Growing By Going Against The Grain

Mary Rowland Thursday, April 08, 2010 (Excerpt)

Mary Rowland has been a journalist for 30 years, a half dozen of them as weekly columnist for the Sunday New York Times. She wrote a monthly column on practice management for the Bloomberg Wealth Manager for seven years. She writes a column for Financial Advisor (FA) magazine.

Her articles and essays have appeared in Institutional Investor, Fortune, Business Week, USA Today, Ladies' Home Journal, Family Circle, Reader's Digest, Woman's Day, and many other publications. Her book, The New Commonsense Guide to Your 401 (k): Picking Up the Pieces will be published by Bloomberg Press in January 2010.

Who would think a financial advisory business based in Detroit, serving employees of the auto industry, could be growing at a 25 percent a year clip? So it is with Mainstay Capital Management LLC, a fee-only, independent registered investment advisor with $870 million in assets under management.

When Kudla started the company, 95 percent of his assets were in 401 (k) plans. Today, he has about half in 401 (k) plans, the other half in IRAs and non-retirement assets. He's grown the business by evolving with his clients as the auto business changes and as they evolve from employees to retirees and move to other locations around the country.

He manages 401 (k) assets on a discretionary basis, using tactical asset allocation. As his business has grown beyond 401 (k) plans, Mainstay has evolved into a comprehensive wealth management business including risk management, college planning, debt and mortgage strategies, estate planning, endowments and foundations, and, especially, retirement. As the workplace changes, as the global marketplace evolves, Kudla constantly searches for new areas of growth. "We're always asking what we need to be expert in," he says.

As the auto industry shrinks, Mainstay has become active in early retirement, severance and career transition planning. "A lot of people have transitioned into retirement," he said. One of the things he learned is that when retirees receive their pension from the Pension Benefit Guaranty Corporation, they can get a tax credit for 80 percent of their health insurance premiums, which is helpful for the employees of Delphi, for example. "We're experts on the PBGC now," he says.

Kudla, who was named one of the 100 top independent advisors by Barron's, is scheduled to lead a discussion on "401 (k) Advice and the Growing IRA Rollover Market," at the Barron's awards and roundtable discussions in Orlando next week.