



EPISODE TRANSCRIPT

Wall Street Meets Main Street, How RBC Wealth Management Combines a Global Approach With a Regional Feel

A conversation with Tom Sagissor, president of RBC Wealth Management U.S

Mindy Diamond:

Welcome to the latest episode of our podcast series for financial advisors. Today's episode is Wall Street meets Main Street, How RBC Wealth Management combines a global approach with a regional field. It's a conversation with Tom Sagissor, president of RBC Wealth Management U.S. I'm Mindy Diamond, and this is Mindy Diamond on Independence.

Mindy Diamond:

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Mindy Diamond:

And while you're at it, if you know others who are considering change or are simply looking to learn more about the industry landscape, please feel free to share this episode or the series widely.

Mindy Diamond:

As regional firms keep knocking it out of the park in the race for top talent, we continue our series highlighting the leaders who are at the helm, and driving this incredible growth and interest among advisors.

Mindy Diamond:

Regionals have become a popular destination for advisors looking for more entrepreneurial environments than what they may have in the wirehouse space. Regionals seem to have found a sweet spot, offering an alternative to those who are not interested in independence, but looking for greater freedom and control, and a culture akin to the big firms of yesterday. Plus, the potential of upfront monetization via a transition deal.

Mindy Diamond:

In this episode, we explore regional from RBC Wealth Management U.S. with its president Tom Sagissor. So how did a bank out of Canada rise to the ranks in the U.S. wealth management space? Well, it all started in 2001 when the Royal Bank of Canada acquired Dain Rauscher, a U.S. firm with a century old history built through several acquisitions of regional firms across the nation. In 2008, it was rebranded as RBC Wealth Management with headquarters in Minneapolis.

Mindy Diamond:



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For Tom, his journey with RBC came after a career as a pro hockey player. He joined the advisor training program at Dain Bosworth, one of Dain Rauscher's predecessor firms in 1994. And in the midst of RBC's acquisition, Tom built a strong advisory practice, winning the firm's prestigious president's council award several times. Then Tom rose up the ranks to assist in branch director in Minneapolis and complex director for Milwaukee.

Mindy Diamond:

Yet it was in 2016 when Mike Armstrong joined as CEO of RBC Wealth Management U.S. bringing with him experience from Jefferies and Morgan Stanley that really kicked the firm into high gear. And Tom was elevated to the position of president.

Mindy Diamond:

As Tom describes it, he and Mike were in an arranged marriage of sorts, and sees Mike is a fantastic business mentor and partner. Yet, it's a combination that's been working for RBC, along with a culture that Tom describes as Wall Street meeting Main Street. He says this culture emanates from the quilt of different firms that were acquired over the years coming together as one, giving RBC a unique regional feel that spreads across the country.

Mindy Diamond:

It's interesting because the word culture comes up in just about every conversation we have with leaders, and for good reason. Because advisors are looking for firms in which the environment feels entrepreneurial, yet communal. And regional firms seem to be winning when it comes to defining a culture that resonates.

Mindy Diamond:

But culture isn't the only factor that's driving RBC's success. The firm has a unique infrastructure comprised of three key businesses. RBC Wealth Management U.S., their capital markets business, and the Beverly Hills elite private bank City National.

Mindy Diamond:

Today RBC's U.S. wealth management business has surpassed 500 billion in assets under management, with 200 offices across the country. In this episode, Tom takes us through the successes the firm has experienced, what specifically he attributes their growth to, their unique value proposition, and why it resonates so well with advisors leaving the wirehouses. What he sees for the future of the firm, and the regional space plus much more. So let's get to it.

Mindy Diamond:



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Tom, I can't thank you enough for making the time to spend with me today.

Tom Sagissor:

Well Mindy, thank you very much for having me. And you've got a great brand. And I will tell you, I felt very privileged when you reached out and asked me to join you for your podcast.

Mindy Diamond:

Well I feel privileged too, so thank you for the kind words for sure. All right. Lots to your story and the RBC story. So let's jump right into it. I guess let's start at the beginning. So tell us a little bit about yourself and your 28 year career with RBC.

Tom Sagissor:

Well, I sometimes look at my 28 years as a mountain climb. When you get into a mountain climb, what you have to do is you have to just always keep going up. And one of the things that I have really cherished about RBC in my career here is I've only been at one firm. So it's always up. And without question, it's always been a climb.

Tom Sagissor:

I started out as a trainee in the broker trainee program at Dain Bosworth back in 1993, was licensed in April of '94, and have held a variety of positions Mindy. And I'm sure we'll probably dig deeper into that as we continue on in the conversation here today.

Mindy Diamond:

Yes. Okay. But I know you had an interesting career before wealth management, and that was in professional hockey. So that's an interesting leap. What was it that drew you to wealth management?

Tom Sagissor:

Well I think being in athletics my whole life prepared me for the environment that I'm in currently. I did have a professional hockey career. It was culminated in 1993 when I went over to Europe and played professionally in the former Yugoslavia, a little country by the name of Slovenia in Ljubljana. And what hockey provided me was an opportunity to expand my enterprise, my horizons as a personal human being, I went to the University of Wisconsin-Madison on a hockey scholarship. My career at Wisconsin culminated in us winning the national championship for Division 1 ice hockey in the NCAA league in 1990.

