April 25-29, 2016

InvestmentNews®

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LAST YEAR WAS UGLY FOR INDEPENDENT BROKER-DEALERS, AND 2016 ISN'T LOOKING ANY BETTER.

EDITOR'S NOTE

The obstacle course

As editor of *InvestmentNews*, I often find myself in the position of reminding people not to kill the messenger. I suspect that will be the case again as this week's cover story on the business environment for independent broker-dealers makes the rounds.

Our story, based on exclusive data from *InvestmentNews'* research team, delves into the many obstacles indie B-Ds faced in 2015 — and the many that still lay in their path in 2016.

Frederick P. Gabriel Jr.

What are some of those obstacles? Well, as *InvestmentNews* senior columnist Bruce Kelly reports in his story on Page 8, they run the gamut. Everything from a turbulent stock market to uncertainty surrounding the Labor Department's fiduciary rule, to downward pressure on fees, has conspired to make for a formidable business environment.

Also, let's not forget that we are in the middle of an election year — and a particularly crazy one at that.

To be sure, independent broker-dealers are a resilient bunch. Many, through investments in technology, are learning to run leaner and more efficiently. They are taking a fresh look at what they sell and how they sell it. They're contemplating new business models that will allow them to thrive in a fiduciary-driven world, something *InvestmentNews* reporter Liz Skinner writes about in more depth in her story on Page 10.

"The overall environment is not particularly friendly, but big firms will be able to adjust from an operations standpoint," Larry Roth, CEO of Cetera Financial Group, told Bruce.

Having spent the beginning of last week in Nashville, where I attended the National Association of Plan Advisors' 401(k) Summit and may have dropped in on one or two country music venues, I am reminded of a quote often attributed to famed country music singer Jimmy Dean. He said, "I can't change the direction of the wind, but I can adjust my sails to always reach my destination."

That's pretty good advice for many of our readers.

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Resolution to kill DOL fiduciary clears House committee 22-14

With little support from Democrats, it may be an empty gesture

By Mark Schoeff Jr.

A House committee last Thursday approved along party lines a resolution that would kill the Labor Department's recently finalized rule to raise investment advice standards for retirement accounts.

Fiduciary rule changes: Rep. Jared Polis, D-Colo., said the DOL incorporated most concerns.

The vote, 22-14 in the House Education and the Workforce Committee, illustrates the steep hill Republican opponents must climb to scuttle the measure, as it now moves to the House floor.

Democrats appear to be staying united behind the regulation and therefore wouldn't contribute to the supermajority of votes Congress would need to override an almost certain veto from President Barack Obama, if the resolution makes it to his desk.

WORRIES EASED

One of the most vocal Democrats to express reservations about the proposed rule, Rep. Jared Polis, D-Colo., told reporters after the vote that the modifications the DOL made to the final rule have eased worries among Capitol Hill Democrats.

"The final version of the rule incorporates most of the concerns and addresses many of the questions that we expressed through our letters to the secretary," Mr. Polis said, referring to DOL Secretary Thomas Perez.

Mr. Polis was one of nearly 100 Democrats who wrote a letter last year calling for changes to the rule. In addition, more than a dozen Senate Democrats wrote to DOL.

Republicans are advancing the resolution under the Congressional Review Act, which gives Congress 60 legislative days to block a rule after it has been released in final form.

A similar resolution was introduced earlier this week in the Senate.

LIKELY TO PASS HOUSE

The congressional resolution of disapproval will likely pass the full

Continued on Page 34

FIDUCIARY FOCUS

MORE INSIDE

Cetera recruits $200M team

Firm attracts advisers despite its parent company's bankruptcy

By Bruce Kelly

Despite a bankruptcy filing by its parent company, Cetera Financial Group announced last Wednesday that it had recruited Empire Asset Management Group, an upstate New York team with $200 million in client assets.

Cetera Financial Group's parent company, RCS Capital Corp., filed in January for a pre-arranged Chapter 11 bankruptcy reorganization in which its debt would be converted to equity in Cetera. Cetera is a network of 10 independent broker-dealers that has close to 9,000 registered reps and advisers.

INVESTOR-CONTROLLED

Cetera expects to emerge from bankruptcy by the end of next month as a privately held company controlled by its institutional investors.

"Choosing Cetera reflects the strength of our value proposition, as well as the strong progress we continue to make in transforming into a privately held, independent organization exclusively dedicated to the advisers and institutions we support," Cetera Financial Group CEO Larry Roth said in a statement.

The two advisers leading Empire Asset Management Group, Brad Konopaske and Paul Paska, were formerly registered with Northern Lights Distributors, a broker-dealer that specializes in mutual fund distribution.

According to BrokerCheck, Mr. Konopaske and Mr. Paska have been registered with Cetera Advisor Networks since December.

As part of the move, Empire Asset Management, which is based in Albany, N.Y., will work under Harvey Bowks, a regional manager commonly dubbed a super OSJ, or office of supervisory jurisdiction, in the independent broker-dealer industry.

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CARL RICHARDS

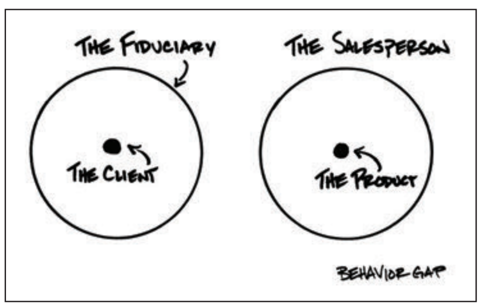
For fiduciaries, clients sit at the center of it all

Earlier this month, I shared how my clients reacted when I told them I'd become a fiduciary. The short version: mostly silence and shoulder shrugs. A few clients tried saying it — "fiduci-what?" — before they told me they already believed my advice put them first.

DOL RULE

So I thought it might be helpful to share one of the most valuable ways I've found to have this conversation with clients. After all, the Department of Labor's new rule creates an opportunity to have some great conversations with clients about what it means to be a fiduciary.

Again, I know some people are concerned about the financial and regulatory impact of the rule. But think about what it means for real financial advisers. It's a chance for clients to learn how you put them first.



The simplest version goes like this: You put clients at the center of the relationship. In contrast, salespeople, whatever their official title, put products at the center of what they do.

For instance, a salesperson runs around with a product looking for people to sell to — kind of like a hammer running around looking for nails to hit. A real adviser, on the other hand, says, "Help me understand your needs, so I can find the right tool (i.e., product) to serve you best."

THE DESTINATION

It may seem like a small distinction, but it will make all the difference to your clients. Just imagine you're going on a trip, and someone is trying to sell you a car to drive there. But this person doesn't bother to ask where you're going. So if you're headed to an island, a car won't get you very far. That's a salesperson. An adviser will ask you your destination before suggesting the best way to get there.

I've found this sketch to be really helpful when it comes to explaining the difference. Draw it on the whiteboard or print it out. I'm betting your clients' eyes will light up, and they'll immediately understand the value of working with you, a real financial adviser.

Carl Richards is a certified financial planner and director of investor education for the BAM Alliance. He's also the author of the weekly "Sketch Guy" column at the New York Times. He published his second book, "The One-Page Financial Plan: A Simple Way to Be Smart About Your Money" (Portfolio), last year. Email Carl at mastercomm@behaviorgap.com.

Prince's estate tax may start long feud

By Greg Iacurci

The death of the virtuoso music artist Prince last Thursday set off a countdown until the tax man takes a bite out of the star's estate.

Relevant parties must determine just how big Uncle Sam's bite will be. In the case of a musical superstar like Prince, though, such a task is a real challenge — borderline impossible, even, some say — and could spark a lengthy feud between the government and the estate. And the stakes are high, given that more than half the estate's value could be forfeited in tax.

Richard Behrendt, director of estate planning at Annex Wealth Management, calls it a "quirky valuation challenge" that is more art than science. The difficulty comes down to placing a value on intangible assets, such as future royalties the artist may earn from a body of work.

PRESENT VS. FUTURE VALUE

"You're trying to look at present value of a future income stream," said Charlie Douglas, board member of the National Association of Estate Planners and Councils and an Atlanta-based wealth adviser.

Prince reportedly amassed a fortune worth around $300 million. Yet

Continued on Page 33

DOL rule gives 401(k) specialists an edge over generalists

Reg's fallout will kick off 'hunting season' for DC plan business

By Greg Iacurci

A panel of executives that included representatives from broker-dealers and registered investment advisers said the fallout from the Labor Department's new fiduciary rule would create an opportunity for advisers specializing in 401(k) plans to steal business away from generalist advisers.

'PLANS IN PLAY'

"We think there will be a lot of plans in play," said J. Fielding Miller, CEO of CapTrust Financial Advisors. "This is kind of like prime hunting season for our industry."

While retirement specialist advisers derive most of their business from the defined-contribution-plan market, generalists, or "dabblers," tend to do most of their business in wealth management and may advise only a handful of retirement plans.

The Department of Labor's new rule, which raises investment advice standards for retirement accounts, puts pressure on the dabblers to reconsider whether they want to be in the retirement business, Mr. Miller said last Tuesday at the National Association of Plan Advisors' 15th annual 401(k) summit in Nashville, Tenn.

Some smaller firms will struggle to comply with the new rule, and the additional risk of private litigation will scare some providers into turning away from the retirement business, according to Edward O'Connor, managing director of retirement strategy at Morgan Stanley.

The additional compliance and litigation risk associated with the new rule was a focal point of the NAPA event.

William Chetney, CEO of GRP Advisor Alliance, said the contraction would be "better for the ones that are left."

CONFLICTED

As the industry moves toward full implementation of the rule, which will be phased in through the end of 2017, players who have supposed conflicts in the eyes of the DOL and are not able to mitigate those disputes in a timely way will make themselves vulnerable to specialist advisers, Mr. Miller said. For example, specialists prospecting business can point out to plan sponsors that their current adviser is conflicted, he said.

"It's a great time to grow market share," Mr. Miller said on the conference sidelines.

Dabblers who want to continue doing 401(k) business at Morgan Stanley may be required to get additional credentials pertinent to the retirement-plan market, or partner with an adviser who has the appropriate credentials, according to Mr. O'Connor.

"We'll make it more and more difficult to do 401(k) business at Morgan Stanley if you're a generalist," Mr. O'Connor said.

The panelists also discussed the rule's effect on rollover business, saying there probably will be fewer rollovers as fewer brokers and advisers recommend rollovers, and more participants keep their money in-plan as a result.

BOON TO PLANS

Retirement assets staying in plans will be a boon to plan service providers, the panelists said.

Those firms for which rollovers represent a primary part of their business model will have to rethink that model, according to Mr. O'Connor.

"Rollovers will become a less important part of anyone's business model," he said.

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DOL rule could spark acquisitions of RIAs as well as B-Ds

Christine Idzelis

On DOL Fiduciary

The DOL fiduciary rule, already expected to spur consolidation in the broker-deal industry, could also hasten mergers in the registered investment adviser space.

"Our merger conversations are up 20% over last year" and the Labor Department's fiduciary rule is a big part of those discussions, said Paul Lally, president of Gladstone Associates, a consulting firm that specializes in mergers and acquisitions for RIAs.

The new regulation, which requires all financial advisers to put clients' best interests before their own when helping them with their retirement accounts, has already spurred dealmaking in the broker-dealer industry where firms have been concerned about the cost of liability and compliance.

Now the April 6 release of the regulation is rippling into the RIA market, a segment of the financial advice industry where a lighter impact was expected because it's already held to a best-interests standard when making any investment recommendations. Still, RIAs have to ensure they're in compliance with the regulation laid out in more than 1,000 pages.

'SCALE MATTERS'

That takes time to digest. Add in the cost of implementation and that may be more than some smaller firm owners care to take on alone, according to David Canter, the head of practice management at Fidelity Clearing & Custody Solutions.

The implications may vary in nuanced ways between RIAs and broker-dealers, but all will need to understand and comply with the DOL rule, said Mr. Canter, who sees mergers giving smaller firms the scale they need to mitigate back-office costs.

"It's increasingly become a business where scale matters," he said. "It can help you compete in the marketplace."

"There's too much complexity" in the regulatory environment for owners who lack the bandwidth to analyze it as closely as they'd like or the deep pockets to invest in compliance, Mr. Lally said.

Firms with less than $1 billion of assets are "under the most stress" as economies of scale have not yet been reached, he explained.

RECORD DEALS IN 2015

The RIA industry saw an unprecedented 123 acquisitions last year, exceeding by 37% the previous record set in 2014, according to a February report from consulting firm DeVoe & Co. Wealth managers will keep coming up for sale as their founders near retirement and as others seek scale to reduce costs, according to the report.

Continued on Page 33

Richard Turnill: The price of diversifying via fixed income is rising.

Returns to be stuck on low for five years

BlackRock strategist says U.S. assets will lag a global portfolio

By John Waggoner

Richard Turnill, BlackRock Inc.'s chief global investment strategist, has some advice for investors: Curb your enthusiasm. And he's not alone.

"We see a global portfolio made up of 60% equities and 40% fixed income producing annual returns of just 3.3% in U.S. dollars, before inflation, over the next five years," Mr. Turnill wrote in BlackRock's most recent weekly market commentary. The outlook is worse for those who stay with U.S. assets: less than 3%, or about 1% a year after inflation.

LONG, FLAT RECOVERY

One reason for the gloominess: likely negative returns for long Treasury bonds and eurozone debt as well. Low interest rates here and abroad make long-dated debt particularly vulnerable. "These assets are still important portfolio diversifiers, but the price of that diversification is rising," Mr. Turnill warned.

Assuming a long, flat recovery — which Mr. Turnill does — stocks may be laggards as well, at least compared to their long-term average returns. He expects U.S. stocks,

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VIEWPOINT

EDITORIALS

Bright side of new rule: Tech and efficiency

Well, it's finally happening. The Labor Department's fiduciary rule has landed, and the effects of the historic final rule announced April 6 are starting to ripple through the financial advisory industry.

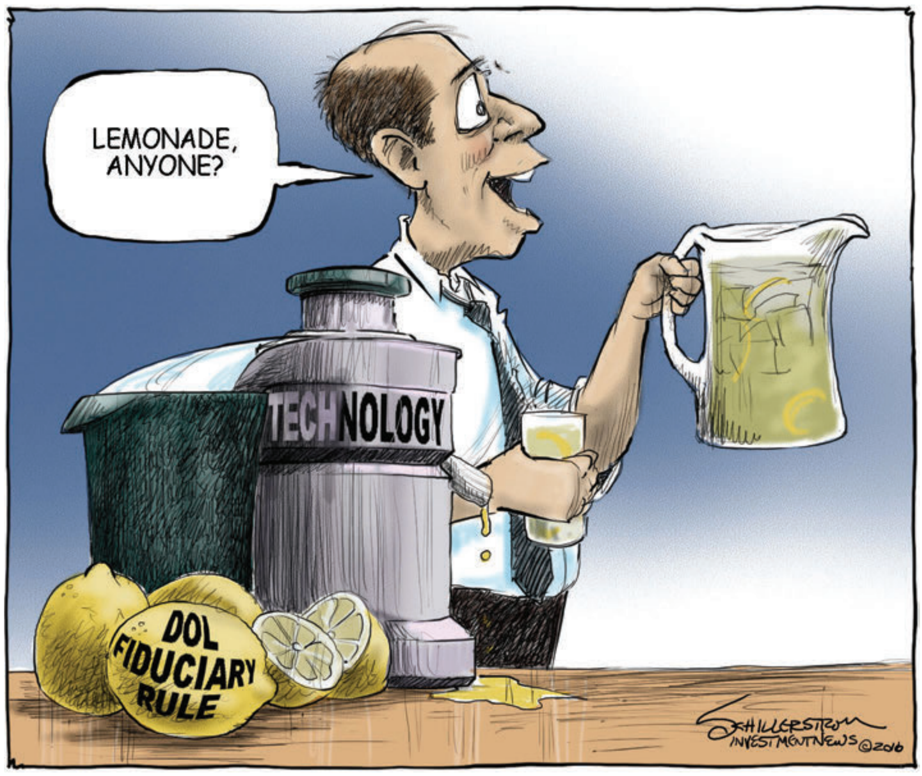
But for all the bellyaching surrounding the new financial regulation because of the disruption it will cause to adviser and broker compensation, the specter of higher overall business costs and reduced investment options, and so on and so forth, there's an emerging silver lining. In the technology space, the rule is likely to unleash a wave of software upgrades and business relationships that will result in greater efficiencies for advisory practices throughout the country — and presumably better client service for years to come.

Still a skeptic? Take a closer look at the independent broker-dealer space, where the rule's footprint already has manifested itself in a notable partnership. LPL Financial, the largest organization of independent financial advisers in the nation, has pivoted to a new partner, BlackRock Inc., the world's largest asset manager, for assistance in paving the way to its first robo-advice platform.

THE RIGHT MOMENT

As *InvestmentNews* technology reporter Alessandra Malito noted in her report in last week's issue, LPL had been eyeing a robo-offering for some time but was looking for the right fit — or perhaps the right moment.

Jon Ulin, managing principal of Ulin & Co. Wealth Management, an affiliate of LPL, says the move comes at a good time, in the wake of the DOL rule, which requires all advisers to act in their clients' best interests on retirement accounts.



