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JUNE 8-12, 2020

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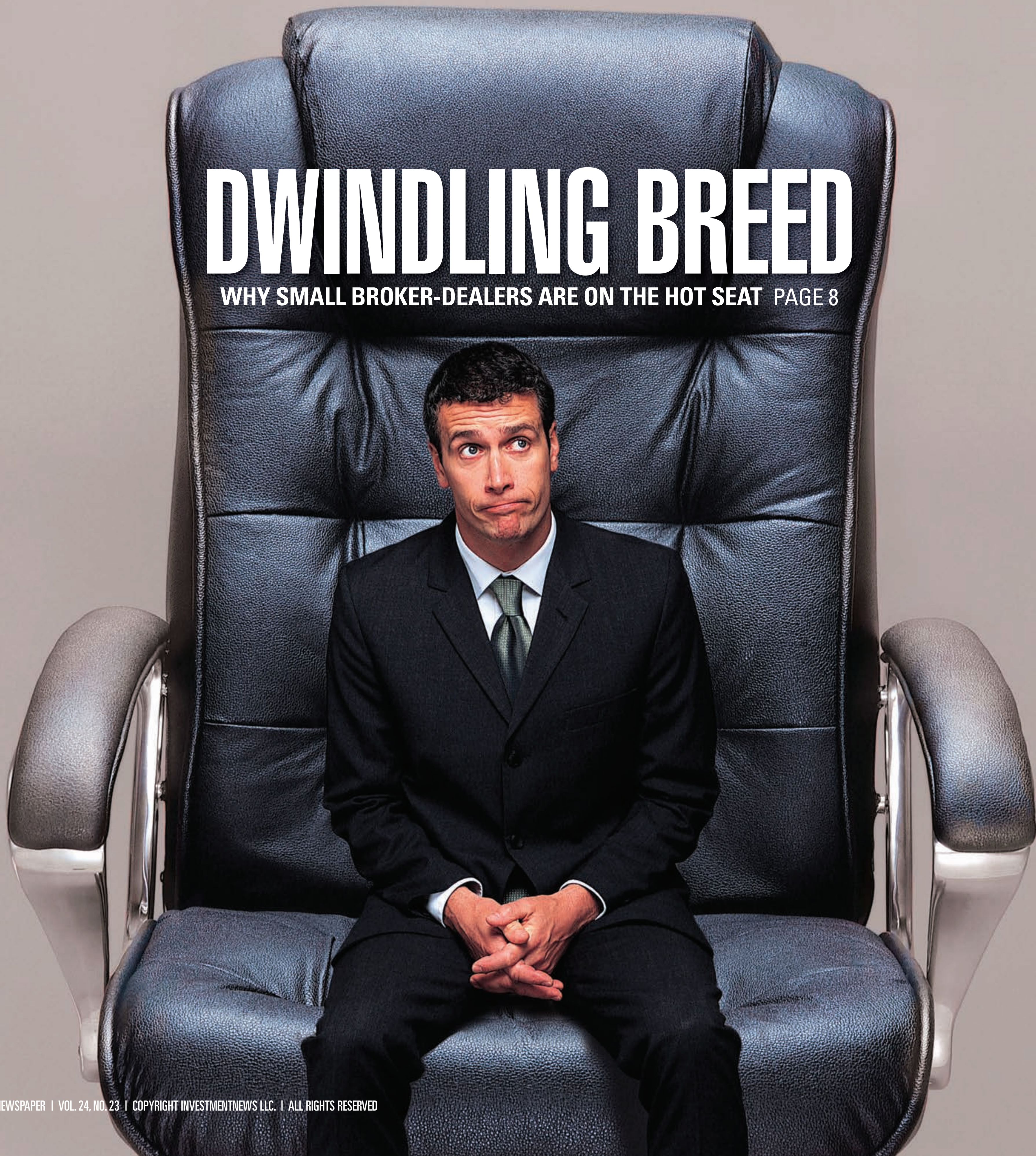

DWINDLING BREED

WHY SMALL BROKER-DEALERS ARE ON THE HOT SEAT PAGE 8

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EDITOR'S NOTE

The power of information

There's no pleasant way to discuss what has been going on in our society these past weeks. Rampant polarization continues to wreak havoc in new and painful ways. I won't pretend to have solutions.

But I do believe that knowledge improves discourse, and discourse leads to solutions. Therefore, please find several great reads this week that address the unfortunate situation we find ourselves in.

GEORGE B. MORIARTY

First, please read this contributed article by Calvert Research CEO John Streur (Page 20). He writes: "Ending racism in America is a responsibility of corporations, and corporations must recognize that their current efforts to promote their core values, and their diversity and inclusion programs, fall far short of what is needed today." That's just the start; I urge you to continue to the end.

Next, please take time to read Nicole Casperson's reporting on how the nationwide protests have highlighted the challenges facing nonwhite advisers (Page 4). The multiple sources and perspectives deserve your attention.

This third piece might be the most important read of the week. On LinkedIn, Shundrawn Thomas, president of Northern Trust, wrote "Breaking the Silence." In it, he shares a startling story that speaks powerfully to current events (https://www.linkedin.com/pulse/breaking-silence-shundrawn-thomas/).

Read. Absorb. And, just maybe, we can all do better.

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Finra fine proceeds fund tech, monitoring

BY MARK SCHOEFF JR.

FINRA USED PROCEEDS from the fines it levied on its brokerage members — as well as money drawn from its reserves — to finance technology upgrades, trade monitoring and investor education last year.

In a report on the usage of fine monies posted on its website last Thursday, the Financial Industry Regulatory Authority Inc. said it levied $39.5 million in fines in 2019. It had more "fines-eligible expenditures" than could be covered by that amount, so it drew another $31.6 million from its reserves, which essentially are its investment accounts.

> **KEY POINTS**
> - Finra levied $39.5 million in fines in 2019.
> - The group uses fine monies for capital expenditures and investor education.

The organization targets fine spending on capital expenditures, which totaled $56.6 million last year, and investor education and firm compliance, which totaled $14.5 million.

"The fines-eligible expenditures within these categories … furthered FINRA's goals to implement efficient oversight programs that protect investors and the markets; modernize critical securities industry infrastructure; strengthen our ability to track trading across markets; enhance our examination, investigation and disciplinary programs; enhance the efficiency of FINRA systems; facilitate compliance by member firms and equip investors with knowledge and resources to help them navigate ever-evolving markets, products and services," the report states.

Finra spent $18.7 million on infrastructure improvements, such as migrating data centers to cloud-based platforms and upgrading its registration, testing and continuing education systems.

STRENGTHENING MONITORING

The broker-dealer self-regulator allocated $17 million to strengthen the monitoring of equity, option and fixed-income market activity. It spent $12.5 million to improve technology for examination, investigation and enforcement programs, as well as $8.4 million to bolster compliance systems.

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Finra adds human resources exec

BY JEFF BENJAMIN

THE FINANCIAL Industry Regulatory Authority Inc. has appointed an African American woman to join its top ranks as executive vice president and chief human resources officer.

Rainia Washington will lead Finra's People Solutions team, overseeing the organization's talent recruitment, training and development, diversity and inclusion, compensation and benefits, and employee relations.

Finra did not provide additional comment beyond the press release and said Washington was not available for comment for this story. But according to the Finra website, Washington will be the lone African American executive at the brokerage industry's self-regulator.

Washington joins Finra after a 26-year career at Lockheed Martin, where she held a series of increasingly important roles within human resources, including serving for the past six years as the chief global diversity and inclusion officer for the 110,000-employee company.

RAINIA WASHINGTON

She received a Bachelor of Science in engineering from the University of Pennsylvania and an MBA from Penn State University.

"Rainia brings a wealth of expertise across so many facets of talent management, and I am confident she will provide strong leadership for our People Solutions team and Finra's world-class employees, while also developing and recruiting our next generation of leaders," said Robert Cook, Finra president and chief executive.

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Appeals court judges seem skeptical about arguments against Reg BI

BY MARK SCHOEFF JR.

FEDERAL APPEALS court judges appeared skeptical last Tuesday that the Securities and Exchange Commission exceeded its authority by reforming investment advice standards while continuing to regulate brokers and investment advisers separately.

The 2nd U.S. Circuit Court of Appeals heard an oral argument for lawsuits against Regulation Best Interest — the new broker advice requirement that's the centerpiece of the SEC reform package. After the expedited hearing the court could issue a ruling just before Reg BI is due to be implemented on June 30.

Even as the SEC was defending Reg BI in court, Sen. Sherrod Brown, D-Ohio, the ranking member of the Senate Banking Committee, warned the agency last Monday to strictly enforce the measure and to report to Congress on violations that it finds.

Plaintiffs in the lawsuit — a group of state attorneys general and the XY Planning Network and a member firm — said the agency ignored congressional intent, outlined in a provision in the Dodd-Frank Act, to establish a uniform standard of conduct for brokers and investment advisers. They said that standard should be the fiduciary duty to which advisers adhere under the Investment Advisers Act.

'LANGUAGE OF THE STATUTE'

But two of the three judges on the panel zeroed in on whether the Dodd-Frank law gave the SEC latitude to do what it did — impose a new standard for brokers that is different from the one governing advisers.

"The language of the statue is 'may,' right?" Judge Michael H. Park asked the attorney for the state attorneys general, Ester Murdukhayeva, implying that if Congress had wanted the SEC to put advisers and brokers under the adviser standard, it would have been more prescriptive in the Dodd-Frank language.

Murdukhayeva said even though the word "may" is contained in Dodd-Frank, once the SEC started its rulemaking, it was bound by the Investment Advisers Act of 1940, which allows brokers only to give advice that is "solely incidental" to a sales recommendation without registering as investment advisers. She said Reg BI goes much further than that.

"The use of the word 'may' does not give the agency unfettered discretion," Murdukhayeva said.

SEC'S LATITUDE

Dodd-Frank works in conjunction with the Advisers Act to limit how much latitude the SEC has in setting a separate broker standard, she argued.

Judge William J. Nardini asked Murdukhayeva, "If you're saying that there's only one permissible outcome, it's got to be the fiduciary standard across the board, why did Congress say 'may,' why didn't they say 'must?'"

The SEC attorney, Jeff Berger, argued that Dodd-Frank gave the SEC authority to promulgate Reg BI as opposed to a uniform advice standard.

"'May' is classic discretionary language," Berger said.

Nardini pressed him on why a section of Dodd-Frank did outline certain parameters for a broker standard. "Is that all it is, a big, heavy but optional hint?"

