



THE ESSENTIAL
GUIDE TO
INDEPENDENCE

Discover how you can build your practice
and serve your clients on your terms



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AS A FINANCIAL ADVISOR, POSSIBILITIES ARE AT THE HEART OF EVERYTHING YOU DO.



Whether it's helping your clients reduce their debt, put their child through college, or fulfill a bucket list dream, you're equipping them with the tools they need to envision a future of possibilities. **You deserve to invest in your future, too.**

With 98% of investors seeking more holistic guidance¹ to reach their key life milestones, there's never been a better time to explore your own possibilities. And no better place to look than the independent model.

Known for offering advisors greater flexibility and control over their practice than traditional employee models, independence gives you the tools you need to build your business on your terms.

For example, what if...

- Your wealth management firm offered dedicated support to help you strategize, scale, and grow?
- You owned your client relationships and could monetize your practice?
- You could keep more of what you make?

71%
of advisors prefer
the independent
model, but only

44%
of advisors
are currently
independent

Intrigued? You're in good company. An overwhelming majority of advisors, 71%, say they prefer the independent model, but only 44% of advisors are currently independent.² What's holding them back?

For some, it may be a misconception that independence is an all-or-nothing endeavor instead of a spectrum of flexible options. They're asking questions like: *Will I be on my own, or will I still have access to some back-office support? Will I have to manage the startup and ongoing daily operations of running my business? Will I be responsible for making all the decisions?*

For others, it may be fear of the unknown. *Will my clients come with me if I leave a big-name firm? Will I be able to generate enough revenue to thrive? Will the transition be too much of a hassle and too time-consuming?*

If these questions sound familiar, continue reading to learn more about the possibilities independence could unlock for you and the business of your dreams.

1. Accenture Wealth Manager Consumer Report (2021)

2. Cerulli: U.S. Broker/Dealer Marketplace 2022



PART ONE

WHAT COULD INDEPENDENCE MEAN FOR YOU?



Advisors who start
or manage their
own business (1099)
typically receive
payouts between

80-90%+

Your clients come first

- **Avoid the pressure of offering proprietary products.** Independence offers access to in-depth research and non-proprietary products so you can act as a fiduciary for your clients.
- **Harness the power of open architecture.** It's difficult to meet clients' unique needs with one-size-fits-all technology and investment platforms. Independent firms offer more flexibility to choose the tools and strategies that work best for you and your clients.
- **Choose your clientele.** Without small-account restrictions or asset minimums, you're free to work with whomever you wish, from individuals just starting their investment journey to high-net-worth clients.
- **Own your client relationships.** Your clients are yours—period. If you decide to transition to a different wealth management firm in the future, you're free to take your clients with you.

Build your business, your way

- **Build your own brand.** Instead of promoting another firm, you're free to create a brand identity, mission, website, and differentiated service experience that's authentically yours and reflects your values.
- **Define growth on your terms.** You have the freedom to determine the pace and scale of your growth, and the option to engage strategic consultants to help you recruit and train staff, optimize marketing, explore M&A, and prepare for retirement.
- **Evolve your business over time.** Your business isn't static. Independence gives you the flexibility to explore—and potentially shift to—other business models as your clients' needs and your goals evolve. This could mean:
 - Starting a solo practice
 - Joining an existing independent firm
 - Building an enterprise
 - Practicing as a dual registrant who combines both commission- and fee-based business
 - Adopting a fee-only model under a partner firm's corporate RIA or your own newly established RIA

Increase Your Earning Potential

- **Keep more of what you make.** National wirehouses or comparable W2 payout ranges can be from 30% to 55%. Firms may restrict payment on certain client types, and some payout may be in the form of deferred compensation. National and regional broker-dealers are only slightly better at 40% to 60%, Cerulli says.
- Conversely, independent firms tend to provide advisors with a higher payout on average:
 - Advisors who start or manage their own business (1099) typically receive payouts between 80% to 90%+.
 - RIAs have 100% payout on client billings, and pay for the support and services they select to use.



“It’s so nice to be your own boss, but I don’t feel like we’re on an island by ourselves.”

- Paul Cohen,
Chairman & CEO,
Marest Capital

Flexibility to offer personalized solutions

Delivering a personalized experience that combines the efficiency of digital integrations with the human touch can be a powerful differentiator. **Running your own business gives you the freedom to choose the technology solutions and the investment strategies that work best for you and the clients you serve, and ultimately, helps you foster deeper client relationships.**

By removing the limitations on your technology solutions, you choose how to connect with clients and provide them access to their financial picture. And again, there are added benefits to your business, as there are many tools that will save you time and streamline your business.

With this flexibility and freedom of choice, you’re able to:

- Design investment strategies for a wider range of clientele and client accounts of any size
- Access a spectrum of non-proprietary investment products, including alternative investments, insurance, and annuities
- Customize a technology stack that best meets your needs for running a business and connecting with your clients—without paying for features you don’t need
- Automate time-consuming processes, such as account opening and management, document imaging, transaction execution, and account rebalancing

Support to build your perfect practice

As an independent financial advisor, your success depends on both autonomy and support. From the technology you use every day to the compensation you receive, from the ease of placing trades to the helpfulness of the service center, choosing the right wealth management firm can make your life smoother.

