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APRIL 26-30, 2021

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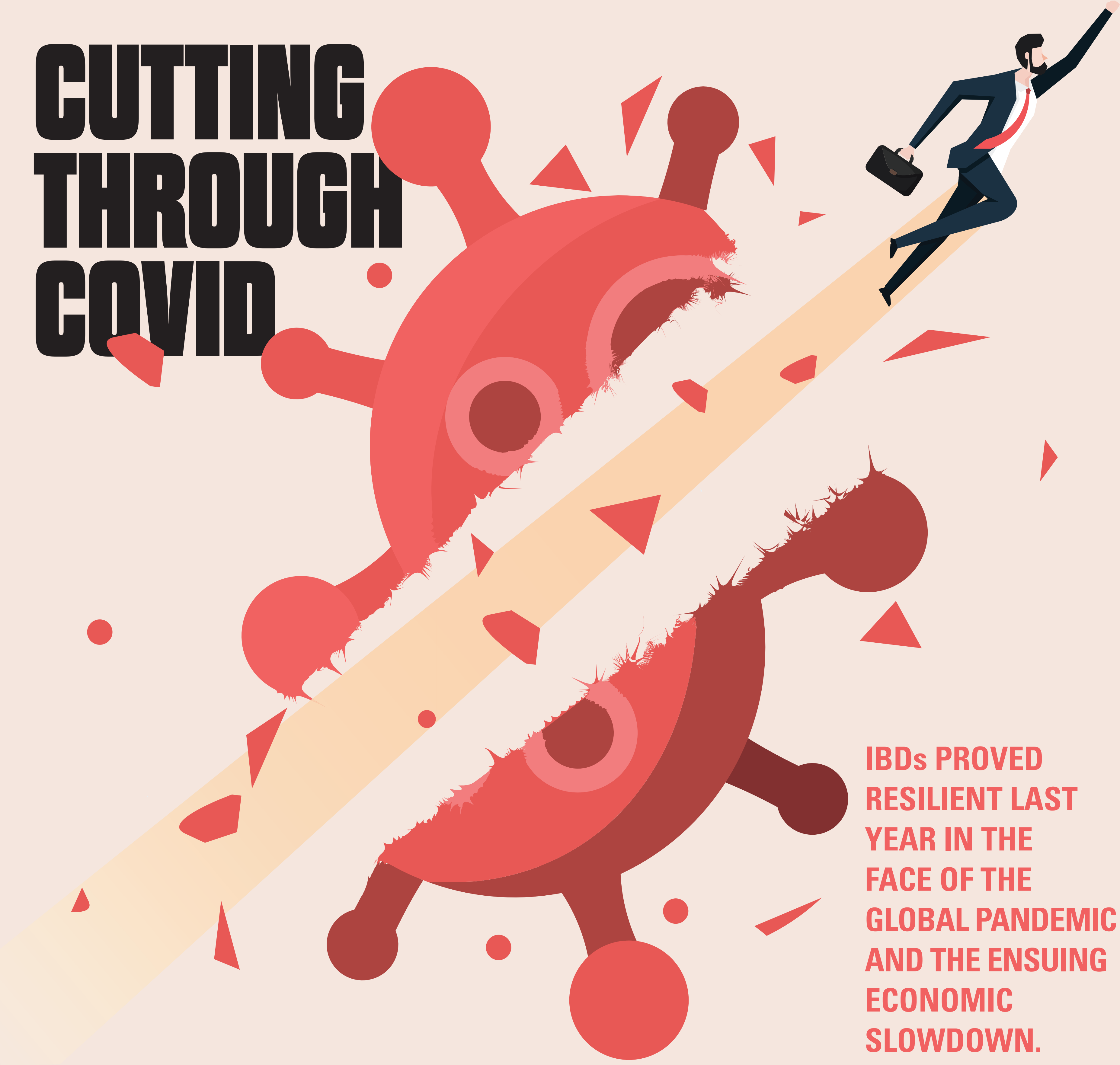

IBDs PROVED RESILIENT LAST YEAR IN THE FACE OF THE GLOBAL PANDEMIC AND THE ENSUING ECONOMIC SLOWDOWN.

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TopNews

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Biden tax proposal draws ire from financial advisers

BY JEFF BENJAMIN

A LEAKED PROPOSAL for a 43.4% capital gains tax on the rich has the financial planning industry expressing fresh criticism of the Biden administration and the far-left forces seen driving such policies.

"If you really wanted to encourage taxable transactions and economic growth, you would lower the capital gains tax, not raise it," said Jim Iuorio, managing director at TJM Institutional Services.

"This is virtue signaling to let the Biden administration show they are against the wealthy," Iuorio said. "In this particular instance, the evidence is overwhelming; they think it's more important to send that message."

The idea of hiking taxes on capital gains from the current top rate of 23.8%, which was leaked to a few news outlets last Thursday, is viewed by some as a trial balloon to test levels of support and resistance.

"I think the actual number will come in closer to 30%, which is still a pretty drastic increase," said Benjamin Barnhart, founder of Barnhart Wealth Management.

The top tax rate would apply to those with annual incomes of at least $1 million, which is about 500,000 American taxpayers.

"I don't have any clients that will be impacted," Barnhart said. "But if a higher rate does pass, it could create a bunch of selling before year-end."

David Pettus, founder of Blue Rock Capital, who was already migrating client portfolios toward cash in anticipation of a near-term stock market pullback, used the news of President Joe Biden's latest tax push to protect client portfolios even further.

"Yesterday I put my clients into approximately 92% cash, on average," he said. "I have been moving in this direction for a few days now and the announcement of the Biden administration's tax intentions prompted me to complete this move."

The initial reaction from the stock market on Thursday was a 0.7% decline, representing the biggest drop in a month by the S&P 500 Index. But the benchmark was up almost 1% in midday trading Friday.

MARKET REACTION

Dan Herron, principal at Elemental Wealth Advisors, said the stock market is reacting to a potential tax hike that "discourages the sale of capital assets to put more money into other places."

"Too many business owners would be impacted because people won't want to sell," he added. "I'll be very surprised if they get this through, considering a lot of people in Washington are very well-off and would take a bigger tax hit because of this."

Paul Schatz, president of Heritage Capital, described the higher tax rate as an "idiotic proposal" that is "dead on arrival, because they won't be able to get all 50 Democratic senators to vote for this."

While he doesn't believe such a proposal would be enough to throw the economy into recession, Schatz does describe it as a "significant headwind, and illogical."

"The Biden Administration cannot play the economic crisis theme

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Morgan Stanley sells ETrade's custody biz in $55 milllion deal

BY BRUCE KELLY

AFTER FAILING TO muster much enthusiasm for ETrade Financial Corp.'s small but promising RIA custody business, Morgan Stanley CEO James Gorman decided to unload it, agreeing last Tuesday to sell ETrade Advisor Services for $55 million in cash.

The buyer is Axos Financial Inc., parent of Axos bank, which is trying to grow its Axos Clearing business.

ETrade Advisor Services does custody of client accounts for 200 registered investment advisers with $23 billion in assets and $1.2 billion in client cash.

BARELY A BLIP

That's barely even a blip for Morgan Stanley, which recently reported a combined $5.6 trillion in assets in its wealth management and investment management businesses.

In February 2020, Morgan Stanley said that it was buying ETrade Financial for $13 billion in stock. The investment bank has benefitted from ETrade's direct online access to a younger group of clients, but the financial advice industry was watching the merger closely.

Wirehouses like Morgan Stanley have been seeing a steady outflow of employee financial advisers leaving to become independent registered investment advisers, a path that leads to greater control for advisers

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In Advisor Group lawsuit, the right hand is suing the left

BY BRUCE KELLY

IT'S A TALE perhaps only possible in an era when the financial services industry is awash in private equity money: A large network of broker-dealers, Advisor Group Inc., is claiming in a lawsuit that an annuity manufacturer, the former Voya Insurance and Annuity Co., is in breach of contract and has turned its back on a marketing agreement that paid Advisor Group $300,000 per year.

The weird, private equity kicker? Reverence Capital Partners, one of the PE managers that bought the annuity business of Voya Financial Inc. in 2018, is also the controlling owner of Advisor Group.

In other words, at Advisor Group, the right hand is suing the left.

"The issue is that these private equity managers have substantial financial interests in multiple entities or businesses that are highly regulated, yet there are no controls in place to make sure all the children are working together and even cooperating in business and marketing efforts," said Scott Silver, a plaintiff's attorney.

"The typical argument is, there are so many synergies for the joint ownership of financial services companies," Silver said. "But this case highlights the fact that the parent companies are not required to be registered with [the Financial Industry Regulatory Authority Inc.] as a control person."

TEARING UP AN AGREEMENT

This month in federal court in Philadelphia, Advisor Group sued the former Voya insurance companies for allegedly tearing up a marketing agreement worth $300,000 per year that the insurers were to pay for marketing, including access to Advisor Group's network of thousands of advisers.

The Advisor Group lawsuit alleges that Venerable Insurance and Annuity Co., until recently Voya Insurance and Annuity Co., and another Venera-

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House panel passes ESG bill

BY MARK SCHOEFF JR.

BILLS THAT WOULD require annual reporting of environmental, social and governance metrics and diversity data are headed to the House floor without Republican support.

The House Financial Services Committee, with a Democratic majority, approved the ESG Disclosure Simplification Act, which would require companies to report ESG metrics and explain how they affect business results. The measure also would require the Securities and Exchange Commission to promulgate rules requiring disclosures of ESG metrics.

The committee also approved along party lines the Diversity and Inclusion Data Accountability and Transparency Act, which would compel financial firms to disclose to regulators diversity data, policies and practices.

In a similar voting pattern, the panel advanced a bill requiring public companies to submit quarterly reports about their spending on political activities to shareholders and the SEC.

SEC FOCUS ON ESG

Those bills, along with several others, are likely to be approved by the full House. The backing from Democratic lawmakers dovetails with the recent intense SEC focus on ESG oversight that signals it's a priority under the agency's new 3-2 Democratic majority led by new Chairman Gary Gensler.

But the lack of GOP support for the bills approved by the House panel illustrates the likely difficulty they'll face in the evenly split Senate.

Rep. Patrick McHenry, R-N.C. and ranking Republican on the committee, criticized panel Democrats for not reaching across the aisle and attempting to "cater to the far left and other pro-

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Alex Oh named SEC enforcement chief

BY MARK SCHOEFF JR.

IN HIS FIRST major appointment, Securities and Exchange Commission Chairman Gary Gensler named Alex Oh director of the agency's Division of Enforcement.

Oh is a former assistant U.S. attorney in the criminal division of the U.S. Attorney's Office for the Southern District of New York, where she served on the Securities & Commodities Fraud Task Force and the Major Crimes Unit, the SEC announced last Thursday. Most recently, she was a partner at the law firm Paul Weiss Rifkind Wharton & Garrison.

"Our capital markets — and the broader economy — thrive when there are clear rules of the road and a cop on the beat to enforce them," Gensler said in a statement. "Alex brings to the role of director the right combination of values and experience to vigorously root out wrongdoing in our markets. With her work as a prosecutor, pro bono experience, and time in private practice, she has the expertise as a highly respected lawyer to ensure that the SEC protects investors."

A couple of other recent SEC enforcement chiefs also had experience as federal prosecutors, including Robert Khuzami, who was head of the division under former SEC Chair Mary Schapiro, and Steven Peikin, who served as co-director of enforcement for former SEC Chair Jay Clayton.

Oh's appointment "continues a trend," said Kurt Wolfe, a securities attorney at Troutman Pepper.

Ken Joseph, a former supervisor in the SEC Division of Enforcement's

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Outsiders lose fight with Blucora

BY BRUCE KELLY

BLUCORA INC. shareholders last Wednesday rejected a bid by dissident candidates to remake the board of directors by adding four newcomers to its current roster of 10 members. Blucora is the owner of the independent broker-dealer Avantax Investment Services Inc., which focuses on tax professionals and CPAs and works with 3,750 financial advisers.

The shareholders reelected the 10 current board members, backed by the company, and said no to four newcomers proposed by Ancora Holdings Inc., a registered investment adviser that owns 3.4% of Blucora shares.

Ancora has criticized Blucora for mishandling the broker-dealer. "Avantax can become a gem of the wealth management industry and a growing, thriving business if its advisers finally receive the respect, support and treatment they deserve," the slate of four board candidates proposed by Ancora wrote in a March letter to the firm's advisers.

3.4%
PORTION OF BLUCORA SHARES OWNED BY ANCORA

CONCILIATORY TONE

Blucora fired back, noting in a letter to stockholders last Monday, two days before the election, that since it replaced its CEO and CFO in January 2020, the company had "undergone significant, positive change." That included hiring a new team in its wealth management business to focus on technology, aligning pricing of advisory services and creating more localized support for advisers.

Blucora's board took a conciliatory tone in a statement last Wednesday.

"We have learned from our dialogue

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How to keep ESG investment performance in perspective

INSIGHTS
JEFF BENJAMIN

It would be difficult to miss the surging popularity of ESG investing, especially if you're a financial journalist fielding press releases during the week of the 51st annual Earth Day celebration.