Tom Sagissor:



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So what happens is when you're around a bunch of individuals that work so hard, and then you actually achieve your success. When you're done playing hockey, when you're done playing athletics, what I was looking for was the same type of energy, the same type of spirit.

Tom Sagissor:

Because what I realized in athletics growing up is that if you want to run fast, you run alone. But if you want to run far, you run together. And getting into the securities industry as a young investment advisor at the old Dain Bosworth in 1993 gave me the opportunity to have unlimited success. But more importantly, it was also about working with the people that are around you. Yes as an advisor, you were literally a sole proprietor. You were a franchise, you were a business inside a business. But at the same time, there's no way that you can achieve success unless you're listening to your peers, unless you're taking coaching. And that's what I really enjoyed about the opportunity in the securities industry, and specifically at the old Dain Bosworth, which is now RBC U.S. Wealth Management.

Mindy Diamond:

Yeah. So I guess I'm wondering, what lessons did you learn as a professional hockey player that prepared you to become a strong leader today?

Tom Sagissor:

I think it's all about discipline. I mean Mindy, you have talked to lots of leaders in our industry. And discipline is probably first and foremost to each and every individual. I think when you talk about discipline, what it provides you is the opportunity to stay within the guard rails of integrity. And that's how you last a long time in this business. And I look at some of the best leaders. I've had mentors in my career. And I can tell you that when you have discipline, and when you have integrity, and then when you match that with a purpose, and vision, and strategy, it becomes a passion. And people want to be around that positive energy.

Tom Sagissor:

I believe that positive energy is something that fills the spirit of somebody who you're working with, or your client, or a prospect. And that's what they want. That's what they desire. Because if you get into a conversation. And Mindy, you've been there. I've been there many times. And you walk away and you say, "I feel like that conversation didn't go so well." And it didn't give you anything. It didn't provide you. It didn't fulfill you in any way, shape, or form. Usually you don't spend any more time with that person.

Tom Sagissor:

So I've always tried to be the person who fills somebody's tank, who gives somebody an opportunity to have a positive thought process and then achieve. And then you got a partner, and you got to support



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people. And it's about making people better. It's not about how good you are. It's about making others better.

Mindy Diamond:

Yeah. Okay. So let's pivot for a minute to your work at RBC. What are you specifically, what is your portfolio? What are you responsible for at RBC?

Tom Sagissor:

For the RBC U.S. Wealth Management business, we're really fortunate because we feel we are probably as competitively positioned as ever. And I think one of the things that puts us in that regard is the fact that we have this small firm feel. But the reality is that's because our culture has that. We are right now, what I would say, we're national in scope. We do business in 45 states. And we have this global enterprise that supports us. So my responsibilities are specifically in the U.S. wealth management business.

Tom Sagissor:

Now when you think about RBC, everybody says, "It's a Canadian company. But the reality is Mindy, we are an RBC USA company. We have a capital markets business, which is basically a top 10 when it comes to II and investment banking. We have this fantastic, elite private banking business based in Beverly Hills through City National. And that is again, a really premier business. And then we have this culturally strong wealth management business that's based in Minneapolis.

Tom Sagissor:

And when you look at the three businesses in the U.S., it's a linear RBC USA company. So they all support each other. It's light integration of all three. And again, what I represent is the wealth management business. I am the president of that business. We're over a half of trillion in assets with 200 offices across the country. And it's really right now I think a very nimble firm. We can move, we're agile. And that gives us the ability to differentiate.

Mindy Diamond:

I want to come back to that in terms of how you connect the dots between that powerful value proposition, and how it translates to benefit to advisers. But I want to spend two minutes just talking about the leader, the CEO now of RBC Michael Armstrong, who came from Morgan Stanley. So what do you think drew Mike to the regional firms space?

Tom Sagissor:



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Well first of all, Michael and I were truly an arranged marriage. I've been a lifer at the Dain Bosworth and then Dain Rauscher, and many others that are inside that space of our naming. I started out as an FFA, and then a branch director, and then a complex director, and then a regional director, and then a divisional director. And when I was named president, they brought in a new CEO. And Russell Goldsmith, who was our chairman, who's just a fantastic person, businessman, mentor, and partner, Russell picked up the phone and called me. And he said, "You know what Tom, you're not going to be the CEO, but we're going to make you president." And he said, "I've got a really, really cool opportunity with somebody who's been a long-term, long leader on Wall Street with a major brand. And we'd like you to work with him." And I was like, "Absolutely."

Tom Sagissor:

Because Mindy think about it. My forte is representing the culture. And when Michael came to RBC, everyone, our competitors, people inside the firm, everyone was, "Oh boy, here we go. We're going to turn into a wirehouse. Oh boy, here we go. We're going to bring this culture that is all about pushing." And Michael came on board. And what I realized so quickly is that Michael wasn't a 25 year Wall Street executive at Morgan Stanley. He was a very smart, a very enterprising, played football at Duke, Harvard Business School. But his roots came from Grand Rapids, Michigan. And when he sat down, he talked about people. He talked about clients. He talked about our business and the needs and the desires of our business. And what drew him to RBC was the culture and the opportunity. And working with him has been nothing short of fantastic. And his enterprising values have been awesome, but his vision for our business has been instrumental in our success.