NEW PLATFORMS

"With the new DOL regulations pushing financial advisers to focus more on utilizing 'fee-based' investment platforms in retirement accounts, I am looking forward to having access to the new LPL robo-platform," Mr. Ulin said.

LPL will integrate FutureAdvisor, which BlackRock acquired last summer, on its custodial dashboard, providing access to the firm's model investment portfolios as well as data aggregation, portfolio management and a client portal.

FOR ALL THE bellyaching surrounding the new regulation, there's an emerging silver lining.

"Members of the financial services community believe that digital, especially digital together with the relationships and value an adviser already provides to clients, is the wave of the future," Bo Lu, CEO of FutureAdvisor, told *InvestmentNews.*

The LPL news was quickly followed by word that MoneyGuidePro — the popular Internet-based financial planning program for advisers offered by tech developer PIEtech Inc. — had released its latest generation of software to align with the DOL rule, as we report on Page 36 of this week's issue.

PLANNING CRITICAL

"The DOL may have unintentionally made financial planning critical, as advisers now must defend that their recommendations were in the client's best interest," Kevin Knull, president of PIEtech, said during an interview at the company's office in Powhatan, Va.

As the first waves of change and technology adaptation lap the shores of the broader industry, the moves by LPL and PIEtech's MoneyGuidePro are telling. Forward-thinking firms already have made their business decisions, set solid plans in place or are making other strategic moves to stay ahead of the changes that will result from the DOL rule's adoption. The much-debated rule provides a great opportunity for all brokers and advisers to gain an edge on rivals who may be too slow off the mark to survive the bigger changes to come.

With each week, the industry is seeing how the new standards are prompting advisers to live up to the raised bar for retirement advice. And the industry and investing public should be all the better for it.

Clients still need Social Security advice

The Bipartisan Budget Act of 2015 took the wind out of the sails of many advisers who had been looking forward to using a Social Security claiming strategy known as file and suspend on behalf of their baby boomer clients.

The option, which was eliminated in the budget deal, allowed those 66 or older to file for Social Security and activate benefits for a spouse or minor child while suspending them for themselves while they built up extra benefits they could claim down the road. The option sunsets on Friday.

KEY SOURCE OF INCOME

But this doesn't mean advisers should put Social Security planning on the shelf. If nothing else, the file-and-suspend strategy alerted a lot of advisers to the importance of these benefits and the need to maximize them for their clients. After all, Social

Security will constitute a key portion of retirement income for many of their clients, and the budget act didn't wipe out all of the options that could help them — at least not yet.

For example, the phase-out period for another strategy known as a restricted application for spousal benefits will continue, in some cases, for another eight years. This option allows those 66 or older to claim one-half of their spouse's, or ex-spouse's, full retirement age benefit for up to four years while their own benefits continue to grow by 8% a year up to age 70. To take advantage of this option, a client must have been at least 62 by the end of 2015.

Beyond these creative strategies, clients need help with other questions concerning both Social Security and Medicare as they get close to retirement. Among the biggest issues is figuring out the optimum age to claim Social Security benefits. That will generally depend on many factors, including work options, health, income needs and retirement goals. Some clients may want to claim benefits as early as 62, but an adviser may conclude it is not in their best interests in the long run.

QUALITY OF LIFE

Like many of life's important decisions, those surrounding Social Security and Medicare can enhance — or sometimes impair — the quality of a client's life. They should not be taken lightly by either clients or advisers.

ADD YOUR VOICE to the mix. Readers: Keep letters brief. Include your name, title, company, address and a telephone number for verification purposes. Email Frederick P. Gabriel Jr. at fgabriel@investmentnews.com. All mail may be edited.

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Audit Bureau of Circulations

AS INDEPENDENT B-Ds COME OFF A GLOOMY 2015, THE FORECAST THIS YEAR IS FOR MORE OF THE SAME

BY BRUCE KELLY

FOR THE INDEPENDENT broker-dealer industry, 2015 was the worst year in the last six, and 2016 promises to be just as difficult — if not more so.

"If 2015 was bad, 2016 is worse," said Joel Marks, the former chairman of independent broker-dealers First Allied and The Legend Group. "I think it's going to be a challenging year."

The independent broker-dealer industry suffered its worst year since the credit crisis, with the top 25 firms collectively reporting $21.03 billion in revenue, an annual increase of just 3.2%, according to the latest *InvestmentNews* survey.

By that measure, it was the weakest year for the industry since 2009. That's when the S&P 500 fell to a low of 683.4 before rebounding. The top 25 firms recorded a meager 2.6% year-over-year growth in revenue that year.

In recent years, the top 25 independent broker-dealers have typically reported double-digit revenue growth, with 2012 being the sole outlier, when they reported single-digit revenue growth.

In 2015, the next tier of broker-dealers struggled even more. Independent broker-dealers ranked 26 through 50 in the annual *InvestmentNews* survey reported a decline in revenue of 1.2%.

There were several culprits to blame for the independent broker-dealer industry's very bad year.

The stock market, which at times in 2015 seemed panicked, unnerved investors. The S&P 500, including dividends, rose by just 1.4%. Anticipation of the Labor Department's fiduciary rule soaked up resources at already-strapped firms, as the industry sought to prepare for a fundamental change in how the securities industry is regulated. And the decline in sales of high-commission products, such as nontraded REITs and variable annuities, added to the industry's top-line pressure.

COMMISSION REVENUE

Of all the negative factors, the decline in commission revenue did the most damage. The top 25 firms reported $9.85 billion in commission revenue last year, compared with $10 billion in 2014, a drop of 1.6%. A stunning 33 of

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INSIDE

STILL PLENTY OF HEADACHES IN DOL FIDUCIARY RULE

NEW BUSINESS MODELS, HEAVY COMPLIANCE COSTS AND FIGURING OUT 'REASONABLE' FEES ARE AMONG THE ITEMS GIVING IBDS FITS

BY LIZ SKINNER

Even though the Labor Department's recent changes to how financial advisers can counsel clients on retirement assets isn't the industry killer some had feared, independent broker-dealers will find plenty of unpleasant realities among the details of the final 1,023-page rule.

The Labor Department's conflict-of-interest — or fiduciary — rule, which will begin to take effect in a year, will require all professionals to recommend what is in the best interests of clients when they offer advice on 401(k) plan assets, individual retirement accounts or other qualified monies saved for retirement.

A MOVE TOWARD FEES

Practically speaking, it will move brokers, who currently live under a less stringent suitability standard, to charge clients set fees rather than receiving pay from commissions on products sold to them in their retirement accounts. The alternative that the DOL provided advisers who still want to receive commissions on annuities, alternative investments and other products, is a "best interest contract exemption." It requires the client's signature and a reminder every time the adviser discusses those assets that he or she is not required to act in the client's best interest.

"This rule is going to force a bigger change than the industry expects," said John Anderson, managing director of practice management solutions for the SEI Advisor Network.

AN ALTERED LANDSCAPE

The new regulation is likely to alter the independent broker-dealer landscape because only the largest IBDs will have the resources to build comprehensive compliance programs around the rule's requirements, experts said.

The nation's four large brokerages, at Wall Street investment banks Wells Fargo & Co., Bank of America Corp., Morgan Stanley and UBS Group AG, have the infrastructure and resources to comply with the rule. Over the past decade they also have been moving toward a fee-based model, which carries lower risks under the DOL rule.

LPL Financial, Ameriprise Financial Inc. and other large broker-dealers have said they are evaluating exactly what the rule issued on April 6 calls for and are figuring out how they will reform their platforms to meet it. Even before the rule came out, LPL officials said the firm would make it more efficient to move broker accounts to an advisory model, and it lowered

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Hurdles

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the top 50 firms reported some decline in commission revenue.

Nontraded REITs, which are sold almost exclusively through independent broker-dealers, posted sales of $10 billion in 2015, a year-over-year decline of close to one-third, according to figures from investment bank Robert A. Stanger & Co. Inc.

The impact of the nose dive in nontraded REIT sales can be seen in another way. The top-performing broker-dealer in the top 50, Raymond James Financial Services Inc., reported $1.73 billion in revenue last year, an increase of 10.7%. The company's president, Scott Curtis, pointed to its decision not to sell nontraded REITs as one of the reasons last year was a strong one relative to other firms. Among the reasons Raymond James does not sell REITs: illiquidity, lack of transparency in pricing and high upfront commissions, Mr. Curtis said.

8.7%
Increase in fee revenue in 2015 for top 25 IBDs

"In the past, we didn't get any lift that some of the other firms did in respect to the commissions generated," he said. "In prior years our growth was close to the average because our competitors got that lift from products we didn't sell. Last year, our assets were up, and our fee revenue was up."

VARIABLE ANNUITIES

Meanwhile, net sales flows for variable annuities, another key product sold by independent broker-dealers, were $127.7 billion last year, according to fund tracker Morningstar Inc. That was a decline of 6% from 2014 and a drop of almost 17% from the recent high for variable annuities sales in 2011, according to Morningstar's data.

An 8.7% increase in fee revenue offset the loss of commission dollars. The top 25 firms reported $8.3 billion in fee revenue in 2015, compared with $7.7 billion in 2014.

Earlier this month, the Labor Department released its streamlined final version of a regulation that will raise investment advice standards for retirement accounts. The specter of the DOL's fiduciary regulation for retirement accounts hung over the independent broker-dealer industry throughout 2015, tamping down business, executives said.

"The biggest challenge in 2015 was having regulation as an overarching concern," said John Rooney, managing principal at Commonwealth Financial Network. "There was a state of paralysis as the date of the DOL's release drew nigh. Broker-dealers were facing big questions. How will I reconfigure my business? What will the operational costs be?"

"A lot of these firms have made a lot of cuts, but they can't be run any leaner," said Mr. Marks, a veteran of independent broker-dealer mergers and acquisitions who is currently contemplating whether to re-enter the business.

"It's going to be another tough year for the independent broker-dealer marketplace, but that's not a surprise to anyone," said Dennis Gallant, president of industry consultant GDC Research. As evidence that firms will face downward pressure on advisory fees, he pointed to LPL Financial's March decision to cut prices on some of its model wealth portfolios in advance of DOL's new fiduciary regulation.

'FEE PRESSURE'

"We've been talking about fee pressure for two decades and now it's here," Mr. Gallant said. "Dealing with the regulators, the DOL and digital or robo-advice means that advisers won't suffer, but the home office will. Firms will have to adjust to lower fees and the need for more infrastructure. That will be a challenge to some IBDs."

Broker-dealer executives and industry recruiters were sanguine, as always, about opportunities in the market, despite the current hurdles of major new regulation for retirement accounts and shrinking sales of high-commission products. Larger firms that have confronted the DOL rule have an opportunity to recruit advisers from firms that have ignored it, they said.

And insurance companies, which have been leaving the high-risk, low-margin independent broker-dealer industry since the credit crisis, are likely to continue their exit. That means more advisers could be in play and looking for new broker-dealers over the next two to three years.

"THE GROWTH in the IBD space over the next couple of years will come from the cannibalization of the weaker firms by the big firms."

Larry Papike
President
Cross-Search

"The growth in the IBD space over the next couple of years will come from the cannibalization of the weaker firms by the big firms," said Larry Papike, president of Cross-Search, a recruiting firm.

"The positive is that strong firms are able to recruit and retain advisers," said Larry Roth, CEO of Cetera Financial Group. "The overall environment is not particularly friendly, but big firms will be able to adjust from an operations standpoint."

"For consolidation, the DOL is the big hammer," said Eric Schwartz, chairman and CEO of Cambridge Investment Research Inc.

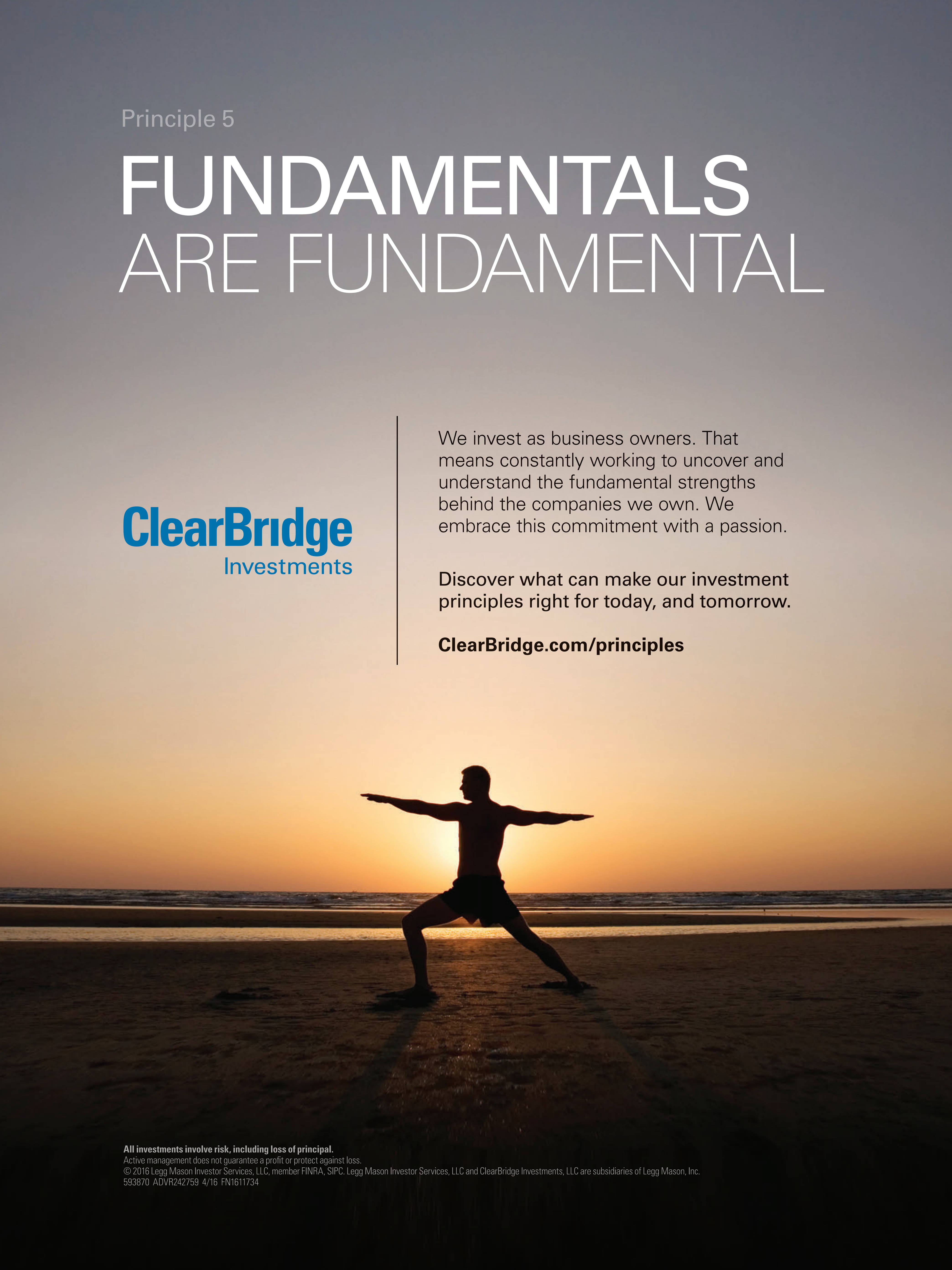
"I still believe that there will be five to 10 large firms left eventually controlling this space," Mr. Schwartz said. "The DOL and pricing pressure downwards on fees will accelerate that. Any firm that does over $500 million in annual revenues has a chance at being a survivor."

