

Thinking Outside the (Penalty) Box *Options for Wirehouse Advisors Considering a Breakaway*

Slashing.....**Penalty Box**.....**Breakaway**.....typically these terms are associated with a hockey game, but in this case they relate to what is happening to some experienced advisors in the financial services industry, particularly ones affiliated with the larger wirehouse firms.

These firms are **slashing** payouts and placing advisors in the “**penalty box**” prompting many of them to **Breakaway**. Some experienced advisors who are considered underperforming (according to wirehouse standards under 400k in production), are seeing their payout cut dramatically, in some cases, as low as 20%.

Feeling the squeeze financially, along with the pressure to increase production within the confines of a wirehouse, puts an advisor in an uncertain and uncomfortable situation. The good news is that many advisors are finding a safe haven within the independent channel.

In addition to the obvious benefit of an increased payout, advisors who have made the move to the independent channel find it welcoming and supportive. The focus is less on quota and production level, and more on quality of business and client relationships. This shift in culture can have a positive effect on the advisor and their clients. For those advisors who may find themselves in the penalty box of a wirehouse, having a clear understanding of the options and opportunities available is an important first step in making an informed decision regarding a potential transition to an independent platform.

- 1. Go Solo:** If the entrepreneurial fire is there, advisors producing over \$250,000 can consider hanging their own shingle up with an independent broker-dealer or by establishing their own RIA. In order to go this route, it is important to understand that you will be taking on the role of business owner and financial advisor and the expense and responsibility that goes along with it.
- 2. Team Up:** There is comfort in numbers; consider joining forces with other advisors thinking about taking the independent route as well. In addition to sharing expenses and business responsibilities, having the ability to tap into other’s skill sets can be beneficial. Transitioning as a group may also boost negotiating power when it comes to payout and other transition assistance.

3. Join an established independent firm: Growing independent firms are always looking to recruit experienced advisors who want to make a transition to an independent platform. This can be an attractive option for an advisor in the penalty box as it allows an advisor to plug into an existing infrastructure and often involves less of a financial and time commitment for the transition. Keep in mind that firms will differ in terms of business structure, affiliation models, platforms, methods of compensation and product/service(s) offering.

4. Fill the role of Successor: As the advisor population grows older, many advisors are in need of experienced and qualified advisors to potentially transition their business. This could be a great opportunity for an advisor looking to grow by being the successor for an established practice. For the transitioning advisor, finding the right fit is key and often new advisors will need to work within the firm for a certain period of time to ensure that it is a good match. Many broker-dealers are providing support and have developed programs to help structure and finance deals for transitioning advisors.

5. Take a support role: You may have come to the realization that being an advisor is not for you, but you enjoy other areas of the industry where you can put your skills to good use. As independent firms grow, they have a need for experienced support people to fill various roles in areas such as financial planning, operations or compliance support and may open the door for an opportunity to become an integral part of a growing firm.

For experienced advisors who may find themselves at crossroads at their current firm, there are many options available that can improve their bottom line as well as improve their career objectives and quality of life. It pays to be proactive and explore options on your own terms and not under pressure.

If you are a financial advisor considering making a transition or an independent firm looking to grow, please call us toll free at 855-464-4634 to set up a no obligation, confidential consultation or visit www.GoingIndie.com.

