MAY 2, 2022

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GOING FOR THE GREEN

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Thursday, May 19, 2022
RIA Labs: Fee-Based Everything

This RIA Lab will explore the many options available that allow RIAs to deliver a wide array of best-in-class solutions to their clients. We will do a deep dive into various offerings — all of which can be delivered without the need of a broker-dealer or Series 7 License.

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DAN ARNOLD

LPL exceeds 20K adviser head count, eyes M&A

BY BRUCE KELLY

LPL FINANCIAL HOLDINGS INC. reported last Thursday that it had reached the milestone of having more than 20,000 financial advisers working and registered across its varied platforms, and the firm's senior management reiterated that LPL was keeping its eye on both internal and external growth opportunities.

LPL Financial has been an acquisition machine for years when it comes to large firms. Most recently, in 2021, it completed its purchase of financial advisers from Waddell & Reed Financial Inc.

13.7%
INCREASE IN ADVISER HEAD COUNT VS. A YEAR AGO

POTENTIAL MERGERS

While LPL is primarily focused on internal or "organic" growth in the ranks of its financial advisers, it remains aware of the market for potential mergers and acquisitions involving smaller broker-dealers and registered investment advisers, CEO Dan Arnold said Thursday afternoon in a conference call with analysts to discuss the firm's first-quarter earnings.

"When you look at M&A as a complement to that organic growth, we're constantly looking across the landscape," Arnold said.

"It's smaller broker-dealers and RIAs that may be an opportunity and interesting perspective to support our overall growth agenda," he said, adding that the challenging financial markets recently create opportunities to make such deals.

Meanwhile, LPL Financial reported that its financial adviser head count was 20,091 at the end of March. That's an increase of 2,419, or 13.7%, compared to the same time a year earlier and a rise of 215, or 1.1%, from the end of December.

A big chunk of the advisers new to LPL came from the Waddell & Reed deal. LPL acquired the majority of the 920 advisers registered with Waddell & Reed at the time of the deal.

LPL reported that its recruited assets for the quarter were $10 billion, and for the trailing twelve months $76 billion, up approximately 34% from the same time in 2021.

Annualized advisory fees and commissions per adviser for the quarter were $327,000, which compared to $293,000 at the end of March 2021, an increase of 11.6%.

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Advisers like Fidelity's crypto move — mostly

BY MARK SCHOEFF JR.

INVESTMENT ADVISERS are cautiously optimistic about using cryptocurrency to build retirement nest eggs after Fidelity Investments made it easier, but they stressed the move must be evaluated for each investor.

Fidelity announced last Tuesday that it's launching a product that will enable retirement plan participants to allocate a portion of their savings to Bitcoin through an option on their company's 401(k) core investment menu. The company's Digital Assets Account will be available to employers by the middle of the year.

The Bitcoin would be held by Fidelity, and employers would decide what percentage of a worker's account could be directed into crypto, with a limit set at 20%. Fidelity, a major administrator of 401(k) programs, said it's seeing increased interest from employers to add digital assets to plans.

PRESSED BY CLIENTS

Advisers are being pressed by clients about cryptocurrency investing. They say that Fidelity's imprimatur for using it in retirement accounts helps to bring some clarity to an asset that is shrouded in mystery, risk, volatility and popularity.

"Generally, I think it's a great idea because Fidelity will help make crypto assets more accessible," said Kelly Berenbaum, founder of Blue Tree Financial. "By the same token, each investor needs to be evaluated for appropriateness. If it's available to them in their

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Raymond James sees boost from rising short-term rates

BY BRUCE KELLY

WHILE IT CONTINUES to add financial advisers to its broad brokerage and advisory platform, Raymond James Financial Inc., like the rest of the securities industry, is paying close attention to rising interest rates, which can lead to a boost in a wealth management firm's bottom line.

In its earnings report for the first three months of the year, Raymond James Financial, which has employee advisers, independent contractor advisers and registered investment advisers, reported last Wednesday a record total of private client group financial advisers of 8,730, which marks a net increase of 403 compared to last March and a net increase of 266 compared to the end of December.

Rising short-term interest rates are also of keen interest to the firm.

"We should have significant upside from rising short-term interest rates," Paul Shoukry, Raymond James' chief financial officer, said last Thursday morning in a call with analysts to discuss the firm's quarterly earnings.

FED TIGHTENING

Raymond James calculates that based on clients' current domestic cash-sweep balances of $74 billion, Federal Reserve tightening moves that boost short-term interest rates by 100 basis points will translate into pretax income of $600 million per year for the company, Shoukry said.

The retail wealth management industry is likely to see a welcome boost to revenue from rising interest rates in 2022, as Raymond James predicts. That's good news for the retail 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.

In March, the Fed raised short-term interest rates by a quarter point, its first rate hike since 2018. More rate hikes are anticipated.

U.K. ACQUISITION

Two hundred of the advisers the firm added during the most recent quarter were part of Raymond James' acquisition of U.K.-based Charles Stanley Group.

Raymond James' private client group's assets under administration totaled $1.2 trillion at the end of March, an increase of 17% compared to a year earlier and unchanged from the end of December. The firm reported that assets in fee-based accounts totaled $678 billion, an increase of 19% compared to the prior 12 months and also flat compared to the end of December.

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Cetera ordered to pay fired broker $3 million

BY MARK SCHOEFF JR.

CETERA ADVISORS MUST pay more than $3 million to a broker it fired in 2019 after Finra arbitrators found the firm was liable for wrongful termination.

In July 2019, Cetera dismissed Gerald J. Fasanella over allegations that he made unauthorized trades in customer accounts. Fasanella filed an arbitration claim against Cetera a year later, alleging it conducted a "pre-meditated scheme to defame" and fire him.

Three Financial Industry Regulatory Authority Inc. arbitrators awarded Fasanella $3 million in compensatory damages in a decision last Thursday. Cetera also must pay Fasanella $10,000 in expert witness fees and $375 in filing fees.

EXPUNGEMENT

The Finra panel, which consisted of two public and one industry arbitrator, also recommended the expungement of the reason for termination on Fasanella's Form U5. His departure should be deemed "voluntary," according to the award.

"We are very pleased with the award with the findings in favor of our client," Fasanella's lawyer, Michael Hill, managing partner at Menzer & Hill, said in a statement. "Given my 10-year experience as a chief compliance officer and my partner as in-house counsel for a broker-dealer, we like representing advisors in cases when they believe they were wronged by their firm."

Fasanella, who's now president of Heron Financial Partners in Melbourne, Florida, according to his LinkedIn profile, didn't respond to a request for comment. A spokesperson for Cetera declined to comment.

EIGHT CUSTOMER DISPUTES

Fasanella is no longer registered as a broker, according to his BrokerCheck record. He is registered as an investment adviser in the Investment Adviser Public Disclosure database.

In addition to his 2019 separation from Cetera, he has eight customer disputes on his record, several of which center on alleged misrepresentations regarding options trading. One customer claim went to an award, one was denied, one was closed with no action and the others were settled.

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Ameriprise keeps on hiring advisers

BY BRUCE KELLY

AMERIPRISE FINANCIAL INC. said last Tuesday that it had recruited 80 experienced financial advisers in the three months ending in March, on target for what the financial services company looks to hire each quarter.

Ameriprise reported 10,149 advisers at the end of March, a net increase of 33, or less than 1%, from the end of December. For the year, the company reported a net increase of 188 financial advisers, up 1.8%.

Firms like Ameriprise see an ebb and flow each quarter as advisers retire or

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UBS takes 'close look' at the US as Asia slows

BLOOMBERG NEWS

UBS GROUP IS TAKING a "close look" at opportunities to grow in the U.S. after the region helped offset a slowdown in its Asian private banking business in the first quarter, Chief Executive Ralph Hamers said in an interview.

The Swiss wirehouse, which in January agreed to buy robo-adviser Wealthfront, saw "a real pickup of demand" in the U.S. and Europe in the first quarter, even as client activity in Asia slowed, Hamers said in an interview on Bloomberg TV.

"It's a very important geography for us, it is strategic," Hamers said about the U.S. "So, where we can, we will certainly keep

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RALPH HAMERS

GWG blames SEC probe for its collapse

BY BRUCE KELLY

In its April 20 bankruptcy filings, GWG took aim at the Securities and Exchange Commission's questioning of broker-dealers that sold more than $1.6 billion of its life-settlement backed bonds as a significant reason for the company's collapse, including GWG's defaulting on $13.6 million in payments in January to bondholders.

KEY POINTS

- Sale practices of some of the 145 broker-dealer firms that sold L bonds were probed.
- GWG said its status in the market was hurt by probe.

As part of its Chapter 11 filings in U.S. Bankruptcy Court for the Southern District of Texas, GWG Holdings' declaration said that the SEC's investigation of the company, which began in 2020, eventually spilled over to include the sales practice of some of the 145 broker-dealer firms that sold the bonds.

The SEC's questioning of those firms ultimately hurt GWG's status in the marketplace and its ability to raise fresh money from sales of the so-called L bonds to investors, according to the company.

In its bankruptcy filings, GWG Holdings reported $3.5 billion of total assets and almost $2.1 billion in total debt. While its assets reportedly outweigh its debt, GWG Holdings' big hurdle is that many of those assets are illiquid, hard-to-value pools of life settlements, or unwanted insurance policies that consumers sell to investors like GWG Holdings, which can come with risks.

REQUESTS FOR SUBPOENAS

Leading up to the start of this year, GWG Holdings, a publicly traded company with the ticker GWGH, had struggled to file its audited quarterly and annual financial statements on time.

In October 2020, the enforcement division of the SEC served a subpoena to GWG Holdings in connection with an investigation regarding certain accounting matters and the company's issuance of bonds, according to the court filing.

The SEC's questions hurt sales, according to the company.

"The SEC's investigation, particularly its focus on how the bonds were sold by selling group firms, has had the effect of significantly impacting the company's ability to access the capital markets," the company noted in its declaration. "In connection with the SEC's investigation, the SEC has issued subpoenas and document requests to many of GWGH's broker firms, in some instances issuing information requests on an ongoing, or even daily, individual transaction-level basis.

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Top-earning CEOs at broker-dealers

BY BRUCE KELLY

Chief executives at leading brokerage and advisory firms are earning more money than ever. Here are the 2021 compensation numbers for some of the most notable executives.

Focus Financial Partners Inc.
Rudy Adolf
Founder, chairman and CEO
2021 total compensation: **$11.9M**
2020 total compensation: **$5.7M**
Year-over-year increase: **109%**

LPL Financial Holdings Inc.
Dan Arnold
President and CEO
2021 total compensation: **$12.9M**
2020 total compensation: **$7.3M**
Year-over-year increase: **76.7%**

Raymond James Financial Inc.
Paul Reilly
Chairman and CEO
(Raymond James' fiscal year ended in September)
2021 total compensation: **$13.9M**
2020 total compensation: **$12.4M**
Year-over-year increase: **12.1%**

Ameriprise Financial Inc.
James Cracchiolo
Chairman and CEO
2021 total compensation: **$21.2M**
2020 total compensation: **$20.8M**
Year-over-year increase: **2%**

Charles Schwab Corp.
Walt Bettinger
CEO
2021 total compensation: **$21.9M**
2020 total compensation: **$16M**
Year-over-year increase: **36.9%**

Morgan Stanley
James Gorman
Chairman and CEO
2021 total compensation: **$34.9M**
2020 total compensation: **$29.6M**
Year-over-year increase: **17.9%**

Advisers thrilled about Musk's bid to buy Twitter

RYAN W. NEAL

ONTECHNOLOGY

Twitter isn't a fintech company, but the social media network has been last week's biggest story in both finance and technology.

Elon Musk announced last Monday that he was nearing a deal to acquire Twitter for $44 billion and take it private. Naturally, everyone with a Twitter account immediately loaded up the bird app to express their opinions, including financial advisers who use Twitter as an important component of their digital marketing and client outreach strategy.

While a few had concerns about the SpaceX and Tesla CEO taking on yet another company, most advisers on my feed were ecstatic.

"There is a major network effect going on here. [Musk] has so many followers already and is a massive force on Twitter," said Robert Sofia, founder and CEO of adviser digital marketing company Snappy Kraken. "I would say that if Elon Musk told the world he was going to put microchips in everyone's brains, half the world would applaud him."

Setting aside the partisan politics aspect of the deal, what's interesting is how different advisers' reactions are compared to occasions when other technology they use gets acquired. Where was this enthusiasm when it was reported that fintech giant Envestnet is exploring a sale to a private equity firm to go private? Or when Redtail, a popular client relationship management software among independent advisers, sold to Orion Advisor Solutions, a growing technology and turnkey asset management provider?

CONCERN, FEAR AND ANGER

Obviously, CRMs and TAMPs aren't going to inspire the same kind of hand-wringing about free speech as a social media service like Twitter, but advisers often greet tech M&A with a mix of concern, fear and even outright anger.

For example, when Fidelity Investments bought eMoney Advisor in 2015, they worried the custodian would cut off access to the popular financial planning software. When Envestnet purchased MoneyGuide, a competing financial planning software, in 2019, there was grumbling about the larger company stifling the startup's ability to innovate.

