



Your Bank (or Broker) Around the Corner

Whether it's personal banking, business banking, estate planning or investing, a local presence matters

Money management has changed a lot in the last few decades. Technology has done away with bankers' hours; community bank customers from Madison can access accounts from an airport terminal in Sacramento at midnight. Technology has also created new options and new markets for banks, brokers, financial advisors, estate planners and their clients. Consumer demand and regulation changes have also driven product innovation, creating vast and innovative new ways to protect, grow and share assets.

At the same time, the overwhelming amount of information generated about new investment, money-management and estate-planning vehicles can be overwhelming, distracting, confusing or downright paralyzing. Personal service and trusted relationships have never been so important.

Mortgage Lending

Take lending. Years ago there were two main ways to buy a house: you paid cash or you made a twenty-percent down payment and got a conventional fixed-rate mortgage, probably for fifteen or thirty years. Not so anymore.

"Some people still think you need to have twenty percent to put down, and that's not true," says **Terry Plesek**, vice president and regional lending manager for **AnchorBank**. "People can get in for as little as three percent down."

Some lenders even offer no-down-payment mortgages along with interest-only and adjustable-rate mortgages. Many banks, including **AnchorBank**, offer forty-year amortizations.

But as mortgage options proliferate, so does the complexity: some individual mortgage plans are complicated in their own right, and deciding among all of the different possibilities can be chal-



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lending for someone who hasn't bought a house before or recently.

In fact, just about every aspect of a mortgage and the process – from interest rate to closing cost to prepayment terms to everything else – can vary from lender to lender and product to product. Factor in the Internet, which connects potential homebuyers in Madison with lenders anywhere in the country, and then consider that home buying is an emotional endeavor and not just a financial one, and it's no wonder, then, that Plesek says the experience "can be very overwhelming."

That's part of the reason why **AnchorBank** makes such an effort to blend on-line ease with personal attention. While borrowers can originate a loan application on the Internet, **AnchorBank** still connects them with a lending officer at a branch. That way when questions or problems arise, the borrower has someone to turn to for answers. "We make certain that people feel like they're being helped by a real live person every step of the way," Plesek says.

That doesn't always happen, especially when the lenders have only an Internet presence.

Kim Sponem, president of **Great Wisconsin Credit Union**, acknowledges that there are Internet-based vendors that offer good products, but they usually can't provide the customer service that a bank or credit union with a local presence can. "If someone has a question about their credit card, they just call us," Sponem says. "We answer and they're not transferred to anyone else. We don't give them another number to call ... Being right here in the community makes it so much easier to resolve any issues."

That's why **Paul Hoffmann**, senior vice

president of retail banking for **Park Bank**, thinks community and regional banks are gaining an edge on national banks. There was a time, Hoffmann admits, when large national banks could offer products and services that smaller banks couldn't afford. He cites phone banking, which was at first priced too high for Park Bank.

Things have changed. Hoffmann says advances in technology have largely leveled the playing field, and now community banks like Park Bank can offer the reliable and convenient technology that consumers want – products like online banking and Internet bill pay – while still providing personalized, localized service. For example, a customer of Park Bank can do the majority of her banking at home on the Internet, but a teller might still recognize her – or her dog – in the drive-through. “That really happens,” Hoffmann says. “We’ve got the best of both worlds.”

Personalized Services

While the well-known technology enables Park Bank to compete with larger national banks, its local presence allows it to tailor its products and services to its own community. Hoffmann points out the bank's outreach into the Hispanic community, including education and bilingual employees and Spanish-language brochures and forms. Language barriers and misconceptions have historically kept many immigrant populations from utilizing traditional banking services, and a growing population make the Hispanic community an attractive potential client pool.

“Definitely it's an untapped market, but it's also who our clients are. It's who is living around our branch. That's part of our neighborhood,” Hoffmann says.



With all of its client segments, Park Bank seeks to provide not just the products and services they desire, but also the expertise they might need. “What we're finding in banking is what most industries are experiencing,” says Hoffmann. “People want more – more convenience and help understanding their options.”

Local Presence, National Reach

Steve Swanson, president of the **McFarland State Bank**, credits technological advances for creating opportunities that blend national reach and community focus.

For McFarland State Bank, it begins local-

ly. The bank funds real estate development projects that large, decentralized banks might not. That is because McFarland State Bank can consider slightly different factors: The bank staff is familiar with local developers, and they know who has created successful projects in the past. The bank also knows the local market, and a proposal that might seem risky in some regions might be perfectly reasonable here.

Swanson says the bank's flexibility is the result of its community-bank status and its structure. While there is a board of directors, David Locke is the principal shareholder of the business and has led the bank for over thirty

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years. Concentration of decision-making authority affords Locke and his long-time employees, like twenty-one-year veteran Swanson, a great deal of flexibility.

