

This 32 year-old Goldman Sachs trader chucked New York for a \$1-billion RIA outside Nashville

by Lisa Shidler

Brooke's Note: Never stay too long. It's hard advice to take unless you listen to your heart and apply a careful accounting to your life. It wasn't hard for John Lueken. But he's lucky, too, that the RIA business has advanced to the point where he can leave Manhattan, Goldman Sachs and West Side Moroccan restaurants and find similar intellectual stimulation in the boonies. The RIA evolution has progressed so far, he isn't even expected to bring a book of business, just his smarts, talent and ambition. The reverse brain drain is on.

John Lueken was living the dream in New York. A St. Louis transplant, fresh out of Columbia University, he landed a job one at of the most prestigious Wall Street firms — Goldman Sachs & Co. He quickly climbed to become vice president of equity derivatives, one of the fastest growing and most profitable securities' desks at the firm during the majority of his time there.

Lueken wasn't one of those investment bankers who worked brutal 16-hour days, seven-days a week, like so many Wall Street soldiers whose gray hair and paunch bellies are the mark Wall Street rat-race. Lueken, 32, was actually one of the lucky few who was rising to the top fast, but still got home by 6:30 p.m. giving him plenty of time to spend with his wife and two-year-old daughter in their Upper West Side apartment. See: [How a 33 year-old advisor ditched the Midwest for California and used mad blogging and SEO skills to hijack annuity-bound web traffic to propel giant growth.](#)

Added to this bounty, the family was fortunate to have a big apartment — by New York standards, that is, at 1,100 square-foot — nestled in the Upper West Side, close to museums, Central Park and every sort of restaurant imaginable. In short, life was pretty good and if Lueken chose to leave Goldman — or they fell out of love with him — his credentials assured him another prime Wall Street berth in a competing wirehouse. See: [Why the slow-evolving metro New York area is still on course to be the capital of the RIA business.](#)

Head South, young man

Yet, with hardly a second thought, Lueken is exiting the whole sweet arrangement, lock, stock and gilded resume — and not for a loftier spot in London, Hong Kong or Geneva.

He has something better in mind — namely getting to the Nashville, Tenn. area and joining an RIA. In his new life Lueken will be chief investment strategist at CapWealth Advisors that

manages \$1 billion from Franklin, Tenn. See: [Does Barron's really have a bead on the best financial advisors in America?](#).

Goldman Sachs was to Lueken what a post-doc is to many a Ph.D.— a follow-on opportunity to get paid to learn a trade.

“For me, it was a quality of life issue,” Lueken says. “I really want to help build a business and being able to contribute to an already established business is a natural thing. A lot of people go to Goldman and you grow up in the business. There are people who stay there for years, but the vast majority in my area aren't there in five years. They use it as a training ground. For me, it was learning the asset management of the business side.” See: [How 3 wealth managers at Goldman Sachs parlayed a \\$1 billion book of business into a \\$125-million payday — after doing it once before for \\$217 million.](#)

An e-mail to Goldman Sachs seeking comment was not returned.

Room to grow

One of the biggest changes for Lueken is his home life. He left a Manhattan apartment for one that is about four times as large — a 4,400 square-foot home nestled in the Green Hills neighborhood, known as the Westchester of Nashville. His family is still within walking distance to restaurants, parks and a library and his daughter gets her very own play room in addition to a roomy backyard.

The cost savings are staggering. The family paid just under \$5,000 monthly for the two-bedroom one-bathroom apartment in New York; for the giant house in Nashville with its four-bedrooms and 3.5 baths, the monthly mortgage is less than \$3,500 a month.

But the lower cost of living doesn't end there. In New York, Lueken paid a steep state income tax that ranged from 4% to 8.82% depending on income. New York City's income tax ranges from 2.9% to 3.86% and that tax is expected to rise to 4.41% over the next five years.

Neither Nashville or Tennessee have an income tax. See: [Here's a 15-item checklist of low-hanging tax tips for financial advisors.](#)

He also comes out on top in that property taxes are much lower in his new city and home improvements are also less expensive than they are in New York..

“The key points are that there is a significant tax advantage to setting up residence in Tennessee as well as a sizeable general cost of living improvement. Property taxes can be substantial in New York too,” Lueken says.