Mindy Diamond:

Well no doubt, he's an extraordinary leader. But let me ask you a question. We've always referred to and thought of RBC as a regional firm. When I described the industry landscape to an advisor, we think in buckets. There's the wirehouse bucket, there's the regional firm bucket. There's the boutique bucket, there's the independent bucket. And we've always included RBC as part of the regional firm bucket. And we get that it's national in scope, and backed by a global enterprise, and anything but regional. But still it sort of has that descriptor, if you will.

Mindy Diamond:

And whether we're talking about Mike Armstrong moving from a position in leadership at Morgan Stanley to an RBC or regional firm, or thinking about an advisor making that leap from a wirehouse to a regional firm, I guess the question is how would you characterize today's regional firms in general, and RBC specifically? You're saying it's the culture that drew Mike to the firm and that probably I know, draws a lot of advisors we've talked to the firm. But culture's one of those sort of touchy-feely words that everybody uses. We have a great culture. So what is it specifically about RBC that drew Mike and other wirehouse advisors to it?



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Tom Sagissor:

That's a great question, and one that I do want to get a little bit deeper than normal on, because it's very much about our value proposition, right? I like to say that we are a Wall Street bank with a Main Street feel. We embrace the entrepreneurial spirit that drives advisers, and we do everything we can to put advisors at the center of the relationship with clients. I think a lot of firms have lost their way in that regard.

Tom Sagissor:

When you talk about us being this regional firm, I completely agree with us being compared to regionals in some respect. But I completely disagree in others. But when I say that we are more like a regional than most, it's because we are a quilt of regional firms. I mean, if you look at RBC U.S. Wealth Management today, it's a mixture of if you look at the south, it's Rauscher Pierce Refsnes. If you look at in the Minneapolis, St. Paul, Midwest market, it's Dain. It's Dain Bosworth. And when you look at the Northwest, it's Foster Marshall. When you look at Chicago, it's in the Midwest, it's Chicago Corp. And then as you look to the East Coast, it's Tucker Anthony, it's Ferris, Baker Watts, it's William R. Huff and company, it's J.B. Hanauer. And then when you look to the West Coast, it's.

Tom Sagissor:

These firms that I've named have created this regional quilt that represents RBC U.S. Wealth Management. We love the fact that we have that small firm regional feel. But, we truly believe that we set ourselves apart in differentiation by having the support of the RBC enterprise in so many ways.

Tom Sagissor:

I'll just give you some idea of what I believe culture or how culture is represented. RBC Wealth Management in 2008 and 2009 was in a position of strength and stability when the market was dislocating everywhere. I mean, you name it. You could just pick a firm. They were in chaos.

Tom Sagissor:

Well at the exact same time, we had just completed an acquisition of Ferris, Baker Watts. And the person who was running Ferris, Baker Watts was a gentleman by the name of Pat Vaughan. Pat Vaughan is still our divisional director in East Coast today. Pat came to us and said, "Listen, we've got this money market fund by the name of the Reserve Primary Fund. We've got an issue, because the reserve fund broke the buck." What RBC did at this point in time is put clients first. And we made every client whole. That was to the tune of over \$35 million. We made this acquisition. They were on the balance sheet for less than a year. The next thing you know, everything's fallen apart. And we put our clients first by making them whole.

Tom Sagissor:



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Now that represents culture. But more importantly, when you look at the most recent 24 months, we put our clients and colleagues first in every way, shape, and form. Especially in the beginning of the pandemic, when we were experiencing extreme volatility. I mean, our advisors needed our support. And what we asked our advisors to do is make sure you have a plan every day for yourself number one. But more importantly, make sure you have a plan and a strategy for your clients. Because when you do that, you can make sure that your clients have a peace of mind. Whether the market's going up, sideways, or down, you give your clients a peace of mind.

Tom Sagissor:

Now, how do we support our advisors, and employees, and colleagues? Well, we knew they were experiencing a tremendous amount of change in our people during the pandemic. So we wanted to make sure they knew how much we valued them. And we supported them with emergency school closure leave for parents who had no childcare. We made sure that they had enhanced mental health resources, paid time off to be vaccinated. And we were one of the first to make a commitment to no layoffs in 2020.

Tom Sagissor:

So we believe that culture is represented not just by what you say, but your actions, your long history of actions. Supporting the communities where we live and work. Our commitment to the Blue Water Project for \$50 million over the last decade to support and enhance watersheds and water sources. And then when you look at our Power of Purpose program, where we donated over 2.5 million to nonprofits selected by employees across the globe in the RBC U.S. Foundation, which awarded over 2.8 million to U.S. nonprofits. That's how you build culture. It's by supporting your clients and your colleagues first. And it's all about us making sure that it's the why behind what we do every day that counts.