Not every firm offers a full-service experience that can streamline your business and make it even easier. Consider some of the benefits of a complete wealth management firm:

- **Self-clearing:** Eliminate third parties and competition for your clients, streamline compliance, and reduce costs—with savings passed on to you through better payouts and reduced fees
- **Compliance and risk management:** Stay ahead of ever-changing rules and regulations so your business stays protected
- **Business solutions:** Outsource the day-to-day operations of your practice with access to a full suite of support services and strategic expertise for marketing, administrative, technology, and growth consulting
- **Wealth management:** Serve your clients’ best interests without needing to use proprietary products or services



PRO TIP

If you’re not sure which affiliation model is right for you, the wealth management firms you’re considering should be able to help you evaluate your options and provide the perspective necessary to make an informed decision.



“When we were at our previous wirehouse, we felt they lost their way, and no longer focused on the client. We wanted to create a better client experience, and find a better home for our clients. When we set out on the journey to do that, it really opened our eyes to what was out there.”

- Brian M. Lynn, CFP®, Managing Partner, Claritas Financial Partners

Control your legacy

Maximizing your practice value when you retire

One of the most fulfilling aspects of being a business owner is being able to make the most out of the business you’ve spent your career building, while leaving a financial legacy for you and your loved ones with the retirement value of your book of business.

In the independent channel, you have a greater chance of maximizing the value of your business when you’re ready to sell. Privately owned books can be sold in the open market and are often more attractive to buyers. By increasing your sales potential, you also increase the likelihood of receiving a competitive sales price. And you can save more of what you receive by structuring the deal as a capital gain as opposed to ordinary income, which can be a significant cost differential.

Succession planning

Depending on your firm’s policies, you may be surprised by how little control you have over choosing your successor. This is a concern for advisors who want to ensure the handoff is smooth and the new advisor is a good fit for their business model and clients.

On the flipside, if you transition to independence, your firm can help support you with strategic succession planning that’s in the best interest of you, your clients, and your legacy. And when the time comes, you can often lean on them to find the right buyer and help facilitate the process.



MISCONCEPTIONS VS. REALITIES OF GOING INDEPENDENT

MISCONCEPTIONS	REALITIES	DUE DILIGENCE QUESTIONS
Running a business will be too time-consuming and I won't have enough time to focus on my clients.	Being independent doesn't have to mean being on your own. Most wealth management firms offer varying degrees of support for the day-to-day tasks of running a business. Outsourcing these items to a trusted partner frees you up to engage clients and prospects and build lasting relationships.	<ul style="list-style-type: none">▪ What business consulting and outsourcing solutions do you offer?▪ What's the price?▪ Do I qualify to take advantage of these services, or are they tied to AUM minimums?
I'll lose the name recognition of a well-known firm.	Your clients are with you because of you, not your firm. This is your chance to offer a small-firm feel and control how you're represented in the market while leveraging the economies of scale of an industry leader to serve your clients.	<ul style="list-style-type: none">▪ How long has your firm been in business?▪ What's your regulatory record?▪ Do you provide information about your firm to help me position this transition with my clients?
I will have to start from scratch.	Some firms offer a breakaway solution that combines the freedom and flexibility of entrepreneurship with hands-on business services and support.	<ul style="list-style-type: none">▪ Do you have a breakaway solution?▪ Would I own my client relationships?▪ What services and support are included?▪ What is the cost?
I won't have a steady paycheck or the employee benefits I'm used to.	Some firms offer a W2 model, allowing you to focus on your clients and earn a guaranteed salary with access to employee benefits without having to manage the responsibilities that come with running a business.	<ul style="list-style-type: none">▪ Do you offer a W2 model?▪ Would I own my client relationships?▪ What would my payout be?▪ Would I be able to monetize my book in the future?▪ Would I have control over my brand, clientele, and product offerings?
Transitioning to a new firm is too difficult.	Moving from one firm to another is a big commitment, but most advisors have very successful transitions and client loyalty remains high—especially with the right support.	<ul style="list-style-type: none">▪ How long will it take to transition a firm of my size?▪ What type of training and hands-on support do you provide?▪ What percentage of my book will typically transfer?

A man with a beard and glasses, wearing a blue suit jacket, white shirt, and patterned tie, is sitting in the back of a car. He is smiling and looking down at a smartphone in his hands. The car's interior, including the headrest and window, is visible in the background.

PART TWO



CHOOSING YOUR IDEAL PATH

Determine what independent business model works best for your business

The numerous possibilities advisors can explore in the independent channel is an exciting proposition for those who want to break free from restrictive models and gain access to more options and greater opportunities. For others, stepping into a world of new possibilities can be somewhat overwhelming. After all, getting to call the shots is great, but how do you know which shots to call and when to make them?

Thankfully, going independent doesn't mean going it alone. Independent firms are consultative by nature and want to be a trusted partner you can rely on throughout your career. They successfully transition advisors like you every day and are well versed in the particular ins and outs of the process and can easily draw on their deep knowledge and experience.