Investment framer



John Furey: He's from Goldman Sachs and that has cache

Despite all those advantages, Lueken doesn't regret the time he invested at Goldman he says. "Coming out of school and moving to New York to be at Goldman Sachs had to be the best training grounds," he says. "I have zero animosity about Goldman Sachs. The move was prompted by a few things. My dad was an entrepreneur and built his own company and I had that entrepreneurial spirit and wanted to work for a smaller firm and have more autonomy day-to-day."

On the home front, Lueken and his wife didn't want to raise their daughter in Manhattan and he felt the commute to and from a bedroom community somewhere in New Jersey, Westchester County or Connecticut would be unbearable.

"Married with a young child in New York can be tough," he says. "We lived in Manhattan and thought about commuting to the suburbs, but there is a big quality of life trade with difficulties commuting and cost of living. Having grown up in St. Louis, I love the middle of the country and felt at home in Nashville. The job opportunity drove the Nashville opportunity. Tennessee is an incredibly beautiful part of the country and a wonderful place to raise a family." See: [Advisors find big assets in some little-thought-of locales](#).

Lueken steps into the smaller CapWealth with its 17 employees gaining ownership and a say in the RIA's growth. He'll mostly be focused on crafting CapWealth's investments, but will also work with clients, too.

He's not a stranger to high-net-worth clients having worked with some of them at his days at Goldman.

"The way my experience at Goldman translates to CapWealth is I'm going to help develop what the investment framework can look like. I'll be coming up with some single stock ideas for CapWealth's portfolio buckets."

Golden 'get'

CapWealth founder Tim Pagliara originally learned of Lueken because they went to the same high school in St. Louis, albeit a generation apart. They met through fellow alums and when Pagliara heard that Lueken was looking for another gig, he reached out to him.

The hire fits in with Pagliara's current strategy of organic growth.

“You either grow or you die,” Pagliara says. “We’re looking at ways to bring in new ideas and ways of enhancing what we do for people. Part of the real opportunity is to do something we’ve done really well for the past five years. The investment strategy we’ve started won’t carry you forever. As markets become more fully valued and return to normal asset allocations, we need new ideas. See: [RIAs and online brokers are winning the market-share game](#).

Pagliara, 57, doesn’t intend to retire anytime soon but his mind is on succession.

“John is an amazing talent. When you look at his educational background, it’s hard to believe he’s going to be turning 33. We’re bringing him in as a commitment to longevity and creating new ideas and enhancing our research management project. He was an amazing [recruiting] opportunity for us. He’s going to fill us in on a lot of things we don’t know and help us with our growth and create an opportunity for growth.”

Cache cow

Pagliara continues: “I think what you do is look at individuals and look at talent they’ve got and educational background and it’ll all fill itself in. As an owner of this business and he has a vested interest, he’ll find ways to grow it. Our industry has been criticized for not bringing in new talent and the average advisor in our industry is my age. See: [Have an aversion to succession plans? Consider a continuity pact as a vital baby step](#).

Bringing over a Goldman leader does give the firm a solid presence, says **John Furey**, principal of **Advisor Growth Strategies**.

“It’s a human capital hire [as opposed to hiring a skill set] for sure,” he says. Seeing someone at Goldman Sachs moving from New York to Tennessee is mostly unheard of.

“It’s just crazy the costs in New York,” he says. “He’ll run the investment portfolio. He’s from Goldman Sachs and that has cache.”

St. Louis connection

Lueken and Pagliara have a great deal in common. When Lueken and Pagliara met for the first time for a 6:30 p.m. dinner that lasted until 11 pm. And they instantly knew how much they had in common. “When you pair that shared interest in Midwest values and the fact that frankly he wanted to raise a family outside Manhattan, Nashville is a happening place and we’re growing,” Pagliara says.

Being at a smaller location was appealing to Lueken.

“I definitely knew I wanted to wear more hats and to grow a business and to fulfill my entrepreneurial side. I was never going to [leave] Goldman to do a similar role. It was a quality of life issue and an opportunity to really get involved in the asset management side.”

Most of CapWealth’s 400 family clients live in Tennessee, Pagliara says. But the firm also has clients in 32 states.

“We started in 2000 as a poor man’s family office. Our client base keeps getting wealthier and we’re working with foundations and other groups. We’re experiencing a big period of growth.” See: [Advisors: Help protect precious nonprofits by avoiding these four mistakes](#).

CapWealth holds its assets with [Schwab Advisor Services](#), [Fidelity Institutional Wealth Services](#) and [Pershing Advisor Solutions](#) . The firm also has approximately 5% commission business with Stern Agee.

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