



EPISODE TRANSCRIPT

From Merrill Resident Director to Breakaway: How the Freedom to Innovate Fostered 2x Growth

A conversation with Amir Monsefi, Co-Founder and CEO of AIRE Advisors.

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is From Merrill Resident Director to Breakaway: How the Freedom to Innovate Fostered 2x Growth. It's a conversation with Amir Monsefi, co-founder and CEO of AIRE Advisors. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

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For Apple Podcasts users, I'd be grateful if you'd give the show a review. Your input helps us to make the series better, and alerts other advisors like you who may find the content to be relevant. And while you're at it, if you know others who are considering change, or simply looking to learn more about the industry landscape, please feel free to share this episode or the series widely.

With decades in the brokerage world, it's rare that an advisor doesn't start to question their ability to serve clients better. Certainly, things may be good enough, until there's a desire to offer clients different services or to change the way they are charged.

Even a Merrill resident director who serves as a producing manager at the firm and may have a wider perspective of what can and can't be done as an employee of the wirehouse can arrive at the same conclusion. That is, there may be a better way to serve clients and grow the business.

This week's podcast guest Amir Monsefi, a Merrill resident director with nearly three decades in the business, came to that exact crossroads. He and partner Sharon Nassir started to feel conflicted. They wanted to be able to offer their clients more, from investments, to advice, to education, but were limited by what the firm allowed.

This conflict of interest became too much to ignore. So much so, that Amir and Sharon decided to make the leap to independence and do it their way. Launching AIRE Advisors, an RIA they built on their own with Fidelity as their custodian in 2020. And that choice led them to achieve all they wanted and then some, plus doubling their assets under management in the process.

Amir joins me in this episode to discuss his journey from Merrill RD to co-founder and CEO of his own RIA. He talks about the pulls toward independence, along with the changes he saw at Merrill, particularly from a management perspective.

Amir shares how their ability to do more for their clients has served as the foundation for their growth, why they chose to build their own firm rather than opt for a service provider or another wirehouse, why the road to independence was worth the travel, and much more. It's a great story, so let's get to it. Amir, thank you so much for joining me today. I'm really grateful.

Amir Monsefi:

Note: This is a transcription of a spoken word dialogue and as such there may be errors and/or omissions.

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Thank you very much, Mindy, for having me on, and for the opportunity.

Mindy Diamond:

You bet. And I'm excited to hear your story. So why don't we jump right in. Tell me about yourself. Your path from 27 years in the brokerage world to the establishment of your own RIA AIRE Advisors in 2020.

Amir Monsefi:

So after a couple of iterations, I essentially started my business at a small little known full service division of what became TD Ameritrade. This was a full service advice division. It was called the Investment Center at the time. And instead of making cold calls or just going out and finding clients, we were able to make warmer calls to the existing clientele of the company and build our practice that way. But it was strictly a commissioned business.

And while I was at TD Ameritrade from '99 till 2002, I went to UCLA and got my MBA while I was working there. And in 2002 upon graduation, I went into management. So I've been in a dual role as a manager and an advisor for that entire duration of time.

In 2006, they shut down this full service division, because it was interfering with their RIA practitioners out there. And I ended up at UBS. I was at UBS in Beverly Hills for a number of years as a sales manager, and ultimately ended up at Merrill Lynch where I was a resident director as well as an advisor. And my last role there was as the RD in the Century City, California office.

Mindy Diamond:

Got it. So let's talk then, and we'll unpack a lot of that later. Because it's your role as player coach, or manager and advisor, resident director as Merrill calls it, that makes a lot of what you've done interesting. But let's give our listeners some perspective about your business.

So what did your business look like at Merrill? Which is the firm you left when you decided to launch your own RIA. So how much under management, how many partners, how many support staff, what did it look like?

Amir Monsefi:

So it was me and one partner, Sharon Nassir, and we had I think about \$350 million in assets under management. The foundation of how we ran our practice was that we are big believers in market efficiency, and that advisors should not be trying to time markets, and picking stocks is not a worthwhile activity. So we're primarily in ETFs.

And because of the design of the firm where there was a minimum percentage that you could charge per account, the way we generally manage money was we would split accounts into two. We'd have a fee-based account where we'd charge a percentage fee to be the advisor on the account. And then we'd have a non-fee-based account, transactional account where we would



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buy CDs, bonds, cash, once in a while structure products in that format, because we just found that that was the most beneficial way to run it for clients.

Mindy Diamond:

So you and your partner Sharon left Merrill and launched this new firm, this independent firm. It's been three years now. So you left Merrill with \$350 million. Wondering what you're managing now, and how big your staff is now.

Amir Monsefi:

Right now, we have \$700 million under management. We've been growing our business. We've had advisors join us. So right now, we are including myself and Sharon, a total of eight advisors and three private client associates. And we've built our business both organically, but also by bringing on some excellent advisors that have joined us.

