Winter 2020

# Insights

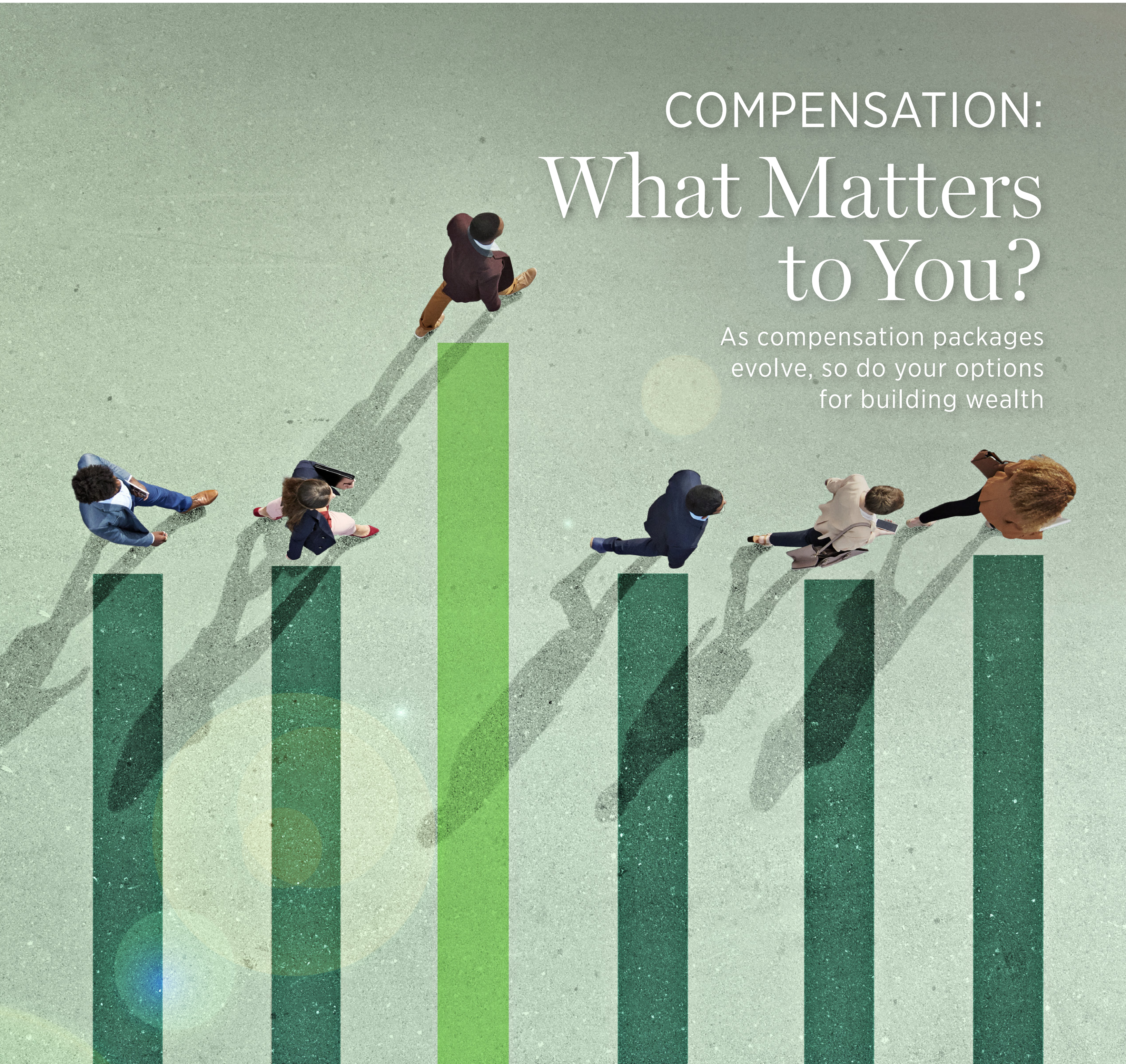
BUILDING AND PRESERVING YOUR WEALTH



REGIONS PRIVATE WEALTH MANAGEMENT

## COMPENSATION: What Matters to You?

As compensation packages evolve, so do your options for building wealth



# Minimize the Risk, Maximize the Reward

No matter your stage in life, one rule of thumb holds true: minimize the risk and maximize the reward. It sounds simple, but it rarely is. This issue of *Insights* is designed to help you make that idea a reality.

