



# PRIVATE WEALTH MANAGEMENT



SOLUTIONS FOR BUILDING YOUR HIGH-NET-WORTH BUSINESS



## A SIGNIFICANT SOURCE OF REVENUE

There are millions of individuals in the world today with substantial private wealth. Many built their affluence from the ground up. Some own businesses and operate private practices. Others made successful investment decisions. Wealth continues to accumulate by more traditional means as well through inheritances, gifts, and estate planning.

### How the affluent acquired their wealth:

- 64% own a private business
- 13% operate a private practice
- 10% made successful investment decisions
- 7% received an inheritance
- 6% other

Prince & Associates

The wealthy have opportunities to generate significant gains, but they also face considerable implications—there are risks associated with holding concentrated positions in a single sector, possible tax consequences, and limited liquidity to name a few.

Pershing's wealth management solutions can help you address these potential issues and maximize the opportunities they present for your investment professionals and your clients.

## AN INTEGRATED WEALTH MANAGEMENT PROGRAM

Your financial organization is in an excellent position to serve the wealthy and tap this significant source of revenue. A relationship with Pershing provides you with access to a full spectrum of solutions to help you build an integrated wealth management program that attracts top-producing investment professionals and retains valuable clients.

Managing wealth for your high-net-worth and affluent clients involves a high-touch approach with five key relationship-building steps:

- 1 **Establish the Basis for Success.** The more money an individual has, the more interested he or she is in products expressly designed for the wealthy that offer a higher level of service and personalization.<sup>1</sup> To establish value, offer wealthy clients a choice of our *sophisticated account types*, which encompass objective investment advice, tax benefits, pricing options, flexible reporting, and more.

<sup>1</sup> *Financial Advisor* magazine, November 2003

② **Create a Formal Plan.** The wealthy consistently place early retirement at the top of the list of their financial goals. However, half of them do not have strategies in place to make this goal a reality.<sup>2</sup> This is just one example of a problematic gap between the setting of goals and the planning to achieve them. Support your investment professionals with the tools they need to help your clients not only identify their goals, but also help them design strategies for financial success with our *wealth planning tools*.

③ **Solve Challenges and Identify Opportunities.** The planning process generates challenges and opportunities for investors. Whether your clients are simply looking for help planning for retirement, or they are interested in diversifying existing investment portfolios with alternative or global investments, deliver solutions to meet every need with our *specialized financial products and services*.

④ **Enhance Liquidity.** Since many of the asset classes that wealthy investors hold are not easily liquidated—such as real estate, hedge funds, or artwork—these investors require tools to obtain fast access to cash when they need it. As consumer borrowing continues to fuel profits in our industry, incorporate our *powerful lending alternatives* into your wealth management program to increase your clients' borrowing power.

⑤ **Cultivate the Relationship.** Nearly 50% of wealthy clients would switch financial services providers just to get better service—and 16% say they are even willing to pay more for it.<sup>3</sup> Deliver the best service in the business by tapping into our *wealth management support*.

Draw on the resources of our entire organization to position your firm as a total wealth management solution provider and capture the attention of the affluent and high-net-worth markets, as well as the most productive investment professionals.

## SOPHISTICATED ACCOUNT TYPES

### Managed Accounts

Offer an all-inclusive-fee managed account program, called Managed Account Advisor<sup>SM</sup>, to wealthy clients and give them access to customized investment strategies using mutual funds, separately managed accounts, and multi-style accounts called Overlay Separate Account Portfolios. Not only will you strengthen client relationships with this tailored program, your investment professionals will appreciate the annuity-like revenue stream that increases as account

<sup>2</sup> 2004 Phoenix Wealth Survey

<sup>3</sup> IBM

assets grow. Or, take advantage of Managed Account Command<sup>SM</sup>, which is a customizable managed account platform where your firm acts as the program sponsor. This platform provides the technological and operational infrastructure to support your own proprietary program. With both solutions, Lockwood, a service of Pershing, has experienced professionals who will help you launch and grow your managed account offering.

### Fee-Based Brokerage Accounts

Transition your business from one that is product-focused to one that is relationship-focused by inviting your clients to transition to fee-based accounts with Avail<sup>®</sup>. As commissions are replaced with charges that are based on account value, your investment professionals will consolidate and retain more assets from your current client base, and be in a strong position to compete for new assets. Avail can provide a basis for building stronger, long-term client relationships by aligning compensation more closely with client account valuation, and your investment professionals will enjoy the annuity-like revenue stream.