Mindy Diamond:

Okay. And I am definitely going to want to hear that, because what I really am going to be curious about and we'll talk about it in a little while is what the value proposition of AIRE that made advisors opt to join you when there are so many other options in this ultra-competitive landscape.

But before we get there, let's talk about your last position at Merrill as an RD, or resident director, I believe in Century City, California. So first and foremost, management comes with its own set of fiduciary responsibilities. So how did you go about conducting due diligence on other firms and models, without violating that responsibility?

Amir Monsefi:

Yeah, it was definitely a challenge to even think about going in that direction. But ultimately, I had gotten to a point where I really felt that the best thing that we could do for our clients was to go and start our own firm, and we'll get into that later.

Being a resident director at a company like that where you really have two full-time jobs. One is to be a financial advisor to your clients just as any other advisor is, and another is to manage an office and train, and develop, and coach advisors.

Just a time factor alone was a challenge, but we just managed around that. It's a challenge to kind of do that, whether you're an advisor or a manager, to look elsewhere while you're still giving everything you have in your own company.

But ultimately, I had gotten to a point where I actually left management in the middle of this process, because I had thought that we're definitely going to make a move. So my last six months or however long I have left here, I'd rather not be in management and have that slight conflict of interest.



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Mindy Diamond:

So as a producing manager, this player coach, just out of curiosity, how did you think about your role? Did you feel that your first priority was to the firm and the 44 financial advisors that reported to you? Or first and foremost, to the \$350 million in client assets and the clients themselves that you supported? And were those priorities ever in conflict?

Amir Monsefi:

So for me, the priorities were never in conflict, as unusual as that may seem. Because my first priority as a manager, was primarily the advisors, the people that I was managing. And as an advisor, it was my clients.

And that role really comes with its own challenges where you kind of split up the day, you split up different parts of the day. And you make sure that you're handling everything that you need to handle on both ends.

So there were periods of times where I stopped taking on new clients, because I didn't want to get inundated. But I never found that to be a conflict. I was not taking on new clients really. Anyone especially that was offered through the firm, referred through the firm, we would not take those on. I'd pass those on to the advisors because I didn't want to have that conflict of interest. But that conflict really exists if you're not able to properly organize your day, which I think we were able to do

Mindy Diamond:

Not only organize your day, but I imagine you're called upon to make a decision. Which role is more important to you? Client, advisor? Do you want to be an advisor more or a manager more?

Because I read that the Century City branch you managed for Merrill was among the largest with a producing manager. And we know, we've been told a lot that the larger a branch is and the more recruiting and management responsibility there is, the harder it is to be a player coach, to lead both roles. And I imagine at some point, you really did have to make the decision. What do I want to be more when I grow up, an advisor or a manager?

Amir Monsefi:

I mean for me, that really was never the case. I had actually made the decision. So I went into management a little over 20 years ago. And the reason I went into management is because I wanted the advisors to have a role and a say in some of the decisions that were being made at that time in the firm that I was at, by managers. Because I felt that when you're on the front lines, you're actually more in tune with what's going on with clients, and what clients are looking for.



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So I had ultimately made the decision that I always want to stay in production while I'm a manager, because I actually felt it was an advantage to understand what's happening in the changes in the markets, what's happening in the changes in the business on the front lines.

So rather than have it be a conflict, to me, it was something that I always felt was a positive and actually helped in my management role. Because I was seeing it myself, what the advisors are seeing.

Mindy Diamond:

Yeah, that makes sense. I think that's actually a great answer. So let's back up a little bit. Talk to me about what was going on at Merrill that made you decide to explore options elsewhere.

Amir Monsefi:

So I don't necessarily think that this was just a Merrill thing. Some of it was where I felt like it was moving away from... I don't want to speak badly about anything. I had a great experience there, but I thought it was moving away from the core of what Merrill Lynch was. But for me, it was also I think that the regulatory environment in the last 10 years... And this I think can impact not just Merrill but all of the hybrid wirehouse type firms. The regulatory environment was changing so much, that there were a lot of things that I was able to do 10 years ago that we were no longer able to do.

And I felt that it was moving too far away from us being able to actually customize and differentiate what our beliefs and our education that we want to provide clients was. So we had really gotten to a point where we felt that we had to move in order to be able to communicate more openly with clients.

Mindy Diamond:

That begs the question around, was independence the only thing you considered? Because the only way you're right, that that regulatory environment has changed and that regulatory environment makes it more constrained or more difficult to customize at any big broker dealer. So did you consider any boutique firms? Did you consider joining a smaller broker dealer, or was it independence or bust?

Amir Monsefi:

It was not. That's a good question. It was really not independence or bust at first. It really was I'm the type of person when I go to a restaurant, I read the entire menu before I pick my food, even if I found the thing I want right off the bat.

