



EPISODE TRANSCRIPT

From Musician to Advisor: \$500mm Northwestern Mutual Breakaway Finds Her Voice and a 5x Valuation in True Independence

A conversation with Katherine Forrester Schneewind, Founder and CEO, High Note Wealth

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is, From Musician to Advisor: A \$500 Million Northwestern Mutual Breakaway Finds Her Voice and a 5X Valuation in True Independence. It's a conversation with Katherine Forrester Schneewind, founder and CEO of High Note Wealth. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

Mindy Diamond:

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Mindy Diamond:

Picture this, a 23-year-old with a college degree in music, which was earned while singing with the Cash Family, decides to leave Nashville, and the country music scene behind, to follow her life's dream, that is to be a financial planner. Sure, you might think the story should be told the other way around, but for Katherine Forrester Schneewind, her life's calling wasn't about becoming the next country music star. Instead, she was driven by a strong desire to help others become stars in their own lives, that is their financial lives, by empowering them with knowledge and advice so they could take control of their destiny.

Mindy Diamond:

So in 1996, she joined Northwestern Mutual and learned the ropes in defensive planning. As she describes it, estate planning and insurance, as well as investments. It was a recipe for success that resulted in building the business to \$500 million in assets under management in a little over two decades and making her one of Northwestern Mutual's top advisors.

Mindy Diamond:

But over time, as is common with many self-motivated entrepreneurial types, Katherine started to feel restricted in serving her clients and growing the business. Essentially, she grew tired of the red tape that came along with being part of a larger firm. She wanted autonomy over her business and she wanted to own her clients. So in 2019, along with her brother Michael Forrester, Katherine launched High Note Wealth in partnership with Dynasty Financial Partners and Schwab Advisor Services.



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In this episode, Katherine shares her story with Louis Diamond. They discuss her journey from Nashville to the world of financial planning, her deep dive into building the practice at Northwestern Mutual, and ultimate decision to build her own firm. She discusses the benefits she's seeing in independence and the resulting 5X increase in valuation. It's likely to rank as one of our most interesting conversations to date, so let's get to it.

Louis Diamond:

Katherine, thank you so much for spending time with us today.

Katherine Forrester Schneewind:

Ah, thanks for having me, Louis. I appreciate it. I'm excited to be here.

Louis Diamond:

Absolutely. Well, I'm really excited to ask you this first question because I read your bio on your website, which for anyone listening, is one of the most unique biographies you can ever see on a financial advisor site. And I would love for you to tell us about your background and how you came into wealth management, initially with Northwestern Mutual.

Katherine Forrester Schneewind:

I think I originally came into it because I was 16 years old and my parents went through a very difficult divorce and it was just a really rough time for our family. And it was one of those times when there just was not a lot of knowledge regarding how to rebuild your financial life at that time, especially for my mom. And I think, it was the first time a real pin went down on my roadmap of life, and I wanted to make sure that I found myself in a situation where I was always educated financially. And I wanted to help my mom, and I wanted to help her rebuild her life. And yet, I was 16 years old and you're not going to do that when you're 16, but I had this first real feeling of a sense of urgency of something in my life at that time.

Katherine Forrester Schneewind:

Simultaneously, I happened to be a musician growing up and singing in every talent contest known to mankind and ended up going to college to get a college degree in music. Got a once in a lifetime opportunity to sing with the Cash Family out of Nashville to pay my way through school. But then, it was this big calling. Like, am I going to learn everything I can about finances and really help my mom and



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empower myself, or I'm going to go this other route and I'm going to become a musician. And as it turns out, the financial side of me won over and that calling was greater, and here I am 25 years later.

Louis Diamond:

Amazing. You decide to not pursue music as a career, get into wealth management, so you joined Northwestern Mutual, correct? That was your first platform?

Katherine Forrester Schneewind:

Yeah, I did. There was a managing partner there at the time that I really looked up to and admired because he was my parents' life insurance agent. And so I had started doing my own research and learning every single thing I could. I started going to the Hennepin County Library in Minneapolis and researching everything I could about finance. And I really thought I wanted to be a stock broker because that was so attractive to me and sounded like so much fun.

Katherine Forrester Schneewind:

And most people don't know this, but math and music are tied in the exact same epicenter of the brain, and so actually a lot of my great colleagues around the country are musicians as well. And I wanted to get into the investment side of things, but I also, upon researching more and more information, discovered you have to also look holistically at a client and their defensive side of things. And Northwestern Mutual at that time was great on defense with life insurance, disability insurance, and long-term care insurance.

Katherine Forrester Schneewind:

So, I approached this managing partner and he said, "Well, hey, you've got a music degree. I don't know." And seven months later, there I was, and it was a great start to my career and it's been a great run ever since.

Louis Diamond:

Yeah, I'd say so. And what I really like about what you just said is you have such a unique story. And if anyone who is familiar with the book, Start With Why by Simon Sinek, and just in any sales profession, having a compelling story for why you do what you do is so important. So I think with you, you got the double threat. You have the problem that you looked to solve back when you were younger and having a real person connection to financial planning and the benefits of planning, but then also your extremely unique music background.

Louis Diamond:



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So, let's talk a little bit about the incredible business you built at Northwestern Mutual. You grew it to about \$500 million in assets and were there for about 24 years. But I'm curious, how did you find so much success in the business at a young age with a very non-traditional background? What was your recipe for success?