As Charles Schwab continues to work through its integration of TD Ameritrade, which it acquired in 2019 for $26 billion (staggering to realize that a brokerage with $1.3 trillion in assets commanded

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56%	-20%
Americans worry that another big market crash is on the horizon[1]	For 2022, Morgan Stanley noted a growing risk of a drop in the S&P 500® Index [2]

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[1] Allianz Quarterly Market Perceptions Study, 1Q 2022

[2] Bloomberg: Morgan Stanley sees growing risk of 20% drop in S&P 500®. September 20, 2021

[3] S&P 500® Index performance as of January 1 – March 31, 2022

[4] Total number of manual and automatic Performance Locks performed between 9/1/2013 and 3/31/2022. The total number of contracts used for this analysis was 75,956. Potential credit varies by index strategy and index. Past performance is not an indication of future results.

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Opinion

_IN_ THEIR OWN WORDS ...
from the web and print pages of *InvestmentNews*

"Those who enter adult life without the basics of personal finance do so at their peril."
Charlie Fitzgerald, principal, Moisand Fitzgerald Tamayo

"We should have significant upside from rising short-term interest rates."
Paul Shoukry, CFO, Raymond James Financial

"One day you wake up and realize you've been in the business for 40 years and you're 72. It's more about the relationships than it is about making money."
David Hawley, Hawley Advisors Wealth Planning

Older advisers don't have to fade away

Regular readers know that the aging of the advisory work force, succession planning and training are perennial issues that *InvestmentNews* has been covering for decades. In fact, once long-time readers scan the headline, they are probably able to correctly predict the thrust of a story dealing with these issues because nothing much seems to change.

For example, the average age of advisers is now somewhere around 60 and continues to climb; most advisers know they should have a succession plan, but only a relative handful actually do; and the effort to train new advisers, of which there's a growing shortage, is bemoaned by everyone. Yet the problem remains.

For a refreshing twist on themes that seem to be an advisory version of "Groundhog Day," look no further than Jeff Benjamin's story (page 12) about advisers working into their 70s and 80s. These veteran advisers are living proof that an aging work force can be an asset, not a problem.

The advisers quoted in the story love what they do, want to keep doing it, and don't understand how retirement could be better than being engaged in work they find satisfying and helpful.

Hats off to these lively professionals, and their example and outlook may have lessons for the advice business as it grapples with issues of an aging workforce, succession planning and training.

Here are a few takeaways for firm managers to consider:

Putting emotional rewards first. What is it about their jobs that senior advisers enjoy most? Rainmaking wasn't mentioned by any of the advisers in the story. To be sure, young advisers early in their careers are more concerned about earning a living and acquiring some wealth than are older, already successful advisers. But money isn't what motivates someone to keep going. As one adviser profiled in the article said, his mission is to be one of the first five people a client calls when they need help. For long-lasting success, hiring managers should be looking for advisers whose deepest motivation is to help people, not just build a practice.

Succession planning isn't the end. Perhaps the reason succession planning is so difficult for most advisers is that they view having a plan as an admission that their productive years are coming to a close. Advisers in our story don't look at it that way. They see succession planning as necessary to protect clients. But they also view a plan as a tool to map out how they'll continue to serve clients in a new way that suits the needs of clients, their firms and themselves. In other words, succession planning can be about a new beginning, not about an end.

Older advisers as a resource. In traditional societies, elders were considered sources of wisdom. While modern society seems far more interested in the wardrobe of the Kardashians than it does in wisdom, the accumulated knowledge and insights of older advisers are too valuable a resource to go untapped. In addition to being encouraged to provide pro bono financial advice, older advisers should be courted to offer formal and informal mentoring to younger advisers. While up-and-comers can learn about investments themselves, lessons about people and how to address their problems best come from those with a lifetime of experience.

OLDER ADVISERS SHOULD BE COURTED TO OFFER FORMAL AND INFORMAL MENTORING TO YOUNGER ADVISERS.

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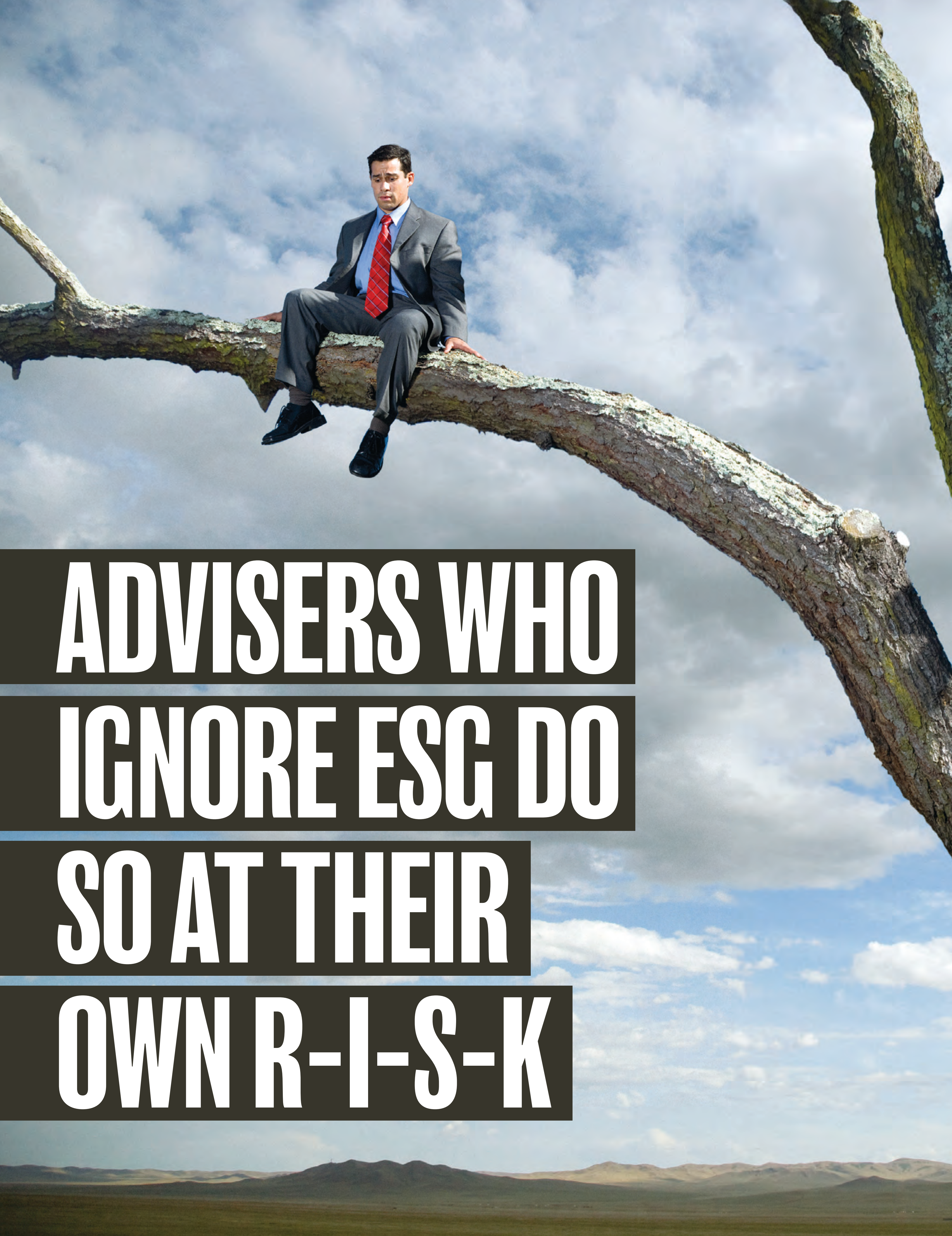

ADVISERS WHO IGNORE ESG DO SO AT THEIR OWN R-I-S-K

AS INTEREST IN ESG INVESTING GROWS, ADVISERS ARE REACHING AN INFLECTION POINT.

BY EMILE HALLEZ

Among the numerous investment risks advisers have to consider, ESG factors likely aren't at the top of the list very often.

But when it comes to the future of their practices, advisers might need to reassess that. A considerable risk — at least when it comes to retaining clients — might be not offering sustainable investments.

Set aside arguments that considering ESG factors is a fiduciary duty or that ESG risks are financial risks.

Advisers who sing ESG's praises or merely have it as an option say that ESG alone won't lead to a flood of new business. But for clients who want their assets to line up with their values, it can be a make-or-break factor.

"It's really one of the critical aspects of solving a lot of the problems that we face collectively, like climate change," said adviser Patrick Dinan, whose firm, Impact Fiduciary, offers only sustainable investments. "A lot of people are waking up to that fact. They don't want to invest in companies that are part of the problem."

Some client relationships have resulted solely because of the firm's focus on sustainable investments, Dinan said.

"There's no question that that has helped the business," he said. "At the same time, I'm sure there are a lot of people who look at that and say, 'That's not for me.'"

People in the latter camp appear to represent an ever-smaller slice of the investing public, particularly as alarming climate change reports and events such as Russia's war on Ukraine have shaken some people to confront the makeup of their portfolios.

Fund companies have responded to that trend of demand that is snowballing as the earth is warming.

Last year, U.S. fund companies brought 70% more ESG products to market than they did in 2020, with the overall number of funds going up 36%, according to data from Morningstar Inc. Meanwhile, assets in U.S. climate-related mutual funds and ETFs increased by 45% over a year, hitting $31 billion at the end of 2021, up from $22 billion in 2020, a separate report from the ratings firm found in April.

INTEREST PIQUED

A FlexShares survey last year of 285 people who work with financial advisers found that 72% of clients were at least somewhat interested in sustainable investing. However, just 13% of people said that their advisers had ever suggested sustainable or ESG funds to them.

More than half of the people who weren't interested in ESG investing said they might change their minds if their advisers recommended it or explained how it could help their portfolios, that survey found.

"This is being driven by clients at this point. Clients are pushing advisers, who are coming along very begrudgingly," said Peter Krull, whose firm Earth Equity Advisors offers only sustainable, responsible and impact investments. "[Advisers] believe the myth that if you invest sustainably, you're going to get a lower return."

A separate survey by the Financial Industry Regulatory Authority Inc. and NORC at the University of Chicago found that among more than 1,200 people with taxable accounts, 9% hold ESG investments, with 36% being unsure. But 57% said they felt investing can be a way to make positive change in the world, and 77% said that funds marketed as "socially responsible" likely would align with their personal values.

Just 28% of people said that they were at all familiar with ESG, and only 21% were able to identify what the acronym stands for, with another quarter mistaking it for "earnings, stock, growth," according to the groups.

About 60% of advisers used ESG funds last year, according to a 2021 report from Broadridge. But that use was limited, with just 7% of assets under management and 11% of clients invested in those products.

Most advisers said they had planned to increase their use of ESG funds, with their leading reasons

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being client demand (81%), a greater variety of products being available (52%) and performance of ESG funds improving (41%), according to Broadridge.

Data from InvestmentNews Research also show use among advisers trending upward. Currently, 64% of advisers indicate they use ESG products, up from 59% a year ago.

MONEY IN MOTION

Something that should make financial professionals pay more attention to ESG is the role it could play in intergenerational wealth transfer, which could affect their businesses, several advisers said.

"The overwhelming majority of millennials believe [sustainability] is important," Dinan said. Some of those future clients will be looking for advisers who are true believers, not just dabblers, he said. "The advisers who don't embrace it — their businesses will suffer because of it."

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>
> MITCHELL KRAUS, PRINCIPAL
> CAPITAL INTELLIGENCE ASSOCIATES

ESG can play a powerful role in people's relationships with their money, Krull said.

"As we see this generational wealth transfer happen … there is going to be more and more interest in sustainable investing, because millennials have a huge interest in it," he said. "We're going to see a lot of folks who are inheriting money, taking it away from traditional advisers who are pooh-poohing what we do."

Those prospective clients "don't have the same political views as their parents and grandparents … and they don't have the same investment outlook," Krull said.

Helping those younger clients invest with a sense of purpose will make them much more engaged, he said.

"It's almost like they feel like they don't own it, because it's been inherited — it's been handed to them," he said. "By aligning it with their values, they feel more ownership of it."

Krull's advisory clients have at least $250,000 in assets, but the firm is branching out with a robo service for people with at least $5,000 to invest.

"There is definitely interest in sustainable investing from the lower-minimum folks," he said.

Financial planner Alvin Carlos, managing partner at District Capital Management, said that currently about 5% to 10% of clients at the firm are interested in ESG. Offering it is "a nice to have," although that could become more important for some people, Carlos said.

"There will be a group of people — millennials, Gen Zers — [who], when they become adults, will feel more strongly about doing sustainable investing," Carlos said. "If financial planners don't have it in their portfolios, they will lose those types of clients."

WIDER DISCUSSION

Money, while it's unquestionably important, isn't the goal itself for many investors, said Mitchell Kraus, whose firm, Capital Intelligence Associates, focuses on legacy planning.

"Understanding ESG and the options that are out there can really help connect you with your clients … and lead to better discussions about planning, risk, family, philanthropy and all sorts of other ways you can help them," Kraus said. "It's a great door opener for other opportunities."

Social issues are important to many clients. Others are opposed to investments in funds that include fossil fuels, private prisons or weapons manufacturers, he noted. One client wants to totally avoid investments in companies with business in genetically modified organisms, or GMO, he said.

Kraus said he doesn't necessarily find joy simply by making money for clients, but he does find purpose in helping them build legacies.

"I love what I do, and I enjoy working with people for whom wealth isn't the goal. The goal is to change the world around them," he said.

EXPERIENCE HELPS

There's no shortage of funds on the market that seek to engage with public companies, including oil and gas firms, pushing those companies to set net-zero greenhouse gas emissions goals and find ways to reduce their carbon footprint.

