

Working with successful Canadian families

As the number of high net worth families increase across Canada, it's clear that private banks have an important role to play, write Myra Cridland, Senior VP and Head, and Yannick Archambault, Chief Operating Officer, of BMO Harris Private Banking

Across Canada and globally, the number of high-net-worth families continues to grow, and we are reaching new heights in 2014. Consider the following facts: two-thirds of affluent Canadians are self-made, and many of those are new Canadians; stock markets and the value of many stock option plans are hitting new highs; more women are achieving financial success; and successful families must decide on how to engage the next generation, whether it be via a business or an estate plan. To serve such a wide array of clients, private banks must be ready to deal with a myriad of different and often very complex situations.

Wealth leads to unique opportunities. It can produce a sense of security. It gives people the possibility to redeploy capital in their businesses, acquire new businesses and contribute to economic growth. It allows leveraging when investing. It allows one to get involved with and influence the community. It provides access to travel, education, artistic pursuits and philanthropy.

But notwithstanding these opportunities, wealth leads to complexity, increased responsibility, and at times, conflict. To support these families, BMO Harris Private Banking has assembled a coordinated, talented and passionate team with diverse expertise. Every client strategy team is served by a private banker, an investment councillor, a

trust specialist, and a wealth planning professional. Backed by the heritage, stability, and resources of BMO Financial Group, our teams are dedicated to creating a profound impact on the lives of the families with whom we work.

Alleviating complexity

In a world of complexity, change and globalisation, private banks must help their clients make sense of what can be an overwhelming financial landscape. BMO Harris Private Banking seeks to make sense of the complexity by helping our clients establish a wealth plan, update and revise it when necessary, and execute it. Execution is key. Our goal is to provide clients with an integrated wealth management plan, and work with them to bring it to life. We tackle critical and urgent issues that need to be resolved within the first month or two. We address secondary issues in the subsequent three to 12 months, and deal with other issues as they arise.

Our objective is to build strong relationships with the families with whom we work so we can truly make a difference. We respectfully challenge successful Canadian families to take action on what's important, to drive exceptional outcomes today and through the many times of transition and change they will eventually encounter.

We do that by proactively asking thought-provoking questions to truly understand our clients:

- › We engage clients in a disciplined process of discussion to highlight what's most important to them;
- › We provide clients the motivating rationale, solutions, and support to take action on what needs to be addressed to ensure their wealth is protected and put to the best use;
- › We recognise that difficult and emotionally sensitive matters must be addressed, and doing so can lead to significant relief;
- › We make the overwhelming manageable. We deal with one matter at a time, but keep the whole context in mind.

Given the evolution of wealth in Canada and the demographic changes in the country, our efforts to support our clients are focused on three areas that we believe are important to them.

Building diverse client service teams

Wealth in Canada continues to evolve. To ensure private banks can support the uniqueness of each successful family they need to build client service teams that understand the communities they serve and have a deep understanding of the breadth of wealth services. Fundamental to success in private banking is an understanding of the

particular goals, dreams and objectives of each family. The uniqueness of each family makes the role of private banks that much more demanding. It is not enough to provide today's clients with tailored wealth management products, services and strategies and call it a day.

Rather, we believe being a successful private bank means anticipating clients' unique needs and truly knowing and caring about our clients. This means developing an employee base that reflects the communities in which we do business. It involves asking thought-provoking questions, engaging clients in a disciplined process of discussion to highlight what is important to them, and working with them to take action on what needs to be addressed.

As an example, we do that by working closely with clients to achieve a connection with the client themselves and their family. Through these efforts, we get a better understanding of their priorities and what drives and motivates them. In order to achieve such a connection, we must understand that different clients have different needs and face different issues. One way we build connections is to have dedicated and specialised teams that focus exclusively on specific client segments, such as executives, business owners, new Canadians, medical professionals and ultra-high-net-worth Canadians.

Each segment has specific personal and business considerations: a doctor or dentist may have equipment purchasing issues; a business owner may need franchising expertise; and new Canadians have a plethora of issues to consider, such as investments, schooling for children, moving costs, business interests in their country of origin, and more. Our teams are able to concentrate on the particular issues relevant to the individual and their families' needs.

Wealth transfers to the next generation

As the population ages, the need for estate and trust planning increases. The objective of specialists in this sector is to ensure that clients have the opportunity to leave a lasting legacy to the next generation. Our services run from education programmes for young adults to assisting families in establishing family governance structures, as well as the utilisation of strategic philanthropy to assist in transferring values and wealth from one generation to the next. We also provide financial, retirement, will and tax planning and assist in the establishment of trusts to help following generations in understanding the wealth management process.

For business owners, succession planning represents an important issue. Over the next 10 years, it is estimated that more than two-thirds of Canada's present generation of business owner's will either retire or move on to a new career. The business often constitutes the vast majority of the

family's wealth. Assisting a business owner with maximising the value of a business – whether it is to be transferred to the next generation or sold – is fundamental to helping our clients during this important transition.

Most business owners have been focused on running their business and have not spent a lot of time preparing the transition issue or communicating with family members on their desires and expectations. There are often emotional issues with respect to entitlement and expectations that need to be bridged. Our role is to encourage open communication. We also focus on setting up separate governance structures for family issues, business issues and ownership issues to enable more direct and specific conversations to reduce some of the tension that can exist.

We believe in providing financial education to the entire family. We host a number of events catered to clients, their children, and other family members to equip them to understand the basics and even become comfortable with

some of the more complex aspects of sound financial management.

Philanthropy: creating a lasting impact

We are seeing more and more Canadians take an interest in giving back to society and to their communities, to create a legacy, have a social impact, express their values and truly make a difference.

We have built our expertise in philanthropy over the past 10 years – our experts can initiate the discussion with clients to outline the possibilities and options available. We often take the step of challenging those of our clients who have more than enough wealth for their retirement needs and for supporting children, grandchildren and loved ones to consider charitable giving and/or creating a family foundation.

We find that such discussions resonate with successful Canadians; it leads to better and richer decisions. This is a particularly important effort, where questions of legacy can matter greatly. We also link philanthropy into estate planning. As with other elements in the transfer of wealth, education is key. We have experts who can help the younger generation understand how a family's philanthropic activities fit into the larger wealth plan, and how they can continue the legacy far into the future.

Helping families drive better outcomes

Knowing that there is a growing number of successful Canadians that have a diversity of challenges, and also that the sophistication of clients is increasing, citizens expect more from their wealth advisors. With the expertise to support such a wide and complex variety of issues, BMO Harris Private Banking helps these families make the best choices for them and prepare for a well-planned future. ■

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