Before you start talking with a firm, get to the heart of your why. The following questions can help you determine a clearer picture of what you want from a potential move to independence, and lay out your priorities for an independent firm and business model.

- Why are you considering a move? What will it mean for you?
- What drew you to your current firm? What's changed?
- What activities do you enjoy most in your business? Least?
- What does growth mean to you?
- What level of autonomy are you seeking?
- Do you prefer to have all your services packaged together and coordinated, or do you enjoy building your own suite of options?
- When you think about explaining a move to your clients, what do you anticipate their reaction to be? What questions will they have for you to address?



AFFILIATION PATHS

Once you've identified your priorities, compare the different ways you can reach your goals and determine the right business model for you. You may see yourself in more than one, and that's okay. In the independent space, with firms that provide a full spectrum of affiliation models, you're free to change paths as your career and professional goals evolve.

TOP BENEFITS

THINGS TO CONSIDER

Employee model

As a solo practitioner or team, you want to continue to operate as a branch employee, but with better economics and more control over your business.

- Gain more freedom and control of your business and client relationships
- Receive a guaranteed salary and get access to full HR benefits
- Earn a higher payout than the average wirehouse offering
- Rely on a dedicated support team for transition, service, marketing, and administrative support

- Not designed for advisors who want to take more control over their business, including office setup, establishing and managing their technology infrastructure, and selecting custody providers
- Payouts and levels of support vary between firms

Break away from the W2 model with full support

You're ready to start your own business but want turnkey support in managing and running it.

- Own your client relationships and business
- Get full practice management support provided by a team of experts that may provide support in areas such as office administration, technology, marketing strategy, and finance
- Have the ability to monetize your practice when you're ready to retire
- Grow at your pace and scale
- Some firms offer simplified, bundled pricing

- Minimums required for full concierge support
- Whether you want to select outside parties or hire internally for support functions

Traditional independent advisor and business owner

You're comfortable being an independent business owner and functioning as a CEO.

- Own your client relationships and business
- Maintain autonomy while having access to back-office and compliance support
- Opt into value-add offerings
- Monetize your practice when you're ready to retire
- Grow at your pace and scale

- What functions of the business you want to manage and what you may want to outsource to your firm or a third party
- Your firm's ability to help you scale your business as you grow

(continued on next page)

AFFILIATION PATHS

continued

TOP BENEFITS

THINGS TO CONSIDER

Registered Investment Advisor (RIA)

You want maximum control and autonomy over your business.

- Get the greatest degree of freedom and flexibility
- Serve as a fiduciary to your clients
- Maximize your payout and earning potential
- Build value in your business
- Opt into value-add resources, including compliance and risk management, or handle in house

- Hybrid RIAs can offer commissionable business as well as advisory services because they maintain registrations with FINRA, a broker-dealer, the SEC, and a custodian
- Whether you want to take on the responsibility of managing your own compliance
- Some custodians offer independent RIAs solutions for purchasing and servicing their commissionable business

Join a branch office or enterprise

You want to have your own business, but like the idea of tucking into an established branch for support and scale.

- Focus solely on serving clients
- Plug into existing infrastructure instead of building your own
- Participate in peer groups for career development, practice management, and fresh ideas
- Leverage a built-in network for M&A and succession planning
- Lean on branch management for advocacy and support

- Overall satisfaction with the branch's wealth management firm and clearing firm (if applicable)
- Level of support you'll receive
- Degree of control you'll have over your brand, client relationships, tech stack, and product offerings



“I’ve heard, it sounds sort of cliché. If I’d known what it was going to be like to be independent, I’d have done it a lot sooner.”

- Michael K. Ashworth, CFP®,
Managing Director,
Ashworth Financial Group

What to look for in a wealth management firm

Your wealth management firm is critical in providing the business model, resources, and guidelines that allow you to run your best possible business. While multiple factors will affect your decision, there are some key characteristics all firms should share. You can get a sense of a potential firm’s fit through preliminary discovery.

- Visit [BrokerCheck](#), FINRA’s free, online resource to help you research each firm’s regulatory actions, arbitrations, and complaints.
- Reach out to industry professionals, recruiters, and affiliated partners of each firm and ask about their respective experience.
- Review press coverage and feedback to get a sense of each firm’s reputation and track record with financial advisors and affiliates.
- Review each firm’s website, marketing materials, and mission statements to get a sense of their values, offerings, and recruiting strategy.

Regardless of which firm you choose, you should feel confident in their ability to help you stay competitive. If they can’t give you access to the valuable tools, experience, and support that financial advisors of similar size, scale, and operational model are accessing, your practice will struggle to retain and attract clients.



Advanced technology, tools, and platforms

Adaptive, flexible technology is essential to help you keep up with market changes and digital trends. Choosing a firm that makes significant investments in their advisor tools and investor technology can help you streamline your business and increase your value to your clients. As you evaluate firms, consider asking the following:

- What technology capabilities are you investing in for the future?
- How can your digital platforms help my financial practice increase efficiency while remaining cost effective?
- Can I see a demo of your current tech capabilities and how they support and integrate with best-in-class reporting tools and platforms?