Whether those products belong in a sustainable portfolio is debatable, though.

"When the core of your company is the cause of our existential problem right now — climate change — there isn't much you can do from a shareholder perspective," Krull said.

"I have a very skeptical view that anything is going to happen," he said. "I'm not going to take a look at Chevron, Exxon or any of the U.S. [oil and gas companies] … They're stuck in what they're doing."

It's also a question of investing in companies that represent the future of the energy transition, Krull noted. "Why would I invest in yesterday's technology when I can invest in tomorrow's?"

When Dinan started his firm about five years ago, he "had gotten tired of investing people's money into Exxon, Halliburton or some of these companies that didn't align with their values or my values," he said.

Since that time, he, like others who specialize in the space, has found that ESG ratings from third-party providers often don't match up.

Advisers should be able to explain the differences, he said.

"You can look at different ESG ratings firms, and they have vastly different numbers," Dinan said, and suggested that often those ratings should be taken with a grain of salt.

Having a focus on sustainable investing can be a big bonus for some clients. One customer who recently retired and decided to consolidate her investments among two advisers, down from three, moved much of her money to Impact Fiduciary, with her assets at the firm going from a couple of hundred thousand dollars to more than a million, Dinan said.

"She said it was specifically because of the focus on responsible investing and because the portfolio aligned with her values," he said. "She felt better about investing a lot of her assets with my firm."

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Get schooled in the ABCs of ESG

As interest in ESG has grown, so too has the amount of resources available to advisers who have an interest in the subject.

Since the CFA Institute launched its Certificate in ESG Investing course in 2019, more than 17,000 advisers have registered for it globally.

The program started in the U.S. just over a year ago, and about 200 advisers sign up for it every month, according to the organization.

"Advisers have to listen to their customers, and their customers are interested in ESG," said Carole Crawford, managing director for the Americas region at the CFA Institute.

"In Europe it's almost table stakes, whereas in the U.S. it's a growth market — demand is growing," Crawford said.

The nine-chapter course includes about 130 hours of studying time as well as a two-hour, 100-question exam. Surveys of advisers who have participated showed that 86% said it was beneficial to their careers, Crawford said.

"We're seeing a lot of interest around data and ESG analysis and how to integrate ESG factors into a portfolio or investment decisions," she said.

Another group, the National Association of Plan Advisors, last year added its own certificate program for 401(k) professionals. That course includes three modules and a 25-question test that requires a score of 70% or higher to pass.

The program is supported by nearly a dozen asset management firms, including BlackRock, Calvert, Dimensional and Natixis.

"Advisers are in the process of adopting ESG. We anticipate a large demand as information and ideas around this topic become available to the general public," Kassandra Hendrix, chief marketing officer for LeafHouse Financial, one of the educational sponsors of NAPA's program, said in an email. "In the past, there has been a misconception that an investor would give up returns by utilizing an ESG fund."

Another firm that backs NAPA's program, AllianceBernstein, has also developed a six-week course with Columbia University's Earth Institute, the Climate Change and Investment Academy.

That course "draws on the expertise of climate scholars and investment professionals to integrate scientific and academic analysis of how climate change can affect investment risks and opportunities," the company says.

Another approach is "boot camp" training, which Nuveen started offering in 2020. Last year, 235 people attended virtual sessions the company held, roughly double the attendance in the prior year, said Megan Fielding, senior director of responsible investing at the firm.

The events cover the basics of ESG, including terminology, financial materiality and risk-adjusted performance of ESG funds widely.

Advisers can get continuing education credit for the sessions, and Nuveen has also made a 20- to 30-minute version for clients, Fielding said.

Part of the initiative is to encourage advisers not to avoid the topic and help them realize they don't need to be experts in ESG and can partner with specialists, she said.

"Clients will go to somebody who can speak to them about these topics. If their main adviser isn't bringing it up, they will go to somebody else," Fielding said.

— Emile Hallez


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These super seniors show no sign of slowing down

BY JEFF BENJAMIN

While some folks scamper toward a campaign promoted as "the great resignation," there remains a tidy core of financial advisers who refuse to recognize the notion of retirement despite being well past traditional retirement age.

"I retired once when I was 40 because I thought I had enough money, but after a few months I went back to work. And then at 55, I retired again and played golf for a few months before going back to work," said Joseph Biondo, the 83-year-old founder of Biondo Investment Advisors, a $900 million firm in Milford, Pennsylvania.

"I'm gonna retire when I die," he added, underscoring a theme among so-called super senior advisers of blending work and life.

Biondo, like many of his contemporaries across wealth management, stands out for going against the grain of the trend toward working less and retiring early.

While analysts and prognosticators for years have been forecasting a major transition as baby boomer advisers drift off to comfortable retirements, there seem to be a lot of seniors who didn't get the memo.

"My mental and physical capacity that I have may or may not reflect my 81 years, but I'm positioning myself to continue performing as if I'm much younger," said Isidoro Korngold, co-founder and chairman of the board at Intercontinental Wealth Advisors, a $1.7 billion firm in San Antonio.

"Staying active keeps me young," Korngold added, citing his upbringing and family history among the reasons he has no plans to retire.

"I come from a family where my father was active until 94 and lived to 101," he said. "That's the environment I lived through, with the experience of my father working for that long. Hopefully, I will continue to do so."

Top: From left, Frankie Corrado and Frank Corrado, both managing directors, and Kevin Talty, senior vice president, Robertson Stephens. **Bottom left:** Porter Ozanne, president, Probity Advisors. **Bottom right:** Isidoro Korngold, chairman, Intercontinental Wealth Advisors.

BUSINESS EVOLUTION

In many ways, the wealth management industry that was mostly limited to commission brokers and insurance salespeople when senior advisers started in the business has evolved and the job has gotten easier.

"Technology has changed beyond dramatically," said Porter "Buddy" Ozanne, president and founder of Probity Advisors, a $700 million firm based in Dallas.

Ozanne, who turns 74 in June, recalls using a "hi-tech" Friden calculator that had 100 keys to add, subtract, multiply and divide.

Even though he appreciates and utilizes today's modern technological conveniences that enable him to keep up, Ozanne admits to occasionally longing for simpler times.

"Financial planning software today is complex," he said. "Technology today enables us to do so many different scenarios. It makes it a lot easier to get it right, but it also makes it a lot easier to get it wrong."

Having entered the business in 1971 as a field rep at an insurance company owned by his father, Ozanne recognizes the changes that have occurred in wealth management.

"From the days when I started, there was no such thing as independent advisers," he said. "You either worked for a major broker-dealer or you sold life insurance using financial planning as a means of selling life insurance."

Ozanne's transition to fee-based financial planning began in 1998 and it took him four years to get $25 million under management.

LOVE OF THE WORK

A common theme among the senior advisers is a simple love of the work that's not driven by any need for extra income or lack of a succession plan.

"I have no current retirement plans; I'm having fun, I'm in great health," said Eddie Brown, 81, founder of Brown Capital Management, a $17.5 billion firm based in Baltimore, Maryland.

Brown transitioned in January from chief executive to executive chairman as part of a gradual succession plan, but it would be a mistake to assume he's heading for the rocking chair anytime soon.

"This signals to the world that we have a succession plan," Brown said of his move to the executive chairman role.

Not focusing on or even really acknowledging retirement is standard fare with this group.

A key ingredient might be the ability to spend more time looking forward and less time looking backward.

Daniel Hawley, who turns 72 this month, is the founder of Hawley Advisors Wealth Planning, a San Francisco-based shop managing $60 million.

In the business for more than 40 years, including 20 years as an independent adviser, Hawley is addressing the daunting reality of outliving his clients.

"We're now employing a marketing strategy to bring in new clients because the old clients are dying off," he said.

Hawley has brought on a younger adviser to succeed him and he has a "loose affiliation" with a $200 million RIA that might lead to a merger. Beyond that, it's business as usual.

"I'll work for as long as I want to because it's not physically demanding work," he said. "My average client relationship is 25 years. One day you wake up and realize you've been in the business for 40 years and you're 72. It's more about the relationships than it is about making money."

NEXT STAGE

Frank Corrado, managing director and principal at Robertson Stephens, turns 70 in June and his focus is squarely on the next stage of his long career.

Starting as an accountant right out of college in 1974, Corrado joined J.P. Morgan in 1979, where he recalls having to wait in line to use the computer. "Everything was done on paper back then," he said.

From there, Corrado eventually went independent, got certified as a registered life planner, and merged his business, Blue Blaze Financial Advisors, with Robertson Stephens in 2019.

"My clients thought it was a payday and that I was retiring," he said. "It was not. My purpose was to be part of a broader organization."

While plenty of mergers are driven by the need for a succession plan, Corrado, who's based in Holmdel, New Jersey, said he merged for the benefits of scale.

"The point was to be able to have the platform to be able to do what I really wanted to do," he said. "That's the passion that keeps me going. I'm not just working with a client; my mission is to be one of the top five influencers in my clients' lives. I want to be one of the first five calls they make if they need help."

"I HAVE NO CURRENT RETIREMENT PLANS; I'M HAVING FUN."

EDDIE BROWN, FOUNDER, BROWN CAPITAL MANAGEMENT

As far as retirement goes, Corrado treats it as a foreign concept.

"If you define retirement as not working, I don't think I could ever do that," he said. "Most people my age are downsizing to retirement communities and I'm putting in a whole new backyard. The two most precious resources are money and time, and as you get older, time is everything. Once you control your time, you then truly have financial freedom."

Put another way, Hawley believes people like him are just not cut out for traditional forms of retirement.

"If you've been engaged at the executive level, it's hard to put it down even after you retire," he said. "I have seen so many clients retire, and they're miserable. And all those people who are driving around being influencers and all that crap are gonna realize one day they don't like waking up living in a van in a parking lot."

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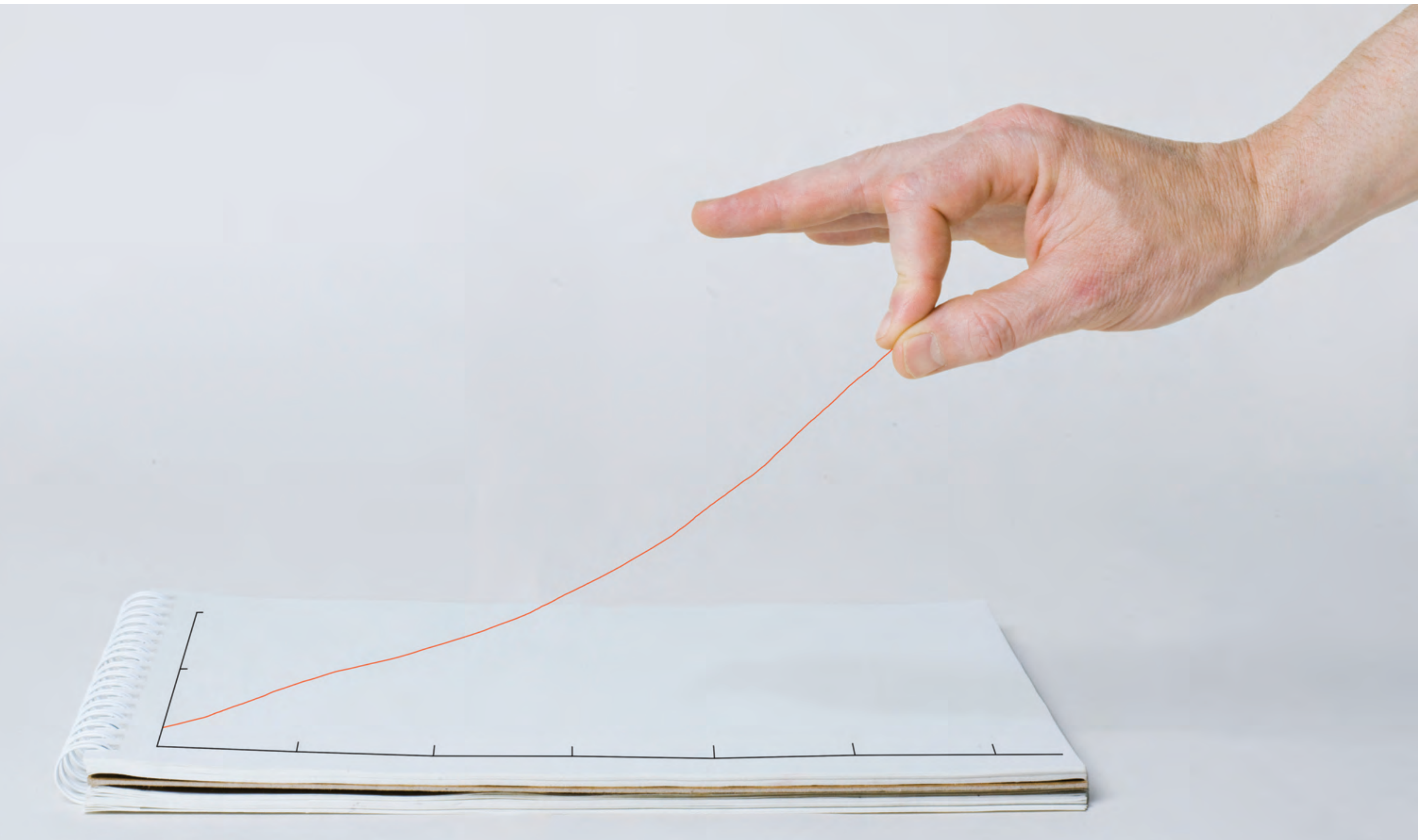

Fee revenue surged at the largest IBDs last year

BY BRUCE KELLY

Independent broker-dealers, so called because they pay advisers as independent contractors and not employees, continued to see a surge in revenue last year from advisers charging clients fees, a notable achievement for an industry that less than a decade saw the majority of its revenue derive from commissions on the sales of products.