Katherine Forrester Schneewind:

Just one word, the word is simple and the word is authenticity. And it was just simply that I was as authentic as I could possibly be with clients as early on as possible. I mean, who is I going to fool? I had a music degree tucked under my armpit. I wasn't going to pretend I had an MBA and start calling clients and acting like I knew it all. Let's just be honest. So I think the number one word, like I said, would be authenticity.

Katherine Forrester Schneewind:

The second word would be audit, and the reason I say that is because I would sit down with clients. Here I am 23-year-old female with a college degree in music and I would just say, "Hey, I'm passionate about this. The reason I'm passionate about this is because I went through a situation with my family that really empowered me to want to learn more and empowered me to want to help myself, and out of that was born the inspiration that possibly I could help others. Well, that's true. What's also true is I don't have a college degree in financial planning and I'm new to this, but I work with some really great partners that have a lot of experience and can get the answers to all of the questions we may have. So on the honor system, and knowing that I'll do right by you and that we have built a relationship of trust and friendship, would you let me audit what you're currently doing and see if there's any chance at all, myself and a partner of mine, could add value?"

Katherine Forrester Schneewind:

And that was just my authentic approach. That was very different, quite frankly, than the red-letter language they wanted you to memorize and repeat back the clients. It just, I couldn't do it. I had to modify it even though I was really encouraged not to. But I had to be so real with people because, look, just face it, everything when it comes to hiring and working with a financial planner is based on trust. And I didn't want people to think that I was trying to pretend to be something I'm not. I think it worked.

Louis Diamond:

I would say it did. It is an interesting approach because you were offering something for free to give someone which is an audit of what you're currently doing. Instead of coming in, which I would assume at a company like Northwestern Mutual was more about a sale. That's what we hear a lot with a lot of firms. There's nothing wrong with it, but it's a sales mentality versus more of an advisory or relationship-



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based approach. So it sounds like you kind of created your own advisory approach and did it within a company like Northwestern Mutual. Can you share a little bit with us about what was it about Northwestern's platform or the brand that was most beneficial as you built your practice?

Katherine Forrester Schneewind:

Well, a couple of things. They were the king of insurance planning and defensive planning, which is 50% of the game. They're one of the best. So, I think that was the first piece of it. The second was that they were breaking into the investment arena at that time in 1996, when I started, and I was verbal and vocal and I raised my hand and I stood at the front of the line and said, "I want to be the first. I want to be one of the first to do this. I just feel very passionate about it," and they were receptive to that.

Katherine Forrester Schneewind:

And so I think it was that that really helped, and I liked that idea. And at that time, specifically at that time, for me starting in my career, that was perfect because they had the foundation for, like you said, the sales and the defensive planning and insurance planning, and I believed in that. I still believe in that. And then they were breaking into the investment world and they were going to allow me to do that. And so they gave me a shot, and it was great, and I appreciated that, and that was perfect at the time for me where I was in 1996.

Louis Diamond:

And for many, many years beyond that. There for 24 years. So to this day, and as you built your practice at Northwestern, how much of your business was insurance and how important was insurance in your overall wealth management process?

Katherine Forrester Schneewind:

I did a lot of insurance planning, a lot. There were many years I put over \$100 million of life insurance in force. And we did a lot of planning, but I separately from that had one of the largest investment businesses in the entire country. At that time, I think it was six or seven or maybe 8,000 advisors. I really had a quite balanced practice at that time doing probably, at that time ... When I left 70% of my business was doing investment work and 30% was doing defensive planning, estate planning, and insurance work.

Louis Diamond:

A very healthy balance. And I know, and this is probably what we will get to next, but we often hear from more investment or planning-focused advisors at any of the insurance-based broker-dealers, whether Northwestern or Mass Mutual or Lincoln, that sometimes the challenges are, it's not that you're not grateful for the platform or the brand, and actually insurance is really important, but as you



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look to build your business in a different way, which is to focus more on wealth and investment management, sometimes the tools and the platforms are different from what it is that you need to be successful. So I'm curious if you started to feel that as you were, like you said, you were one of the top advisors there. Insurance was a meaningful part of your business, but it was definitely more geared toward wealth and investment management and financial planning rather than on life insurance.

Katherine Forrester Schneewind:

Yeah, that's exactly right. That is true, Louis. I started to feel that pressure. And what I think was even more importantly than that was just simply the main impetus for my branching out to start my own RIA was simply that I wanted to own a business. I wanted to be a CEO. I wanted to own it, and I couldn't do that where I was. That's the first thing.

Katherine Forrester Schneewind:

And not everybody has that desire. A lot of people really appreciate and like the plug and play, and it's a pretty good deal. It's a win-win for clients and advisors. However, I wanted more. I wanted to own my company. I wanted to be able to make decisions without red tape, and I wanted to run my own company. And not a lot of people do, so I think it was that. And then, I think the other thing, it was like tale of two cities where the other thing that I was noticing and feeling that was showing up for me is you can't be all things to all people.