Mindy Diamond:

It all sounds amazing. We've worked with RBC for many years, and have had the privilege and pleasure of seeing up close on behalf of many advisers what you're talking about. But connect the dots for us. So how does all of that cultural good stuff translate to an advisor growing faster, being more productive, happier, etc.?

Tom Sagissor:

Well I think one of the most important things that an advisor wants is they want a partnership. And again, this is where we try to differentiate Mindy. And you know this because you've seen it. We don't want to own the client. We don't want to have employees that are advisors. When we sit down with our advisors, the first thing we do is we recruit our own. And we talk to them about the partnership.

Tom Sagissor:



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Because my belief is a financial advisor is literally a franchise. And guess what? There are some significant franchise players in the marketplace and specifically here at RBC. And those types of franchise players, we want them to feel like they're in a partnership with their firm. And I think if you look at our advisor production, we have just north of 2,100 advisors today. Our average production per advisor is just north of \$1.1 million in gross revenue. And when you see the advisors on our platform, we want them to feel like franchisees. We want them to feel like owner-operators. And guess what? They want to know that they have one of the strongest and most stable organizations in financial services as their partner.

Tom Sagissor:

The conservative values of RBC lend itself to that strength and stability. It's the ninth largest bank by market capitalization. When you look at the tier one capital ratio, which is really a representation of the leverage inside the bank as a hole, on a common equity basis, RBC represents a 13.1% tier one capital ratio, which is highest in North America. They have an average five-year shareholder return of 9% versus global peers of 3%. RBC continues to be a leader in areas of diversity and inclusion. And when you look at it being ranked as one of the top 100 most diverse and inclusive companies across the globe, it makes you proud as an advisor to be able to represent that in your local marketplace.

Tom Sagissor:

In 2020, we were named J.D. Power's number one when it comes to customer service. In the Minneapolis St. Paul market, we were ranked as the best place to work. Number one in 2020. And when you compare that to Cargill, and Best Buy, and Target, and UnitedHealthcare, and many other big organizations that are here, we're very proud.

Tom Sagissor:

That's why financial advisors love being at RBC. And our attrition, when you look at our attrition, we're going to do north of 2.7 or so billion dollars in revenue. And Mindy, our attrition is going to be less than \$20 million in 2021 fiscal year. And that is as exciting as anything I can talk about that.

Mindy Diamond:

That is an extraordinary statistic. I will agree with that. Particularly in a year where there has been an extraordinary amount of movement and advisors driven by increasing bureaucracy and frustration with a lack of control. And also, an enthusiasm about a lot of models that sit beyond the regional firms space. The boutique firms, the independents, etc. So that really is an extraordinary statistic, and congratulations on that. Let me ask you a question though. So in your recruiting efforts, where have most of your advisors come from?

Tom Sagissor:



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Well, I don't think it's any surprise if you were to ask any firm that's built similar to ours in terms of platform and size of advisors, 90% would be coming from the wirehouses. I would say it's probably even maybe north of 90%. Our recruiting over the last five years has been a significant effort at this firm. But Mindy, I didn't wake up one day with Michael Armstrong and say, "Let's go recruit 150 advisors a year." And that was not our goal. When we first started this venture together as president and CEO, our goal was to really write the ship and really put ourselves in position to earn the right to be the partner of our own financial advisors. And that meant recruiting our own. Talking to them about our investments in human capital, in infrastructure, in advisor platform, in app devs technology spend.

Tom Sagissor:

And what happened as we continued to tell that story, it got better and better. And then advisors know other advisors, and they said, "You should go talk to this friend over there." And then we started working with external recruiters. Our firm historically speaking up until five years ago and Michael Armstrong, we didn't really work with external recruiters because we were always challenged with trying to get into the war on talent from a financial perspective, Michael brought the opportunity to us to expand our horizons. And when we did that, it has been absolutely wonderful. Whether working with people like yourself or others, what we are very proud to do is talk about the RBC story.

Tom Sagissor:

So when we're recruiting, we think about where we were five years ago to where we are today. And what it does is it puts wind in our sails. It makes us confident. And Mindy as you know from working in this industry for many years, when you have confidence, you can talk about the values, the vision, and the strategy with anyone. Whether they be a \$1 million producer or a \$30 million producer. Because that passion comes through, and people want to hear it, and people want to experience it.

Mindy Diamond:

So I want to come back, we'll come back more to more about RBC and what's in it for advisors to be there. But let's talk about the firm itself for a minute. With more than 100 year history and roots in numerous regional firms throughout the country, Dain Rauscher was acquired by the Royal Bank of Canada in 2000. Wondering what Royal Bank of Canada specifically brings to the table as a parent company.

Tom Sagissor:

That's another great question. I think RBC has always been recognized as one of the largest financial service companies in the world. As part of RBC, we have access to that strength, the stability, the resources of \$150 billion market cap institution. And the fact that gives us access to capital for entering new markets, investments in technology, research capabilities. And what I love most about the bank, they allow us autonomy. I have heard from more than one recruit that when they first started talking to



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us, they're like, "I'm not sure if I really want to talk to RBC. It's owned by a bank. And I'm not sure if that's something that I would entertain." And then the more they talk to us, the more they're interested in hearing the story. And then all of a sudden, they come on board. And after three months on board, they pick up the phone and they call me and they say, "Tom, thank you so much. You've liberated me from the shackles of the wirehouse. You've given me the opportunity to feel like I'm inside a broker dealer business again."