The SEC is regulating brokers and advisers separately to preserve the broker business mode while raising the broker advice standard, Berger said. If Congress wanted the SEC to treat brokers and advisers the same, it would have eliminated the bro-

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"THE USE OF THE WORD 'MAY' DOES NOT GIVE THE AGENCY UNFETTERED DISCRETION."

— ESTER MURDUKHAYEVA, ATTORNEY FOR STATE ATTORNEYS GENERAL

Captrust set to ramp up M&A after PE firm GTCR takes 25% stake

BY JEFF BENJAMIN

WITH THREE ACQUISITIONS under its belt already this year on the heels of five deals last year and seven in 2018, Captrust has clearly mastered a merger and acquisition growth strategy that goes back to its first deal in 2006.

But news that the long-time hold-out on partnering with private equity investors has taken PE funding suggests there could be a whole new level of acquisition-fueled growth in store for the $390 billion firm.

"For our long history we have been proud of the fact we funded growth internally and grew organically," said Ben Goldstein, Captrust president

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Schwab's deal for TD gets OK from Justice Department

BY NICOLE CASPERSON

CHARLES SCHWAB Corp.'s $26 billion acquisition of TD Ameritrade Holding Corp. has received approval from the antitrust division of the Department of Justice, the company announced last Thursday.

The DOJ's completion of its investigation is an "important milestone" toward the proposed deal, Walt Bettinger, president and CEO of Charles Schwab, said in a statement.

"We're gratified by the DOJ's decision and appreciate its diligent and thorough review," Bettinger said.

However, the company still has additional red tape to cut through including further regulatory sign-offs and approvals.

In an important first step, Schwab shareholders voted to approve the deal last Thursday.

As a result, the transaction is expected to close in the second half of the year. The complete integration of the firms could take between 18 to 36 months to complete after the close, according to the release.

Charles Schwab announced the mega-deal, which would create a goliath brokerage firm with roughly $5 trillion in combined assets, in late November. The tie-up drew the scrutiny of antitrust regulators almost immediately.

The close of the deal will mean smaller discount brokerages, like Fidelity Investments and ETrade Financial Corp., whose purchase by Morgan Stanley was announced in February, will have to contend with a more formidable competitor.

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WALT BETTINGER

Advisers can find open lane by focusing on clients' values

IF THE PROTESTING and unrest following George Floyd's tragic death has taught us anything, it is that people are passionately driven by emotions and personal values.

INSIGHTS
JEFF BENJAMIN

In the broadest sense, that kind of overt human sentiment should be recognized and acknowledged as a message to the financial planning community that most people's priorities, even when they're working with a financial adviser, don't start or stop at the investment portfolio.

In the context of financial planning, the point, which is underscored by a new research report from the Money Management Institute and consulting firm Aon, is that there is a growing divide between what clients want and what a lot of financial advisers are providing.

For instance, according to the research, 76% of clients seek to incorporate at least one of their values into their investment portfolio. But when asked how they think clients feel about values-based investing, only 44% of advisers said they think it is a priority to clients.

EVOLVING RELATIONSHIP

"The financial planning relationship is evolving and now being directed by the clients," said Craig Pfeiffer, president and chief executive at MMI. "Clients used to just seek investment advice, but now they're seeking financial advice."

The research goes beyond the general concept of environmental, social and governance issues to identify how clients who might not identify themselves as socially conscious or environmentally sensitive consumers rank their values.

The survey of 1,500 high-net-worth individuals found that the values most important to them started with family, country and human rights.

Their value priorities followed a gradual decline to social justice, global environmental protection, sustainable corporate practices, climate solutions, diversity and inclusion, religion, and corporate governance, finishing at arts and culture.

While the priority ranking for clients ranged from 9.4 out of a possible 10 for family to 6.6 for arts and culture, advisers' perceptions of client values were generally out of sync.

REAL DIVERGENCE

When advisers under the age of 45 were asked to rank client values on the same scale, they followed a similar pattern but in a narrower range. The under-45 advisers perceived clients would rank family as the highest priority at 8.6 and arts and culture as the lowest at 7.6.

76%
OF CLIENTS WANT TO INCORPORATE AT LEAST ONE VALUE INTO THEIR PORTFOLIOS

The real divergence comes in the way advisers over 55 perceive client values. The older advisers ranked

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Protests highlight hurdles facing nonwhite advisers

BY NICOLE CASPERSON

FINANCIAL PLANNERS are bracing for the economic pain clients will experience due to the nationwide protesting and looting sparked by the fatal arrest of George Floyd in Minneapolis.

As the nation is still in the midst of the coronavirus pandemic and a receding economy, some advisers' clients are getting hit even harder, specifically, those who have small businesses being looted as a result of the racial injustice in the U.S., said Frank Paré, president and founder of PF Wealth Management Group, and former president of the Financial Planning Association.

"Even with insurance, [clients] are going to have unexpected costs on top of, already, an economic disaster," Paré said in a telephone interview. "The economic pain is going to be … felt by people already feeling economic pain, and it's just going to make financial planning more difficult."

In fact, his Oakland, Calif.-based firm is meeting with clients whose businesses have been looted, Paré said. "I was on the phone with a client yesterday who had her building looted and she is in retirement and relies on the income from that building," he said. "This is impacting her ability to feel secure — she's not wealthy, she is not of working age and she cannot afford to lose this income."

The negative effect of the looting is just one of the immediate implications financial advisers face amid nationwide protests. However, the issue is a small slice of a larger challenge as the industry responds to institutional racism.

"In recent years, there has been a lot of discussion about how the financial planning profession needs to be more accessible, supportive and welcoming," FPA President Martin Seay said in a statement. "To many, that talk hasn't led to meaningful action. For many minorities, the doors of the profession are still closed. We need to do more to equip those in the majority with the necessary resources to fully embrace the challenges facing minority practitioners today."

While the FPA's statement is a "good start" to have leaders in the industry share their values, "leaders can't monitor people's hearts," Paré said. "If you have individuals who harbor perhaps biased or racist attitudes and thoughts, no amount of leadership talking about it is going to change that individual's heart. It's more than just discussion, it has to be true policy."

DIVERSITY DISCONNECT

Recent research shows that the industry's vocal support for diversity and inclusion tells a different story than its actions.

Flexshares' Advisor Teams and Diversity Study conducted last October and November revealed that when asked to identify initiatives that would help their firm align with the future of the industry, advisers ranked "attract and hire more diverse talent" second to last.

Further, when it comes to hiring diverse talent, 55% of advisers responded they do not believe increasing diversity should be a strategic priority.

The survey, released June 1, was completed by 488 advisers across the country and sent to 112,036 financial advisers in total. Broken down

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Opinion

EDITORIAL / LETTERS / OP-ED / GUEST BLOGS

RIAs taking PPP loans is not so black and white

As the nation experiences widespread unrest and anxiety, a rift is also opening in the advisory industry. And like the protests erupting across the U.S., this division has no easy resolution.

When Congress enacted the Coronavirus Aid, Relief and Economic Security Act, known as the CARES Act, in March, its intent was to provide financial relief to small businesses and workers affected by the economic threat of COVID-19. At the time, we wondered if this unprecedented move would have any effect on the advisory industry and if firms would access the program. Some did.

Since then, the market has roared back and efforts to slow the pandemic have shown promising results. Now, some in the industry are questioning whether it is appropriate for registered investment advisers with fee-based business models to accept forgivable loans made available through the Payroll Protection Program, also known as PPP.

HEDGE AGAINST UNCERTAINTY

According to a survey of 181 financial advisers that InvestmentNews Research conducted in late May, about a quarter of firms that applied for the stimulus said the infusion was necessary immediately. But nearly two-thirds said they applied as a hedge against future economic uncertainty.

In other words, they didn't need the money.

In a recent webinar covered by senior columnist Jeff Benjamin, industry leaders tore into one another over the propriety of RIAs accepting forgivable stimulus loans at the expense of small businesses that are struggling to survive. Accusations ranged from simple bad management to downright bad faith.

"Taking a government bailout just because it's easy to get is immoral and unethical," Daniel Wiener, chairman and co-founder of Adviser Investments, told Benjamin recently. Unlike hair salons and restaurants forced to close by the pandemic, Weiner explained, RIAs continue to charge fees based on the portfolio performance of their assets under management.

"It is a business model that should be able to accommodate both bull and bear markets," he said.

And there may be unintended consequence for firms that take the money.

"Certain banks will look at this and say if a business took a PPP loan, they're in distress and we can't give them credit," said Rick Dennen, chief executive of Oak Street Funding. But he doesn't hold it against RIAs that took the loans, adding that if the loans are forgiven, the value of those firms will be enhanced.

Indeed, the CARES Act was intended to help entrepreneurs and small-business owners maintain viability under truly extraordinary circumstances. While hair salons and restaurants clearly are among the most accessible and vital small businesses that need assistance, the small advice shop run by just one or several advisers is still a business — and it could need financial support, like so many other businesses affected by the pandemic.

As Emile Hallez reported, the vast majority of advisers who participated in the InvestmentNews Research survey said they had not applied for PPP loans, and only 20% said they had been approved for one.

NO NEED TO BE ASHAMED

When used appropriately, non-fee-based firms should not be ashamed to apply for and accept the PPP funds they need to stay in business and hold on to valued employees. Nor should they be tarred and feathered for admitting that they need assistance if they truly do.

Perhaps it's a reach to call them "heroic," as one well-known and very vocal industry member wrote in a blog post, but it wasn't so long ago that some of the biggest and most successful companies in history needed to be saved from themselves in order to save our economy. And that "handout" helped to launch the greatest bull run in market history.

The division in the advice community over this issue will be challenging to reconcile because it's difficult for anyone to know what's on another firm's books. It's easy to lob grenades at one another. What's not so easy is to offer real solutions to real problems.

SOME ARE QUESTIONING WHETHER IT IS APPROPRIATE FOR RIAS WITH FEE-BASED BUSINESS MODELS TO ACCEPT FORGIVABLE LOANS.

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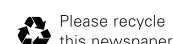

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BATTLE OF BU

F THE USINESS MODELS

SMALL BROKER-DEALERS TO LOSE, AS RIAS KEEP GAINING

BY BRUCE KELLY

UNDER PRESSURE from rising costs for technology and regulation, and facing the unknowns presented by COVID-19, small broker-dealers are losing more ground to registered investment advisers in the ongoing battle of business models for the sale and delivery of investment advice.

It's been going this way for years, but the pandemic is adding fuel to the advice industry's realignment. Prior to 2020, some small broker-dealers had begun pulling the trigger to sell out to larger rivals, which have more robust RIA platforms and a greater ability to spend on the technology needed to shift advisers to working from home during the pandemic. And that only appears to be accelerating.