Katherine Forrester Schneewind:

And what happens is as you work more and more in the affluent marketplace, the complexity of the meetings, the length of the meetings gets longer and longer and longer. And I started realizing that, hey, there's kind of three aspects here or three pillars of planning. One is the insurance planning, one is all of the investment planning, and the other is financial planning and estate planning, like doing the actual goal setting and making sure we're targeting and tracking that and reviewing wills and Schedule Ds and all the financial planning.

Katherine Forrester Schneewind:

And at the end of the day, you're starting to have meetings with clients that are just lasting far too long, and so I just started realizing like, hey, I can't be all things to all people. Why don't I let my brother, who's phenomenal at what he does and is the Chief Investment Officer of running our entire portfolio, do the investment piece, and why don't I relinquish that? I know enough to be dangerous, but why don't we let him become the expert in that? Why don't I outsource the insurance to someone who truly does spend 60 hours a week with a team of 14 people? That's all they do in the marketplace, and they're very



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fair and balanced and they know the marketplace. They know all of the insurance companies. Why don't I outsource that?

Katherine Forrester Schneewind:

And then, why don't I just stay really true to who I am, which is talking to my clients, making sure they're getting their goals met, making sure they're making really good decisions and connecting them on these other levels? And I think that is what really took me to the next level was realizing where I'm best and outsourcing where I'm not, but still giving the client the full experience, but maybe even better than I could have before because it really is hard to stay an expert at everything. And when you, again, get an affluent marketplace, people require people who are the best at what they do in each category.

Louis Diamond:

That makes sense. You want to stay in your own unique ability, as the coach Dan Sullivan says, and make sure that you're delivering the best possible experience to clients, which means you can't be the best at everything, so may as well have a team that can help the clients in every way that's meaningful to them. And was that, was the specializing and the outsourcing, the insurance and the investments, was that something that you were not able to do at Northwestern? Were there limitations on being able to do that?

Katherine Forrester Schneewind:

Yeah, there definitely were limitations, and I think the way their structure is designed is its best to keep it in-house. I don't want to speak to where they are with that today. But what I can tell you is I have found the greatest joy by outsourcing and bringing clients. People who I know exclusively do insurance, exclusively focus on investments, while I exclusively focus on them and making all these connections happen. And I feel very strongly that that has been a giant win for our clients and they've communicated to me that they do as well. So, I think it's worked out. It's working out.

Louis Diamond:

Yeah, I would say so. And you mentioned just before that you had this really strong desire to be a CEO. You really wanted to build something, and that was part of your true north, aside from working with clients, was running and operating a business. So at Northwestern, weren't you independent and weren't you running your own practice there? So I'm curious, like what was the, from a business building standpoint, what was the itch that you couldn't satisfy while at the broker-dealer?

Katherine Forrester Schneewind:



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I think, in essence, it felt that way, but it wasn't the reality. I was able to eventually brand and eventually get my own real estate and do some things that made me feel very independent. But at the end of the day, contractually they owned it. They owned the clients, and I wanted to own the clients. And I wanted to be able to make decisions inside of my business that, quite frankly, I had earned the right to make based on my education, experience, and deep, deep bench of very talented teammates I've hired.

Katherine Forrester Schneewind:

And I was limited to that because a lot of people are tarred with one brush. If we let Katherine make that decision to use that software, we have to let all other 8,000 people use that software or et cetera, and that just became a grind. And I wasn't ever wanting to do anything egregiously risky or anything of the sort, but I had earned a lot of privileges and had a craving to offer my clients more, and I couldn't at that juncture with where I was a few years ago. And so, just it was time. It was my time. My time had just come.

Louis Diamond:

Well, I think you're what you're describing is the feeling that a lot of advisors at large firms, or even midsize firms get, which is the feeling of lowest common denominator. It's not that compliance is bad, and people like compliance. It keeps them in-bounds, keeps them out of jail. But when you want to do something that's a little bit outside the box because you either have a skillset that's different than the norm or you want to solve clients' problems in a unique way, it's very difficult for a large firm to make an exception, and that's where independence and creativity comes in.

Louis Diamond:

So before moving on to the due diligence process and the launch of your own RIA, just one more question about Northwestern. From a platform and technology standpoint, what were your thoughts on that and how it lined up with serving your more affluent clients at the time?

Katherine Forrester Schneewind:

I think it was okay. And I just think that I had prospect up very quickly, and what my clients were requiring ... A lot of my clients had become students of the market at large. And when my clients come to me and say, "I would like this as a service," or, "I'd like this from my technology from you for what I'm paying for," and I can't provide that, that gets your attention, and I became a student of the market as well. And so at some point there's a value shift where if the client is not getting what they are paying for and they're asking for it and they want more, then I have to hear that and I have to be able to provide them quickly what they deserve and need, and I think that was the moral of the story.



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Louis Diamond:

Well said. You knew your client's needs and you know if you couldn't satisfy the itch, that they would satisfy it elsewhere, so it was incumbent upon you to make the change.

Louis Diamond:

Let's talk about the due diligence process that ultimately culminated with you launching High Note Wealth, your RIA in 2019. But can you just describe your due diligence process? And as you were thinking about leaving, what were your key criteria for figuring out your resource partners?

Katherine Forrester Schneewind:

Yeah. We did a really deep dive. My brother really spearheaded most of that, even though he and I traveled together everywhere. We had some requirements, we didn't want to make a move twice. That was the number one mission statement we had, which was if we're going to make the move, let's do this once. And then we've researched some other great firms and had some incredible offers. What a compliment. How nice is that? And yet, it felt lateral. It did not feel vertical.