Service and support

You want to feel confident relying on your wealth management firm as a one-stop shop for anything you need to manage your business, including:

- **Client service teams** who serve as a direct extension of your staff and can address your needs quickly and efficiently with minimal disruption.
- **Research insights** to help you stay on top of trends and effectively guide clients, particularly in times of market volatility.
- **Marketing capabilities** that can help you attract and connect new prospects to your independent practice to grow your client base.



Business consulting and open architecture flexibility

You're not just looking for a firm to transact your business, but a thought leader who can help you reach your goals. Consultative support and an array of options within an open architecture framework are invaluable to helping you make adjustments to your business model and service offerings as your business and clients' needs evolve. Make sure you're clear on what's available as you evaluate prospective firms in regard to flexible business models, strategic support, practice management, and business services.



Financial stability and access to capital

A firm should be able to meet your needs now, and have the scale and capabilities to get you where you want to go. A firm is able and willing to support your growth opportunities by providing access to capital. Assessing a firm's strength and stability, and their reputation for how they distinguish or promote themselves in the industry, matters both in the short and long term.



Commitment to your vision for the future

Aligning with the right firm for your practice is essential in helping you keep your business competitive while optimizing every aspect of independence. With a wealth management firm that stands behind you in supporting your clients, respects your business's goals, and provides the right support to help you attain them, you can continue growing with confidence at every turn.

YOUR OPTIONS AT LPL FINANCIAL

With LPL, there is no one-size-fits-all or one-size-fits-forever model. No matter what independence looks like for you, we have a solution to help you pursue your goals now and in the future.

Employee model: Linsco by LPL Financial is a modern W2 solution that embraces the spirit of independence without all the responsibilities that come from running a business. You're empowered to create your own perfect practice where you can build value, own your client relationships, control your brand, and choose how you want to grow—on your own terms. And best of all, you receive all of the benefits of a fully supported W2 model, but with better economics compared to a typical wirehouse or regional model.

Join an existing office: If you want to explore independence but aren't ready to take on full business ownership, we can help you find an existing office or advisor network where you can pursue your goals.

Supported independence with business ownership: Strategic Wealth Services enables you to gain control over your business, book, and clients. We handle virtually all aspects of the launch of your business, from startup capital to office set-up, and help

you run it moving forward. With a dedicated team of specialists working on your behalf, you'll experience a greater level of coordination and integration that makes running an independent practice more seamless.

Traditional independence: Our Corporate RIA model gives you unprecedented scale, plus the freedom to run your business and manage your clients with our full support, including an exceptional service team, compliance and risk management, technology, and practice management and growth resources.

RIA custody: Working with LPL gives you the greatest level of freedom and flexibility for you to run your business with complete independence, leveraging our custody platform with the additional benefit of accessing a wide range of services to help support your business and goals. And, if you want to continue conducting brokerage business, you can combine brokerage and custody services with LPL as your centralized provider.



PART THREE

COMPLIANCE & LEGAL: WHAT TO EXPECT

What will your new firm permit, and what will they do to make your job and transition easier?



With each firm having unique terms for advisors, it's not always easy to understand the risks and associated implications of a transition. Working with an attorney can help you identify and evaluate any watch-out items with your existing contract at your current firm, as well as explore opportunities to improve the contractual agreement with the new firm you're considering.

If you don't have an attorney, the firm you are looking to join can often connect you with outside legal counsel and potentially help cover the cost to review your situation with your current firm.

Legal counsel can provide guidance on your contractual agreement including non-compete clauses, client relationship ownership, client communications, data privacy requirements, and more. You may also want to be mindful of how your current firm has handled other advisors who transitioned to an independent firm.

Once you iron out all the details and feel confident about making a move, you'll want to understand how the compliance practices of the new firm may impact your business and financial goals. While some policies will be in place to protect you and your clients, other policies may actually hamper your ability to do business on your terms. Take care to understand those policies and procedures and why they're in place.





PRO TIP

Most firms continue to pay out for either **30, 60, or 90 days** after resignation. Finding out the exact time period, as well as when you can expect commission payments at your new firm, can help you better plan for your own short-term financial picture.

LICENSES AND REGISTRATIONS, PLEASE

You may need to obtain additional licenses before conducting business at your new firm. For example, if you decide that along with this change you'll be implementing a fee-based practice as an investment advisor representative (IAR), you'll need either your Series 65 or 66. Or, if you're going to manage branch activities at your new firm, you'll need to pass the Series 24 exam.

Ask questions

Long before you commit to a new firm, there are a number of significant topics you should review with your attorney. The following is a list of potential items to discuss with your legal team to help ensure a smooth move to independence:

Competitive issues

- Do I have a non-compete and/or a non-solicit with my firm or others at my firm and if so, how does it affect my transition?
- Is my firm considered a Broker Protocol or non-Broker Protocol firm? Even if it's a Broker Protocol firm, do I have other agreements with competitive restrictions that fall outside the Broker Protocol?
- What am I allowed to say to clients, if anything, prior to leaving my current firm?
- Am I able to send out an announcement letter or tombstone letter to clients after joining my new firm? Can I call them?

