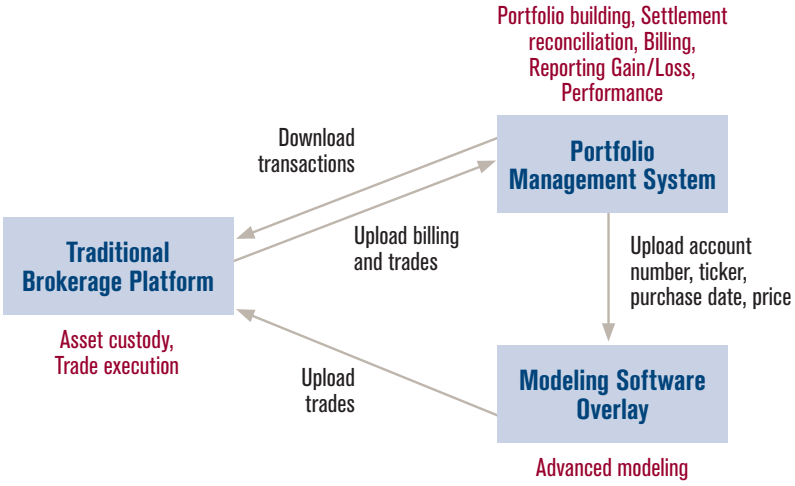
Integration and Its Effect on Time and Effort

Current market conditions have put a real squeeze on fee-based advisory firm profitability. So how do you increase your profitability? While there are many different approaches a firm can use, an effective approach is to build efficiencies into your firm operations. Better yet, build in scalability — in other words, efficiencies that can grow with you. The industry press tells you that you achieve efficiencies and scalability with integration. But what does this mean? And is all integration equal?

Traditional Custodians

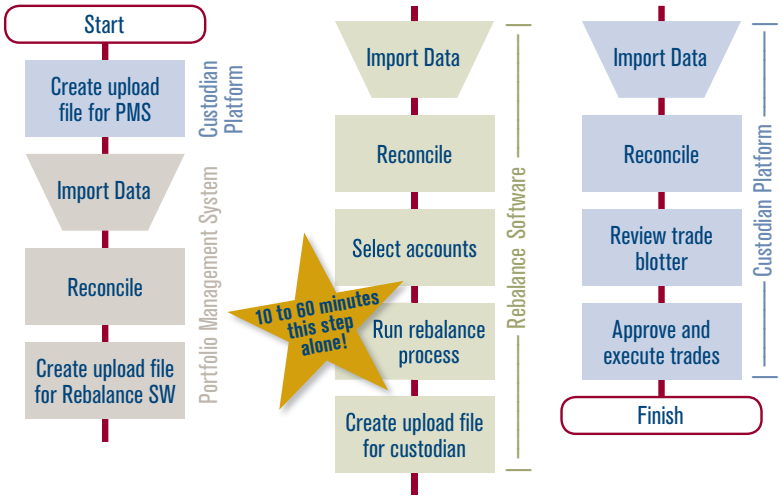
Custodians, such as Schwab, Fidelity, TDAmeritrade, and Pershing, are traditional brokerage platforms. These legacy platforms were built for processing individual client trades one at a time. In order for these platforms to provide efficiencies and scalability, you or your custodian need to add functionality. So you integrate new software programs with the brokerage platform. To achieve integration, portfolio management and rebalancing software must pass data to and from the brokerage platform to perform their functions.



Typical Workflow

While there are many variations of the workflow for these 'integrated' platforms, they all have one thing in common — the need for data transfers and reconciliation. For illustration, an advisory firm with a brokerage platform custodian uses a popular portfolio management system and recently added new rebalancing software to reduce the time spent on account maintenance. To rebalance all of their accounts requires a thirteen step process. The single step of running the rebalancing process is approximately 10–60 minutes[1] by itself, so the entire process can easily take a large portion of an employee's day.

Along with each step taking up time and effort, each data import introduces the possibility for error. As the markets changes or new cash is deposited in accounts, this system may also have an advisor, or their software, building trades based on old information.