For example, near the end of April, LPL Financial said it was buying Lucia Securities, a small broker-dealer and RIA with 20 advisers and $1.5 billion in assets. A month later, LPL, the leading independent broker-dealer and RIA with more than 16,000 reps and advisers, hit the repeat button and said it was purchasing E.K. Riley Investments, with 35 advisers and $2 billion in client assets.

Lucia and E.K. Riley fit the definition of a small broker-dealer — a firm with less than 100 reps with retail or wealth management clients. Such firms have been fighting rising costs related to technology and compliance for more than a decade.

THE FINAL STRAW

Small broker-dealers have been teetering for years. Failures of high-priced alternative products, from hedge funds to private placements and nontraded real estate investment trusts, were mainstays of the financial crisis in 2007-2009. Following the great recession, dozens of small firms that made their living from commissions on sales of those products closed in the face of costly lawsuits, as well as new regulations, compliance and technology.

COVID-19 is another such storm for smaller broker-dealers. Add in the Federal Reserve's recent move to slash short-term interest rates to zero, which means broker-deal-

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ers will see negligible revenue from spreads on clients' cash holdings, and the storm intensifies.

"With the craziness of this pandemic, we may lose another 300 firms by year's end, in my opinion," John Busacca, a longtime advocate for small broker-dealers, wrote in a recent email advocating his election to the board of governors of the Financial Industry Regulatory Authority Inc. He is the CEO of Broker Dealer Exchange.

To Busacca's point, it's been a bruising 10 to 15 years for broker-dealers of all stripes, but particularly smaller firms. The number of broker-dealers has been roughly cut in half, as he notes, to 3,000 from 6,000.

FLOCKING TO RIA SIDE

Over the same period of time, reps and advisers have been flocking to the RIA side of the business. That should only intensify as the investment advice industry grapples with the pandemic.

"The large major firms, both RIAs and broker-dealers that have hybrid advisers, have been investing in technology to be prepared for such a remote working situation," said Marina Shtyrkov, senior analyst at research firm Cerulli Associates. "Smaller firms didn't have the resources to invest in technology and that sets them up for failure."

Scale, she said, whether on the broker-dealer or RIA side of the business, "has allowed those respective firms to invest in technology that positions them, perhaps unintentionally, for this type of event."

"Those firms have the digital resources, including video conferencing and e-signature, in place and ready to go. This disruptive event was the tipping point for advisers to use these new technologies," Shtyrkov said.

In March, as local governments ordered many businesses to close and workers stayed home, the economy and market experienced a liquidity crisis, as many have noted, which lawmakers quickly addressed with an unprecedented $2.7 trillion in a variety of stimulus packages. What's likely coming is an economic and unemployment crisis in which small businesses in particular could be challenged.

DOUBLE WHAMMY

In the financial services arena, nothing could be more vulnerable than small to midsize broker-dealers that still rely on commissions for a large part of their revenues.

"It wasn't like small broker-dealers were in great shape before the pandemic and this all happened," said Brian Hamburger, president and CEO of MarketCounsel, which advises breakaway brokers. "I've been hearing for 15 years that these small B-Ds wanted to make a move and shift over to a fee-based RIA business so they won't be as reliant on commission income.

"But commissions can be more profitable, which is why so many of those firms have procrastinated in changing their business model," Hamburger said. "There wasn't much of an immediate incentive to do that. And now we're in a business environment where commission products are much harder to sell due to Reg BI."

Yes, Regulation Best Interest, which is meant to raise the advice standard for brokers, is yet another thorn in the side of small broker-dealers. The change in regulation is intended to reduce conflicts of interest for brokers and move the broker standard closer to a fiduciary.

"Reg BI and the pandemic both represent potential headwinds for smaller broker-dealers, which tend to have more limited financial resources and infrastructure than their larger competitors," said Michael Rose, associate director for wealth management at Cerulli.

DECLINING RANKS OF BROKER-DEALERS

The number of broker-dealers registered with Finra has declined 28% over the past dozen years, with the biggest annual decreases occurring in the wake of the 2007-2009 financial crisis.

YEAR	TOTAL FIRMS AT END OF YEAR	NO. FIRMS LEAVING	% LEAVING	NO. FIRMS ADDED	% ADDED
2019	3,517	-206	-6%	+116	+3%
2018	3,607	-219	-6%	+100	+3%
2017	3,726	-205	-6%	+96	+3%
2016	3,835	-232	-6%	+124	+3%
2015	3,943	-244	-6%	+119	+3%
2014	4,068	-222	-5%	+144	+3%
2013	4,146	-249	-6%	+105	+2%
2012	4,290	-303	-7%	+136	+3%
2011	4,457	-294	-6%	+173	+4%
2010	4,578	-330	-7%	+190	+4%
2009	4,718	-339	-7%	+166	+3%
2008	4,891	-323	-6%	+215	+4%

Certain data presented here reflect minor adjustments from previously reported data due to technical database corrections.

Source: Financial Industry Regulatory Authority Inc.

"WE MAY LOSE ANOTHER 300 FIRMS BY YEAR'S END."

JOHN BUSACCA, CEO, BROKER DEALER EXCHANGE

"For smaller broker-dealers, the impacts of coronavirus have likely felt like an accumulation on top of the challenges and costs associated with Reg BI compliance, Rose said.

"Smaller firms may benefit from being more nimble, with the ability to identify and implement operational changes without the added complexity associated with multiple layers of bureaucracy," he added.

"Small firms just don't have the resources to invest in attorneys and staff to make sure they are protecting themselves and following the regulation," said Amy Webber, president and CEO of Cambridge Investment Research Inc.

While the number of broker-dealers is shrinking, the opposite is true for RIAs.

The independent and hybrid RIA channel increased its adviser head count to more than 63,000, up 21%, in the five years ending in 2018, according to Cerulli Associates.

In the same time frame, the number of RIA firms grew to nearly 17,000 from approximately 15,500, according to Cerulli.

JUST GETTING STARTED

Dan Arnold, the CEO of LPL, said his firm is just getting started when it comes to broker-dealer acquisitions.

"This climate may also create more M&A opportunities, and our approach here remains the same," Arnold said in a conference call with analysts at the end of April to discuss first-quarter earnings. "We are interested in firms that are aligned strategically, financially and operationally, and we're starting to see opportunities materialize like the acquisition of Lucia Securities."

"M&A continues to stay on our strategic radar," Arnold said, adding that the firm sees opportunities "across the small B-D and RIA segment of the marketplace.

"In environments like [the one] we're coming out of, we would anticipate, based on what history would tell us, that there would be demand and opportunity for continued consolidation within that segment of the marketplace," he said.

But it's just not LPL that will benefit; executives from other broker-dealers with large-scale RIA platforms say they are in discussions to buy small broker-dealers.

To that end, in April, Cambridge Investment Research hired Steve Chipman as senior vice president of strategic initiatives to focus on acquisitions, Webber said.

Chipman previously worked at Advisor Group.

"I see this as a real opportunity," Webber said. "We have to make sure to offer flexible structures for deals to buy firms that others may not."

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LARGEST FEE-ONLY RIAs

RANKED BY TOTAL ASSETS UNDER MANAGEMENT

Rank 2020	Firm	Phone/Website	Total Assets ($M)	Total Accounts	Discretionary Assets ($M)	Discretionary Accounts	Nondiscretionary Assets ($M)	Nondiscretionary Accounts	Employees
1	**Hall Capital Partners** One Maritime Plaza, 6th Floor San Francisco, CA 94111	415-288-0544 hallcapital.com	**$41,599.8**	181	$15,428.0	76	$26,171.8	105	160
2	**Silvercrest Asset Management Group** 1330 Avenue of the Americas, 38th Floor New York, NY 10019-5400	212-649-0600 silvercrestgroup.com	**$25,070.1**	1,275	$18,753.8	1,251	$6,316.3	24	142
3	**Jasper Ridge Partners** 201 Main Street, Suite 1000 Fort Worth, TX 76102	817-333-0027 jasperridge.com	**$22,018.1**	43	$21,475.3	37	$542.8	6	89
4	**Moneta Group Investment Advisors** 100 South Brentwood Blvd. St. Louis, MO 63105	314-726-2300 monetagroup.com	**$20,257.5**	25,379	$9,217.1	3,992	$11,040.3	21,387	300
5	**BBR Partners** 2 Grand Central Tower, 140 East 45th Street New York, NY 10017	212-313-9870 bbrpartners.com	**$17,886.9**	3,600	$15,627.4	3,500	$2,259.5	100	125
6	**Comprehensive Financial Management** 720 University Avenue, Suite 200 Los Gatos, CA 95032-7606	408-358-3316 comprehensivefinancialmgmt.com	**$17,061.9**	45	$17,061.9	45	$0.0	0	29
7	**Summit Rock Advisors** 9 West 57th Street, 12th Floor New York, NY 10019	212-993-7150 summit-rock.com	**$15,799.4**	152	$7,885.2	108	$7,914.2	44	67
8	**Bahl & Gaynor Inc.** 255 East Fifth Street, Suite 2700 Cincinnati, OH 45202	513-287-6100 twitter.com/bahlgaynor	**$15,521.5**	2,391	$14,612.3	2,316	$909.2	75	25
9	**Boston Private Wealth** One Federal Street, 30th Floor Boston, MA 02110	617-223-0200 bostonprivate.com/personal/ wealth-management	**$13,315.7**	13,606	$12,697.1	10,510	$618.6	3,096	135
10	**Aspiriant** 11100 Santa Monica Blvd., Suite 600 Los Angeles, CA 90025	310-806-4000 aspiriant.com	**$12,758.7**	8,816	$10,639.6	6,979	$2,119.1	1,837	166
11	**Personal Capital Advisors Corp.** 250 Montgomery Street, Suite 700 San Francisco, CA 94104	415-800-5922 personalcapital.com	**$12,240.7**	62,594	$12,240.7	62,594	$0.0	0	247
12	**Pathstone** 10 Sterling Blvd., Suite 402 Englewood, NJ 07631	201-944-7284 pathstonetrust.com	**$10,251.4**	5,660	$6,162.7	4,265	$4,088.8	1,395	113
13	**FCI Advisors** 5901 College Blvd., Suite 110 Overland Park, KS 66211	800-615-2536 fciadvisors.com	**$9,863.4**	13,152	$8,747.2	12,064	$1,116.2	1,088	61
14	**Loring Wolcott & Coolidge Fiduciary Advisors** 230 Congress Street, Boston, MA 02110-2437	617-523-6531 sustainabilitygroup.com	**$9,016.8**	2,902	$8,953.4	2,886	$63.4	16	95
15	**We Family Offices** 701 Brickell Avenue, Suite 2101 Miami, FL 33131	305-825-2225 twitter.com/wefamilyoffices	**$8,537.6**	78	$0.0	0	$8,537.6	78	47
16	**TAG Associates** 810 Seventh Avenue, 7th Floor New York, NY 10019-5890	212-275-1500 tagassoc.com	**$8,349.6**	1,037	$277.8	81	$8,071.8	956	67
17	**Fiduciary Counselling Inc** 2000 Wells Fargo Place, 30 East 7th Street St. Paul, MN 55101-4930	651-228-0935	**$7,660.5**	1,549	$3,000.8	1,332	$4,659.7	217	74
18	**Homrich Berg** 3550 Lenox Road NE, Suite 2700 Atlanta, GA 30326	404-264-1400 facebook.com/homrichberg/	**$6,985.2**	8,762	$6,441.7	8,605	$543.5	157	110
19	**Brighton Jones** 2030 1st Avenue, 3rd Floor Seattle, WA 98121	206-258-5000 brightonjones.com	**$6,799.7**	1,994	$6,700.9	1,990	$98.8	4	170
20	**Mill Creek Capital Advisors** 161 Washington Street, Suite 1500 Conshohocken, PA 19428	610-941-7700 millcreekcap.com	**$6,729.4**	336	$6,169.3	326	$560.1	10	32
21	**Savant Capital Management** 190 Buckley Drive Rockford, IL 61107	815-227-0300 savantcapital.com	**$6,688.1**	5,253	$6,688.1	5,253	$0.0	0	174
22	**Churchill Management Group** 5900 Wilshire Blvd., Suite 400 Los Angeles, CA 90036	323-937-7110 churchillmanagement.com	**$6,552.3**	17,872	$6,400.6	17,184	$151.7	688	57
23	**Pinnacle Associates** 335 Madison Avenue, Suite 1100 New York, NY 10017	212-652-3200 pinnacleinsights.org	**$6,245.1**	4,417	$6,245.1	4,417	$0.0	0	56
24	**East End Advisors** 610 Fifth Avenue, 5th Floor New York, NY 10020	212-218-8137	**$6,010.7**	32	$898.7	15	$5,112.0	17	16
25	**Ferguson Wellman Capital Management Inc.** 888 SW 5th Avenue, Suite 1200 Portland, OR 97204	503-226-1444 facebook.com/ fergusonwellman/	**$5,961.6**	3,156	$5,961.6	3,156	$0.0	0	51
26	**Adviser Investments** 85 Wells Avenue, Suite 109 Newton, MA 02459	617-321-2200 twitter.com/dpwieneradviser	**$5,836.0**	10,680	$5,836.0	10,680	$0.0	0	91