### Retirement Plans

Give your clients access to a full line of flexible, investor-focused accounts including a range of self-directed investment choices. They can take advantage of Traditional, Roth, and Rollover individual retirement accounts (IRAs) and Education Savings Accounts. There is also a comprehensive selection of employer-sponsored plans available, including Individual 401(k) plans, simplified employee pension plans, SIMPLE plans, and qualified retirement plans such as 401(k) plans, profit sharing plans, and money purchase plans. For your clients who prefer to have their retirement assets managed professionally, you can establish a retirement plan in your proprietary or Pershing-sponsored managed account program or fee-based program.

### Asset Management Accounts

Demonstrate value by introducing your clients to ProCash Plus<sup>TM</sup>, a comprehensive asset management account that combines all brokerage, checking, money market fund, online bill payment and presentment, and MasterCard<sup>®</sup> debit card activity into a cohesive package, and consolidates the assets and transactions on monthly and annual brokerage account statements. ProCash Plus is available in Gold or Platinum packages, each offering many valuable and competitive account features. And, your clients will appreciate the year-end account summary statement—just one of the exclusive benefits ProCash Plus account holders will enjoy, with a consolidated report of year-end cost basis, withdrawals, deposits, electronic transactions, and checking and debit card history for simplified tax preparation and cash flow analysis.

## WEALTH PLANNING TOOLS

### Investment Advice

Give your investment professionals and clients access to an impressive list of 75 best-of-breed tools from more than 30 third-party content providers, available via NetExchange Pro® and NetExchange Client®, our online account management platforms. Examples include various research tools from leading providers, including Pershing Investment Research, CSFB® Research, Dow Jones®, Thomson Financial, Reuters®, Standard & Poor's®, and The Rankings Service™ to name a few. A recent addition to our list is BNY Jaywalk, The Bank of New York's independent equity research group. Through BNY Jaywalk, you have access to consensus opinion, which is the average of over 170 independent research providers' (IRPs) individual recommendations on a given security, presented in one consolidated rating.

### Financial Planning

Equip your investment professionals with the **NaviPlan® Standard** financial planning tool that focuses on several key areas including: retirement, education, major purchase, life, disability, and estate planning, while also providing the ability to conduct Monte Carlo simulation. NaviPlan is fully integrated into NetExchange Pro, allowing users to import client demographic and holding information directly from NetExchange Pro.

Also available in a stand-alone version, **NaviPlan Extended** is a sophisticated financial planning tool designed for investment professionals who deal with complex planning scenarios for their clients. NaviPlan Extended enables investment professionals to perform detailed cash flow-based planning analysis and comprehensive treatment of income, expenses, assets and liabilities, stock options, federal and state taxes, and advanced estate planning strategies.

### Tax Forecasting

Provide your investment professionals with valuable tax information with the TaxCenter in NetExchange Pro. This comprehensive tax planning and support service utilizes the resources of Intuit®, including popular personal financial management tools designed to simplify tax planning and preparation, interpret the latest tax laws, estimate future taxes, compare 401(k) plans, calculate withholding taxes, and analyze stock options.

## SPECIALIZED FINANCIAL PRODUCTS AND SERVICES

### Trust Services

Add a full range of in-depth trust administrative services to your wealth management program. Offered through The Bank of New York, some of the trust services that are available include living and testamentary trusts, special needs trusts, charitable trusts, and generation skipping transfer trusts.

### Annuities

Sell, service, and maintain subscription products on behalf of your high-net-worth clients through Subscribe®. Consolidate fixed and variable annuities in this no-transaction-fee program through NetExchange Pro, which seamlessly interfaces with many of the country's leading insurance providers.

### Alternative Investments

Access products that can support various strategies including capital preservation, risk protection, tax advantaged participation, leverage, and diversification. For instance, expand your offerings to include a registered hedge fund of funds from Ivy Asset Management. Additional alternative investments, including unregistered hedge fund of funds and private equity, are also available.

### Structured Products

Holders of concentrated equity positions may be concerned about downside protection of their stock, have a liquidity need, but would like to participate in future appreciation. Pershing can provide access to hedging structures such as zero-premium collars and variable prepaid forwards as well as other customized option strategies. In addition, securitized products, including equity and fixed-income linked investments, are available to wealthy investors seeking benefits such as decreased volatility, yield enhancement, and cost efficient access to certain markets and asset classes.

### Corporate Executive Services

Stock options and restricted securities may represent sizeable elements of compensation at executive or management levels. If your clients wish to exercise their employee stock options without funding the transactions independently, you can assist your clients with a variety of alternatives from Pershing. The sale or transfer of restricted or control securities can be highly regulatory and paperwork intensive. Pershing can provide assistance with the procedures and guidelines for these types of transactions.