So for me, it was really important to know that we've researched everything, every option. Not necessarily having talked to every single firm, but to really understand all the different options there are out there.



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And very quickly, it became very clear to us that we need to start absolutely our own firm from start to finish. Meaning literally pick everything a la carte, start everything ourselves, pick out all of our software, do absolutely everything ourselves.

And it also became very clear that we would not want to be a hybrid. We would not want to have any commission incentives whatsoever. So those two decisions happened pretty early on in the process for us, and we were very clear on them the entire time.

Mindy Diamond:

I love that. I want to say one other thing. You don't want to speak badly about anybody. You had a great experience at Merrill. And one of the things I've discovered, the privilege I've had of now interviewing probably hundreds of breakaway advisors is that most every advisor will say they are grateful to the firm that made them. In your case, UBS and then Merrill. Merrill gave you the brand, and the platform, and the ability to be a manager, and grow in leadership, and grow your business. And while you outgrew it over time and it became not the right place, you aren't denigrating the experience you had there. And I think that's a positive. That should be the way to think about a move.

Amir Monsefi:

Absolutely. And by the way, to add to that, the education. It was a constant learning curve there. There was so much coming at us, and the firm did a great job of constantly putting out great educational events and opportunities. So to me, it was really a place where I learned a lot, lot more about the business, to where I had the confidence that I knew everything I need to know to start our own firm.

Mindy Diamond:

Yeah. So I ask almost every breakaway or every advisor I've interviewed this question. Do you think then that the move was motivated more by pushes or more by pulls? What do I mean? Pushes, the things that were limiting you, that were frustrating you, that you might have been running away from. Or more by the pull, to do something different to be able to customize, have more control, whatever the motivations were for going independent.

Amir Monsefi:

Yeah. I think it was more by the pulls, but it did have some pushes as well.

Mindy Diamond:

It sounded like you were saying the pushes, were that Merrill felt like it was moving... I took notes. Moving away more from the core of what Merrill once was. And then the overall regulatory environment changing so much, making it more onerous.

And I think, by the way, I want to comment on that. You are right, that often time when there are pushes, it is in part about the firm. Meaning Merrill specific. Merrill felt like it was getting more



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away from the core of what it once was. But the changing regulatory environment isn't necessarily at Merrill. It's about the regulatory environment and affecting most every broker dealer. So I think that you are right about that.

How would you characterize then Amir, the pushes? So the fact Merrill feeling more like it had moved away from the core of what it was, how do you describe what that felt like, and moving away from that core, and how that impacted your ability to grow or be an advisor?

Amir Monsefi:

So I'll speak on the management side first. That was one thing that I had noticed initially, shall we say. I went into management with the intent of helping advisors trying to help improve business processes and practices of different advisors. And really found it rewarding to be able to meet with so many great advisors, learn from so many of them, and be able to pass that information onto others. So my motivation in management was always about helping people and developing.

And in my last couple of years there, I felt that it was really becoming more about if I as a manager need to survive, we have to hit these checklists and things like that. And it just wasn't what drove me into that type of a role. So that's the first thing internally at the firm that started to get me to think about this.

And regulatory-wise, I used to create a lot of content back when I was at UBS and in my early days at Merrill. But because the regulatory environment had changed so much, in other words, our whole practice was based on giving our clients a specific message about what we felt this was all about and constant client education. And I was not able to do those things anymore, because of the regulatory environment.

So those things were kind of the pushes, but those still were secondary to the pulls in terms of thinking about what do we want? Why do we even want to think about starting our own firm? The pulls really were ultimately the motivating factors for us to do this.

Mindy Diamond:

Okay. And what were those pulls? Why did you want to start your own firm?

Amir Monsefi:

So multiple reasons. I'll maybe focus first on the top three things. One is that we wanted to create a firm where we removed the conflict of interest of commissions, and that we do not get any sort of compensation one way or the other to recommend one investment over another.

I've always had an issue with the conflict of interest that comes in this business. And this business 30 years ago was almost all commissioned, very little fee-based. And that's changed over time. And so we really felt like we wanted to create a structure where we can move completely away from that, and also to be able to create our own innovations if we can. I mean



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we're not the only ones doing this, but we have started a lot of flat dollar pricing where instead of telling a client, "We're going to charge you X percent on your assets," we go to clients and in the right situations, create a flat dollar customized price per year to advise them on all their assets everywhere.

Which brings me to the second thing. And that is that we wanted to advise on absolutely everything, not just stocks and bonds. So we made our move in November of 2020. And for the prior few years, if you remember, interest rates were basically at zero. The stock market a year after COVID was basically at highs again. And we really felt like we need to be able to advise clients on everything. On real estate, on art, on outside assets. We wanted to advise clients on their 401(k)'s, which is not allowed at where we were. We wanted to be able to be the source to advise clients on absolutely all their assets.