LARGEST FEE-ONLY RIAs

RANKED BY TOTAL ASSETS UNDER MANAGEMENT

Rank 2020	Firm	Phone/Website	Total Assets ($M)	Total Accounts	Discretionary Assets ($M)	Discretionary Accounts	Nondiscretionary Assets ($M)	Nondiscretionary Accounts	Employees
27	**Brownson Rehmus & Foxworth Inc.** 200 S. Wacker Drive, Suite 2300 Chicago, IL 60606-5864	312-346-5850 brfadvisors.com	**$5,570.7**	3,973	$0.0	0	$5,570.7	3,973	40
28	**The Bollard Group** One Joy Street Boston, MA 02108	617-720-5800 spincap.com	**$5,570.5**	580	$5,504.2	544	$66.3	36	32
29	**Arlington Partners** The John Hand Building, 2000 Morris Avenue, Suite 1300, Birmingham, AL 35203	205-488-4300 arlingtonfamilyoffices.com	**$5,421.9**	707	$1,816.0	643	$3,605.9	64	27
30	**Wetherby Asset Management** 580 California Street, 8th Floor San Francisco, CA 94104	415-399-9159 wetherby.com	**$5,340.9**	3,763	$5,093.7	3,664	$247.2	99	69
31	**Seven Post Investment Office** One Montgomery Street, Suite 3150 San Francisco, CA 94104-4505	415-341-9300 sevenpost.com	**$5,215.2**	168	$4,908.1	158	$307.0	10	18
32	**Choate Investment Advisors** Two International Place, Suite 3000 Boston, MA 02110	617-973-4900 twitter.com/choateia	**$5,147.0**	2,371	$4,485.1	2,201	$661.9	170	14
33	**Altair Advisers** 303 W. Madison Street, Suite 600 Chicago, IL 60606	312-429-3000 altairadvisers.com	**$5,097.5**	718	$1,469.3	379	$3,628.1	339	54
34	**Orgel Wealth Management** 2420 Rivers Edge Drive Altoona, WI 54720	715-835-6525 linkedin.com/company/ orgel-wealth-management-LLC	**$5,068.2**	7,797	$5,068.2	7,797	$0.0	0	50
35	**Frontier Asset Management** 50 East Loucks Street, Suite 201 Sheridan, WY 82801	307-673-5675 frontierasset.com	**$5,036.8**	3,919	$1,450.3	3,789	$3,586.5	130	41
36	**Ropes Wealth Advisors** Prudential Tower, 800 Boylston Street Boston, MA 02199-3600	617-235-4260 ropeswealthadvisors.com	**$5,013.7**	2,693	$4,883.1	2,648	$130.6	45	36
37	**Gofen and Glossberg** 455 N. Cityfront Plaza Drive, Suite 3200 Chicago, IL 60611-5345	312-828-1100 gofen.com	**$4,968.0**	3,218	$4,707.2	3,124	$260.8	94	35
38	**Valeo Financial Advisors** 9450 N Meridian Street, Suite 300 Indianapolis, IN 46260	317-218-6000 twitter.com/valeofinancial	**$4,922.5**	11,351	$3,761.4	7,720	$1,161.0	3,631	62
39	**RegentAtlantic** 60 Columbia Road, Building A, Suite 300 Morristown, NJ 07960	973-425-8420 regentatlantic.com	**$4,900.8**	1,851	$4,851.3	1,832	$49.4	19	67
40	**R M Davis Inc.** 24 City Center Portland, ME 04101-4069	207-774-0022 rmdavis.com	**$4,856.5**	5,108	$4,841.1	5,104	$15.4	4	47
41	**Bridges Investment Management Inc.** 1125 S 103 Street, Suite 580 Omaha, NE 68124	402-397-4700 bridgesinv.com	**$4,833.3**	1,649	$4,564.5	1,573	$268.7	76	43
42	**Dowling & Yahnke** 12265 El Camino Real, Suite 300 San Diego, CA 92130	858-509-9500 linkedin.com/company/ dowling-&-yahnke-LLC	**$4,730.4**	4,490	$4,730.4	4,490	$0.0	0	54
43	**Evoke Wealth** 10635 Santa Monica Blvd., Suite 240 Los Angeles, CA 90025	424-372-1777 evokewealth.com	**$4,658.6**	2,247	$4,414.3	2,202	$244.4	45	20
44	**B|O|S** 345 California Street, Suite 1100 San Francisco, CA 94104	415-781-8535 facebook.com/bosinvest/	**$4,627.3**	3,471	$3,915.4	3,313	$711.9	158	44
45	**Permanens Capital** 545 Madison Avenue, 12th Floor New York, NY 10022	212-993-7440 linkedin.com/company/ permanens-capital-lp/	**$4,625.6**	80	$3,633.6	79	$991.9	1	15
46	**Balasa Dinverno Foltz** 500 Park Boulevard, Suite 1400 Itasca, IL 60143	630-875-4900 bdfllc.com	**$4,595.1**	5,734	$4,595.1	5,734	$0.0	0	45
47	**Plancorp** 540 Maryville Centre Drive, Suite 105 Saint Louis, MO 63141-5829	636-532-7824 plancorp.com	**$4,538.7**	6,463	$4,352.5	6,046	$186.2	417	65
48	**Portola Partners** 1550 El Camino Real, Suite 200 Menlo Park, CA 94025-4100	650-289-1114 portolapartnersllc.com	**$4,468.4**	1,459	$0.0	0	$4,468.4	1,459	25
49	**RGT Wealth Advisors** 5950 Sherry Lane, Suite 600 Dallas, TX 75225	214-360-7000 rgtadvisors.com	**$4,335.4**	4,059	$4,112.8	3,739	$222.6	320	56
50	**Becker Capital Management Inc.** 1211 SW 5th Avenue, Suite 2185 Portland, OR 97204-3740	503-223-1720 beckervaluefunds.com	**$4,307.9**	1,291	$4,307.9	1,291	$0.0	0	32

InvestmentNews qualified 2,169 firms headquartered in the United States based on data reported on Form ADV to the Securities and Exchange Commission as of May 1, 2020. To qualify, firms must have met the following criteria: (1) latest ADV filing date is either on or after Jan. 1, 2019, (2) total AUM is at least $100M, (3) does not have employees who are registered representatives of a broker-dealer, (4) provided investment advisory services to clients during its most recently completed fiscal year, (5) no more than 50% of amount of regulatory assets under management is attributable to pooled investment vehicles (other than investment companies), (6) no more than 25% of amount of regulatory assets under management is attributable to pension and profit-sharing plans (but not the plan participants), (7) no more than 25% of amount of regulatory assets under management is attributable to corporations or other businesses, (8) does not receive commissions, (9) provides financial planning services, (10) is not actively engaged in business as a broker-dealer (registered or unregistered), (11) is not actively engaged in business as a registered representative of a broker-dealer, (12) has neither a related person who is a broker-dealer/municipal securities dealer/government securities broker or dealer (registered or unregistered) nor one who is an insurance company or agency.

Source: InvestmentNews Research. Visit data.InvestmentNews.com/ria for more-complete profiles and financials. Contact the InvestmentNews Research team at IN-data@investmentnews.com for more information.

86% PORTION OF SUPPLEMENTAL SECURITY INCOME (SSI) RECIPIENTS WHO RECEIVED PAYMENTS BECAUSE OF DISABILITY OR BLINDNESS IN 2018.
SOURCE: SOCIAL SECURITY ADMINISTRATION

Here's how COVID-19 has hit Medicare

MARY BETH FRANKLIN

ONRETIREMENT

As an increasing number of Americans continue to work beyond the traditional retirement age of 65, many have delayed enrolling in Medicare as they continue to enjoy employer-subsidized health insurance. But now that more than a million older workers have lost their jobs — and their health insurance — many are finding that trying to enroll in Medicare during a pandemic is complicated.