bkelly@investmentnews.com
Twitter: @bdnewsguy

Ranked by revenue

	Firm	2015 revenue ($M)	% change vs. 2014	2015 commission revenue ($M)	% change vs. 2014	2015 fee revenue ($M)	% change vs. 2014	2015 other revenue ($M)	% change vs. 2014
1	LPL Financial	**$4,202.6**	-2.1%	$1,920.8	-7.0%	$1,343.7	1.1%	$938.2	4.3%
2	Ameriprise Financial Services Inc.	**$3,919.1**	4.8%	$1,399.9	-0.3%	$1,938.5	9.0%	$580.8	4.2%
3	Raymond James Financial Services Inc.	**$1,732.0**	10.7%	$677.0	1.6%	$802.2	17.4%	$252.7	17.3%
4	Commonwealth Financial Network	**$1,006.8**	5.9%	$286.5	-3.3%	$597.2	11.1%	$123.1	5.5%
5	Wells Fargo Advisors Financial Network	**$864.1**	6.6%	$262.2	3.3%	$397.9	7.1%	$204.0	10.4%
6	Lincoln Financial Network	**$854.6**	4.6%	$629.2	3.5%	$183.8	6.3%	$41.6	16.3%
7	Northwestern Mutual	**$804.7**	7.5%	$282.9	-0.5%	$439.3	14.2%	$82.4	3.4%
8	AXA Advisors	**$746.9**	3.3%	$562.0	1.6%	$155.1	9.3%	$29.8	8.0%
9	Cambridge Investment Research Inc.	**$698.1**	7.2%	$250.3	0.0%	$366.7	10.3%	$81.2	18.1%
10	Cetera Advisor Networks	**$559.0**	-1.0%	$285.3	-5.0%	$228.2	2.5%	$45.5	8.2%
11	Securities America Inc.	**$551.9**	5.0%	$250.5	3.4%	$242.9	8.5%	$58.5	-1.5%
12	Waddell & Reed Financial Advisors	**$526.1**	5.2%	$226.9	2.0%	$225.7	10.7%	$73.5	-0.2%
13	Royal Alliance Associates Inc.	**$461.2**	-0.6%	$212.6	-4.8%	$211.0	6.4%	$37.6	-11.1%
14	Kestra Financial	**$452.4**	7.7%	$255.2	2.1%	$170.3	16.2%	$27.0	14.5%
15	National Planning Corp.	**$407.8**	-0.2%	$261.6	-2.8%	$116.2	8.2%	$30.0	-6.4%
16	Voya Financial Advisors Inc.	**$406.4**	-0.5%	$276.6	-3.9%	$115.1	13.4%	$14.7	-24.0%
17	MML Investors Services	**$388.7**	1.1%	$265.8	-1.6%	$91.0	8.5%	$31.9	3.6%
18	HD Vest Investment Services	**$319.7**	4.9%	$156.9	3.0%	$129.4	7.7%	$33.4	3.2%
19	Securian Financial Services Inc.	**$315.2**	1.6%	$188.9	-2.5%	$93.4	12.5%	$32.9	-1.0%
20	Princor Financial Services Corp.	**$314.1**	1.6%	$262.2	0.0%	$52.0	10.9%	N/M	0%
21	SagePoint Financial Inc.	**$312.3**	2.2%	$182.8	2.7%	$98.1	7.4%	$31.5	-13.0%
22	Signator Investors Inc.	**$303.9**	2.1%	$233.3	-2.1%	$61.5	21.9%	$9.1	3.1%
23	Cetera Financial Institutions	**$300.3**	5.1%	$222.6	3.2%	$36.6	15.0%	$41.1	7.9%
24	Cetera Advisors	**$297.6**	1.3%	$144.9	-6.2%	$125.6	10.5%	$27.1	5.0%
25	FSC Securities Corp.	**$283.4**	-4.7%	$152.0	-8.0%	$106.9	0.6%	$24.4	-5.4%
26	First Allied Securities Inc.	**$276.6**	-5.9%	$173.4	-9.7%	$73.7	4.2%	$29.6	-5.5%
27	Woodbury Financial Services	**$261.4**	-0.3%	$192.1	-3.0%	$48.3	13.6%	$21.1	-3.2%
28	INVEST Financial Corp.	**$261.3**	-7.7%	$173.4	-10.7%	$65.0	2.1%	$22.9	-9.4%
29	Lincoln Investment Planning	**$223.7**	3.9%	$106.4	0.4%	$111.7	7.4%	$5.7	5.0%
30	Triad Advisors Inc.	**$184.0**	3.7%	$84.5	-5.2%	$77.1	1.1%	$22.4	84.9%
31	SII Investments Inc.	**$177.4**	-8.2%	$105.7	-11.7%	$57.8	2.2%	$13.9	-17.4%
32	American Portfolios Financial Services Inc.	**$176.3**	-1.6%	$98.5	-10.4%	$77.9	12.3%	$0.0	N/M
33	National Securities Corp. & Affiliates	**$163.0**	-11.5%	$135.9	-10.8%	$15.0	5.7%	$12.2	-61.8%
34	Cadaret Grant & Co. Inc.	**$159.4**	-5.0%	$115.3	-6.7%	$42.1	2.8%	$2.0	-38.6%
35	M Holdings Securities Inc. (M Securities)	**$156.5**	1.8%	$138.9	2.0%	$14.5	0.5%	$3.1	-4.5%
36	CUNA Brokerage Services Inc.	**$154.3**	4.9%	$134.5	4.8%	$14.9	-2.6%	$4.8	37.1%
37	Ameritas Investment Corp.	**$146.4**	-1.2%	$92.7	-7.2%	$40.4	3.9%	$13.3	41.5%
38	Centaurus Financial Inc.	**$140.4**	4.5%	$109.6	1.3%	$30.8	17.6%	$0.0	N/M
39	Cetera Financial Specialists	**$132.2**	1.9%	$64.9	-1.2%	$60.0	3.9%	$7.3	17.0%
40	Securities Service Network Inc.	**$125.3**	10.6%	$57.3	-0.7%	$57.4	28.7%	$10.6	-3.6%
41	Independent Financial Group	**$124.4**	4.8%	$76.4	-2.0%	$38.0	24.9%	$10.0	-3.3%
42	NEXT Financial Group Inc.	**$123.5**	-5.3%	$77.6	-6.5%	$40.9	-1.9%	$4.9	-12.0%
43	Investment Centers of America Inc.	**$120.2**	1.7%	$78.0	-2.7%	$31.6	17.4%	$10.6	-4.4%
44	H. Beck Inc.	**$119.2**	-4.6%	$83.7	-10.2%	$27.4	5.1%	$8.1	42.9%
45	Geneos Wealth Management Inc.	**$118.7**	5.3%	$63.1	9.3%	$55.6	1.2%	$0.0	N/M
46	ProEquities Inc.	**$116.0**	-2.2%	$83.5	-4.5%	$22.5	3.2%	$9.9	7.0%
47	Summit Brokerage Services Inc.	**$111.0**	2.8%	$72.6	-2.3%	$27.6	18.5%	$10.8	3.7%
48	Questar Capital Corp.	**$105.7**	3.4%	$85.8	-2.2%	$15.4	45.3%	$4.6	17.0%
49	Investors Capital Corp.	**$98.8**	-3.1%	$63.3	-13.1%	$24.8	15.6%	$10.7	39.6%
50	Sigma Financial Corp.	**$95.8**	-4.8%	$56.8	-9.2%	$31.6	-0.3%	$7.4	15.5%

Revenue figures are for firms' year-end. N/M = not meaningful. Other revenue could include interest income and financial planning, consulting, investment banking and other fees. Itemized revenue may not add up to totals due to rounding.
Source: *InvestmentNews* Data


Principle 5
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American Portfolios Financial Services Inc., a unit of American Portfolios Holdings Inc.

4250 Veterans Memorial Highway
Holbrook, NY 11741
(631) 439-4600
americanportfolios.com
Year founded: 2001
CEO: Lon T. Dolber
Recruiting contact: Timothy O'Grady

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	667	-1.9%
# of CFPs	87	14.5%
Avg payout per rep/year	$228,497	8.9%
# of fee-based advisers served	543	22.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$176.3	↓1.6%
Commission	$98.5	-10.4%
Fee	$77.9	12.3%
Other	$0.0	N/M
Total account assets	$21,524.0	↑0.9%
Fee-based	$7,383.4	50.2%
Other account assets	$14,140.6	-13.8%
Excess net capital	$2.3	-22.0%
Total operating expenses	$20.2	12.0%
Pretax earnings	$2.3	-34.8%

Cadaret Grant & Co. Inc.

One Lincoln Center
Syracuse, NY 13202
(800) 288-8601
cadaretgrant.com
Year founded: 1985
CEO: Arthur F. Grant
Recruiting contact: Steve Blazick

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	703	-4.0%
# of CFPs	146	-2.0%
Avg payout per rep/year	$205,548	1.3%
# of fee-based advisers served	498	3.5%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$159.4	↓5.0%
Commission	$115.3	-6.7%
Fee	$42.1	2.8%
Other	$2.0	-38.6%
Total account assets	$22,914.8	↓6.6%
Fee-based	$3,661.9	0.4%
Other account assets	$19,252.9	-7.8%
Excess net capital	$8.5	20.7%
Total operating expenses	$157.6	-5.1%
Pretax earnings	$1.8	0.0%

Ameriprise Financial Services Inc., a unit of Ameriprise Financial

108 Ameriprise Financial Center
Minneapolis, MN 55474
(612) 671-3131
joinameriprise.com
Year founded: 1894
CEO: Jim Cracchiolo
Recruiting contact: Manish P. Dave

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	7,706	1.5%
# of CFPs	N/D	N/A
Avg payout per rep/year	N/D	N/A
# of fee-based advisers	7,706	1.5%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$3,919.1	↑4.8%
Commission	$1,399.9	-0.3%
Fee	$1,938.5	9.0%
Other	$580.8	4.2%
Total account assets	N/D	N/A
Fee-based	N/D	N/A
Other account assets	N/D	N/A
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Cambridge Investment Research Inc.

1776 Pleasant Plain Road
Fairfield, IA 52556
(800) 777-6080
joincambridge.com
Year founded: 1981
CEO: Eric Schwartz
Recruiting contact: Kyle Selberg

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	2,821	4.0%
# of CFPs	722	4.3%
Avg payout per rep/year	$229,098	0.3%
# of fee-based advisers	2,536	3.9%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$698.1	↑7.2%
Commission	$250.3	0.0%
Fee	$366.7	10.3%
Other	$81.2	18.1%
Total account assets	$69,560.0	↑2.7%
Fee-based	$37,875.0	3.2%
Other account assets	$31,685.0	2.0%
Excess net capital	$8.1	-69.9%
Total operating expenses	$657.0	6.9%
Pretax earnings	$41.1	12.6%

Ameritas Investment Corp., a unit of Ameritas Life Insurance Co.

5900 O St.
Lincoln, NE 68510
(800) 335-9858
ameritas.com
Year founded: 1983
CEO: Salene Hitchcock-Gear
Recruiting contact: Wendell Hutsell

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,145	-3.9%
# of CFPs	N/D	N/A
Avg payout per rep/year	$99,914	-0.4%
# of fee-based advisers served	675	-3.3%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$146.4	↓1.2%
Commission	$92.7	-7.2%
Fee	$40.4	3.9%
Other	$13.3	41.5%
Total account assets	$16,500.0	↓13.6%
Fee-based	$4,400.0	-4.3%
Other account assets	$12,100.0	-16.6%
Excess net capital	$7.2	27.0%
Total operating expenses	$26.9	1.1%
Pretax earnings	$1.1	159.7%

Centaurus Financial Inc., a unit of Federation of Financial Services

2300 E. Katella Ave.
Anaheim, CA 92806
(800) 880-4234
centaurusfinancial.com
Year founded: 1992
CEO: J. Ronald King
Recruiting contact: Kathy A. Swindell

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	622	2.3%
# of CFPs	240	0.0%
Avg payout per rep/year	$217,142	9.6%
# of fee-based advisers served	470	-1.7%

Financials Year-end: Apr. 30	2015 ($M)	1-year % chg
Total revenue	$140.4	↑4.5%
Commission	$109.6	1.3%
Fee	$30.8	17.6%
Other	$0.0	N/M
Total account assets	$3,108.4	↓0.2%
Fee-based	$3,108.4	-0.2%
Other account assets	$0.0	N/M
Excess net capital	$7.2	16.1%
Total operating expenses	N/A	N/A
Pretax earnings	N/A	N/A

AXA Advisors, a unit of AXA Financial Inc.

1290 Sixth Ave.
New York, NY 10104
(212) 554-1234
us.axa.com
Year founded: 1999
CEO: David Karr
Recruiting contact: Cynthia Bodison

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	4,376	-3.2%
# of CFPs	435	-2.5%
Avg payout per rep/year	$114,399	5.6%
# of fee-based advisers	3,219	-2.2%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$746.9	↑3.3%
Commission	$562.0	1.6%
Fee	$155.1	9.3%
Other	$29.8	8.0%
Total account assets	$110,671.0	↓1.1%
Fee-based	$16,595.0	3.2%
Other account assets	$94,076.0	-1.8%
Excess net capital	$13.6	9.2%
Total operating expenses	$694.0	2.7%
Pretax earnings	$52.9	12.3%

Cetera Advisor Networks, a unit of Cetera Financial Group

200 N. Sepulveda Blvd., Suite 1300
El Segundo, CA 90245
(800) 879-8100
ceteraadvisornetworks.com
Year founded: 1983
CEO: Douglas S. King
Recruiting contact: Douglas S. King

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	2,475	-1.4%
# of CFPs	N/D	N/A
Avg payout per rep/year	$192,616	-2.5%
# of fee-based advisers	1,801	9.2%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$559.0	↓1.0%
Commission	$285.3	-5.0%
Fee	$228.2	2.5%
Other	$45.5	8.2%
Total account assets	$70,926.9	↓3.6%
Fee-based	$19,611.2	-0.9%
Other account assets	$51,315.7	-4.6%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Broker Dealer Financial Services Corp., a unit of BDFSC Holdings Corp.

140 South 68th Street
West Des Moines, IA 50266
(800) 352-5634
bdfs.com
Year founded: 1979
CEO: Lisa M. Smith, Michael T. Sherzan
Recruiting contact: Megan Mrky-Webster
James Young, Christina DeShaw

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	201	5.8%
# of CFPs	21	5.0%
Avg payout per rep/year	$96,765	28.2%
# of fee-based advisers served	91	-24.8%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$20.5	↑8.4%
Commission	$14.6	1.1%
Fee	$5.4	14.7%
Other	$0.1	N/A
Total account assets	$2,885.5	↓8.0%
Fee-based	$553.8	0.9%
Other account assets	$2,331.7	-25.6%
Excess net capital	$0.6	-9.3%
Total operating expenses	$5.0	-2.4%
Pretax earnings	$0.4	52.0%

Cetera Advisors, a unit of Cetera Financial Group

4600 S. Syracuse St.
Denver, CO 80237
(800) 929-3485
ceteraadvisors.com
Year founded: 1981
CEO: Brett L. Harrison
Recruiting contact: Jay Vinson

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,180	1.6%
# of CFPs	N/D	N/A
Avg payout per rep/year	$217,796	-2.5%
# of fee-based advisers	1,014	9.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$297.6	↑1.3%
Commission	$144.9	-6.2%
Fee	$125.6	10.5%
Other	$27.1	5.0%
Total account assets	$29,638.1	↑1.6%
Fee-based	$10,251.4	6.0%
Other account assets	$19,386.7	-0.5%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Visit InvestmentNews.com/bddata for more-complete profiles and financials. N/A = not available. N/D = not disclosed. N/M = not meaningful.

Cetera Financial Institutions, a unit of Cetera Financial Group

400 First Street South
St. Cloud, MN 56301
(800) 245-0467
ceterafinancialinstitutions.com
Year founded: 1984
CEO: Catherine M. Bonneau
Recruiting contact: Sean Casey

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,836	5.0%
# of CFPs	N/D	N/A
Avg payout per rep/year	$136,536	-0.8%
# of fee-based advisers served	897	10.9%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$300.3**	**↑5.1%**
Commission	$222.6	3.2%
Fee	$36.6	15.0%
Other	$41.1	7.9%
Total account assets	**$33,065.0**	**0.0%**
Fee-based	$2,184.6	8.2%
Other account assets	$30,880.4	-0.6%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Cetera Financial Specialists, a unit of Cetera Financial Group

200 North Martingale Road, 7th Floor
Schaumburg, IL 60173
(888) 528-2987
ceterafinancialspecialists.com
Year founded: 1981
CEO: Gregg A. Ruvoli
Enrique M. Vasquez
Recruiting contact: Hank Multala

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,242	-5.1%
# of CFPs	N/D	N/A
Avg payout per rep/year	$85,951	6.8%
# of fee-based advisers served	915	-3.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$132.2**	**↑1.9%**
Commission	$64.9	-1.2%
Fee	$60.0	3.9%
Other	$7.3	17.0%
Total account assets	**$18,603.3**	**↓2.3%**
Fee-based	$5,662.2	-0.6%
Other account assets	$12,941.1	-2.9%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

CFD Investments Inc.

