

# Investment Education Series

## WEALTH ACCUMULATION AND MANAGEMENT

GTB Asset Management

In this edition of GTBAM education series, our focus will be centred on wealth and the process of earning, managing and preserving wealth.

### Wealth

Wealth is “anything of value” principally a measure of the entire asset accumulated by a person, community, company or a nation. Wealth is found by taking the total market value of all the physical and intangible assets of the entity and then subtracting all debts. Wealth can be expressed in a variety of ways. For individuals, net worth is the most common expression of wealth, while countries measure wealth by gross domestic product (GDP) or GDP per capita or product. In this study we shall highlight steps to wealth accumulation and management.

### Wealth accumulation

The essential starting point in wealth accumulation is the articulation of a concrete goal. Strategic planning is necessary to translate your wealth making agenda towards increasing the value of your tangible or intangible assets.

Millions of Nigerians are currently burdened by inability to build enough assets to secure their future and this translates to a bleak prospect for those caught in the web. The following are steps which can pave way towards wealth accumulation:

- **Proper financial education** – Getting requisite financial education can pave way for smooth journey from debt or lack to wealth building. Ascertain your sources of income and all pertinent factors that can affect or influence you.
- **Curb your expenses** – Lower your expense based on how much you earn or make. Cutting expense is the other half of the twin booster to wealth accumulation. The complimentary half being saving. Budget planning is a facilitator to curbing expense because it gives you a comprehensive picture of your cash flow and arm you with the tools for managing your expenses. It’s important to keep an accurate record of your daily expense because the little figure spent petty sundry items add up to cut a chunk from your income.
- **Save and invest** - Saving extra cash requires self-discipline and a commitment that overrides the attraction to consume more. Start making small investments with the aim of broadening your investment options to increase your ability to earn passive income. It does not matter that what kind of job you are associated with. This is a universal approach that works well for businesses and occupations of all types. The main thing is to make smarter investment and diversify one’s activities in an array of carefully planned slots that are likelier to generate profitable outcomes.
- **Start a business** - Before starting a new business, you must assess your current finances to see how much you can invest and still make it in your day-to-day living As well as ask yourself “What do I love to do most?” and “What are my goals for this business?”

A business can be many things – a one-person service that you provide to clients, a manufacturing company, a retail business, a financial agency, and so forth. Determine what type of experience you have and compare that with your desires in business. Be sure the business is feasible for you financially, time-wise, and emotionally. Some people do well owning a large corporation while others will prosper running a one-person or very small business.

## **Wealth management**

Wealth management is essentially concerned with maximizing wealth and minimizing loss of wealth. It also refers to the effective value enhancement and management of tangible and intangible assets. The main objective is to assist clients in reinforcing and achieving life goals through proper management of their financial resources.

Wealth Management is done through the integration of financial planning that provides individuals and even families with private banking, estate planning for long-term family wealth, asset management, legal service resources, trust management, investment management, checkbook balancing, taxation advice, and portfolio management. This breadth and profoundness of relationship enables the wealth manager to materialize and execute highly customized solutions that answer virtually every aspects of a client's financial well-being.

Wealth management offers high quality services with the following key components; tailoring services to individual client requirements, anticipation of client needs, a long-term relationship orientation, personal contact, discretion and investment performance.

Persons engaged in wealth management, like financial planners and investment managers usually work for brokerage firms, large banks, trust departments, or investment and portfolio management firms. Their functions include leveraging the resources of strategic partners and other providers of expert services; carefully managing business growth to avoid disintegration of substantial client relationships and ensure support to newly developing relationships and service expectations; developing an expansive affinity with all clients, administering as much of their financial life as possible; and taking advantage of product and service developments to bring the very best to their clients.

## **Wealth management services**

Wealth management services are customized to fit the needs of the individual client. Wealth management financial consultants will consider the individuals current wealth, how much risk they want to take on throughout the investment period, and what the customer's overall goal is. While most investors invest for the long haul, there are a selected few with needs for immediate or short-term gains. When you select wealth management services, a financial expert will give you advice on the right avenues of investing.

Financial experts in wealth management must have requisite wealth management credentials and experience to facilitate giving sound advice and management of clients account. Certified Financial Planners in wealth management can handle multiple functions all geared at maximizing a clients investment goal. High net worth individuals, families, as well as small business owners can benefits from wealth management services.

Wealth management can mean different things in different geographic regions of the world. In Nigeria wealth management has over the years blended between the US and Europe traditional styles of wealth management which stand at differing polar end. In the US, wealth management is more closely allied to transaction-driven brokerage and is typically investment-product driven. While in Europe, the term is more synonymous with traditional private banking, with its greater emphasis on advice and exclusivity,

But wealth management is more than management of assets as it focuses on both sides of the client's balance sheet. Wealth management has a greater emphasis on financial advice and is concerned with gathering, maintaining, preserving, enhancing and transferring wealth.

### **Benefit of wealth management services**

The benefits you experience from wealth management will vary based on your own personal circumstances. With the right wealth management services and approaches, your net worth and financial assets will be built up. Below are just some of the many benefits of building a professional wealth management plan.

- Identifying your wealth management goals – When you sit down and look at your long-term goals it is much easier to develop short-term goals that will help you reach your intended destination. Just like with other life events, when you are identifying long-term goals, you will need to map out several different small steps that must be achieved along the way. A wealth management professional can help you decide which style of investment will work best for you and your objectives.
- Assisting you with direction for wealth management - Once you have a plan in place, wealth management firms are dedicated to making sure you take the right direction to achieve your goals. In today's mobile society, individuals have busy lives. If you own your own business or you have little ones, the last thing on your mind is reviewing your investment portfolio on a regular basis. Researching the performance of your investments is crucial. If you fail to do this, you are leaving your money vulnerable. When you hire a wealth management firm, you will have specialists assigned to your profile so that your portfolio is reviewed frequently. This means the direction can be assessed to ensure present financial decisions will eventually reflect your overall long-term goals.
- Peace of mind – Wealth management and financial decisions are almost always complicated. Where there are benefits, there are also setbacks. Generally, when an individual is managing their own investment portfolio, emotions can actually affect your overall decisions. When a wealth management professional trained in investment strategies is reviewing your portfolio, they do not have emotions because they are not dealing with their own money. While this may seem negative, in terms of investing and financial management, it is a great thing. Emotions cause people to make horrible decisions. You will have the peace of mind you need to feel like your assets are secure and the wealth management firm you chose has your best interest in mind.

Wealth accumulation is not rocket science, the prosperous in our society achieved it, and many are aspiring to attain it, but it is an everyday, step-by-step process that requires diligence and a willingness to set goals and move forward despite setbacks. Wealth management on the other hand is a preserve of qualified professionals in finance and asset management who are principally dedicated to providing excellent asset and wealth management services.

Giving their ability to customize services to suit clients' specifics, individuals, corporate entities, social and education institutions, and governments at all levels can benefit from the services of wealth managers. Pick your phone today and call a wealth management firm today, it may be the best decision you make in your journey to wealth accumulation and preservation.