Tom Sagissor:

Celebrating the entrepreneurial spirit of the financial advisor is something that we take very, very serious, and RBC allows us to do that. They give us the support. They give us the capital. They give us the ability to run this with autonomy. And I can tell you with more than enough confidence that RBC's play in the U.S. is really important to RBC from a growth perspective. They look at the U.S. wealth management market as a multi-trillion dollar opportunity, and they're going to invest into this market. They're going to continue to invest, and they're very happy with how we are managing the business, and how we have really represented the brand in the U.S.

Mindy Diamond:

So it's really interesting what you said, because you're 100% right. We have lots of advisors that come to us from the likes of Merrill and UBS specifically, Wells Fargo, wealth management firms owned by banks. And they say, "I don't care. No matter what you say, I will never go to another bank owned firm." And yet you're saying that those that give you the opportunity to prove otherwise find that RBC as a parent is a very different kind of bank. What about also RBC's relationship with City National? What is that about and how does that benefit advisors?

Tom Sagissor:

So City National actually first of all, it was a great acquisition by RBC. That acquisition I think is now entering its sixth year. And the way that we work with City National is what I would call light integration. Light integration in the fact that we can utilize their products and capabilities around lending. So whether it be tailored lending, or customized lending, or mortgage lending, or commercial lending, we have access to again, a partner on a light integration basis to utilize that. And that has been I think genius in so many ways. Because we're not trying to put two brands together. We're not trying to push two cultures together.

Tom Sagissor:

The current chairman of City National is Russell Goldsmith. And he was really the architect of putting together the U.S. wealth management business with City National and the private bank. Russell had always been very conscious of the fact that he didn't want to infiltrate the U.S. wealth business. He wanted to support it. And I think that's the biggest difference of some firms that are owned by banks.



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Light integration and partnership is as important as anything we do it at City National. And when you think about it, we're going to continue to do it that way going forward. There's no plans to create U.S. wealth management business of RBC to become City National Wealth Management. There's nothing like that. This is all about making sure we have the ability to service our clients when it comes to banking products specifically.

Mindy Diamond:

Tom, maybe you can just take two minutes. There might be some listeners on this that are not familiar with what kind of bank or what City National's value proposition is. So who specifically are they?

Tom Sagissor:

Yeah. Yeah. So City National is an elite private client bank based in Beverly Hills. Current CEO is Kelly Coffey. Kelly was a long time very senior executive at JPMorgan. Kelly left JPMorgan a few years ago to take over the helm of City National. She's done a fantastic job of continuing the strong legacy of City National. City National does, I think their market share in the entertainment industry is about 90 to 95%.

Tom Sagissor:

And what that means is that they have a specific silo within the entertainment industry where they own it. They own it with the managers, with the agents, with the entertainers. Whether they be actresses, or actors, or musicians, they've done a fantastic job. Their business banking has been absolutely awesome as well. When it comes to legal and financial services, they are really building that area of the business out.

Tom Sagissor:

When I have asked Russell in the past about the City National legacy, one of the things that I really think is cool is Russell Goldsmith has always made the statement that City National Bank is a bank that was built by entrepreneurs for entrepreneurs. And that's a very proud statement. And, it's something that we're very proud to represent when we show it to our clients and our prospects.

Tom Sagissor:

The old saying at City National is it's the ladder up. And the ladder up is all about climbing that ladder as an entrepreneur or a business person, and achieving your goals and aspirations. And what City National does is they provide you the ladder to get to that next level.

Mindy Diamond:

Yeah. Yeah. I know. The word elite absolutely describes what I know about it. So thank you for that clarification. All right. I want to talk about what it's like to be an advisor at RBC specifically. And let me



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just back up by saying that this podcast is called Mindy Diamond on Independence, and it had its root talking specifically about what it was like for an advisor to break away. But we decided to include interviews with regional firm leaders because the regional firms actually, at least today's regional firms really represent kind of a best of both worlds. I think you'd agree with that. The notion of not having to sacrifice anything in terms of platform and capabilities, but having much more freedom and control than you might as an employee at another traditional W-2 brokerage model. So would love for you to talk that through that lens. How much control does an advisor at RBC has, and what is it like to be an advisor at the firm?

Tom Sagissor:

Well first of all, I think you summed it up actually pretty well. I think advisers at RBC, they have quite a bit of freedom. And what we like to do is give them the ability to control how they build their ideal practice. Again, I talk about advisors as franchisees. I want them to own their business. In fact, we have probably one of the most robust practice management groups in the business dedicated to helping advisors do just that on a custom versus one-size-fits-all basis. What we allow people to do is utilize the tools and capabilities of corporate. And whether it be practice management, or whether it be team consults, or whether it be building out your practice from a legacy standpoint, what we always try to do is help advisors where their niche wants to be or where they want to go.

