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MARQUIS BANK: SUCCESSFULLY EXECUTING ITS VISION

The Marquis Bank executive team, led by Chairman and CEO Javier Holtz (center), on the construction site of one of its commercial loan projects.

TWO DECADES OF KEEPING UP WITH CHANGE

Cypress Trust Company was founded in Palm Beach, Fla., in 1996, during a period of hyper bank merger and acquisition activity. During this historic period in U.S. financial history, many traditional trust departments were consolidated, talented trust officers were displaced, account loads were increased to unserviceable levels, trust fees were raised, small trust accounts were eliminated, and many irrevocable trust accounts were forced into 1-800 call centers located in other states.

“Our founders felt that many of the trust and investment management clients who were negatively impacted by ‘merger mania’ would value the opportunity to do business with a local firm that offered traditional fiduciary and investment management services provided by competent people they knew and respected,” said Dr. Jayaram (Jay) Chigurupati, chairman and CEO. Cypress Trust Company received its charter to transact a general trust business from the Comptroller of Florida and Commissioner of Banking Oct. 23, 1996.

Cypress Trust Company’s philosophy of building trust and investment management solutions that meet clients’ unique needs and preferences, and its commitment to providing highly personalized service, differentiated it from its bigger competition. In addition to attracting clients from throughout Palm Beach County, the company also drew from

the Treasure Coast and Southwest Florida. To better serve those clients, a second Cypress Trust Company office was established in Vero Beach in 2005, followed by a third office in Naples in 2006. To better serve its growing client base in Central Florida, a limited facility was established in Winter Haven in 2008, later becoming a full-service office in early 2013. In addition to these offices, Cypress Trust Company also has representation in Sarasota and The Villages.

When Cypress Trust Company received its trust charter in 1996, little did its founders realize what the next 20 years would bring in terms of administration and estate planning.

“Looking back on key developments, we have all seen some pretty considerable changes take place,” said Joseph C. Pauldine, senior vice president and market executive-Palm Beach. “Business practices, policy and regulation, the economy — they’ve all played a significant part in shaping how individuals at any level of wealth plan for their futures and legacies.”

“A million dollars isn’t what it used to be.” This somewhat light-hearted idiom carries a few different sentiments. People approaching retirement in the 1990s felt much more comfortable with the prospects of a million dollars being enough to last the rest of their lives. The average life expectancy for today’s “near-retirees” is about eight to 10

years longer than the generation before them. So even without inflationary factors, the need to accumulate and preserve wealth has increased. No surprise, the average retirement age has moved upward by about five years in the same time period.

“We have also seen business practices change when it comes to defining ‘wealth,’ particularly in the form of rising account minimums,” said Pauldine. “Several trust companies have set the bar at \$3 million, \$5 million or in some cases \$10 million. Even families with a well-crafted estate plan could face challenges with finding a trust company willing and able to provide local, personal service if the assets are below these



Members of the Cypress Trust Company Team. Photo Credit: Capehart

“We are very proud to be celebrating 20 years of providing local, personal service in our communities and look forward to navigating both expected and unexpected change in the years to come.”

Samuel W. “Sam” Hart,
Chief Fiduciary Officer and
Market Executive-Winter Haven

levels. The founders of Cypress Trust Company saw the growing need to service these families, even 20 years ago.”

There have been a number of changes in the regulatory environment area as well. The highest estate tax brackets went from 55 percent above \$3 million in 1996, to repeal in 2010, and now to 40 percent above \$5.45 million. The Terri Schiavo case brought increased awareness to the importance of advanced health directives beyond the right-to-die cases that preceded it. The Defense of Marriage Act was enacted as federal law in 1996 and then ruled unconstitutional in 2013, thus paving the way for recognition of same-sex marriage throughout the United States in 2015. These are but three examples of some of the more highly publicized regulatory changes during the past two decades that have reshaped the planning environment.

There is one area in particular, however, that hasn’t garnered the same level of awareness. Directed Trusts have grown in popularity in recent years, fueled in part by grantors’ desires to split trustee responsibilities and duties among different entities, especially in irrevocable trusts. For example, with a Directed Trust, a grantor may appoint one entity to perform administrative functions, while assigning the duties of investment management to another.

Recent amendments to Florida statutes have furthered this approach by beginning to define the level of oversight required of the trustee. Prior to the new amendment, using the above example of a grantor appointing separate entities for administration and investment management, there was concern as to the responsibility of ultimate oversight. A number of trust companies, including Cypress Trust Company, have developed service offerings in support of Directed Trusts. In these cases, families have the ability to maintain, perhaps, a long-standing investment relationship, while a corporate trustee handles the administration.

“Economic changes have played more than just a passing role in the past 20 years — the technology and housing bubbles being two of the more noteworthy events,” said Brian Skarbek, chief investment officer. “The struggle to find income has been particularly difficult with interest rates at near zero levels for the last seven years, making the challenge to replace income in retirement that much more difficult. Investors have opened up to options

beyond traditional fixed-income instruments, such as U.S. high-yield debt or foreign debt, as well as taking additional risk and/or extending duration. Working with individual clients to customize an investment strategy is one of the founding principles of Cypress Trust Company.”

Cypress Trust Company is not a bank nor is it owned by a bank. The company does not offer checking or savings accounts, make loans, offer mortgages, issue credit cards or provide brokerage services. It is a trust and investment management company. As an independent boutique corporate fiduciary the company focuses exclusively on services for successful individuals and their families, non-profit organizations, foundations and endowments. These services include creating customized investment strategies; serving as a corporate trustee, personal representative or agent during estate settlement; and serving as an administrative trustee for clients already committed to an investment plan.

The team at Cypress Trust Company can be contacted directly and are open to reviewing all types of opportunities to determine how they may be of service.

Members of the company’s board of directors are entrepreneurial, interdisciplinary businessmen and attorneys with interests in financial services, healthcare and as global providers of banking, financial, advisory, investment and funds management services. The senior management team and local leadership have an average of 30 years’ experience in trust and investment management services.

“All associates are salaried employees, not commissioned,” said Patrick Dillon, chief financial officer and chief operations officer. “Our clients never have to question whether the solutions we are recommending are in their best interests or ours because of the way we may be getting paid. We are a corporate ‘fiduciary,’ and as such, we are held to a higher standard. Our mandate is to always put our clients’ interests ahead of our own.” ¶

Cypress Trust Company continues to consider offices in other special Florida communities where its philosophy of building trust and investment management solutions that meet clients’ unique needs and preferences and its commitment to providing highly personalized service would be valued. For more information, please visit www.cypresstrust.com.