The unemployment rate among people age 65 and older quadrupled between March and April, from 3.7% to 14.7%, according to the Kaiser Family Foundation. More than 1.2 million adults age 65 and older lost their jobs in March and April and in many cases, their health insurance, too.

Although this group of unemployed workers is eligible for Medicare, delayed enrollment after age 65 is normally handled by visiting one of the local Social Security field offices, which have been closed to the public since March 17 as a result of the pandemic. Medicare is managed by the Centers for Medicare and Medicaid Services, but the Social Security Administration processes the applications.

"We have seen an increase in calls from people who have lost their jobs and are looking to go on Medicare," said Frederic Riccardi, president of the nonprofit Medicare Rights Center, which fields more than 20,000 questions a year through its free consumer helpline (800-333-4114).

"People are calling because they are confused about how to enroll in Medicare," Riccardi said. "It is really important to sign up for Medicare as soon as possible to avoid any gaps in coverage and lifetime late enrollment penalties."

ONLINE ENROLLMENT

Most people can use the online application to apply for Medicare and enroll in Parts A and B during their initial enrollment period, which begins three months before their 65th birthday, includes their birthday month and extends three months after their 65th birthday.

Medicare Part A covers in-patient hospital costs and is premium-free to anyone who has earned the minimum of 40 quarters of coverage and paid FICA taxes during at least 10 years of covered employment. Spouses are also eligible for premium-free coverage. Medicare Part B covers outpatient services and has a monthly premium, currently $144.60 per month in 2020. High-income beneficiaries pay more.

Many people enroll in Part A at 65, even if they continue to work, because it is premium-free.

In most cases, people who miss enrolling in Medicare Part B during their initial enrollment period face lifelong delayed enrollment penalties of 10% per year for every year they were eligible to enroll but did not.

But there is one major exception to the Medicare Part B sign-up rule: continued group health insurance coverage through a current employer or through a spouse's current employer.

People who have "creditable" group health insurance can delay enrolling in Medicare penalty-free for up to eight months after that employer coverage ends by taking advantage of a special enrollment period.

> **KEY POINTS**
> - Enrolling in Medicare during a pandemic is complicated.
> - Some older workers who lose their jobs find that they can't apply online.

SIGN-UP CHALLENGE

Initially, the Social Security Administration, which processes Medicare applications, said that with offices closed, it would let individuals mail or fax their applications to their local Social Security offices. Now, Social Security has added an online application for people who want to apply for Medicare Part B due to job loss or retirement. It includes a digital signature.

"Previously, you could apply online if you were new to Medicare and enrolling in both Part A and B," said Casey Schwarz, senior counsel for education and federal programs at the nonprofit Medicare Rights Center. "But if you already had A and tried to enroll in B during a special enrollment period, you could not use an online portal. This new online portal is for Part B applications."

The new application, which was posted without fanfare in late May, says: "During the COVID-19 pandemic, the Social Security Administration will be taking Medicare Part B enrollment applications online for working aged individuals who qualify for a Special Enrollment Period (SEP). You may use this online enrollment application if you are 65 or older and you have or had group health plan (GHP) coverage within the last 8 months through your or your spouse's current employment."

Applicants must also complete a Request for Employment Information form. Normally, this has to be signed by your former employer to attest that you had creditable health insurance during the previous eight months. But during the pandemic, Social Security will accept other types of proof of coverage, such as income tax returns that show health insurance premiums paid, W-2s reflecting pretax medical contributions or pay stubs that list health insurance premium deductions.

There is another complicating factor when it comes to losing a job and employer-provided health insurance. In some cases, unemployed workers can continue their group health insurance for 18 months under COBRA, usually paying the entire cost of the premium, both the employer and the employee portion.

But COBRA and retiree health plans aren't considered coverage based on current employment. You must sign up for Medicare Part B within eight months of losing employer-provided health insurance — not eight months after your COBRA coverage ends — to avoid delayed enrollment penalties.

(Questions about new Social Security rules? Find the answers in my ebook at InvestmentNews.com/MBFebook.)

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BY MARY BETH FRANKLIN

Switching between retirement and survivor benefits

Susan: I am 68-year old widow and I am collecting my Social Security retirement benefit based on my earnings. Could I stop collecting my retirement benefit, switch to my survivors benefit and then switch back to my retirement benefit at age 70?

MBF: No. Although retirement and survivors benefits represent two different pots of money, and in many cases you can collect one type of benefit first and then switch to the other type later, much depends on the relative amount of the two benefits and whether you have begun collecting either one.

If you are eligible for both types of benefits but haven't applied for either one yet, you can apply for either retirement or survivors benefits now and switch to the other, higher benefit at a later date.

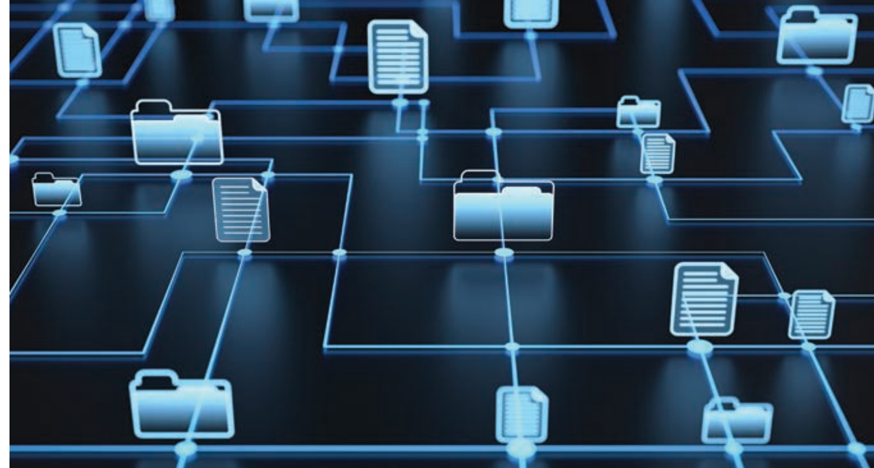
But people like you who are already receiving retirement benefits can only apply for survivors benefits if it is larger than the retirement benefit you are currently receiving.

If you began collecting retirement benefits less than 12 months ago, you may have another option. You could withdraw your application, repay any benefits you already received, then apply for survivors benefits. Then you can reapply for the retirement benefits later when they will be higher because of your older age.

Anne: A surviving ex-spouse, who was married for more than 10 years and is still single, earns more than his deceased ex-wife. He would like to retire early. Can he collect survivors benefits at age 60 and then switch to his own higher benefit later? Or is he required to collect his own retirement benefit because it is bigger?

MBF: Yes, he can collect reduced survivors benefits as early as age 60 and switch to his own retirement benefits at full retirement age or later. Survivors benefits are worth the maximum amount if he collects them at his FRA but retirement benefits continue to grow by 8% per year between your FRA and age 70. Both types of benefits are subject to earnings restrictions if you continue work while collecting your benefit before your FRA.

401(k) data-sharing is one step closer



The defined-contribution industry has been slow to work together to efficiently share plan data and especially participant data for a host of reasons. As a result, the system is less efficient than it could be — the industry has been slow to help participants save and invest. It has also been slow to monetize those participants.

But there is hope that all the constituents will come together in an initiative by the leading record-keeper association, the Spark Institute, and the Defined Contribution Institutional Investment Association.

The 401(k) and 403(b) industry has been trying for over a decade to create a plan data file format that would bring enormous efficiencies to everyone. Meanwhile, record keepers have had to cater to the individual needs of larger broker-dealers to create custom plan data file formats, which can change regularly, costing significant resources.

Broker-dealers need plan data to see which plans are being managed by advisers in their network, especially for compliance. Advisers would like to have a dashboard that shows data from all plans across multiple record keepers, to manage their books of business and easily see which funds are being used within each plan. Investment providers are desperate to get plan data so they can properly compensate their wholesalers.

So what's the problem? Mostly inertia, but also a lack of leadership. It's hard to get all record keepers and distributors to come together to agree to anything. And these companies have to agree on a file format, because starting with just a few

GUESTBLOG
FRED BARSTEIN

does little good. There are hurdles around who pays for the build; the scope of the data fields; and who owns or gets access. Data aggregators like Envestnet have been trying to take the lead, but plan providers have been reluctant to help build a private and potentially costly solution.

The natural leader for bringing efficiencies to data-sharing is Spark, because everything starts and stops with record keepers. DCIIA and Spark have been cooperating on research and conferences, so working together on technology makes sense. They convened a high-level summit in 2019 on using blockchain for DC plans.

As a result, Spark and DCIIA convened a meeting in late 2019 to discuss whether to create a consortium that would include all providers and distributors working together to develop an expansive plan data file format that would be revised as needed. A request for proposals is planned for the end of the year.

That development is huge, said Tim Rouse, executive director of Spark. But perhaps even bigger is that for the first time, record keepers seem open to using the plan file format to create a platform for sharing participant data.

There are many issues with sharing participant data, such as privacy, access and cost. But until this information is widely available and shared, there's little hope to help participants who cannot afford a traditional adviser. And there is little hope of monetizing participants.

If advisers don't have access to real-time, smart data, financial wellness will have limited impact on participant behavior. Record keepers that are willing to share participant data with advisers will be putting the interest of participants first. Those that hoard it will alienate the retirement plan advisers focused on DC plans, as well as wealth managers looking to leverage access to plan participants.

Let's hope that the Spark and DCIIA effort to create a common plan level file format works and leads to sharing participant data. Otherwise, the industry will be seen as self-serving, while opening the door for data aggregators from other industries that realize data is the most valuable currency in a digital world.

Fred Barstein is founder and CEO of The Retirement Advisor University and The Plan Sponsor University. He is a contributing editor for InvestmentNews' *Retirement Plan Adviser newsletter.*

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SOURCE: VANGUARD GROUP

Do you care about the mass affluent?

Our industry doesn't give a damn about the mass affluent.

You know, those hard-working, middle-class Americans who have "just" a few hundred thousand dollars saved.

GUESTBLOG
SCOTT HANSON

As financial advisers build their books, just about everyone tells them that the way to be successful is to work with wealthier clients. Rather than developing a business model that can serve the smaller clients, advisers simply increase their minimums.

There are even industry consultants who teach advisers how to "shed" smaller accounts.

Is that because the larger clients need more financial advice? Nope. It's because the larger clients provide more revenue.

Where does that leave the single mom who worked hard and was able to save $300,000 in her retirement account? Or the couple who retire with $750,000 in their individual retirement accounts but little else?

Unfortunately, these people often are sold high-commission financial products and, all too often, wind up in terrible financial shape.

