



Morningstar DirectSM Helps Firm Gauge Portfolio Risk and Inform Clients

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—William Callahan, CFA, CFP, President and Chief Investment Officer, [Callahan Financial Planning](#)

About a decade ago, William Callahan was working for a reputable regional bank, but he struggled with industry bias toward pushing financial products based on compensation and not the best interest of investors. Witnessing the inherent conflict of being paid by a client and an asset manager simultaneously, he saw an industry at an ethical crossroads, and anticipated big opportunities ahead for a firm doing the right thing by clients.

To Callahan, the answer was opening a new firm that vowed to only ever be paid by its clients. He founded Callahan Financial Planning in Omaha, Nebraska with a plan to do things differently. “We committed

from day-one to be a fee-only practice so that a client would never have to question our motivations when we are giving advice,” Callahan says.

Callahan Financial Planning takes a holistic approach to financial advice, ensuring any financial decisions begin with a client’s goals, aspirations, and values. Their analysis and recommendations integrate investment management and personal income taxes with an in-house team of certified financial planner professionals and an IRS enrolled agent. “We think bringing these resources all in-house helps us do a better job at being holistic when planning for our clients,” Callahan elaborated.

The approach worked from the outset. In its first two years, Callahan’s practice had amassed \$25 million under management. Now it has more than \$125 million in assets under management, a growing staff, and a new Callahan Financial Planning office in San Rafael, California.

Callahan, as president and chief investment officer, spends a good portion of his time managing the firm, including sourcing new products to build on the efficiency of the practice. That said, he keeps one foot solidly planted on the advisory side, holding meetings regularly with about 100 families.

To that end, Callahan has relied on Morningstar’s services since he opened up shop in 2010, using Morningstar OfficeSM, Morningstar DirectSM, and Morningstar[®] ByAllAccounts[®] for clients. For example, he taps Direct for performing research and monitoring the holdings of portfolios to gauge risk and set asset allocations. The firm is quickly able to run thousands of probabilistic simulations of the underlying asset classes in the portfolios, essential to their risk management and return optimization.

“This tool is particularly helpful when helping clients with a concentrated stock position, or reducing the risk of being wrong by using re-sampled efficient frontiers,” he says.

It’s one way Morningstar fits into the firm’s approach, where Callahan views his team as serving people, not their investment assets. “The biggest way that I add value to clients is around the holistic nature of our advice that we provide,” he says. “Investment decisions are informed by the other aspects of their lives.” ■■■

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