

How to Grow
Your High-Net-Worth
Investor Business
by Offering

INTELLIGENT LENDING SOLUTIONS



UPTIQ



ADVISOR SERIES



BROADENING YOUR APPEAL TO HNW INVESTORS

Tech advancements ease access to services and liquidity that top-tier investors crave

Your sustained success as an independent advisor likely stems in part from a high-touch commitment to your clients. By regularly engaging with them, you better understand their current needs and anticipate their future expectations.

That's what frequently sets you apart from large wirehouse reps running business models built around quantity, not quality.

Yet, at times, your deep client ties may falter without the specialized services offered by the impersonal wirehouses. Access to advanced financing solutions, alternative investments, smart deposit options, and personalized insurance coverage is all part of the holistic planning approach that many clients now crave.

Especially within the high-net-worth (HNW) investor market, which CapGemini estimates encompasses 7.9 million individuals holding just under \$30 trillion worth of assets.¹

For example, a wide variety of financing solutions offer targeted liquidity to otherwise asset-bound HNW investors. Historically, however, the time, resources, and expertise required to tap the full spectrum of lending options proved overwhelming for many independent advisors.

Yet, as continual advances in lending technology have streamlined much of the origination, approval, and closing processes, adding it to your firm's menu of services today is simple.

Industrywide, at least 70% of financial plans are not implemented or result in no meaningful action.² Tech innovations and automation are reducing the related barriers and helping set up your firm to attract the high-net-worth individuals growing increasingly disgruntled with the lack of personal attention from the oversized market players.

7.9M

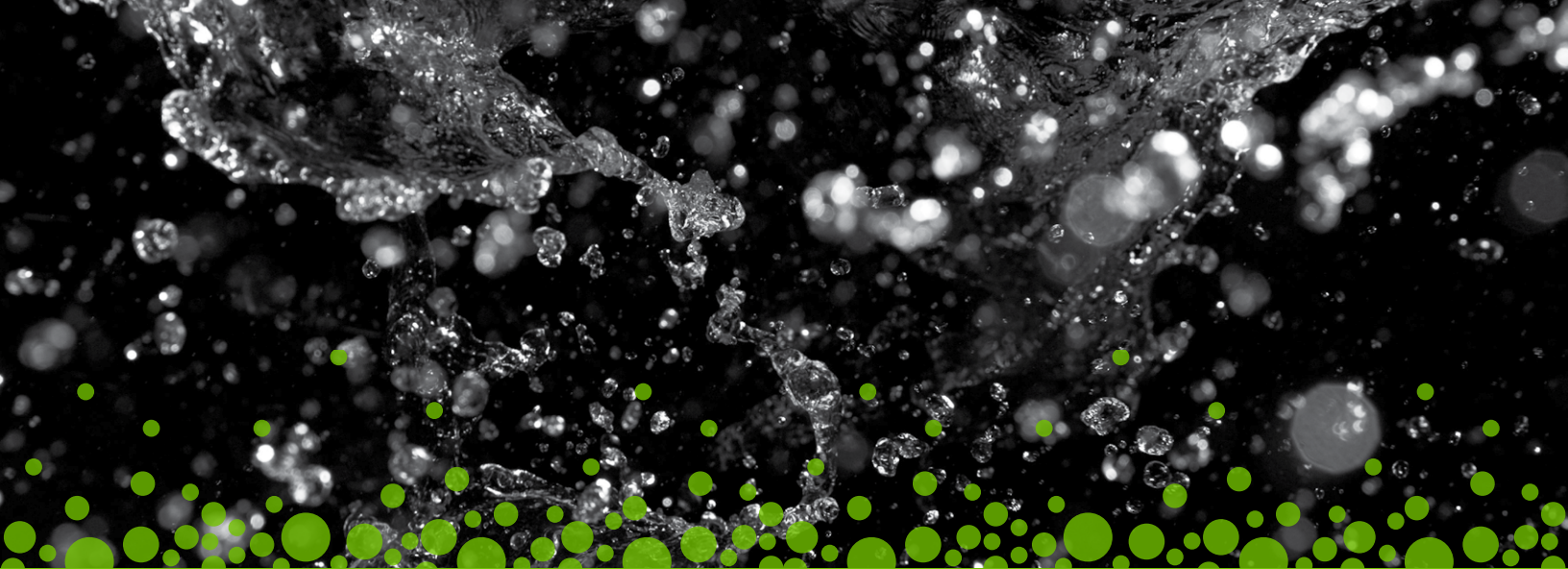
INDIVIDUALS HOLD JUST UNDER \$30 TRILLION WORTH OF ASSETS¹

70%

OF FINANCIAL PLANS ARE NOT IMPLEMENTED

¹ <https://www.capgemini.com/insights/research-library/world-wealth-report>

² <https://www.forbes.com/sites/timmaurer/2021/09/12/why-most-financial-plans-fail/>



LIQUIDITY CAN BE PROBLEMATIC

Some of that reality may be due to the fact that historically, advisors have been conditioned to focus on the asset side of a client's balance sheet, developing and implementing plans to preserve and grow wealth.