Louis Diamond:

You're talking about firms like a broker-dealer firm-

Katherine Forrester Schneewind:

[crosstalk 00:20:49]-

Louis Diamond:

Without naming names-

Katherine Forrester Schneewind:

Correct.

Louis Diamond:

... some of the larger, independent broker-dealers that provide upfront capital in a ready-to-use platform.

Katherine Forrester Schneewind:



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That's exactly what I mean, Louis. Yes, it's hard to turn down a lot of money and capital and go to another somewhat plug and play option that feels better. There's nothing against these companies. They're great. It was time. I kept feeling that I still wasn't, no pun intended, hitting the high note I needed to. I needed to nail that high note. And by the way, there's another story there.

Katherine Forrester Schneewind:

But at the end of the day, I wanted to hit the high note. And I was like, you know what? No, I need to turn down the capital. I have enough capital. I've done a really great job of sweeping my own front porch in my own financials, under my own hood of my firm. I don't need that. I need to be independent. And for me, the big driver in that, honestly, was the business valuation because right before I left Northwestern Mutual, I hired an outside TPA to do an actual business valuation. And I was just, frankly, flabbergasted at how low the number was. I was devastated, actually. I felt like, wow, after 23 years, I've put in all of this and I've built this and I have one of the best practices here, and then this is what I get from a business valuation. And that just wasn't okay with me.

Katherine Forrester Schneewind:

That was a huge driving force for me. I just want to share that with you because that is ultimately probably what propelled me over taking any of those offers and saying, "Hey, no. I want to be independent. I want to do this once. I'm going to turn down any capital, the do-the-right-thing for my clients, and have full independence," and it's turned out to be the right decision for me.

Louis Diamond:

Two questions off of that. First, just staying on the topic of valuation. Without sharing numbers, maybe as an approximate percentage, how much of a jump in valuation did you see from moving your practice into the RIA model?

Katherine Forrester Schneewind:

Five times in 12 months.

Louis Diamond:

That's incredible. And what was the reason the CPA cited for why the valuation was so much lower at Northwestern?

Katherine Forrester Schneewind:



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I'm independent. They were owned by Northwestern. I would have had to sell my company internally to someone else at Northwestern.

Louis Diamond:

Mm, so there wasn't an open market?

Katherine Forrester Schneewind:

Correct. And there's a very big difference when you're in the open market and you're independent and you, again, are the CEO and own the clients and own the company and own the business and the relationships 100% yourself, and that was just shocking to me. So I got the valuation I wanted 12 months post my move.

Louis Diamond:

Wow. We're going to have to talk more about that offline because that's a staggering figure. Makes sense that if you own the full business that the valuation's going to be higher rather than being in more of a captive environment, but to increase valuation that much though in a short period of time is pretty remarkable, so maybe we'll talk about that more later.

Louis Diamond:

It sounded like, as you're thinking about what's next for the practice, of course you want it to be independent. A lateral move to another broker-dealer probably wasn't feeling right, so as you're going through it, most of the time, was it a foregone conclusion that if you're going to do this, we're going to start our own RIA? Were you relatively close to going a different direction, maybe tucking into an RIA or maybe some of the offers in the broker-dealer world made sense?

Katherine Forrester Schneewind:

No, it was clear to me. I really paid attention to that gut instinct. I think so many times in this business when ... People do ask me if being a female is ever an advantage, and that is one thing. Females have a very good gut instinct. It's only a matter if you really choose to really pay attention to it or you do not. And to me, I was like, no, I think it's very clear here. The right move for us is independence. It's time, and it's time to build this ourselves.

Katherine Forrester Schneewind:

And then at that time we were looking for an outside consultant to help us do that, and we did end up partnering with Dynasty. We are a client to them, which is lovely. It's very nice. Instead of me being a



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client to Northwestern Mutual, I am now a client to Dynasty in a way where they aim to please me. They aim to help me. They want to maintain my relationship, and it's very different feel. And I'm very thankful to have them as my partner for all of my things that I need to do, again, in that it requires running a fully independent RIA. They're very good at that, and so I'm thankful to have them as a partner-consultant if you will.

Louis Diamond:

Let's break it up into pre-transition, and then now that you're independent, what were a few of the tasks or functions that you most found benefit in with Dynasty, both pre-launch, and now that you're an RIA owner?

Katherine Forrester Schneewind:

In essence, they helped us do every aspect of what it required to stand us up. We had to put the tent up, if you will. And that's what they did. And that means compliance is a huge shift and a huge piece of all of this. And it is my number one internal motto to have a compliance, almost perfect, practice. Thankfully, I'm knocking on wood right now, Louis, I have. I'm very grateful and very proud of that. We do the right thing here, but I want to make sure we continue to do the right thing.

Katherine Forrester Schneewind:

So compliance, human resources, all of the bookkeeping, an outside CFO to do financial planning for the financial planner, and then help with potential mergers or acquisitions and investment banking and other offerings in the ethical world of investing or ESG investing and just all of the kind of hot buttons clients read about and hear about. Being able to expand into crypto or NFTs if we wanted to, things like that. So, it's just being able to have all of those resources.