Tom Sagissor:

And one of the things that you need to do is you need, and I just talked about it a little bit. But you need to provide freedom and control to an advisor. Again, you've heard me say this many times, but we want to celebrate the entrepreneurial spirit of the financial advisor.

Tom Sagissor:

A few examples of that that maybe would illustrate that would be a few years ago when we launched RBC WealthPlan, which is powered by MoneyGuidePro. It's our planning solution. And we know from lots of research that planning enables advisors to better serve their clients. And, it leads to growth in their business.

Tom Sagissor:

So we've never mandated to our advisors that they need to do financial planning. But, we promote the fact that we listened to them. We got their feedback, and we went out and found one of the best pure play technology capabilities and financial planning, put it on our platform. And now we have what I would say momentum that is far beyond what we ever expected.

Tom Sagissor:



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A conversation with Tom Sagissor, president of RBC Wealth Management U.S

Just to give you an idea Mindy, five years ago, before we introduced MoneyGuidePro, which is basically the engine that powers our RBC WealthPlan, we had less than 2% of our households with a wealth plan. Today, we're nearing 40% of our households with a wealth plan. What does that do? That provides peace of mind to that household. These households, what they desire is a plan, a strategy, purpose, a vision. And with RBC WealthPlan, we give them that peace of mind. So we're going to continue to do things like that that will allow our financial advisors to really experience the freedom of entrepreneurial spirit. But more importantly, the success of a partnership that is all about investing into the financial advisor client experience.

Mindy Diamond:

I appreciate that totally. At the end of the day though, an advisor who is a W-2 employee doesn't technically own his or her business. The bottom line is the firm is free to make whatever changes to compensation, to compliance mandates, whatever it may be. So what are some other specific examples if you will, that demonstrate the kind of things that an advisor has control over at RBC that they might not, if they were an employee of Merrill Lynch or Morgan Stanley, or any other W-2 firm?

Tom Sagissor:

Well, I think from that standpoint, I know that there are firms out there on the street today and you know them, that they'll come in and mandate that if you want to get paid the same on your grid in the following year, you need to refer this many bank clients, and you need to refer this many corporate clients, and you need to do all of these types of things. And what we believe is that is a push mentality. How we differentiate is what we try to do is we try to build a shelf. And when we build that shelf, we're going to put tools, capability, services, human capital. We're going to put technology on there. And then what the advisor can do is walk over to that shelf and pull off of that shelf what they need. That's a huge differentiation than the push mentality of pushing a product or a service. And we all know how that's landed a few of the firms that we compete with every day in terms of their own brand.

Tom Sagissor:

Today, what we want to do is we want to provide the opportunity for the advisor to walk over to that shelf and use a pull mentality on what their needs and desires are. So we think that that's the best way to have that partnership. And I think that that's something that can really, the pull versus push mentality can really sell itself in many ways.

Mindy Diamond:

I like that. I think that that's actually a good example. And what is RBC's philosophy around business ownership? Does the advisor or the firm own the client?

Tom Sagissor:



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I love that question, and I will tell you. I was a financial advisor for 12 years. And there's an old saying that the assets go up and down the elevator every day. Sometimes it's in and out of the parking lot. Sometimes it's up and down the elevator.

Tom Sagissor:

But the reality is the advisors have done a fantastic job of building their business. They have unlimited potential in terms of how they prospect, how they service their clients. And today more than ever before, geography is not an influence. Because the pandemic has taught us that you can do a Webex or a Zoom call, or whatever you need to do at any point in time with anybody anywhere in the country.

Tom Sagissor:

So what we tell our financial advisors and we tell them often is that, "We want you to understand that we are all about making sure you have those tools, all of those capabilities. But more importantly, you know what? Unlimited potential." And I think when you look at that ability across the industry today, it's challenging.

Tom Sagissor:

I mean, just to give you an example. If you're a financial advisor today, let's say you're fortunate enough to get somebody to say yes. Okay. There are so many things. Now I'm just going to list these things off the top of my head, but I'm going to list a few of them.

Tom Sagissor:

Here's what happens when you get the check. When they wire the money in, let's say somebody wires in \$2 million. What do you do all of a sudden? Okay, well you got tax analysis, you've got estate planning, you got investment management, you've got retirement planning. You've got insurance assessment. You've got maybe you're going to talk to that household about disability protection, educational funding. And then you want to make sure that you touch on an area that is really important. And that is liabilities. You want to look at both sides of the balance sheet.

Tom Sagissor:

So from our perspective, that client experience is centered on all of these different service capabilities that you need to address. Whether it be planning, or whether it be coaching, or education, we want to be at the center of that.

Mindy Diamond:

Yeah. Tom, how easy is it for an ultra high net worth client or an advisor who represents ultra high net worth clients to access the lending via City National? Is it seamless?



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Tom Sagissor:

Well, I don't think anything is ever seamless. And my whole point of the light integration is the fact that it probably would be more seamless if you had more of an integration. But I don't think that helps any of the brands. I think light integration is important.