By typically ignoring the liabilities side of the ledger, however, advisors are missing out on a key liquidity source. Through loans that strategically leverage a strong asset base, clients may free the funds needed for a large purchase without selling assets and forfeiting future cash flows from those assets.

For example, HNW investors' access to funds can be restricted when the bulk of their wealth is tied up in real estate holdings, restricted stock or ownership stakes, hard-to-sell collectibles or other legacy assets. In addition, even easily marketable holdings such as publicly traded stocks can present issues as decades of appreciation make liquidating even a portion of the position result in a large taxable event.

Given the complexities surrounding liquidity matters, it's not surprising that a PwC survey of HNW investors found that nearly half are eager for tax planning assistance or trust and estate planning services.³

Traditionally, few advisors have explored the full complement of loan options available to clients, yet strategic financing effectively frees liquidity to fund purchases, working capital, and other investments.

Through loans that strategically leverage a strong asset base, clients may free the funds needed for a large purchase without selling assets and forfeiting future cash flows from those assets.

³ <https://www.pwc.com/us/en/industries/financial-services/asset-wealth-management/high-net-worth-investor.html>



PURSUING LEVERAGE SMARTLY

Loan financing resolves the push and pull between abundant yet illiquid assets and liquidity needs for your HNW clients by providing cash either in a lump sum loan or a more flexible line of credit arrangement.

Perhaps just as critically, such financing leaves their assets intact, allowing for further appreciation and no disruption to the assets under management.

Additionally, since liquidating investments can be 3–7% more expensive than most types of financing,⁴ such a move allows a client to preserve more of their investment portfolio.

Long limited to large financial institutions with business lines dedicated to different financing choices, technology has streamlined the lending process to open the service up to client-focused independent advisors.

CASE IN POINT

SETTING SAIL

FOR EXAMPLE, consider a client who wants to dip their toe into the world of yacht ownership and is willing to spend up to \$20 million for a luxury boat with plenty of amenities.

Like many HNW individuals, much of the client's personal wealth is tied up in long-held stocks and bonds and an ownership stake in a successful multi-generational family business. For that yacht dream to become a reality, and since the position in the family business is untouchable, the client must look at the highly appreciated securities.

Assume the client agrees to liquidate \$20 million worth of assets with a cost basis of \$5 million. The 20% tax bill on the \$15 million worth of realized long-term

capital gains will be \$3 million, leaving the client short of the yacht's \$20 million price tag.

Alternatively, a securities-based loan would allow the client to borrow the full \$20 million against an eligible portion of the portfolio, providing liquidity at a much lower cost than the federal tax bill. In fact, a well-curated list of potential lenders will likely offer attractive rates given the low-risk nature of the loan backed by the high-value collateral.

Furthermore, as the securities remain within the client's portfolio, your firm's assets under management don't absorb a \$20 million hit from a sale, which would translate into a \$156,000 drop in firm revenue (assuming a blended management fee of 0.78%).

⁴ Based on UPTIQ Internal Data

CLASSIC APPROACH:

LABOR INTENSIVE

Securities-based lending is one of dozens of types of loans, such as home equity loans and lines of credit, secured and unsecured personal loans, and – in the case of the yacht purchase – boat loans, available to your HNW clients. And while it's the right choice in some situations, in times of market volatility, there are likely better loan alternatives.

Tailoring financing to a specific situation elevates your value in the client relationship. Without technology to streamline the process, however, the traditional approach of sifting through the options, requirements, and specifications can be problematic for you and your firm. Yes, it is highly valued by clients, but doing it manually hinders firm profits.

To start, a thorough analysis of the client's financial need, credit profile, and portfolio composition is

STREAMLINED WAY:

EASILY ACCESSIBLE

Fortunately, the technological advances that have simplified much of the consumer experiences in the financial services industry have surfaced in the financial advisory space.

And the results have proven rewarding for advisors and clients alike.

Leveraging data analytics, artificial intelligence, and user-friendly formats, today's leading-edge loan



required to determine how much money can be borrowed and what kind of collateral is available.