Just this week a friend reached out and asked me to review his mother's "investment portfolio." His 85-year-old mother had a modest home that was paid for and she once had about $150,000 in financial assets. But four years back, some salesperson masquerading as a "financial adviser" had her take $80,000 and purchase a single-premium life insurance policy and then had her take another $50,000 and throw it in a deferred annuity.

This woman had no need for life insurance; nor any need for a long-term annuity.

It's easy for fee-based, fiduciary advisers to talk about how wrong it is to take advantage of a retiree with modest savings, but where are the advisers willing to really serve these people? If my friend's mother had five million bucks, there'd be a line of quality advisers outside her door. But if she doesn't meet the account minimum? That's too damn bad for her.

COMMIT TO SMALLER ACCOUNTS

Twenty-five years ago, as our firm took off, we made the decision to continue to serve smaller accounts. We not only launched our weekly, call-in financial radio program, we organized our model so we could serve both high-net-worth individuals and those in the middle.

True, 90% of the callers to our show have a financial emergency and will probably never be in the position to become clients, and, just as true, those smaller accounts we continue to serve are not terribly profitable, but we've structured our organization, as well as our offerings, in a manner that enables us to provide quality, fee-based advice to those who are neglected most by the industry.

When I look back at my career, those people I feel I've helped the most are not the ones with $20 million. The people I've had the greatest impact on are those with modest assets — where good planning resulted in a much higher quality of life.

Today, we serve more than 12,000 clients. Many have millions with us, but the majority are under the $1 million mark. While other top advisers may scoff at the fact that we continue to serve the mass affluent, we know we've helped a lot of people.

KEY POINTS

- Retirees with modest savings deserve quality advice.
- These people are often sold high-commission products that negatively affect their finances.

Scott Hanson is co-founder of Allworth Financial, formerly Hanson McClain Advisors, a fee-based RIA with $8 billion in AUM.

Advisers should give anxious clients a history lesson to calm their fears

GUESTBLOG
KATHERINE ROY

Advisers play a critical role helping retirement investors and plan participants stay on track during periods of extreme market volatility like we're witnessing at the current time. Making tactical moves such as rebalancing portfolios, replacing underperforming managers and managing taxes by matching gains and losses are all effective strategies to consider in the current environment.

However, despite the best efforts of advisers, emotions can run high at times like this, and end investors may be tempted to retreat or sell out of the market after a significant drawdown — locking in their losses and looking to reenter when the market feels "safer." Ultimately, knee-jerk reactions during periods of volatility can have a devastating impact on retirement outcomes.

'LOSS-AVERSION-INDUCED' SALES

In my recent conversations with advisers, one point I highlight is just how closely the best days in the market often follow the worst, and how important being invested for those good days can be to the recovery of a client's portfolio. While it's easy to get caught up in the day-to-day market headlines, it's important to focus on what history can teach us about the benefits of staying invested.

'BEST' DAYS OFTEN VERY CLOSE TO THE 'WORST'

To help advisers demonstrate this point to anxious investors tempted to panic sell, we included a chart in the J.P. Morgan 2020 Guide to Retirement outlining the impact of missing out on the best days in the markets, comparing the returns of a $10,000 investment in the S&P 500 over the past 20 years. The chart clearly highlights the benefits of avoiding the temptation to pull out of the market and risk missing the days with greatest gains.

Often a client's first instinct will be to assume that the biggest upswings in markets occur at very different times than the most pronounced down days. If we look at market swings in recent times, however, 2019 saw six of the best days occur within two weeks of the worst days.

ADVISERS PLAY A KEY ROLE IN SUPPORTING CLIENTS ACROSS THE RETIREMENT FINISH LINE.

This trend has been even more pronounced in the COVID-19-impacted markets of 2020, where through April 13, that number has risen to as high as eight, with five of those best days occurring within just one week of a worst day.

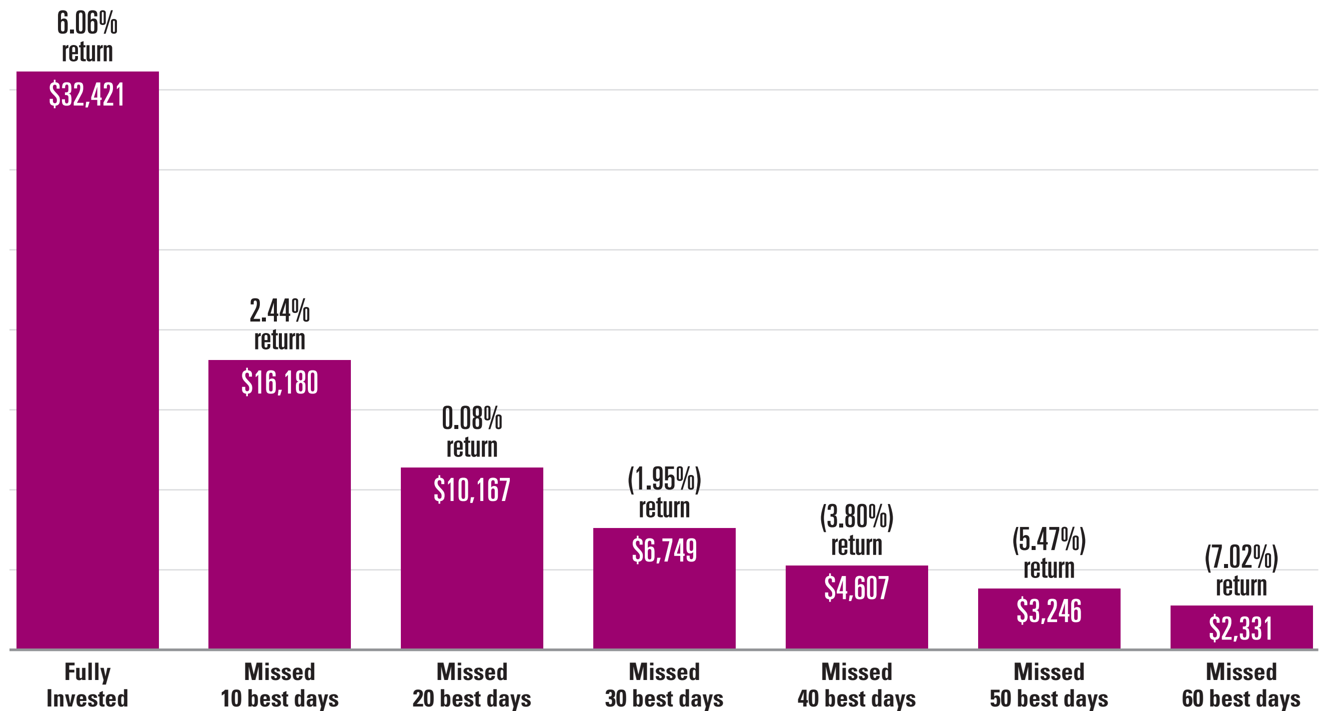
Overwhelmingly, the worst days occur before the best days. On many occasions, our analysis shows that the worst days are followed the next day by one of the best days, meaning it's literally impossible for an investor to reinvest in the market if they've pulled out after experiencing a poor return.

Advisers play a key role in supporting clients across the retirement finish line, and this is only magnified during times of significant volatility. It's completely understandable that clients may look to take control and sell equities after a market drawdown to avoid additional losses. Yet historical data demonstrate that clients run a significant risk in missing out on market gains by letting emotion take over.

Encouraging clients to stay invested through the worst and best days is the most likely to result in a successful retirement outcome.

Katherine Roy is chief retirement strategist at J.P. Morgan Asset Management.

Impact of being out of the market



Source: Prepared by JPMAM using data from Morningstar Direct, based on the last 20 years.

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Former FPA leader criticizes board over Schadle's departure

BY MARK SCHOEFF JR.

A FORMER PRESIDENT of the Financial Planning Association said the organization stumbled in the way that it dismissed its Chief Executive Lauren Schadle.

The FPA announced May 29 that Schadle would leave immediately after working for the organization for 20 years, including the last eight as chief executive. She has been replaced on an interim basis by Patrick Mahoney. There was no reason given for her exit.

Paul Auslander, who was president of the FPA when Schadle was named CEO in 2012, said the board did her a disservice by dismissing her without explanation within a few months of the expiration of her contract at the end of the year.

"The board is perfectly within its right to make a change," said Auslander, director of financial planning at Provise Management Group. "But the manner in which you do it matters. In this case, it was handled poorly."

QUESTIONS ARISE

Schadle's abrupt departure makes her look bad and raises questions about the circumstances, Auslander said.

"I can't imagine anyone more honest and forthright than Lauren Schadle," said Auslander. "She is as honest as the day is long."

He said the struggles FPA is facing with declining membership and an internal governance struggle with its chapters also can be laid at the feet of the board.

"If they're firing her, they better fire themselves," Auslander said.

LAUREN SCHADLE

FPA President Martin Seay would not elaborate on Schadle's exit.

"There's no particular instigating incident," Seay said in a phone interview.

In a written statement, he added: "Lauren was a fine leader who competently led our professional staff and served FPA with dedication."

Seay, an associate professor of personal financial planning at Kansas State University, said Auslander doesn't know the workings of the current board.

"Paul is a valued member of FPA who served as President in 2012 during a CEO leadership transition himself," Seay said in a statement. "While he has not served on the board since 2013 and is not privy to the board's current deliberations, he is entitled to his own opinions and perspectives."

Schadle did not respond to a request for comment.

TENSE TENURE

Her tenure at FPA was marked by a couple of setbacks. The group's membership has declined from about 24,000 in 2018 to about 21,000 today. Schadle also presided over tensions between FPA chapters and FPA headquarters about the direction of the organization.

In a series of Twitter posts May 29, Michael Kitces, head of wealth strategy at Buckingham Partners, speculated that Schadle was fired and endorsed the move.

"This. Was. Long. Overdue," Kitces wrote.

He criticized Schadle for FPA's membership loss and its "misguided focus" on restructuring. That effort, known as OneFPA, originally involved dissolving local chapters.

"The question now will become: what's next for the FPA, and can it recover from the lax fiduciary oversight of its own board of directors that allowed the same CEO to preside over 8 years of negative growth and a potentially catastrophic failed rollout of a crucial reorg?" Kitces tweeted.

In April 2019, the FPA backed away from the idea of getting rid of local chapters. In January, it began a "beta test" of a new governance structure.

Auslander said FPA was "making progress in fixing the chapter system" but "unfortunately, it wasn't soon enough" to save Schadle.

Seay also said OneFPA was advancing.