For most people, their financial lives start with their income, but the ways that people are paid have changed—along with the related risks and rewards—as we take on in *Making the Most of Your Peak Earning Years* (page 6). And if you own a business, one decision that's comes with risk and reward is expansion. In *How Scalable Is Your Business?* (page 10), we lay out the questions to ask before undertaking new growth.

Risk lies beyond just the ways that you earn money. In *Social Media Safety for You and Your Family* (page 1) and *After the Split: The Financial Side of Divorce* (page 3), this issue addresses perils closer to home and how to deal with them. *If, When and How to Invest With Friends* (page 12) offers tips on how to handle these highly rewarding opportunities.

In the end, risk and reward are personal. And taking stock of them from a personal standpoint is the focus of *The Big Picture—And Your Financial Blind Spots* (page 4), which is all about ensuring your financial life is moving safely in the right direction. We hope you enjoy this issue of *Insights* and find it helpful in minimizing your risks and maximizing your rewards.

EXECUTIVE VICE PRESIDENT
REGIONS PRIVATE WEALTH MANAGEMENT

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# Social Media Safety for You and Your Family

While it's a great way to stay connected, social media comes with real dangers. Here's how to enjoy the benefits and minimize risk.

Social media platforms are increasingly how we keep in touch with loved ones, friends, acquaintances and colleagues. But there are others watching as well.

Most of the strangers who see our social media pages are harmless merchants and marketers eager to learn about us and everyone we know. But there are also identity thieves, hackers and other bad actors at work, says Regions Social Media Manager Brett Pohlman. He offers the following best practices for keeping safe while staying connected.

### Change your passwords regularly

"Usernames and security questions are important puzzle pieces," Pohlman says. He recommends that you review and update all of them at regular intervals. And you should change your passwords immediately if the platform experiences a security breach.

### Remember: Everything is trackable

Details about you and your family are valuable data points. "Advertisers have the ability to purchase ads based on a variety of attributes, including the actions users took on Facebook such as viewing a video, liking or commenting on a page. This information is useful to advertisers who want to put their ads in front of the most relevant potential customers," Pohlman says. Before you post something, he says, keep in mind that potential employers, advertisers, fraudsters and other people can see that information as well.

### Review your privacy settings regularly

Most social media platforms are updating their privacy settings in response to public concerns. Pohlman advises reviewing the settings on your own profiles and adjusting them to your preferences. "I start with the most closed-off setting, and then select people who I want to connect with," Pohlman says.

### Log out after each sign-in

Increasingly, popular social media platforms can cache your online credentials and use them to quickly log you into other websites and apps across the web. While this is convenient, every login is a channel to your personal data and could pose security risks. Pohlman advises logging out of every account, every time, to reduce the risk of identity theft.

### Checklist: Before You Post

- ☐ Does it contain sensitive, personal information?
- ☐ If you're travelling, is it necessary to share that you're not at home, or can it wait until you get back?
- ☐ Are you comfortable sharing that comment with the whole world?
- ☐ Will it make anyone tagged feel awkward?
- ☐ Can any information in it be used to answer one of your security questions?
- ☐ Would it be better to make it public, or private for one or two friends? ▲

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# Women, the Pay Gap and Retirement

The financial challenges women face to achieve financial security in retirement can be huge, but there are some steps that can help.

When saving for retirement, the cards can be stacked against women, says Missy Epperson, SVP and Regions Private Wealth Management Regional Executive in Baton Rouge, Louisiana.

It starts with the pay gap—women often earn less than their male counterparts, giving them less money to save throughout their careers. Women also tend to spend more time raising children and caring for aging relatives. Those career interruptions can result in fewer raises and promotions, and reduce the Social Security women collect in retirement. They also leave women with fewer years to contribute to employer-sponsored retirement plans, Epperson adds.

Another major challenge is that women live longer than men in retirement. The average American man will live to age 76, according to the Centers for Disease Control and Prevention, while the average American woman will live to age 81. "Longevity comes with a significant health-care price tag," Epperson says.

But she offers a few steps women can take—regardless of their age or where they are in their career—to better prepare for retirement.

**Make automatic contributions.** If your employer offers a retirement plan, take advantage of it, Epperson says. "Shoot for 15% or 20% of your paycheck. The earlier you start, the better."

**Get help.** Find a Wealth Advisor you trust. "Ask for recommendations. Interview people," she says. "If you're not comfortable, find someone else."

