a link to subscribe for regular updates to the series. And, if you're not a recipient of our weekly email, Perspectives for Advisors, click on the articles linked to browse recent topics. These written pieces are an ideal way to stay informed about what's going on in the wealth management space without expending the energy that full on exploration requires.

Mindy Diamond:

Feel free to email or call me if you have specific questions. I can be reached by cell at 973-476-8578, or by email mdiamond@diamond-consultants.com. Please note that all requests are handled with complete discretion and confidentiality, and keep in mind that our services are available without cost to the advisor. You can see our website for more information. Again, if you enjoyed this episode, feel free to share it with a colleague who might benefit from its content. If you're listening on the Apple Podcasts app, I'd be grateful if you gave the show a star rating and a review. That will let other advisors know it's a show worth their time to listen to. This is Mindy Diamond on Independence.