Katherine Forrester Schneewind:

Dynasty, again, try not to toot our own horn here, but hit the high note. They hit the high note with us. When we knew it when we met with them. We knew it right when we met with them. It was like my gut fired and said, "This is the right decision for me at this time at this juncture, let's use them as a partner."

Louis Diamond:

Amazing. I think you picked Schwab as your lead custodian, correct?

Katherine Forrester Schneewind:



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Yeah, we did a full bake-off. We did a full bake-off with Schwab and Fidelity. And at the end of the day, I think the selling point for me there, if you will, was that Schwab at that time spent the most money, dollar for dollar, on cybersecurity of any of the platforms or clearinghouses, if you will. And I think, again, just clients feeling that that is one of their greatest concerns when interviewed. I liked what I had to hear there, so I ended up going with Schwab.

Louis Diamond:

You picked your research partners, you picked who you wanted to go into battle with, and then you were off and running.

Katherine Forrester Schneewind:

That's right.

Louis Diamond:

I'm curious a little bit more about the economics. So you mentioned that you've always swept your own porch and ate your own home cooking when it came to your own financial planning, so your own liquidity was helpful in being able to launch an RIA without a big upfront check from a broker-dealer. I'm curious though, just whether with your spouse, or even just personally, just the opportunity cost and with some of your team members, was it a tough decision to think about the checks you've could have gotten from another platform versus coming out of pocket to launch your own RIA?

Katherine Forrester Schneewind:

Good question. Two different thoughts I have there for you, Louis. One is I am so fortunate that giving up the check or the big money, it didn't bother me. I know this is going to sound crazy and maybe even a little trite, but it's not. I'm not money motivated, I never have been. I am fact-based motivated and I want to run an extremely long-term profitable win-win business for my clients and ourselves, but I saw through that. I felt that it would be better to pass that up, but I got over that pretty quickly. So I think that's one of the biggest takeaways I would share is just it's if you have a little bit of a longer-term vision. And again, that's not right for everyone, but that's a good thing.

Louis Diamond:

And then how about the economics of running your RIA now compared to what it was like financially at Northwestern Mutual?

Katherine Forrester Schneewind:



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Here is the biggest summary I could give your audience, if anyone's kind of looking. And you said the word when we started this call and this podcast, and it was the word sales. And that's not a bad thing, it's not. But Northwestern Mutual is very focused on sales and that is not a bad thing. That motivates people to get their clients to make good decisions because they hire great people.

Katherine Forrester Schneewind:

But at the end of the day, I wanted so much more than that. I wanted fact-based evidence on running a financial services business. I wanted to talk about profitability. I wanted to talk about margins. I wanted to talk about expense control. I wanted to talk about variance reporting. Anytime I wanted to hire someone, I didn't have any fact-based evidence to hire someone in my previous life. Now, I have a consulting team that flies in and says, "Here is exactly what people are paid geographically for each model based on education experience and so on and so forth," and I was craving that. As a matter of fact, probably the most exciting thing that's happened to me since I decided to become independent was I was selected to go to Boston, MIT college, and take their Advisor to CEO curriculum and course-

Louis Diamond:

Very cool.

Katherine Forrester Schneewind:

... and I'm going to be graduating in May, which is exciting. Out in Boston, at MIT-

Louis Diamond:

That's-

Katherine Forrester Schneewind:

... which is even more or exciting. But I think I wanted that. I wanted to better understand the guts of the operation and running it so that I could be even more profitable and either leverage that profit for our good efforts my brother and I have put in all these years and/or expand our client services and put the money in the right place.

Katherine Forrester Schneewind:

And I look back and truly it is remarkable. I don't want to quote any numbers or anything like that, but I will tell you, I have become substantially more profitable in two years than I could have ever imagined, and it's by digging in and really becoming an expert at running the business.



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Louis Diamond:

I love that because a lot of times people talk about payout. What's my net payout, my 85% or 90% here versus 70%, 75% there. But really what you're talking about is moving beyond payout because you're running a business. What mattered to you more was operating leverage. It was controlling your own expenses and having the final say on, do I reinvest in whatever area I so choose in my business, or do me and my partners take this as income and just the empowerment of having control over your P&L and how you want to allocate your own capital. So, I love that. I'm actually glad that you didn't give a percentage number because I think that's the wrong metric. You're running a business. What matters is the profitability and what you can do with that profitability?

Katherine Forrester Schneewind:

Well, and let's not forget about the clients and the value you're adding to the clients. And in two and a half short years, I am charging my clients less than I was before. They are getting far more than they were before, as far as service, technology, platforms, software, ease of use and relationship, and High Note Wealth is making more. It is truly a win-win-win, and that is what motivates me.

Louis Diamond:

With hindsight, it seems like a complete no-brainer. It's the triple bottom line. It's the extension of that concept. So if you don't mind, let me ask you a couple questions about just life being an RIA owner. I'm going to ask you a couple of the, I'd say, major questions we get from folks that are considering such a move. The first one is on the compliance side. Some would say it's a positive, some would say it's a negative of operating your own RIA, is that the compliance responsibility and the workload falls to your RIA. I'm curious, what's been your experience with compliance, and is it as overwhelming and scary as many people make it out to be?