But beyond the pitches for interviews with executives and politicians who are saving the planet by growing their own tomatoes and supporting laws that make polluting more illegal than it already is, there is the investing angle.

Allowing for the environmental, social and governance nomenclature corn maze that detours toward sustainable, responsible, impact and things baked by grandma, it is obvious the general category is growing like organic mushrooms on the dark side of a decaying log in the woods of Maine.

According to Morningstar, money flowing into U.S. funds categorized as sustainable hit a record $51.1 billion last year, which is more than double the 2019 record of $21.4 billion.

For perspective, annual flows into sustainable funds had been hovering around $5 billion for six straight years through 2018, and sustainable funds had annual net outflows in 2011 and 2012.

What happened over the past year is anyone's guess, but most are guessing it has something to do with Joe Biden winning the presidency and anticipation of rolling waves of Green New Deals galore.

Everything seemed grand until earlier this year, when something else happened that is also the result of anyone's guess.

A simple screen of the 10 best-performing ESG funds over the 12-month period through March produced a stunning list of triple-digit performers.

TAKING A BREATHER

From a 151% gain by the iShares Global Clean Energy ETF (ICLN) to a 267% gain by the Invesco Wilderhill Clean Energy ETF (PBW), it seemed as if the riddle of investing had been solved and the marriage of Wall Street and ESG had been fully consummated.

A closer look, however, exposed that other thing that happened. Starting around February, while most of the rest of the financial markets were doing pretty much what they've been doing for more than a decade, the ESG category started to quietly and almost uniformly decline.

Those same 10 funds that topped the Morningstar list of high performers started to unravel in February, leading to first-quarter returns ranging from a loss of 14.4% by the iShares Clean Energy ETF to a gain of 5.3% by the SPDR Kensho Clean Power ETF (CNRG).

This was all happening while the S&P 500 Index was chugging along with a 12-month return through March of 36.4%, including a gain of 7.4% during the first three months of this year.

When pressed to dissect the sudden turnaround for ESG funds, Jon Hale, Morningstar's head of sustainable investing research, shrugged it off as

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DOL's rollover questions could catch advisers off guard

BY EMILE HALLEZ

THE DOL ISSUED guidance about the fiduciary implications of rollover recommendations — but a set of questions it published the same day for account holders could create problems for some advisers.

On April 13, the regulator published a set of answers to frequently asked questions about part of the Trump-era fiduciary rule, the prohibited transaction exemption dubbed Improving Investment Advice for Workers & Retirees. The guidance clarified that a recommendation to roll funds from an employer-sponsored retirement plan to an individual retirement account can represent the beginning of an ongoing fiduciary relationship between an adviser and a client. In February, the DOL announced that it would not seek to halt or overturn the Trump-era rules that were finalized late last year, although the agency said it would soon issue guidance and could later make changes to the rules.

But along with that recent set of answers to FAQs, the Department of Labor also published a list of questions for retirement account holders to ask advisers.

Among those questions are:

"Are you a fiduciary under the federal laws specifically applicable to retirement accounts?"

"Can I have a written statement that you are a fiduciary under the federal laws specifically applicable to retirement accounts … when you make investment recommendations to me for my retirement accounts? If not, why not?"

And:

"Are you and your firm complying with the DOL's exemption? If you are not relying on the exemption, are you relying on another exemption previously issued by the Department, or do you believe that you do not have any relevant conflicts of interest?"

The timing of those questions is not great for brokers relying on the DOL's temporary enforcement policy until Dec. 20, the compliance deadline for the new rules, said Jason Roberts, CEO of the Pension Resource Institute.

"It's the unintended consequences here that got my attention," Roberts said. "A lot of firms are not in a position to just flip the switch and say we're fully compliant with [prohibited transaction exemption] 2020-02." Even if firms plan to rely on the exemption, few have likely updated their policies and procedures to reflect that, Roberts said. Doing that before it is officially required can be a regulatory risk, so most firms wait until they must, he said. Regulators and litigators can scrutinize firms for failing to follow their own procedures, even if the procedures are more stringent than what is re-

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RIA M&A deals return to pre-Covid levels

BY JEFF BENJAMIN

DESPITE ANOTHER record quarter for RIA consolidation, M&A tracker DeVoe & Co. claims the pace of deal activity is in the final stage of its post-Covid surge.

The record-setting 58 deals announced in the first three months of 2021 followed a record 159 transactions in 2020, including 48 in the fourth quarter. But managing partner David DeVoe said the 33 deals in January suggests a peak for the pandemic-induced momentum.

"The surge crescendoed in January, driven by the combination of a spike in midsized seller activity and continued momentum of larger sellers," DeVoe said.

The data show firms managing between $500 million and $1 billion represented 26% of the first-quarter deals, up from 17% during the same period last year.

DeVoe's four phases of post-Covid RIA merger and acquisition activity include the normal activity during the start of last year, when the full impact of the pandemic was still unknown, followed by the second phase of a lull in deal volume, followed by the surge stage that is now winding down.

The final stage of RIA consolidation will be a return to normal deal volume, DeVoe said.

BACK TO NORMAL

For context on the deal surge, consider that the first quarter of 2021 marked the first time deal volume exceeded 50 transactions, which occurred just two quarters after deal volume crested the 40-transaction milestone in the third quarter of last year.

After the January peak, deal volume returned to historically normal levels of 12 deals in February and 13 in March, DeVoe said. "The tide receded," he added. "The post-Covid surge is officially over."

According to the report on first-quarter activity, "The industry had burned through the excess fuel generated by the impact of Covid, and RIA M&A has now coasted for two months."

The 13 deals in March matched the July 2020 level, when transactions pulled out of a lull.

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Opinion

EDITOR'S NOTE

Much ado about RIAs in May

The registered investment adviser world will be at the center of a great deal of effort at *IN* over the coming weeks.

First, on May 4, we are hosting "RIA Tech for Breakaways," a webcast that will dive into best practices for building out your tech stack when you break away. While technology drives a number of breakaway decisions, it's also daunting, and this panel will explore the decision-making process.

GEORGE B. MORIARTY

That webcast will be moderated by Sovereign Financial Group's Chuck Failla, who is one of the chairs of the RIA Summit, a virtual event we are hosting on May 18 and 19. Over the two days, we will deliver two tracks in 17 sessions that will feature 45 speakers.

One track will serve established RIAs and the second will target those making the decision to go RIA. Chaired by Chuck Failla and *IN*'s Jeff Benjamin, this agenda has struck a tremendous chord with our audience, both clients and readers.

Among the highlights: the opening keynote featuring Fiduciary Insights' Blaine Aikin; the Day 1 panel diving into the investment and insurance options available to RIAs; and the closing panel on marketing and communication plans.

Plus, we have Hall of Fame quarterback Steve Young on the agenda!

I'm very proud of this agenda and the effort of the team. Please register at www.investmentnews.eventscase.com/payments/event/show/37667/EN, using offer code RIAVIP. We can't wait to see you there.

gmoriarty@investmentnews.com

Archegos is a wake-up call for family offices

The collapse of Archegos Capital Management late last month left big banks that dealt with Archegos with billions of dollars in losses. The firm's spectacular meltdown has focused attention on the growth of family offices and led to calls for additional regulation.

Family offices traditionally were set up by wealthy families to manage their assets, along with handling taxes, estate planning and other chores. As the ranks of the rich expanded, so did the number of family offices.

In recent years, there's also been a trend of some hedge funds transforming themselves into family offices. A fund gets rid of its outside investors, leaving a family office that handles the assets of the founder and their family — and a lot less regulatory oversight.

In fact, Bill Hwang of Archegos had run a hedge fund, Tiger Asia Management. After the hedge fund settled insider trading charges, Hwang was barred from managing clients' money. He then started Archegos.

Archegos' investing was more reminiscent of a hedge fund than a traditional family office: It had huge positions in a limited number of stocks, which it built using swaps in which banks held the underlying stocks. When Archegos failed to meet margin calls on its swaps in late March, the banks it did business with started unloading the underlying shares, selling an estimated $20 billion over a short period and causing dramatic drops in the stock prices of some companies.

ARCHEGOS' INVESTING WAS MORE REMINISCENT OF A HEDGE FUND THAN A TRADITIONAL FAMILY OFFICE.

The losses that resulted for banks and other investors have generated demands for increased transparency. It's likely that the banks Archegos was dealing with didn't realize the extent of its positions with other banks. Regulators were in the dark as well.

Family offices don't have to register with the Securities and Exchange Commission. But the SEC had already said that it was going to review its oversight of family offices, and Archegos' woes seem to make SEC regulation more likely.

Some investor advocates have suggested family offices be required to register as investment advisers, but groups representing family offices are expected to oppose that.

Bloomberg reported that SEC officials are also looking at regulations around Form 13F, which money managers, including family offices, are required to file with the agency at the end of each quarter if they have more than $100 million in stocks. The commission could expand that reporting to cover swaps and short positions or require money managers to report more frequently.

Others say the real problem is the lack of transparency around derivatives trades. It's possible a derivatives reporting system Dodd-Frank mandated in 2010 would have given regulators a better idea of what Archegos was up to. Under the law, the SEC was to establish a system tracking derivatives transactions in real time. However, that system is not due to be up and running until this November.

The fact that big, highly regulated banks like Credit Suisse and Morgan Stanley were hit with losses totaling billions of dollars suggests more oversight of family offices is coming, in some way, shape or form.

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Even in the face of the obstacles caused by the pandemic in 2020, the industry hit new milestones as fee revenue overtook commissions and consolidation further shrank the number of players.

IN THE FACE OF PANDEMIC, I PROVED RESIL

BY BRUCE KELLY

2020 was anything but a typical year for the industry, particularly for service-focused businesses like independent broker-dealers.

Covid-19 caused firms to shut down their offices and send staff home to work. Advisers began learning to click the mute button on Zoom. And adviser recruits stopped flying to distant cities to press the flesh with executives trying to convince them to switch firms.

Although financial results were far from spectacular, growth at leading IBDs last year was resilient in the face of the Covid-19 pandemic and the havoc it caused for the broader stock market.

In 2020, the 25 largest independent broker-dealers reported $26.6 billion in revenue, an increase of 4.3% from 2019, when those same firms reported $25.6 billion in revenue, according to InvestmentNews Research.

That's about half the increase seen in 2019, when the top 25 IBDs reported growth in revenue from fees, commissions and other sources, primarily interest-rate-sensitive bank products, of 8.3%.

"Covid threw sand in the gears, including no recruits coming in for home office visits," said John Rooney, a managing principal with Commonwealth Financial Network, which had $1.64 billion in revenue last year, an increase of 5.3% compared to 2019. "We've started doing them again and it's picking up, but 2020 was a tough recruiting year. And right now there's a natural attrition rate where some older advisers are selling practices."

"We lost revenue with interest rates dropping last year and the tough second quarter, but after that we had a great year," said James Poer, president and CEO at Kestra Financial Inc., which posted a 6.5% annual increase in revenue, hitting $607.9 million.

GROWTH MAY BE MISLEADING

That said, revenue growth for independent broker-dealers was off compared to years past. For most of the past 20 years, the leading 25 firms as a group reported revenue growth of close to 10%, although that figure may be a bit misleading, as firms drop in and out of the survey at their own discretion.

For example, the broker-dealers of Cetera Financial Group, some of the most prominent in the industry, stopped reporting two years ago, and Wells Fargo Advisors Financial Network dropped out three years ago.

The list of big independent broker-dealers shrank further as the industry's consolidation continued last year and into this year. Two top 25 firms have been acquired or agreed to be acquired since December, when LPL Financial said it was buying Waddell & Reed Financial Advisors as part of a

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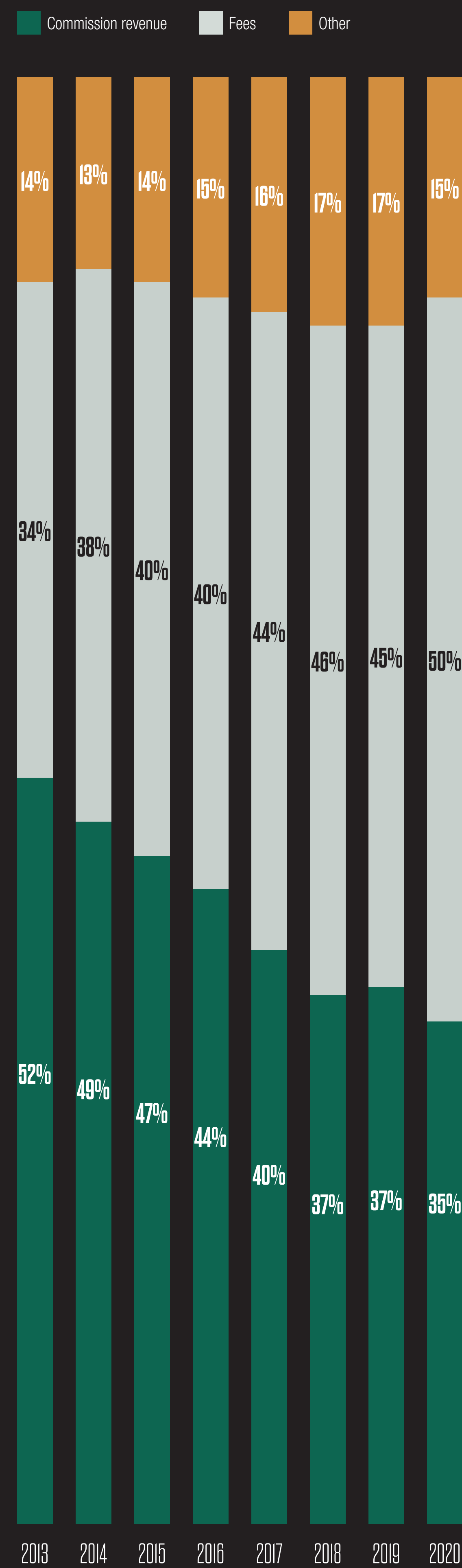
REVENUE SOURCE OF THE TOP 25 IBDs



Source: InvestmentNews Research
Note: The composition of the top 25 IBDs changes from year to year

CONTINUED FROM PAGE 9

larger transaction.