**Consider a spousal IRA.** These allow couples to add to retirement savings, even if only one of them is working. You can each contribute up to $6,000 per year, for a total of $12,000, and more if you're age 50 or over, though income limitations apply.

**Drive a harder bargain.** "Ask for a raise," Epperson advises. "Sometimes women are too timid in seeking new opportunities, or pay equity, because we're afraid to rock the boat. Be bolder."

**Ratchet up your risk tolerance.** "Studies have shown that women are often overly concerned about market volatility and choose conservative investments that barely keep up with inflation," she says. "Consider increasing your exposure to the stock market."

While every plan and situation is different, Epperson says that those steps can help women build the future they want in retirement. ▲

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MIRAGEC/GETTY IMAGES

Intelligence

# After the Split: The Financial Side of Divorce

Getting past the emotions and back to your own personal financial best practices after a divorce is possible. But don't be afraid to ask for help.

Divorce not only dramatically alters many aspects of your life, but also creates new financial risks.

"Divorce is such an emotional process that it can be challenging to focus on finances," says Jama DeHeer, a Certified Divorce Financial Analyst and Senior Wealth Planner at Regions Bank.

Studies have shown divorce can increase financial instability and the likelihood of a delayed retirement. That's why it's important to get financial advice quickly and regularly, she says. "My first piece of advice is to meet with a Wealth Advisor as soon as you realize that a divorce is imminent."

An objective third party can help you envision your post-divorce lifestyle, and how to best negotiate a settlement to support your short- and long-term financial needs and goals. For instance, she notes, don't fight for a house you can't afford. And once the divorce is final, she recommends the following:

**1 CHECK YOUR CREDIT SCORE** Get a credit report from the three major credit reporting agencies to ensure that all joint accounts are closed.

**2 UPDATE YOUR BENEFICIARY FORMS** These include your will, retirement plans and insurance policies.

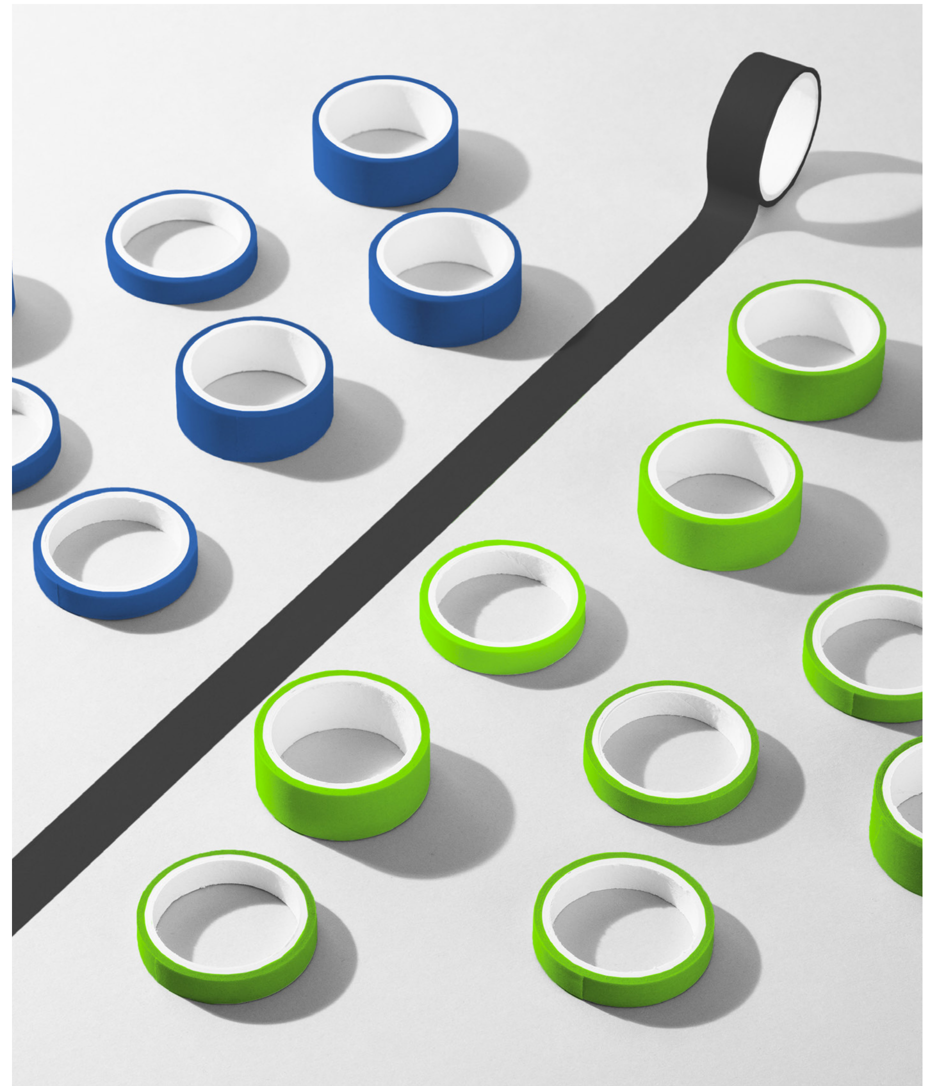
**3 BEGIN BUILDING YOUR OWN CREDIT** Open credit cards and pay them off regularly. A strong credit score is important as you strike out on your own financial path.

