



## The Advisor and Caretaker to 2,000 Employees of New York State's Court System

By Gary Stern for RIAIntel

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For 25 years, wealth manager Gary Schwartz has catered to employees of New York State’s court system, and built a case arguing for financial advisors to choose [a niche clientele](#). Serving one well can be lucrative and fulfilling in other ways.

Out of the \$400 million under advisement by Madison Planning Group, more than \$300 million belongs to clients affiliated with the state court system, including judges, administrators, and other court employees. Schwartz’s firm is based in White Plains, N.Y. but some of his staff — five advisors and seven others — work out of offices in Syracuse, N.Y. and Boca Raton, Fla.

When Schwartz was launching his firm in 1997, he wrote a proposal to the head of judicial benefits of the New York State court system about providing long-term care benefits to its employees.

His personal flair and gift for gab helped seal the deal. “I’m going to make your life easy,” Schwartz promised the benefits administrator. His company got the assignment. That led to his firm joining with a marketing company that had been hired to provide financial seminars.

Soon Madison Planning Group was offering seminars for estate planning, money management, and risk planning for all of the state court system’s 2,500 employees — including about 1,400 judges and 1,100 administrative employees — spanning 62 counties.

After a few years, its scope expanded to providing financial planning to rank and file employees, covering court attorneys, clerks, officers, analysts, and librarians. Today, the firm offers financial and retirement planning for about 2,000 of the system’s 14,000 employees.

His company doesn’t run Facebook ads or marketing campaigns. Instead, Schwartz speaks at conferences for judges and holds about 30 financial planning seminars each year for the system’s employees, creating what he called a “prospecting machine” because it generates so many referrals.

“People say to court employees, ‘You have to sit down with Gary’s firm,’” Schwartz proclaims. He knows of no other financial advisory firm in New York with the same specialty, though he’s heard of firms in other states that represent public employees.

Schwartz and his team go out of their way to meet clients one-on-one and get to know them. Two years ago, he racked up about 65,000 miles on his car crisscrossing New York. He spends three or four days on one side of the state then jaunts to another and does the same. During the pandemic, he logged a mere 25,000 miles. He’s sort of a 21st century version of William Loman (the aging protagonist of Arthur Miller’s classic play *Death of a Salesman*).

Even before his road trips Schwartz knew New York intimately. Born in the Bronx and raised in Rockland County, Schwartz spent time as a butcher in the Bronx before earning an accounting degree from Pace University.

For most judges and court employees, making decisions about their pensions is the most critical issue they face. All court employees have state pensions, which they can begin taking at age 62 or 63, regardless of years of service. But those who are at least 55 with 30 years of service can take their pension regardless of age. Most employees also have a 457 plan, which operates like a 401(k) plan for government employees.

A judge, for example, with 30 years of service can retire with 60% of pay. At a salary of \$212,000 a year, that's \$127,200 annually, before Social Security benefits, and there's no state or city tax paid on the pension.

Schwartz has learned the nuances of a complex system with seven courts, including the state Supreme Court, Family Court, and Criminal Court. And some judges are elected and some appointed. If a judge is voted out of office, their pension can be frozen. Many run for another office, and many secure other jobs within the system while maintaining their pension.

"They worry about their salaries being fixed and that they haven't gotten a raise in 13 years," he noted. And they have the same concerns as other clients: Can they afford their child's college education, and will they have enough money to live on in retirement?

Some carry their own irrational fears that they will starve when they retire. "I tell them, 'Three years after they retire, they'll have more money than they did before,'" Schwartz declared.

To keep abreast of changes in the courts system and their pensions, Schwartz peruses several statewide newspapers, retirement websites, the New York Law Journal, the Chief-Leader, the civil service employee's newspaper, and attends about a dozen conferences a year such as the N.Y. State Supreme Court Judges Conference.

Despite being so invested in the court system, Schwartz acknowledges that his specialty could vanish in a New York minute. "We could be thrown out the door for any reason, including politics," he noted, so he always speaks (ahem) judiciously.

Schwartz expects 2021 will be good for business as "many people are retiring this year." He declined to provide specific details other than saying, "it's political and involves a lot of nonsense." Schwartz though isn't just concerned with the bottom line.

He views advising public employees as "giving back to the community." To that end, Madison Planning Group has no minimum financial requirements for any clients. Schwartz loves seeing clients who invest \$20,000 initially and then after 25 years upon closing in on retirement, roll over their \$800,000 retirement portfolio.

"I've watched people rise in their career from court attorney to appeals judge. When the chief judge calls me and asks me a question, I find that very satisfying," he said.

John Furey, a Phoenix-based financial advisory management consultant, cited several benefits of specialists like Schwartz, who “develop a client expertise around the niche and a technical expertise as well.”

For example, Furey consulted for an advisory firm that specialized in American Airlines pilots and they got to know everything there is to know about the pilots’ retirement plan, the pilots’ life, and the culture.

Niches help advisors “develop a following,” Furey noted. If an advisor is handling a client going through a divorce, “you’re not going to ask them if they know any other divorcees?” he said. “But if you’re handling judges or pilots, it’s appropriate to ask whether there any other pilot or judges you know that I can help?”

Niches can develop by an advisor’s location, such as being located in Silicon Valley and handling mostly tech entrepreneurs, or by vocation. For Betsy Madonna, a partner at Morris Capital in Malvern, Pa., nurses account for 70% of her clientele.

The only limitation Furey sees can be the restricted size of the niche. There are only so many American Airline pilots to go around.

The key to running a niche advisory firm, Schwartz said, is delivering “consistent financial advice and treating everyone the same.” Whether the client is a Supreme Court judge or court stenographer.