And then coupling that with removing the conflict of interest of commissions, we wanted the clients to know that when they're coming to us, they're getting pure absolute advice free of as many, if not all conflicts of interest.

And the third and last thing that I'll talk about that's very important to us is we are big believers in client education. We believe that a client who is educated... And this doesn't mean you have to be a PhD on this stuff. But to be educated about best practices, about negative behaviors that can ruin long-term returns, we felt that an educated client is going to have a much higher likelihood for success. So we've been creating a lot more content and that's something that we were not able to do.

So we create the content that we believe is right. We create our own content. And that's something that's been very, very important to us. And we're going to continue to create and expand on a lot of different content.

And one of the things that I've noticed in the business is for high net worth and ultra high net worth clients, for many of them, one of their biggest concerns is, "How are my kids going to do with this money? How do we educate them?" So we're creating a whole series of courses and seminars from six to 17 year olds, to provide A to Z education on money from for six and seven year olds about what is money, and spending versus saving, all the way to stock and real estate analysis for 16 and 17 year olds.

Mindy Diamond:

Well, you are talking to somebody that built her entire business on the belief of educating advisors. Never about selling anyone, but all about education. And so I love what you're doing, and I think it's great. One question for you.

So did you wake up one morning and say, "I want to create a firm where I remove all conflicts. I want to educate clients. I want to be able to advise on assets held away." Or did those directives or those desires become more clear to you over time as you began to go out and educate yourself about the new industry landscape?



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Amir Monsefi:

Yeah, I think it started slow when I was working at Merrill, and even before that. I've always been thinking about how do you make this business a better and better experience for the clients? And pricing has always been something that for me was an issue. Because even if you're charging somebody 0.7% for example, and at that time cash was paying zero, so do you not bill on cash? Do you not bill on short term CDs that don't pay anything? Do you not bill on bonds that are only paying 2%, because that eats into the majority of their return?

And I always felt like one of the issues that hit me was, how do we separate that from what you're paying on assets versus what you're paying for the service? So how do we price things in a way that doesn't create a conflict of interest for clients?

I mean, you can't build differently on different assets, because that creates a conflict. But at the same time, you also can't build something so that an asset has a negative return.

So these are all issues that I've been thinking about. And over time, it really snowballed to where once we made the decision, then every day we were thinking about, what do we want this to look like for the client? What do we want the end result to be? What are we trying to achieve? And to this day, that's what we're doing every day. So we're not done. We're really just getting started with that.

Mindy Diamond:

Yeah, I love it. All right, let's talk about the transition itself. So I know that you and Sharon basically self-financed your transition to independence. Yes, there were some startup money or soft dollars that Fidelity, your custodian provided. But that had nothing to do with why you chose Fidelity, and it certainly wasn't enough to monetize the business and fund the whole thing.

But it's a more unusual choice these days in this environment, for an advisor to break away and not associate with a service provider, for two reasons. One, because they need the help. They want somebody to help them, guide them how to get from here to there. And two, because there is transition money that a lot of service providers offer.

So how did you think about that? What went into that decision of do it yourself and not associating with the service provider? And how did it feel eschewing any and all transition money?

Amir Monsefi:

That's a good question. So keep in mind, I was in management for many, many years. So I've been used to this sort of dual role of trying to run an office, while at the same time advising clients. And I've always enjoyed the challenge and loved entrepreneurship, and I've always enjoyed the challenge of really thinking through a business from start to finish.



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So for us, that was the primary guidance for wanting to have our own firm from start to finish. But we didn't take on debt and we didn't go with service providers because we did not want anybody to interfere with our vision. We wanted to create this from start to finish ourselves. And we didn't want anybody to drive us in one direction over another. We didn't take on debt because we just didn't want to take that risk.

Mindy Diamond:

Okay. So can you give us some inside baseball, how expensive was the startup? And from a financial perspective, what was involved?

Amir Monsefi:

It's tough to say, because some of them were ongoing. But I think it probably cost a total of \$300,000 for us to start everything. Maybe a little bit less. But that means getting an attorney to set up the business, getting a marketing company.

And we did everything that we needed to do. So we set up a website, got a logo, our name, had a marketing company, had an attorney, had outside compliance. So all of these things cost money. A lot of them have some upfront fees, and then most of them are ongoing.

So from a financial perspective, everything you do has an upfront cost with an ongoing fee. So all the software, we have client relationship management software. We have 10 different software programs that do different things from our financial planning software, to our client reporting software. So every single thing you do at the firm has a cost to it.

One of the things we were fortunate about was we did this move during COVID, November of 2020. And at that time, real estate was very inexpensive. So we were able to find a small space in Beverly Hills. We signed an 11-month lease on purpose, because we felt that we were going to grow and wanted to see what space we would need in a year. So we signed an 11-month lease. It came with all the furniture.

