

Markets

Banks Pull Out All the Stops for the Ultra-Rich

Lifestyle-Advisory Services Are a Tool to Attract and Retain Wealthiest Clients Amid Heightened Competition

By

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Every bank catering to the wealthy touts its high-end services. But several lenders are taking the hand-holding business to a new level.

From helping with the purchase of a plane to organizing college tours for children—and even finding assisted-living facilities for sick relatives or evacuating them from foreign locales—some banks are drastically expanding the menu of "concierge" services they offer to prized customers.

Banks see these so-called lifestyle-advisory services, which are typically included in a wealth-management plan, as a tool to attract and retain ultrarich clients at a time of heightened competition. Banks generally don't charge additional fees for the services, though the client pays for whatever they procure.

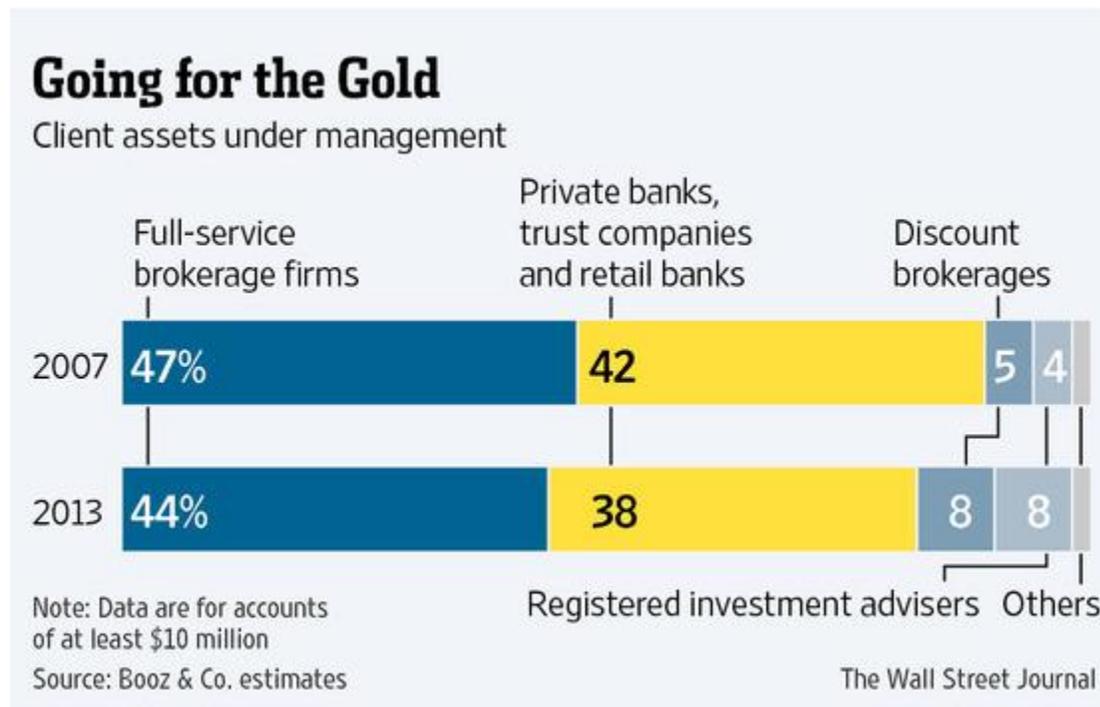
The banks generate fees from managing client assets, and the more an adviser interacts with a client, the greater the chance of getting more client money to manage. The largest banks charge an average of 0.93% annually to manage \$5 million, according to research firm Optima Group Inc. in Fairfield, Conn. Accounts of \$30 million have average annual fees of 0.67%. That adds up to \$46,500 and \$201,000, respectively.

The nation's largest financial institutions are battling smaller rivals over who will cater to the ultrarich. Last year, private and commercial banks managed 38% of the investible assets of individuals with \$10 million or more, down from 42% in 2007, according to consulting firm Booz & Co. in New York.

Over the same period, independent wealth advisers, which tend to charge less than large banks and say they offer a more-personalized service, doubled their market share to 8%.

In response, banks are seeking to set themselves apart by using their size and global reach to offer assistance that goes far beyond the traditional financial sphere.