Katherine Forrester Schneewind:

Okay, well, you are asking me at precisely the wrong time, so I'm going to give you a really honest answer. Okay. We just got audited by the SEC about eight months ago, and you don't ever want to ask someone who's wrapping up an SEC audit how they feel about compliance because it is so unequally yolked at this time.

Katherine Forrester Schneewind:

I mean, the great news, it's the great news because we have nothing to hide as we've passed with flying colors, but it's quite an undertaking. And we knew that, Dynasty prepared us for that. They helped us through it. So that's the great news, but it is quite an arduous task, and I'm very proud of that. But we



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did have someone internally in our firm here working on that quite diligently, and so it was quite a heavy load.

Katherine Forrester Schneewind:

What I have heard through the grapevine through RIA CEOs that I have begun to connect with over the last two and a half years, is it will normalize. And as a matter of fact, it's easier and less than what you were dealing with before being a part of a firm. The audit threw us for a little loop. But if everybody wanted to run their own company, it can't be that easy, so we have to some challenges along the way.

Katherine Forrester Schneewind:

But overall, there's two sides of that. One is the more normalized boxes you have to check for all the compliance things you have to do on a regular basis. The flip side of that, Louis, is marketing because marketing, even though I run a very compliant business, we can do anything really, anything we want. And that was a very challenging piece in my previous life being able to post and do social media and videos and our own market commentaries and all of that. And now we can do all of that effortlessly and our clients love it and appreciate it, and we don't have to bump heads with anybody on that.

Katherine Forrester Schneewind:

And I love compliance. It's kept me safe and my clients safe, so I have no problems with it. But we had, again, earned the right to do some of our own marketing and that wasn't possible in my previous life. So I'm really thankful for it on that end. It's 10 times easier on that side. It's been challenging with the audit, but we're getting through it.

Louis Diamond:

And hopefully you don't get audited for a while, and like with anything in life, there's trade-offs. And I would probably guess, maybe not if I asked you three or four my ago, but maybe now, and if I asked you in two months, to you, it's worth it to take on the compliance work because of the flexibility that you gain. Is that accurate?

Katherine Forrester Schneewind:

Without a doubt, and knowing that I've been able to do all that and be more profitable, yes. I mean, the numbers don't lie.

Louis Diamond:



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How about how you've been able to specifically grow the more affluent or high-net-worth side of your business now that you're an RIA? What are some of the things, whether it's a new service or just some touchpoints that your more affluent clients have enjoyed?

Katherine Forrester Schneewind:

I think it's some of our investment offerings, quite frankly. And some of those very specific investment offerings come through our Dynasty platform that we have access to because there are only 48 firms roughly, last I was looking, that are on the Dynasty platform. And so they do offer some pretty special services and investment opportunities.

Katherine Forrester Schneewind:

I kind of cited one already environmental investing through a great company called Ethic, so I have access to Ethic and it was really the first time my brother and I had looked at ESG investing. And so many people had felt like they were giving up so much in performance to really make a difference in their portfolio and the world and the community and environmentally and all those things. And now this is the first time we really felt like, based on this very unique software program that we have, that we can actually get their performance equally as robust as one who is not ESG investing, but for the clients that have that calling.

Katherine Forrester Schneewind:

And one of the things I realized as you get into the more affluent and affluent marketplace, more and more people are very interested in talking about charity and charitable giving, and even doing this without their names branded all over it. And not that I judge it one way or the other, giving is giving, but Charitable Remainder Trusts and really, really big cool projects. And a lot of people are looking at the world and wanting to make a little bit of a different impact on it.

Katherine Forrester Schneewind:

So, that's one example. And there are many others that I'm sure my brother, as our Chief Investment Officer, could talk to you about. But that's been really fun too. And when you get in that marketplace, as the more affluent people you're talking to, people whisper in their ears all the time about, "Do this deal. Do this deal." They're always hearing about the latest and greatest whatever it is. I'm not saying that every single thing they hear about fits. And again, I'm thankful and grateful for my incredible foundation that I have, where I have a very strong governor where I am able to say, "This feels like it's too much risk," but I'm also in that perfect gray area where I don't have to say no to everything just because I have say no because I'm, again, brushed with a large group.



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Louis Diamond:

Right. Because if you're on a platform, you're not allowed to offer advice on off-platform opportunities. I think that's what you're saying, right?

Katherine Forrester Schneewind:

Yep, that's exactly right.

Louis Diamond:

What about technology? How does it compare?

Katherine Forrester Schneewind:

It doesn't. We have access to anything, absolutely anything. And there are some really great software tools out there that we wanted access to, very specifically had asked for. And that's because we had, again, some more affluent clients that were bringing ideas to us and they were saying, "Hey, can you get this? And we want to keep live balance sheet, that's really important to me. I'd like to share my live balance sheet with my attorney, with my accountant, with you and not have to have you regather everything every single time we talk."

Katherine Forrester Schneewind:

And there were just little rubs like that have all been solved. And especially when it comes to the internal workings of my team and the ease and the ability to trade in the investment world, that was probably equally as important as generating live balance sheets for clients, the affluent. And the efficiency we have created through the ease of the software has been great. It is not perfect. Let me be clear. I don't care where you go and what you do, it's not going to ever be perfect, but it is substantially improved, which has led to a lot of profitability in my firm.