And then 11 months later, we got lucky again because when we moved, most people had still not moved back into offices, and we got a space one block over three times the size. And we got all the furniture that we needed at a really low cost. So our costs were, I would say, much lower than they might be if somebody's starting today. But it's definitely been well worth it.

Mindy Diamond:

Yeah. I actually appreciate that inside baseball. So that's from the financial perspective. What about the work involved operationally in business startup? I know you said you stepped down from management. But generally speaking, it's working two full-time jobs if you're not going with a service provider. So to identify the tech stack you will need, to find space, to identify every aspect of things that Merrill and UBS gave you that you took for granted or that you just relied upon even without realizing it, and now suddenly you're building a firm from scratch. So one,



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how time-consuming was it? And who was your guide? How did you figure out, how did you learn what you didn't know?

Amir Monsefi:

That's actually a very insightful question, because there's a lot to that. Once we made the decision to go independent, the very first question that we had to answer is, who would be our custodian? So we met with all the major firms. Fidelity, TD Ameritrade, Schwab, LPL, had some conversations with Pershing who was owned by Bank of New York Mellon, and a few others.

And ultimately after multiple meetings with a few of these firms in particular, we decided to go with Fidelity. And initially, we decided to just go with one custodian. And we've kept that this way for now, for the foreseeable future, because we've had a fantastic relationship with them.

But starting there, Fidelity's representative who helped us through this, his name is Sean Mihal, he did a fantastic job of really helping us see the entire landscape. And introduced us to multiple attorneys, showed us all the different firms that do this software, and really helped guide us through the entire process. So starting with that first critical decision, we're able to piece everything together over the subsequent months.

Mindy Diamond:

Got it. And was Sean your only guru, or were there other gurus who filled in the knowledge gap along the way?

Amir Monsefi:

I would say for us was by far our top guru, and he introduced us to other gurus. So within Fidelity, there were multiple people that he had introduced us to that were in practice management or marketing, and different facets of the business that really understood those parts of the business and were able to help us with it. So he was the quarterback and introduced us to all these other people that were our gurus for the different silos.

Mindy Diamond:

That's actually a question I have for you. So the value proposition of the service providers in the space, the Dynasty Financial Partners, the Sanctuary, and many of the others is essentially that you don't know what you don't know. And while you're running your business working a full-time job, it's impossible to have your feet in two lands. So let us hit the easy button for you and make it happen, and you're still in independence.

And look, we know there are people that opt to plan their own vacations, and people that opt to use a travel agent. And one isn't necessarily better or more right than the other, it's just based upon someone's preference.

But other than preference, do you think in looking back, that the decision to do it yourself was the right one given the amount of time and energy and effort that it took? Is there anything you



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felt you missed or at any point during the transition where you said to yourself, "Man, did we make the right decision here?"

Amir Monsefi:

We have zero doubt that we made the right decision. There's never been a question about that since we did this. And to answer your prior question, which I forgot the second part of that, it was an immense amount of work. So I thought coming into this, that I was managing an office at Merrill Lynch with 55 advisors and 30 staff. There were a total of 85 people in that office at its peak. And I had my own book of clients. And I thought, "I can handle this. This is no problem." Because those are two full-time jobs, and I was able to organize the day to handle it.

This was infinitely more work. It was days that I was here till midnight, 1:00 AM. And my partner and I both read Charles Schwab's story, and there was a quote in there that he had said that kept resonating with me, where he said the start of the firm, that there were times when the stress was almost unbearable. And it really was that way. There were times when we just thought, "Wow, this is insane amounts of stress." We knew we were going to get through it. It never caused any doubt for us, but it was an incredible amount of work to get this done.

Mindy Diamond:

Yeah. And for a recruiter who helps people move to go independent, it's probably an odd question for me to ask, and one where it's odd for me to actually feel happy that you shared that. But I'm all about education. I think people really need to understand what they are signing up for. And that speaks to just how important it was to you, how meaningful it was for you to be independent, to put up with that kind of stress and time commitment.

Amir Monsefi:

Absolutely. And I had had conversations with a lot of these other firms before we decided that. But we decided that we wanted to do this from start to finish ourselves. It is definitely not the right decision for everybody, and it's probably not the right decision for most, because it really is an immense amount of work. And you have to be committed to the formation, foundation, and the continuation of the business, in addition to working with your clients.

So it's a little bit of a different thing. And obviously even ourselves as an RIA, our value proposition is to advisors. Why should they come to us? And it's certainly not going to be the ones that are going to feel the way we felt, that they want to start everything from start to finish themselves.

Mindy Diamond:

Right. Okay. I want to get to that. I really want you to help me understand why eight advisors chose to join you. When either they could have done it on their own, or they could have joined a major firm and gotten major transition money to do so.



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But one more question before we get there. So not only did you choose to self-finance the startup, which is unique. But you also gave up your brokerage licenses out of the gate and went fee only. And that is highly unusual.

