



## OLD NORTH STATE TRUST, LLC

### **Seeing Clearly: Truth is Earned Through Transparency**

There's a good reason that a business like ours uses the word "trust" in our name. We are asking our clients to entrust not only their wealth, but their deepest wishes for their family's future, to our advice and management.

Have you ever had somebody tell you, "Trust me," all the while they're trying to keep things secret or hidden from you? Trust in a financial manager or adviser comes a lot more easily when you can clearly see not just where they are investing your assets, but also whether – and how – those investment decisions benefit them.

Transparency has always been essential to trust. Think about the gesture that is a universal symbol of trust: the handshake. But now think about how, and why, the handshake originated. It dates to the Middle Ages — "Those days of old, when knights were bold" — a violent and treacherous time. If two enemies, or even two people who didn't already know and trust each other, were to meet, their first concern was to make sure their opposite number wasn't hiding a weapon. By grasping the other person's right hand — and the right hand was typically the sword hand — each party could be confident the other came unarmed to the parley. A matter of trust, life and death, and an early example of transparency.

Another, more modern phrase with a similar meaning is to "lay your cards on the table." Thus nothing is hidden or held back, ensuring transparency and trust.

To us at Old North State Trust this is especially relevant, as we pride ourselves on being transparent. Because we are a small company, our clients get to see a lot of our inner workings. Typically, everybody involved in a particular client's estate and investment portfolio works in the same office, just a few steps away from everybody else. Clients can get to know us all by name and face, and exchange handshakes with everyone.

We don't have to worry about the layers upon layers that are inevitable in a big company and what all those committees and subcommittees and multiple tiers of management mean for how decisions are made, and how our staff is compensated. At a big bank or brokerage firm, you may know something about the sorts of commissions your broker earns on financial products he sells you. But what do you know about what incentives that broker's boss, and the hierarchy of bigger bosses stretching even higher above, may collect by encouraging certain approaches to clients' accounts?

A shocking example of what can happen when transparency fails at a financial institution was the recent revelation that thousands of bogus accounts had been created, without their supposed owners' knowledge, by employees of a well-known nationwide bank. Those phony accounts earned their creator's substantial sales commissions. Resorting to fraudulent tactics to meet sales goals, in turn, was the result of serious executive pressure on

employees to sell new financial products and achieve corporate revenue goals – and earn high-ranking company officer’s major commissions and bonuses, too.

To their credit, big organizations tend to have rigid policies about accountability, paper trails and who is authorized to sign off on various actions. But our small company also has procedures in place to ensure that things are done right. We follow sound policy to guarantee things like dual control — why each check must have two signatures, for example. But even though we’re careful to dot every “I” and cross every “T,” we put the power in the hands of the officers who know our clients best.

We really mean it when we say that we offer superior customer service. We get to know our clients and their families, and understand their goals and aspirations: not just the ones that can be reduced to numbers and dates and portfolio entries, but those emotional values that have to be taken seriously for real trust to exist. We usually end up working with multiple generations of the same family. Several of our clients are members of families in which we have worked with three different generations! We have helped them plan for life, death and everything in between.

After all, when we’re asking clients to reveal their worries, hopes, and dreams, and put a lifetime’s worth of accumulated earnings in our hands, the least we can do is to reciprocate. That is, what we have to do in return, to use the example mentioned earlier, is to make sure all our cards are on the table.

*Old North State Trust, LLC (ONST) periodically produces publications as a service to clients and friends. The information contained in these publications is intended to provide general information about issues related to trust, investment and estate related topics. Readers should be aware that the facts may vary depending upon individual circumstances. The information contained in these publications is intended solely for informational purposes, is proprietary to ONST and is not guaranteed to be accurate, complete or timely.*