"Lauren played a central role in working with the board of directors to design the OneFPA Network vision and worked with our outstanding professional staff on its execution until this point," Seay said in a statement. "We have already seen the fruits of that labor through the first five months of the OneFPA beta-test where we have seen an increased amount of collaboration between FPA and the 11 beta-test chapters."

'OBSTRUCTING PROGRESS'

The FPA board is often activist and can hamstring the top FPA executive, a problem that Schadle likely encountered, Auslander said.

"Sometimes that activism is simply obstructing progress because they can't make a decision," Auslander said. "Lauren did as well as could be expected working with the dynamics she inherited."

The FPA is conducting a search for Schadle's replacement, which should take about four to six months, Seay said.

The group is looking for someone who has experience in association management. Mahoney's background at the Institute of Electrical and Electronics Engineers is one reason he was tapped for the interim chief executive role.

For now, FPA must help its members during a time of significant disruption caused by the coronavirus outbreak, Seay said.

"It's really important that we're responsive to our members' needs," he said.

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CFP Board reforms enforcement to align with new ethics code

BY MARK SCHOEFF JR.

THE CERTIFIED FINANCIAL Planner Board of Standards Inc. on May 29 released revised procedural rules for enforcing higher ethical standards associated with the credential that are set to go into force at the end of June.

The changes give the organization more latitude in gathering information but also clarify how certificants involved in a disciplinary proceeding can defend themselves.

"They ensure our process is fair to the certificant but credible to the public," said CFP Board Chief Executive Kevin Keller.

Among the changes, the CFP Board can conduct oral examinations in person or via video. There will now be a seven-year limitation on how long after an alleged violation the CFP Board can open an investigation. CFP mark holders will have an opportunity to avoid CFP discipline over a bankruptcy if they can show it is not related to an inability to manage their personal finances.

"[THE CHANGES] ENSURE OUR PROCESS IS FAIR."

KEVIN KELLER, CHIEF EXECUTIVE, CFP BOARD

In addition, there is a provision that would allow the CFP Board to sanction mark holders if they have multiple settled customer complaints but do not produce related documents. The CFP could avoid discipline only if he or she proves the complaints were without merit.

The enforcement procedure modifications come as the CFP Board is set to put into force a new code of ethics and conduct on June 30. The centerpiece of the requirements is a stronger investment-advice standard for the CFP designation.

All CFPs — including brokers — will have to act in the best interests of their clients at all times when providing investment advice. Under the previous standard, fiduciary duty only applied to CFPs when they worked with clients on financial planning.

ENFORCING STANDARDS

As the deadline for the stronger fiduciary duty for CFPs approached, questions were raised about the organization's ability to enforce the mark's ethical standards. Late last year, a task force issued recommendations for improving CFP enforcement.

The enforcement reforms are designed to help the CFP Board put teeth into its policing of ethics.

Some financial firms have criticized the CFP Board for implementing its own rule side by side with the Securities and Exchange Commission's upcoming Regulation Best Interest. But investor advocates who call Reg BI too weak welcome the board's expanded fiduciary standard.

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NEW RESEARCH

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Source: *InvestmentNews*/Alliance for Lifetime Income survey, April 2019

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76% OF ADVISERS SAY CLIENTS HAVE BEEN ASKING ABOUT THE EFFECT THE MARKET VOLATILITY WILL HAVE ON THEIR PORTFOLIOS

SOURCE: FINANCIAL PLANNING ASSOCIATION'S 2020 TRENDS IN INVESTING SURVEY

Ending racism in America is a responsibility of corporations

Ending racism in America is a responsibility of corporations, and corporations must recognize that their current efforts to promote their core values, and their diversity and inclusion programs, fall far short of what is needed. What good is it to live in a prosperous country when our police forces routinely kill black people?

GUESTBLOG
JOHN STREUR

It is time for investors to recognize this issue for what it is, a systemwide failure that our government is complicit in fostering and that violates the constitutional and human rights of black people. Let us call it what it is, racism.

Let us also be clear: This is an ESG problem. Investors have come to trust environmental, social and governance research and investment strategies to avoid investing in companies that are lagging on taking needed action to address human rights violations and to take real action to drive needed change. As a group, we are failing to meet these needs.

Although Calvert has been a leader in dealing with inequality and pushing corporate boards on diversity, we have not done enough. As CEO of Calvert, I recognize much more needs to be done: more open and forceful action by investors, corporate leaders and boards.

The reality is that black people do not have the same educational and employment opportunities that white people do in America, and therefore do not have the same income opportunities. This holds back our entire system, economic and otherwise, and contributes to racism that creates the risk of civil unrest and instability.

As a first step, Calvert will call on companies to provide the information required to assess their racial diversity. Although companies are not required by law to disclose the racial makeup of their board and management, companies generally have this information to the extent employees have self-identified and should make it public. Additionally, Calvert will call on companies to provide pay equity disclosure across race and gender — long overdue.

ADDRESSING POLICE BRUTALITY

Companies must also make clear to local, state and federal governments that they must address police brutality against blacks; companies enjoy the benefits of law enforcement and must act to assure police behave responsibly.

Obviously, failures are occurring and must be addressed. Companies have power and must use it. Companies should publicly state what they are doing to combat racism and police brutality.

Companies must also act to address systemic failures in our education system. We know that our system fails to provide equal education for all and that equal education is necessary for equal employment to become a reality.

As investors, we need to do a better job of differentiating companies based on where they stand on these issues. We need information on what companies are accomplishing through their diversity and inclusion efforts, and the outcomes they are achieving, not only the values they espouse. It is our duty as shareholders to hold them accountable for inaction.

The bottom line is we are failing to address racism in America. Responsible investors like Calvert have a special role to play. I recognize that we have not done enough. Calvert will take more action to push for changes needed to eliminate racism and police brutality in America.

John Streur is president and CEO of Calvert Research and Management.

Voya loses $600M team to Cambridge

BY BRUCE KELLY

A LARGE, VETERAN group with more than 40 advisers and staff left Voya Financial Advisors Inc. in May to join Cambridge Investment Research Inc.

A spokesperson for Cambridge, Cindy Schaus, confirmed the move by Vision Financial Group, which is based in Des Moines, Iowa, and has close to $600 million in client assets.

The lead partner at Vision Financial, Peter Hill, who had been registered with Voya for 16 years, did not return calls to comment.

"Voya Financial Advisors terminated Hill's registration with the firm as [Voya] no longer wished to supervise Hill," Voya spokesperson Laura Maulucci wrote in an email.

She did not respond when asked why the firm didn't want to supervise Hill any longer. His BrokerCheck profile provides no reason for why Voya no longer wanted to supervise him.

A DIFFICULT SPOT

Broker-dealers like Voya Financial — owned and operated by insurance companies — are in a difficult spot in the financial advice marketplace right now.

Many insurance companies, including giants like MetLife and American International Group, have dumped their broker-dealers in the past few years as a persistent low-interest-rate environment put pressure on the profitability of products like variable annuities, which are typically big sellers at such firms.

Such firms also have typically been underinvesting in their technology platforms to reduce costs, according to industry executives and recruiters. The level of technology spending at Voya Financial is not clear, but the executives and recruiters said other Voya Financial advisers are exploring the market and kicking the tires at competitors.

But Tom Halloran, president at Voya Financial Advisors, wrote in an email that to the contrary, business at the firm is bustling. It has recently hired recruiters, recruited advisers and entered an industry agreement known as the Protocol for Broker Recruiting that makes it easier for advisers to move from one firm to another.

"Our recruiting efforts and investment in Voya Financial Advisors are active and yielding results," he wrote.

Like most brokerage firms, Voya Financial has been trying to shift its advisers to charging clients fees for advisory services rather than commissions for selling products. In 2017, as the industry was preparing for the Labor Department's fiduciary rule, which was eventually scrapped, the firm sent a memo to some of its advisers stating that advisers needed more training to be paid commissions.

> **"OUR RECRUITING EFFORTS ... ARE ACTIVE AND YIELDING RESULTS."**
>
> TOM HALLORAN, PRESIDENT, VOYA FINANCIAL ADVISORS

Heavy-handed compliance at broker-dealers is a routine complaint among advisers. "Voya's business processing is complex and confusing," said one recruiter, who asked not to be named because he competes with the firm.

Some in the industry say the insurer could be considering a potential sale of Voya Financial, which has roughly 1,700 reps and advisers, particularly as private equity funds are throwing money at and buying large broker-dealer networks like Advisor Group and Cetera Financial Group.

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CLIENTS' VALUES

CONTINUED FROM PAGE 4

family highest at 8.5 and country next at 7.6, then ranked religion third highest at 7.3.

Sustainable corporate practices ranked fourth highest at 6.5, and climate solutions ranked lowest among the older advisers at 5.3.

"The gap is that advisers don't perceive clients are interested in some of these values, but the data says otherwise, and that advisers are not seeing a significant interest among the vast majority of clients," said David Lo, head of U.S. client insight at Aon.

Advisers need only to look at the record-level flows into ESG funds for an indication of what investors are craving.

During the first three months of this year, which included the S&P 500's 30% drop from mid-February to late March, sustainable funds attracted $45.6 billion worth of net inflows, while mutual funds overall suffered outflows of $384.7 billion.

"Clients are placing a lot of importance on talking about values, but less than half of advisers think that's important," Lo said. "Some advisers might not be comfortable talking about values because it can involve talking about things like religion and politics."

AVOIDANCE ISN'T THE ANSWER

While that might be true, avoidance is not the answer. "The megatrend shows advisers transitioning from portfolio managers to relationship managers," Lo said. "Successful traits are advisers getting into how clients think and feel."

And the payoff for those advisers embracing what some might consider the softer side of financial planning is measurable.

The report from MMI and Aon shows that when clients feel their values are reflected in their portfolios, their overall level of satisfaction with the financial planning experience is 77%, compared to 66% when values are not reflected in the portfolio.

Satisfaction with the financial plan is 73% when values are reflected, versus 56% when they are not.

And the client satisfaction with the annual review reaches 80% when clients feel their values are considered, compared to 65% when they are not.

A focus on client values can also be calculated to an adviser's bottom line.

When values are factored in, 38% of clients acknowledge "an exceptional value" for the advisory fees they are paying, versus 18% when values are not factored in.

And of those clients who feel their values are considered, 4% responded that they expect more for the fees they pay, compared to 10% for clients who do not feel their values are considered by the financial adviser.

In other words, the time is now for advisers to start tapping into the softer side of client relations because that's where the business is heading.

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MAKE THE SMARTER MOVE

PROTESTS

CONTINUED FROM PAGE 4

by race, 93.8% of respondents were white, 2.2% were black, 2.6% were Asian and 1.3% were Latino, according to the survey.