Because while most breakaways will admit that eventually, they will want to become fee only, it's pretty scary to give up whatever commission business there is out of the gate. So what can you tell us about that?

Amir Monsefi:

That definitely is scary, right? It's scary to leave a firm with the name of Merrill Lynch, go and start a company no one's heard of. And at the same time tell your clients that, "We're moving completely out of the transactional stuff, and we're changing the way we do business."

But for us, everything we did here truly started with trying to step in the client's shoes and say, "What is the ultimate client experience that we would want to have if we were a client?"

So that's what we created. We wanted to have a firm that didn't have that. And these are licenses. I've had a lot of licenses. I had the 3, the 7, 63, 65, the series 8, which is the 9 and 10, the series 31. Gave basically all of these up. So that was a little tough to stomach at first, but after a couple of days, realizing that that's no problem, because we're creating what we believe is the right thing for the client. When you start from there, it makes all the decisions much easier.

Mindy Diamond:

Yeah. But a bold move, a scary move. And I commend you, because not one that everyone would make. All right. Let's talk now about AIRE Advisors' value proposition. So let's start with what it is, what kind of clients you serve, how the clients reacted to the notion of your joining this firm and essentially changing the way you do business. And then what was it about the value proposition that made other advisors join you?

Amir Monsefi:

So fortunately, our message really resonated with clients. The idea of advising on everything, on getting rid of all the conflicts of interest of the commission business. And we were able to customize a fee structure for clients that essentially was close to what they were getting before, but removed all conflicts of interest that come from the commission business. So our message and also the client education and things like that, that we're doing.

So that really resonated with clients. Our value proposition with advisors. And we really haven't started recruiting. The people that have joined us are just people who I've met through the years, and for one reason or another we got connected, and it ended up being a good fit. And purposely, we didn't want to start recruiting until right about now, where we wanted to have our firm structure in place, our who are we in place, our what do we believe in place. All of those things in place, before we go out and actively start recruiting.



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And there's a space in this for everybody. Our value proposition has really been for advisors who like our proposition to clients. And also, it's not for the advisors who want to do this all on their own. And it's not necessarily for advisors who want just a platform, and then hang their shingle and be the advisor.

Our proposition really is for advisors that want the support not just in terms of platform, but in terms of practice management, and having a team behind you, and an extremely high payout. But the team is not taking that. In other words, I go on meetings with advisors. We help make presentations to clients. But ultimately, the advisor is managing that relationship.

So our target is for advisors who want to spend time focusing on being advisors. While at the same time, we as a firm go out and do the marketing and create events to bring in new clients, so that the advisors are more focused on being advisors rather than on selling.

Mindy Diamond:

So a couple of things about that. Those advisors, you are right. It makes total sense to me that the target is the advisor that was not like you. Saw the benefits of independence, wanted what independence stood for, but didn't want to go out and build something from scratch, and go through the stress you did and spend nights until 1:00 AM building something.

But those advisors could have gone to private equity backed independent firms, or to Morgan Stanley, or to Rockefeller, or any other firm. And yet they chose AIRE, which is a relatively in the scheme of things, small independent firm. So what is it that you think that they were looking for that made AIRE the unique right choice?

Amir Monsefi:

First of all, in my 20 plus years in management at three different firms, we've built a lot of very strong relationships with a lot of different advisors. So a lot of that is familiarity.

But I think that the main thing that I hear from advisors, which has really been our goal, is that my partner and I care about their careers as much if not more than they do. So what I lose sleep over is how are the advisors doing, and how do we continue to help them build their practice?

And the feedback we've gotten is that they've never been at a place where the management and the owners of the firm truly care and want to help their careers as much as they do. And that's a difference, is we're not there just to provide a platform. We're there to actively be involved in the growth of their practice.

Mindy Diamond:

And you know what that tells me? First of all, kudos to you, because obviously your reputation and your relationship with these folks is what drove it. And it sounds like you are earning your keep every single day. You're reminding them every single day of why they joined you, and it was a good reason.



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But you know what it says to me? It reminds me or tells me that for the right value proposition, advisors aren't always looking for the biggest check. Are there some that are? Sure, and error or anything like it would never be right.

But what it tells me is that a firm doesn't have to offer maximum deal in order to recruit advisor talent. It's about a strong value proposition. It's about a value proposition, and goals, and mission, and vision that are congruent with the advisors. And it's about helping them to grow and to achieve their goals, and to remove a lot of the conflicts or the things that may have been limiting them. And for that, they are willing to trade some of the upfront money or the biggest checks that might be out there. And I assume you'd agree with that, because you're case in point of that

Amir Monsefi:

Absolutely. And everything you just said, Mindy, also applies to the advisor and client relationship, right? The client is not going to go to where it's just the lowest cost provider. They're with their advisor for very particular reasons, because that advisor matches that client's worldview and delivers a service that the client appreciates. And that's a very similar thing. I've always felt that my relationship when I was at the firms as a manager with the advisors, is very similar to the advisor relationship with our clients, in that we treat them as our clients. And our goal is to make this experience better for them. Because in turn, that will make the experience better for clients.