Two months later, Cetera Financial Group Inc. said it was buying Voya Financial Advisors Inc. from its parent, Voya Financial Inc., the latest insurance company to dump its retail wealth management business as a result of risk and the decline in demand for high-commission variable annuities.

Even in the face of the obstacles caused by the pandemic in 2020, the industry hit a milestone: For the first time since *InvestmentNews* started its survey, the top 25 firms last year reported that fee revenue made up 50% of total revenue on average, with revenue from commissions at 35% and other revenue, primarily generated from interest-rate spreads, of 15%.

That's almost the mirror opposite of the revenue breakdown for the leading IBDs in 2013, when commissions accounted for 52% of revenue and fees 34%, with so-called "other" revenue at 14%.

The sale of products for commission has faced significant headwinds, industry executives noted, including discount brokers cutting commissions for some trades to zero starting in 2019 and a new regulatory regime from the Securities and Exchange Commission, called Regulation Best Interest.

"Fifty percent fee revenue is a really important milestone, and the pace of change is accelerating as the industry moves to advisory model portfolios and accounts for clients, and away from commissions," said Rich Steinmeier, managing director and divisional president of business development with LPL Financial, the largest IBD.

"And it's likely to move faster," Steinmeier said. "We'll be talking about 60% of revenues from fees before you know it."

LPL posted a 4.4% increase in year-over-year revenue to $5.87 billion.

"At the independent broker-dealer, the broker-dealer or commission side of the business is the declining side," said Dennis Gallant, senior analyst with the Aite Group. "It's not the part of the business that is driving revenue."

"That 50% fee revenue figure is a reflection of what clients want, which is ongoing advice about their portfolios," said Evamarie Schoenborn, president and CEO of Northwestern Mutual Wealth Management Co. "It's not surprising we're at this inflection." Northwestern Mutual's broker-dealer posted a 12.3% increase in total firm revenue to $1.5 billion.

THE HYPE ABOUT FEES

The retail securities industry has spent the better part of the last two decades declaring that it was inexorably moving to charging clients fees, like registered investment advisers, instead of commissions.

Now that hype about fees looks to be turning into a reality. Many consider revenue from fees more attractive to firms because it is steadier, more dependable and less affected by the whims of the broader market and brokers pumping products for commissions.

4.3%

YEAR-OVER-YEAR INCREASE IN REVENUE BY THE 25 LARGEST IBDS IN 2020

"To show 4.3% growth in 2020 in spite of shutdowns, isolation and a period of market upheaval shows our industry to be quite resilient," said Jon Henschen, an independent recruiter. "A large part of that resilience is the ever-increasing portion of our business that is advisory-focused, which holds up better in turbulent market swings."

Last year's volatility definitely posed a challenge. The S&P 500 stock index hit record highs on Feb. 19 but days later markets started falling worldwide as fear of Covid-19 spread. On March 23, the S&P 500 hit its low for the year, having posted a stunning decline of 34% over that time.

The broader market soon recovered after the U.S. government signed record stimulus packages into law, with the S&P 500 and Dow Jones Industrial Average posting record highs repeatedly over the remainder of the year. For the entire 12 months of 2020, the S&P 500 returned 18.4%, with dividends.

NOT SO NIMBLE

Not all firms were able to bounce back nimbly from the market's ups and downs last year. For example, three large broker-dealers under the umbrella of the Advisor Group Inc., which acquired Ladenburg Thalmann Financial Services Inc. last year, saw declines in revenue. Last year, Royal Alliance Associates Inc.'s revenue declined 2.6% to $936.4 million, while SagePoint Financial Inc.'s dropped 6.8% to $387.4 million and FSC Securities Corp. posted a revenue drop of 18% to $237.1 million.

An Advisor Group Inc. executive shrugged off those results. "Advisor Group is very pleased with our strong 2020 results," Greg Cornick, Advisor Group's president of advice and wealth management, wrote in an email.

That included one of the IBD's best recruiting years, better-than-projected adviser retention, expansion of its senior management team, and the launch of growth-oriented offerings for advisers, Cornick wrote.

"When we were in the middle of the market downturn last February and March, we would have been thrilled to know that we would eventually rebound to the levels of growth that we eventually did," said Jodie Papike, president of Cross-Search, another recruiter for independent broker-dealers and RIAs. "But the firms with negative growth numbers suffered not only the negative downdraft of the broad market but were unable to recruit as well as the competition, and some also lost big teams."

Last year also saw a sharp drop in interest rates after the Federal Reserve slashed rates for short-term borrowing to almost zero in March in response to the economic crisis caused by the pandemic. That undoubtedly hurt some firms, and it was bad news for the securities industry as a whole, which charges clients interest for borrowing on margin and captures the interest rate spread on the cash clients hold in money market accounts.

The broader securities industry and, specifically, independent broker-dealers have felt the crunch in revenue caused by near-zero interest rates before. In the wake of the 2008 and 2009 credit crisis, the Federal Reserve dropped rates close to zero to stimulate the economy. It took several years for the Fed to shift and slowly raise rates again.

Last year's rate cut hurt firms' top lines and will undoubtedly continue to create pressure this year and into the foreseeable future. Ameriprise Financial Services Inc., for example, reported a 31.5% decline of "other" revenue last year, to $708.6 million.

An Ameriprise spokesperson declined to comment.

"The dirty secret of the broker-dealer world in general is that a significant amount of pure profitability comes from money market funds and interest-rate spreads," said Danny Sarch, an industry recruiter. "When interest rates spiked a few years ago, profitability went through the roof."

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IBD PAYOUTS AND PRODUCTION, 2020 VS. 2019

Source: InvestmentNews Research
Note: The composition of the top 25 IBDs changes from year to year

The happiest financial advisors enjoy life outside the office, too.
When true independence is in your DNA, work-life balance is a must-have.
Get the support you deserve with the broker-dealer that puts your needs first.
J.D. Phillips
Independent Financial Group financial advisor since 2008
Husband, Father, Mountaineer
#1 IN OVERALL EXPERIENCE SATISFACTION [1]
#2 BROKER-DEALER OF THE YEAR [2]
#10 IN AVERAGE ANNUAL GROSS PRODUCTION AMONGST ALL BROKER-DEALERS [3]
$1.1M AVERAGE GROSS PRODUCTION OF TOP 20% OF IFG REPS [3]
376 INDEPENDENT OFFICES ACROSS THE U.S.
Independent Financial Group, LLC
Member FINRA/ SIPC
Align with a different kind of broker-dealer
ifgsd.com
#happyadvisors
David Fischer, Co-Founder
800.269.1903 ext. 211
dfischer@ifgsd.com
[1] IBD Report Card, Wealth Management Magazine, 2017 [2] Broker-Dealer of the Year, Investment Advisor Magazine, 2020
[3] IBD Elite, Financial Planning Magazine, 2020

RANKED BY REVENUE

	Firm	2020 Revenue ($M)	% Change vs. 2019	2020 Commission Revenue ($M)	% Change vs. 2019	2020 Fee Revenue ($M)	% Change vs. 2019	2020 Other Revenue ($M)	% Change vs. 2019
1	LPL Financial	**$5,871.6**	4.4%	$1,906.6	0.7%	$2,327.5	17.4%	$1,637.6	-6.4%
2	Ameriprise Financial Services	**$5,037.6**	-0.6%	$1,206.8	0.9%	$3,122.2	10.0%	$708.6	-31.5%
3	Raymond James Financial Services Inc.	**$2,657.9**	4.1%	N/D	--	N/D	--	N/D	--
4	Commonwealth Financial Network	**$1,635.0**	5.3%	$247.1	-2.0%	$1,187.6	12.8%	$200.3	-19.2%
5	Northwestern Mutual Investment Services	**$1,517.4**	12.3%	$372.6	9.2%	$1,022.1	14.5%	$122.6	4.1%
6	MML Investors Services	**$1,239.3**	4.6%	$692.5	0.5%	$539.4	11.4%	$7.4	-35.0%
7	Cambridge Investment Research Inc.	**$1,084.9**	8.4%	$311.0	2.1%	$621.1	14.8%	$152.7	-1.4%
8	Securities America Inc.	**$1,048.9**	43.8%	$413.2	32.6%	$518.0	62.2%	$117.8	19.4%
9	Equitable Advisors	**$983.5**	4.0%	$637.6	0.4%	$296.6	14.0%	$49.3	-1.5%
10	Royal Alliance Associates Inc.	**$936.4**	-2.6%	$410.1	-6.6%	$378.9	8.2%	$147.4	-14.2%
11	Kestra Financial Inc.	**$607.9**	6.5%	$197.4	-0.4%	$364.3	14.1%	$46.1	-13.3%
12	Waddell & Reed Financial Advisors	**$537.1**	4.5%	$129.0	-9.1%	$296.3	10.0%	$111.8	9.0%
13	Woodbury Financial Services	**$509.7**	2.3%	$272.9	-0.9%	$159.8	19.4%	$77.0	-13.4%
14	SagePoint Financial Inc.	**$387.4**	-6.8%	$165.9	-10.6%	$153.6	5.3%	$67.8	-19.3%
15	Securian Financial Services Inc.	**$374.8**	1.3%	$176.5	-5.3%	$154.7	8.7%	$43.6	5.3%
16	Lincoln Investment Planning	**$353.7**	3.0%	$128.4	-0.2%	$214.2	5.6%	$11.1	-5.5%
17	Principal Securities Inc.	**$316.7**	-1.2%	$219.6	-5.4%	$96.1	10.0%	$1.0	-16.3%
18	Park Avenue Securities	**$249.6**	9.9%	$144.3	10.2%	$101.7	9.6%	$3.7	10.4%
19	FSC Securities Corp.	**$237.1**	-18.0%	$89.2	-23.6%	$104.9	-4.4%	$43.0	-31.2%
20	American Portfolios Financial Services Inc.	**$233.1**	2.4%	$114.1	-1.4%	$119.0	6.5%	N/A	--
21	Independent Financial Group	**$197.1**	1.9%	$94.3	-4.9%	$91.6	13.2%	$11.3	-16.4%
22	M Holdings Securities Inc. (M Securities)	**$166.7**	-2.3%	$135.2	-18.4%	$26.7	-3.7%	$4.7	-5.2%
23	Centaurus Financial Inc.	**$158.7**	-2.9%	$111.9	-6.8%	$46.8	7.8%	N/A	--
24	J.W. Cole Financial Inc.	**$155.7**	18.3%	$84.6	3.8%	$71.1	42.0%	N/A	--
25	Ameritas Investment Co.	**$150.2**	0.0%	$68.3	-11.3%	$63.1	11.7%	$18.8	12.6%
26	Triad Advisors	**$141.4**	-0.1%	$58.6	-21.3%	$68.4	54.5%	$14.4	-36.7%
27	United Planners Financial Services	**$138.2**	6.9%	$45.1	-3.3%	$88.3	12.9%	$4.7	7.7%
28	Sigma Financial Corp.	**$130.8**	5.2%	$68.4	1.3%	$56.3	11.3%	$6.1	-1.5%
29	Geneos Wealth Management Inc.	**$124.0**	-3.7%	$38.4	34.8%	$80.3	-16.5%	$5.3	28.0%
30	Hornor Townsend & Kent	**$119.9**	-2.3%	$74.0	-7.9%	$43.4	11.2%	$3.1	-42.6%
31	ProEquities Inc.	**$116.2**	-5.7%	$69.5	-8.6%	$40.6	0.2%	$6.1	-8.9%
32	PlanMember Securities Corp.	**$111.2**	4.9%	$19.6	-22.8%	$91.2	13.2%	N/A	--
33	Grove Point Financial	**$109.1**	-2.7%	$65.3	-4.7%	$39.2	7.2%	$4.6	-35.0%
34	The Leaders Group	**$89.1**	16.5%	$84.0	15.4%	N/D	--	N/D	--
35	Kovack Securities Inc.	**$82.4**	5.0%	$40.5	5.0%	$40.1	5.0%	$1.8	6.5%
36	The O.N. Equity Sales Co.	**$70.9**	3.7%	$54.2	1.1%	$16.6	12.9%	$0.2	10.3%
37	Prospera Financial Services Inc.	**$70.4**	22.3%	$25.2	11.3%	$36.6	19.3%	$8.6	103.2%
38	Harbour Investments Inc.	**$64.1**	9.1%	$31.6	1.1%	$32.5	18.1%	N/A	--
39	The Investment Center Inc.	**$64.0**	7.4%	$32.0	3.3%	$28.1	10.6%	$4.4	36.4%
40	Parkland Securities	**$63.0**	-7.2%	$39.3	-15.1%	$20.6	11.5%	$3.1	10.2%
41	Equity Services Inc.	**$56.0**	-2.8%	$23.7	-6.0%	$18.8	4.4%	N/D	--
42	The Strategic Financial Alliance Inc.	**$45.3**	7.4%	$18.1	N/D	$22.7	N/D	$4.5	N/D
43	Arete Wealth	**$45.2**	23.9%	$14.5	2.7%	$11.5	1.8%	$19.3	72.8%
44	LaSalle St. Securities	**$44.0**	2.3%	$30.0	-4.0%	$12.0	20.0%	$1.0	0.0%
45	Arkadios Capital	**$39.4**	60.1%	$19.0	51.5%	$19.2	90.5%	$1.2	-39.5%
46	CFD Investments Inc.	**$32.1**	-0.7%	$14.8	-9.9%	$14.5	5.8%	$2.8	28.4%
47	Founders Financial	**$31.0**	5.2%	$4.9	-34.0%	$24.7	17.9%	$1.5	23.6%
48	Packerland Brokerage Services Inc.	**$27.7**	3.1%	$20.2	-2.2%	$6.7	24.2%	$0.7	-4.0%
49	Nationwide Planning Associates Inc.	**$22.7**	4.5%	$14.1	-2.7%	$5.5	12.1%	$3.0	33.4%
50	Fortune Financial Services Inc.	**$21.2**	2.9%	$21.2	2.9%	N/A	--	N/A	--