"The needs of the ultrahigh-net-worth [individuals] go beyond the management of their money," says Sandra Stern, who once ran an in-house concierge staff at [Citigroup Inc.](#) [C +0.62%](#)'s Citi Private Bank unit before going out on her own in 2009. She currently helps families with \$100 million or more manage the everyday complexities of owning multiple residences, investment properties and extensive art collections. "The more areas you can serve the client, the better," she says.



John Clendenning, who sold his heating-and-cooling business in the Philadelphia area a few years ago, turned to private bank U.S. Trust, a unit of [Bank of America Corp.](#) [BAC -1.26%](#), for help in setting up care for his 77-year-old sister.

U.S. Trust, which established its elder-care-services group for high-net-worth clients four years ago, set up the woman in an assisted-living facility near Mr. Clendenning's home and found a nurse to take her to a hair salon, the movies, doctor's appointments and the occasional lunch.

"People are living longer. The bank recognizes that opportunity," says Mr. Clendenning, 74.

[Morgan Stanley MS +0.50%](#) has been encouraging its 600 advisers who work with clients with \$10 million or more in assets to use such lifestyle services. When a wealthy client's mother fell ill during a cruise off the coast of Iceland recently, for example, the New York-based bank arranged a chartered flight home within hours, says Deanna Rodriguez, director of Morgan Stanley's two-person lifestyle advisory group, which works with the bank's advisers. The bank also helped negotiate a client's purchase of a \$28 million Gulfstream G550 aircraft.

Bank of America's Merrill Lynch unit offers similar services. Peter Rohr, a Merrill Lynch adviser who oversees \$2.8 billion, recently had an assistant set up a tour of New England colleges for a client's child, including arranging local car service and coordinating meetings with alumni.

"If you can give people the one thing they can't get with their money, which is time, they'll take it," says Mr. Rohr, who is based in Philadelphia. He even got another client to provide an alumni recommendation for the child at one college. The child was accepted at that college.

Clients of [Wells Fargo WFC +0.93%](#) & Co.'s Abbot Downing unit, which caters to clients with \$50 million or more, can arrange for a staff historian to put together a family history going back generations. [U.S. Bancorp's USB +0.51%](#) Ascent Private Capital Management offers similar genealogy services.

"We need to make sure we remain relevant with clients," says Chris Heilmann, who oversees family-wealth services at U.S. Trust.

The threat to the banks comes from relatively small wealth-advisory firms such as Rockefeller & Co. and [Silvercrest Asset Management Group SAMG +0.63%](#) LLC, both based in New York, according to Booz. Many independent firms also offer concierge-style services, which has spurred the banks to expand their offerings.

"If you don't offer these services, you risk exposing your clients to other firms that are willing to do it and take your client's money, too," says Optima Group President Ken Hoffman.

Networking groups are another emerging rival. Tiger 21 LLC, a New York-based group that charges \$30,000 a year to its high-net-worth members—who must have at least \$10 million in investible assets—recently signed up with Magnolia Lifestyle & Benefits, which negotiates the purchase of rare collectibles, airplanes, yachts and other big-ticket items, often at discounts.

"Everyone wants to create access to the 1%," says Tom Gallagher, former vice chairman of fund manager Oppenheimer & Co. and a Tiger member who got Magnolia to find a rare antique watch as a gift for his wife.

Some banks have responded to the challenge by investing in firms that offer concierge services. Last year, San Francisco-based [First Republic Bank FRC -0.07%](#) bought a 24.5% stake in Nigro Karlin Segal Feldstein & Bolno LLC, a Los Angeles business-management firm whose clients include entertainers such as Lenny Kravitz. First Republic declined to comment.

Both sides also turn to outside experts. Kathy Reilly, founder of Lifestylist Advisory LLC in New York, works mostly with independent advisers, but big banks such as Morgan Stanley and [Northern Trust Corp. NTRS +0.47%](#) say they also use her firm.

Lifestylist signed a Broadway star to perform at a client's 50th birthday party and arranged the travel and accommodations for an around-the-world trip for a couple and their three kids, including a safari in Africa, a villa rental in Tuscany and a river-rafting excursion in Central America.

Ms. Reilly says banks and independent advisers "use concierge services and special events to get to know their clients beyond their financial lives." The ultimate goal: to "ensure that they become indispensable."

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