Mindy Diamond:

Yeah. I read that you said... I think I read it in a press release or an article that was written about you when you broke away from Merrill. And one of the things you said was that you wanted to advise clients on everything, not just stocks and bonds, or what's available on a Merrill platform. That many of your 120 households, were clients, had significant assets outside of the firm and its Bank of America parent, and that you wanted to completely advise clients on actual real estate and other investments. Tell me what that means in terms of practical terms and maybe some examples of that, and how that translates into what you're able to do at AIRE.

Amir Monsefi:

First, not even looking at real estate, but I'll talk about that in a second. We are able to advise on clients' assets that are not held in their fidelity accounts with us. We're able to advise on clients' 401(k). So we get from clients a list of what is available in your 401(k), and we'll actually advise them on what to invest in their 401k because we do a complete financial plan for every single client.

When it comes to real estate, we'll get a schedule of all their real estate everywhere and understand the debt service, what is the interest rate, the value of each property, the income on each property? And we find some pretty eye-opening things for clients like, "You're really netting only a 1% return on this property. Do you really think there's going to be that much



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appreciation?" So we'll actually advise on, "You may want to 1031 out of this property into something else."

Now we're not there yet where we're going to say, "This is the property you should 1031 into." We have different people that we can connect with that have that expertise, but we are there to look at the big picture and actually advise on that.

So part of this was if you remember in 2018, '19, '20, interest rates were at basically zero. So to me at that time, if this was going to be sustained, I felt that the bond market for individual investors in '18, '19, '20 was basically a dead category of investing. I was not going to park money in a five-year CD at a 0.5%.

And not because of a prediction that rates are going to go up. We don't make predictions. I don't believe in that. But it was that the risk reward I didn't think was there to lock up money for five years at 0.5% on a CD, or lock up money for 25 years at 2.25% on a municipal bond.

And at the same time, real estate was paying better rates. There were different options out there. So we really felt it was important for us to get out there and actually constantly learn about things and do more in that space. So that's one part of it.

The other is we've started to do a lot more in alternative investments. And when it comes to alternatives, we're researching this stuff throughout the year, but we're not subject to just the availability of certain things that are available on a platform. We have multiple different sources that we use from iCapital to Case, and we've done some things with Goldman Sachs through their many different offerings. But we're able to go out there and actually find investments. So we're meeting with different private companies throughout the year to find opportunities for clients.

Mindy Diamond:

You talked at the beginning about the freedom to communicate with clients, and educate them more, and conduct seminars. How has that aspect of your business life changed since going independent?

Amir Monsefi:

It's been critical, because there's a seminar that I created years ago when I was at UBS. And we improved on it, and made changes, and then I wasn't able to use it. And now, we are able to go back and create a seminar that really gives our message to clients. I shouldn't even call it a seminar. It's really a presentation, that really gives our message to clients about what is this stuff all about. And why is our way, in our opinion, the right way to do things?

So we talk about the markets are extremely efficient. They already know everything that basically is known out there instantly gets priced into stocks, which is why most professional stock pickers don't do as well as the index is. So we encourage clients just to buy the index, do an asset allocation portfolio, which we run for them, keep costs low. And we provide a lot of



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education on behavioral finance. What are the behaviors and biases that investors have that lead to poor results in the long run?

And we try to spend a lot of time on client education to identify these things before the crisis times occur. Because by then, if you're trying to teach somebody that during a crisis, it's probably too late. So it's been really, really important, and it's a very important part of our firm.

Mindy Diamond:

So I want to pivot to something. One of the things we've noticed and talk with a lot of advisors about, and write about, and talk with a lot of the advisors we've interviewed on this podcast, is a real trend in the last number of years where top advisors are opting to consider options outside of the traditional wirehouse firms. Because they're thinking about the big picture. How to ultimately maximize the enterprise value of the businesses they've built.

So you talked about in wanting to go independent, to have control over the business, and to create a firm where you remove conflicts, and to advise on assets held away, and to be able to creatively service clients, and communicate in all of that.

But to what extent did thinking long-term or big picture about the day when you retire and want to monetize or sell the business, how did that factor into your decision to go independent?

Amir Monsefi:

So I'm probably going to give you what most people would consider a bad answer to this, and that is to no extent whatsoever. So we came into this with zero intent to ever sell. My partner and I both have three kids. We hope that at least one, two, or all three of them eventually will be involved. Hopefully, the advisors here, their kids will be involved. And we want this thing to go on indefinitely.