Resignation

- Should I give notice to my firm that I am resigning?
- If I should give notice, what details should I include?
- Does my prior firm need to tell my clients where I went under FINRA Regulatory Notice 19-10?
- What's the best method of resignation (email, letter, or phone call)?

Customer privacy

- What does state law or Regulation S-P say about my ability to provide customer information to the new firm or vendor assisting with my transition?
- Do I need to obtain client consent before I share information?
- How do I handle my client files (electronic and paper) that may exist in CRMs or other vendor platforms?
- What does my current firm consider to be customer information/documents that I can't take?

Commissions

- Is there a provision in my contract/agreement that governs how long my current firm will pay me commissions/revenue?

Additional legal considerations

If you decide that going independent means starting your own business, you'll want to ensure you're maintaining certain benefits you're used to as an employee. Running your own business also means figuring out how you're going to structure it. Will you keep it simple and start a sole proprietorship, will you form it as a partnership, or will it be more advantageous to start an LLC or C-Corp? There are advantages and disadvantages to each business structure, and you'll need to carefully review what's best for you, especially over the long term. Your counsel and/or accountant can also help direct you toward the decisions that are aligned with your goals and expectations.



“We get the feel of independence. We own our own business. But we have the support of everyone in the background making it happen. We’re independent advisors who have healthcare and a 401(k).”

- Tracy Applewhite,
Senior Vice President,
Financial Advisor,
Applewhite Tyll
Retirement Planners

Keeping compliant

The financial services industry is highly regulated, and certain policies around compliance and risk are often similar, if not identical, from firm to firm. However, firms may handle and interpret rules differently, and it’s important your firm recognizes how to be compliant and maintain an advisor-friendly approach.

Inquire about policies and resources in the areas most important to you. For example:

- If you and your clients are heavy social media users, find out what platforms are approved for use and what training requirements you and your staff will need to complete
- If you want a firm to advocate for the industry and advisors on Capitol Hill, ask what they do in that arena and how they’ve affected change positively in the past
- If you want to keep track of important regulatory notices but don’t have the time to do it yourself, see if the firm tracks and communicates these updates regularly

Protecting you and your clients: A responsibility LPL Financial takes seriously

To protect you, and ultimately your clients, LPL’s regulatory compliance and risk management programs help you stay ahead of ever-changing rules and regulations. The firm’s experienced team members provide customized support, training, oversight, and guidance to help you maintain a compliant business. Examples include:

- Assisting you so that what you send to the public is in compliance with communications rules and filed with our regulators if necessary
- Providing you with more automation and less manual work
- Meeting with you in our offices or at conferences to give you the guidance and support you need to be compliant and reduce risk
- Reviewing, distilling, and communicating the latest rules and guidelines

If LPL could be your ultimate landing spot, take note that the firm also offers an Outside Counsel Program, at no cost, so that you can explore your obligations even more fully, onboard client accounts more confidently, and have a deep understanding of registration day procedures and other policies that will be new to you as an independent business owner.

BROKER PROTOCOL? CHECK!

LPL is a member of The Protocol for Broker Recruiting (Broker Protocol), which was established to protect advisors who seek to move from one firm to another. If your old and new firms are members, you’re permitted to take the name, address, phone number, email address, and account title for every client that you personally serviced at the firm, subject to certain limitations such as for teams, partnerships, and retirement agreements.

If your firm is not a member of The Broker Protocol, consulting with legal counsel is key to determining an appropriate transition strategy. LPL helps connect our transitioning advisors to legal professionals who are well-versed in this area in an effort to make the process as smooth as possible. More information on The Broker Protocol can be found at <https://thebrokerprotocol.com>.

PART FOUR



TRANSITIONING FIRMS: WHAT YOU NEED TO KNOW

Changing firms doesn't have to be daunting





“It doesn’t matter at the end of the day what business you’ve done, or what clients you’ve gained. What matters is how you’ve taken care of them. You can hold your head up high, you can look yourself in the mirror, and know that you’ve done the best job for them.”

- Merri Carol Hall,
Senior Financial Advisor,
M & T Securities Inc.

The transition experience is often one of the largest barriers to making a change, but it can go more smoothly than you might expect. Of course, not every broker-dealer, wealth management firm, or custodian has the same transition process.

Some are thoughtful about collecting advisor feedback to make improvements to the process, some invest heavily in automation and technology to make the process more efficient, and some build their transition teams to keep pace with the growth of the firm. What matters most is finding a firm that has a deep understanding of the transition experience and focuses on ensuring minimal disruption to your business.

Find experienced service and support

Make sure any firm you consider shares exactly what the transition process entails and what they’ll do to help you along the way. Find out if the support relies on guidance and best practices or if there’s hands-on execution. If your new firm doesn’t prioritize your interests, you could experience client attrition, delays in asset transfer, and frustrations with learning new technology and procedures.

