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Chad Hassinger: Attorneys are frustrated with banks. With all the merging it's not a one-on-one relationship anymore.

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## National Advisors Trust gets busy Northern Trust-ifying the RIA business, minus the big fees

Strategic Financial Group, Sterling Financial Planning and Snow Creek Wealth Management are aboard as foot soldiers for an ambitious new tactic to unseat unassailable trust assets

Monday 7.11.11 by [Dina Hampton](#) tags: [National Advisors Trust Company](#) | [Ronald Ferguson](#) | [Northern Trust](#) | [Strategic Financial Group](#) | [Sterling Financial Planning](#) | [Snow Creek Wealth](#)

*Brooke's Note: National Advisors Trust broke ground by being the first RIA-owned trust company. It offered its members a below-market price but not that much more. Now it has beefed up its offering in a big way and this article tells how well it's going with some big RIA practices.*

In 2001, a group of 82 RIAs pooled their money to start a trust company hoping to stem the migration of assets of their aging – or soon-to-be aging – clientele to mammoth custodians like Northern Trust or to local banks. Longstanding clients, they reasoned, would be more comfortable dealing with advisors with whom they had established solid relationships instead of entrusting their legacies to strangers.

For a few years, the consortium, [National Advisors Trust Company](#), had limited success living up to the vision that sparked its formation.

### 135 RIA practices

But of late – due to a number of factors including bank mergers that have made regional banks all-but-extinct; the emergence of independent RIAs; and the leadership of Ronald Ferguson, who signed on as CEO in 2008 – NAT has achieved a higher profile. It now supports 135 shareholder-RIA firms located in about 40 states. The trust company also offers trust administration services to non-shareholder RIAs.

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In a sign that the company is moving its new initiatives from the white board to the playing field, the Overland Park, Kan.-based firm announced it had signed on three RIAs to participate in its Trust Representative Office program. Established in 2009, TRO is a trust marketing program that allows investment advisors to offer a full range of trust and trust custody services to their clients under private-label branding, with administrative services provided by the NAT.

The firm also supports its RIAs with marketing and education programs. In addition, the TRO program assists advisors with practice management and generates referrals from local attorneys in their respective communities.

"It's a way [for an RIA] to raise the flag a bit higher in market as a trust-savvy firm that can deliver trust services along with advising," says Ferguson. "We give RIAs the

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RIA Contact: **Scott Anderson**

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ability to have multigenerational relationships with client – especially with family offices. We are a trust partner that's not competitive.”

## New recruits

The new recruits in the Trust Representative Office program are: Strategic Financial Group, LLC headquartered in Merrillville, Ind.; Sterling Financial Planning, Inc., located in Sparta, N.J. – both firms were already shareholders; and Snow Creek Wealth Management, LLC, based in Nashville, Tenn., which is a new shareholder.

Strategic Financial Group, with about \$350 million of assets under management and about 700 clients, has become more heavily involved in trust work in the last few years.

“We’re finding the time is ripe,” says chief executive Chad E. Hassinger. “As recently as five years ago, banks stepped in and became trustees. Now when we talk to attorneys they’re frustrated with banks. With all the merging it’s not a one-on-one relationship anymore.”

See: [U.S. Trust seeks to add hundreds of wealth managers with West Coast-facing poaching campaign.](#)

Hassinger believes TRO will enable Strategic to “position our firm as the investment advisor for the next generation, while National Advisors Trust handles the administration.”

## Inside job

In addition to TRO, National Advisors is also pushing a program called Trust Officer Inside, in which, among other services, trust officers are parachuted into an RIA to work with advisors and clients as needed. In a scenario Ferguson would like to replicate, one St. Louis firm has a fulltime National Advisors trust officer working in its office.

NAT is also actively recruiting trust officers who have been fired from – or have grown disenchanted with – banks during the merging frenzy of the last few years.

“As major banks are being acquired there are lots of trust officers ripe for picking – and they come with client relationships,” Ferguson says. See: [Once-sleepy National Advisors Trust has a sparkling year for net new assets](#)

Hassinger says he would be “very interested in having someone local who could act as trust officer on site” in one of his five locations.

“We’ve been approached by advisors and trust officers by banks who have considered leaving. We might hire our own or get [National Advisors Trust] to hire for us,” Hassinger says.

## Legacy goals

“We joined the TRO program because it allowed us to extend our personalized family care with trust services that we can provide to our clients,” says Nicholas A. Nicolette, a principal of Sterling Financial Planning.

“We have extremely high client retention and our clients depend on us for guidance through all the stages of their lives. Now, with our partnership with National Advisors Trust and the TRO program, we have an efficient, cost-effective, high-level trust solution to offer clients. It allows us to maintain our highly personalized client relationships, remain independent and help our clients meet their legacy goals,” he says in a release.

Sterling has about \$300 million dollars in assets under management. The firm declined to disclose its number of clients.

## New direction

Snow Creek, with \$125 million of assets under management and 145 clients, is the only new TRO recruit that was not a shareholder before signing on to the program. The firm currently has 15% of its assets in trust accounts and wants to grow that portion of the business. Goldberg and his partner, CPA Larry Sacks, became even more eager to strike out in a new direction after a ruinous flood last summer destroyed 25 years of paper records.

After exploring a several options they settled on NAT “because we wanted to offer clients trust services with an in-house look-and-feel,” says Goldberg.

“We loved the TRO idea from the beginning. We could have private label trust services, along with an investment advisory firm, without having to



Ronald Ferguson: TRO is a way for an RIA to raise the flag a bit higher in market as a trust-savvy firm.



Nicholas Nicolette: Now we have an efficient, cost-effective, high-level trust solution to offer clients.



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create and spend time and money on staff, compliance or marketing. The TRO program resolved all of those issues, plus we have gotten excellent marketing support, including a personalized monthly newsletter we send to clients," he says.



David Goldberg: A ruinous flood caused the firm to rethink its focus.



Interactive Advisory Software joins the horse race with VC funding, a new look, and new CEO

## Fees

National Advisors' fees are taken directly from the trust accounts, not from shareholder RIAs: Thirty-five basis points on first \$2 million of the trust, 30 basis points on next \$3 million and 20 basis points for assets over \$5 million. Traditional trust companies charge about double these rates.

[Northern Trust Investments](#) did not return a phone call inquiring about its fees.

It's an "aggressive fee schedule that is one of the benefits of being a shareholder," says Ferguson. Costs to shareholders include registration of the DBA marketing name and quarterly fees for the cost of services marketing materials, which Ferguson described as nominal, although he declined to be more specific. But Snow Creek and Strategic agree that the fees are intended only to cover costs.

"NATC is not making any profit from these fees," says Hassinger. "It is really about helping support the investment advisor trust representative so they can be as successful as possible in their local marketplace."

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*Trust Company, Asset Custodian*

*Top Executive: [Ronald G. Ferguson](#)*

**Elmer Rich III added:** (Monday 7.11.11 12:30p.m. PST)



There are many undeveloped niches in the wealth management markets and this is a good one.

We do similar work for individual RIA and TPA clients and we recommend that on-going relationship building along with creating an internal set of systems and processes for asset gathering is critical. It's a little tough to "parachute in" on a consulting basis and see a long-term growth increase.

But this sounds like some good first steps. We are a curious why we haven't heard of this before since we work with many RIAs and larger advisors. We'll due some digging into it.

Nice reporting job RIABiz.

**Jeff Spears added:** (Monday 7.11.11 12:47p.m. PST)

Great idea! My next stop is the National Advsiors Trust website.

Thanks RIABiz.

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