So doesn't mean that we'll never consider it, but it really has not been any part of our consideration. And we felt really an obligation to clients that if we're asking you to make this move, that we're not doing it with an intent to sell five, 10 years down the line. So what happens 20, 30, 40 years? Who knows? But our goal with the business is to grow it sensibly. And our goal is to be as good as we can be, not as big as we can be, and then sell the firm.

Mindy Diamond:

Yeah, I don't think that's a bad answer at all. I think it's your answer. And the beauty of being independent is that the answer to that question is personal, and you're doing it the way that works for you and Sharon.

But I will say that monetizing your life's work at day's end doesn't necessarily mean selling. It could mean passing it on to the next generation. It could mean selling it to your employees, but it means ultimately looking back, and having control over, and real agency over your business life and the business you've built.



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So while you say it's zero part of the thinking, it's part of it a little. Because your vision for the firm isn't necessarily about selling. Big picture is about growing responsibly, and building a firm that's really congruent with what's important to your clients.

Amir Monsefi:

Absolutely. That's a very good point. It's definitely something that we look at more now. And it's funny, I got a CEPA Certified Exit Planning Advisor designation. And a lot of that education is about all these things that you're talking about, that an exit is not necessarily just a sale. There's lots of different ways that you can exit a business.

So that definitely is something that we're looking at more today in terms of what is our long-term goal with this. But in terms of when we were deciding to start our firm and when we started our firm, at that time, it really didn't have any bearing on the decisions we made.

Mindy Diamond:

So what does the future look like for AIRE? What are you deep in the lab innovating? Because I think the I in AIRE actually stands for innovation. And so what are you innovating? What's going on?

Amir Monsefi:

So there's a lot of different things that we're doing, but the main thing I think that we're starting to do a lot more of is a focus on content. So I had referred to the series of courses and seminars that we want to create. We're going to create a whole set of educational content for six to 17 year olds, with a goal that a parent that gets involved with this with their child from age six to 17 will have a child that is fully educated on all things financial. And we found that to be a huge concern for most clients.

On the advisor side, what I've noticed in my time in the business, and especially in management looking at successful advisors of all different kinds, is that stellar advisors, the top performers, most are either exceptional at marketing and bringing in the business, world-class I mean. Or they're world-class at actually managing the money, and understanding all facets of managing the money, and the client relationship. Few are absolutely world-class at both, but there are some.

And our goal, and this is hopefully something innovative that we'll be doing, and this doesn't mean we're the only ones doing it. But our goal is to create a firm where we, through our marketing, our content, our events... And we really just started this blitz a month ago. It's been ongoing, but a month ago we started with a PR and marketing firm, and are building out our YouTube channel, and lots of educational content that's going to be hitting there in the next couple of weeks.

Our goal is to create a firm where we are bringing in the prospects and potential clients through our marketing. Targeting them, so that advisors can grow their business strictly from what we're



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bringing in, and not have to worry about growing their practice. We're nervous about it. I don't know if it's going to work. But if it does, I think that we'll certainly have a very, very strong value proposition.

Mindy Diamond:

So to what extent or how do you think about organic growth, growth of your own assets, your own business? Versus recruiting assets, inorganic growth as you move forward?

Amir Monsefi:

Right. Thank you for that question. I mean, one of the things that we do is we spend weekly time with all our advisors on development and education. We bring in outside people when it's appropriate. But we've created what we call the AIRE seven step process, where there are seven steps to the client management process.

And we share this with advisors. We coach, develop them through all of these. And these are some of the very, very experienced advisors that appreciate this process. And it's one for me in management where my 20 years in management, my assets as an advisor grew every year, but I never did any marketing. I never went out to try to bring in business. So it was an organic way and a system where the client really appreciated that system to such an extent, that it led to lots of referrals. And we're finding that educating the advisors on this process and immersing us in this process has really been helping with organic growth for the advisors.

And for us, Sharon and myself, the clients that come in, we are all a team. So the advisors, the goal is for them, for new clients, managing that client relationship. And so the organic growth has been there as we're continuing to work on this process.

Mindy Diamond:

Yeah. Well, it sounds like you've got a lot in the works. It sounds yours and Sharon's hearts are certainly in the right place, because you've built the firm for the right reasons. And it sounds like the way you think about recruiting advisors is the right way as well. So we're excited to watch how the future unfolds for you, and certainly wishing you all the best. And hope that you'll come back on in a few years and tell us how it's going.

Amir Monsefi:

Absolutely. And I hope we'll have a great story to tell. And I really appreciate your time and the opportunity to have us on here.

Mindy Diamond:

You bet. While limitations and frustrations may cause you to consider your options, it's the pull towards something better that often drives the decision for change. For Amir and his partner Sharon, the freedom to innovate was a powerful motivator. One that ultimately benefited both the clients and the business.



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You can feel free to email or call me if you have specific questions. I can be reached at (973) 476-8578, which is my cell. Or my email, mdiamond@diamond-consultants.com.

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