You’ll want to understand in advance whether their process aligns with your goals and expectations. Here are some important questions to consider:

- How will my clients be impacted during the transition, and what will your firm do to help minimize that impact?
- How long does the typical transition process take?
- How much of my book should I expect to transition with me in that amount of time?
- How will you ensure that I’m up to speed on your firm’s technology, platforms, and rules and regulations?
- Will you support me before, during, and after my transition? If so, how?
- How do you keep sensitive client data secure and protected during the transition?
- How much effort during the transition will fall on me and my staff?



PRO TIPS

If **certain clients** are no longer a good fit for you or your new practice, your new firm may offer solutions for servicing these individuals.

Since **required documentation, filings, and licensing requirements** can vary based on the states where you do business and the type of practice you establish, legal counsel can be invaluable in helping to ensure all documentation is in order, especially if you intend to establish your own RIA.

Be diligent

Independence gives you more control, which means fewer compromises. So make sure you have all the information you need about the process and plan ahead. With that in mind, the following are two key recommendations:

1 Develop a roadmap for your transition

Preparing for your transition is like developing a financial plan or investment strategy. You do this for your clients, and you should spend the same amount of time, if not more, on a plan for yourself. This plan should:

- Determine what success looks like for you and your clients.
- Document critical milestones and the unique needs of your business, staff, and client base.
- Outline what you can or can't do to prepare for the transition, in alignment with what you've discussed with legal counsel, especially in regards to collecting and organizing client data.

Ultimately, the more your plan reflects the unique aspects, challenges, and needs of your business, the more successful you'll be in communicating those needs to your new firm. That will enable the firm to better meet your expectations and set you up for a successful partnership.

2 Engage legal counsel

Review all new and existing contracts and agreements: The legal aspects of changing firms can vary, especially if you're moving to a new business structure or model. Engage legal counsel to help ensure you fully understand all of your agreements with your current employer (including any non-compete or non-solicitation clauses), privacy considerations for customer information, and how to prepare and execute all required legal documentation and regulatory filings. See the Broker Protocol section on page 18.

Your transition doesn't end on day one—or at least, it shouldn't

No matter how much you plan and prepare to be fully up and running on your first day with your new firm, there are always unexpected challenges.

Don't join a firm that will leave you hanging once you've onboarded. Find out whether the teams that helped you transition will continue to be available for you to offer additional guidance in the short and long term, depending on your needs. And when you do become fully integrated, will your support levels fall off significantly, or will you continue to be a priority?

THE TYPICAL TRANSITION JOURNEY

No matter what level of support your new firm provides, there's still a number of tasks you'll need to complete. However, it's a major red flag if your new firm doesn't offer customized training, provide you with a detailed transition plan, and help guide you throughout your journey. Here are some steps you can expect for your to-do list:

	W2 Employee or Independent 1099	Registered Investment Advisor (RIA)
Complete fingerprinting and update your U4	✓	
Prepare and file key onboarding documents, including your Representative Agreement direct deposit form, private placement/selling away memorandum, and ADV questionnaire	✓	✓
Prepare insurance and annuity appointment forms	✓	
Complete recommended and required trainings, which may include account opening, product-specific trainings, transition trainings to prepare for smooth/in good order accounts, and compensation reporting	✓	
Prepare for license transfer by submitting resignation to your current broker-dealer following your counsel's recommendations and notify your new broker-dealer immediately	✓	✓
Map advisory, brokerage, and direct business accounts	✓	
Choose which advisor- and client-facing technology solutions you'll leverage <i>(Note: Your new firm may have both in-house and recommended third-party vendors for you to use)</i>	✓	✓
Set up your office, if applicable (signage, computers and other equipment, and furniture)	✓	✓
Create a communication and repapering segment/prioritization strategy	✓	Only applies to top households and advisory clients (recurring revenue)
1. Top households		
2. Advisory clients (recurring revenue)		
3. Clients with direct assets—change of broker-dealer (trails and 12b-1s)		
4. Active brokerage accounts (commissions)		
5. Less active brokerage accounts		
6. Outside investment accounts		
Identify client account features:	✓	✓
<ul style="list-style-type: none"> Identify and track which clients have optional account features—recurring account distributions, online account access, RMDs, check writing services, and more. Take steps to prevent any lapses in distribution as a result of an account transfer. 		
Establish an organization system for incoming client paperwork. E-signatures are a best practice versus manual paperwork, and can help reduce not-in-good-order submissions.	✓	✓
<ul style="list-style-type: none"> Determine what role each member of your support team will play in that process. Track progress to monitor your completion, assist with managing outstanding documentation, and not-in-good-order accounts. 		
Create and submit marketing materials for approval (website, welcome letters, announcement videos, social media, printed collateral, email signature, etc.)	✓	

LPL FINANCIAL KEY METRICS

3,500+

LPL helps transition a large number of advisors each year: 1,611 transitions in 2020, 1,919 in 2021, and 3,609 in 2022

86%

The percentage of LPL advisors who said their expectations about the transition experience were either a primary or secondary reason they selected LPL, an increase from 68% in 2019.*

Dedicated transition specialists at LPL Financial

Choose LPL, and you're committing to a firm that will be with you every step of the way as you build your practice. From your initial contact with the firm's experienced representatives, through specialized training and education designed to help you get the most from our resources, to business and growth consulting specialists who will help you fine-tune and grow your practice—LPL is committed to helping you succeed.