Armed with that data, the advisor explores potential lenders, gathering the variety of policies, procedures, and investor thresholds for the client. When two or three potential matches emerge, marrying the client's desires with the lenders' realities often requires more time and energy.

Additional lender interactions remain an unknown until the deal closes, only to be followed by prompt regulatory reporting requirements.

In short, when weighing the benefits vs. shortcomings of the traditional approach of manually arranging for a client-friendly loan, an advisory firm could certainly conclude that the offering consumes more of a practice's resources than it was worth – which could count against the firm in the eyes of a HNW investor.

generation platforms pull together the core financial information, credit profile, and needs assessment provided by the client and run the details through a network of highly qualified lenders. **The automated process leads to the generation of a series of personalized financing options designed to help the client maximize liquidity while minimizing portfolio disruption.**

Meanwhile, your firm benefits by exposing your clients to increased financing choices with a modest investment of time, money, and resources, leaving more time for providing the high-touch care and attention that your client base—old and new—desires.



MANY WILLING TO EXPLORE NEW RELATIONSHIPS

High-net-worth investors represent a lucrative market, but they can be fickle.

Sitting on millions—or even billions—of dollars of assets, many rely on advisors to manage, preserve, and grow their wealth. Yet, more than a third don't currently work with advisors and among those who do, loyalty erodes quickly in response to subpar service.

Consider PwC's survey findings that 39% of HNW investors have switched or added a wealth management

relationship in the past three years, and 46% anticipate making such a change within the next two years.⁵

The top reasons? A failure to align services with clients' changing needs; minimal innovation in product offerings; and lackluster technology.

More broadly, two-thirds of HNW investors surveyed by PwC sought better personalization in their wealth management relationships.

39%

OF HNW INVESTORS HAVE SWITCHED OR ADDED A WEALTH MANAGEMENT RELATIONSHIP IN THE PAST THREE YEARS

YOU MAY CAPITALIZE ON THIS IN THREE WAYS:

1 Continue to provide the high-touch approach by getting to know them and caring about finding the best solutions to help them achieve their financial goals.

2 Deliver exceptional asset management services that stretch beyond the mainstream, incorporating cash management through active deposit oversight and insurance.

3 Expose clients to innovative services and assets, such as the broad spectrum of financing choices and alternative investments.

In the past, each of these steps would have required significant time, energy, and resources. Increasingly today, however, advanced data analysis and automation eliminate processing bottlenecks and redundant efforts, resulting in a **comprehensive advisory service** that lifts your firm's revenues and minimizes operational costs to improve margins.

⁵ <https://www.pwc.com/us/en/industries/financial-services/asset-wealth-management/high-net-worth-investor.html>



Lending Also Facilitates Diversification for HNW Clients

For HNW investors whose estates are heavily weighted in a small number of illiquid positions, **opportunities to diversify are invaluable**, especially when handled in a tax-advantaged way. Real estate, a business stake, collectibles, cryptocurrency, and other alternative assets offer their own return potential, frequently uncorrelated to the public markets.

As you explore your HNW investors' interests and investment pursuits, it's important to consider their entire balance sheet. Such clients may qualify for dozens of types of financing, from unsecured consumer loans to small business and commercial loans—all of which provide targeted liquidity without impacting the value of their estate, or your assets under management.

Regardless of the type or size of your client's loan needs, relying on an innovative tech solution to run the resource-consuming portions of the financing frees up the time to help guide those clients through their diversification decisions and other strategic discussions, which only adds to your appeal to HNW investors as well as the expertise you offer your entire book of business.

INCORPORATING HIGH-VALUE ADVISORY SERVICES VIA UPTIQ

To further your ongoing search for advanced liquidity-focused options that help your HNW clients achieve their financial and lifestyle goals, **partnering with UPTIQ streamlines access to numerous loan options with an application that fits seamlessly into your firm's operations.**

More specifically, by tapping extensive artificial intelligence expertise and deep industry knowledge, UPTIQ's innovative solution offers easy access to more than 100 types of loans through a platform that:

- solicits only relevant information from your client
- dynamically identifies potential lenders by matching their requirements with client details
- "pre-underwrites" the client loan to cut the processing time
- facilitates the closing of the loan
- keeps the entire process within your firm's control

In addition, by dramatically reducing the time required to complete a loan, the UPTIQ platform frees your calendar for the fresh prospecting and high-value client connections required to scale your business more effectively.

Ultimately, with little more than basic information entry by the client and a minimal amount of facilitation by your firm, UPTIQ helps you compete for HNW investors with an extensive portfolio of high-value services that only enhance your high-touch advantage.

**LET'S ACHIEVE SOMETHING
AMAZING TOGETHER**

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