2704 S. Goyer Road
Kokomo, IN 46902
(800) 745-7776
joincfd.com, cfdinvestments.com
Year founded: 1990
CEO: Brent A. Owens
Recruiting contact: Brent A. Owens

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	192	6.7%
# of CFPs	34	9.7%
Avg payout per rep/year	$168,196	1.2%
# of fee-based advisers served	156	4.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$31.6**	**↑10.4%**
Commission	$19.4	9.7%
Fee	$10.5	9.0%
Other	$1.6	30.7%
Total account assets	**$2,480.5**	**↓6.2%**
Fee-based	$1,002.3	-4.8%
Other account assets	$1,478.2	-7.1%
Excess net capital	$0.4	-9.2%
Total operating expenses	$20.8	9.5%
Pretax earnings	$0.04	261.2%

Commonwealth Financial Network

29 Sawyer Road
Waltham, MA 02453
(866) 462-3638
commonwealth.com
Year founded: 1979
CEO: Wayne M. Bloom
Recruiting contact: Andrew H. Daniels

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,654	3.9%
# of CFPs	792	6.9%
Avg payout per rep/year	$466,249	2.0%
# of fee-based advisers served	1,879	5.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$1,006.8**	**↑5.9%**
Commission	$286.5	-3.3%
Fee	$597.2	11.1%
Other	$123.1	5.5%
Total account assets	**$101,400.0**	**↑4.8%**
Fee-based	$54,024.3	11.6%
Other account assets	$47,375.7	-2.0%
Excess net capital	$15.5	2.1%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Crown Capital Securities

725 Town and Country Road
Orange, CA 92868
(800) 803-8886
crowncapitalsecurities.com
Year founded: 1999
CEO: Darol K. Paulsen
Recruiting contact: Darol K. Paulsen

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	321	2.9%
# of CFPs	79	-1.3%
Avg payout per rep/year	$123,958	-12.2%
# of fee-based advisers served	172	-1.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$42.0**	**↓7.4%**
Commission	$28.9	-8.7%
Fee	$10.8	2.8%
Other	$2.3	-30.1%
Total account assets	**$1,118.7**	**↑8.8%**
Fee-based	$1,118.7	8.8%
Other account assets	$0.0	N/M
Excess net capital	$2.7	-1.9%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

CUNA Brokerage Services Inc., a unit of CUNA Mutual Group

2000 Heritage Way
Waverly, IA 50677
(800) 356-2644
cunamutual.com/cbsi
Year founded: 1985
CEO: Jeff Bosco
Recruiting contact: Linda DiOrazio

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	476	5.8%
# of CFPs	48	-5.9%
Avg payout per rep/year	$123,165	-4.8%
# of fee-based advisers served	456	10.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$154.3**	**↑4.9%**
Commission	$134.5	4.8%
Fee	$14.9	-2.6%
Other	$4.8	37.1%
Total account assets	**$16,191.5**	**↑0.9%**
Fee-based	$2,340.1	9.9%
Other account assets	$13,851.4	-0.5%
Excess net capital	$17.4	10.5%
Total operating expenses	$32.5	-1.5%
Pretax earnings	$3.9	85.7%

Equity Services Inc., a unit of National Life Group

One National Life Drive
Montpelier, VT 05604
(800) 344-7437
equity-services.com
Year founded: 1968
CEO: Lance Reihl
Recruiting contact: Jeff Wood

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	464	2.2%
# of CFPs	N/D	N/A
Avg payout per rep/year	N/D	N/A
# of fee-based advisers served	348	1.8%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$43.2**	**↓2.7%**
Commission	N/D	N/A
Fee	N/D	N/A
Other	N/D	N/A
Total account assets	**N/D**	**N/A**
Fee-based	N/D	N/A
Other account assets	N/D	N/A
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

First Allied Securities Inc., a unit of Cetera Financial Group

655 West Broadway 12th Floor
San Diego, CA 92101
(800) 336-8842
joinfirstallied.com
Year founded: 1994
CEO: Kevin Keefe
Recruiting contact: Matthew Bassuk

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	742	-5.1%
# of CFPs	N/D	N/A
Avg payout per rep/year	$305,934	-12.9%
# of fee-based advisers served	553	-10.2%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$276.6**	**↓5.9%**
Commission	$173.4	-9.7%
Fee	$73.7	4.2%
Other	$29.6	-5.5%
Total account assets	**$28,113.0**	**↓2.5%**
Fee-based	$7,948.8	12.2%
Other account assets	$20,164.2	-7.3%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Fortune Financial Services Inc.

3582 Brodhead Road
Monaca, PA 15061
(724) 846-2488
fortunefinancialservices.com
Year founded: 1997
CEO: Gregory J. Bentley
Recruiting contact: Gregory J. Bentley

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	204	0.5%
# of CFPs	7	40.0%
Avg payout per rep/year	$61,274	10.1%
# of fee-based advisers served	33	17.9%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$12.0**	**↑14.7%**
Commission	$12.0	14.7%
Fee	$0.0	N/M
Other	$0.0	N/M
Total account assets	**$1,366.2**	**↑4.9%**
Fee-based	$0.0	N/M
Other account assets	$1,366.2	4.9%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Founders Financial Securities, a unit of Founders Financial Inc.

1020 Cromwell Bridge Road
Towson, MD 21286
(410) 308-9988
foundersfinancial.com
Year founded: 2006
CEO: Michael O. Brooks
Recruiting contact: N/A

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	70	2.9%
# of CFPs	24	0.0%
Avg payout per rep/year	$335,982	6.8%
# of fee-based advisers served	55	-11.3%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$23.5**	**↑9.9%**
Commission	$7.7	17.0%
Fee	$15.6	6.6%
Other	$0.2	21.6%
Total account assets	**$2,095.0**	**↑4.8%**
Fee-based	$867.5	15.7%
Other account assets	$1,227.5	-1.8%
Excess net capital	$0.7	-25.9%
Total operating expenses	$20.5	7.3%
Pretax earnings	$1.0	27.6%

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IN TOP INDEPENDENT BROKER-DEALERS 2016

FSC Securities Corp., a unit of Advisor Group

2300 Windy Ridge Parkway
Atlanta, GA 30339
(800) 547-2382
joinfsc.com
Year founded: 1958
CEO: Jerry Murphy
Recruiting contact: Dawn O'Rourke

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	996	-1.6%
# of CFPs	N/D	N/A
Avg payout per rep/year	$228,208	-5.0%
# of fee-based advisers served	716	-1.2%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$283.4**	**↓4.7%**
Commission	$152.0	-8.0%
Fee	$106.9	0.6%
Other	$24.4	-5.4%
Total account assets	**$34,626.6**	**↓8.4%**
Fee-based	$13,214.1	0.0%
Other account assets	$21,412.5	-12.9%
Excess net capital	$10.5	-11.1%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

HD Vest Investment Services, a unit of Blucora, Inc.

6333 N. State Highway 161
Irving, TX 75038
(800) 821-8254
hdvest.com
Year founded: 1983
CEO: Roger Ochs
Recruiting contact: Ruth Papazian

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	2,728	-1.0%
# of CFPs	614	-1.9%
Avg payout per rep/year	$83,850	-11.4%
# of fee-based advisers served	2,111	5.5%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$319.7**	**↑4.9%**
Commission	$156.9	3.0%
Fee	$129.4	7.7%
Other	$33.4	3.2%
Total account assets	**$36,573.8**	**↓1.5%**
Fee-based	$10,053.1	5.2%
Other account assets	$26,881.6	-2.5%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Geneos Wealth Management Inc.

9055 E. Mineral Circle
Centennial, CO 80112
(888) 812-5043
geneoswealth.com
Year founded: 2002
CEO: Russell R. Diachok
Recruiting contact: Ryan W. Diachok

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	272	7.9%
# of CFPs	105	4.0%
Avg payout per rep/year	$436,463	-2.4%
# of fee-based advisers served	272	2.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$118.7**	**↑5.3%**
Commission	$63.1	9.3%
Fee	$55.6	1.2%
Other	$0.0	N/M
Total account assets	**$11,236.0**	**↓2.1%**
Fee-based	$6,500.0	0.0%
Other account assets	$4,736.0	-4.8%
Excess net capital	$0.4	0.0%
Total operating expenses	$118.2	5.0%
Pretax earnings	$0.3	146.0%

Hornor Townsend & Kent Inc., a unit of Penn Mutual Life Insurance Co.

600 Dresher Road
Horsham, PA 19044
(800) 873-7637
htk.com
Year founded: 1969
CEO: Michelle M. Barry
Recruiting contact: Chris E. Nichols

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	793	11.7%
# of CFPs	89	25.4%
Avg payout per rep/year	$78,328	-5.4%
# of fee-based advisers served	346	-12.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$70.9**	**↑2.6%**
Commission	$46.0	-1.8%
Fee	$22.4	12.7%
Other	$2.4	4.3%
Total account assets	**$13,700.0**	**↑3.0%**
Fee-based	$2,500.0	4.2%
Other account assets	$11,200.0	2.8%
Excess net capital	$5.9	-1.0%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Girard Securities Inc., a unit of Cetera Financial Group

9560 Waples St.
San Diego, CA 92121
(858) 622-2140
girardsecurities.com
Year founded: 1986
CEO: Susan W. Tietjen
Recruiting contact: Scott Tietjen
David Bombart

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	213	-4.5%
# of CFPs	N/D	N/A
Avg payout per rep/year	$213,960	-7.8%
# of fee-based advisers served	200	N/A

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$54.1**	**↓3.9%**
Commission	$34.4	N/A
Fee	$15.1	46.2%
Other	$4.6	N/A
Total account assets	**$7,778.0**	**↓26.3%**
Fee-based	$1,625.0	-4.5%
Other account assets	$6,153.0	-30.5%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Independent Financial Group

12671 High Bluff Drive
San Diego, CA 92130
(858) 436-3180
ifgsd.com
Year founded: 2003
CEO: Joe H. Miller
Recruiting contact: David A. Fischer

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	508	-4.2%
# of CFPs	90	5.9%
Avg payout per rep/year	$203,200	10.1%
# of fee-based advisers served	470	11.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$124.4**	**↑4.8%**
Commission	$76.4	-2.0%
Fee	$38.0	24.9%
Other	$10.0	-3.3%
Total account assets	**$15,439.7**	**↑23.6%**
Fee-based	$3,371.0	-13.8%
Other account assets	$12,068.7	40.6%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

H. Beck Inc., a unit of Securian Financial Group Inc.

6600 Rockledge Drive
Bethesda, MD 20817
(800) 333-6884
hbeckinc.com
Year founded: 1984
Top executive: James H. Dresselaers
Recruiting contact: Richard M. Merritt

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	642	-3.9%
# of CFPs	119	95.1%
Avg payout per rep/year	$173,609	3.4%
# of fee-based advisers served	482	4.8%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$119.2**	**↓4.6%**
Commission	$83.7	-10.2%
Fee	$27.4	5.1%
Other	$8.1	43.9%
Total account assets	**N/D**	**N/A**
Fee-based	N/D	N/A
Other account assets	N/D	N/A
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Infinity Financial Services

1624 Franklin St. Suite 818
Oakland, CA 94612
(866) 682-3888
infinitysecurities.com
Year founded: 2007
CEO: Gregory B Gilbert
Recruiting contact: Roger Escobar

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	22	29.4%
# of CFPs	4	0.0%
Avg payout per rep/year	$140,065	8.5%
# of fee-based advisers served	17	41.7%

Financials Year-end: Sept. 30	2015 ($M)	1-year % chg
Total revenue	**$3.2**	**↑43.4%**
Commission	$2.7	35.5%
Fee	$0.4	42.6%
Other	$0.2	542.6%
Total account assets	**$245.6**	**↑8.5%**
Fee-based	$125.5	15.0%
Other account assets	$120.1	2.5%
Excess net capital	$0.0	-79.8%
Total operating expenses	$3.2	44.7%
Pretax earnings	$3.2	43.4%

Harbour Investments Inc.

575 D'Onofrio Drive
Madison, WI 53719
(888) 855-6960
harbourinv.com
Year founded: 1987
CEO: Nick W. Sondel
Recruiting contact: Megan Thompson

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	187	0.5%
# of CFPs	32	0.0%
Avg payout per rep/year	$196,000	3.2%
# of fee-based advisers served	123	23.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$36.6**	**↑1.5%**
Commission	$26.5	-1.7%
Fee	$10.1	11.1%
Other	$0.0	N/M
Total account assets	**$6,845.0**	**↑0.8%**
Fee-based	$1,350.0	3.8%
Other account assets	$5,495.0	0.0%
Excess net capital	$0.4	-30.1%
Total operating expenses	$33.4	1.5%
Pretax earnings	$0.0	1.3%

INVEST Financial Corp., a unit of National Planning Holdings Inc.

12750 Citrus Park Lane, Suite 300
Tampa, FL 33625
(800) 242-4732
investfinancial.com
Year founded: 1982
CEO: Steve Dowden
Recruiting contact: Business Development Team

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,081	-4.7%
# of CFPs	N/D	N/A
Avg payout per rep/year	$197,000	-3.9%
# of fee-based advisers served	963	-0.8%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$261.3**	**↓7.7%**
Commission	$173.4	-10.7%
Fee	$65.0	2.1%
Other	$22.9	-9.4%
Total account assets	**$6,128.7**	**↓7.1%**
Fee-based	$6,128.7	-7.1%
Other account assets	N/A	N/A
Excess net capital	$20.4	17.5%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

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Investacorp Inc., a unit of KMS Financial Services, Inc.

4400 Biscayne Blvd.
Miami, FL 33137
(305) 557-3000
investacorp.com
Year founded: 1978
CEO: Patrick C. Farrell
Recruiting contact: Manuel Velez
Brian Kovener

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	460	4.3%
# of CFPs	91	4.6%
Avg payout per rep/year	$207,000	-0.6%
# of fee-based advisers served	269	19.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$88.3	↓3.8%
Commission	$58.1	-7.6%
Fee	$21.8	4.1%
Other	$8.4	4.6%
Total account assets	$12,800.0	↑2.4%
Fee-based	$2,046.1	3.3%
Other account assets	$10,527.5	0.1%
Excess net capital	$5.2	11.1%
Total operating expenses	$83.5	-2.8%
Pretax earnings	$4.8	-19.5%

Kalos Capital Inc.

11525 Park Woods Circle
Alpharetta, GA 30005
(678) 356-1100
joinkalos.com
Year founded: 1997
CEO: Daniel L. Wildermuth
Recruiting contact: Dan Meehan

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	105	12.9%
# of CFPs	14	40.0%
Avg payout per rep/year	$293,333	5.1%
# of fee-based advisers served	85	-3.4%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$35.0	↑19.0%
Commission	$30.0	18.6%
Fee	$5.0	22.0%
Other	$0.0	N/M
Total account assets	N/D	N/A
Fee-based	N/D	N/A
Other account assets	N/D	N/A
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

The Investment Center Inc.

1420 U.S. Highway 206 N.
Bedminster, NJ 07921
(800) 345-8041
www.investmentctr.com/in
Year founded: 1986
CEO: Ralph J. DeVito
Recruiting contact: Nicole Johnson

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	233	0.0%
# of CFPs	19	5.6%
Avg payout per rep/year	$132,439	-21.9%
# of fee-based advisers served	201	-0.5%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$46.0	↓12.1%
Commission	$25.9	-14.5%
Fee	$16.9	-8.3%
Other	$3.2	-10.6%
Total account assets	$6,100.0	↓3.2%
Fee-based	$2,000.0	-4.8%
Other account assets	$4,100.0	-2.4%
Excess net capital	$0.8	-32.0%
Total operating expenses	$44.8	-11.0%
Pretax earnings	$1.2	N/M

Kestra Financial

1250 S. Capital of Texas Highway
Austin, TX 78746
(512) 697-6000
kestrafinancial.com
Year founded: 1996
CEO: James L. Poer
Recruiting contact: Daniel Schwamb

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,383	-0.7%
# of CFPs	274	-1.4%
Avg payout per rep/year	$242,476	9.0%
# of fee-based advisers served	1,151	2.9%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$452.4	↑7.7%
Commission	$255.2	2.1%
Fee	$170.3	16.2%
Other	$27.0	14.5%
Total account assets	$70,371.9	↑5.2%
Fee-based	$16,688.7	8.8%
Other account assets	$53,685.9	4.1%
Excess net capital	$25.7	266.3%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Investment Centers of America Inc., a unit of National Planning Holdings Inc.

212 N. 4th St.
Bismarck, ND 58501
(800) 544-7113
joinica.com
Year founded: 1985
CEO: Greg Gunderson
Recruiting contact: Jennifer Griffin

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	389	10.2%
# of CFPs	86	3.6%
Avg payout per rep/year	$260,000	1.2%
# of fee-based advisers served	340	2.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$120.2	↑1.7%
Commission	$78.0	-2.7%
Fee	$31.6	17.4%
Other	$10.6	-4.4%
Total account assets	$3,379.9	↑10.2%
Fee-based	$3,379.9	10.2%
Other account assets	N/A	N/A
Excess net capital	$11.0	1.9%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

KMS Financial Services Inc., a unit of Ladenburg Thalmann Financial Services Inc.

2001 Sixth Avenue, Suite 2801
Seattle, WA 98121
(206) 441-2885
kms.com
Year founded: 1971
CEO: Mark Hamby
Richard Lampen
Recruiting contact: Eric S. Westberg

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	321	-0.3%
# of CFPs	101	-5.6%
Avg payout per rep/year	$251,341	0.9%
# of fee-based advisers served	160	6.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$92.7	↑2.9%
Commission	$42.8	3.4%
Fee	$46.4	3.6%
Other	$3.5	-10.7%
Total account assets	$14,750.0	↑2.8%
Fee-based	$5,257.0	10.8%
Other account assets	$9,493.0	-1.1%
Excess net capital	$5.5	119.6%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Investors Capital Corp., a unit of Cetera Financial Group

6 Kimball Lane
Lynnfield, MA 01940
(800) 949-1422
investorscapital.com
Year founded: 1992
CEO: Timothy B. Murphy
Recruiting contact: Robert H. Foney

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	418	-7.5%
# of CFPs	N/D	N/A
Avg payout per rep/year	$194,334	-4.0%
# of fee-based advisers served	323	-10.3%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$98.8	↓3.1%
Commission	$63.3	-13.1%
Fee	$24.8	15.6%
Other	$10.7	39.6%
Total account assets	$9,234.1	↓1.9%
Fee-based	$2,803.9	-3.0%
Other account assets	$6,430.2	-1.4%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Kovack Securities Inc.

6451 N. Federal Highway
Fort Lauderdale, FL 33308
(866) 564-6574
joinksi.com
Year founded: 1997
CEO: Ronald J. Kovack
Recruiting contact: Carlo A. Bidone Jr.