You'll be connected to a dedicated, experienced support team to answer your questions and creatively develop solutions for your specific needs, while easily monitoring your progress with our online transition portal. Here's a snapshot of what your transition to LPL could look like, which could take place over the course of just a couple months:

- **Prepare for your move.** You'll receive a comprehensive transition plan and top-tier support until you're fully acclimated to LPL.
- **Map your book.** You'll receive help finding products and solutions to map your book of business to LPL.
- **Go live.** You'll be guided through every step of the affiliation process so you're ready to address your clients' needs and start conducting business as soon as you affiliate with LPL.
- **Move your business.** You'll benefit from LPL's simplified repapering process. With customized support focused on account opening and transfers to ensure your book is transitioned smoothly, you'll be back to business as usual as quickly as possible.
- **Learn how to transact business.** Maximize the use of LPL technology and resources with comprehensive training critical to your business. Depending on how you choose to affiliate, you'll receive assistance from LPL to set up a compliant office.
- **Begin to grow your business.** Get immediate access to the firm's growth tools and support, including in-depth practice and advisory consultation, to chart a path that meets your goals.

Your book of business reflects both your hard work and the goals of the people, families, and communities you serve. The experienced transitions professionals at LPL will transfer those assets quickly and efficiently with the same care, support, and attention to detail that you put into building them.

REPAPERING: MYTH VS. REALITY

Myth: The repapering process will be too disruptive to my business.

Reality: Many advisors are leery of the repapering process for good reason: If not approached in an efficient and methodical manner, it can present a significant time drain. However, a dedicated and experienced transition team using a streamlined approach to gather client records and prepare accounts for repapering can greatly minimize—and potentially even eliminate—disruptions to your business.

* According to a 2021 study of LPL advisors by third-party firm Acre Perspective.



QUICK GUIDE:
**LAUNCHING YOUR
BUSINESS**

Day one at your new firm will come quickly, no matter how long the transition process takes. If you commit to establish and run your own business, there are a number of items to add to the business launch checklist. Some firms offer full support in starting your business or you may choose to outsource to a third party:

- **Secure benefits, payroll, and business insurance.** As mentioned previously, legal counsel can assist and some firms already have relationships with third-party vendors, such as for payroll, to make this easier on you. Weigh your options carefully.
- **Find office space.** Not only will you want to find space that's convenient for you, your staff, and your clients, you'll also want to make sure it can accommodate growth if you're looking to hire more advisors and staff in the near future.
- **Furnish and set up your office.** Design your space to reflect your mission and values, purchase necessary furniture and equipment, and ensure your office is compliant (your firm's compliance team should have best practices and tips you can leverage). For example, have a shredder or shredding service, and ensure your tech hardware and internet are safe and secure, aligned with your new firm's policies for personal identifiable information, record retention, and cybersecurity.
- **Finalize your branding and marketing.** In lockstep with your marketing staff and new firm's compliance team, create a DBA name, a website and marketing materials, office signage, and a marketing plan to capitalize on future advertising, social media, and other paid and earned media opportunities.

PART FIVE



COMMUNICATING WITH CLIENTS DURING A TRANSITION

It's important to communicate regularly with your clients, consulting with your legal counsel for advice along the way



As you go through a major change for you and your business, you'll want to carefully guide your clients through it. This means communicating with them regularly to let them know why you've chosen to transition, how it benefits them, and what to expect along the way.

There are important touchpoints and milestones that occur with any change of firms, and you'll want to be prepared for these. Remember though, timing of when to communicate and what can be communicated can vary, so you'll want to include your legal counsel for advice. Also make sure you coordinate your communication plan with your legal counsel so they can share best practices and identify potential contract restrictions.

Touchpoints for communicating this important change often include:

- A multi-channel campaign (meetings, calls, and emails) to let your clients know that you're moving firms and how that affects them. You'll want to inform them of key points such as:
 - Your relationship with clients and your support of their goals remains the same.
 - You'll have more freedom and flexibility to serve clients' needs as an independent advisor.
 - Your new firm is committed to helping you protect clients' best interests.
- Emails informing clients about negative-consent letters that will be mailed to them by your new firm.
- Emails informing clients about account conversion and letters they'll receive on this subject from your new firm.
- A multi-channel campaign to collect missing client information for repapering advisory, brokerage, and direct business accounts, if applicable.
- Emails with details about your new firm name, office location, and contact info, if applicable.
- A multi-channel launch campaign welcoming clients to the new firm and answering important questions about fee changes, new products and service options, potential tax implications of selling assets, and privacy and security measures of your new firm.



LPL'S CLIENT CONVERSATION RESOURCES

As part of our leading transitions process, LPL will help you create communication timelines for transitions, and has a library of pre-approved emails, call scripts, and talking points you can leverage in coordination with your attorney's advice when communicating with your clients.