"If we have a deal going on that requires some creativity, David and I can sit down and kick it around. Within a few minutes, we can have an answer," Swanson says. "We don't

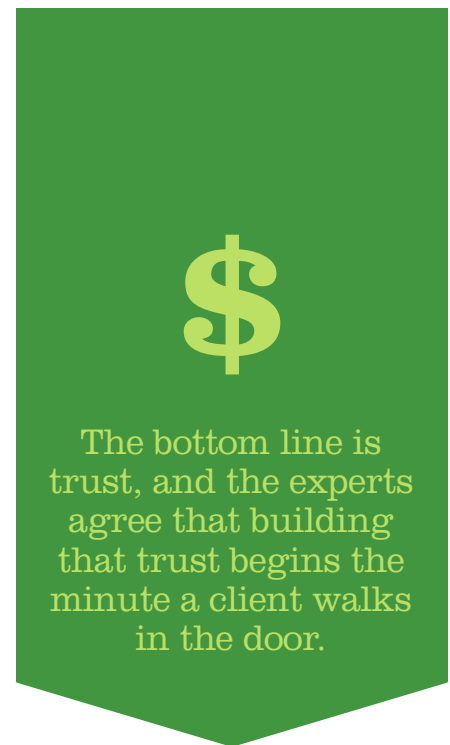
take undue risk any more than any other bank does, but our structure allows us to be faster on our feet."

To fund its lending growth, the bank courted deposits aggressively and creatively. The bank established attractive interest rates and sold investment blocks of certificates of deposit nationally. Recently, Fidelity Investments bought a portion of an offering and published it on its website. *Forbes* magazine found it and published it as the best available rate for a certificate of deposit in the country. It catapulted McFarland State Bank into the national spotlight.

Swanson credits serendipity for the *Forbes* mention, but acknowledges that the bank's growth – over fifty percent in the last two years – has been strategic. "I would have to say that we've been quietly building our base of activity for the past five or even ten years," Swanson says.

Swanson also acknowledges that technological advancements, namely the Internet, have enabled much of the growth by opening up national markets to community banks like McFarland State Bank, which operates entirely from its home office.

Despite the regional success, the bank



remains firmly rooted in its community, as the bank and its leaders give time and money to local charities and civic projects. "If you can do everything on our website that you can in the largest bank in the country, why not deal with a local bank that has the ability to work creatively and serve the community?" Swanson asks.

Locke, though, says the Internet is only one factor in the bank's growth. "We compete with many other banks and financial service providers, but I believe we do so effectively because of the people who make up our staff. I give them all the credit for our success."

Wealth Management

Greg Dombrowski, president of **Johnson Bank**, believes advances in technology matter as much to his clients than do physical branches. "Most of our clients probably don't ever walk into one of our buildings," he says. "Between either online banking or our courier service, we come to them. They don't need to come to us."

But people at the bank are there – in person or on the phone – if clients need to talk. Human contact, Dombrowski says, becomes even more important in the wealth management arena. Johnson Bank works primarily with business banking, but it also serves the personal banking needs of business executives. Good wealth management, he says, hinges on "asking the right questions to understand what your clients want or to help them think truly about what they want," he says.

Those kinds of discussions don't just happen; they are conversations that evolve over the course of a professional relationship.

And without a trusted advisor, it can be tricky for individuals to determine exactly what

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it is that they want for themselves or how best to get there.

"What's more so now than ever before is the overwhelming amount of information out there and how confusing much of it is," says **Andrea Paff**, vice president and wealth advisor at **Morgan Stanley**.

Walt Lummus, a **Smith Barney** vice president of wealth management and branch manager for Madison and Rockford, agrees. "There are some basic things you want to do in your investment life: save for retirement, educate your children, enrich future generations, better your lifestyle and mitigate taxes, to name a few. Yet there are so many ways to get there ... Take ETFs [exchange-traded funds]. There used to be only a handful. Now there are over three hundred. Very few can digest that much information."

Trusted Advice

Making sense of it all is a full-time job. Actually, it's more than that. At Smith Barney, a team of strategists helps process the universe of financial information and distill it down to a manageable size for the company. Financial advisors then rely on these reports and data, along with personal research and expertise, to

make recommendations to clients based on each client's unique needs.

Not only does this free investors from spending their valuable time and energy on research or on following individual stocks, but it also keeps them focused on big picture instead of on any one snippet of information that could be misleading or distracting when taken out of context.

"A lot of people ride the ups and downs of this market with emotion," Paff says, noting that it's normal for individuals to respond emotionally to investment performance and other financial matters.

That's why Paff says she works to "minimize clients' emotional responses through well developed, long-range investment plans." The key, she says, is to adhere to plans during all market climates.

Removing emotion from the equation isn't easy. Financial and estate plans ultimately boil down to sensitive subjects including money, religion, family, death and taxes.

"In a good trust relationship, you get to know every detail about your clients and their kids," says **Kathryn Norton**, president and senior trust officer of **Thompson Plumb Trust**. "You hear when their children marry and have

children of their own, and if any of them have special needs."

In addition to the investments in the trusts under her management, Norton says she likes to know about all of her clients' assets and relevant circumstances. She always knows the names of lawyers, accountants, bankers and any other financial advisors or brokers. "Sometimes I even know their doctors and their clinics," she says.

It can be sensitive stuff, but Lummus says withholding too much information can undermine an otherwise sound investment plan.

The bottom line is trust, and the experts agree that building that trust begins the minute a client walks in the door. Although it's not impossible, it is harder to do if the door is a thousand miles away.

"Even though it's a cliché, it is good to put a face with a name. There's a lot you can tell from meeting with a person face-to-face that you can't see over the Internet or the telephone," Norton says. "I like to think that meeting my clients face-to-face gives them confidence and trust in me. Plus it reminds me that there is a real person associated with this account who needs my professional skills, care and assistance." ■

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D. Walton Lummus, new Branch Manager of the Madison and Rockford Citigroup Smith Barney offices

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