Indeed, the rising tide in revenue from fees, which firms typically charge clients based on assets and before the start of a new quarter, was so strong among the largest independent broker-dealers that in 2021 fees comprised 54% of revenue from the top 25 broker-dealers in this year's *InvestmentNews* survey. Meanwhile, revenue from commissions was 34% and other revenue, primarily generated from interest-rate spreads, was 12%.

54%
PORTION OF REVENUE GENERATED BY FEES AT THE TOP IBDs IN 2021

Those *InvestmentNews* calculations don't capture the entire IBD marketplace: They exclude firms that didn't disclose individual revenue segments, and the list varies from year to year because some firms choose not to report.

But the shift by IBDs charging fees and looking more like the competition — registered investment advisers — can't be overlooked. For more than two decades, the brokerage industry has touted how it was going to shift to a fee-based business model, which was less volatile than the up-and-down cycles of sales of high-commission products like variable annuities and nontraded real estate investment trusts.

"All I can say is, enjoy it while it lasts," said Jonathan Henschen, an industry recruiter. "We could very well be entering a financial derecho, or windstorm, with the likelihood of bad news far outweighing good news as the Fed starts financial tightening in order to fight inflation."

ACCELERATED FOCUS

Regulation Best Interest is accelerating advisory focus and making commission business increasingly difficult and bureaucratic to transact, Henschen added. "We are becoming an industry of everyone being focused on advisory as broker-dealer profit centers have positioned advisory business as their primary profit generator."

It appears that shift has taken hold and recently accelerated during the Covid-19 pandemic. Last year, for the first time since *InvestmentNews* started its survey, the top 25 firms reported that fee revenue made up 50% of their total revenue on average.

Buoyed by more revenue on average from fees and last year's roaring stock market — the S&P 500 posted a total annual return, including dividends, of 28.7% — the top 25 independent broker-dealers saw another milestone, for the first time tallying revenue of $33.9 billion, a 24.7% increase over 2020, when revenue among the group totaled $27.2 billion.

And last year's revenue growth for the leading independent broker-dealers was welcome news for the industry as it struggled to maintain operations during the pandemic; a year earlier, *InvestmentNews* reported annual revenue growth for the top 25 firms of just 4.3%.

2021's IBD results are 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 commissions 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.

"The shift to fee business has been 20 years in the making, right?" said Dennis Gallant, senior analyst with the Aite Group. "It's not like it's a new effort by the IBD industry, but the firms really ramped up fee-based business and assets five years ago. That's when the Department of Labor's fiduciary rule was hanging over them, and now Reg BI is adding to that."

"And there's also the competitive trends driving this, with the growth in the advice industry taking off on the RIA side of the market," he said.

RIAs charge clients fees based on assets while broker-dealers, in the traditional model, charge commissions for transactions. Now a hybrid business model exists for IBDs, but advisers who charge clients fees on assets are clearly the most desirable for firms, Gallant said.

And smaller broker-dealers are still struggling with scale and economics in an industry that has seen intense mergers and acquisitions and consolidation over the past 10 years. "There's more competition facing everybody," he added. "The consumer wants financial advice but has more choices and options than ever."

Firms weren't the only groups benefitting in an outstanding 2021. Financial advisers at independent broker-dealers are thriving, too.

According to *InvestmentNews* data, last year financial advisers at six independent broker-dealers produced more than $500,000, on average, in fees and commissions, known as gross dealer concession or GDC in the industry. That's three times the number of firms that reported annual average revenue per adviser above $500,000 in 2020.

The industry's highest-producing financial advisers work under the roof of Commonwealth Financial Network, which has a platform that includes an RIA-only option for its advisers. Last year, Commonwealth Financial Network's advisers, on average, produced $769,000 in annual revenue, an increase of 22.3% compared to a year earlier, when its advisers produced $629,000 on average.

"I remember the days when most firms were hovering at $200,000 of GDC per adviser, and now half a dozen are at more than $500,000," said Jodie Papike, president of Cross-Search, a third-party recruitment firm. "That's incredible. It shows what organic, annual growth has become for advisers who stayed the course over the past 10 years."

And so far in 2022, despite the S&P 500 being down a little more than 8% as of the end of trading on April 11, the IBD industry could see a welcome boost to revenue from rising interest rates. That's good 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.

In March, the Federal Reserve raised short-term interest rates by a quarter point, the first Fed rate hike since 2018. More rate hikes are anticipated.

"We've updated our economic models due to interest rates and because of positive rates for net interest margin," said John Pierce, head of business development at Cetera Financial Group.

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TOP 25 IBDs RANKED BY REVENUE

	FIRM	2021 REVENUE	% CHANGE VS. 2020	2021 COMMISSION REVENUE	% CHANGE VS. 2020	2021 FEE REVENUE	% CHANGE VS. 2020	2021 OTHER REVENUE	% CHANGE VS. 2020
1	LPL Financial	$7,720,830,396	31.5%	$2,378,682,548	24.8%	$3,525,429,756	51.5%	$1,816,718,092	10.9%
2	Ameriprise Financial Services	$6,050,478,151	20.1%	$1,401,099,134	16.1%	$3,962,724,355	26.9%	$686,654,662	-3.1%
3	Advisor Group	$3,974,366,289	21.9%	$1,635,255,604	16.0%	$1,962,823,932	41.9%	$376,286,752	-19.5%
4	Raymond James Financial Services Inc.	$3,168,480,585	19.2%	N/D	N/A	N/D	N/A	N/D	N/A
5	Commonwealth Equity Services dba Commonwealth Financial Network	$2,004,575,761	22.6%	$269,705,529	9.2%	$1,530,048,026	28.8%	$204,822,206	2.3%
6	Northwestern Mutual Investment Services	$2,002,950,000	32.0%	$474,699,000	27.4%	$1,397,178,000	36.7%	$131,074,000	6.9%
7	MML Investors Services	$1,575,800,000	27.2%	$835,700,000	20.7%	$729,500,000	35.2%	$10,600,000	43.2%
8	Cambridge Investment Research Inc.	$1,369,871,495	26.3%	$381,259,125	22.6%	$818,459,186	31.8%	$170,153,184	11.4%
9	Equitable Advisors	$1,253,254,959	27.4%	$783,306,756	22.9%	$404,658,551	36.4%	$65,289,652	32.3%
10	Kestra Financial Inc.	$751,043,758	23.6%	$224,728,840	13.8%	$481,555,946	32.2%	$44,758,972	-3.0%
11	Atria Wealth Solutions	$647,751,596	23.6%	$354,412,445	14.2%	$245,265,808	46.0%	$48,073,342	5.4%
12	Securian Financial Services Inc.	$460,534,000	22.9%	$211,146,250	19.6%	$195,355,738	26.3%	$54,032,011	24.1%
13	Lincoln Investment Planning	$423,000,000	19.6%	$130,664,000	1.7%	$281,990,000	31.7%	$10,347,000	-6.6%
14	Principal Securities Inc.	$388,951,670	22.8%	$257,494,073	17.2%	$130,130,213	35.5%	$1,327,384	29.2%
15	Park Avenue Securities	$325,900,000	30.5%	$186,848,000	29.5%	$134,223,000	32.0%	$4,828,000	30.4%
16	American Portfolios Financial Services Inc.	$292,689,194	25.6%	$138,529,213	21.4%	$154,159,981	29.6%	$0	N/A
17	J.W. Cole Financial Inc.	$187,550,000	20.5%	$91,750,420	8.5%	$95,799,580	34.8%	$0	N/A
18	Centaurus Financial Inc.	$187,503,127	18.2%	$127,236,786	13.8%	$60,266,341	28.7%	$0	N/A
19	Ameritas Investment Co./ Ameritas Advisory Services	$187,300,000	24.7%	$78,000,000	14.2%	$81,650,000	29.4%	$27,650,000	47.1%
20	M Holdings Securities Inc. (M Securities)	$185,740,830	11.4%	$180,858,903	11.7%	$33,035,929	23.5%	$4,881,927	3.5%
21	United Planners Financial Services	$177,441,977	28.4%	$57,227,966	27.0%	$115,775,549	31.1%	$4,438,412	-6.6%
22	PlanMember Securities Corp.	$143,000,000	28.6%	$24,310,000	23.8%	$118,690,000	30.2%	$0	N/A
23	Geneos Wealth Management Inc.	$141,173,025	13.9%	$41,223,096	7.3%	$96,245,131	19.9%	$3,704,799	-30.2%
24	Concourse Financial Group Securities Inc.	$139,643,458	20.2%	$82,211,427	18.4%	$51,765,326	27.4%	$5,666,705	-7.3%
25	Hornor Townsend & Kent	$136,888,546	14.2%	$85,407,748	15.4%	$50,195,000	15.8%	$1,800,000	-41.9%

Revenue figures are for firms' year-end. N/D = not disclosed. N/A = not applicable or not available. Other revenue could include interest income and financial planning, consulting, investment banking and other fees. Itemized revenue may not add up to totals due to rounding.
Source: InvestmentNews Research

Advisor Group

20 E Thomas Road #2000
Phoenix, AZ 85012
(602) 744-3000
advisorgroup.com
Year founded: 2016
President & CEO: Jamie Price
Recruiting contact: Kristen Kimmell

Financials *(Year-end: Dec. 31)*	**2021 ($M)**	**1-year %chg**
Total revenue:	**$3,974.4**	**↑21.9%**
Commission:	$1,635.3	16.0%
Fee:	$1,962.8	41.9%
Other:	$376.3	-19.5%
Total account assets:	**$586,233.7**	**↑19.6%**
Fee-based:	$213,244.1	4.9%
Other account assets:	$303,943.2	5.9%
Excess net capital:	$142.8	65.6%
Total operating expenses:	$452.5	2.3%
Pretax earnings:	N/D	N/A

Staffing and compensation *(as of Dec. 31)*	**2021**	**1-year %chg**
# of producing reps:	9,670	-3.9%
# of CFPs:	N/A	N/A
Avg payout per rep/year:	$327,490	29.2%
# of fee-based advisers served:	8,175	11.3%

Ameritas Investment Co./Ameritas Advisory Services, a unit of Ameritas Life Insurance Co.

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

Financials *(Year-end: Dec. 31)*	**2021 ($M)**	**1-year %chg**
Total revenue:	**$187.3**	**↑24.7%**
Commission:	$78.0	14.2%
Fee:	$81.7	29.4%
Other:	$27.7	47.1%
Total account assets:	**$32,300.0**	**↑18.8%**
Fee-based:	$10,740.0	19.3%
Other account assets:	$21,590.0	18.6%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Staffing and compensation *(as of Dec. 31)*	**2021**	**1-year %chg**
# of producing reps:	816	-3.3%
# of CFPs:	N/A	N/A
Avg payout per rep/year:	$182,665	33.7%
# of fee-based advisers served:	563	-8.8%

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

Financials *(Year-end: Dec. 31)*	**2021 ($M)**	**1-year %chg**
Total revenue:	**$5.9**	**↑10.0%**
Commission:	$5.5	N/A
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$750.0**	**↑36.4%**
Fee-based:	$750.0	36.4%
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

Staffing and compensation *(as of Dec. 31)*	**2021**	**1-year %chg**
# of producing reps:	75	25.0%
# of CFPs:	7	40.0%
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	35	16.7%

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: Joshua D. Rogers

Financials *(Year-end: Dec. 31)*	**2021 ($M)**	**1-year %chg**
Total revenue:	**$82.3**	**↑82.0%**
Commission:	$36.6	152.9%
Fee:	$18.8	64.2%
Other:	$26.9	39.4%
Total account assets:	**$2,428.6**	**↑63.2%**
Fee-based:	$2,428.6	63.2%
Other account assets:	$0.0	N/A
Excess net capital:	$1.7	643.8%
Total operating expenses:	$74.6	82.6%
Pretax earnings:	$4.8	37.2%

Staffing and compensation *(as of Dec. 31)*	**2021**	**1-year %chg**
# of producing reps:	196	113.0%
# of CFPs:	23	43.8%
Avg payout per rep/year:	$207,776	-23.1%
# of fee-based advisers served:	141	95.8%

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

Financials *(Year-end: Dec. 31)*	**2021 ($M)**	**1-year %chg**
Total revenue:	**$292.7**	**↑25.6%**
Commission:	$138.5	21.4%
Fee:	$154.5	29.6%
Other:	$0.0	N/A
Total account assets:	**$39,920.2**	**↑15.7%**
Fee-based:	$17,459.0	23.6%
Other account assets:	$22,461.2	10.2%
Excess net capital:	$3.7	-27.8%
Total operating expenses:	$33.6	19.4%
Pretax earnings:	$2.0	-0.8%

Staffing and compensation *(as of Dec. 31)*	**2021**	**1-year %chg**
# of producing reps:	725	0.0%
# of CFPs:	110	0.9%
Avg payout per rep/year:	$321,494	29.3%
# of fee-based advisers served:	574	1.6%