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	385	18.5%
# of CFPs	63	12.5%
Avg payout per rep/year	$168,800	12.5%
# of fee-based advisers served	314	5.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$67.1	↑29.3%
Commission	$43.2	22.9%
Fee	$23.9	42.8%
Other	$0.0	N/M
Total account assets	$7,619.2	↑26.5%
Fee-based	$2,382.7	92.6%
Other account assets	$5,236.5	9.4%
Excess net capital	$1.5	43.5%
Total operating expenses	$58.4	11.6%
Pretax earnings	$4.1	77.9%

J.W. Cole Financial Inc.

4301 Anchor Plaza Parkway
Tampa, FL 33634
(866) 592-6531
joinjw-cole.com
Year founded: 2002
Top executive: Robert Wood
Recruiting contact: John Carlson

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	401	6.9%
# of CFPs	62	3.3%
Avg payout per rep/year	$215,157	10.4%
# of fee-based advisers served	270	8.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$86.3	↑18.1%
Commission	$65.7	15.5%
Fee	$20.5	27.0%
Other	$0.0	N/M
Total account assets	$10,742.5	↑10.0%
Fee-based	$2,203.9	20.0%
Other account assets	$8,538.6	7.7%
Excess net capital	$2.5	12.0%
Total operating expenses	$8.4	27.0%
Pretax earnings	$1.7	15.0%

LaSalle St. Securities

940 N. Industrial Drive
Elmhurst, IL 60126
(800) 777-7865
lasallest.com
Year founded: 1974
CEO: Jack McDermott
Recruiting contact: Mark Contey

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	270	1.9%
# of CFPs	30	7.1%
Avg payout per rep/year	$180,000	-2.7%
# of fee-based advisers served	105	1.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$40.3	↑0.9%
Commission	$33.8	3.7%
Fee	$6.4	5.5%
Other	$0.2	6.1%
Total account assets	$750.0	↑5.6%
Fee-based	$750.0	8.4%
Other account assets	N/A	N/A
Excess net capital	$3.1	-6.1%
Total operating expenses	$4.0	5.3%
Pretax earnings	$1.1	-8.3%

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Lincoln Financial Network, a unit of Lincoln Financial Group

2005 Market St.
Philadelphia, PA 19103
(866) 536-6630
JoinLFN.com
Year founded: 1905
Top executive: David S. Berkowitz
Recruiting contact: James Sorey
Christopher Flint

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	8,523	0.8%
# of CFPs	N/D	N/A
Avg payout per rep/year	N/D	N/A
# of fee-based advisers served	N/D	N/A

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$854.6**	**↑4.6%**
Commission	$629.2	3.5%
Fee	$183.8	6.3%
Other	$41.6	16.3%
Total account assets	**$22,339.2**	**↑4.8%**
Fee-based	N/D	N/A
Other account assets	N/D	N/A
Excess net capital	$43.2	58.4%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

LPL Financial, a unit of LPL Financial Holdings Inc.

75 State St.
Boston, MA 02109
(888) 250-2420
lpl.com
Year founded: 1968
CEO: Mark Casady
Recruiting contact: Bill Morrissey

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	14,054	0.1%
# of CFPs	N/D	N/A
Avg payout per rep/year	$200,091	-6.1%
# of fee-based advisers served	10,131	3.4%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$4,202.6**	**↓2.1%**
Commission	$1,920.8	-7.0%
Fee	$1,343.7	1.1%
Other	$938.2	4.3%
Total account assets	**$475,145.9**	**↑0.1%**
Fee-based	$186,789.1	6.6%
Other account assets	$288,356.7	-3.5%
Excess net capital	$97.4	2.3%
Total operating expenses	$1,017.6	7.1%
Pretax earnings	$366.0	-7.1%

Lincoln Investment Planning, a unit of Lincoln Investment Group Holdings

218 Glenside Ave.
Wyncote, PA 19095
(215) 887-8111
lincolninvestment.com
Year founded: 1968
CEO: Edward Forst
Recruiting contact: Thomas Lakatos

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	784	-4.9%
# of CFPs	223	26.7%
Avg payout per rep/year	$227,494	5.0%
# of fee-based advisers served	734	2.4%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$223.7**	**↑3.9%**
Commission	$106.4	0.4%
Fee	$111.7	7.4%
Other	$5.7	5.0%
Total account assets	**$23,716.0**	**↓1.1%**
Fee-based	$10,332.3	1.6%
Other account assets	$13,383.7	-3.2%
Excess net capital	$10.1	-32.7%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

M Holdings Securities Inc. (M Securities), a unit of M Financial Group

1125 N.W. Couch St.
Portland, OR 97209
(503) 232-6960
mfin.com
Year founded: 2000
CEO: Randy O'Connor
Recruiting contact: Randy O'Connor

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	561	1.4%
# of CFPs	76	8.6%
Avg payout per rep/year	$297,986	3.4%
# of fee-based advisers served	272	7.5%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$156.5**	**↑1.8%**
Commission	$138.9	2.0%
Fee	$14.5	0.5%
Other	$3.1	-4.5%
Total account assets	**$33,944.2**	**↑1.6%**
Fee-based	$4,389.0	7.2%
Other account assets	$29,555.2	0.8%
Excess net capital	$1.6	-49.9%
Total operating expenses	$7.7	-3.3%
Pretax earnings	$4.2	6.9%

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MML Investors Services, a unit of Massachusetts Mutual Life Insurance Co.

1295 State St.
Springfield, MA 01111
(800) 542-6767
mmlinvestors.com
Year founded: 1981
CEO: Michael R. Fanning
Recruiting contact: Andrew Dale

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	3,977	1.4%
# of CFPs	N/D	N/A
Avg payout per rep/year	$67,495	-0.8%
# of fee-based advisers served	2,578	0.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$388.7	1.1%
Commission	$265.8	-1.6%
Fee	$91.0	8.5%
Other	$31.9	3.6%
Total account assets	$70,677.6	1.1%
Fee-based	$13,933.7	4.0%
Other account assets	$56,743.8	-2.2%
Excess net capital	$15.6	-13.6%
Total operating expenses	$56.1	0.7%
Pretax earnings	$11.5	2.7%

Northwestern Mutual, a unit of The Northwestern Mutual Life Insurance Co.

611 E. Wisconsin Ave.
Milwaukee, WI 53202
(866) 664-7737
northwesternmutual.com
Year founded: 1968
CEO: David Stoeffel
Recruiting contact: Paul Shane
Cynthia A. Criss

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	5,750	-0.3%
# of CFPs	970	10.2%
Avg payout per rep/year	$105,184	7.6%
# of fee-based advisers served	3,817	20.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$804.7	7.5%
Commission	$282.9	-0.5%
Fee	$439.3	14.2%
Other	$82.4	3.4%
Total account assets	$111,704.6	1.1%
Fee-based	$43,301.5	5.6%
Other account assets	$68,403.2	-1.5%
Excess net capital	$34.8	-47.6%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

National Planning Corp. (NPC), a unit of National Planning Holdings Inc.

100 North Sepulveda Blvd., Suite 1800
El Segundo, CA 90245
(888) 711-6720
joinnpc.com
Year founded: 1998
CEO: John C. Johnson
Recruiting contact: Court Chynces
Scott Montgomery

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,331	-0.3%
# of CFPs	180	N/A
Avg payout per rep/year	$259,000	0.4%
# of fee-based advisers served	1,043	3.2%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$407.8	0.2%
Commission	$261.6	-2.8%
Fee	$116.2	8.2%
Other	$30.0	-6.4%
Total account assets	$11,280.9	7.3%
Fee-based	$11,280.9	-7.3%
Other account assets	N/A	N/A
Excess net capital	$19.3	60.8%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

The O.N. Equity Sales Co., a unit of Ohio National Financial Services

One Financial Way
Cincinnati, OH 45242
(513) 794-6794
joinonesco.com
Year founded: 1968
CEO: Patrick H. McEvoy
Recruiting contact: Tim Minton

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	643	-2.4%
# of CFPs	104	N/A
Avg payout per rep/year	$90,645	15.9%
# of fee-based advisers served	348	9.1%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$66.5	9.8%
Commission	$58.0	9.6%
Fee	$8.4	10.3%
Other	$0.1	235.6%
Total account assets	$8,323.1	3.8%
Fee-based	$831.8	-5.4%
Other account assets	$7,491.2	-3.6%
Excess net capital	$2.3	198.5%
Total operating expenses	$64.7	10.0%
Pretax earnings	$1.8	1.6%

National Securities Corp. & Affiliates, a unit of National Holdings Corp.

410 Park Ave.
New York, NY 10022
(212) 417-8000
nationalsecurities.com
Year founded: 1947
CEO: Mark H. Goldwasser
Recruiting contact: Stephen Michals

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	651	-4.0%
# of CFPs	17	6.3%
Avg payout per rep/year	$164,149	-11.0%
# of fee-based advisers served	180	5.9%

Financials Year-end: Sept. 30	2015 ($M)	1-year % chg
Total revenue	$163.0	11.5%
Commission	$135.9	-10.8%
Fee	$15.0	5.7%
Other	$12.2	-61.8%
Total account assets	$10,988.2	6.7%
Fee-based	$6,588.2	29.2%
Other account assets	$4,400.0	-2.2%
Excess net capital	$9.4	40.5%
Total operating expenses	$35.6	-0.8%
Pretax earnings	$0.5	-93.9%

Parkland Securities

300 Parkland Plaza
Ann Arbor, MI 48103
(800) 373-1612
parklandsecurities.com
Year founded: 2002
CEO: Jerome Rydell
Recruiting contact: Jennifer Bacarella

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	367	-8.3%
# of CFPs	34	3.0%
Avg payout per rep/year	$118,685	12.1%
# of fee-based advisers served	210	-5.8%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$45.5	2.0%
Commission	$31.0	-8.4%
Fee	$10.7	-4.0%
Other	$3.8	167.6%
Total account assets	$5,700.0	5.2%
Fee-based	$950.0	-2.5%
Other account assets	$4,750.0	6.9%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Nationwide Planning Associates Inc.

115 West Century Road, Suite 360
Paramus, NJ 07652
(201) 476-0029
nationwideplanning.com
Year founded: 1992
CEO: Michael J. Karalewich
Recruiting contact: Michael J. De Pol

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	91	15.2%
# of CFPs	9	12.5%
Avg payout per rep/year	$166,545	5.0%
# of fee-based advisers served	35	9.4%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$11.7	6.4%
Commission	$8.5	-11.4%
Fee	$2.5	12.5%
Other	$0.7	2.5%
Total account assets	$1,576.5	25.5%
Fee-based	$303.2	27.6%
Other account assets	$1,273.3	N/M
Excess net capital	$0.3	-17.2%
Total operating expenses	$9.3	-10.2%
Pretax earnings	-$0.05	-119.4%

PlanMember Securities Corp.

6187 Carpinteria Ave.
Carpinteria, CA 93013
(800) 874-6910
joinplanmember.com
Year founded: 1982
CEO: Jon Ziehl
Recruiting contact: Kendra Silverman

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	479	1.5%
# of CFPs	49	14.0%
Avg payout per rep/year	N/D	N/A
# of fee-based advisers served	479	1.5%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$71.1	5.9%
Commission	$25.8	-7.9%
Fee	$44.8	15.4%
Other	$0.5	57.0%
Total account assets	$7,257.0	5.8%
Fee-based	$3,592.3	3.2%
Other account assets	$3,664.7	8.4%
Excess net capital	$3.8	79.6%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

NEXT Financial Group Inc., a unit of NEXT Financial Holdings Inc.

2500 Wilcrest Drive
Houston, TX 77042
(877) 876-6398
nextfinancial.com
Year founded: 1999
CEO: Norman Grant
Recruiting contact: Peter Delehanty
Barry G. Knight

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	674	-7.2%
# of CFPs	72	-37.4%
Avg payout per rep/year	$161,412	-10.1%
# of fee-based advisers served	579	-12.3%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$123.5	5.3%
Commission	$77.6	-6.5%
Fee	$40.9	-1.9%
Other	$4.9	-12.0%
Total account assets	$15,455.3	1.5%
Fee-based	$3,831.4	4.3%
Other account assets	$11,613.9	-3.4%
Excess net capital	$3.1	27.0%
Total operating expenses	$120.4	-5.3%
Pretax earnings	$3.1	-5.7%

Princor Financial Services Corp., a unit of Principal Life Insurance Co.

711 High St.
Des Moines, IA 50392
(888) 774-6267
princor.com
Year founded: 1968
Top executive: Kara Hoogensen
Recruiting contact: Janel Velky

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	2,112	0.7%
# of CFPs	N/D	N/A
Avg payout per rep/year	$125,047	1.0%
# of fee-based advisers served	1,071	2.4%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$314.1	1.6%
Commission	$262.2	0.0%
Fee	$52.0	10.9%
Other	$0.0	38.6%
Total account assets	$8,919.5	2.1%
Fee-based	$4,622.9	1.5%
Other account assets	$4,296.7	2.8%
Excess net capital	$8.2	22.5%
Total operating expenses	$47.4	12.0%
Pretax earnings	$2.6	-62.9%

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ProEquities Inc., a unit of Protective Life Corp.

2801 Highway 280 S.
Birmingham, AL 35223
(800) 288-3035
proequities.com
Year founded: 1984
CEO: Christopher W. Flint
Michael J. Mungenast
Recruiting contact: Taylor Lovell

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,040	1.9%
# of CFPs	N/D	N/A
Avg payout per rep/year	$89,099	-2.7%
# of fee-based advisers served	625	-2.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$116.0	↓2.2%
Commission	$83.5	-4.5%
Fee	$22.5	3.2%
Other	$9.9	7.0%
Total account assets	$2,715.7	↑6.1%
Fee-based	$2,715.7	6.1%
Other account assets	N/D	N/A
Excess net capital	$7.8	-39.7%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Questar Capital Corp., a unit of Allianz Insurance Co. of North America

5701 Golden Hills Drive
Minneapolis, MN 55416
(888) 446-5872
questarcapital.com
Year founded: 1997
CEO: Sherri Du Mond
Recruiting contact: Darcy Matz

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	655	-3.8%
# of CFPs	36	N/A
Avg payout per rep/year	$146,000	5.7%
# of fee-based advisers served	392	-2.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$105.7	↑3.4%
Commission	$85.8	-2.2%
Fee	$15.4	45.3%
Other	$4.6	17.0%
Total account assets	$11,928.1	↑5.2%
Fee-based	$1,336.4	17.8%
Other account assets	$10,591.8	3.8%
Excess net capital	$5.0	50.5%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Prospera Financial Services Inc.

5429 LBJ Freeway
Dallas, TX 75240
(972) 581-3000
prosperafinancial.com
Year founded: 1982
CEO: David W. Stringer
Recruiting contact: Tim Edwards
Tarah M. Carlow

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	127	-8.0%
# of CFPs	20	33.3%
Avg payout per rep/yr	$346,500	6.1%
# of fee-based advisers	116	-10.1%

Financials Year-end: June 30	2015 ($M)	1-year % chg
Total revenue	$42.4	↓2.0%
Commission	$19.9	-17.7%
Fee	$20.4	17.5%
Other	$2.1	19.0%
Total account assets	$5,773.8	↓12.9%
Fee-based	$1,647.3	9.7%
Other acct assets	$4,126.5	-19.5%
Excess net capital	$3.1	54.6%
Total op expenses	$4.5	5.6%
Pretax earnings	$1.5	4.8%

Quest Capital Strategies Inc.

23832 Rockfield Blvd.
Lake Forest, CA 92630
(949) 830-4885
questcapital.com
Year founded: 1983
CEO: Joe Nikolson, James Melton
Recruiting contact: Michael Yu
Louise Kane

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	370	N/A
# of CFPs	N/D	N/A
Avg payout per rep/yr	N/D	N/A
# of fee-based advisers	N/D	N/A

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	N/D	N/A
Commission	N/D	N/A
Fee	N/D	N/A
Other	N/D	N/A
Total account assets	N/D	N/A
Fee-based	N/D	N/A
Other acct assets	N/D	N/A
Excess net capital	N/D	N/A
Total op expenses	N/D	N/A
Pretax earnings	N/D	N/A

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Raymond James Financial Services Inc., a unit of Raymond James Financial

880 Carillon Parkway
St. Petersburg, FL 33716
(866) 694-5807
advisorchoice.com
Year founded: 1974
CEO: Paul Reilly
Recruiting contact: Barry Papa

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	3,544	6.5%
# of CFPs	855	2.0%
Avg payout per rep/year	$351,386	3.5%
# of fee-based advisers served	3,225	6.5%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$1,732.0**	**↑10.7%**
Commission	$677.0	1.6%
Fee	$802.2	17.4%
Other	$252.7	17.3%
Total account assets	**$208,461.0**	**↑2.0%**
Fee-based	$89,491.0	5.7%
Other account assets	$118,970.0	-0.7%
Excess net capital	$25.6	8.9%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

SagePoint Financial Inc., a unit of Advisor Group

2800 N. Central Ave.
Phoenix, AZ 85004
(866) 462-4432
sagepointfinancial.com
Year founded: 1970
CEO: Jeff Auld
Recruiting contact: Genevieve Hodges-Sisco

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,276	-1.2%
# of CFPs	N/D	N/A
Avg payout per rep/year	$187,734	0.6%
# of fee-based advisers served	878	4.3%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$312.3**	**↑2.2%**
Commission	$182.8	2.7%
Fee	$98.1	7.4%
Other	$31.5	-13.0%
Total account assets	**$36,165.3**	**↓2.3%**
Fee-based	$9,593.4	2.5%
Other account assets	$26,571.9	-4.0%
Excess net capital	$11.4	-27.6%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Royal Alliance Associates Inc., a unit of Advisor Group

One World Financial Center
New York, NY 10281
(800) 821-5100
royalalliance.com
Year founded: 1989
CEO: Dmitry Goldin
Recruiting contact: Al Grilli

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,620	3.8%
# of CFPs	N/D	N/A
Avg payout per rep/year	$242,423	-2.6%
# of fee-based advisers served	1,081	0.3%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$461.2**	**↓0.6%**
Commission	$212.6	-4.8%
Fee	$211.0	6.4%
Other	$37.6	-11.1%
Total account assets	**$57,020.8**	**↓4.3%**
Fee-based	$21,881.2	-2.6%
Other account assets	$35,139.6	-5.3%
Excess net capital	$11.3	-42.1%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Securian Financial Services Inc., a unit of Securian Financial Group Inc.