Note: Revenue figures include impacts of any acquisitions made during the year. Itemized revenue may not add up to totals due to rounding.
Source: InvestmentNews Research

N/A = not applicable. N/D = not disclosed.

Alden Investment Group

261 Old York Road
Jenkintown, PA 19046
(215) 572-8700
aldeninvestmentgroup.com
Year founded: 1995
CEO: Lee Calfo
Recruiting contact: John Mulqueen

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	60	20.0%
# of CFPs:	5	25.0%
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	30	66.7%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$5.3**	**⬆49.0%**
Commission:	N/D	N/A
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$550.0**	**⬆57.1%**
Fee-based:	$550.0	57.1%
Other account assets:	$0.0	N/A
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Arete Wealth, a unit of Arete Wealth Inc.

1115 W. Fulton Market, 3rd Floor
Chicago, IL 60607
(312) 940-3684
aretewealth.com
Year founded: 2007
CEO: Joshua D. Rogers
Recruiting contact: Nate Moster

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	92	-2.1%
# of CFPs:	16	-11.1%
Avg payout per rep/year:	$270,074	15.9%
# of fee-based advisers served:	72	12.5%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$45.2**	**⬆23.9%**
Commission:	$14.5	2.7%
Fee:	$11.5	1.8%
Other:	$19.3	72.8%
Total account assets:	**$1,488.1**	**⬆14.6%**
Fee-based:	$1,488.1	14.6%
Other account assets:	$0.0	N/A
Excess net capital:	$0.2	-57.0%
Total operating expenses:	$40.9	24.8%
Pretax earnings:	$3.5	203.1%

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

4250 Veterans Memorial Highway, Suite 420E
Holbrook, NY 11741
(631) 439-4600
americanportfolios.com
Year founded: 2001
CEO: Lon T. Dolber
Recruiting contact: Lon T. Dolber

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	725	0.3%
# of CFPs:	109	N/A
Avg payout per rep/year:	$248,561	10.9%
# of fee-based advisers served:	565	0.5%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$233.1**	**⬆2.4%**
Commission:	$114.1	-1.4%
Fee:	$119.0	6.5%
Other:	$0.0	N/A
Total account assets:	**$34,517.5**	**⬆11.9%**
Fee-based:	$14,129.0	12.8%
Other account assets:	$20,388.5	11.3%
Excess net capital:	$5.2	-19.8%
Total operating expenses:	$28.1	-0.1%
Pretax earnings:	$2.0	-81.5%

Arkadios Capital

309 E Paces Ferry Road, Suite 1000
Atlanta, GA 30305
(404) 445-0035
arkadios.com
Year founded: 2016
CEO: David Y Millican IV
Recruiting contact: Chris Mielnicki

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	75	38.9%
# of CFPs:	0	N/A
Avg payout per rep/year:	$382,727	-15.7%
# of fee-based advisers served:	72	33.3%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$39.4**	**⬆60.1%**
Commission:	$19.0	51.5%
Fee:	$19.2	90.5%
Other:	$1.2	-39.5%
Total account assets:	**$3,000.4**	**⬆36.1%**
Fee-based:	$1,109.7	55.5%
Other account assets:	$1,890.8	26.8%
Excess net capital:	$1.5	7.1%
Total operating expenses:	$16.6	-11.7%
Pretax earnings:	$3.1	72.2%

Ameriprise Financial Services, a unit of Ameriprise Financial

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

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	7,805	0.8%
# of CFPs:	0	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	0	N/A

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$5,037.6**	**⬇-0.6%**
Commission:	$1,206.8	0.9%
Fee:	$3,122.2	10.0%
Other:	$708.6	-31.5%
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: Amy Webber
Recruiting contact: Tammy Robbins

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	3,623	6.3%
# of CFPs:	832	4.1%
Avg payout per rep/year:	$308,639	3.4%
# of fee-based advisers served:	3,181	4.5%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$1,084.9**	**⬆8.4%**
Commission:	$311.0	2.1%
Fee:	$621.1	14.8%
Other:	$152.7	-1.4%
Total account assets:	**$137,208.2**	**⬆20.3%**
Fee-based:	$79,957.8	25.8%
Other account assets:	$57,250.4	13.4%
Excess net capital:	$19.1	29.0%
Total operating expenses:	$1,040.5	11.7%
Pretax earnings:	$44.4	-35.5%

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

5900 O St.
Lincoln, NE 68510
(800) 335-9858
ameritas.com
Year founded: 1983
CEO: Kurt Shallow
Recruiting contact: Brandon Mann

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	844	-0.2%
# of CFPs:	0	N/A
Avg payout per rep/year:	$136,610	11.6%
# of fee-based advisers served:	617	4.8%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$150.2**	**0.0%**
Commission:	$68.3	-11.3%
Fee:	$63.1	11.7%
Other:	$18.8	12.6%
Total account assets:	**$27,200.0**	**⬆11.9%**
Fee-based:	$9,000.0	23.3%
Other account assets:	$18,200.0	7.1%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

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

2300 E. Katella Ave., Suite #200
Anaheim, CA 92806
(800) 880-4234
joincfi.com; centaurusfinancial.com
Year founded: 1992
CEO: J. Ronald King
Recruiting contacts: Tyler Shumaker, Tesh Lokumal, John Trentor

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	643	1.3%
# of CFPs:	204	2.0%
Avg payout per rep/year:	$222,885	-13.4%
# of fee-based advisers served:	502	0.8%

Financials (Year-end: Apr. 30)	2020 ($M)	1-year %chg
Total revenue:	**$158.7**	**⬇-2.9%**
Commission:	$111.9	-6.8%
Fee:	$46.8	7.8%
Other:	$0.0	N/A
Total account assets:	**$25,115.1**	**⬆9.2%**
Fee-based:	$4,779.1	7.0%
Other account assets:	$20,336.1	9.7%
Excess net capital:	$10.5	-21.8%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

N/A = not available. N/D = not disclosed.

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)*	**2020**	**1-year %chg**
# of producing reps:	138	-9.2%
# of CFPs:	0	N/A
Avg payout per rep/year:	$194,582	9.8%
# of fee-based advisers served:	90	-9.1%

Financials *(Year-end: Dec. 31)*	**2020 ($M)**	**1-year %chg**
Total revenue:	**$32.1**	**-0.7%**
Commission:	$14.8	-9.9%
Fee:	$14.5	5.8%
Other:	$2.8	28.4%
Total account assets:	**$3,871.3**	**7.5%**
Fee-based:	$1,447.8	3.3%
Other account assets:	$2,423.5	10.2%
Excess net capital:	$0.9	20.6%
Total operating expenses:	$6.1	16.8%
Pretax earnings:	$0.2	-43.7%

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)*	**2020**	**1-year %chg**
# of producing reps:	261	5.7%
# of CFPs:	33	43.5%
Avg payout per rep/year:	$81,183	-4.0%
# of fee-based advisers served:	118	-2.5%

Financials *(Year-end: Dec. 31)*	**2020 ($M)**	**1-year %chg**
Total revenue:	**$21.2**	**2.9%**
Commission:	$21.2	2.9%
Fee:	$0.0	N/A
Other:	$0.0	N/A
Total account assets:	**$2,842.4**	**20.1%**
Fee-based:	$0.0	N/A
Other account assets:	$2,842.4	20.1%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Commonwealth Equity Services, dba Commonwealth Financial Network

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

Staffing and compensation *(as of Dec. 31)*	**2020**	**1-year %chg**
# of producing reps:	2,012	0.2%
# of CFPs:	1,046	4.6%
Avg payout per rep/year:	$628,641	6.6%
# of fee-based advisers served:	2,467	5.0%

Financials *(Year-end: Dec. 31)*	**2020 ($M)**	**1-year %chg**
Total revenue:	**$1,635.0**	**5.3%**
Commission:	$247.1	-2.0%
Fee:	$1,187.6	12.8%
Other:	$200.3	-19.2%
Total account assets:	**$232,460.0**	**15.8%**
Fee-based:	$136,500.0	19.5%
Other account assets:	$95,960.0	11.0%
Excess net capital:	$60.5	19.2%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Founders Financial, a unit of Founders Financial Inc.

1020 Cromwell Bridge Road
Towson, MD 21286
(888) 523-1162
foundersfinancial.com
Year founded: 2006
CEO: Bradley M. Shepherd
Recruiting contact: Tom Senseney Jr.

Staffing and compensation *(as of Dec. 31)*	**2020**	**1-year %chg**
# of producing reps:	80	1.3%
# of CFPs:	23	-4.2%
Avg payout per rep/year:	$397,623	6.5%
# of fee-based advisers served:	75	-5.1%

Financials *(Year-end: Dec. 31)*	**2020 ($M)**	**1-year %chg**
Total revenue:	**$31.0**	**5.2%**
Commission:	$4.9	-34.0%
Fee:	$24.7	17.9%
Other:	$1.5	23.6%
Total account assets:	**$3,347.3**	**-0.4%**
Fee-based:	$1,685.1	27.6%
Other account assets:	$1,662.2	-18.6%
Excess net capital:	$1.1	32.9%
Total operating expenses:	$6.5	-77.0%
Pretax earnings:	$1.9	37.0%

Equitable Advisors, a unit of Equitable Holdings Inc.

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

Staffing and compensation *(as of Dec. 31)*	**2020**	**1-year %chg**
# of producing reps:	4,333	-0.1%
# of CFPs:	436	-0.9%
Avg payout per rep/year:	$159,558	0.8%
# of fee-based advisers served:	3,299	1.0%

Financials *(Year-end: Dec. 31)*	**2020 ($M)**	**1-year %chg**
Total revenue:	**$983.5**	**4.0%**
Commission:	$637.6	0.4%
Fee:	$296.6	14.0%
Other:	$49.3	-1.5%
Total account assets:	**$170,102.4**	**11.3%**
Fee-based:	$38,729.4	21.4%
Other account assets:	$131,373.0	8.6%
Excess net capital:	$28.4	33.5%
Total operating expenses:	$880.8	4.0%
Pretax earnings:	$102.7	4.5%

FSC Securities Corp., a unit of Advisor Group

2300 Windy Ridge Parkway, Suite 1100
Atlanta, GA 30339
(800) 547-2382
joinfsc.com
Year founded: 1958
CEO: Derek Burke
Recruiting contact: Rob Welch

Staffing and compensation *(as of Dec. 31)*	**2020**	**1-year %chg**
# of producing reps:	651	-6.7%
# of CFPs:	0	N/A
Avg payout per rep/year:	$309,145	11.2%
# of fee-based advisers served:	429	-12.1%

Financials *(Year-end: Dec. 31)*	**2020 ($M)**	**1-year %chg**
Total revenue:	**$237.1**	**-18.0%**
Commission:	$89.2	-23.6%
Fee:	$104.9	-4.4%
Other:	$43.0	-31.2%
Total account assets:	**$36,684.5**	**1.3%**
Fee-based:	$15,034.5	11.8%
Other account assets:	$21,650.0	-4.9%
Excess net capital:	N/D	N/A
Total operating expenses:	$37.3	-15.6%
Pretax earnings:	N/D	N/A

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: Ata Azarshahi
Recruiting contact: Jeff Wood

Staffing and compensation *(as of Dec. 31)*	**2020**	**1-year %chg**
# of producing reps:	506	-1.2%
# of CFPs:	0	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	437	6.3%

Financials *(Year-end: Dec. 31)*	**2020 ($M)**	**1-year %chg**
Total revenue:	**$56.0**	**-2.8%**
Commission:	$23.7	-6.0%
Fee:	$18.8	4.4%
Other:	N/D	N/A
Total account assets:	**$11,500.0**	**14.6%**
Fee-based:	$2,900.0	20.8%
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

Geneos Wealth Management Inc.

