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Boutique Banks Offer Unique Wealth Management & Banking Savvy

By Charles E. Porter, CFA, David Breitwieser, and Marta Goldberg, JD

In the world of client-first wealth management, two concepts drive a successful engagement: integrity and expertise. Does the client trust the wealth manager, and does the wealth manager take seriously their role as fiduciary and trusted advisor? Let's describe some of the concepts that should guide a decision to select a wealth management team.

To start, it is important to understand the concept of fiduciary responsibility. Federal

law outlines the fiduciary role investment advisors hold with their clients. The rule is simple in that a fiduciary must put the interest of the client first and govern every decision based on what's best, rather than simply suitable, for the client. This distinction between fiduciaries and brokers has been much discussed of late. It is amazing that not all investment advisors are held to this standard but many are not, and this is an important distinction to make before making a choice. Choose



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a team that operates under the fiduciary standard at all times, i.e. one that puts the client first.

Local decision making is an advantage too. Unlike an advisor who answers to an investment organization based thousands of miles away, local decision-making fosters a relationship that drives client confidence. The strategy of a local firm will better reflect community needs. All senior and executive staff will be local and available to meet with clients. Its best if your entire team is local, and not an 800 number away.

Private ownership can be important to the client experience. Is the company able to do the right thing? Big public companies are often forced to do what's right for their shareholders at the expense of clients. Their focus on next quarters earnings means more than

long term relationships. Many privately owned, boutique wealth managers can focus on the philosophy of, "do what's right for clients and the profits will follow." With the spate of acquisitions in recent years, organizations that had operated in the spirit of a well-intended founder can lose that ethos.

Before engaging a wealth manager, or referring a client to a wealth manager, how can one ensure the right relationship? Consider the following attributes:

- Expertise versus size. Some advisory organizations boast the size of their assets under management or balance sheet. Instead, ask about their credentials, expertise and experience. JD, CFA, CTFA, CFP are important credentials to see among your team members as this is the team that will help plan your investments and the diversification across stocks, bonds,

cash, and real property investments. This is the team that will assist you in your tax and estate planning. The size of the organization is less important than the expertise and experience of your team.

- Communication, frequency and quality. Expertise and experience are often evidenced by a willingness to have the hard conversations. Any advisor can be the champion during a bull market. When the stock and bond markets suffer double-digit crashes, can they bear the bad news, explaining losses in language the client understands, whether with sophistication or layman's terms? Can they effectively counsel the discipline that is so critical in turbulent markets. This is central to communication – and a strong relationship.

- Transparency. What are the management fees and are advisors encouraging or selling investments for which they'll be compensated by the managers they choose? Advisors should be transparent and conflict free, with investment decisions based solely on how an investment vehicle fits into the strategy. It shouldn't require clients pouring over investment disclosures to spot conflicts.

- Value beyond technology. Every wealth advisor has access to the latest data sources and investment technology. Every investor can track stocks and trends from their smart phones. The smart, experienced advisors take that information, and based on experience, turn it into knowledge, and apply the wisdom they have earned over the years. Their real value is in their advice and the relationship they build with a client over time.

- Your multigenerational needs. When discussing strategies involving wealth management, business succession, asset protection, trust creation, and estate planning, are the generations part of the conversation? Baby boomers are a “sandwich generation” often caring for their parents, children, even grandchildren. Your advisor should know your family – and be asking about their place in your plans.

- Future alignment. Wealth managers today should be training the next generation. Do they speak of actively recruiting and mentoring younger advisors who will be there as your relationship matures? A well balanced team should include millennials, generation Xers, and baby boomers. All should be skilled advisors ranging from those who specialize in global investments, tax and estate planning, to those who oversee special needs trusts and guardianships.

- Full service banking is definitely a plus when choosing a wealth manager. Can you have your household checking and savings accounts managed by the same team? Can you borrow money when needed? All in the one place that also values the larger relationship.

As community banks mobilize for the future, the distinction between boutique banks and national institutions will become ever more clear. The value proposition of the privately owned, local wealth manager will become evident: it's all about adding value for the client, and maintaining that boutique, relationship-based client experience that is so important to success.

ABOUT GROVE BANK & TRUST

Grove Bank & Trust was founded on July 12, 1926 and is the longest-running bank in Miami-Dade County. Grove Bank & Trust provides boutique banking, commercial and wealth management services to individuals, families, businesses, endowments and foundations. Grove Bank & Trust has five offices in Miami-Dade County including: Aventura, Coconut Grove, Coral Gables, Palmetto Bay, and South Miami. For more information, contact Grove Bank & Trust's corporate headquarters at 2701 South Bayshore Drive, Miami, Florida 33133 by telephone at 305.858.6666 or visit our website at www.grovebankandtrust.com.

Charles E. Porter, CFA, Executive Managing Director; Marta Goldberg, J.D., Managing Director, Fiduciary Wealth Advisor; and David Breitwieser, Managing Director, Senior Investment Strategist; enjoy a combined 100 years of wealth management and banking experience, and bring portfolio management experience, custom investment strategies, complex family wealth planning, tax planning, and insurance advice to their roles at Grove Bank & Trust.



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