**4 SET FINANCIAL GOALS** Focus initially on shorter-term goals like rebuilding an emergency fund and a down payment on a new home, DeHeer recommends. But keep an eye on long-term goals, like retirement.

**5 CREATE A BUDGET** Once you understand your financial situation and your goals, it's time to draw up a day-to-day budget. If necessary, you should look to cut costs where you can, downsizing a home or eliminating an expensive car lease.

**6 STAY IN TOUCH WITH YOUR WEALTH ADVISOR** Your Wealth Advisor can help you develop—and stick to—a plan to help you live the life you want and reach your most important financial and personal goals.

"With smart planning and the right help during the divorce process," DeHeer says, "it is possible to come through with a well-thought-out marital settlement that supports your long-term financial security." ▲



RAYMOND FORBES/STOCKSY

# The Big Picture—And Your Financial Blind Spots

There are a host of factors people often fail to take into account when planning retirement. A focus on your potential "blind spots" may limit unpleasant surprises down the road.

No matter how much investment research you've done, chances are you've had financial experiences where things played out differently than planned. Oftentimes it's when you're too focused on one scenario that something unanticipated jumps out from behind the bushes.

Helping clients find the blind spots that lurk in their financial plans is key to addressing them before they become problems. "That's one of the most important roles of an advisor," says Bryan Koepp, Wealth Planning Executive at Regions Bank. Here are a few common blind spots to watch out for.

## Inflation

"New clients often show me retirement spending spreadsheets in which they're spending the same amount of money every year, but haven't accounted for inflation," Koepp says. "Inflation is such a big blind spot because we often think about expenses solely in a static fashion, versus the prospect of a reduction in purchasing power over time."

While inflation has been historically low since the financial crisis, someone who retired in 2007 with a $100,000 annual spending budget would need more than $125,000 this year to maintain the same lifestyle.

Koepp and his clients utilize rTrac, the bank's financial planning resource, to calculate the impact of rising costs through the years. As a base, Koepp generally assumes a 2.5% annual inflation increase; that's higher than inflation's current pace but below the long-term historic rate. Based on that number, he often recommends that clients increase their savings rate today, or consider modifying their initial spending level early in retirement to maintain purchasing power later in life.

## Taxes in Retirement

Another big blind spot in retirement is taxes. "You've been focused on saving for decades, but you also want to focus on how that money will be taxed in retirement," Koepp says.

Every dollar you withdraw from a traditional 401(k) or IRA will be taxed at your ordinary income tax rate in retirement, he notes. Even if you decide you won't need money from those accounts, federal tax law requires that you begin taking annual required minimum distributions (RMDs) once you turn 70½. Koepp uses rTrac with clients to run personalized RMD projections.

At the same time, Koepp warns about another blind spot: the income taxes on a portion of your Social Security retirement benefit. "I recommend saving for retirement outside of your dedicated retirement accounts to help you manage your taxes in retirement," Koepp says. "Striking a balance between qualified retirement accounts and taxable nonqualified investment accounts is smart."

That's because taxable investment accounts may lead to lower tax exposure than retirement accounts when you withdraw funds. For starters, there are no RMDs with a regular investment account. And when you sell shares, you may be able to neutralize capital gains with any losses in the account. You can't balance gains and losses for tax purposes in conjunction with retirement accounts.

