

SAN DIEGO BUSINESS JOURNAL

A SAN DIEGO BUSINESS JOURNAL SPECIAL REPORT

PRIVATE BANKING



Stephen Whalen

David Reagan, senior vice president and senior adviser for City National Bank's private client services unit, says arrangements are made to ensure wealthy clients get individualized attention. Some common services the bank assists with are gift giving and setting up a trust to pass on wealth.

Bankers Treat Their Wealthiest Clients to Solid Gold Services

FINANCE: Providing Personal Attention Key to Helping Elite Meet Goals

By MIKE ALLEN

The bankers who manage the millions of dollars of assets belonging to their wealthiest customers aren't just making educated guesses about how to do that.

They usually spend many hours and weeks figuring out who the client and their family is all about, what their plans and aspirations are, and how the banks can best fulfill those needs, said several private bankers.

"The culture here is to focus on the client first. Everything we do is built around the client," said David Reagan, senior vice president and senior adviser for City National Bank's private client services unit.

"We try to take a holistic view of their financial picture."

Some of the more common issues many wealthy clients are grappling with include gift giving, setting up philanthropic arrangements, and creating trusts to pass on the wealth they have accumulated to their heirs.

To ensure the private bankers get a better under-

standing of a client they generally assign a single point person. In City National's case it's called a "private client adviser."

Establishing Relationships

That one-on-one arrangement, similar to other private banking providers, entails several meetings to develop an overall understanding of a client's goals, risk tolerance and priorities, and the delivery of services on the banking, planning and investment side, Reagan said.

Once those priorities are established the advisers will meet with the clients periodically and at least annually to fine-tune those services, he said.

In City National's San Diego region, which consists of eight offices, its private client service employs 12 people, including advisers, bankers, trust officers and portfolio managers.

Los Angeles-based City National, like most lenders engaged in private banking, sets certain minimum wealth criteria to qualify. Reagan said clients should have a minimum of \$5 million in assets with the bank, or a net worth of \$10 million if they aren't keeping at least \$5 million at the bank.

Private clients at City National have access to a range of banking services, including commercial, mortgage or business lending, cash management services, investment management planning, currency exchange, and estate planning. Should they need other professional services

such as attorneys, accountants, architects, even elder care for a member of their family, they have access to an external network for those needs as well, Reagan said.

Supportive Team Effort

Like most other entities offering private banking, Northern Trust Corp., based in Chicago and with two offices in San Diego, focuses on establishing a close relationship with a customer by assigning a relationship manager that ascertains what the client needs are and assembles a team of other specialists to address whatever needs the client has, said Matt Rechner, banking manager and senior lender.

"It's a holistic approach where we form a team around the client," Rechner said.

Northern Trust, which has \$92 billion in assets but holds \$4.2 trillion in assets under custody, said while it helps clients with assets of \$500,000 to \$10 million, the majority of clients have a net worth of at least \$1 million.

Like City National, Northern Trust isn't a retail bank, and emphasizes its boutique niche as a selling point.

"Because we're not retail focused, we fly below the radar in San Diego, but I think many clients view that as a positive," Rechner said.



Matt Rechner

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In a different category is **Wells Fargo Bank's** Wealth Management Group, which counts more than \$10 billion in assets under management for the region that encompasses San Diego and the Inland Empire, said **Laura Stansberry**, regional managing director.



Laura Stansberry

Because it's part of a much larger organization (**Wells Fargo & Co.** has total assets in excess of \$1.2 trillion), the private banking unit has a broad array of services it can offer clients, Stansberry said.

Specialized Services Available

To make a point, among the specialized services clients can access are advice and management of oil and gas fields, or specialized care for elderly people, in addition to the usual menu of banking, investment and estate planning services, she said.

While clients' needs run the gamut, many are concerned with the preservation of their wealth, and in creating a good strategy for passing on that wealth in the future, she said.

Wells has three offices in San Diego devoted to wealth management, two in the University Towne Center

area and one in Rancho Santa Fe. The offices have 165 employees.

U.S. Bank is another national lender that's been a longtime provider of private banking to the well-heeled. The Minneapolis-based bank operates two offices in San Diego with 25 staffers. Nationally, through a network of 43 offices in 18 states, the unit has \$36 billion under management.

Again, the focus for USB is getting to know a client, and devising a customized plan that fits their needs.

"It's not really about a particular product, but about building a plan for a family," said **John Zygowicz**, senior vice president for USB's Private Client Reserve in San Diego.

Clients of USB's Reserve would likely have investable assets ranging from \$1 million to \$25 million, but for the ultra-wealthy, or those with investable assets of greater than \$25 million, USB rolled out a program in April called Ascent Private Capital Management.

To carefully assess a client's needs and make sure they're getting the services they need, a wealth management adviser could assemble a team ranging from two to six people, Zygowicz said.

Assets Under Management Rising

Though the Great Recession led to an overall reduction in many folks' wealth, the entities that manage the assets of the wealthiest people have fared pretty well.

All of the banks interviewed for this article said their assets under management have grown in recent years. Some, such as **Merrill Lynch's** Private Banking & Investment Group, gave detailed increases on their growth.

Mike Rogers, regional managing director for the group's Mountain West region, which includes San Diego and Orange counties as well as parts of Arizona and Nevada, said the San Diego market's assets under management increased this year in the high 20 percent range, up from last year's increase of about 15 percent.



Mike Rogers

As of a recent count, the entire region's assets under management were \$28 billion, with San Diego's share about \$6 billion.

Merrill has gained a good book of business since its 2008 sale to **Bank of America** from clients seeking the absolute best in class wealth management offerings, Rogers said.

"In this complicated world, having a breadth of all the resources (provided by both Merrill and BofA) is an advantage for us," he said.

At the other end of the spectrum is **San Diego Private Bank**, which may be small but overcompensates with an emphasis on personalized service.

While many larger private banking units claim to offer personalized service to its clients, in many instances personnel turnover or the tendency to automate service delivery leads to the opposite result, says **Bruce Mills**, president of the \$120 million asset bank.

"Our clients can call up and ask to speak to the president of the bank and get him. It's that type of interactivity that many people appreciate."

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