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

Financials *(Year-end: Dec. 31)*	**2021 ($M)**	**1-year %chg**
Total revenue:	**$60.8**	**↑54.3%**
Commission:	$37.6	98.2%
Fee:	$23.2	20.7%
Other:	$0.0	-100.0%
Total account assets:	**$5,116.2**	**↑70.5%**
Fee-based:	$2,497.8	125.1%
Other account assets:	: $2,618.4	38.5%
Excess net capital:	$1.9	29.0%
Total operating expenses:	$21.0	26.5%
Pretax earnings:	$4.1	31.7%

Staffing and compensation *(as of Dec. 31)*	**2021**	**1-year %chg**
# of producing reps:	105	40.0%
# of CFPs:	19	N/A
Avg payout per rep/year:	$529,110	38.2%
# of fee-based advisers served:	102	41.7%

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

Financials *(Year-end: Dec. 31)*	**2021 ($M)**	**1-year %chg**
Total revenue:	**$6,050.5**	**↑20.1%**
Commission:	$1,401.1	16.1%
Fee:	$3,962.7	26.9%
Other:	$686.7	-3.1%
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

Staffing and compensation *(as of Dec. 31)*	**2021**	**1-year %chg**
# of producing reps:	7,988	2.3%
# of CFPs:	N/D	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	N/D	N/A

Atria Wealth Solutions

295 Madison Ave., Suite 1407
New York, NY 10017
(888) 566-1482
atriawealth.com
Year founded: 2017
CEO: Douglas J. Ketterer
Recruiting contact: Kevin Beard

Financials *(Year-end: Dec. 31)*	**2021 ($M)**	**1-year %chg**
Total revenue:	**$647.8**	**↑23.6%**
Commission:	$354.4	14.2%
Fee:	$245.3	46.0%
Other:	$48.1	5.4%
Total account assets:	**$104,923.2**	**↑16.9%**
Fee-based:	$29,588.1	30.2%
Other account assets:	N/D	N/A
Excess net capital:	N/D	N/A
Total operating expenses:	$26.9	8.8%
Pretax earnings:	$40.7	68.7%

Staffing and compensation *(as of Dec. 31)*	**2021**	**1-year %chg**
# of producing reps:	2,324	3.3%
# of CFPs:	286	-8.3%
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	1,986	7.5%

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

Cambridge Investment Research Inc.

1776 Pleasant Plain Road
Fairfield, IA 52556
(800) 777-6080
joincambridge.com
Year founded: 1981
CEO: Amy Webber
Recruiting contacts: Tammy Robbins

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	3,729	2.9%
# of CFPs:	861	3.5%
Avg payout per rep/year:	$372,653	20.7%
# of fee-based advisers served:	3,353	5.4%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$1,369.9**	**26.3%**
Commission:	$381.3	22.6%
Fee:	$818.5	31.8%
Other:	$170.2	11.4%
Total account assets:	**$160,915.2**	**17.3%**
Fee-based:	$95,257.6	19.1%
Other account assets:	$65,657.6	14.7%
Excess net capital:	$17.1	-10.4%
Total operating expenses:	$1,314.5	26.3%
Pretax earnings:	$55.4	24.6%

Concourse Financial Group Securities Inc., a unit of Protective Life Corp.

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	491	-0.8%
# of CFPs:	N/D	N/A
Avg payout per rep/year:	$164,000	9.1%
# of fee-based advisers served:	381	-5.9%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$139.6**	**20.2%**
Commission:	$82.2	18.4%
Fee:	$51.8	27.4%
Other:	$5.7	-7.3%
Total account assets:	**$5,832.1**	**30.8%**
Fee-based:	$5,832.1	30.8%
Other account assets:	$0.0	N/A
Excess net capital:	$6.9	9.0%
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 contact: John Trentor; Tesh Lokumal

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	644	0.2%
# of CFPs:	210	2.9%
Avg payout per rep/year:	$259,431	16.4%
# of fee-based advisers served:	504	0.4%

Financials (Year-end: Apr. 30)	2021 ($M)	1-year %chg
Total revenue:	**$187.5**	**18.2%**
Commission:	$127.2	13.8%
Fee:	$60.3	28.7%
Other:	$0.0	N/A
Total account assets:	**$29,536.8**	**17.6%**
Fee-based:	$6,150.3	28.7%
Other account assets:	$23,386.5	15.0%
Excess net capital:	$11.6	9.6%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Cutter & Co.

15415 Clayton Road
Ballwin, MO 63011
(636) 537-8770
cutterco.com
Year founded: 1988
CEO: Deborah M. Castiglioni
Recruiting contact: William L. Meyer

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	51	6.3%
# of CFPs:	6	20.0%
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	40	8.1%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$16.7**	**21.0%**
Commission:	$7.1	0.0%
Fee:	$9.7	27.0%
Other:	$0.0	N/A
Total account assets:	**$2,250.0**	**0.0%**
Fee-based:	N/D	N/A
Other account assets:	N/D	N/A
Excess net capital:	$1.0	19.6%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

CFD Investments Inc.

2704 South 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)	2021	1-year %chg
# of producing reps:	142	2.9%
# of CFPs:	N/A	N/A
Avg payout per rep/year:	$241,302	24.0%
# of fee-based advisers served:	87	-3.3%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$39.8**	**24.0%**
Commission:	$17.1	15.1%
Fee:	$20.4	40.7%
Other:	$2.3	-18.4%
Total account assets:	**$4,578.6**	**18.3%**
Fee-based:	$1,957.5	35.2%
Other account assets:	$2,621.0	8.1%
Excess net capital:	$1.1	16.6%
Total operating expenses:	$8.0	31.2%
Pretax earnings:	$0.9	261.4%

Equitable Advisors, a unit of Equitable Holdings Inc.

1290 6th 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)	2021	1-year %chg
# of producing reps:	3,994	-7.8%
# of CFPs:	475	8.9%
Avg payout per rep/year:	$220,522	38.2%
# of fee-based advisers served:	3,075	-6.8%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$1,253.3**	**27.4%**
Commission:	$783.3	22.9%
Fee:	$404.7	36.4%
Other:	$65.3	32.3%
Total account assets:	**$211,938.7**	**24.6%**
Fee-based:	$50,074.1	29.3%
Other account assets:	$161,864.6	23.2%
Excess net capital:	$46.9	65.0%
Total operating expenses:	$1,119.8	27.1%
Pretax earnings:	$133.4	29.9%

Commonwealth Financial Network

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	2,077	3.2%
# of CFPs:	1,074	2.7%
Avg payout per rep/year:	$769,000	22.3%
# of fee-based advisers served:	2,532	2.6%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$2,004.6**	**22.6%**
Commission:	$269.7	9.2%
Fee:	$1,530.0	28.8%
Other:	$204.8	2.3%
Total account assets:	**$272,940.0**	**17.4%**
Fee-based:	$165,090.0	20.9%
Other account assets:	$107,850.0	12.4%
Excess net capital:	$43.9	-27.4%
Total operating expenses:	N/D	N/A
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: Lou Martinez

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	510	0.8%
# of CFPs:	N/D	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	437	0.0%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$70.7**	**26.3%**
Commission:	$45.7	N/A
Fee:	$25.0	N/A
Other:	$0.0	N/A
Total account assets:	**$13,100.0**	**13.9%**
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

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

Fortune Financial Services Inc.

3582 Brodhead Road, Suite 202
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)	2021	1-year %chg
# of producing reps:	281	7.7%
# of CFPs:	34	3.0%
Avg payout per rep/year:	$78,513	-3.3%
# of fee-based advisers served:	127	7.6%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	$23.5	⬆10.9%
Commission:	$23.5	10.9%
Fee:	$0.0	N/A
Other:	$0.0	N/A
Total account assets:	$3,728.5	⬆31.2%
Fee-based:	$0.0	N/A
Other account assets:	$3,728.5	31.2%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

Harbour Investments Inc.

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	216	1.4%
# of CFPs:	43	2.4%
Avg payout per rep/year:	$365,662	21.5%
# of fee-based advisers served:	221	0.9%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	$79.0	⬆23.2%
Commission:	$36.2	14.5%
Fee:	$42.8	31.7%
Other:	$0.0	N/A
Total account assets:	$14,218.0	⬆18.0%
Fee-based:	$6,100.0	34.5%
Other account assets:	$8,118.0	8.0%
Excess net capital:	$0.2	-59.2%
Total operating expenses:	$77.5	22.8%
Pretax earnings:	$0.1	-56.1%

Founders Financial

1026 Cromwell Bridge Road, Suite 100
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)	2021	1-year %chg
# of producing reps:	89	11.3%
# of CFPs:	25	8.7%
Avg payout per rep/year:	$501,721	26.2%
# of fee-based advisers served:	83	10.7%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	$40.6	⬆31.0%
Commission:	$5.8	18.3%
Fee:	$33.4	35.1%
Other:	$1.5	4.3%
Total account assets:	$4,612.7	⬆37.8%
Fee-based:	$2,652.2	57.4%
Other account assets:	$312.7	44.1%
Excess net capital:	$1.1	-5.6%
Total operating expenses:	$7.1	9.9%
Pretax earnings:	N/D	N/A

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

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	538	-4.3%
# of CFPs:	N/A	N/A
Avg payout per rep/year:	$164,250	131.7%
# of fee-based advisers served:	440	-3.9%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	$136.9	⬆14.2%
Commission:	$85.4	15.4%
Fee:	$50.2	15.8%
Other:	$1.8	-41.9%
Total account assets:	$21,046.0	⬆8.8%
Fee-based:	$7,046.3	19.2%
Other account assets:	$13,999.7	4.2%
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)	2021	1-year %chg
# of producing reps:	217	-10.7%
# of CFPs:	79	-8.1%
Avg payout per rep/year:	$473,649	11.2%
# of fee-based advisers served:	217	-8.1%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	$141.2	⬆13.9%
Commission:	$41.2	7.3%
Fee:	$96.2	19.9%
Other:	$3.7	-30.2%
Total account assets:	$21,873.4	⬆25.6%
Fee-based:	$15,850.3	32.7%
Other account assets:	$6,023.1	10.1%
Excess net capital:	$1.0	1.7%
Total operating expenses:	$15.5	0.6%
Pretax earnings:	$1.2	-21.7%

The Investment Center Inc.

1420 U.S. Highway 206 North
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)	2021	1-year %chg
# of producing reps:	249	1.2%
# of CFPs:	55	3.8%
Avg payout per rep/year:	$271,379	19.1%
# of fee-based advisers served:	213	2.4%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	$76.5	⬆19.5%
Commission:	$38.8	21.4%
Fee:	$35.0	24.4%
Other:	$2.7	-39.4%
Total account assets:	$12,878.4	⬆27.5%
Fee-based:	$5,249.0	20.9%
Other account assets:	$7,629.4	32.5%
Excess net capital:	$3.0	-10.9%
Total operating expenses:	$74.9	21.7%
Pretax earnings:	$1.6	-36.2%

Grove Point Financial, a unit of Kestra Holdings

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	409	-5.3%
# of CFPs:	70	2.9%
Avg payout per rep/year:	$310,332	11.8%
# of fee-based advisers served:	319	2.6%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	$127.5	⬆16.8%
Commission:	$72.0	10.3%
Fee:	$50.3	28.3%
Other:	$5.2	12.5%
Total account assets:	$20,145.6	⬆7.4%
Fee-based:	$5,829.8	11.5%
Other account assets:	$14,315.9	5.8%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

J.W. Cole Financial Inc.

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	485	1.0%
# of CFPs:	85	2.4%
Avg payout per rep/year:	$347,010	5.0%
# of fee-based advisers served:	430	0.7%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	$187.6	⬆20.5%
Commission:	$91.8	8.5%
Fee:	$95.8	34.8%
Other:	$0.0	N/A
Total account assets:	$26,978.9	⬆8.8%
Fee-based:	$11,180.6	24.0%
Other account assets:	$15,798.3	0.1%
Excess net capital:	$9.6	15.8%
Total operating expenses:	$15.1	10.3%
Pretax earnings:	$5.6	22.0%

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

Kestra Financial Inc., a unit of Kestra Holdings

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	1,408	4.7%
# of CFPs:	339	9.4%
Avg payout per rep/year:	$592,724	22.8%
# of fee-based advisers served:	1,200	4.5%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$751.0**	**⬆23.6%**
Commission:	$224.7	13.8%
Fee:	$481.6	32.2%
Other:	$44.8	-3.0%
Total account assets:	**$114,349.2**	**⬆19.5%**
Fee-based:	$51,185.5	24.5%
Other account assets:	$63,163.8	15.8%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

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 contacts: Scott Posner; Rich Steinmeier

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	19,876	15.0%
# of CFPs:	4,596	19.9%
Avg payout per rep/year:	$273,634	25.8%
# of fee-based advisers served:	N/D	N/A

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$7,720.8**	**⬆31.5%**
Commission:	$2,378.7	24.8%
Fee:	$3,525.4	51.5%
Other:	$1,816.7	10.9%
Total account assets:	**$1,206,441.8**	**⬆33.6%**
Fee-based:	$643,210.8	39.5%
Other account assets:	$563,231.1	27.5%
Excess net capital:	$73.2	-32.2%
Total operating expenses:	N/D	N/A
Pretax earnings:	$601.3	-4.0%

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

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	405	5.2%
# of CFPs:	90	4.7%
Avg payout per rep/year:	$249,981	16.8%
# of fee-based advisers served:	360	2.9%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$101.2**	**⬆22.9%**
Commission:	$46.8	15.6%
Fee:	$51.3	27.7%
Other:	$3.2	81.2%
Total account assets:	**$14,621.0**	**⬆8.7%**
Fee-based:	$3,721.9	18.9%
Other account assets:	$10,899.1	5.6%
Excess net capital:	$2.5	-19.1%
Total operating expenses:	$94.0	21.3%
Pretax earnings:	$5.2	7.3%