*"I recommend saving for retirement outside of your dedicated retirement accounts to help you manage your taxes in retirement."*

–Bryan Koepp
WEALTH PLANNING EXECUTIVE, REGIONS BANK

## Family Ties

More than ever before, retirees continue to help their adult children, while also financially supporting their elderly parents. "Confirmation of adequate resources is imperative to ensure that you don't threaten your financial future," Koepp says. That's why having a full wealth strategic plan is important. It can help you balance the support you can provide while protecting your financial future.

Of course, that is just a part of wrestling with your financial challenge. Koepp stresses seeking out counsel—from both family and professionals—to wrangle with the more personal aspects of the help you may provide.

When working with clients, Koepp's goal is to have them take a clear-eyed look at the financial ramifications and make a decision they not only can be at peace with but that also makes long-term sense. "There are loans for education, but you cannot finance your retirement," Koepp says.

## Your Home

A home is both an ongoing expense and a valuable asset, with more than a few potentially costly blind spots attached.

Staying in your home through retirement—also called "aging in place"—is a popular goal. While it may seem like a simple plan, people may overlook the ongoing costs of doing so. If you live in an area where property values tend to rise, you need to budget for possible increases in property tax bills. Moreover, if your federal tax bill was higher because of the recently added $10,000 limit on state and local tax deductions, property taxes become an even bigger financial consideration.

Maintaining your home is another big potential cost, especially as you get older and need more help to handle household chores. Koepp notes that by using rTrac, an advisor can model projections on how the price of aging in place may rise throughout your retirement.

If you are nearing retirement and your plan is to sell your home in a few years, Koepp warns to be on alert for a market-timing blind spot. "You can't assume that you will have the market appreciation to flip your home at the price you expect when you are ready to sell," he says.

## The Details in the Big Picture

These are only a few of the most common blind spots people have as they approach retirement. We all have our own way of seeing the world—and our own personal blind spots. That's why working with an advisor who can run the numbers and take into account all the possible challenges you're likely to face in retirement can make all the difference. ▲

KLAUS VEDFELT/GETTY IMAGES

# Making the Most of Your Peak Earning Years

When it comes to your compensation package, there are new things to take into consideration, and to negotiate for.

No matter what stage of your career you're in, compensation is likely a central pillar of your financial life. And though it can seem shrouded in mystery, now may be a great time to pull back the curtain and reopen a discussion about what—and how—you're paid.

Experienced professionals are now in the best environment in years to negotiate, or renegotiate, their compensation packages. With U.S. unemployment holding steady under 4% as of late 2019, management-level employees "are feeling much more confident about laying out their terms and expectations," says Ty Smith, SVP and Regions Private Wealth Management Regional Executive in Atlanta, Georgia.

And when those expectations aren't met, employees are increasingly willing to seek a better deal elsewhere. Voluntary turnover is at a 10-year high, according to a 2019 study by the Society for Human Resource Management.

But taking advantage of those favorable conditions involves carefully weighing every consideration—from the lifestyle you want right now, to the retirement you envision and the legacy you hope to leave for your family.

## Negotiating a Salary

Going into a salary conversation, it's not only the job market that's on your side, but also having access to more information than ever. Social media and other online resources make it easier to gauge an accurate salary range for your skills and experience. "People are doing a lot more research and due diligence on the market value of the job they have, or the one they're applying for," Smith says.

But even with that leverage, he warns that overconfidence during negotiations can backfire. As you hold the line for what you think is fair, stay focused on your long-term career interests, and keep in mind the relationship you have with your supervisor and team. "You always want to be respectful and professional," Smith advises. "And don't forget that business cycles change."

Another point to remember is that salary is only one part of your overall compensation package, says Jill Shelton, Executive Vice President for Regions Bank, based in Birmingham, Alabama. Fixating solely on the salary number can lead you to miss out on other opportunities to improve your financial situation and lifestyle.

### Navigating the New Bonus Landscape

The traditional model of salary plus automatic year-end bonus has changed in recent years, Shelton notes. For top-level and some mid-level managers, bigger opportunities for building wealth now come in the form of equity compensation.

"We're seeing more performance shares—grants of stock that an executive earns only if the company meets certain goals," she says. More employers today place company growth as the top criterion for awards, above the performance of a specific unit within the business or individual job performance.

But while they might result in significant paydays, those equity awards present a risk, since you're banking on your own ability, plus that of your employer, Shelton notes.