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

Staffing and compensation *(as of Dec. 31)*	**2020**	**1-year %chg**
# of producing reps:	243	-7.6%
# of CFPs:	86	-23.2%
Avg payout per rep/year:	$425,910	1.0%
# of fee-based advisers served:	236	-10.3%

Financials *(Year-end: Dec. 31)*	**2020 ($M)**	**1-year %chg**
Total revenue:	**$124.0**	**-3.7%**
Commission:	$38.4	34.8%
Fee:	$80.3	-16.5%
Other:	$5.3	28.0%
Total account assets:	**$17,412.0**	**6.3%**
Fee-based:	$11,942.1	33.2%
Other account assets:	$5,469.9	-26.2%
Excess net capital:	$1.0	-9.1%
Total operating expenses:	$15.4	N/A
Pretax earnings:	$1.6	93.8%

N/A = not available. N/D = not disclosed.

Grove Point Financial, a unit of Kestra Holdings

2440 Research Blvd., #500
Rockville, MD 20850
(301) 944-5900
grovepointfinancial.com
Year founded: 1984
Top executive: Michelle A. Barry
Recruiting contact: Robert J. Engle

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	429	-4.2%
# of CFPs:	75	-3.8%
Avg payout per rep/year:	$208,441	-0.2%
# of fee-based advisers served:	118	22.9%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$109.1**	**-2.7%**
Commission:	$65.3	-4.7%
Fee:	$39.2	7.2%
Other:	$4.6	-35.0%
Total account assets:	**$18,754.3**	**9.0%**
Fee-based:	$5,228.2	15.9%
Other account assets:	$13,526.1	6.5%
Excess net capital:	$5.3	-31.5%
Total operating expenses:	$108.2	-2.4%
Pretax earnings:	$0.6	23.7%

The Investment Center Inc.

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

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	246	2.1%
# of CFPs:	53	-1.9%
Avg payout per rep/year:	$227,856	6.5%
# of fee-based advisers served:	208	1.5%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$64.0**	**7.4%**
Commission:	$32.0	3.3%
Fee:	$28.1	10.6%
Other:	$4.4	36.4%
Total account assets:	**$10,098.3**	**15.0%**
Fee-based:	$4,342.3	15.0%
Other account assets:	$5,756.0	15.0%
Excess net capital:	$3.4	82.2%
Total operating expenses:	$61.5	3.4%
Pretax earnings:	$2.5	1,583.3%

Harbour Investments Inc.

575 D'Onofrio Drive
Madison, WI 53719
(608) 662-6100
harbourinv.com
Year founded: 1987
Top executive: Aaron M. Hager
Recruiting contact: Aaron M. Hager

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	213	-0.5%
# of CFPs:	42	5.0%
Avg payout per rep/year:	$300,900	9.6%
# of fee-based advisers served:	219	1.9%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$64.1**	**9.1%**
Commission:	$31.6	1.1%
Fee:	$32.5	18.1%
Other:	$0.0	N/A
Total account assets:	**$12,052.0**	**7.6%**
Fee-based:	$4,536.0	16.3%
Other account assets:	$7,516.0	2.9%
Excess net capital:	$0.5	17.7%
Total operating expenses:	$63.1	8.8%
Pretax earnings:	$0.1	-50.7%

J.W. Cole Financial Inc.

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

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	480	9.1%
# of CFPs:	83	10.7%
Avg payout per rep/year:	$330,500	9.3%
# of fee-based advisers served:	427	14.8%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$155.7**	**18.3%**
Commission:	$84.6	3.8%
Fee:	$71.1	42.0%
Other:	$0.0	N/A
Total account assets:	**$24,800.5**	**10.3%**
Fee-based:	$9,015.0	36.3%
Other account assets:	$15,785.5	-0.6%
Excess net capital:	$8.3	23.5%
Total operating expenses:	$13.7	11.0%
Pretax earnings:	$4.6	24.4%

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

600 Dresher Road
Horsham, PA 19044
(800) 873-7637
htk.com
Year founded: 1969
CEO: Thomas H. Harris
Recruiting contact: N/A

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	562	N/A
# of CFPs:	0	N/A
Avg payout per rep/year:	$70,900	N/A
# of fee-based advisers served:	458	-15.7%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$119.9**	**-2.3%**
Commission:	$74.0	-7.9%
Fee:	$43.4	11.2%
Other:	$3.1	-42.6%
Total account assets:	**$19,342.1**	**6.3%**
Fee-based:	$5,912.2	-1.5%
Other account assets:	$13,429.9	10.1%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Kestra Financial Inc.

5707 Southwest Parkway Bldg 2, Suite 400
Austin, TX 78735
(844) 553-7872
kestrafinancial.com
Year founded: 1996
CEO: James L. Poer
Recruiting contact: Daniel Schwamb

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	1,345	0.1%
# of CFPs:	310	-1.6%
Avg payout per rep/year:	$334,179	5.2%
# of fee-based advisers served:	1,396	3.0%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$607.9**	**6.5%**
Commission:	$197.4	-0.4%
Fee:	$364.3	14.1%
Other:	$46.1	-13.3%
Total account assets:	**$95,686.1**	**8.6%**
Fee-based:	$41,123.1	19.6%
Other account assets:	$54,563.0	1.6%
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, Suite 200
San Diego, CA 92130
(800) 269-1903
ifgsd.com
Year founded: 2003
CEO: Joe H. Miller
Recruiting contact: Julia Kohan

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	538	-2.7%
# of CFPs:	88	-3.3%
Avg payout per rep/year:	$334,000	13.6%
# of fee-based advisers served:	450	11.4%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$197.1**	**1.9%**
Commission:	$94.3	-4.9%
Fee:	$91.6	13.2%
Other:	$11.3	-16.4%
Total account assets:	**$31,636.0**	**5.1%**
Fee-based:	$9,444.9	18.0%
Other account assets:	$22,191.1	0.4%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Kovack Securities Inc., a unit of Kovack Financial Cos.

6451 N. Federal Highway, Suite 1201
Fort Lauderdale, FL 33308
(866) 564-6574
joinksi.com
Year founded: 1997
CEO: Brian J. Kovack Esq.
Recruiting contact: Carlo A. Bidone Jr.

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	385	0.8%
# of CFPs:	86	10.3%
Avg payout per rep/year:	$213,943	4.2%
# of fee-based advisers served:	350	1.4%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$82.4**	**5.0%**
Commission:	$40.5	5.0%
Fee:	$40.1	5.0%
Other:	$1.8	6.5%
Total account assets:	**$13,450.3**	**9.8%**
Fee-based:	$3,129.4	3.2%
Other account assets:	$10,320.9	12.0%
Excess net capital:	$3.1	0.0%
Total operating expenses:	$77.5	8.2%
Pretax earnings:	$4.9	10.0%

N/A = not available. N/D = not disclosed.

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)	2020	1-year %chg
# of producing reps:	240	2.1%
# of CFPs:	41	2.5%
Avg payout per rep/year:	$210,000	5.0%
# of fee-based advisers served:	140	3.7%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$44.0**	**2.3%**
Commission:	$30.0	-4.0%
Fee:	$12.0	20.0%
Other:	$1.0	0.0%
Total account assets:	**$11,500.0**	**4.5%**
Fee-based:	$3,000.0	20.0%
Other account assets:	N/D	N/A
Excess net capital:	$2.0	0.0%
Total operating expenses:	$4.5	12.5%
Pretax earnings:	$2.8	12.0%

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

1295 State St.
Springfield, MA 01111
(800) 542-6767
massmutual.com/investment/mmlinvestors
Year founded: 1981
CEO: John Vaccaro
Recruiting contact: Katie Martineau

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	7,933	-4.8%
# of CFPs:	0	N/A
Avg payout per rep/year:	$127,320	12.0%
# of fee-based advisers served:	5,627	6.4%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$1,239.3**	**4.6%**
Commission:	$692.5	0.5%
Fee:	$539.4	11.4%
Other:	$7.4	-35.0%
Total account assets:	**$231,200.0**	**11.5%**
Fee-based:	$62,400.0	16.7%
Other account assets:	$168,800.0	9.7%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Lincoln Investment Planning, a unit of Lincoln Investment Group Holdings

601 Office Center Drive, Suite 300
Fort Washington, PA 19034
(215) 887-8111
lincolninvestment.com
Year founded: 1968
CEO: Edward Forst
Recruiting contact: Thomas Lakatos

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	1,009	-4.0%
# of CFPs:	218	29.8%
Avg payout per rep/year:	$251,577	5.0%
# of fee-based advisers served:	901	3.9%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$353.7**	**3.0%**
Commission:	$128.4	-0.2%
Fee:	$214.2	5.6%
Other:	$11.1	-5.5%
Total account assets:	**$46,110.5**	**18.6%**
Fee-based:	$22,433.4	14.9%
Other account assets:	$23,677.2	22.3%
Excess net capital:	$23.1	5.8%
Total operating expenses:	$80.8	-0.8%
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)	2020	1-year %chg
# of producing reps:	123	-10.2%
# of CFPs:	9	0.0%
Avg payout per rep/year:	$287,489	8.4%
# of fee-based advisers served:	50	-2.0%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$22.7**	**4.5%**
Commission:	$14.1	-2.7%
Fee:	$5.5	12.1%
Other:	$3.0	33.4%
Total account assets:	**$2,845.0**	**4.7%**
Fee-based:	$760.3	18.0%
Other account assets:	$2,084.7	0.6%
Excess net capital:	$1.5	42.4%
Total operating expenses:	$16.2	2.3%
Pretax earnings:	$0.7	-19.9%

LPL Financial, a unit of LPL Financial Holdings Inc.

4707 Executive Drive
San Diego, CA 92121
(866) 794-0185
lpl.com
Year founded: 1968
CEO: Dan Arnold
Recruiting contact: Scott Posner

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	17,287	5.0%
# of CFPs:	3,833	5.2%
Avg payout per rep/year:	$217,576	4.5%
# of fee-based advisers served:	0	N/A

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$5,871.6**	**4.4%**
Commission:	$1,906.6	0.7%
Fee:	$2,327.5	17.4%
Other:	$1,637.6	-6.4%
Total account assets:	**$903,078.0**	**18.1%**
Fee-based:	$461,171.6	26.1%
Other account assets:	$441,906.4	10.9%
Excess net capital:	$107.9	7.5%
Total operating expenses:	$5,139.8	8.2%
Pretax earnings:	$626.1	-15.6%

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

720 E. Wisconsin Ave.
Milwaukee, WI 53202
(866) 664-7737
northwesternmutual.com
Year founded: 1968
Top executive: Evamarie Schoenborn
Recruiting contact: Kathy Tague

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	5,258	2.9%
# of CFPs:	1,322	3.4%
Avg payout per rep/year:	$207,040	9.9%
# of fee-based advisers served:	0	N/A

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$1,517.4**	**12.3%**
Commission:	$372.6	9.2%
Fee:	$1,022.1	14.5%
Other:	$122.6	4.1%
Total account assets:	**$226,962.0**	**19.6%**
Fee-based:	$124,214.2	25.5%
Other account assets:	$102,747.7	13.3%
Excess net capital:	N/D	N/A
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: Bridget McNamara-Fenesy
Recruiting contact: Jeff Bear

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	512	-6.1%
# of CFPs:	64	-7.2%
Avg payout per rep/year:	$285,895	-2.3%
# of fee-based advisers served:	271	-3.2%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$166.7**	**-2.3%**
Commission:	$135.2	-18.4%
Fee:	$26.7	-3.7%
Other:	$4.7	-5.2%
Total account assets:	**$55,200.0**	**13.1%**
Fee-based:	$3,897.2	5.1%
Other account assets:	N/A	N/A
Excess net capital:	$1.0	-39.0%
Total operating expenses:	$16.2	1.9%
Pretax earnings:	-$0.4	N/A

The O.N. Equity Sales Co., a unit of Ohio National Life Insurance Co.

One Financial Way
Cincinnati, OH 45242
(877) 663-7267
joinonesco.com
Year founded: 1968
CEO: Patrick H. McEvoy
Recruiting contact: Patrick H. McEvoy

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	537	-4.1%
# of CFPs:	65	-4.4%
Avg payout per rep/year:	$112,368	7.0%
# of fee-based advisers served:	329	-0.6%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$70.9**	**3.7%**
Commission:	$54.2	1.1%
Fee:	$16.6	12.9%
Other:	$0.2	10.3%
Total account assets:	**$12,661.2**	**14.1%**
Fee-based:	$2,162.6	21.5%
Other account assets:	$10,498.6	12.6%
Excess net capital:	$2.2	-34.5%
Total operating expenses:	$70.6	5.7%
Pretax earnings:	$0.3	-81.6%

N/A = not available. N/D = not disclosed.

Packerland Brokerage Services Inc.