M Holdings Securities Inc., 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)	2021	1-year %chg
# of producing reps:	483	-5.7%
# of CFPs:	N/A	N/A
Avg payout per rep/year:	$360,358	26.0%
# of fee-based advisers served:	N/D	N/A

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$185.7**	**⬆11.4%**
Commission:	N/D	N/A
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$5,514.1**	**⬇-8.7%**
Fee-based:	N/D	N/A
Other account assets:	N/D	N/A
Excess net capital:	$1.9	88.9%
Total operating expenses:	$15.5	-4.2%
Pretax earnings:	$0.6	-254.8%

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)	2021	1-year %chg
# of producing reps:	250	4.2%
# of CFPs:	45	9.8%
Avg payout per rep/year:	$220,000	4.8%
# of fee-based advisers served:	150	7.1%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$54.0**	**⬆22.7%**
Commission:	$35.0	16.7%
Fee:	$18.0	50.0%
Other:	$1.0	0.0%
Total account assets:	**$12,500.0**	**⬆8.7%**
Fee-based:	N/D	N/A
Other account assets:	N/D	N/A
Excess net capital:	$2.0	0.0%
Total operating expenses:	$5.0	11.1%
Pretax earnings:	$3.0	7.1%

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: Julie Davis

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	7,724	-2.6%
# of CFPs:	597	-6.0%
Avg payout per rep/year:	$131,180	3.0%
# of fee-based advisers served:	5,350	-4.9%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$1,575.8**	**⬆27.2%**
Commission:	$835.7	20.7%
Fee:	$729.5	35.2%
Other:	$10.6	43.2%
Total account assets:	**$251,200.0**	**⬆8.7%**
Fee-based:	$78,700.0	26.1%
Other account assets:	$172,500.0	2.2%
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)	2021	1-year %chg
# of producing reps:	982	-2.7%
# of CFPs:	212	-2.8%
Avg payout per rep/year:	$305,293	21.4%
# of fee-based advisers served:	929	3.1%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$423.0**	**⬆19.6%**
Commission:	130.7	1.7%
Fee:	$282.0	31.7%
Other:	$10.3	-6.6%
Total account assets:	**$52,511.7**	**⬆13.9%**
Fee-based:	$26,090.0	16.3%
Other account assets:	$26,421.7	11.6%
Excess net capital:	$36.7	59.2%
Total operating expenses:	$97.6	20.7%
Pretax earnings:	N/D	N/A

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
CEO & President : Jeb Bentley
Recruiting contact: Kathy Tague

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	5,536	5.3%
# of CFPs:	1,369	3.6%
Avg payout per rep/year:	$269,504	30.2%
# of fee-based advisers served:	N/D	N/A

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$2,003.0**	**⬆32.0%**
Commission:	$474.7	27.4%
Fee:	$1,397.2	36.7%
Other:	$131.1	6.9%
Total account assets:	**$279,421.5**	**⬆23.1%**
Fee-based:	$163,103.2	31.3%
Other account assets:	$116,318.3	13.2%
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.

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)	2021	1-year %chg
# of producing reps:	485	-9.7%
# of CFPs:	64	-1.5%
Avg payout per rep/year:	$149,897	33.4%
# of fee-based advisers served:	315	-4.3%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$84.7**	**⬆19.4%**
Commission:	$62.5	15.3%
Fee:	$22.0	32.6%
Other:	$0.2	11.3%
Total account assets:	**$14,075.3**	**⬆11.2%**
Fee-based:	$2,613.4	20.8%
Other account assets:	$11,461.9	9.2%
Excess net capital:	$2.5	15.7%
Total operating expenses:	$81.5	15.3%
Pretax earnings:	$3.2	979.4%

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)	2021	1-year %chg
# of producing reps:	1,346	5.0%
# of CFPs:	0	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	929	-4.4%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$389.0**	**⬆22.8%**
Commission:	$257.5	17.2%
Fee:	$130.1	35.5%
Other:	$1.3	29.2%
Total account assets:	**$83,662.4**	**⬆11.9%**
Fee-based:	$14,178.8	18.0%
Other account assets:	$69,483.5	10.8%
Excess net capital:	$11.6	17.3%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

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)	2021	1-year %chg
# of producing reps:	274	6.6%
# of CFPs:	21	10.5%
Avg payout per rep/year:	$132,268	37.9%
# of fee-based advisers served:	2	-33.3%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$36.9**	**⬆33.4%**
Commission:	$26.7	32.1%
Fee:	$9.5	41.6%
Other:	$0.7	-6.5%
Total account assets:	**$3,869.0**	**⬆172.2%**
Fee-based:	N/D	N/A
Other account assets:	N/D	N/A
Excess net capital:	$0.9	-6.8%
Total operating expenses:	$3.5	12.6%
Pretax earnings:	$0.9	85.8%

Prospera Financial Services Inc.

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	163	26.4%
# of CFPs:	24	9.1%
Avg payout per rep/year:	$607,492	11.3%
# of fee-based advisers served:	163	26.4%

Financials (Year-end: Jun. 30)	2021 ($M)	1-year %chg
Total revenue:	**$82.0**	**⬆16.5%**
Commission:	$25.6	1.6%
Fee:	$50.5	37.9%
Other:	$5.9	-31.3%
Total account assets:	**$15,000.0**	**⬆70.5%**
Fee-based:	$5,900.0	68.6%
Other account assets:	$9,100.0	71.7%
Excess net capital:	$9.8	36.4%
Total operating expenses:	$19.8	-13.5%
Pretax earnings:	$3.2	899.7%

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

10 Hudson Yards
New York, NY 10001
(888) 600-4667
www.parkavenuesecurities.com
Year founded: 1999
President: Marianne Caswell
Recruiting contact: Katie Martineau; Kevin Janus

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	1,955	1.7%
# of CFPs:	N/D	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	N/D	N/A

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$325.9**	**⬆30.5%**
Commission:	$186.8	29.5%
Fee:	$134.2	32.0%
Other:	$4.8	30.4%
Total account assets:	**$47,150.9**	**⬆21.6%**
Fee-based:	$20,716.5	30.5%
Other account assets:	$26,434.4	15.4%
Excess net capital:	N/D	N/A
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: Robbie Moseley

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	4,628	3.5%
# of CFPs:	1,411	8.5%
Avg payout per rep/year:	$523,120	19.9%
# of fee-based advisers served:	4,320	4.2%

Financials (Year-end: Sept. 30)	2021 ($M)	1-year %chg
Total revenue:	**$3,168.5**	**⬆19.2%**
Commission:	N/D	N/A
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$466,255.0**	**⬆22.9%**
Fee-based:	$281,902.0	27.8%
Other account assets:	$184,353.0	16.0%
Excess net capital:	$57.8	30.7%
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

PlanMember Securities Corp.

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	461	-3.8%
# of CFPs:	43	2.4%
Avg payout per rep/year:	$209,566	32.8%
# of fee-based advisers served:	461	-3.8%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$143.0**	**⬆28.6%**
Commission:	$24.3	23.8%
Fee:	$118.7	30.2%
Other:	$0.0	N/A
Total account assets:	**$16,600.0**	**18.6%**
Fee-based:	$12,850.0	56.1%
Other account assets:	$3,800.0	-5.0%
Excess net capital:	$16.5	96.3%
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. North
St. Paul, MN 55101
(651) 665-3500
securian.com
Year founded: 1984
CEO: George Connolly
Recruiting contacts: N/A

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	1,114	3.4%
# of CFPs:	224	-1.8%
Avg payout per rep/year:	$308,797	13.5%
# of fee-based advisers served:	1,023	3.2%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$460.5**	**⬆22.9%**
Commission:	$211.1	19.6%
Fee:	$195.4	26.3%
Other:	$54.0	24.1%
Total account assets:	**$53,187.5**	**⬆22.3%**
Fee-based:	$26,927.4	28.3%
Other account assets:	$26,260.1	16.8%
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.

St. Bernard Financial Services Inc.

1609 West Main St.
Russellville, AR 72801
(479) 967-1200
stbernardfinancial.com
Year founded: 1994
CEO: Robert Keenan
Recruiting contact: Robert Keenan

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	N/D	N/A
# of CFPs:	4	0.0%
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	43	4.9%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$6.4**	**↑N/D**
Commission:	N/D	N/A
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$755.0**	**↑7.1%**
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

Trutoro

2201 Washington Ave., Suite 2
Conway, AR 72032
(501) 358-6131
www.trutoro.com
Year founded: 2013
CEO: Gail Murdoch
Recruiting contact: Gary Seibel

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	27	-20.6%
# of CFPs:	2	-33.3%
Avg payout per rep/year:	$80,415	-8.0%
# of fee-based advisers served:	18	0.0%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$2.4**	**↑63.5%**
Commission:	$1.1	91.2%
Fee:	$1.3	46.6%
Other:	$0.0	N/A
Total account assets:	**$312.3**	**↓40.8%**
Fee-based:	N/D	N/A
Other account assets:	N/D	N/A
Excess net capital:	$0.1	169.5%
Total operating expenses:	$2.4	-56.3%
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)	2021	1-year %chg
# of producing reps:	111	2.8%
# of CFPs:	45	-10.0%
Avg payout per rep/year:	$437,000	24.5%
# of fee-based advisers served:	53	23.3%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$53.2**	**↑17.5%**
Commission:	$18.3	1.0%
Fee:	$30.4	34.1%
Other:	$4.5	-0.3%
Total account assets:	**$5,052.0**	**↑12.3%**
Fee-based:	$4,052.0	15.8%
Other account assets:	$1,000.0	0.0%
Excess net capital:	N/D	N/A
Total operating expenses:	N/D	N/A
Pretax earnings:	N/D	N/A

United Planners Financial Services

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	447	-1.1%
# of CFPs:	122	2.5%
Avg payout per rep/year:	$385,000	26.0%
# of fee-based advisers served:	455	0.4%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$177.4**	**↑28.4%**
Commission:	$57.2	27.0%
Fee:	$115.8	31.1%
Other:	$4.4	-6.6%
Total account assets:	**$21,800.0**	**↑12.4%**
Fee-based:	$13,800.0	24.0%
Other account assets:	$8,000.0	-3.1%
Excess net capital:	$5.6	7.9%
Total operating expenses:	$171.9	79.8%
Pretax earnings:	$4.1	41.1%

The Leaders Group

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

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	590	20.7%
# of CFPs:	106	21.8%
Avg payout per rep/year:	$142,200	16.3%
# of fee-based advisers served:	236	25.5%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$120.0**	**↑34.6%**
Commission:	$118.3	40.7%
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$2,718.2**	**↑37.4%**
Fee-based:	N/A	N/A
Other account assets:	N/A	N/A
Excess net capital:	$5.6	157.6%
Total operating expenses:	$122.1	39.0%
Pretax earnings:	$4.8	277.4%

Vanderbilt Financial Group

125 Froehlich Farm Blvd
Woodbury, NY 11797
631-845-5100
www.joinvanderbilt.com
Year founded: 1971
CEO: Heidi Distante
Recruiting contact: Joe Trifiletti

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	202	11.6%
# of CFPs:	N/D	N/A
Avg payout per rep/year:	N/D	N/A
# of fee-based advisers served:	N/D	N/A

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$43.6**	**N/D**
Commission:	N/D	N/A
Fee:	N/D	N/A
Other:	N/D	N/A
Total account assets:	**$5,543.9**	**↑23.5%**
Fee-based:	$0.0	N/A
Other account assets:	$5,543.9	23.5%
Excess net capital:	N/D	N/A
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
President: Anthony C. Hladek
Recruiting contacts: Lacey Dochinez

Staffing and compensation (as of Dec. 31)	2021	1-year %chg
# of producing reps:	83	-2.4%
# of CFPs:	35	0.0%
Avg payout per rep/year:	$158,000	9.7%
# of fee-based advisers served:	46	-6.1%

Financials (Year-end: Dec. 31)	2021 ($M)	1-year %chg
Total revenue:	**$13.5**	**↑N/D**
Commission:	$7.7	N/D
Fee:	$5.8	N/D
Other:	$0.0	N/A
Total account assets:	**$2,365.0**	**↑13.5%**
Fee-based:	$839.0	24.1%
Other account assets:	$1,526.0	8.4%
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.

RETIREMENT

Social Security's rules for when widows remarry

During a recent speaking engagement in Florida, I met several financial advisers who had questions about widowed clients who are receiving Social Security survivor benefits. Many of those clients would like to remarry but worry they may lose their Social Security benefits if they do.

MARY BETH FRANKLIN

ONRETIREMENT

Abby, an adviser from Buffalo, New York, said one of her elderly clients is ashamed to be living with her partner, but says she can't afford to give up the monthly survivor benefit she receives based on her late husband's earnings record if she remarries.

Although that may have been the case once upon a time, the Social Security rules regarding survivor benefits were changed long ago. I told the adviser that there's now no reason that her client can't remarry after age 60 and continue collecting survivor benefits even though she is married to someone else.

LOST ELIGIBILITY

Originally, widows lost eligibility for survivor benefits if they remarried at any age. In 1965, a Miami newspaper reported that a large number of senior citizens were "living in sin" because legal marriage might deprive them of pensions or Social Security. That anecdotal evidence got the attention of lawmakers and supposedly led them to pass a law change in July 1965 that allowed widows to remarry after age 60.