Tom Sagissor:

I think what we try to do is we try to make sure that if the client has a need or desire, we put forth a collective and collaborative effort with City National to provide a second-to-none experience, whether it be on customized lending, or be on mortgage lending. All of these different things that the clients desire.

Tom Sagissor:

I mean, it's pretty simple from a competitive standpoint to view our position here, Mindy. Because if I am a financial advisor and I have a \$10 million household, and I'm sitting down with that household, and they're talking about buying a second or a third home, I want to make sure that I am referring them to our partner.

Tom Sagissor:

I use the word referral, I think it's more about introducing. If I could introduce them to a private banker that may have the ability to give them some type of a customized loan, or a mortgage, or a tailored financing on some type of equipment like an airplane, or a yacht, or something like that. What happens when we do that is we keep the competition out of the wheelhouse here at RBC. Again, we're an RBC USA company with capital markets, wealth management, and private bank business. And we should utilize all three partners at the success of our clients.

Mindy Diamond:

Tom, one question that comes up a lot is RBC's technology. How would you rate it as compared to the competition?

Tom Sagissor:

Well I can tell you five years ago, we were listed in Forbes. There was some magazine that we were listed in at 24 outta 24. And if there would've been 30, we would've been 30 out of 30. But the reality is what we realized at that point, and this is the Michael Armstrong effect. And Michael, and Russell Goldsmith, myself sat down and we looked at our technology platform. And we realized people probably weren't going to leave our firm because of our technology, but they definitely weren't going to join our firm because of our technology.

Tom Sagissor:



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And at point in time, we had to make a decision. What areas were we going to invest into? So let me just give you a couple of points here of interest. We completely redesigned our advisory platform and utilized Investnet, which again is one of the best peer play technology partners for advisory platform, and trading, and tool capabilities there.

Tom Sagissor:

We then moved forward with our relationship with Broadridge for our operations. We continued to hone that Broadridge capability in our back office. And then we moved forward. We went from five different financial planning capabilities to one, which is basically our RBC WealthPlan and powered by MoneyGuidePro.

Tom Sagissor:

Our securities based lending business was powered by this bank process. We used to call it, Mindy, you're going to love this. We used to call it premier line of credit. Otherwise, known as PLOC. PLOC to me was an antiquated process and it seemed like something that dogs should do in the front yard. And what we did was transform our securities based lending business overnight, by working with a really cool technology company out of Chicago by the name of Supernova. And what we've done is completely rebuilt that capability. We went from processing from 10 days to two weeks, to we can do processing on securities based lending in about 15 minutes now. And we can do that on large accounts. So we're very, very excited about the fact that we found pure play fintech solutions, and have attached them to our business.

Tom Sagissor:

Now as we move forward, in 2022, we're going to add this performance engine reporting system by the name of Addepar, which again is front and center when it comes to leading indicators in that area of the industry. And we're now two years into our integration with Salesforce, which has been another productivity capability that has just been huge for us from a leverage standpoint. And what we're going to do Mindy is we're going to keep finding these pure play fintech solutions, and we're going to bring them in. And you know why? Because we have realized that we can't build that technology ourselves, but we can find the best of breed in the industry. We attach it to the mainframe of our business.

Tom Sagissor:

And here's what happens. I get excited about this because now, we get to rely on their research and development for the future of our technology. We get an out of the money option on everything they're building. We get to sit down with them and hear about the best and the brightest. And when they set their priorities, and their goals, and objectives, we try to align ourselves with that as we move forward so we can then upgrade and gap to the market when it comes to technology initiatives. So hopefully that gives you an understanding of where we are today versus where we were five years ago.



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Mindy Diamond:

I appreciate the self-awareness and the honesty. No, I appreciate that a lot. Let me ask you a question. You've mentioned it, and we know that RBC has had extraordinary recruiting success of late. And we've talked about why that is. That everything you've described is resonating with advisors as the best of all worlds and kind of the anti wirehouse if you will, in terms of culture. But we also know that transition economics, recruiting packages matter to advisors. And how would you describe RBC's strategy or philosophy around transition economics, and what role you thinks it plays in the recruiting process?

Tom Sagissor:

I think again our goal of recruiting, we started by recruiting our own. And that story resonated. And then we really started to extend that across the country and in the markets where we really feel strongly.

Tom Sagissor:

And when you get into these conversations, when you look at the economics of a deal, that's more about the transaction. What we're trying to do every day Mindy is find like-minded, like-kind financial advisors. From a cultural perspective, from a business model perspective. And when we find those types of individuals, we know that they will be additive and very valuable to our organization over the course of time.

Tom Sagissor:

So we don't look at a deal on a six month, one year, three year basis. We look at a deal over the course of is this person going to contribute a full value over the course of a decade? Because we all know these deals last anywhere between 9, 10, 11 years, depending on how you structure them.

Tom Sagissor:

But the reality is if somebody really fits into the equation, that is going to be someone who we really desire and want to partner with. And at that point in time, when you get to that point in time, the deal is just a metric of the transaction. What's more important is what are they coming to at RBC? How are their clients going to benefit, and how are they going to benefit?