### Advisory Services

Leverage Pershing Investment Manager Services™ (IMS) to deliver a unique blend of brokerage support and innovative technology. You can utilize Pershing IMS to support the needs of your investment professionals who are dually registered as registered investment advisors (RIAs) and have their RIA assets held away at an outside custodian. This will provide your firm with improved compliance oversight capabilities and allow investment professionals to manage client assets more effectively.

### Money Market Alternatives

Offer your clients a series of lower expense money funds that produce a higher yield through a special agreement with Dreyfus Funds and JP Morgan Funds. We also offer access to the Reserve Insured Deposit Account, which is a multi-tiered FDIC-insured money market deposit account that offers up to \$1 million in total FDIC insurance per depositor.<sup>4</sup> And, through our relationship with Alliance Capital Management L.P. your wealthy clients have access to the AllianceBernstein Institutional Reserves Portfolio (Class B). These are just a sampling of the many money fund choices available to your firm.

### Online Access

NetExchange Pro is equipped to help your investment professionals manage their businesses, respond to clients' needs, and take advantage of new sales and revenue opportunities. And, NetExchange Client is the perfect tool to complement your investment professionals' personal advice, making news, quotes, and account information available to your clients online, around the clock.

## POWERFUL LENDING ALTERNATIVES

### Loan Platforms

Pershing offers numerous loan platforms, positioning you to satisfy a variety of potential borrowing requests. CreditAdvance™ provides the privileges of a margin account to help your clients unleash the potential of their brokerage accounts, leverage their investment assets, and obtain credit lines at competitive interest rates. LoanAdvance™ satisfies their credit and financing needs through a securities-based lending program for most personal, business, or consumer needs at competitive interest rates and enhanced loan-to-value ratios.

<sup>4</sup> Subject to limitations. Reserve Insured Deposit Account has limited capacity and can be closed at any time. Securities Investor Protection Corporation (SIPC) and Excess SIPC protection are not available for this product, and all tax reporting is performed separately by Reserve.

RealAdvance™ positions you to fulfill your clients needs for quick preapproval and origination of first and second mortgages in all 50 states in the United States.<sup>5</sup> RealAdvance enables your investment professionals to access training and sales tools via NetExchange Pro or an independent URL, and helps them secure first and second mortgages, including home equity lines of credit, for their clients while earning additional compensation.

### Restricted and Control Stock Loans

Pershing can assist you with the qualification process and the execution of leveraged borrowing. This solution may meet the needs of investors with a liquidity need, not interested in selling due to corporate perception or tax ramifications. We also offer flexible financing solutions and tailored structures to accommodate a wide range of investment objectives. These include equity financing, repurchases, and enhanced leveraged vehicles.

### Collateral Loan Management

When you offer collateral loans, Pershing can provide custody, safekeeping, and loan-to-value assessment of securities to help you increase efficiency. Our complete collateral management solution is designed to help reduce risks and increase your firm's productivity.

## WEALTH MANAGEMENT SUPPORT

### High-Touch Service

The foundation of any effort to attract and maintain high-net-worth relationships is, unquestionably, service. Pershing offers a service structure to support your firm in this effort. It includes access to a team made up of high-touch, experienced, accountable, action-oriented Pershing service associates. There are also associates and executives throughout our organization who are committed to providing exceptional support to this market.

### Account Statements

Offer your clients an award-winning account statement with a concise, comprehensive summary of investments and an attractive, graphical display to illustrate account holdings. You can simplify financial management for those who have multiple accounts that share the same mailing address with SelectLink®, which combines the statements into a single mailing with a summary cover page. Providing the overall net worth and allocations for a household entices your clients to hold more of their assets in their brokerage accounts to further consolidate their holdings.

<sup>5</sup> Mortgage solutions offered by BNY Mortgage Solutions, a division of EverBank. Second mortgages are not available in Texas. Mortgage proceeds should not be used to purchase securities.

### Portfolio Evaluation

Demonstrate value to your clients by offering the Portfolio Evaluation Service (PES®), with tax-lot accounting and performance measurement. Your clients may receive gain and loss information on their monthly brokerage account statements and details of their account performance on a quarterly performance report. You can also offer an enhanced quarterly report that offers a more in-depth analysis of your clients' account, including analyst commentary. PES information is also conveniently available online through NetExchange Pro and NetExchange Client.

## TOTAL WEALTH MANAGEMENT

Take advantage of some of the industry's leading wealth management and liquidity solutions and put The Power of Pershing® to work for you, your investment professionals, and your most valued clients.

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