The initial change allowed remarried widows to keep an amount equal to half of their deceased husband's full retirement age amount, also known as the primary insurance amount, or PIA, according to a 2001 working paper from the Social Security Administration's Office of Policy entitled "Widows Waiting to Wed?"

A larger change in December 1977 allowed widows (but not surviving divorced spouses) to remarry after age 60 and still claim full widow's benefits worth up to 100% of their deceased husband's PIA.

Survivor benefits are worth the maximum amount if the survivor claims them at her full retirement age or later. They don't continue to grow by 8% per year if the survivor postpones claiming beyond full retirement age up to age 70, the way retirement benefits do.

Survivor benefits are available as early as age 60 but they're worth just 71.5% of the deceased worker's PIA if they're claimed at the earliest age. The later the widow claims survivor benefits, up to her full retirement age, the larger the amount she will receive. Survivor benefit options are explained at the SSA website.

The final rule change in January 1984 allowed surviving divorced spouses who had been married at least 10 years before divorcing to remarry after age 60 and still claim full survivor benefits. That rule allowed eligible divorced spouses to collect survivor benefits on an ex while married to someone else as long as they waited until age 60 or later to remarry. But remarriage nullified a divorced spouse's right to collect spousal benefits on a living ex, unless that subsequent marriage ended in death, divorce or annulment.

Brian, an adviser in Pittsburgh, had a more personal question. His 94-year-old father plans to remarry a younger woman — age 82 — after they both lost their spouses in 2020. Brian's dad is collecting his own Social Security retirement benefit and his bride-to-be is collecting survivor benefits on her late husband.

SURVIVOR BENEFIT

Brian asked whether the new wife could continue to collect her survivor benefit on her first husband while married to his father. Yes. If his father predeceases her, could she step up to his larger survivor benefit? Yes again.

Given the couple's advanced ages, Brian also asked how long the couple would have to be married for her to collect survivor benefits if his dad died first. To claim benefits as a survivor, a couple must be married at least nine months at the time of the first spouse's death. If Brian's dad dies before then, his new wife would not be eligible to claim survivor benefits on his earnings record, but she could continue to collect survivor benefits on her first husband.

Survivors can't claim benefits online. They must contact the Social Security Administration and make an appointment with the local field office. But expect a long wait, as local Social Security offices reopen after being closed to the public for two years due to Covid.

(Questions about new Social Security rules? Find the answers in Mary Beth Franklin's new 2022 ebook at MaximizingSocialSecurityBenefits.com)

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IRAs

RMD rules raise new questions for advisers

The IRS' proposed regulations on required minimum distributions released on Feb. 23 created a flood of questions from advisers on how the post-death RMD rules would work. The IRS's interpretation of the 10-year rule was not what most people expected.

My last article went through the basic rules. Now here are answers to the follow-up questions advisers have asked most frequently.

IRAALERT
ED SLOTT

Most of the latest confusion revolves around the revelation that annual RMDs are required for years one through nine after death, based on the so-called "at least as rapidly" rule, which these questions and answers address.

Q: Where does the IRS come up with RMDs for years one to nine under the SECURE Act? I thought the 10-year rule replaced those RMDs?

A: So did I! But IRS says "No." The IRS is relying on the "at least as rapidly," or ALAR, rule. Under long-existing RMD tax rules, the ALAR rule essentially states that once RMDs begin, they can't be stopped or turned off by a beneficiary.

This is the rule on which IRS bases

its position that RMDs are required for years one through nine of the 10-year period when death occurred on or after the required beginning date, or RBD. When an IRA owner dies after the RBD, the beneficiary must continue taking RMDs. However, the ALAR rule doesn't mean that the beneficiary must take the same RMD amounts the IRA owner was taking. It means that the beneficiary must continue using the same process by calculating RMDs based on that beneficiary's own life expectancy (the stretch IRA), as explained in the answer to the next question.

Q: For beneficiaries who are subject to the 10-year rule, how are the RMDs calculated for years one through nine after death?
A: Designated beneficiaries (individual beneficiaries who are named on the beneficiary form and aren't eligible designated beneficiaries or EDBs) will be subject to the 10-year rule. But if they inherited from someone who died after the RBD, then they're subject to RMDs for years one through nine, and then a full distribution of the balance in the inherited traditional IRA by the end of the 10th year after death.

The RMDs for years one through nine of the 10-year period are based on the beneficiary's age in the year after death, the same process as with the lifetime stretch IRA. The beneficiary finds the life expectancy factor from the Single Life Table (the new 2022 table) for the year after death and divides the prior year-end balance by that factor. For subsequent years two through nine, the beneficiary reduces that factor by one. It's as if the beneficiary is getting the stretch IRA for the first nine years after death and it's calculated the same way. For the RMD in year 10, no table is needed since that RMD is simply 100% of the remaining balance in the inherited account.

If the IRA owner died before the RBD, then no annual RMDs are required for years one through nine, but the balance must still be withdrawn by the end of the 10-year term.

Q: Can a spouse use the 10-year rule to delay RMDs?
A: The IRS says no in these proposed regulations. It goes further than that, though. The IRS created yet another new term to know, "hypothetical RMDs," as a type of deterrent to ensure no RMD years are missed once a spouse would otherwise have been required to take those RMDs by reaching age 72.

Here's an example. Ken and his wife Linda are both 70 years old. Ken dies with Linda as his primary IRA beneficiary. As an EDB spouse, Linda can do a spousal rollover or elect to remain a beneficiary. If Linda elects to remain a beneficiary, she can also elect the 10-year payout. Since Ken died prior to reaching his RBD, Linda will have no RMDs during the 10-year window. She simply has to empty the account by Dec. 31 of the 10th year after the year of Ken's death. There's no deadline for a spousal rollover, so Linda may believe that she can have her cake and eat it, too. She may think she can use the 10-year rule (without annual RMDs) and then do a spousal rollover years later to avoid several years of annual RMDs that she otherwise would have had to take from her own IRA. That is the "loophole" the IRS is closing with this "hypothetical" retroactive spousal RMD provision.

Once again, the IRS is relying on a version of the ALAR rule. In this case though, it involves a spouse who otherwise would have been able to skip RMDs by using the 10-year rule.

In a later year (but before the end of year 9), when Linda decides to do the spousal rollover, she can't roll over the full amount. Before completing the spousal rollover, Linda must calculate hypothetical RMDs for each year she was 72 or older. These hypothetical RMDs aren't eligible for rollover. (The years when Linda was 70 and 71 aren't considered because they were before her first RMD year.)

Q: How do RMDs work when a minor child of the IRA owner inherits?
A: A minor child of the deceased IRA owner (or plan participant) is an EDB, but only up to age 21. The proposed regulations state that this is the universal age of majority for this rule, regardless of state law. This is a good rule that not only simplifies the age of majority issue but is also generous given that the age of majority in most states is 18.

HOPEFULLY, AT SOME POINT, THE IRS WILL PROVIDE MORE CLARITY ON THESE SCENARIOS.

Once a qualifying minor (under age 21) inherits an IRA, the minor gets the stretch IRA until the year she turns age 21, but then she switches to the 10-year rule. At that point, the entire remaining balance must be withdrawn by the end of the 10-year term.

However, under one interpretation of these rules, the child must continue taking RMDs for years one through nine, even if the minor inherited from someone who died before the RBD. This would be the same rule if the minor inherited a Roth IRA.

Again, the rationale behind this interpretation (and there are some who take a different view of these messy RMD rules) is that since RMDs were begun by the minor as an EDB, the ALAR rule doesn't allow them to stop when the 10-year rule turns on once she turns age 21. Under this view, annual RMDs must continue even if she inherited from someone who died before beginning RMDs.

Hopefully, at some point, the IRS will provide more clarity on these scenarios and the ALAR rule.

For more information on Ed Slott and Ed Slott's 2-Day IRA Workshop, please visit www.IRAhelp.com.

FINANCIAL LITERACY

Florida leads in an unexpected way

Charlie Fitzgerald and other members of the Florida Financial Planning Association had been trying for years to advance financial literacy in the state. They got the ball down the field but not in the end zone.

DCINSIDER
MARK SCHOEFF JR.

The Florida FPA was instrumental since 2012 in promoting financial literacy legislation. In 2019, they achieved part of their mission when a law was enacted that made courses available to the state's high school students, although there was no mandate to take them.

"We settled for the field goal," said Fitzgerald, principal at Moisand Fitzgerald Tamayo. "We got the elective."

What the FPA wanted was a financial-literacy graduation requirement. When the pandemic broke out in 2020 and effectively shut down lobbying in the Florida statehouse, FPA did not have high hopes of taking the next step. Their members couldn't meet with lawmakers in their offices or buttonhole them in Capitol hallways.

Suddenly this year, they scored a touchdown when they weren't even on the field. The Florida House and Senate unanimously approved the Dorothy Hukill Financial Literacy Act, and it was signed into law by Gov. Ron DeSantis on March 22. It mandates that Florida high school students, beginning with the freshman class in 2023-24, take one semester of financial literacy.

Fitzgerald attributes the political momentum for the bill in part to a desire by some of Hukill's colleagues to see the measure through after she passed away in 2018. She had been the financial literacy champion in Tallahassee.

The wellspring of emotion "was an element of this, believe it or not," Fitzgerald said. "No elected official voted against it, which is a pretty powerful statement."

NOT A HOT POTATO

The push to put financial literacy in the high school curriculum is the other side of the coin from one of today's hottest political issues — parental control of their kids' education. Most of the debate has focused on putting a halt to teaching about sexuality in elementary schools. The effort on personal financial education is much quieter. It involves adding something to the curriculum. But it also is an effort to dictate how teachers do their jobs. Understandably, that creates tension.

If advocates want to establish mandates in the 25 states that do not require financial literacy education, they'll have to overcome opposition from teachers' unions — which want to preserve teachers' classroom prerogatives.

As the son of two teachers, I have great respect for educators. I don't like it when politicians and activists tell them how to teach kids, as if they don't have their students' best interests at heart.

But teachers, lawmakers and others with influence over what is taught need to be persuaded that financial literacy should be a core topic. This is where financial advisers can help. They know better than anyone else in the community the complexities of personal financial management and how it contributes directly to quality of life.

"Financial literacy today is as important as reading and writing," said Annamaria Lusardi, professor of economics and accounting at George Washington University in Washing-

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DIVERSITY, EQUITY & INCLUSION

Advisers must cast a wide net to attract new and diverse talent

Over the past few years, issues related to diversity, equity and inclusion have been among the most surveyed, analyzed and talked about topics in wealth management. But has there been measurable progress in terms of building a more diverse industry of financial professionals?

INSIGHTS
JEFF BENJAMIN

Not so much.

This isn't to downplay such significant efforts as the creation of Choir, which is aimed at increasing diversity at industry events, and Onyx Advisor Network, a platform designed to support underrepresented advisers.

But the overall wealth management industry — which is deeply rooted as a platform essentially created by white men and in many ways for white people — continues to struggle to realize real progress when it comes to diversity.

One of the best examples of the chasm between what is needed and what is happening showed up last month in the form of two reports presenting awkwardly diametric findings.

DEARTH OF TALENT

On one hand, there's the survey of 101 independent advisory firms that cites a dearth of talent, despite respondents claiming to be "focused almost exclusively on talent."

The study, conducted by Advisor Growth Strategies, showed that for the third straight year "finding talent" is the biggest hurdle for advisory firms, with 23% describing it as "very challenging," and more than half the firms across every size segment describing the talent search as "challenging" or "very challenging."

But on the other hand, there's the report by the Investments & Wealth Institute touting "double and triple-digit increases in the number of new women, Latinx and African American applicants."

The institute found a 21% increase in the number of Certified Investment Management Analyst, Certified Private Wealth Advisor, and Retirement Management Advisor applicants in just one year.

A breakdown of the data shows an 18% increase in women applicants, a 43% increase in Latinx applicants, and a 262% increase in the number of African American applicants.

"We started this important work in 2019 with our Women in Wealth program and continued it with our successful THRIVE initiatives launched in January 2020," said Dorothy Bossung, chairperson of the IWI board of directors. "Since the inception of our scholarship fund in 2020, more than 400 applicants have received tuition assistance, and the percentage of female candidates has grown 23%, while the percentage of candidates of color has increased by 125%."

That looks like grand progress, but it also begs the question of how advisory firms are having such a hard time filling their ranks with qualified personnel.

It seems as if a variation of a dating app may be needed to help the respective parties connect.

While the two studies don't represent a perfect apples-to-apples comparison, they do underscore the steep grade of the mountain the industry is trying to climb.

"The hiring crunch is a real challenge right now, and not just in the RIA space but throughout the business landscape," said Sonya Dreizler, who co-founded Choir in January.

"One of the things I hear often is, 'I want to hire women and people of color, but almost all the resumes I get are from white men, so I don't really have a choice,'" she said. "If you want a wider variety of candidates for a job opening, you have to cast a wider net. And that will take work and intention on your part, both in the hiring and in creating a firm culture where everyone can thrive."

A FEW TIPS

Dreizler offers a few tips for attracting a more diverse set of candidates, which includes hiring for skills and not for specific past experiences.

"If you want to hire for an administrative position, consider whether being successful in that role really needs three years of experience in wealth management," she said. "What is probably needed is a set of skills and capacities that could have been learned in a variety of other fields."

Dreizler also advised rethinking how you're searching for new hires.

