



Berkshire

DIVIDEND STRATEGY

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Practice Management Concepts

Bullish on Bank Advisors?

The bank advisor has certainly evolved over the last 20+ years. (Mostly) Gone are the days of solely pushing annuities and mutual funds as CD alternatives. Often underrated, dare we say “dissed”, banks of all sizes have not so quietly transformed into comprehensive wealth advisory firms equipped with the tools, expertise, and positioning to compete across various investment channels – and win!

This evolution is marked by:

Open Architecture: Technological advancements such as UMA, SMA, ETFs, TAMPS and robust planning software have democratized access to sophisticated tools. This has leveled the playing field, rendering the advisor “channel” less relevant compared to the quality and breadth of services offered.

Enhanced Offerings: Banks have expanded their offerings significantly, attracting top advisors and top industry execs to support them, and incorporating a wide array of investment solutions, akin to those offered by RIAs, wire houses, and trust companies.

Client Demand: Wealthy clients increasingly seek comprehensive services from their financial institutions. Surveys indicate a preference for consolidating assets within banks, particularly among younger clients, which presents a substantial opportunity for growth. And since about 85 trillion will transfer to younger clients over the coming decades, bank advisors are exceptionally well positioned to catch this wave. (Source: [Natixis](#), [Cerulli](#))

Proximity to Clients: While lines have blurred, bank advisors are uniquely positioned close to the heartbeat of their client's financial lives—their bank accounts—which facilitates a more direct path to enhancing the relationship from deposits to advisory.

Lead with Lending?

Contrary to some wirehouses, where lending may be viewed unfavorably, banks recognize the critical importance of addressing both sides of the balance sheet. “How can you call yourself a wealth manager if you are not looking at liability management? The last time we checked net wealth was assets – LIABILITIES. Ignore at your own peril because if you are not addressing them, there is an advisor who is.

Tax-friendly leverage strategies for business, cash-out re-fi, option-based lending strategies, structured credit strategies, and commercial real estate structures are services wealthy clients desire.

They can be huge door openers or value add for an advisor teaming up with private bankers. Good advisors help wealthy clients optimize the total balance sheet. We know advisors leveraging creative finance techniques and are winning big with clients. Solve big problems, you'll likely land assets.

The Perfect Pairing With Dividend Strategies?

Within the bank channel, dividend strategies can stand out as an excellent fit for several reasons:

Solid Downside Protection: Dividend strategies may offer a conservative income and growth with possible downside protection, making them ideal for collateralization in lending scenarios.

Clientele Preference: Many bank clients, particularly those with a conservative investment approach or traditional trust department clientele, appreciate the stability and income generation potential of dividend strategies. Dividend strategies often appeal to a traditional trust department's mindset and may create solutions for trust/fiduciary clients to align income beneficiaries and remaindermen.

Alternative to Traditional Bank Deposit Products: Investors accustomed to traditional CD investments may find dividend strategies appealing as they seek to enhance returns while maintaining a more conservative long-term equity investing approach.

Complementary to Other Wealth Pillars: Think for a moment about the typical wealthy family with assets of \$5 million or greater. Advisors often discover wealth comprised of a family business, a second home, commercial real estate, and a blue chip dividend portfolio. These are often permanent pillars. Actively managed dividend strategies are already usually familiar territory and can be a key pillar of how wealthy families grow and preserve wealth.

The evolution of bank advisors, coupled with the attractiveness of dividend strategies, presents a compelling opportunity for wealth management within the bank channel.

Berkshire Dividend Strategy has resources to help you make the most of these opportunities.

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