Your clients will want transparency and details around:

- Why you chose to make the move
- The reasons you chose your new firm
- How transitioning firms will benefit your relationships with them
- How they can continue to ask questions and stay informed

Lean on LPL's team of experienced specialists to help you effectively manage change, ensuring clients know they're in good hands.

Consider personal outreach for top clients

How you communicate, especially with top-tier clients, is also paramount. You may want to meet with some clients face-to-face to initially explain the change and benefits in a personal, professional manner—again, with the advice of your counsel. This also gives you an opportunity to continue to strengthen your relationships. Throughout the transition, additional meetings may be warranted, and at minimum, you may want to call these clients ahead of email touchpoints.

While not every client will require in-person meetings, calls will go a long way to making sure clients are comfortable with the change. Be prepared to answer their questions and concerns throughout the process, and proactively communicate with them before your new firm sends them any emails or letters.

You can probably take a less targeted approach with smaller client accounts, but all clients will appreciate being kept in the loop at every stage of your journey.

Best practices: Communicating in times of change

The following are five best practices for communicating with clients during times of change:

- 1 Be honest and upfront about the change and why it's happening.** Your clients will appreciate your insights, particularly if it's a change in your control, like moving firms.
- 2 Tell clients how the change benefits or impacts them.** Some conversations and communications are easier than others. But there are almost always ways to communicate news gently and position the change as a positive for the long term.
- 3 Set expectations and communicate frequently as new information arises.** Let clients know that you'll provide more information frequently over the coming weeks or months, and then stick to a consistent schedule to ensure that not too much time goes by without any touchpoints. And if you have an important update, don't hesitate to let your clients know quickly, even if the communication is off-schedule.
- 4 Ensure you take time to hear clients' concerns and meet with top clients.** No matter how well you communicate and how proactive you are, some clients will want to meet with you and some will have additional questions. In times of change, carving out extra time for in-person, phone, and video conference calls may be crucial.
- 5 Use a variety of communication channels to keep clients in the loop.** It's difficult to over-communicate during a major change, so don't be afraid to use your website to post blogs and video updates, send weekly newsletters or emails, meet with clients when necessary, and leverage other approved forms of communication like social media to get your messages across.



QUICK GUIDE:

LEVERAGING TECHNOLOGY FOR IMPROVED EFFICIENCY AND CLIENT INTERACTIONS

The most powerful capabilities are the ones that simplify what you do—those everyday tasks that take up time and effort. As you evaluate different firms, look for technology solutions that create a better experience for you, your staff, and your clients. Does their technology help you:

- **Reduce friction.** Less clicks, fewer calls that need to be made, less time required for preparing annual reviews or financial plans
- **Increase access.** Enable mobile access to account information anytime, anywhere
- **Combine digital.** Deliver the combined digital and human experience that today's investors desire and tomorrow's investors see as mandatory
- **Make it more personal.** Customize your platform, workstation, meeting agenda templates, performance reports, and more

Consider asking:

- What's your annual technology spend?
- What steps have you taken to protect your systems, applications, and data?
- Does your technology platform integrate with popular third-party applications?
- How many systems do I have to sign into to transact business?
- How user-friendly is your platform?



PART SIX

PURSUE INDEPENDENCE— ON YOUR TERMS

With knowledge of the options and possibilities ahead, you're well equipped to take the next steps in your journey to independence



Does a path to independence mean breaking away from the wirehouse environment but maintaining support like office space, benefits, and technology? Does it mean running your business with the full support of a team that'll take care of the day-to-day for you? Or does it mean taking on 100% of the accountability, including compliance, risk management, and fiduciary responsibilities?

While the final decision of how you build your business is up to you, take time with your due diligence and explore several affiliation models at multiple firms before you narrow down your choices. Remember to be thorough and thoughtful about how the broker-dealers, wealth management firms, or RIA custodians you're considering will support your journey and business growth from day one.

The firm you choose should be just as invested in your success as you are. Be sure they can:

- Help you identify the right path and affiliation options
- Have fee structures that benefit you
- Make your transition process as quick and painless as possible
- Invest in advisor-facing technology, service, and investment platforms
- Provide a personalized approach to helping your business grow
- Maintain compliance and risk policies that protect advisors, while also working hard and advocating for advisors' best interests
- Offer resources and services to assist with managing and growing your business, including M&A, financial planning, succession planning, and marketing

THE LPL FINANCIAL DIFFERENCE

No one knows your clients like you do. No one knows independence like we do. Whether you're looking for growth solutions, flexible investment platforms, integrated technology, or business consulting, you can leverage our teams' knowledge, experience, and creativity to bring your vision for your practice to life.

Working with LPL, you get the best of both worlds—the flexibility to run your practice, your way, and the dedicated focus of a complete wealth management firm. With our integrated technology and suite of business models and resources, you can pull the levers of flexibility and control to build your custom independent solution and evolve it over time as your business needs shift.

Even with all of the information and insights you've received here, you may have specific questions that need answers. LPL's Business Development consultants have a wealth of knowledge and experience, and they're happy to answer your questions and offer guidance along your path to independence.

📌 **Learn more about how LPL can serve your unique needs and help your practice thrive.**

Visit JoinLPL.com or call (866) 964-6380

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