"If you're hiring by word of mouth, you'll tend to get candidates that look like the people in your network," she said. "You can expand that by sharing your job ads with affinity groups like Quad A, Women in ETFs, etc."

In addition to making the content of job postings less gender-focused, Dreizler said firms looking for new hires should take a close look at their website to ensure that if you are "actively doing the work to become a more equitable and inclusive company, acknowledge that on your site."

While not all firms are going to subscribe to efforts to create a more diverse industry, it would be difficult to argue that diversity among the ranks isn't good business.

Along those lines, here at *InvestmentNews*, we have added our own Diversity, Equity and Inclusion Editor, Joanne Cleaver, to help us pay more attention to what the industry is doing in this area, and to ensure our coverage is in line with this ongoing evolution in wealth management.

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ton, D.C. "It is an essential skill young people need to understand the world around them and participate in society."

THE MEANING OF DEBT

Lusardi, founder and director of the Global Financial Literacy Excellence Center, points out that high school students must grasp the meaning of debt as they try to determine where to go to college and how much to pay.

They need to know not just about their personal debt and maintaining a bank account. But they also should have some feel for the enormous debt the United States is carrying and the implications of rising interest rates, market volatility and geopolitical risk on their personal finances.

"We don't need another crisis," Lusardi said. "We have seen enough to add financial literacy [courses] in schools."

If most young Americans are required to learn the basics of finance, it could help create a more vibrant market for financial advisers. One of the topics in the required Florida course is building wealth through investing.

If students add to that basic knowledge in further education, by the time they turn to advisers for help, they'll be knowledgeable, engaged and perhaps even tough customers. Of course, they might also decide they can handle their own financial lives and avoid advisers. But I bet the former outcome is more likely.

Before getting to that point, more states will have to require financial literacy. Fitzgerald said the subject is "like a foreign language" that students must learn.

"Those who enter adult life without the basics of personal finance do so at their peril," Fitzgerald said. "That's what [the Florida law] is addressing."

That's a message more state lawmakers must hear because all of society pays the price for low levels of financial know-how, Lusardi asserts.

"Policymakers need to wake up," she said.

Education policy is set at the state and local level. You can follow the progress of financial literacy requirements through the Council for Economic Education, which puts out a Survey of the States every two years, and also through the National Conference of State Legislatures.

Financial advisers are needed not only in the political vanguard to promote financial literacy legislation. They also can help educators learn how to teach personal finance.

"Financial planners have a role to play," Fitzgerald said. "We really need financial planners to step up and make [financial literacy] something that's meaningful in students' lives."

It may take many years — and a lot of playing between the 20-yard lines — to convince state legislatures to act. If advisers are in the game, it's more likely states will score financial literacy touchdowns.

"FINANCIAL LITERACY TODAY IS AS IMPORTANT AS READING AND WRITING."

ANNAMARIA LUSARDI, PROFESSOR OF ECONOMICS AND ACCOUNTING
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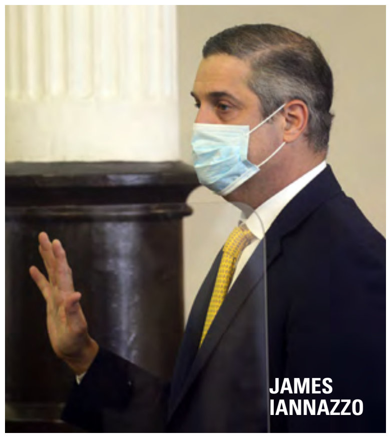
Former Merrill adviser gets rehabilitation after racist rant

BLOOMBERG NEWS

A FORMER BANK of America Corp. Merrill Lynch adviser will do a rehabilitation program and sidestep a criminal conviction after police charged him with bigotry over a smoothie shop tirade that was caught on video in January.

James Iannazzo was granted entry into an accelerated rehabilitation program that places him under supervision for one year; after that the charges against him will be dismissed. Iannazzo is also required to donate $500 to the Office of Victim Services in the decision made by Judge Peter McShane last Thursday in Connecticut Superior Court.


JAMES IANNAZZO

Bank of America ousted Iannazzo, 48, after a video of him shouting expletives and insults at a Connecticut Robeks outlet went viral earlier this year. He has since taken a job at broker-dealer Aegis Capital Corp., records show.

The judge's decision also precludes Iannazzo from returning to or contacting employees at the smoothie shop.

The incident occurred after Iannazzo ordered a drink without peanut butter for his son, who has a peanut allergy, according to a statement from the Fairfield Police Department. He left the store, but returned to confront employees after his son had an allergic reaction that sent him to the hospital, police said.

The video, shot from behind the counter at Robeks, shows Iannazzo shouting and throwing a drink at an employee and eventually calling her a "f—ing immigrant loser." Employees told police Iannazzo didn't mention his son's allergy when asking them not to put peanut butter in a drink.

Iannazzo, who turned himself into police, was arrested and accused of intimidation based on bigotry or bias, trespassing and breaching the peace. Later Bank of America said Iannazzo no longer worked at Merrill Lynch Wealth Management. His Finra records show a pending criminal charge for the Jan. 22 incident.

AMERIPRISE

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leave to work at other firms. So, the number of advisers recruited and hired and the net increase in adviser head count do not match.

Adjusted operating net revenue per adviser on a trailing 12-month basis was $810,000, up 18%, the company reported. Assets under management and administration increased 17% to $1.3 trillion in the quarter, with the wealth management group seeing net inflows of more than $10 billion.

"Ameriprise delivered another good quarter during a period of heightened market volatility and geopolitical uncertainty," Chairman and CEO Jim Cracchiolo said in a statement. "As I look ahead, we are well positioned to continue to drive organic growth and will benefit from the rising rate environment in the U.S."

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UBS

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our eyes open."

Last Tuesday, UBS reported better-than-expected profit as its trading unit benefited from clients seeking to shield themselves from the financial impact of higher interest rates and the war in Ukraine. Hamers said uncertainty about gas and oil delivery will continue to weigh on global economies as the war continues.

"On the market side it was a really good quarter, a record quarter," he said. "It's just that the equity capital markets side dried up because of the uncertainty in the markets."

Hamers said the bank had "quite a good book with more senior roles than ever" in that business, though "the timing of these transactions coming to market nobody can predict at this moment."

THREE FRONTS

UBS' wealth management business in the Americas is currently focused on three fronts: technology investments, including replacing its old broker and adviser workstation; increasing the number of bank products used by financial advisers; and expanding its digital offering, including the Wealthfront acquisition, to reach more core affluent clients, or those with $1 million or more to invest.

FEE-GENERATING ASSETS

The Global Wealth Management Americas group reported $12 billion in net new fee-generating assets for the first quarter.

The unit had 6,199 financial advisers at the end of March, compared to 6,218 at the end of December, a negligible drop of less than half a percentage point.

In the same period a year ago, UBS Global Wealth Management Americas reported 6,335 financial advisers, so head count since then has decreased by 136, or 2.1%.

—Bruce Kelly contributed to this article.

FIDELITY

CONTINUED FROM PAGE 2

401(k)s, then it's something viable that we talk about in their retirement asset allocation."

Tom Poltersdorf, owner of Beyond Your Exit Wealth Management, said cryptocurrency is a good way to diversify a portfolio if investors know what they're doing.

"This is some exciting news with the caveat that there's some education around it," Poltersdorf said of Fidelity's move. "As long as the client is aware of how it works, I think it's a good thing."

Most crypto investors are inexperienced, which makes Fidelity's sponsorship of the digital asset account a helpful development, said Laura Varas, chief executive and founder of Hearts & Wallets, an independent research and benchmarking firm.

A survey by Hearts & Wallets found that 25 million U.S. households, or 22% of those with assets, held cryptocurrencies in 2021. But that doesn't mean they knew what they were doing. Investors, especially young ones, are going to keep buying crypto, so it's good that they'll be able to do it more knowledgably and safely through a company retirement plan, Varas said.

"There's a lot of novices in this mixture of people trading crypto," she said. "The workplace is an effective platform for engaging young investors in responsible investing."

THE SKEPTICS

But Jeremy Bohne, founder of Paceline Wealth Management, is skeptical about making crypto an option for retirement investing.

"It's a surprise to see that added to a 401(k) menu," Bohne said. "[Crypto] being a speculative asset seems like less of a natural fit to me. This might not be using it in the right place."

The Department of Labor also recently threw cold water on the idea of utilizing crypto assets in retirement accounts. In a compliance assistance release in March, the agency warned retirement plan fiduciaries to "exercise extreme care" when considering cryptocurrency investments.

The agency reiterated its crypto caution last Wednesday in response to Fidelity's announcement.

"We continue to have the concerns that were raised in that guidance and stand by its conclusions," Ali Khawar, DOL acting assistant secretary for employee benefits security, said in a statement. "For all the reasons set out in that guidance, in dealing with any entity that is marketing cryptocurrency investments, plan fiduciaries should exercise extreme care before they consider adding a cryptocurrency option to a 401(k) plan's investment menu for plan participants."

"AS LONG AS THE CLIENT IS AWARE OF HOW IT WORKS, I THINK IT'S A GOOD THING."

TOM POLTERSDORF, BEYOND YOUR EXIT WEALTH MANAGEMENT

Michael Kreps, principal at Groom Law Group, said the DOL crypto guidance is not equivalent to provisions in the Employee Retirement Income Security Act, the federal retirement law.

"DOL is certainly entitled to its opinions, and I'm sure they believe they are doing what is in the best interest of participants," Kreps wrote in an email. "However, ERISA generally does not prohibit specific investments, and it is certainly possible a prudent fiduciary could reach a conclusion different from DOL's."

But someone who defends plan fiduciaries against lawsuits said they should carefully vet a decision to include a cryptocurrency offering on a plan menu.

"At this point in time, 401(k) sponsors are facing scrutiny that is unprecedented," said Wendy Von Wald, fiduciary product manager at Travelers. "To add something with the complexity and volatility of cryptocurrency would require a great deal of due diligence, including consultation with outside ERISA counsel. It's not something to be taken lightly."

In the end, the decision on whether to include crypto in a 401(k) lineup rests with the plan fiduciaries.

"Simply because it's an offering doesn't mean it needs to be included in any plan," Von Wald said.

–Bloomberg News contributed to this story.

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GWG BLAMES SEC

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"As a result, a number of broker firms indicated that they would not resume sale of the bonds until further notice due to concerns of getting involved further in the SEC's investigation," according to the declaration.

"GWG Holdings stands by the bankruptcy declaration and what's in it," a company spokesperson told *InvestmentNews*.

"They're blaming the SEC?" asked Scott Silver, a plaintiff's attorney who is also counsel in a potential class-action lawsuit filed in March against the company in federal court in Texas. "It's like saying, if only the government let us keep operating, it never would have been a problem. From my perspective, the bankruptcy prevents more investors from being victimized."

'A TRAIN WRECK'

According to GWG's website, Emerson Equity, a San Mateo, California-based broker-dealer that primarily sells private placements, is the managing broker-dealer for the GWG issuer.

At the start of April, GWG Holdings signaled that the next step for the company was to file for bankruptcy protection. In a filing with the SEC, GWG said it was unable to file its 2021 annual report and additional financial statements because it hadn't yet hired an auditor to replace Grant Thornton, which resigned at the end of last year.

Investors in the $1.6 billion of bonds could face dire consequences from the GWG bankruptcy; one GWG investor, who asked not to be named, last month said he estimated the L Bonds are worth 20 cents to 30 cents on the dollar.

"This was a train wreck waiting to happen, and there will be plenty of investor complaints against brokers," said Gordon Yale, a forensic accountant specializing in complex financial litigation. "GWG was over-leveraged with reasonably expensive money, and the life settlement business was not profitable enough to overcome the cost of the debt or the preferred stock dividends and operations."

From 2015 forward, GWG Holdings struggled to generate cash flow from operations, Yale noted. "That meant it was always dependent on being able to raise additional capital from debt or equity."

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TWITTER

CONTINUED FROM PAGE 4

roughly half the price tag of a social media company), it continues to face concerns about how it will support the smaller advisers on TD's platform or whether the integration will create a "repapering nightmare."

So why is the reaction to Twitter so different?

One reason advisers have such strong reactions to M&A is the data they share with fintech providers, Sofia said. If that software gets taken over by some large financial institution, it could grant access to independent advisers' client lists.

Another reason is simply inertia. Advisers like the way a certain software works within their practice and don't want it to change, especially if it's something critical like trading, portfolio management or financial planning. There's also a history of firms buying a fintech only to close it down, such as Principal Financial Group and RobustWealth.

For as much as certain advisers use Twitter to promote their firm or personal brand, Musk isn't going to change Twitter enough for it to impact most firms' marketing strategies, Sofia said.

"Twitter is not the type of thing that people are relying on to be a core component of their business," he said. "The stakes are a lot lower."

DRIVEN BY EXCITEMENT

It helps that Twitter is free, whereas the suite of fintech products advisers use is directly tied to their bottom line. New ownership can mean pricing changes or changing customer support, while Musk taking over Twitter isn't going to touch an adviser's pocketbook.

At the end of the day, Musk's bid isn't the typical technology acquisition by some nameless private equity fund. He's the world's richest man buying a social media platform that has banned a former president of the United States. Without any of the concerns associated with tech M&A, advisers are driven by excitement over Musk's personality.

"There are vocal proponents because [Musk] is so pro-free speech," Sofia said. "The way he thinks, the way he writes — he definitely has a cult following, and all of those things are contributing to the support of this."

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