For that reason, she advises employees negotiating equity compensation to look closely at the company's financials, history, leadership and market trends, and to ask questions. Has the company reached growth targets in recent years? Is the company dedicated to the kind of growth that would allow it to beat its goals, or does complacency rule?

### Staying Diversified

As employees take more compensation in company stock, one risk is developing an overconcentrated portfolio, Shelton says. She warns that no matter how deeply you believe in the future of your employer, the unexpected can and does happen.

A business downturn, reputational crisis, natural disaster or other unexpected disruption could harm the value of the company's shares. What's worse, it could create a situation where your investments tank at the same time that your position falls into jeopardy.

"Even if you work for a dynamic, rapidly growing company, you should fully understand the risks of holding concentrated positions," Smith says. "If you look back over time, you can find many examples of high-performing companies that encountered difficult periods."

He notes that your Regions Wealth Advisor can help you review your entire portfolio—and how your compensation fits into it—to find places where your financial plan may need more balance. "You could develop a plan to sell company stock by a certain percentage or dollar amount each year," Smith suggests, in a way that adheres to your company's policies as well as your goals.

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## The Other Side of the Desk: How to Retain Top Talent

If you own a business, one of your biggest challenges can be finding and keeping talented people. Ty Smith, SVP and Regions Private Wealth Management Regional Executive in Atlanta, Georgia, offers these tips.

**BE A GREAT PLACE TO WORK**
"People want to know that they're respected and recognized for the job they do," Smith says. Stay attuned to the careers of your individual employees, help them with training and education to advance their careers and reward them when the company prospers.

**EMPHASIZE NONFINANCIAL BENEFITS**
Though you may not be able to match what some of your competitors are offering in terms of salary and benefits, that's OK because every potential team member you consider has concerns and objectives that are specifically unique to them. It is critical as you learn about each other to understand those nuances. They might include working with a diverse team, taking time away to care for a newborn or an ailing family member, having the option to work remotely or being close to public transportation or low-cost parking. "Taken together, these things could have as big an impact as salary when they're making a decision," he says.

**BE A GOOD CITIZEN**
As the focus on social and environmental responsibility grows, more employees want to know they work for a company that's making a positive impact, Smith advises.

**PAY YOURSELF EQUITABLY**
Few people would begrudge rewarding yourself financially for building a successful business, Smith says. "But there can be a fine line between supporting your lifestyle and pulling out so much that it hampers your ability to pay for the right talent, reinvest in more strategic objectives or pursue new product lines or deliver services." Your Regions Wealth Advisor can help you determine your current financial needs. "Together, you can create a plan that enables your business to grow and encourages your team members to grow and thrive with it."

KLAUS VEDFELT/GETTY IMAGES

### Negotiating a Happier Life

The traditional nine-to-five workday is becoming a thing of the past, as more people work remotely, and are connected online than ever before. At the same time, companies are increasingly attuned to the idea that an employee's overall happiness can make that person more valuable to the company, Smith says.

"Maybe you want to work remotely from time to time, or in a satellite location closer to home. In the past four or five years, quality of life has become a bigger part of compensation negotiations," he says. "If someone is a strong contributor who functions well independently, employers are reconsidering whether it's necessary for them to sit in an office 10 feet down the hall."

### Earning for the Years to Come

With retirement a top financial concern for most Americans, your compensation package should reflect not just your current lifestyle, but your goals for retirement. This is another area where compensation conversations have grown more complex, Shelton says.

"It used to be that everyone asked about an employer's pension plan," she recalls. With private pensions vanishing, executives need to dig deeper into what their employer or prospective employer offers. That most likely starts with reviewing qualified retirement plans such as 401(k)s, and whether the company offers a matching contribution, she says. But limits on plan contributions mean that people at the executive level often have to explore other offerings. "A lot of people are asking for nonqualified compensation plans that enable them to defer money in a tax-efficient way, perhaps with a company match," Shelton explains.

Smith notes that your peak earning years are a good time to discuss your retirement goals with an advisory team, including your Regions Wealth Advisor, a CPA, your tax attorney and an insurance specialist. "You need to think in advance about making the transition from accumulating wealth during your career, to protecting those assets to create the retirement you want," he says.

A thorough review at this stage of your career can help you identify any potential gaps you may need to fill, Smith explains. This knowledge can, in turn, help as you negotiate the finer points of your compensation plan.

