

## ADVISERS CARVE WEALTH MANAGEMENT UNIT OUT OF \$16 BILLION ASSET MANAGER

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*Resonant Capital Advisors, Madison Investment Advisors cite business risks as one of the reasons for the separation*

The wealth management ranks inside Madison Investment Advisors have gotten a little thinner after veteran advisers Walter Dewey and Benjamin Dickey spun off last week, along with \$400 million in client assets, to launch their own firm, Resonant Capital Advisors.

Unlike a lot of departures and breakaway moves unfolding across the industry, this one is being described as amicable and in the best interest of both firms.

"We realized we had some desires that were at odds with each other," said Mr. Dickey, president of Resonant.

Madison, which manages \$16 billion worth of stock and bond funds and portfolios, will continue to offer wealth management services, but not quite of the breadth and depth of its offering under the direction of Mr. Dewey and Mr. Dickey.

In fact, according to Mr. Dickey, Madison will continue to subadvise "a substantial portion" of Resonant's client assets.

Kevin Thompson, chief legal officer at Madison, said that of the asset manager's approximately 90 employees, two are now dedicated to the wealth management unit, which still manages \$600 million worth of investment portfolios for clients.

"Madison has been around for 40 years and we've always had wealth management, but we are primarily an asset manager," Mr. Thompson said. "We had a very amicable parting with Ben and Walter, and we wish them all the success in the world."

The decision to launch a separate registered investment adviser was rooted at least partially in avoiding certain risks and conflicts that came with operating the expanding wealth management business from inside the asset management company, according to both Mr. Thompson and Mr. Dickey.

"Madison is primarily a manager of assets for other RIAs and brokerages, and that created some conflicts and some business risks as our wealth management business grew," Mr. Dickey said. "As an asset manager, Madison distributes its strategies to firms with whom we compete."

Business risks were not seen as an issue in 2012 when Mr. Dewey and Mr. Dickey joined Madison with \$175 million in client assets.

Since that time, the assets they manage have more than doubled, and the internal wealth management business grew into a comprehensive planning operation including services in alternative investing, philanthropic efforts, family office services and estate planning.

The move to launch a free-standing, unaffiliated RIA, which has been in the works since February, goes against the grain of what many asset managers seek to accomplish, said **Daniel Seivert**, chief executive officer of **ECHELON Partners**.

"The general trend is more along the lines of asset management firms wanting to have and start wealth management businesses," he said. "The main driver is they see the clients are stickier in wealth management than they are on the asset management side, and they also see distribution for their asset management products."

Resonant launched with six employees, including four from Madison, and expects to hire another adviser in December.

Mr. Dickey said that to build a legacy that will continue to specialize in serving family-owned businesses, Resonant was launched with a succession plan in place.

"We range in age from 26 to 57, so we pre-built a succession plan for the younger professionals to be on a partner track, and so we don't run into some of the succession plan issues we see across the industry," he said. "We have a niche specialty in advising multigeneration family businesses, and we felt it was important to build a business that evolves with our clients' businesses."

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