432 Security Blvd., Suite 101
Green Bay, WI 54313
(920) 662-9500
packerlandbrokerage.com
Year founded: 1994
CEO: Zach Kelly
Recruiting contact: Scott Zwierzynski

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	257	7.5%
# of CFPs:	19	0.0%
Avg payout per rep/year:	$95,890	3.1%
# of fee-based advisers served:	3	50.0%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$27.7**	**3.1%**
Commission:	$20.2	-2.2%
Fee:	$6.7	24.2%
Other:	$0.7	-4.0%
Total account assets:	**$1,421.3**	**98.8%**
Fee-based:	$904.7	26.5%
Other account assets:	N/D	N/A
Excess net capital:	$0.9	93.0%
Total operating expenses:	$3.1	2.6%
Pretax earnings:	$0.5	-12.8%

Principal Securities Inc., a unit of Principal Financial Services Inc.

711 High St.
Des Moines, IA 50392
(888) 774-6267
principal.com
Year founded: 1968
CEO: Michael F. Murray
Recruiting contact: Betsy Jepsen

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	1,282	-8.8%
# of CFPs:	228	-3.0%
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	972	-0.3%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$316.7**	**-1.2%**
Commission:	$219.6	-5.4%
Fee:	$96.1	10.0%
Other:	$1.0	-16.3%
Total account assets:	**$74,732.0**	**10.1%**
Fee-based:	$12,011.9	24.1%
Other account assets:	$62,720.2	7.8%
Excess net capital:	$9.9	0.3%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Park Avenue Securities, a unit of Guardian Life Insurance Co. of America

10 Hudson Yards
New York, NY 10001
(888) 600-4667
parkavenuesecurities.com
Year founded: 1999
Top executive: Marianne Caswell
Recruiting contact: Joseph Fuschillo

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	1,922	-0.7%
# of CFPs:	0	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	0	N/A

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$249.6**	**9.9%**
Commission:	$144.3	10.2%
Fee:	$101.7	9.6%
Other:	$3.7	10.4%
Total account assets:	**$38,781.0**	**15.4%**
Fee-based:	$15,868.7	14.9%
Other account assets:	$22,912.3	15.8%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

ProEquities Inc., a unit of Protective Life Corp.

2801 Highway 280 S.
Birmingham, AL 35223
(800) 288-3035
joinproequities.com
Year founded: 1984
CEO: Libet Anderson
Recruiting contact: Kim Davis

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	495	-18.0%
# of CFPs:	0	N/A
Avg payout per rep/year:	$150,323	12.0%
# of fee-based advisers served:	500	-3.3%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$116.2**	**-5.7%**
Commission:	$69.5	-8.6%
Fee:	$40.6	0.2%
Other:	$6.1	-8.9%
Total account assets:	**$4,458.5**	**9.9%**
Fee-based:	$4,458.5	9.9%
Other account assets:	$0.0	N/A
Excess net capital:	$6.3	3.0%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

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)	2020	1-year %chg
# of producing reps:	335	2.4%
# of CFPs:	30	3.4%
Avg payout per rep/year:	$163,992	0.9%
# of fee-based advisers served:	228	4.1%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$63.0**	**-7.2%**
Commission:	$39.3	-15.1%
Fee:	$20.6	11.5%
Other:	$3.1	10.2%
Total account assets:	**$8,470.0**	**15.1%**
Fee-based:	$1,800.0	7.9%
Other account assets:	$6,700.0	17.7%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Prospera Financial Services Inc.

5429 LBJ Freeway, Suite 750
Dallas, TX 75240
(972) 581-3000
prosperafinancial.com
Year founded: 1982
CEO: David W. Stringer
Recruiting contact: Tim Edwards

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	129	0.0%
# of CFPs:	22	69.2%
Avg payout per rep/year:	$545,852	14.7%
# of fee-based advisers served:	129	0.0%

Financials (Year-end: June 30)	2020 ($M)	1-year %chg
Total revenue:	**$70.4**	**22.3%**
Commission:	$25.2	11.3%
Fee:	$36.6	19.3%
Other:	$8.6	103.2%
Total account assets:	**$8,800.0**	**1.1%**
Fee-based:	$3,500.0	29.6%
Other account assets:	$5,300.0	-11.7%
Excess net capital:	$7.2	-15.6%
Total operating expenses:	$22.8	46.1%
Pretax earnings:	$0.3	-78.5%

PlanMember Securities Corp.

6187 Carpinteria Ave.
Carpinteria, CA 93013
(800) 874-6910
planmember.com/join
Year founded: 1982
CEO: Jon Ziehl
Recruiting contacts: Kevin Twohy, Malisa Wacker, Ron Heller, Jon Wolfe

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	479	1.3%
# of CFPs:	42	2.4%
Avg payout per rep/year:	$157,787	2.9%
# of fee-based advisers served:	479	1.3%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$111.2**	**4.9%**
Commission:	$19.6	-22.8%
Fee:	$91.2	13.2%
Other:	$0.0	N/A
Total account assets:	**$14,000.0**	**18.6%**
Fee-based:	$8,230.0	5.5%
Other account assets:	$4,000.0	0.0%
Excess net capital:	$8.4	71.7%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

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

880 Carillon Parkway
St. Petersburg, FL 33716
(727) 567-1000
advisorchoice.com
Year founded: 1974
CEO: Paul Reilly
Recruiting contact: Kim Jenson

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	4,471	2.9%
# of CFPs:	1,300	1.6%
Avg payout per rep/year:	$436,368	4.7%
# of fee-based advisers served:	4,146	3.5%

Financials (Year-end: Sept. 30)	2020 ($M)	1-year %chg
Total revenue:	**$2,657.9**	**4.1%**
Commission:	N/D	N/A
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$379,403.0**	**10.2%**
Fee-based:	$220,527.0	16.2%
Other account assets:	$158,876.0	2.8%
Excess net capital:	$44.2	8.9%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

N/A = not available. N/D = not disclosed.

Royal Alliance Associates Inc., a unit of Advisor Group

10 Exchange Place, Suite 1410
Jersey City, NJ 07302
(800) 821-5100
royalalliance.com
Year founded: 1989
CEO: Dmitry Goldin
Recruiting contact: Al Grilli

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	2,695	-6.7%
# of CFPs:	0	N/A
Avg payout per rep/year:	$274,248	-3.7%
# of fee-based advisers served:	1,556	-17.6%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$936.4**	**-2.6%**
Commission:	$410.1	-6.6%
Fee:	$378.9	8.2%
Other:	$147.4	-14.2%
Total account assets:	**$137,668.5**	**11.4%**
Fee-based:	$50,844.3	19.7%
Other account assets:	$86,824.2	7.1%
Excess net capital:	N/D	N/A
Total operating expenses:	$132.3	11.7%
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)	2020	1-year %chg
# of producing reps:	581	-1.5%
# of CFPs:	107	1.9%
Avg payout per rep/year:	$199,097	8.4%
# of fee-based advisers served:	433	-3.8%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$130.8**	**5.2%**
Commission:	$68.4	1.3%
Fee:	$56.3	11.3%
Other:	$6.1	-1.5%
Total account assets:	**$21,400.0**	**18.6%**
Fee-based:	$6,400.0	58.2%
Other account assets:	$15,000.0	7.2%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

SagePoint Financial Inc., a unit of Advisor Group

20 E. Thomas Road, Suite 2000
Phoenix, AZ 85012
(866) 462-4432
sagepointfinancial.com
Year founded: 1970
CEO: Desireé Sii
Recruiting contact: Genevieve Sisco

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	1,278	-3.8%
# of CFPs:	0	N/A
Avg payout per rep/year:	$243,962	12.6%
# of fee-based advisers served:	713	-14.8%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$387.4**	**-6.8%**
Commission:	$165.9	-10.6%
Fee:	$153.6	5.3%
Other:	$67.8	-19.3%
Total account assets:	**$57,454.6**	**10.1%**
Fee-based:	$20,922.0	20.5%
Other account assets:	$36,532.6	4.9%
Excess net capital:	N/D	N/A
Total operating expenses:	$62.3	1.0%
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
thesfa.net
Year founded: 2003
CEO: Clive Slovin
Recruiting contact: Jamie Mackay

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	108	N/A
# of CFPs:	50	N/A
Avg payout per rep/year:	$351,000	N/A
# of fee-based advisers served:	43	N/A

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$45.3**	**7.4%**
Commission:	$18.1	N/A
Fee:	$22.7	N/A
Other:	$4.5	N/A
Total account assets:	**$4,500.0**	**N/A**
Fee-based:	$3,500.0	N/A
Other account assets:	$1,000.0	N/A
Excess net capital:	N/D	N/A
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: N/A

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	1,077	-1.2%
# of CFPs:	228	4.6%
Avg payout per rep/year:	$272,052	1.9%
# of fee-based advisers served:	991	-1.8%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$374.8**	**1.3%**
Commission:	$176.5	-5.3%
Fee:	$154.7	8.7%
Other:	$43.6	5.3%
Total account assets:	**$43,476.8**	**11.4%**
Fee-based:	$20,988.1	18.2%
Other account assets:	$22,488.7	5.7%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

The Leaders Group

26 W. Dry Creek Circle, Suite 800
Littleton, CO 80120
(303) 797-9080
leadersgroup.net/about-us/
Year founded: 1994
Top executive: Sean D. Wickersham
Recruiting contact: Charles Arnold

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	489	19.9%
# of CFPs:	87	0.0%
Avg payout per rep/year:	$122,320	-18.2%
# of fee-based advisers served:	188	25.3%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$89.1**	**16.5%**
Commission:	$84.0	15.4%
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$1,977.8**	**26.6%**
Fee-based:	$43.3	5.6%
Other account assets:	$1,934.5	27.1%
Excess net capital:	$2.2	93.2%
Total operating expenses:	$87.8	15.8%
Pretax earnings:	$1.3	92.5%

Securities America Inc., a unit of Advisor Group

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

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	3,233	24.0%
# of CFPs:	747	14.4%
Avg payout per rep/year:	$204,949	-4.5%
# of fee-based advisers served:	3,166	26.6%

Financials (Year-end: Dec. 31)	2020 ($M)	1-year %chg
Total revenue:	**$1,048.9**	**43.8%**
Commission:	$413.2	32.6%
Fee:	$518.0	62.2%
Other:	$117.8	19.4%
Total account assets:	**$145,575.0**	**41.3%**
Fee-based:	$67,575.0	35.2%
Other account assets:	$78,000.0	47.2%
Excess net capital:	$27.5	125.4%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Thurston Springer Miller Herd & Titak, a unit of Thurston Springer Financial

9000 Keystone Crossing
Indianapolis, IN 46240
(317) 581-4000
thurstonspringer.com
Year founded: 1981
CEO: Richard Parker
Recruiting contact: Mark Damer

Staffing and compensation (as of Dec. 31)	2020	1-year %chg
# of producing reps:	65	22.6%
# of CFPs:	5	0.0%
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	38	15.2%

Financials (Year-end: June 30)	2020 ($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:	**$2,529.9**	**12.6%**
Fee-based:	$932.6	23.2%
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

N/A = not available. N/D = not disclosed.

Transamerica Financial Advisors Inc., a unit of AUSA Holding Co., an Aegon company

570 Carillon Parkway
St. Petersburg, FL 33716
(770) 248-3271
tfaconnect.com/
Year founded: 1984
CEO: George Chuang
Recruiting contact: Matt Chambers

Staffing and compensation *(as of Dec. 31)*	2020	1-year %chg
# of producing reps:	3,004	-3.1%
# of CFPs:	0	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	0	N/A

Financials *(Year-end: Dec. 31)*	2020 ($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 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

Veritas Independent Partners

2201 Washington Ave., Suite 2
Conway, AR 72032
(501) 358-6131
veritasindependentpartners.com
Year founded: 2013
CEO: Gail Murdoch
Recruiting contact: Debra Shannon

Staffing and compensation *(as of Dec. 31)*	2020	1-year %chg
# of producing reps:	34	21.4%
# of CFPs:	3	0.0%
Avg payout per rep/year:	$87,432	-3.7%
# of fee-based advisers served:	18	-14.3%

Financials *(Year-end: Dec. 31)*	2020 ($M)	1-year %chg
Total revenue:	**$1.5**	**⬆24.1%**
Commission:	$0.6	2.1%
Fee:	$0.9	42.7%
Other:	$0.0	N/A
Total account assets:	**$221.7**	**⬆76.9%**
Fee-based:	$114.7	55.0%
Other account assets:	N/D	N/A
Excess net capital:	$0.0	92.7%
Total operating expenses:	$1.5	21.8%
Pretax earnings:	N/D	N/A

Triad Advisors, a unit of Advisor Group

5155 Peachtree Parkway, Suite 3220
Norcross, GA 30092
(800) 720-4003
triad-advisors.com
Year founded: 1998
CEO: Jeff Rosenthal
Recruiting contact: Brian Shulstad

Staffing and compensation *(as of Dec. 31)*	2020	1-year %chg
# of producing reps:	696	8.8%
# of CFPs:	215	20.8%
Avg payout per rep/year:	$160,458	6.2%
# of fee-based advisers served:	592	-2.6%