Louis Diamond:

Right. Thanks for sharing that. What about any gaps, either things that you missed from Northwestern Mutual or any gaps that you've discovered in the RIA space compared to the capabilities that you had at Northwestern?

Katherine Forrester Schneewind:

Oh, this is an emotional one for me. This one I could get all choked up. My friends, my fellow advisors that I spent three or four meetings a year with for 23 years, there are some phenomenal people, let me be crystal clear, and very bright advisors at Northwestern Mutual. And I miss the culture.



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Katherine Forrester Schneewind:

While that's true, what's also true is I am rebuilding a new culture with great opportunities and forums that Dynasty has invited me to that have been eye-opening. And I am meeting other fully independent RIAs and am enjoying talking about the fact-based business side of things. And it's just a new world. I am, in a very strange way, culturally starting over.

Katherine Forrester Schneewind:

And that was the hardest piece for me, Louis, if I'm going to be honest because, again, that damn estrogen. I'm a girl and I have emotions. And when I get attached to relationships with people, I like them a lot. And that's what, honestly, held me back to make the move much sooner. It was the people. So, I'm working on it. It's a work-in-progress. That's that's a WIP. That's a work-in-progress. I'm not all the way there yet, but I'm working on it.

Louis Diamond:

Right. But you wouldn't have made the change though if you weren't excited about building your own culture and everything else that you gained from of making the move. But like with everything, there's, like you said, nothing's perfect. There's going to be give-ups. But for you, the give-ups were worth it given what you knew you wanted to accomplish for clients.

Katherine Forrester Schneewind:

Oh, absolutely. It was time. It was my time. Yeah, it was. It is proof. I have all of the proof. It was the best decision I could have ever made for my business, and I had to give up some things personally. But thank goodness, whoever still wants to be my friend is still my friend. That hasn't changed. It's just a different feeling. A little bit, a little bit, it can be a little bit lonely at the top. You've got to be willing to throw out the buoy. You got to be able to throw it out and say, "Hey, here's the life ring. I need to connect with some new people that are swimming in this world now and make this happen," and we're doing that. And I, thankfully, make new friends quite well. But it's a shift. It's a shift to run a company versus just be an advisor.

Louis Diamond:

Right. You mentioned this, but I'm really curious. In this industry, you're certainly a minority in being a female-led business, especially one so successful. So I'm curious how owning and operating an RIA, being the head of it, how as a female, it shaped your business? How do you think that creates a competitive advantage, and how do you think you leave your female touch on your business? I'm really curious about that.



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Katherine Forrester Schneewind:

It's just because of it's probably more my personality and my essence, which is simply I have empathy. I have a very high degree of empathy. I think what I can do that makes me more naturally a little bit unique than some of my male counterparts is that I can marry the mathematics of financial planning with the emotions.

Katherine Forrester Schneewind:

And where sometimes a client will ask me a question and say, "Hey, I know I shouldn't pay off this debt. I know I should be investing it, mathematically we can prove that. But I really, really want to pay off this debt because my dad was extremely debt adverse," or blah, blah, blah, blah, blah. I can marry those two things together and say, "Hey, paying off the debt is never a wrong decision. Sure, do I think there's arbitrage by not doing that? Yes. But I'm going to support you wholeheartedly because we've got to have you feeling the right way about this situation," where sometimes I hear that their previous advisor made them feel like a dumbass basically. Excuse my French, but like, "No, you are an idiot if you do not just invest it. You're wrong."

Katherine Forrester Schneewind:

And I think that's the essence that I bring, and that's truly who I am though. I genuinely lose sleep at night if my clients aren't happy and balanced and healthy. I want to add one piece to this. Maybe even more than that though, I think it's the male-female dynamic my brother and I bring to the equation. Because my brother and I are two very, very different people. We could not be more different, and that's a good thing. One of us is a stock and one of us is a bond, so we're non-correlating assets inside of the portfolio.

Katherine Forrester Schneewind:

But our clients get that deep, deep technical knowledge and photographic memory and my brother's way of thinking, and they get the love from me. At least that's what clients tell us. They kind of get both sides, especially if we're dealing with other couples, everybody gets something. Versus one person specifically getting out of it exactly what they need, they get the comfort of our dynamic together.

Louis Diamond:

Absolutely. Well, I feel your energy and empathy just from doing this interview with you so I can imagine how your clients feel. That's a perfect segue into my next question. I would love to hear about your partnership with your brother, Michael Forrester. So you talked about the yin and the yang dynamic, you're the stock to his bond or vice versa, but what are some of the challenges maybe of partnering with a sibling and how do you overcome those?



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Katherine Forrester Schneewind:

Well, let's start with this. My brother got the good looks and the brains in the family, so there's jealousy. And he always tells everyone I ride in my white horse and make a giant mess and he has to clean it all up, so we both have our complaints about each other, let's face it. Hey, we're lucky. We're lucky. Not all siblings could work together. We hear that all the time. People are like, "Oh my God, I could never work with my sibling." We're really lucky and I think it's because we're different. We have a lot of respect for each other. And we did shake hands when we were worked together and decided to partner up a long time ago and said, "Hey, siblings first, business partners second." And I think it's worked, but it is a challenge at times.