Mindy Diamond:

Absolutely. Our council to any advisor is that while transition economics are important, it shouldn't be the primary driver of a move. And it shouldn't be the first question you ask. But would you say that RBC's transition economics are competitive with the rest of the industry?

Tom Sagissor:



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I would say absolutely. I think we always try to be competitive. And we see the deals that are out there, and we get into competition. And I would tell you that there are a lot of financial advisors that hunt deals. Those are not the types of advisors we're interested in. There's a lot of advisors that hunt the right firm and the right fit. Those are the types of advisors we're looking for.

Tom Sagissor:

But without question Mindy, we're going to be as competitive as anybody when it comes to a transition package. But it has to be the right fit for the clients first, the advisor second, and the firm third.

Mindy Diamond:

Let me ask you a couple of last questions Tom. As the president of a major wealth management firm, I'm wondering what your perspective is on where the puck is heading, no pun intended given your professional hockey career. But where the puck is heading in terms of the wealth management space in general over the next five or 10 years.

Tom Sagissor:

Well, I think there's a lot that has to do with technology. There are firms that are thinking that the best way to own the client is to disintermediate the financial advisor from the FA client experience. And we're not in that frame of mind. And I think that's why we're benefiting from a recruiting perspective. There are also firms that believe that maybe a peer digital experience or a robo type experience is going to be the way to go. We're again, not in that belief as well.

Tom Sagissor:

We're believing that people are always going to need advice. So what we are trying to create as we move forward is this very strong, digitally enabled FA client experience, which is centered around advice. We're in the business of advice.

Tom Sagissor:

And as you digitally enable it, you are going to create more efficiencies. Without question, we are going to create a future workplace that's different from today. A future workplace. What does that mean? Well, when we talk about digitally enabling the FA client experience, maybe we move away from having branches to creating a wealth center approach. Instead of having an RBC Wealth Management branch in different markets, well maybe what we do is we create this really cool tech savvy wealth center, where advisors can come to that wealth center and have meetings with their clients. And they can have SMART Boards and all the different things that can enable, whether it be talking about performance, or again wealth management, or alternatives, or whatever the assessment is that needs to be made at that point in time. So we're looking at ways, shapes, and forms that can again, digitally enable the FA client experience centered around advice.



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Mindy Diamond:

One last question, Tom. What advice would you give an advisor who's thinking about or is in business growth, business building mood today?

Tom Sagissor:

Well, the number one thing I would look at today is the cash assets that have been built up over the last 20 to 24 months. We've seen a huge amount of liquidity, and I think our advisors need to make sure they're aware of what that liquidity means to the marketplace. If you look at, cash is about 10 times more than it was 22 months ago in terms of assets.

Tom Sagissor:

And what does that mean Mindy? Well that means that if somebody's sending cash, they haven't participated in a very strong equity market over the past two years. In March 23rd when the S&P was down 38% a few years back in 2020, a lot of people went to cash. And then with the liquidity that was provided to the marketplace and the economy, a lot of people stayed in cash. I think it should be the goal and objective of any financial advisor to find that cash and unleash that cash from the holds of a very, very low return in cash, and try to find ways to achieve their goals and objectives in the marketplace, in equities. I think equities is the best place to be. If we're going to be in this period of low interest rates for the next three, five, and possibly 10 years, you have to find ways to put a plan together to help your clients own equities. Because that's going to be the best place for them to get a return.

Mindy Diamond:

Thank you. Tom, this has been really fascinating, and there's probably a million more questions I could have asked you. So I hope you'll join us again at some point, but I'm grateful for your time, and your wisdom, and your willingness to share it.

Tom Sagissor:

Well Mindy, again. As I've stated, you have a absolute world class brand. And very happy to join you today. Your questions are thoughtful and insightful, and it is an absolute pleasure. And I wish you the best of luck always.

Mindy Diamond:

Thank you. Thank you.

Mindy Diamond:

The pull versus push mentality that Tom describes is likely at the root of what's driving success for RBC and firms like them. That is, those which recognize that advisors want to have control over how they



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grow their business and serve their clients. And it's that mindset which is fueling the evolution in the wealth management space. I thank you for listening, and I encourage you to visit our website diamond-consultants.com and click on the tools and resources link for valuable content. You'll also find a link to subscribe for regular updates to this series. And if you're not a recipient of our weekly email Perspectives for Advisors, click on the articles link to browse recent topics. These written pieces are an ideal way to stay informed about what's going on in the wealth management space without expending. The energy that full-on exploration requires. Feel free to email or call me if you have specific questions. I can be reached by cell at (973) 476-8578. Or by email at mdiamond@diamond-consultants.com.

Mindy Diamond:

Please note that all requests are handled with complete discretion and confidentiality, and bear in mind that our services are available without cost to the advisor. You can see our website for more information about that. And again, if you enjoyed this episode, feel free to share it with a colleague who might benefit from its content. If you're listening on the Apple Podcast app, I'd be grateful if you gave the show a star rating and a review. This will let other advisors know it's a show worth their time to listen to. This is Mindy Diamond on Independence.