Financials *(Year-end: Dec. 31)*	2020 ($M)	1-year %chg
Total revenue:	**$141.4**	**⬇-0.1%**
Commission:	$58.6	-21.3%
Fee:	$68.4	54.5%
Other:	$14.4	-36.7%
Total account assets:	**$37,118.8**	**⬆14.1%**
Fee-based:	$27,682.6	20.7%
Other account assets:	$9,436.2	-1.8%
Excess net capital:	$13.4	41.5%
Total operating expenses:	$27.5	N/A
Pretax earnings:	$2.1	N/A

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

6300 Lamar Ave.
Overland Park, KS 66202
(913) 236-2000
waddell.com
Year founded: 1937
Top executive: Shawn Mihal
Recruiting contact: N/A

Staffing and compensation *(as of Dec. 31)*	2020	1-year %chg
# of producing reps:	936	-0.3%
# of CFPs:	264	-5.0%
Avg payout per rep/year:	$391,739	13.6%
# of fee-based advisers served:	923	0.0%

Financials *(Year-end: Dec. 31)*	2020 ($M)	1-year %chg
Total revenue:	**$537.1**	**⬆4.5%**
Commission:	$129.0	-9.1%
Fee:	$296.3	10.0%
Other:	$111.8	9.0%
Total account assets:	**$69,704.6**	**⬆16.0%**
Fee-based:	$33,100.0	22.8%
Other account assets:	$36,604.6	10.4%
Excess net capital:	$60.1	-0.6%
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: Lacey Dochinez

Staffing and compensation *(as of Dec. 31)*	2020	1-year %chg
# of producing reps:	85	-1.2%
# of CFPs:	35	-2.8%
Avg payout per rep/year:	$144,000	9.1%
# of fee-based advisers served:	78	N/A

Financials *(Year-end: Dec. 31)*	2020 ($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:	**$2,084.2**	**⬆9.2%**
Fee-based:	$675.9	8.8%
Other account assets:	$1,408.3	9.3%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Woodbury Financial Services, a unit of Advisor Group

7755 3rd Street North
Oakdale, MN 55128
(800) 388-7773
joinwoodbury.com
Year founded: 1910
CEO: Rick Fergesen
Recruiting contact: Scott Little

Staffing and compensation *(as of Dec. 31)*	2020	1-year %chg
# of producing reps:	1,504	-2.8%
# of CFPs:	0	N/A
Avg payout per rep/year:	$254,570	2.9%
# of fee-based advisers served:	891	-11.3%

Financials *(Year-end: Dec. 31)*	2020 ($M)	1-year %chg
Total revenue:	**$509.7**	**⬆2.3%**
Commission:	$272.9	-0.9%
Fee:	$159.8	19.4%
Other:	$77.0	-13.4%
Total account assets:	**$75,697.2**	**⬆12.6%**
Fee-based:	$21,196.9	29.9%
Other account assets:	$54,500.4	7.0%
Excess net capital:	N/D	N/A
Total operating expenses:	$80.2	2.4%
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: Michael A. Baker
Recruiting contact: Sheila J. Cuffari-Agasi

Staffing and compensation *(as of Dec. 31)*	2020	1-year %chg
# of producing reps:	452	7.9%
# of CFPs:	119	9.2%
Avg payout per rep/year:	$305,648	-1.8%
# of fee-based advisers served:	453	9.2%

Financials *(Year-end: Dec. 31)*	2020 ($M)	1-year %chg
Total revenue:	**$138.2**	**⬆6.9%**
Commission:	$45.1	-3.3%
Fee:	$88.3	12.9%
Other:	$4.7	7.7%
Total account assets:	**$19,390.0**	**⬆10.8%**
Fee-based:	$11,133.1	18.7%
Other account assets:	$8,256.9	1.7%
Excess net capital:	$5.2	6.6%
Total operating expenses:	$95.6	-25.6%
Pretax earnings:	$2.9	6.2%

N/A = not available. N/D = not disclosed.

A third of near-retirees fail Social Security quiz

Just over one-third (35%) of near-retirees failed a basic quiz of their knowledge about Social Security benefits and another 18% earned a D, meaning more than half of Americans ages 55 to 65 do not understand the program's basic rules, according to a new Mass Mutual consumer poll released April 6.

MARY BETH FRANKLIN

ONRETIREMENT

Even more startling, more than a quarter (26%) of individuals ages 60 to 65 do not know that the full retirement age is gradually rising from 66 to 67. The first phase of the increase began this year as people who were born in 1955 hit the new full retirement age of 66 and 2 months in 2021. The full retirement age will continue to increase in two-month increments until it reaches 67 in 2027.

The online poll of 12 true-or-false statements was conducted March 1-9 among 1,500 Americans ages 55 to 65 who have not yet filed for Social Security benefits. It is the fourth such consumer poll that Mass Mutual has conducted since 2015.

But there is also good news.

A large majority (83%) understands the consequences of claiming Social Security benefits before reaching their full retirement age. A whopping 94% know that if they take benefits before full retirement age, their benefits will be reduced, and 86% know that if they receive benefits before their full retirement age and continue to work, their benefits may be reduced based on how much they make.

"We're making progress," said David Freitag, a financial planning consultant with Mass Mutual and long-time Social Security expert. He noted that the first time MassMutual conducted a similar consumer poll in 2015, nearly twice as many participants — 62% — failed, with the failure rate dropping to 47% in in 2018, 33% in 2020 and 35% this year.

ENORMOUS GAP

A joint survey by AARP and the Financial Planning Association that was conducted in 2015 found an enormous gap in general knowledge about Social Security benefits, with only 9% of consumers saying they were very knowledgeable about how benefits are determined and just 1% of certified financial planners saying their clients were very knowledgeable about Social Security claiming rules.

"I think we're making progress communicating the basics, but there are areas where we are still failing," Freitag said, pointing to general confusion over benefits for survivors, divorced spouses and dependent children.

"I am getting more questions about survivor benefits than ever before," he said, noting that the vast majority of the more than 550,000 Covid-19 victims in the U.S. have been among those over age 65.

KEY POINTS

- More than half of older Americans don't understand basic Social Security rules.
- But 83% understand what happens if they claim benefits early.

In the most recent MassMutual poll, 75% of near retirees incorrectly answered that if their spouse died, they would continue to receive both their own Social Security benefit and that of their deceased spouse. In reality, while a surviving spouse may step up to a larger survivor benefit, their own smaller retirement benefit would disappear.

Many consumers do not realize that Social Security survivor benefits and retirement benefits represent two different pots of money and that they may be able to claim one type of benefit first and switch to the other, larger benefit later.

For example, someone whose own retirement benefit is smaller than a survivor benefit could collect their own reduced retirement benefit as early as age 62 and still switch to full survivor benefits at their full retirement age. However, if the survivor continued to work and claim benefits before full retirement age, those benefits could be reduced if their earnings exceeded annual limits. Or someone with a larger retirement benefit could choose to collect full survivor benefits at their full retirement age and delay collecting their own retirement benefit until age 70, when it would be worth the maximum amount.

SURVIVOR BENEFITS

Retirement benefits increase by 8% per year for every year one postpones collecting them beyond full retirement age up to age 70. Survivor benefits do not. They are worth the maximum amount if claimed at the surviving spouse's full retirement age. But 54% of those who participated in the MassMutual poll incorrectly answered that delayed retirement credits continue each year, even beyond age 70.

"With Social Security, there are a lot of options to consider," Freitag said. "Make the wrong choice and you will be leaving money on the table for the rest of your life."

When it comes to educating clients about Social Security benefits and claiming strategies, the pandemic has presented financial professionals with opportunities to connect with them in new ways.

"Social Security modeling is no longer a back-office exercise. Now people get on a Zoom call and look at modeling in real time," Freitag said. "We can go through the details, offer choices, look at options — all from the comfort of their home."

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

Mary Beth Franklin, a certified financial planner, is a contributing editor for InvestmentNews.
mbfranklin@investmentnews.com

INmail

BY MARY BETH FRANKLIN

Social Security benefits max out at age 70

Catherine: My sister will be 71 in October and still works full time. She hasn't filed for Social Security yet despite my urging. Is she eligible to receive six months of retroactive benefits when she files for benefits and will her future benefits increase if she continues to work?

MBF: Yes, your sister should claim Social Security ASAP. Retirement benefits increase by 8% per year for every year you postpone claiming benefits beyond full retirement age up to age 70. Delayed retirement credits end at 70 so there is no point to waiting any longer to file for benefits. Your sister would receive her age 70 benefit amount each month once she files for Social Security, and she can also request the maximum six months of retroactive benefits be paid in a lump sum.

Retroactive benefits are only available to individuals who claim benefits after full retirement age and can begin no sooner than full retirement age. For example, if someone whose full retirement age is 66 waits until age 67 to claim benefits, she can request the maximum six months of retroactive benefits in a lump sum and would be paid monthly benefits as if she claimed at age 66 and 6 months. But if the same person claimed benefits at 66 and 3 months, she would be eligible for only three months of retroactive benefits.

Normally, an individual cannot earn delayed retirement credits and retroactive benefits for the same period. However, since your sister's delayed retirement credits ended when she turned 70, she is eligible for both her maximum age 70 benefit each month as well as six months of retroactive benefits in a lump sum.

Her current earnings may increase her future Social Security benefits if her latest year of earnings turns out to be one of the highest 35 years of earnings used to calculate her benefits.

Earnings are indexed to wage levels in the year an individual turns 60 and earnings after age 60 are included at their face value. For example, for someone who turns 62 in 2020, the indexed value of their $20,000 of annual earnings in 1990 would be close to $50,000. Social Security will automatically recalculate her benefit amount each year based on her latest earnings and pay any increase that is due.

How yoga can improve retirement plans

As an avid practitioner of yoga for 20 years, I have experienced the many benefits of being flexible while at the same time suffering the pain and limitations of rigidity. The benefits of flexibility also apply to 401(k) and 403(b) plans.

The auto plan moved defined-contribution plans closer to replacing defined benefit. Even the author of the 2006 Pension Protection Act, Mark Iwry, admits a 3% deferral rate is not optimal, but he wanted to be conservative with the new plan designs.

We have learned a savings rate of 6% or even higher is needed, augmented by the company match and auto escalation, to get to the 12% to 15% savings rate most people require to retire comfortably.

RPAWATCH
FRED BARSTEIN

But we are also learning the value of being flexible and how each action causes a reaction, just as in yoga. A plan's match greatly influences deferral rates, while auto enrollment affects participation rates. Stretching the match can help participants defer more, but few DC plan sponsors do that.

Sponsors must decide how much money they can afford to provide with their match, the most common choice being 3%, which is set up as a 50% match on the first 6% participants save. Why not stretch that to 25% of the first 12% saved, to encourage people to save more? Same money, vastly different results. The downside is employees must contribute 12% to max out the match, which is not so terrible.

Abbott Labs was even more flexible, deciding to help younger workers who had student loans and were unable to contribute, thus missing out on its generous 5% match. The company allowed them to get the 5% match if 2% of their earnings go to pay their student loans — the same amount other workers had to defer to get the 5% match. Brilliant! Abbott's move is being copied by other plan sponsors.

LESS HIGHLY COMPENSATED

Why not go further and let less highly compensated workers get the match even if they don't contribute to the plan, or contribute less? It's the same idea as providing the match to those paying off student loans. Both programs could hurt with discrimination testing but maybe the government will also be flexible and give the company credit for the workers who receive the match without contributing.

Auto enrollment is proven to increase participation rates but what if the plan already has 90% or more of its workers participating? Why bother? What about companies with high turnover that creates lots of low account balances? Plan sponsors that have high turnover could wait for six months, or whenever turnover tends to level off, to institute auto enrollment.

The most common default option is target-date funds but do all employees born within five years need the same asset allocation? Managed accounts are more flexible. If the costs are too much, the recommendation is to move participants into managed accounts when they turn 50 or when the account balance gets higher.

Organizations and employees have a finite amount of money to put toward retirement plans and other benefits. How hard would it be to recommend the right allocation to retirement and other benefit programs for each employee?

The DC industry and plan sponsors need not only to be flexible when offering benefits but also mindful of the needs of each employee and to provide customized solutions based on their needs. Flexibility and customization are needed through advice, technology and data.

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

BIDEN TAX HIKES

CONTINUED FROM PAGE 2

on one hand and on other hand say the economy is so strong we can raise taxes," he said. "If they truly believe the economy is strong enough to raise taxes and have this insane tax proposal, then certainly we don't need more stimulus."

CHALLENGING THE LOGIC

Mike Caligiuri, founder and chief executive of Caligiuri Financial, also challenged the logic of a proposal that "can be expected to disincentivize investments in the private sector and further encourage spending for capital consumption instead of capital formation."

"If one operates under the assumption that the government is better at allocating resources than the free market, I guess higher taxes would be a good thing," Caligiuri said.

Jeff Farrar, founder of Procyon Partners, described the proposal as a "foolish progressive idea that will negatively impact clients, equities and the markets overall."

"It raises more revenue for [Washington] D.C., but that's always a little ephemeral, because if anyone has the ability to manage their taxes, it's the wealthy," he said.

Farrar gives the capital gains hike proposal a "chance of passing, because it's targeted at those people the progressives don't really like."