Katherine Forrester Schneewind:

In my previous company, only one of us could be the star. That's how it was. And that was not easy at times. So when someone's doing a lot of the heavy lifting and not getting really any credit, it's a challenge. Thankfully my brother, believe it or not, does not really have that big of an ego that he caused a scene or ever really caused problems between us, but I knew it was there. He's very quiet type that way.

Katherine Forrester Schneewind:

So I think it's nice now that the truth is out, that we could not do this without each other, and that we're really good together. We're lethal together, and that I'm thankful for. But you got to solve issues, but I don't care what kind of partnership you're in, it could be a marriage, it could be a friendship, it could be a business partnership, if you cannot both bring some pretty level-headed, fair and balanced communication to the table and have courageous conversations and still walk away and be respectful, it's probably not going to work out. I mean, that's just the bottom line. And thankfully, so far, my brother and I have been able to do that after all these years.

Louis Diamond:

I'm with you. I'm also in a family business, mom, dad, and brother. So, I have the trifecta, but I think what-

Katherine Forrester Schneewind:

Nice, so you know more than me. Why don't I interview you?

Louis Diamond:

Maybe, I don't know. I'll get back to you on that.



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Katherine Forrester Schneewind:

Okay.

Louis Diamond:

But I think one of the unique aspects of your relationship, and this is something that we hear from father-son teams, mother-daughter, sibling teams, one of the, I think, unique aspects that you have is you both have different roles. You're more in the weeds with the clients and you're the planner, he's on the investment side. Each of you having your own sandbox to really run and excel in is probably part of the recipe for success. Would you agree?

Katherine Forrester Schneewind:

I would agree completely is that we've kind of found our own lanes and we've gotten into our own lanes and then we tread lightly when we're going into each other's lanes, and so I think that is a huge part of it. And, of course, the umbrella to all of that, Louis, is trust. That's the umbrella to all of it. We have the amount of trust you have with a sibling or a relative, let's say, that you know well and have worked with and lived with your whole life. That just becomes an afterthought. Where a lot of times in failed partnerships, at least I hear this from a lot of my clients, it's a trust failure. And thankfully Michael and I don't have any issues with that and that's a huge advantage.

Louis Diamond:

Yeah, amazing. Two more quick questions, and then we'll let you get on with your day. What are you most excited to accomplish over the next couple of years?

Katherine Forrester Schneewind:

Well, I think now that my transition is dying down and my SEC audit is dying down, I'm excited to really roll my sleeves up and get back into some serious growth, a serious growth mode and a very concentrated growth mode. I am trying to implement my best work-life balance yet by downsizing and leveraging up. And so I'm really excited to roll my sleeves up and really start working on that now that the fog is lifting and I've started to feel some real energy and excitement about where I'm headed. And I think it's going to be good. I think it's going to be really good, actually.

Louis Diamond:

What do you mean by downsizing?

Katherine Forrester Schneewind:



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Well, I think one of the things is, again, kind of back to that ... My previous life, I was a volume firm. I was needing to be a volume firm to meet all the goals set forth for me at that time, and now I don't have to be a volume firm. I can just be extremely high quality and low quantity, which provides more work-life balance, more profitability, and more attention given to the right clients. I'm looking to actually scale down in client size and essentially run a little bit more of a family office.

Louis Diamond:

It's wise. Very, very smart, and I love the vision. Every advisor, especially business owner, gets to decide what's most important to them, and you have the complete autonomy to decide how you want to live your best business life. It's something we say all the time.

Louis Diamond:

One last question for you. Any guidance or advice for those considering making a change, whether they were at Northwestern or they're at any firm across the street?

Katherine Forrester Schneewind:

Yeah, do your research. Spend some time on it. Look, but don't leap. Dip your toe in the pool before you dive in. Learn, fly around, see what's out there. See what's best. Really evaluate, in your heart and soul, what's right for you. Do you want to run a company? Do you care about business valuation? Do you not? It's not right for some people's lifestyles. Do you want to be independent or do you want to be at a larger broker-dealer?

Katherine Forrester Schneewind:

I think it's spending the time and then marrying your gut instinct with the research and figuring out what is truly right for you and your clients. I've always done that. I feel like if I always lead with what's right for my clients in this situation, then I feel like I'll win. I don't think there could be any greater truth to that, so ask yourself, what do your clients need? Where are they at this juncture? Are they satisfied? Are they content? Are you green and growing? Are you ripe and rotting? What do you need? And so, that's my advice. It's my advice is to spend the time and really think about what do you need to be successful long-term and content, and what do your clients need? Your heart will lead you in the right place if you listen to it.

Louis Diamond:

Wow. Thank you so much, Katherine. This was so fun and exciting getting to hear about your journey with the Cash Family, getting into the business, certainly very unique, and I just very much appreciate your energy and your wisdom. I know I took a lot from this, as far as work-life balance, working with the



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family, so I really hope our audience felt the same. I'm sure they will then. Thank you very much for taking time with us today.

Katherine Forrester Schneewind:

Ah, thanks so much, Louis. Thanks for having me. Good luck to you and good luck to everybody out there. Thanks so much.

Mindy Diamond:

It's striking how many top advisors we speak with discuss seminal moments in their lives that color their fate, sending them in a new direction with a level of drive and motivation that seems unstoppable. For Katherine, making the leap ultimately came down to the sense of empowerment. That is having earned the right to be independent, as she puts it.

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 update 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 at 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.

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