The compensation package you ultimately negotiate will depend on a wide range of factors, including your level of experience and area of expertise, as well as the size and nature of your company. But advance preparation can help ensure that your compensation works to the advantage of both you and your employer—while ensuring that you have the assets and flexibility you need now and in the years to come. ▲

**Talk to your Regions Wealth Advisor about:**

- Tips for negotiating a compensation package
- How to plan your finances around new compensation options
- Other non-monetary benefits that may fit into your long-term goals



# How *Scalable* Is Your Business?

Ask these important questions before you finance new growth or take steps to expand your business.

One of the hot buzzwords to come out of Silicon Valley is scalability, but it doesn't just apply to technology startups. The term speaks to a question every business owner asks: How much growth potential does my company have?

It's no simple question, says Matt Welch, Managing Director in Regions Securities Corporate Finance Group, where he advises clients on proposed mergers and acquisitions, as well as divestitures, and whether capital investments will boost growth or put their businesses at risk. He recommends that business owners ask the following questions to determine how scalable a business really is.

## WHAT DO YOU WANT TO ACHIEVE?

This should be the first question, Welch says. Do you want to dominate your sector, or incrementally increase market share and profitability? Do you want to sell the company, or do you want to pass on a stable, profitable business to your family?

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He notes that each business will have different objectives, in part because they have different stakeholders. "A small family-owned business will usually have a limited number of stakeholders, while a larger enterprise may have a variety of different stakeholders—even if it isn't a public company. Some businesses are operated to maximize dividends or pay back debts to lenders, while others have to consider a broader stakeholder base in their family, community and employees."

## WHERE DO YOU PROJECT GROWTH?

Business owners like to think they know their industry better than anyone else—and usually they do. However, Welch says business owners should always look twice when considering new avenues for growth.

"Get into the weeds," he says. "Go account by account, product by product, or vertical by vertical to find where the potential growth resides. Focus on the most profitable segments."

A deep dive can challenge long-held assumptions and uncover new opportunities. You may find that a segment of your business is underperforming because it needs a straightforward technology upgrade or more sales resources. A thorough review usually leads to a richer analysis and better questions, Welch says.

## WHAT'S YOUR PLAN?

Once you've defined your goals and found the areas primed for growth, it's time to fill in the details. "Whether it's a formal business plan, a hundred-page proposal or a high-level strategic vision in the CEO's mind, every business leader needs to think through potential outcomes, market/competitor reactions, unforeseen macro and micro events, and to plan for all potential outcomes before embarking on a new strategic direction," Welch says.

That plan should include a marketing strategy to increase awareness and customer acquisition, and plans to cover the costs of scaling. Welch also stresses the importance of establishing a clear time frame for your strategy. "Are you able to grow at a higher rate than the population grows, or at higher rates than your competition?"

## WHERE DOES YOUR BUSINESS FIT IN?

Taking a deep look into your business is only half the battle when considering a growth plan, Welch says—the next step is to look outside of it. What are the trends in your industry? What is the competition doing?

Some businesses, like a landscaping firm or a family restaurant, face more geographic limits than a company that sells accounting software. For a locally focused business, the population growth, economic forecast and real estate trends in the company's footprint are essential factors in any business owner's decision.

## ARE YOU PREPARED?

"Is your infrastructure—your technology and your back office—strong enough?" Welch asks. "Do you have the staff and team in place to support the projected growth? Or do you need to invest more before you can make that big push?"

Growth places new stresses on existing staff, while new staff can take time to train and get up to speed. Owners should look at their operation and project management processes, Welch says. Delays can add carrying costs, hurt morale and hamper new initiatives.

## IS DIGITAL DISRUPTION A FACTOR?

Welch notes that entire industries are being turned on their heads by technology. That's why it's vital to keep a close eye on the digital frontiers of your business. Ten years ago, for example, the owner of a car service or taxi company might not have thought twice about significantly expanding their car fleet. Now, with new transportation apps and networks competing for customers, that move might not make sense.

For existing businesses, moving in a more digital direction also comes with risks. Many restaurants that initially signed onto food-delivery apps to increase sales haven't necessarily reaped the benefits they expected. "A lot of high-end and even casual restaurants are not using them anymore because it's a race to the bottom," says Welch, noting that the services often take 20% off the top of the order value and struggle to deliver the food in a timely enough manner to preserve the same experience in the restaurant.

