



Industry White Paper Series

Cape Ann Savings Bank – Trust and Financial Services

*A Case Study in how a leading community bank and trust is
reducing risk in its delivery of investment advice through the
technology platform of IPS AdvisorPro®*

Background

As part of our commitment to providing tools, information and best practices to help financial institutions succeed, we are pleased to present the following case study that illustrates how Cape Ann Savings Bank, a leading community bank in Gloucester, MA is reducing risk in its Trust and Financial Services Department through the use of Investment Policy Statements (IPS) and the technology platform of IPS AdvisorPro®.

We invite you to learn more how your firm can benefit from the use of IPSs and the advanced technology of IPS AdvisorPro® at www.IPSAdvisorPro.com.

Introduction

“While we enjoy a strong legacy as a Savings Bank, our approach to financial planning and investment management is truly at the forefront of the industry today.”

Cape Ann Savings Bank has a rich tradition of serving the Gloucester, Massachusetts area for over 160 years. Building on that dedication to client service, Cape Ann Savings Bank created the Trust and Financial Services Department in 1986 to serve the needs of the Bank's customers. Since then, the Trust and Financial Services Department has grown exponentially and has gone on to earn the respect of area legal and financial professionals with its competence and dedication to clients.

With over \$220 million in managed assets, Cape Ann takes an integrated, personal approach to financial matters, targeting investment choices and tailoring financial strategies as life circumstances evolve, and market conditions change.

“While we enjoy a strong legacy as a Savings Bank, our approach to financial planning and investment management is truly at the forefront of the industry today,” notes Vice President and Senior Trust Officer, E. Gail Ramos, CFP®.

Investment Policy Statements

“The IPS gives us and the client a clear understanding of how the assets will be managed.”

Since its inception, the Trust and Financial Services Department has brought a focus on client service to its investment planning process. Critical to that approach is the use of Investment Policy Statements (IPS).

“When we meet with our clients, we take a comprehensive view of all of their financial matters and document that through the IPS process,” commented Brian Eddy, Trust Investment Officer. “The IPS is the fundamental agreement that outlines the risks and goals of each account and is so important to us that we make it an automatic part of the new account process.”

“The IPS gives us and the client a clear understanding of how the assets will be managed. We believe that it is important for the client to see that in writing, otherwise it is just too easy to say “ok” and walk away, only to find that key aspects of the relationship weren’t fully understood and that leads to increased business and operational risk,” Eddy said.

“From the client’s point of view, they quickly understand the role of the IPS and are very comfortable in signing it. In fact, we have recently required that each account be reviewed and the IPS signed on an annual basis,” continued Eddy.

“What we found, particularly in today’s investment atmosphere, is that investors’ risk tolerances have changed and therefore we needed to change their investment allocation as a result. Without the IPS process, we wouldn’t have an organized, disciplined and thoughtful approach to make these adjustments.”

“The IPS process also becomes an excellent marketing tool in that it gives you a reason to reach out and touch your client base again. Particularly in today’s markets, we’ve seen that our advisors need to do that and it shows that we are involved and proactive with their needs.”

Building a Full Service Investment Solution

“IPS AdvisorPro® with its advanced technology standardizes our process across our multiple advisors and also produces very professional, easily readable and customizable IPSs that can satisfy our most sophisticated clients.”

As Cape Ann Trust and Financial Services has grown over the years, Gail and her team have brought in “best of breed” partners to round out its service offering.

“Two years ago, we did a complete analysis of how we handle investments in general and realized that we needed a sophisticated, technology driven solution to help us with investment research, asset allocation, fund choices and to manage our business and operational risk,” noted Gail. “Because of our size, we did not have the full capability of a large investment house and sought out help to formalize our investment planning process.”

Key to that approach was to partner with IPS AdvisorPro® to provide the fundamental tools for the IPS process.

“IPS AdvisorPro®, with its advanced technology standardizes our process across our multiple advisors and also produces very professional, easily readable and customizable IPSs that can satisfy even our most sophisticated clients. “

“Additionally, because it is an online tool and has innovative templates, we can easily adjust the IPS for the annual review at the Trust Officer level in roughly 10 to 15 minutes. In the past, we used to hand-type them on paper and it quickly got very messy as it basically required us to re-do the entire document for each client every time,” commented Gail.

Cape Ann also leverages IPS AdvisorPro® with its outsourced money management partner.

“To provide our clients with the best investments, we work with an institutional firm in Chicago to complement our client relationship management with their investment expertise. We use that firm to provide us with investment advice, research, and reporting,” said Brian.

In order for Cape Ann's advisors and trust officers to communicate their knowledge and understanding of the client to the money manager, Cape Ann uses the IPS generated from IPS AdvisorPro® as the key document.

"Basically, the IPS becomes the bridge between the investment professionals and us, streamlining the process tremendously, reducing risk and ensuring that nothing falls through the cracks," noted Brian.

Reducing Risk

"One of the key benefits from IPS AdvisorPro® and our use of IPSs with clients is that it definitely has reduced risk for us."

One of Cape Ann's business priorities is to reduce risk in their business operations. For smaller banks and trust companies, the FDIC has become much more focused and involved on how banks are operating, particularly in light of the recent financial crises. "Anything we can do to minimize risk is critically important for us," noted Ramos.

"Our highest risk is in providing investment advice and serving as a discretionary trustee. One of the key benefits from IPS AdvisorPro® and our use of IPSs with clients is that it definitely has reduced risk for us. "

"The presence of the IPS and our automation of the process through IPS AdvisorPro® is proactive proof that we understand our clients, what their needs are and that we have an ironclad process in delivering financial services that are appropriate for their situation."

"We take a lot of comfort knowing that we have policies, procedures and systems in place to provide this level of service, while managing our potential risk exposure," commented Ramos.

Conclusion

“The IPS improves our professionalism and shows that we are keeping an eye on things – clients truly appreciate that.”

As Cape Ann Trust and Financial Services continue to grow, Gail and her team are confident in their outlook and dedication to client service.

“From the client reaction we get from our use of IPSs, we know that we are really providing value and helping our clients meet their goals. The IPS improves our professionalism and shows that we are keeping an eye on things – clients truly appreciate that,” concluded Gail.

About IPS AdvisorPro®

Created by financial advisors for financial advisors, IPS AdvisorPro® is designed to work with all types of wealth management professionals and their practices. IPS AdvisorPro® offers a flexible solution to creating and managing Investment Policy Statements that are easy to use through an encrypted, secure web-based environment. With over 1,000 users and 17,000 IPSs created, IPS AdvisorPro® is the industry's leading technology solution. IPS AdvisorPro® was named in 2006 by Morningstar as the "Software of the Year" and was a CPA Wealth Provider "Financial Planning Awards Winner" in 2009. For more information, please visit www.IPSAdvisorPro.com

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