Larry Luxenberg, principal at Lexington Avenue Capital Management, also sees it as another obstacle the wealthy will be able to navigate.

"As proposed, this change would affect a tiny sliver of the population, but the final rule could end up affecting more people," he said. "But, unlike regular wages, people have a lot of discretion on when and how they take capital gains."

Nadine Marie Burns, president and CEO of A New Path Financial, said the higher capital gains tax will naturally spread beyond the ultra-wealthy to include the "aspiring middle class."

"This tax is not just about securities," Burns said. "It is about the growth of this American economy."

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MORGAN STANLEY

CONTINUED FROM PAGE 2

and potentially far greater income and ownership of a valuable financial advice practice, as well.

Would Morgan Stanley take the step and expand the ETrade custody business for its own financial advisers?

In a call with analysts in July 2020 to discuss the bank's second-quarter earnings, Gorman's assessment of ETrade's RIA custody platform was far from full-throated, as he called it "a decent business model," "a tiny business" for ETrade and "interesting."

Indeed, one analyst in a research note last summer listed the potential to build or leverage ETrade's RIA capabilities as ninth among the potential positives for Morgan Stanley's valuation in the wake of its completing the purchase of ETrade.

Taking a page from the playbook of discount brokers like Charles Schwab Corp. and Fidelity Investments Inc., ETrade entered the RIA custody business in 2018 when it bought Trust Co. of America for $275 million. That's a far cry from the $55 million Axos Financial said it was paying for that business last Tuesday.

The transaction is expected to close in the third quarter.

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ALEX OH

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asset management unit, said the SEC's policing arm is looking to the Department of Justice as an example.

"Director Oh's law enforcement pedigree will continue the recent tradition of infusing DOJ prosecution approaches into SEC practice," Joseph said. "Securities law violators should not expect a hospitable environment, especially in light of the expanded statute of limitations and disgorgement authority granted earlier this year by Congress."

Last Monday, Gensler filled several senior staff positions. Prashant Yerramalli will continue as chief of staff, a role in which he served for Acting SEC Chair Allison Herren Lee. Gensler was confirmed by the Senate and sworn in on April 17.

Yerramalli also served as senior counsel for the SEC's Asset Management Unit from September 2015 to December 2017.

Gensler's personnel selections signal a focus on enforcement.

"Everyone expects him to be an enforcement-minded chair, and these early picks suggest that will be the case," Wolfe said.

Joseph anticipates aggressive SEC enforcement under Gensler.

"Wrongdoers can be expected to be held accountable not just at the corporate level but at the individual level as well," said Joseph, managing director at Kroll, a regulatory compliance consulting firm.

Among other staff appointments, Gensler tapped Heather Slavkin Corzo as policy director. Corzo, who will advise Gensler on rulemakings, is a former official of the AFL-CIO and a former senior fellow at Americans for Financial Reform.

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ADVISOR GROUP

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ble company, Directed Services, had a marketing deal beginning in 2015.

Such agreements — in which product makers, like mutual fund or annuities companies, pay broker-dealers — are common and potentially lucrative for large networks like Advisor Group because of their size and role as product gatekeeper to thousands of advisers.

But such agreements are coming under pressure in the industry due to increased scrutiny from regulators and shrinking margins at product makers.

The Advisor Group marketing deal at the heart of the claim fell apart three years later, according to the complaint. Voya Financial Inc. sold its annuity business to Venerable Holdings Inc. in June 2018 and a year later it was rebranded as Venerable Insurance and Annuity Co.

Venerable Holdings is backed by several investors, including Apollo Global Management, Crestview Partners and Reverence Capital Partners, according to its website. None are named in the Advisor Group lawsuit.

ADVERTISING

According to the complaint, Ken Brown, CEO of Directed Services, in June 2018 wrote to Advisor Group and told the network the marketing agreement was ended. A year later, Advisor Group responded and told Venerable it expected five years of payments, according to the complaint, which claims a breach of contract by the Venerable Holdings companies.

A spokesperson for Venerable Holdings said that the company does not comment on pending litigation.

A spokesperson for Advisor Group said the broker-dealer network does not publicly discuss legal matters.

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HOUSE PANEL

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gressives and stakeholders."

He said neither the ESG nor shareholder transparency bills "helps investors make better choices. Neither one of these bills will help everyday Americans save for retirement, help send their kids to college, or help them build a better life."

During committee debate, panel Republicans asserted the ESG and political spending bills are more about politics than issues important to investors.

But the author of the ESG bill, Rep. Juan Vargas, D-Calif., said investors are increasingly demanding ESG information, and companies that do well on ESG factors also tend to perform well.

"Materiality is in the eye of the investor," Vargas said.

IAA SUPPORTS DIVERSITY BILL

The diversity bill amends the Dodd-Frank financial reform law to make diversity reporting mandatory. Republicans charged that the bill would foist a "one-size-fits-all" requirement on companies.

But Rep. Joyce Beatty, D-Ohio, said the legislation does not dictate a particular way to disclose diversity numbers. Rather it makes such reporting mandatory, something she said is important to increase the number of people of color who work in the financial industry.

"We cannot move the needle without data," Beatty said.

Prior to the committee vote, the Investment Adviser Association came out in support of the bill, saying the "investment adviser community has a long way to go" on diversity, equity and inclusion.

"Our community must address the issues that have resulted in lack of diversity and must make meaningful progress towards change," IAA chief executive Karen Barr wrote in an April 19 letter to Rep. Maxine Waters, D-Calif., chairwoman of the House Financial Services Committee. "To that end, the IAA is committed to working collectively with its members and with policymakers to seek to promote diversity, equity, and inclusion as a value for our industry and to providing education, information, and resources to help foster significant progress."

It's not clear when the bills approved by the committee will come up for a vote on the House floor.

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OUTSIDERS

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with our stockholders and appreciate the continued support," the company said, noting that the results were preliminary and will be certified by an independent inspector. "We know we have substantially more work to do, but we appreciate the recognition from our stockholders that Blucora is a profoundly different and stronger company than it was just a year ago."

Frederick DiSanto, chair and CEO of Ancora, which manages $8.7 billion in assets across a variety of RIAs, was one of the dissident board candidates. He did not return a call seeking comment.

Blucora has purchased two broker-dealers in half-a-dozen years to expand into the wealth management business. In October 2015, the firm announced its acquisition of HD Vest Financial Services Inc. for $580 million from private equity owners, and in 2019 it said it was paying $180 million in stock for 1st Global Inc., an independent broker-dealer that focuses on taxes and CPAs.

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ESG INVESTING

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simple profit-taking and other boring stuff.

"It's not surprising to see these funds taking a breather after triple-digit gains last year," Hale said. "Investors are enthusiastic about putting capital behind renewable energy companies, but they have bid up valuations, and we may see a modest correction. I doubt this is a boom-bust cycle, though, given the growing momentum toward decarbonizing the economy, including increased support from policymakers."

Todd Rosenbluth, director of mutual fund and ETF research at CFRA, also downplayed the abrupt collapse of the ESG category as less significant in the context of the longer-term potential.

"I don't have insight into the stocks that have fallen off, but a more value-oriented stock market and profit taking played a role," Rosenbluth said. "However, the long-term prospects for clean energy ETFs remain strong."

'THIRD INDUSTRIAL REVOLUTION'

Jordan Waldrep, president and chief investment officer at TrueMark Investments, is a little closer to the action with a brand new ESG Active Opportunities ETF (ECOZ) that gained 46% during the 12 months through March, including a first-quarter gain of 5.6%.

Waldrep jokes about the timing of his fund's March 2, 2020, launch just as the stock market was falling in response to the emerging Covid pandemic, but he also recognizes the drive the followed.

"There was a momentum trade off the idea that the new administration would be moving a ton of money into green infrastructure, but the reality is those things were already in play," he said. "The reason it's so exhilarating to drive a Tesla is because it's the fastest car you'll ever drive, and people are excited about wind energy because it's cheap."

Waldrep is a big-picture kind of guy who talks with informed fluidity about ESG as the "third industrial revolution," but he's also a portfolio manager and he can spot an overly enthusiastic situation.

"Things are as good as they can get and they had gotten expensive, at least on a near-term basis," he said. "We're experiencing a generational type thing and how it plays out is not yet clear. But as it plays out, these names will become more stable and more a part of our lives."

Therein lies the blending of the old and the new to create the now. ESG in its myriad forms has been around for eons, but it's the newer technologies and evolving perspectives that make it new and innovative.

That's what the markets are absorbing, and they're doing it in the only way markets can. In other words, don't be too hoodwinked by the outsize performance, and don't be too jarred by the sudden pullbacks.

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DOL QUESTIONS

CONTINUED FROM PAGE 4

quired under current law.

And because of that, telling a client, especially in writing, that the firm is relying on the exemption could be a big problem, Roberts said. Answering affirmatively when policies haven't been updated could mean that an adviser is misrepresenting herself or himself, he said.

"Generally, the rule is you don't put things in your policies and procedures that you don't have to," Roberts said.

The DOL's temporary enforcement policy was issued in 2018, after the Obama-era fiduciary rule was vacated in court. Under that policy, effective until late December, firms do not have to give written notification of their fiduciary relationships with clients, but they need to show they have taken steps to comply in good faith with impartial conduct standards and work in a client's best interest.

"In working with broker-dealers and investment advisers, my experience is that, so far, all of my clients are going to rely on the DOL's non-enforcement policy until Dec. 20," Fred Reish, partner at Faegre Drinker, wrote in an email. "That means that they will be complying with the Impartial Conduct Standards until then. That will give them time to develop the [practices], policies and procedures needed for compliance with all of the conditions in PTE 2020-02."

STARTING FROM GROUND ZERO

Reish said he was unaware of any broker-dealer or investment adviser that has processes and policies for complying with the new exemption. "In fact, they are months away from that," he said.

Most RIAs that recommend rollovers will likely need to rely on the new exemption, but many are unaware they will need to do anything differently than they do currently, Roberts said. The rules finalized late last year surprised many in the financial services industry, as the DOL withdrew a critical 2005 advisory opinion, indicating that it would view rollover recommendations as the beginning of an advice relationship.

"A lot of investment advisers are starting from ground zero on this," Roberts said. "Even for those paying attention, it's a bit unfair to expect them to have those safeguards [and] the conditions for the exemption … in place, such that they can answer these questions that investors are likely now asking."

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Sequoia buys $1.4B Wealthstone

BY JEFF BENJAMIN

AKRON, OHIO-BASED Sequoia Financial Group is beefing up its Midwest footprint with the acquisition of Wealthstone Advisors, a $1.4 billion Columbus, Ohio-based advisory firm.

The cash and stock deal, which is expected to close by the end of June, will push Sequoia's assets under management over the $7 billion mark and position the business closer to some of the nation's largest registered investment advisers.

Wealthstone is Sequoia's sixth and largest deal and follows Sequoia's July 2020 capital infusion from Kudu Investment Management, which acquired a 33% ownership stake in the RIA.

"The merger signifies the continuation of strong wealth management M&A in Ohio, a state boasting over 25 Fortune 500 headquarters and a bountiful pasture for wealth managers," said Barnaby Audsley, vice president at Echelon Partners.

INDUSTRIAL-GRADE OPERATIONS

According to Echelon's deal database, Ohio has become the fourth most active state, with 29 transactions announced since 2019.

"This deal comes on the back of Sequoia's financial partner Kudu Investment Management raising a $300 million debt facility which should provide further support for inorganic growth," Audsley added.

Tom Haught, Sequoia's president and chief executive, confirmed, "We're in the growth mode, but it's important to grow organically and inorganically."

Sequoia, which has 110 employees, including 18 from Wealthstone, has offices in Michigan, Ohio and Florida.

Haught said the Wealthstone deal was about the fact that the "people and our cultures are similarly aligned," but added that Wealthstone also brings specializations in succession planning, tax management and working with private business owners.

"We're delighted to join forces, adding talent, resources and investment expertise to our combined client base," he said.

David DeVoe, managing partner at DeVoe & Co., described Sequoia as "one of the leading wealth management firms in the Midwest.

"The company not only has strong leadership and industrial-grade operations, but it has also demonstrated a deft hand at M&A," DeVoe said. "They have methodically increased the size of the acquisitions, to ensure they intelligently build on the successful integrations of previous firms."

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IN Webcasts

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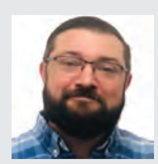
RIA Tech for Breakaways – How to leverage technology to make going RIA easier

There are few topics more top-of-mind for "breakaway advisors" than technology. In fact, the desire for better tech is often a top reason why advisors consider breaking away in the first place. To be sure, there is no shortage of RIA Tech out there. So, determining what should (and should not) be in your RIA "Tech Stack" can be a daunting task. Join us for this panel discussion and let these industry thought leaders help you parse through the many options.

The discussion will focus on:

- What should be the main components of a well-designed RIA Tech Stack?
- How do I know which tech provider is right for me?
- How can I use RIA Tech to deliver better and lower-cost investment management options for my clients?

PANELISTS



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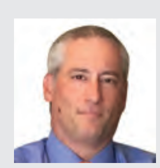

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