400 Robert St. N.
St. Paul, MN 55101
(651) 665-3500
securian.com
Year founded: 1984
CEO: George Connolly
Recruiting contact: Robert Subjects

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,118	3.2%
# of CFPs	198	-1.5%
Avg payout per rep/year	$221,446	-1.3%
# of fee-based advisers served	836	0.1%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$315.2**	**↑1.6%**
Commission	$188.9	-2.5%
Fee	$93.4	12.5%
Other	$32.9	-1.0%
Total account assets	**$28,781.3**	**↑2.3%**
Fee-based	$10,327.1	5.6%
Other account assets	$18,454.3	0.5%
Excess net capital	N/D	N/A
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Securities America Inc., a unit of Ladenburg Thalmann Financial Services Inc.

12325 Port Grace Blvd.
La Vista, NE 68128
(800) 747-6111
joinsai.com
Year founded: 1984
CEO: Jim Nagengast
Recruiting contact: Gregg Johnson

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	2,033	2.6%
# of CFPs	619	3.2%
Avg payout per rep/yr	$216,939	-5.0%
# of fee-based advisers	1,846	5.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	1,846	↑5.6%
Commission	$250.5	3.4%
Fee	$242.9	8.5%
Other	$58.5	-1.5%
Total account assets	$57,800.0	↑2.1%
Fee-based	$22,300.0	4.2%
Other acct assets	$35,500.0	0.9%
Excess net capital	$6.4	-5.9%
Total op expenses	N/D	N/A
Pretax earnings	N/D	N/A

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Securities Management and Research, a unit of One Financial Inc.

PO Box 868
Marion, IA 52302
(800) 526-8346
smrinvestments.com
Year founded: 1964
CEO: Thomas J. Berthel
Recruiting contact: Vern Coates

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	212	-13.5%
# of CFPs	8	0.0%
Avg payout per rep/year	$8,127	-17.7%
# of fee-based advisers served	46	4.5%

Financials Year-end: Dec. 15	2015 ($M)	1-year % chg
Total revenue	**$4.4**	**↓15.2%**
Commission	$3.3	-19.2%
Fee	$0.3	10.2%
Other	$0.9	-4.5%
Total account assets	**$391.0**	**↓12.3%**
Fee-based	$32.0	52.4%
Other account assets	$359.0	-15.5%
Excess net capital	$1.3	5.0%
Total operating expenses	$1.4	-72.6%
Pretax earnings	$0.2	5.3%

Signator Investors Inc., a unit of Manulife Financial

197 Clarendon St.
Boston, MA 02116
(800) 543-6611
signatorinvestors.com
Year founded: 1968
Top executive: Christopher Maryanopolis
Recruiting contact: Matt Rigatti

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,440	4.8%
# of CFPs	305	114.8%
Avg payout per rep/year	$120,785	11.4%
# of fee-based advisers served	672	7.3%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$303.9**	**↑2.1%**
Commission	$233.3	-2.1%
Fee	$61.5	21.9%
Other	$9.1	3.1%
Total account assets	**$31,018.6**	**↑1.4%**
Fee-based	$8,377.1	9.7%
Other account assets	$22,641.5	-1.4%
Excess net capital	$13.8	226.2%
Total operating expenses	$50.2	24.7%
Pretax earnings	$2.6	126.5%

Securities Service Network Inc., a unit of Ladenburg Thalmann

9729 Cogdill Road
Knoxville, TN 37932
(855) 382-8754
joinssn.com
Year founded: 1983
CEO: Wade S. Wilkinson
Recruiting contact: Landon Moore

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	370	-4.4%
# of CFPs	115	-11.5%
Avg payout per rep/yr	$293,797	18.1%
# of fee-based advisers	235	-29.9%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$125.3**	**↑10.6%**
Commission	$57.3	-0.7%
Fee	$57.4	28.7%
Other	$10.6	-3.6%
Total account assets	**$13,475.6**	**↓5.5%**
Fee-based	$5,869.6	-1.6%
Other acct assets	$7,606.0	-8.2%
Excess net capital	$5.8	62.7%
Total op expenses	N/D	N/A
Pretax earnings	N/D	N/A

Sigma Financial Corp.

300 Parkland Plaza
Ann Arbor, MI 48103
(888) 744-6264
sigmafinancial.com
Year founded: 1983
CEO: Jerome Rydell
Recruiting contact: Jennifer Bacarella

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	623	-0.8%
# of CFPs	105	2.9%
Avg payout per rep/yr	$140,151	1.4%
# of fee-based advisers	435	-12.1%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$95.8**	**↓4.8%**
Commission	$56.8	-9.2%
Fee	$31.6	-0.3%
Other	$7.4	15.5%
Total acct assets	**$10,800.0**	**↑4.4%**
Fee-based	$3,150.0	2.4%
Other acct assets	$7,650.0	5.2%
Excess net capital	N/D	N/A
Total op expenses	N/D	N/A
Pretax earnings	N/D	N/A

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SII Investments Inc., a unit of National Planning Holdings Inc.

5555 W. Grande Market Drive
Appleton, WI 54913
(800) 426-5975
siionline.com
Year founded: 1968
CEO: Todd Kinart
Recruiting contact: Steve VanDomelen

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	564	1.1%
# of CFPs	N/D	N/A
Avg payout per rep/year	$276,000	-4.2%
# of fee-based advisers served	442	-9.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$177.4**	**↓8.2%**
Commission	$105.7	-11.7%
Fee	$57.8	2.2%
Other	$13.9	-17.4%
Total account assets	**$6,523.6**	**↑5.2%**
Fee-based	$6,523.6	5.2%
Other account assets	N/A	N/A
Excess net capital	**$23.2**	**18.5%**
Total operating expenses	**N/D**	**N/A**
Pretax earnings	**N/D**	**N/A**

The Strategic Financial Alliance Inc., a unit of SFA Holdings Inc.

2200 Century Parkway
Atlanta, GA 30345
(678) 954-4000
jointhesfa.com
Year founded: 2003
CEO: Clive Slovin
Recruiting contact: Arthur B. Goldsmith
Paige H. Kerr

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	114	-10.9%
# of CFPs	50	-7.4%
Avg payout per rep/year	$324,779	27.7%
# of fee-based advisers served	88	-26.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$41.2**	**↑4.2%**
Commission	**$20.6**	**3.9%**
Fee	**$16.1**	**2.3%**
Other	**$4.6**	**13.5%**
Total account assets	**$4,026.2**	**↓0.5%**
Fee-based	$1,684.4	10.5%
Other account assets	$2,341.8	-7.1%
Excess net capital	**$2.1**	**19.4%**
Total operating expenses	**$40.3**	**6.7%**
Pretax earnings	**$0.9**	**-49.5%**

Spire Investment Partners

7901 Jones Branch Drive. STE 800
McLean, VA 22102
(703) 748-5800
spireip.com
Year founded: 1997
CEO: David L. Blisk
Recruiting contact: Paul T. Murphy

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	30	3.4%
# of CFPs	13	8.3%
Avg payout per rep/year	$434,000	-9.9%
# of fee-based advisers served	28	0.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$21.0**	**↓12.1%**
Commission	$5.4	-8.1%
Fee	$15.6	-6.4%
Other	$0.0	N/M
Total account assets	**N/D**	**N/A**
Fee-based	N/D	N/A
Other account assets	N/D	N/A
Excess net capital	**N/D**	**N/A**
Total operating expenses	**N/D**	**N/A**
Pretax earnings	**N/D**	**N/A**

Summit Brokerage Services Inc., a unit of Cetera Financial Group

595 S. Federal Highway
Boca Raton, FL 33432
(800) 354-5528
joinsummit.com
Year founded: 1993
CEO: Marshall T. Leeds
Recruiting contact: Vincent Chiera

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	452	27.3%
# of CFPs	N/D	N/A
Avg payout per rep/year	$240,333	-11.7%
# of fee-based advisers served	301	14.4%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$111.0**	**↑2.8%**
Commission	$72.6	-2.3%
Fee	$27.6	18.5%
Other	$10.8	3.7%
Total account assets	**$12,200.0**	**↑10.9%**
Fee-based	$2,700.0	22.7%
Other account assets	$9,500.0	8.0%
Excess net capital	**N/D**	**N/A**
Total operating expenses	**N/D**	**N/A**
Pretax earnings	**N/D**	**N/A**

TFS Securities Inc., a unit of Tomorrow's Financial Services Inc.

437 Newman Springs Road
Lincroft, NJ 07738
(732) 758-9300
tfsweb.com
Year founded: 1987
Top executive: Thomas P. Hyland Sr.
Recruiting contact: Eric S. Edwards

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	224	1.4%
# of CFPs	39	5.4%
Avg payout per rep/yr	$122,000	5.2%
# of fee-based advisers	149	4.9%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$31.9	↑9.4%
Commission	$23.7	9.9%
Fee	$6.5	7.8%
Other	$1.7	9.7%
Total account assets	$4,000.0	↑5.3%
Fee-based	$750.0	11.1%
Other acct assets	$3,250.0	4.0%
Excess net capital	$0.5	5.6%
Total op expenses	$3.8	5.6%
Pretax earnings	$1.2	-7.7%

Visit InvestmentNews.com/bddata for more-complete profiles and financials. N/A = not available. N/D = not disclosed. N/M = not meaningful.

Triad Advisors Inc., a unit of KMS Financial Services Inc.

5155 Peachtree Parkway
Atlanta, GA 30092
(800) 720-4003
triad-advisors.com
Year founded: 1998
CEO: Jeff Rosenthal
Recruiting contact: Nathan Stibbs

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	610	2.3%
# of CFPs	204	2.5%
Avg payout per rep/year	$310,639	4.3%
# of fee-based advisers served	581	1.6%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$184.0	↑3.7%
Commission	$84.5	-5.2%
Fee	$77.1	1.1%
Other	$22.4	84.5%
Total account assets	$23,770.0	↑1.6%
Fee-based	$14,440.0	1.0%
Other account assets	$9,330.0	2.6%
Excess net capital	$7.8	38.8%
Total operating expenses	N/A	N/A
Pretax earnings	N/A	N/A

Voya Financial Advisors Inc., a unit of Voya Financial

909 Locust St.
Des Moines, IA 50309
(800) 356-2906
voyafinancialadvisors.com
Year founded: 1968
CEO: Thomas Halloran
Recruiting contact: Doug Wallace
Bonnie Reed

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	2,118	-3.8%
# of CFPs	298	15.1%
Avg payout per rep/year	$146,879	5.7%
# of fee-based advisers served	1,472	-2.5%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$406.4	↓0.5%
Commission	$276.6	-3.9%
Fee	$115.1	13.4%
Other	$14.7	-24.0%
Total account assets	$43,211.7	↓0.3%
Fee-based	$10,393.5	4.7%
Other account assets	$32,818.2	-1.8%
Excess net capital	$28.2	-7.6%
Total operating expenses	N/D	N/A
Pretax earnings	N/D	N/A

Trustmont Financial Group Inc.

200 Brush Run Road
Greensburg, PA 15601
(724) 468-5665
trustmontgroup.com
Year founded: 1986
Top executive: Anthony C. Hladek
Recruiting contact: Joe Sinclair

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	110	10.0%
# of CFPs	39	2.6%
Avg payout per rep/yr	$124,900	0.2%
# of fee-based advisers	89	0.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	N/D	N/A
Commission	N/D	N/A
Fee	N/D	N/A
Other	N/D	N/A
Total account assets	$1,815.1	↑2.1%
Fee-based	$527.0	3.1%
Other acct assets	$1,288.1	1.7%
Excess net capital	N/D	N/A
Total op expenses	N/D	N/A
Pretax earnings	N/D	N/A

United Planners Financial Services

7333 E. Doubletree Ranch Road
Scottsdale, AZ 85258
(800) 966-8737
unitedplanners.com
Year founded: 1987
CEO: David A. Shindel, Thomas H. Oliver
Recruiting contact: Sheila J. Cuffari-Agasi

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	389	4.0%
# of CFPs	92	2.2%
Avg payout per rep/yr	$244,394	7.7%
# of fee-based advisers	380	8.3%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	$95.1	↑12.3%
Commission	$52.3	2.9%
Fee	$38.0	12.3%
Other	$4.8	N/A
Total account assets	$10,210.5	↑2.1%
Fee-based	$3,910.5	4.1%
Other acct assets	$6,300.0	0.9%
Excess net capital	$4.9	24.4%
Total op expenses	$84.9	9.3%
Pretax earnings	$2.1	43.2%

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VSR Financial Services Inc., a unit of Cetera Financial Group

8620 W. 110th St.
Overland Park, KS 66210
(800) 800-3177
joinvsr.com
Year founded: 1985
CEO: James M. Stanfield
Recruiting contact: James L. Blosser

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	256	-4.5%
# of CFPs	N/D	N/A
Avg payout per rep/year	$293,946	-20.7%
# of fee-based advisers served	N/D	N/A

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**N/D**	**N/A**
Commission	N/D	N/A
Fee	N/D	N/A
Other	N/D	N/A
Total account assets	**$10,266.0**	**↓19.3%**
Fee-based	$4,338.0	-11.8%
Other account assets	$5,928.0	-24.0%
Excess net capital	**N/D**	**N/A**
Total operating expenses	**N/D**	**N/A**
Pretax earnings	**N/D**	**N/A**

Wells Fargo Advisors Financial Network

One N. Jefferson Ave.
St. Louis, MO 63103
(866) 485-5383
wfafinet.com
Year founded: 2001
CEO: Kent Christian
Recruiting contact: Alex David

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,244	7.8%
# of CFPs	N/D	N/A
Avg payout per rep/year	$471,109	-0.6%
# of fee-based advisers served	1,181	7.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$864.1**	**↑6.6%**
Commission	$262.2	3.3%
Fee	$397.9	7.1%
Other	$204.0	10.4%
Total account assets	**$87,450.0**	**↑2.5%**
Fee-based	$41,400.0	8.7%
Other account assets	$46,050.0	-2.6%
Excess net capital	**N/D**	**N/A**
Total operating expenses	**N/D**	**N/A**
Pretax earnings	**N/D**	**N/A**

Waddell & Reed Financial Advisors, a unit of Waddell & Reed Financial Inc.

6300 Lamar Ave.
Overland Park, KS 66202
(913) 236-2000
joinwaddell.com
Year founded: 1937
CEO: Tom Butch
Recruiting contact: David Call
Todd Esh

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,819	3.0%
# of CFPs	312	24.3%
Avg payout per rep/year	$156,047	1.5%
# of fee-based advisers served	1,725	1.7%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$526.1**	**↑5.2%**
Commission	$226.9	2.0%
Fee	$225.7	10.7%
Other	$73.5	-0.2%
Total account assets	**$49,804.7**	**↓3.0%**
Fee-based	$17,644.4	2.2%
Other account assets	$32,160.2	-5.7%
Excess net capital	**$21.5**	**100.4%**
Total operating expenses	**N/A**	**N/A**
Pretax earnings	**N/A**	**N/A**

Woodbury Financial Services, a unit of Advisor Group

7755 Third St. N.
Oakdale, MN 55128
(800) 800-2638
joinwoodbury.com
Year founded: 1910
CEO: Rick Fergesen
Recruiting contact: Scott Little

Staffing and compensation as of Dec. 31	2015	1-year % chg
# of producing reps	1,075	1.3%
# of CFPs	N/D	N/A
Avg payout per rep/year	$197,702	1.0%
# of fee-based advisers served	698	2.0%

Financials Year-end: Dec. 31	2015 ($M)	1-year % chg
Total revenue	**$261.4**	**↓0.3%**
Commission	$192.1	-3.0%
Fee	$48.3	13.6%
Other	$21.1	-3.2%
Total account assets	**$29,636.3**	**↑1.5%**
Fee-based	$5,069.1	3.2%
Other account assets	$24,567.2	1.2%
Excess net capital	**$11.1**	**-27.1%**
Total operating expenses	**N/D**	**N/A**
Pretax earnings	**N/D**	**N/A**

Methodology:

All profiles based on the *InvestmentNews* 2016 Broker-Dealer Survey. To qualify, firms must be headquartered in the United States. Notes: Other revenue includes interest income and financial planning, consulting, investment banking and other fees. Other account assets include annuities, bonds, ETFs, mutual funds and stocks. Itemized revenue and account assets may not equal total because of rounding. CEOs may have additional titles. If CEO position is vacant or not applicable, top executive is listed. Contact IN-data@investmentnews.com to be considered for future listings and rankings.