## ADDING IT ALL UP

In the end, the decision to embark on new growth hinges on business owners determining their risk-reward appetite, Welch says. Some entrepreneurs get cold feet at the precipice of a transformational shift in strategy or a significant acquisition.

"But remember, there can also be risk associated with inaction," he says. "There are many instances where large companies could have bought smaller competitors, other businesses below/above them in the value chain or businesses tangentially related to the industry long before they grew into true threats, and lived to regret it. And that happens among local businesses, too." ▲

**Talk to your Regions Wealth Advisor about:**

- Ways to evaluate the scalability of your company
- The forces that could affect your growth strategy
- How investing in expansion impacts your financial plan

BY LEE BLANK
*SVP and Regions Private Wealth Management Regional Executive in Nashville, Tennessee*

# If, When and How to Invest With Friends

Unlike many other opportunities, these can come with significant emotional, personal and long-lasting risks and rewards.

A few years ago, two close friends approached me about joining them in a distressed real estate investment. I could tell right away that they had done something very smart before approaching me with the opportunity—they had thought long and hard about my experiences and knowledge.

They told me up front that investing in a distressed property would probably mean more than just writing checks to make it succeed. That insight impressed me because I've watched business ventures among friends blow up when some of them didn't understand what they were getting into. And that can ruin more than just a business partnership.

> "Even with close friends, you should have an operating agreement drawn up by an attorney. This will formalize how responsibilities will be divided and how decisions will be made."

Being clear-eyed about the challenges of an investment and the skills and bandwidth of the friends involved are two key considerations that I always stress to people going into business with people close to them.

When going into business with friends, those steps can improve the likelihood that your relationship will survive, even if the investment doesn't. In my case, the investment I made with my friends ended well, so I don't advise people to avoid it altogether.

Another important way to keep the peace and plan for success comes down to your up-front planning. Regardless of the outcome of your business investment, how you structure and plan for it on the front end may well determine the lasting success of your friendship. Pay particularly close attention to the structure—the devil is in the details.

That's why, even with close friends, you should have an operating agreement drawn up by an attorney. This will formalize how responsibilities will be divided and how decisions will be made. I also recommend including a Wealth Advisor to ensure everyone knows what they're getting into.

Along with an operating agreement, it's essential to have your attorney create a separate business entity, such as a limited liability company, to protect all of you in the event something goes wrong with the business. You should also consider an umbrella insurance policy to further protect each partner's family should an accident happen to someone at a property or restaurant the group owns.

In addition to an operating agreement and a separate business entity, you and your partners should also establish a formal exit strategy. One I'd suggest exploring is a buy-sell agreement, which provides specific guidance on how partners can buy one another out if someone needs to sell their stake, and rules of how to determine the value of each friend's investment.

A good buy-sell agreement will also establish guidelines for how to handle the unexpected, like if a partner gets sick or dies. If you don't have a buy-sell agreement, you may have another family member become your partner by default. You may not like that change so it's best to iron out what will happen before you invest.

Beyond all the legal stuff, be sure to carve out time for meetings with your investment partners about the business that are separate from your friendship. That way, when you have quality time together, you won't risk letting business issues take over. ▲



# The Heart of Banking? Relationships.

Successful client relationships come down to a few common elements, as shown by Regions Commercial Relationship Manager Stuart Tubb.

Regions Commercial Relationship Manager Stuart Tubb had been calling on a defense contracting company to earn its business. The company was being serviced by another bank; however, this bank had not devoted much time to cultivating a relationship with the CEO. The timing was right to introduce Regions and the services we could bring to the table.

Stuart eventually established a Commercial relationship with the company and began to inquire about the CEO's individual banking needs. He then introduced the CEO to Regions Private Wealth Management. After several meetings, the CEO established a $1.8 million investment management agreement.

The success of this client acquisition was due to Stuart's willingness to bring in partners from across the bank. He not only identified a need of the prospective client, but he also saw an opportunity to further the relationship with another banking partner. Ever since the establishment of the relationship, the company's CEO has leaned on Regions to service his needs, both commercially and for private wealth management.

PIRANKA/GETTY IMAGES

Our experienced associates make it easy to prioritize what matters most to you. From credit and risk management to liquidity and wealth management services, your Regions team can work together to provide solutions tailored to your business and personal needs. Take on today knowing tomorrow is taken care of. **Let's talk.** ▲

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