In terms of how advisers reflect the population, the Census Bureau reported that 31.7% of the total U.S. population was African American or Latino as of 2018. By comparison, the CFP Board's Center for Financial Planning reports that only 3.5% of CFP members are African American or Latino.

"It's disappointing," Alan Moore, CEO and co-founder of the XY Planning Network, said in a phone interview. "The people who are answering these studies and representing those statistics are ultimately your hiring managers. If they don't prioritize [diversity], it'll never happen."

In the end, advisers "know what they need to do" to respond to institutional racism, Paré said. "The question is, do we have the will and courage to do it?"

STRUGGLE TO SPEAK UP

Shundrawn Thomas, president of Northern Trust Asset Management, expressed in a LinkedIn post the struggle African Americans may feel to speak up. "It frankly would be easier for me to avoid this dialogue altogether, especially in the workplace," Thomas wrote. "However, far too often and for far too many, the response to discrimination is silence. It is often a deafening silence subverting the crucial dialogues that are required to bring us together as a community. Unfortunately, silence has many unintended consequences."

For advisers, standing up for diversity efforts could be costly. "You hire people of color to be a part of your firm to serve your clients, and if your clients have a problem with that person of color then maybe that client isn't the one for you," Paré said. "That's a pretty bold statement, particularly if that client is wealthy."

"FOR FAR TOO MANY, THE RESPONSE TO DISCRIMINATION IS SILENCE."

SHUNDRAWN THOMAS, PRESIDENT, NORTHERN TRUST ASSET MANAGEMENT

In that light, financial planners will have to do some "serious soul searching" in terms of whether or not they are willing to stand by their values at the expense of losing revenue, Paré said. "My guess is, by and large, the answer is no, unless it's some wirehouse where the CEO and the rank are going to get paid regardless."

RBC Wealth Management-U.S., for one, is voicing actionable steps in response. "We need to acknowledge the racial divide that continues to exist in the U.S. — a divide that manifests itself in disparity and inequities for people of color," President Thomas Sagissor wrote in an all-employee memo. "And in addition to acknowledging this problem, we need to do something about it."

In the memo, Sagissor wrote about the actions taken by Minneapolis-based RBC to not only speak up but step up. Those actions include reaching out to public officials, releasing a joint statement with several CEOs from Minnesota's top companies to call for change and committing $250,000 to We Love Lake Street, a fund set up by the Lake Street Council in Minneapolis to provide direct support to small business and nonprofits.

'STRONGER BONDS'

"In the coming days and weeks, there is an opportunity for us to better engage with community leaders, listen to them about what is most needed and find ways to better partner and build stronger bonds," Sagissor wrote. "Together we are stronger and can make a bigger impact."

John Streur, CEO of Calvert Research and Management, wrote in a column on page 20 that ending racism in the industry is an ESG problem. "Investors have come to trust environmental, social and governance research and investment strategies to avoid investing in companies that are lagging on taking needed action to address human rights violations and to take real action to drive needed change," he wrote. "As a group, we are failing to meet these needs."

To that end, ESG investing will likely be impacted, Moore said. "Being able to see your values and your portfolio is more important to the younger generation than it was to the older generations," he said. "Because of that, we fully expect that advisers are going to have to spend more time and energy being able to match portfolios to people's values. [Clients] may look to ESG funds that prioritize minority business owners or minority entrepreneurs that get significantly less investment dollars from venture capitalists."

Paré concurred, noting that there is an opportunity in the environmental, social and governance space. "Managers who talk about ESG have an opportunity to expand to include not only diversity and inclusion but also the extent of what they are doing to essentially combat institutional racism."

"That will send a message to show how companies are taking steps, not only internally, but now what is a company doing outside in terms of the community," Paré said. "By putting that type of criteria out there to fit within the ESG space, it will send a message and ultimately help to affect change."

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RayJay sues Ohio National for $10M

BY BRUCE KELLY

THE TWO MAIN broker-dealers under the umbrella of Raymond James Financial Inc. sued insurer Ohio National Life Insurance Co. in federal court in Florida, alleging the insurer had reneged on its obligation to pay compensation for sales of certain annuity products.

Raymond James & Associates Inc. and Raymond James Financial Services Inc. join a veritable conga line of brokerage firms that have sued Ohio National over its decision in the fall of 2018 to stop paying trail commissions to advisers who sell the company's variable annuities.

At that time, the insurer's brokerage arm, Ohio National Financial Services Inc., informed broker-dealers that sold its variable annuities that it was terminating servicing agreements and cutting off trail commissions by the end of the year.

Firms including UBS, RBC and Veritas Independent Partners, among others, have filed cases against Ohio National, and much of the litigation is pending.

A spokesperson for Ohio National, Lisa Doxsee, declined to comment.

"This is a straightforward case about an insurance company, Ohio National, that designed a product, promised to compensate financial firms like Raymond James for selling that product, later determined it was losing money on that product, and then sought to minimize its losses by breaking its promise and refusing to pay the compensation it was contractually obligated to pay to the financial firms who had previously sold the product," according to the complaint, which was filed in U.S District Court in Tampa, Fla.

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FINRA FINE PROCEEDS

CONTINUED FROM PAGE 2

Finra allocated $3.4 million for investor education, $6.7 million for compliance assistance, and $4.4 million for staff training.

Finra detailed how it used fine proceeds for the first time in 2018. The move followed many years of complaints about the brief, opaque reference to fine spending that was included in its annual financial reports.

The fine-spending summary is one of the financial transparency documents Finra has developed as a result of the Finra 360 self-examination. The regulator also now releases an annual budget summary.

In the fine report, Finra stressed that it does not impose monetary penalties on firms with a budget goal in mind. Punishment is determined by its sanctions guidelines, and the facts and circumstances of individual cases. Fine proceeds can vary widely from year to year.

"Finra does not target any minimum amount of fines to be issued," the report says. "Finra's operating budget does not include fines, and fine monies are not considered in determining employee compensation and benefits."

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APPEALS COURT

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ker-dealer exception for "solely incidental" advice in the Investment Advisers Act, imposed a uniform standard through legislation or mandated a fiduciary rule.

"It did none of those things," Berger said.

But the SEC undermined the Investment Advisers Act because Reg BI allows them to give advice that goes far beyond solely incidental, said Deepak Gupta, a lawyer for the XY Planning Network.

"The regulation is premised on the interpretation under which a broker can hold itself out to the public as an investment adviser, can provide frequent and significant investment advice to its clients and generate substantial revenue from that advice as part of it's business model," Gupta said. "No reasonable interpretation of the broker-dealer exception to the Investment Advisers Act supports that interpretation on which the regulation is premised."

REG BI ENFORCEMENT

Separately, in a letter last Monday to the SEC, Brown called on the agency to bear down on enforcing Reg BI and to keep Congress apprised of its efforts to put teeth in the measure.

Brown, a longtime critic of Reg BI who asserts it's too weak, indicated he's leery of SEC guidance to brokerages that it is looking for "good faith" efforts to implement the measure during the coronavirus pandemic. It suggests "investor protection is not a priority," Brown wrote.

"Given these shortcomings, it is critical that the Commission fulfill its investor protection mandate through tough compliance examinations and enforcement of Reg. BI," he wrote.

The SEC did not respond to a request for comment.

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CAPTRUST

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and chief operating officer.

According to Echelon Partners, private equity has been steadily migrating into the wealth management industry, with more than 275 PE firms now actively investing in the space, up from 75 PE firms in 2008.

"Now that so many firms have [sold stakes to PE investors], the long-term holdouts can see the valuations being applied, the size of the liquidity event they get, the assistance they can get with growth and deal making, the ability to diversify their single-stock private company ownership position, they can gain more capital to do deals, and they can take advantage of the huge runup in equity markets," said Echelon's CEO Daniel Seivert.

FLOOD OF PE

In an industry seemingly flooded with PE investors fueling consolidation by scarfing up ownership stakes, there is often a point of pride in not taking the outside capital.

What changed that attitude at the Captrust is "not a simple answer," Goldstein said.

"In mid-2019 we saw the opportunities were getting larger, and the opportunities over the next 10 years are massive," he said. "And we don't want a great deal of bank debt, and we knew the market was due for some difficult times ahead."

Based on those four factors, Goldstein said, "The logical conclusion was that maybe it is time to take the next step in the maturation of our company and seek a really good outside partner, with really strict guidelines that includes minority ownership and a long-term investment."

$1.25 BILLION VALUATION

In a somewhat unusual practice when it comes to PE deals, Captrust, as a private company, shared more details than most, including that Chicago-based GTCR's 25% ownership stake values Captrust at $1.25 billion.

275
NUMBER OF PE FIRMS INVESTING IN WEALTH MANAGEMENT, UP FROM 75 IN 2006

Goldstein didn't disclose the exact amount of money the PE firm paid for the 25% stake but said it would be inaccurate to simply divide $1.25 billion by four, because there are other factors involved in the deal, including providing GTCR with two of the nine Captrust board seats.

As is typical in PE partnerships, GTCR is committed to a seven-year ownership period.

Asked whether that could lead to new PE owners as part of a perpetual cycle, Goldstein acknowledged it as a possibility.

But he added, "We could decide to buy it back or go public; it would be at our disposal at that point."

Currently, most of Captrust's $390 billion under advisement reflects lower-paying retirement plan assets. The firm lists $45 billion in managed assets.

"At this point, they're getting 40% of their revenues from wealth management and I think they're trying to get to 50%," said Fred Barstein, founder and chief executive of The Retirement Advisor University and The Plan Sponsor University.

"GTCR'S INVESTMENT SIGNALS THAT BIG GROWTH IS AHEAD FOR CAPTRUST."
— DAVID DEVOE, DEVOE & CO.

"Captrust is far ahead of the other aggregators in terms of leveraging their wealth management capabilities within retirement plans, and they see the world coming together and they see a huge opportunity," Barstein said.

David DeVoe, founder and CEO of DeVoe & Co., agreed that the PE influence will push Captrust to the next level as an aggregator firm.

"GTCR's investment signals that big growth is ahead for Captrust," he said. "They have become one of the leading acquirers and continue to move upmarket with the size of the firms they acquire. Firms that join them are attracted to how they can help them accelerate their own growth. So growth is a big part of the story here."

MORE AND BIGGER DEALS

Goldstein doesn't deny any of it. And it looks as if the stage is set for more and bigger deals by Captrust.

"You will definitely see larger deals because there are larger deals we're looking at and that seems to be the trend," he said. "We're not interested in every transaction; we prefer to be highly selective. But I'd be surprised if we don't increase the velocity and size of transactions."

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