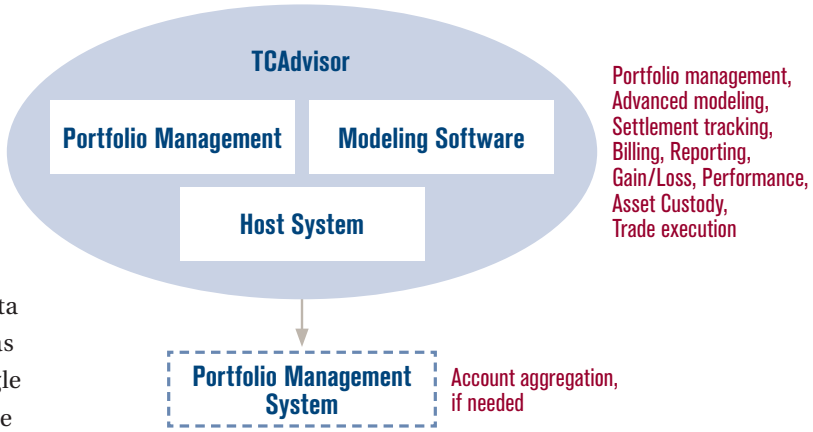
[1] "15 to 60 minutes to rebalance 1,000–50,000 accounts" source Tamerac email

TRUST COMPANY OF AMERICA PROVIDES CUSTODY AND TECHNOLOGY SERVICES TO FEE-BASED REGISTERED INVESTMENT ADVISORS.

Trust Company Alternative

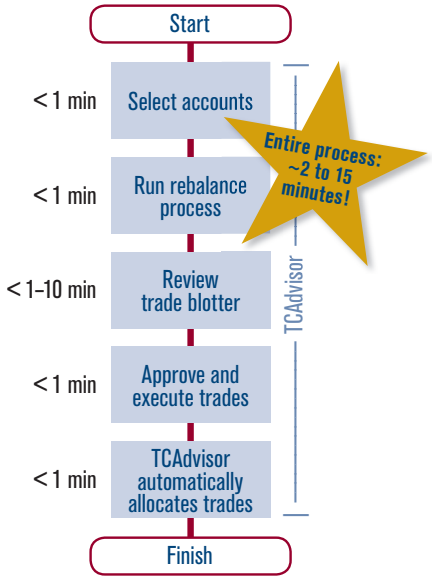
Not burdened by legacy systems, Trust Company of America built a custody and trading platform from scratch. Using a modeled portfolio as the base structure, client accounts are associated with models opening up a whole new approach to managing client accounts.

Effectively, TCAdvisor combines trading, portfolio management, and rebalancing software into a single, web-based interface that talks directly to the host system. There are no data transfers and no reconciliation, saving time and effort as well as reducing risk and the potential for errors. This web-based, single application also means real-time position data where trades are built on actual host data, not information uploaded earlier.



Reduced Workflow

Using TCAdvisor, data transfers are not required, significantly reducing the time and effort to implement the workflow. For illustration, let's look at the same advisory firm using uses Trust Company of America. To rebalance all of their accounts, they only need to follow a five step process — start to finish. Each step can take only seconds to complete. In a matter of minutes, all accounts are rebalanced and the resulting trades are built, and sent for execution. Whether you have 1,000 or 50,000 accounts, it is the same process, the same time — within seconds — and the same effort.



> "The flexibility Trust Company offered made our concept of multiple strategies for client accounts real because prior to TCAdvisor, the approach was too labor intensive to be practical on anything more than a limited basis."
>
> Jerry Wagner, PRESIDENT, FLEXIBLE PLAN

Provides flexibility.

Allows you to implement investment strategies without regard for operational concerns.

Save time.

Reduces the time necessary to rebalance, or even to invest new money or raise cash for distribution and fees.

Reduces risk.

Eliminates lag time so trading decisions are made on current market and account conditions.

Increases profitability.

Creates back office efficiencies and more importantly, scalability, so your practice can grow without adding additional operations headcount.

ASK US HOW YOU COULD BENEFIT FROM A SINGLE APPLICATION TODAY.

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