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DOL fiduciary headaches

Continued from Page 10

the price on some of its model wealth portfolios.

The final rule is scheduled to be fully implemented by the start of 2018.

John Taft, chief executive of RBC Wealth Management, said it will require an "enormous investment from the industry in order to comply" and weeks, or even months, to understand all the details and develop plans to meet the deadlines.

He said the final rule appears to be "better than was feared."

CHANGES FOR IBDs

Two of the most significant changes for IBDs were the elimination of a five-part test for determining fiduciary status and a requirement for extensive data disclosure, including one, five and 10-year expense projections for investment products covered under the BIC exemption.

It's unclear how much the DOL changes will reduce the cost of compliance compared with the expense of meeting the originally proposed rule, which Cambridge Investment Research Inc. estimated would cost $15 million to $17 million in technology upgrades.

Technology changes are expected to be the key adaptations that make it possible for broker-dealers to adapt to the rule. This may include utilizing a digital adviser to handle clients with smaller accounts.

$15M

Minimum estimated cost of tech upgrades at Cambridge to meet originally proposed DOL rule

Under the final rule, one item that IBDs will need to either develop themselves or acquire from outside firms is benchmarking information that they can use to measure the "reasonableness" of the compensation of their advisers, according to Fred Reish, a securities lawyer with Drinker Biddle & Reath. The BIC exemption, similar to the Employee Retirement Income Security Act, requires providers receive no more than reasonable compensation.

'WINNERS AND LOSERS'

While the monetary costs may be high for large IBDs, the impact on the nation's hundreds of other broker-dealers may be even higher, relatively speaking.

The Equity Dealers of America, an industry group that represents midsize and regional securities dealers and investment banks, is supporting resolutions in both houses of Congress that would block the DOL measure.

"This rule confuses investors, interferes with individual investment decisions, and taxes the retirement dollars of hardworking Americans," said Chris Iacovella, CEO of the group. The EDA also said it is considering legal action because the rule would impose a heavier burden on smaller firms, which have more transaction-based clients and lower-asset accounts.

The rule "picks winners and losers among financial firms," Mr. Iacovella said.

Simply put, most small broker-dealers will not have the financial wherewithal to swallow the costs of compliance.

One possible path for them is to be bought by a larger firm that has enough resources. Even before the rule was finalized, a few firms sold their broker-dealers, including American International Group Inc.

John Taft: Fiduciary rule will require "enormous investment" from the industry.

Tom Corra, chief operating officer of Fidelity Clearing & Custody Solutions, said small broker-dealers also may look to buy others to scale their response to the DOL rule.

Others may use acquisitions to build skills they'll need to operate after the rule goes into effect, such as a familiarity with ERISA, he said.

Some broker-dealers may choose another route.

"They may decide to shift many of their accounts to level fee advisory accounts," Mr. Reish said.

Mr. Anderson of SEI Advisor Network said he doesn't think advisers will ultimately want to use the BIC exemption because it will create a perception issue.

Increasingly the public is going to hear more "noise" from fee-only advisers, digital advisers and direct-to-consumer firms like Vanguard Group, he said. They will push investors to question why they should put up with professionals who aren't acting in their best interest.

"The court of public opinion" may greatly reduce or eliminate commission products, Mr. Anderson said.

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IRA ALERT
Ed Slott

On death, divorce and retirement

Division of pensions, 401(k)s, IRAs and other savings needs special handling and monitoring

Splitting a company retirement account in a divorce generally involves a qualified domestic relations order, where the nonparticipant spouse will end up with an agreed upon portion of the other spouse's plan funds. But what happens when the nonparticipant spouse dies first? Does the spouse's portion revert to the participant or plan sponsor?

In a recent case, the court ruled that the death of a taxpayer's ex-spouse prior to the start of his pension caused the portion of his pension benefit that had been awarded to her during their divorce to revert to him. Thus, he was able to receive his full pension. The case name is Anthony Cingrani Jr. v. Sheet Metal Workers' Local No. 73 Pension Fund.

WHEN HIS WIFE DIED FIRST

Anthony Cingrani Jr. was a sheet-metal worker, starting in 1978. He was married to Deborah, but they divorced on May 16, 2002. As part of the divorce settlement, a QDRO was issued. The 2002 order assigned 50% of Mr. Cingrani's vested interests in three pension funds to Deborah. One of the three pension funds was the Local 73 Pension Fund, a defined-benefit pension plan that was to begin making payments when Mr. Cingrani retired. The QDRO, however, did not address the possibility that Deborah might predecease Mr. Cingrani.

Deborah passed away nine years after the divorce on February 17, 2011. At that time, Mr. Cingrani was still working, so Deborah had never received any benefits from the fund.

For archived columns, go to InvestmentNews.com/iraalert

In 2014, Mr. Cingrani decided to retire as of 2015, and applied for his pension. He was surprised to discover that, because of the assignment of 50% of his pension to Deborah by the 2002 QDRO, the fund would only pay him 50% of his pension. The fund said the 50% that would have been awarded to Deborah reverted to the fund. Since the QDRO did not provide for the possibility that Deborah might predecease Mr. Cingrani, the fund based its decision on what it claimed was its "default rule for QDROs," which it disclosed in a document attached to the denial letter. It read, "Upon the alternate payee's death before benefits commenced to him or her, the alternate payee's assigned benefit will be forfeited and will revert to the [plan/participant]."

Mr. Cingrani decided to fight for his full pension. On February 15, 2015, he got an amended QDRO from the same court that had issued the 2002 QDRO. The 2015 QDRO provided that if Deborah should predecease him before any benefits were paid to her, all of her assigned benefits and rights would revert entirely to Mr. Cingrani. The fund refused to honor the 2015 QDRO. Mr. Cingrani did not give up. He appealed this denial and the fund denied his appeal.

COURT RULES QDRO VALID

The court ruled in favor of Mr. Cingrani and held he was entitled to his full pension. It stated not only that the 2002 QDRO allowed Deborah's 50% interest in the pension to revert to Mr. Cingrani, but that even if it did not, the 2015 QDRO was valid to accomplish the same purpose.

The court held that under the 2002 QDRO, Deborah's 50% interest in the pension reverted to Mr. Cingrani upon her death. In reaching this conclusion, the court noted that when a plan has granted the plan administrator discretion to construe plan terms, a court may only overrule the plan administrator if their actions are "arbitrary and capricious."

According to the court, this was because it was "obvious" that where the QDRO is silent, and there is no default rule, and a beneficiary dies prior to their interest vesting, there is nothing to revert to the fund. It would have been different if the pension had vested and there had been an interest owned by Deborah's estate.

The court determined that the QDRO was valid because posthumous QDROs are allowed and it met the formal requirements necessary to override the plan terms.

In addition, the court said the 2015 QDRO met the formal requirements necessary to override the terms of the plan. Critical to those requirements is that the QDRO not increase the cost of the pension.

When it comes to QDROs, advisers for the nonparticipant spouse (the wife in this case) should make sure the plan funds awarded can actually be received regardless of who dies first. Or alternatively, if that is questionable, then during the divorce proceedings the attorney should negotiate for the wife to receive other marital assets of equal value in lieu of plan benefits that might not ever be received.

Ed Slott, a certified public accountant, created the IRA Leadership Program and Ed Slott's Elite IRA Advisor Group. He can be reached at irahelp.com.

INVESTMENT STRATEGIES

James Lumberg

Making a case for impact investing

As more investors get on board, advisers need to make sure it is a core part of their practice

Sometimes a movement, whether social, political, economic, or even investment-focused, proceeds at a measured pace for years before key forces converge, propelling it to dramatically new levels of focus and attention. For example, the climate change movement achieved striking global prominence in December 2015, as nearly 200 nations agreed to sweeping, long-term steps to ratchet down global carbon emissions.

A similar convergence is overtaking impact investing — reinforcing its key role and striking growth. Impact investing, also known as sustainable or socially responsible investing, has been practiced for well over a century, although not necessarily in the investing mainstream. But now profound forces will inevitably motivate financial advisers to define an impact-investing capability as essential to a state-of-the-art advisory practice that's attuned to meeting client demands.

Market evidence shows overwhelming support for the business case for impact investing, powered by portfolios reflecting a deeper, fundamental understanding of client goals, with potentially compelling portfolio performance.

REMARKABLE GROWTH

The market's remarkable growth trend is pivotal. Over the past 20 years, the U.S. impact-investing market has grown more than 1,000%, from $639 billion in assets in 1995 to nearly $6.6 trillion in 2014, according to the US SIF Foundation. And it is far from played out: Despite being the largest regional market by assets under management, the U.S. accounts for just under a third of the $21.4 trillion in global impact assets, according to the Global Sustainable Investment Alliance.

Investing for societal effects has steadily gained adherents, despite its confusing and historically inconsistent labeling and definition. Our broad definition incorporates assessing and choosing investment assets that consider sustainability of a company's business practices; environmental, social, and moral implications; and corporate governance.

Mounting evidence indicates a generational shift toward investing to address deeply held societal concerns and interests. Research by Motif Investing shows nearly half of all investors (70% ages 32 and below, and nearly 60% ages 33 to 48) believe investment decisions can express their social, political, and environmental concerns.

POSITIVE IMPACT

They also want to express proactively a societal view via their investing: About seven in 10 indicate they prefer investing in companies that have a positive impact, rather than merely boycotting harmful ones.

Indeed, investor sentiment is driving the market's steady expansion. "Client demand" was cited as the primary reason for investment managers to incorporate impact factors into portfolio design, according to the US SIF Foundation.

Advisers question how they can efficiently integrate portfolios with impact strategies that fit their clients' interests and return goals while sustaining their clients' long-term commitment to the approach.

TECHNOLOGY HELPING

New practice management services and platform technology on the horizon offer turnkey support for an impact-investing capability, encompassing manager research and selection, strategy implementation, and ongoing monitoring and reporting. Adviser tools will show clients the social and portfolio benefits of their impact allocation, demonstrating its alignment with their passions and financial priorities.

For archived columns, go to InvestmentNews.com/investmentstrategies

Due diligence in impact investing is fast evolving, and advisers can easily access comprehensive, established knowledge and research via new platform technology.

The convergence that's thrusting impact investing to the forefront will have staying power. The consulting firm Accenture estimates that $30 trillion will pass in the next half century from baby boomers to younger investors — many of whom have "grown up" with the impact investing their older generations lacked. For many of them, it will be second nature. For example, a Spectrem Group study showed 45% of wealthy millennials want to use their wealth to help others and consider social responsibility when making investment decisions.

Staying engaged with these investors throughout their lives demands fresh approaches and solutions. Impact investing must be an integral part, and inevitably a core offering, of any relevant and successful advisory practice.

James Lumberg is a co-founder and executive vice president at Envestnet.

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FEATURED FIRMS

Returns to be stuck on low awhile

Continued from Page 4
large and small, to return less than 5% annually.

Only foreign stocks, emerging markets stocks and private equity will clear 5% annual returns before inflation, Mr. Turnill said. "Our international equity return estimates are now above the long-term average, thanks to improved valuations outside the U.S."

GMO, while smaller than the $4.6 trillion BlackRock (BLK), paints a similarly gloomy picture. Historically, U.S. stocks have gained 6.5% a year after inflation. But you're going to be disappointed over the next seven years, GMO says.

TIMBER IS BEST

In its most recent estimate of returns for the next seven years, Boston-based GMO sees large-cap U.S. stocks returning an average 2.3% a year after inflation, with large-cap international stocks gaining 1.2% annually. The best stock bet, in GMO's estimation: Emerging markets stocks, which it projects will grow 4% a year after inflation.

> "OUR INTERNATIONAL equity return estimates are now above the long-term average."
>
> **Richard Turnill**
> Chief global investment strategist
> BlackRock

GMO's outlook for bonds is particularly grim, with U.S. bonds losing an average 1.6% a year and currency-hedged international bonds losing 3.4%. It expects emerging markets debt to eke out a 1.7% average annual return.

The best investment for the next seven years, according to GMO: timber, which it thinks will grow at a 4.8% pace.

GLOOMSAYERS' PREDICTIONS

Most of the gloomsayers' predictions for stocks are based on earnings projections and price-to-earnings multiples. And as first-quarter earnings roll in, the picture isn't terribly pretty. Aggregate earnings for the Standard and Poor's 500 Index are estimated at $26.18, an 18% decline from a year earlier, and the third quarterly decline in a row, S&P says. Even excluding the desultory energy sector, earnings are projected to fall 3.4%, S&P says. And the S&P 500's price-to-earnings ratio is 17.8, using forward earnings estimates — above its 15-year average.

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Prince

Continued from Page 2
the divide between how the Internal Revenue Service and the Prince estate view the present value of future royalties could be huge, because with the death of a popular artist comes the likelihood of ballooning popularity and hence a ballooning valuation.

"For an artist, whether it's Picasso or Prince, death has an impact on their body of work. It's undeniable," said Mr. Behrendt, who worked for 12 years at the IRS as an estate tax attorney. "The IRS will factor that in and say his death will blow the royalties off the charts, but his attorneys will say, 'You can't do that.'"

JACKSON ESTATE IN COURT

The estate of the late Michael Jackson understands this point all too well. It's currently locked in a court battle with the IRS, which valued Mr. Jackson's name and image upon death at more than $434 million. The estate's estimate: $2,015.

Anecdotally, Mr. Behrendt said the IRS feels it got "burned" in the case of Elvis Presley's estate, because it didn't anticipate the phenomenon of a pop icon's catalog becoming increasingly popular after death. Mr. Presley generated $55 million in 2015 alone, second only to Mr. Jackson's $115 million, according to Forbes' list of top-earning dead celebrities. "Now their eyes are open and they'll be putting their best people on these unique cases," Mr. Behrendt said.

UNRELEASED TROVE

And, as a New York Times article indicates, a "trove of Prince's recordings remains unreleased," so any potential value derived from that remains a mystery.

Details on Prince's will and who will be executing his estate haven't yet emerged, but if he didn't have a will designating an executor (which is unlikely, given his reputation as being a good businessman, Mr. Douglas said) it is likely it would pass to his sister, Tyka Nelson. (Prince divorced twice and didn't have any surviving children.)

The estate has 15 months to file a federal estate tax return (nine plus a six-month extension). The estimated federal estate tax is due on the nine-month date, though. (Because Prince was unmarried at death, he can't take advantage of the unlimited marital deduction, which would pass the estate to a spouse tax-free.)

The federal government assesses a 40% estate tax on estate values over $5.45 million. Minnesota, Prince's state of residence, is one of about 20 states with a state estate tax as well. Its top rate is 16%, likely making the estate tax a whopping 56% including the federal rate.

Muddying the valuation challenge even more, however, are state rules governing an "inheritable right of publicity," which protects individuals' identities from being used without permission. While California, for example, is a state that offers protections for the living and deceased in this respect, Minnesota doesn't appear to offer a postmortem right.

"That would lessen the [estate] value, because you don't have enforceable rights of publicity," Mr. Douglas said.

Ultimately, if the IRS determines the tax amount paid by the estate was undervalued after receiving the tax return, the IRS would propose a valuation increase, which parties could then attempt to negotiate, Mr. Behrendt said. If they can't agree, the issue goes the way of the Michael Jackson estate — that is, to Tax Court.

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Rule to spur RIA acquisitions

Continued from Page 4
Fidelity counted 138 deals among wealth management firms last year, representing almost $145 billion in assets, according to a research report it released this month. The report, which looked at mergers involving RIAs and assets of $100 million to $20 billion, found that California, Pennsylvania, New York, Illinois and Maryland were the states that saw the most deals, capturing about 45% of the activity.

49%
Portion of 2015 RIA deals involving strategic acquirers

So-called "strategic acquirers," such as private-equity firms or wealth management firms with private-equity or venture-capital backing that have been building large networks of RIAs, were the largest group of buyers last year, according to Fidelity. They were buyers in about 49% of the deals, followed by RIAs at about 36%.

Private-equity firms and the fiduciary rule also have played roles in M&A activity among broker-dealers.

AIG, METLIFE

In January, American International Group Inc. CEO Peter Hancock cited the regulation as part of the insurer's decision to sell its brokerage unit to private-equity firm Lightyear Capital and Canadian pension manager PSP Investments. A second major insurance company, MetLife Inc., said in February that it was exiting the brokerage business by selling its U.S. adviser unit to Massachusetts Mutual Life Insurance Co.

And just this month, two days before the final rule was released, insurance broker and consultant NFP Corp. said it was selling a majority stake in its independent broker-dealer, NFP Advisor Services, to private-equity firm Stone Point Capital.

While MetLife had been looking to slim down as it fought its too-big-to-fail label from the government, CEO Steve Kandarian noted during an earnings call last year that the proposed fiduciary rule was problematic for annuities. For MassMutual, the purchase meant DOL-related regulatory costs could be spread over a much larger pool of advisers, Michael Fanning, executive vice president of MassMutual's U.S. Insurance Group, said in a February phone interview.

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S2K hires 11 from Realty Capital

Startup broker-dealer staffs up amid plans to wholesale nontraded REITs

By Bruce Kelly

S2K Financial, a new broker-dealer that plans to wholesale nontraded real estate investment trusts to independent broker-dealers and their advisers, has hired 11 former Realty Capital Securities wholesalers and employees to round out its staff of 30.

It is the second large group of wholesalers to migrate to another firm from the defunct Realty Capital Securities, a unit of RCS Capital Corp. that closed in December after it was charged by Massachusetts securities regulators with fraudulently rounding up proxy votes to support real estate deals sponsored by AR Capital. Both RCS Capital, or RCAP, and AR Capital were among the firms co-founded by Nicholas Schorsch, a one-time prominent figure in the nontraded REIT industry.

Another large group of close to 30 RCS employees has moved to renowned bond shop Cantor Fitzgerald & Co., just one of the Wall Street firms currently looking to muscle its way into the nontraded REIT business.

Most notable among the former RCS wholesalers joining S2K is Alex MacGillivray, former senior vice president and sales manager for the eastern division at RCS.

SEC, FINRA REGISTRATIONS

S2K had its registrations with the Securities and Exchange Commission and Financial Industry Regulatory Authority Inc. approved at the end of last month, according to its profile on BrokerCheck.

"We would like to be different," S2K CEO Steven Kantor said in an interview last Tuesday. "There's not a need to do what everyone in the industry has done in the past."

Investors participating in nontraded REIT deals in the past risked not making money on that investment, Mr. Kantor said. "The investor making money is our goal. We need to focus on investors first."

WALL STREET PEDIGREE

S2K is not currently selling any specific nontraded REITs, although the firm is in talks with real estate managers. Mr. Kantor declined to give details about potential products.

Mr. Kantor has an unmistakable Wall Street pedigree. Most recently, he was with Cantor Fitzgerald, the same firm with which S2K will be competing to carve out a space in the nontraded REIT industry. Before that, he was a managing director at Credit Suisse Securities, where his positions included co-head of illiquid alternatives and head of commercial real estate, according to Bloomberg News.

The nontraded REIT marketplace is changing. Sales slumped by a third last year, hurting commission revenue at independent broker-dealers badly. Industry executives routinely point to two significant factors as damaging to REIT sales: new Finra pricing regulations that require broker-dealers to disclose fees paid to brokers who sell the high-commission product and the Labor Department's new fiduciary rule for retirement accounts.

Mr. Kantor said he was not deterred by the new regulatory hurdles. "It's a perfect time for change," he said.

"Steve Kantor is an experienced guy and is trying to figure out a way to eliminate or drastically reduce front-end load" on nontraded REITs, said Kevin Gannon, managing director at Robert A. Stanger & Co. Inc., an investment bank that tracks the nontraded REIT industry. "He's innovative, but he has to get product first."

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Committee votes to kill DOL rule

Continued from Page 2

House with nearly unanimous support from the Republican majority. It is likely to get through the Senate too, which also has a GOP majority, because it cannot be filibustered by Democrats.

VETO EXPECTED

But Mr. Obama, who says the DOL rule will protect middle-class savers from conflicted advice that erodes their nest eggs, will almost certainly veto the resolution. Congressional Republicans don't seem to have enough Democratic support in Congress to override a veto.

The vote in the House committee demonstrated that congressional Democrats are not inclined to buck a Democratic president who has made the DOL rule a priority.

Rep. Bobby Scott, D-Va., ranking member of the House Education and the Workforce Committee, accused Republicans of rushing the resolution through the legislative process. Mr. Scott noted that the resolution was getting a committee vote only 13 days after the final DOL rule had been published on April 6. He said that beats the previous record for congressional consideration of a regulatory disapproval measure, which was 25 days.

"This hastily conceived, partisan resolution should not be where the committee is allocating its time and resources," Mr. Scott said.

> "THERE ARE STILL fundamental flaws in what [DOL is] trying to accomplish."
>
> **Jill Hoffman**
> VP, government relations for investment management
> Financial Services Roundtable

Republicans did not waste any time in trying to stop what they call a complex, costly regulation that would make investment advice too expensive for investors with modest assets.

"The final rule does include some modest changes that will no doubt appease a few detractors, but make no mistake, the rule is still fundamentally flawed and harmful to those saving for their retirement," said Rep. John Kline, R-Minn., and chairman of the House Education and the Workforce Committee.

He added: "The department's final rule will still encourage frivolous lawsuits and drive up the costs for those who can least afford it."

His arguments align with those of the brokerage industry.

"We are open to anything that is going to improve this rule," said Jill Hoffman, vice president of government relations for investment management at the Financial Services Roundtable, who attended the committee vote Thursday. "There are still fundamental flaws in what [DOL is] trying to accomplish."

But most industry trade groups are holding their fire as they and their members review the final DOL rule, which runs more than 1,000 pages.

"Every firm is trying to figure out how to make it work," Ms. Hoffman said.

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Getting off the benchmark bandwagon

Actively managed funds can beat the index if they refrain from tracking it

The decade-long run of money moving out of actively managed mutual funds in favor of passive indexes and exchange-traded products speaks volumes about investors' appetites for active management these days.

Clearly, the bull market has not been kind to active strategies in general. But that's no reason for financial advisers to blindly jump on the bandwagon of an all-passive approach, as many have.

BENCHMARK HUGGERS

While a lot of active funds are not beating their benchmarks in some of these beta-friendly cycles, a lot of them are. The key for advisers is weeding through the expansive universe, which starts with looking for active managers who are not simply hugging a benchmark in an overly cautious effort not to be beat by it.

The topic has become almost an obsession for University of Notre Dame professor of finance Martijn Cremers, who has written multiple research papers and helped launch a website, activeshare.info, that's aimed at uncovering truly active managers.

While Mr. Cremers admits that finding a manager who's not afraid to stray from the benchmark doesn't guarantee success, he points out that hugging a benchmark virtually guarantees failure.

"The more holdings a fund has that are different from the benchmark, the more potential the fund has for performance that is different from that benchmark," he said.

That part is almost common sense, but there are nuances that make identifying truly active managers worth the effort.

In his research, Mr. Cremers describes funds that have at least 40% of their portfolio overlapping the benchmark as low on the active-management side.

DRAG ON PERFORMANCE

He grades benchmark hugging not just by whether a fund owns the same stock as the index, but whether it owns it in the same proportion. For instance, if both the fund and the index have a 5% weighting in Apple Inc., that's an overlap.

The more the portfolio overlaps the index, the more the higher fees of active management come into play as a drag on performance.

For example, if an active fund charged 1% in total expenses and had a 50% overlap with its index, only half of the portfolio would be working to overcome the fund's expense hurdle.

"If you have the same holdings as the index, it doesn't matter what those holdings do because they will not affect the relative performance of the fund," Mr. Cremers said.

Through the simple equation of dividing the fund's expense ratio (1%) by the index overlap (0.5) you get the actual hurdle rate of 2% that the fund needs in order to beat the benchmark.

THERE ARE nuances that make identifying truly active managers worth the effort.

Mr. Cremers isn't suggesting that his formula will help identify the best active managers. But it will help identify the most active of the active managers, who have a much better chance of beating a benchmark.

GENERAL RULE

As a general rule, he said advisers should look for funds that are at least 80% active, meaning they have no more than 20% of the portfolio tracking the index. With smaller-cap strategies, the active share target should be closer to 95%, he said.

While funds with higher active scores tend to be about 30 basis points more expensive than lower-scoring active funds, Mr. Cremers said that difference is negligible because more of the portfolio has the potential to generate alpha.

Steve Graziano, president of Touchstone Investments, which has $16 billion under management in 34 actively managed funds, applauds any effort to uncover benchmark huggers that are charging active-management fees.

"We manage active funds because you have to be different from the benchmark in order to survive," he said. "ETFs have forced active managers to be truly active. We're right at the intersection of where closet indexers will go the way of the buggy whip, and true indexers will be married with ETFs."

One other element that favors managers who aren't afraid to step out of the shadow of a benchmark is low portfolio turnover, which Mr. Cremers defines as patience. He prefers portfolio managers who hold positions for three years or more.

That same level of patience will come in handy for financial advisers and their clients, because a truly active fund should not be expected to move in tandem with its benchmark.

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CFP Board disciplines planners over outside business activities

By Mark Schoeff Jr.

Financial planners who want to stay in good standing with the Certified Financial Planner Board of Standards Inc. had better be careful about conducting professional activities outside of their advisory practices. In its latest list of disciplinary actions, the CFP Board cited outside business activities as one of the reasons for taking action in three of the 10 cases.

Punishments in the 10 cases included one revocation and one administrative revocation of the CFP mark, two suspensions and six letters of admonition.

Aaron R. Parthemer of Ft. Lauderdale, Fla., lost his CFP mark for participating in outside business activities and failing to notify his firm. He also loaned nearly $400,000 to three clients and conducted eight private securities transactions with clients without disclosing them to his firm, according to the CFP Board.

FALSIFIED FILINGS

Mr. Parthemer, who was once a financial adviser for professional athletes, also allegedly ran a Miami nightclub. He falsified filings with the Financial Industry Regulatory Authority Inc., the broker-dealer self-regulator, which barred him from the securities industry. The CFP Board took away his designation as of Jan. 4.

An email response from an attorney who had represented Mr. Parthemer did not include comment on his client.

D. Robin Walker of Verona, Miss., had his CFP mark suspended for a year after he established a registered investment advisory practice separate from the advisory firm where he worked in order to use a proprietary trading model for exchange-traded funds, according to the CFP Board.

Mr. Walker did not disclose the RIA to his firm, and the CFP Board found that he violated his fiduciary duty to his clients when he failed to tell them about the RIA's ownership arrangements. He was fined $60,000 by the Securities and Exchange Commission and $20,000 by Finra, which also suspended him for 20 months.

Mr. Walker could not be reached for comment.

'INTEGRITY AND FITNESS'

Deborah S. Giffin of McMurray, Pa., received a letter of admonition from the CFP Board for selling insurance and collecting commissions without obtaining permission or disclosing the activity to her firm.

Ms. Giffin was not immediately available for comment.

Bankruptcies tripped up several CFP holders.

Alan L. Mitchell of Decatur, Ga., lost his CFP mark after he failed to respond to a CFP Board complaint regarding bankruptcies in 1996 and 2013. The CFP Board said the filings "reflected adversely on Mr. Mitchell's integrity and fitness as a CFP professional, upon the CFP marks and upon the financial planning profession."

Mr. Mitchell declined to comment.

James P. O'Mara of York, Pa., had his use of the CFP mark suspended for 90 days for failing to mention a bankruptcy on his Finra registration and for not disclosing it to his firm. The CFP Board also said that Mr. O'Mara falsely held himself out as a certified public accountant.

Mr. O'Mara declined to comment.

Harold S. Kern of San Jose, Calif., was admonished by the CFP Board for filing bankruptcies in 1995 and 2015.

Mr. Kern could not be reached for comment.

Another CFP was disciplined for inappropriate investment advice. Gary L. Barker was admonished for recommending a real estate private placement fund to an elderly client.

Mr. Barker did not respond to a request for comment.

Other CFPs were disciplined for providing planning services without disclosing them to their firm, taking a loan from a client and committing alcohol-related misdemeanors.

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TECH CONNECT

MoneyGuidePro updates software in line with DOL

New version focuses on client goals and info related to retirement

By Alessandra Malito

MoneyGuidePro, PIEtech's financial planning program for advisers, has released the fourth generation of its software, the company's attempt for its users to be right in line with the Labor Department's fiduciary rule, which requires all advisers act in their clients' best interest on retirement accounts.

Updates for the latest version include features on client goals, life expectancy, household risk tolerance, health care and social security. Advisers are also prompted to discuss what their clients — addressed either as a single client or broken down into separate spouses — are concerned about, which can open up opportunities to learn aspects of clients' lives advisers may otherwise not have known to ask, said Kevin Knull, president of PIEtech, during a visit at the company's office in Powhatan, Va.

NEW NEEDS OF ADVISERS

Retirement has been a main focus for the government and industry, especially this past year, as the DOL geared up to release its final fiduciary rule. Technology vendors across the industry have been updating or developing programs to meet the new needs of advisers, whether that be managing small accounts or building a solid setup of software to address compliance, archiving and organization. Now under the new rule, advisers must ensure they can support their investment recommendations in retirement accounts.

> "THE DOL may have unintentionally made financial planning critical."
>
> **Kevin Knull**
> President
> PIEtech

CLIENT-CENTRIC MODEL

"The DOL may have unintentionally made financial planning critical, as advisers now must defend that their recommendations were in the client's best interest," Mr. Knull said.

Mr. Knull said the new program shifts gears to a client-centric model, from being adviser-centric in previous versions, to assist professionals in delivering a better financial plan.

A MoneyGuidePro study found 6% of advisers' financial plans include specific costs of health care, and 12% of plans incorporated Social Security analysis. Health care costs are automatically put into the financial plan with details based on client information, and cannot be decreased. Strategies for claiming Social Security are another feature of the new update. Mr. Knull said these are often a major gap in financial plans.

'WHAT IF' SCENARIOS

There is also an updated client portal, which includes an area for clients to move around "what if" scenarios in their goals and tweak their plans to see how changes in one section would impact another category of their finances. Clients can save and send the changes to advisers for review.

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Opt for right kind of rebalancing

Knowing when and how to realign a portfolio will help clients the most

By Jeff Benjamin

The simple and straightforward ritual of annually rebalancing client portfolios is actually hurting performance, according to Michael Kitces, partner and director of research at Pinnacle Advisory Group.

Speaking last Monday in Orlando at the IMCA annual conference, Mr. Kitces laid out the case for rebalancing based instead on the volatility of the assets making up a portfolio, which could leave portfolios untouched for multiple years at a time.

IRRATIONAL MARKETS

Citing numerous studies on how rebalancing brings a portfolio back into it original position and helps manage risk, Mr. Kitces underscored the obvious impact of selling winning assets and buying more losing assets.

"Rebalancing your portfolio is one of the few free lunches out there," he said. "But we know that markets can remain irrational longer than a lot of people can remain solvent."

In one example, he compared the performance of a hypothetical portfolio split evenly between stocks and bonds that was rebalanced annually with the same 50/50 portfolio that was left alone over the period.

The portfolio that was left alone outperformed the rebalanced portfolio by 20%.

"It's the power of compounding; stocks out-compound bonds," Mr. Kitces said. "A lot of rebalancing doesn't enhance returns, and in some scenarios it increases risk. In the long run there isn't much question, because systematically rebalancing can chop about 20% off the returns over the same 30 years."

However, the portfolio that never got rebalanced resulted in a weighting of 80% stocks and 20% bonds, representing a glaring problem associated with just leaving a portfolio alone for three decades.

> **20%**
> Percentage of a portfolio that can be lost over 30 years because of rebalancing

"I do not want to be standing in front of a judge trying to explain why my retired client is 80% allocated to stocks," Mr. Kitces said.

IMPACT ON PERFORMANCE

His research showed that rebalancing hurts performance in both bull and bear market periods. And, while annual rebalancing underperforms zero rebalancing, more frequent quarterly and monthly rebalancing performs even worse.

"By rebalancing too frequently we clobber ourselves with transaction costs," he said. "Rebalancing dials down volatility, but it also dials down returns, and we all know that people don't eat risk-adjusted returns."

During both the 2000-2002 bear market and the 2003-2005 bull market, the buy-and-hold strategy outperformed all forms of rebalancing.

The alternative to calendar-based rebalancing is rebalancing when any asset class reaches a pre-determined level of gain or loss, known as tolerance band rebalancing.

While this band can be set at virtually any level, Mr. Kitces said a 20% band is optimal. Key to using a band to trigger rebalancing is near-constant portfolio monitoring, he said.

"Daily monitoring is best, but that could be dialed back to every other week without losing much," Mr. Kitces explained. "With tolerance band rebalancing you're trying to figure out the maximum stretch point. You're not trying to figure out the frequency of when asset classes bounce back. This is not about caring how long it takes, just how long you can stretch it before it bounces back."

For portfolios that have money coming in, he said the money should be invested in the asset class that is down the most.

And for retirees who are taking money out of a portfolio, Mr. Kitces said you should sell the asset class that is up the most.

"Rebalancing doesn't help retirees," he said. "Just sell what is up the most and you're accomplishing the same thing."

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Advisor Services

My Independence Day

September 12, 2005

Jane Newton
RegentAtlantic

What I love most about being an independent advisor is the direct impact I can have on my clients' lives. It's important to me to have my business be about relationships, not just transactions. I've learned that Schwab takes this same client-centered approach. They know how to listen and respond to our needs so everyone's goals are aligned. They're always asking, "How can we help you?" "What more can we do?" And they do a fabulous job of sharing best practices with us, from research to business development. It makes for a wonderful two-way relationship; I know Schwab is as committed to my success as I am to my clients'. I am Jane Newton and this is my Independence Day.

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