



Free Rein
***The Financial
Advisor's Path to
Independence***



www.whywouldyoustay.com

We aspire to help advisors successfully and seamlessly transition to independence for the betterment of their clients and their careers.



Primary Reasons Advisors Are Increasingly Going Independent

In the dynamic world of finance, more financial advisors are choosing to go independent than ever before. Let's explore what is driving this trend, the different levels of independence you can pursue, and what to consider when selecting a Registered Investment Advisor (RIA) or Hybrid RIA to associate with as you pursue the benefits that come with being an independent financial advisor.

Freedom to Serve Clients Better

Going independent means you can prioritize your clients' needs without corporate constraints. Larger firms often have quotas or specific products they push, which might not be in the best interest of your clients. Independence allows you to offer collaborative advice tailored to each client's unique situation.

Studies show that clients are increasingly valuing personalized financial advice. According to a survey by Cerulli Associates, 55% of clients prefer working with an independent advisor who provides personalized attention. This trend underscores the growing demand for tailored financial solutions that independent advisors can offer.

Higher Earning Potential

Another compelling reason to go independent is the potential for increased earnings. When you work for a large firm, a significant portion of your revenue goes to the company. By going independent, you retain a larger share of the fees you generate.

Independent advisors typically earn 20-30% more than their counterparts in large firms. This financial upside can provide the resources to invest in better technology, marketing, and customer service, further enhancing your practice.

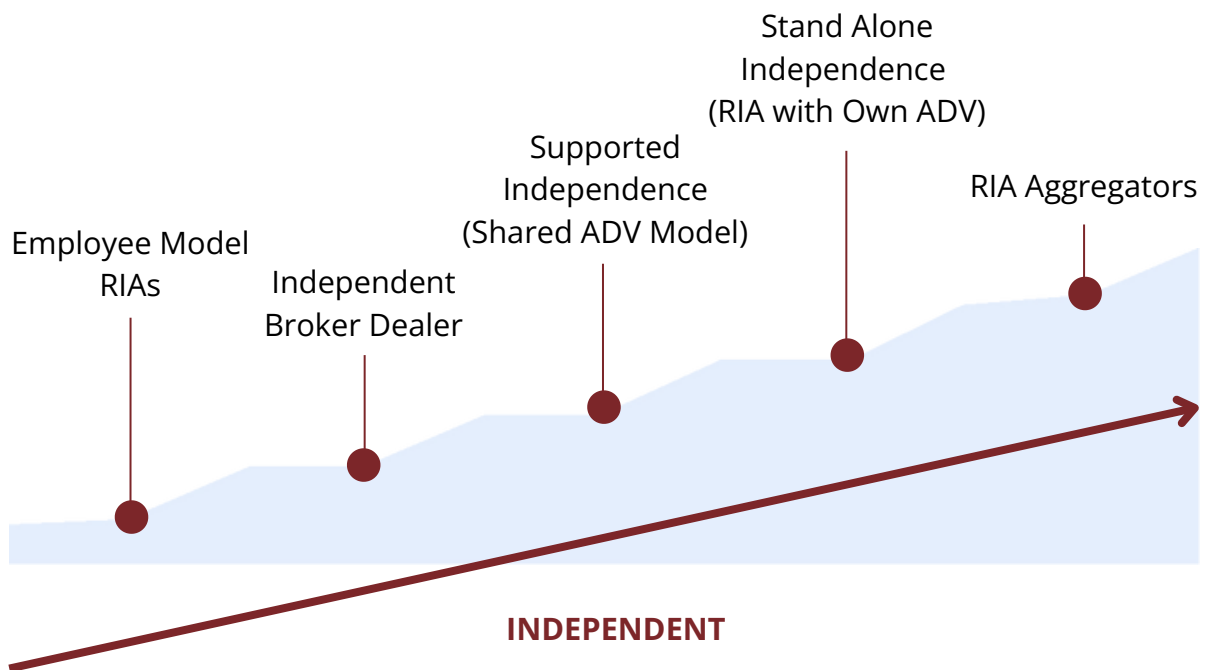
Flexibility and Work-Life Balance

Independence offers unparalleled flexibility. You can set your own hours, choose your clients, and create a work environment that suits your lifestyle. This level of control can lead to a better work-life balance, reducing burnout and increasing job satisfaction.

A study by the Financial Planning Association found that independent advisors report higher levels of job satisfaction and lower levels of stress compared to those working in corporate settings. This improved quality of life is a significant motivating factor for many advisors considering the switch.

Varying Degrees of Independence

In the diverse landscape of financial advisory models, each option offers advisors varying degrees of independence and control over their practice and client base.



Employee Model RIAs offer the least autonomy, where advisors typically follow firm protocols and utilize firm-provided resources, limiting their control over client relationships and service delivery. Independent Broker Dealers grant more freedom, allowing advisors to operate their own practices while accessing a wide range of commission-based products, yet they still adhere to broker-dealer oversight and compliance frameworks. Supported Independence Models, also known as Shared ADV Models or Tuck-In Models, offer a balanced mix where advisors leverage established RIA infrastructure and support but retain significant control over their client base and investment decisions. Many RIAs allow advisors to have their own brand and identity using a DBA (doing business as).

Stand alone RIAs provide the highest level of autonomy; the owner, who is also an advisor, fully owns their practice, manages client relationships independently, and has complete discretion over their service offerings and business operations. They might employ other advisors who don't have the same autonomy, but the owner negotiates any employee agreements or contract terms. Finally, an RIA Aggregator is a platform that provides centralized resources, compliance support, and administrative services to independent, or stand-alone RIAs, allowing them to maintain their autonomy and unique brand while benefiting from shared infrastructure and human capital to streamline operations and enhance client service.

Understanding RIAs and Hybrid RIAs

When financial advisors decide to transition to an independent practice, choosing the right business model is crucial to their success. Two popular options are affiliating with an RIA or a Hybrid RIA. While both models offer significant advantages, they also have distinct differences that cater to varying advisor needs and preferences. This chapter will explore the similarities and differences between RIAs and Hybrid RIAs and discuss which type of advisor is best suited for each model.

As proof that the RIA models are growing in popularity and represent the future of financial advising, according to Cerulli Associates financial advisors have been gravitating to Hybrid RIA models at a remarkable rate over the last 10 years. The Hybrid RIA model is the fastest growing option, seeing a nearly 10% annual growth in the number of advisors and just shy of a 15% annual growth in assets under management. Cerulli Associates also projects the Hybrid RIA channel to control nearly one-third (31.2%) of intermediary asset market share by 2027, up from the 16.8% in 2007 and the 26.7% they controlled as of 2022. To quote from a recent report the research organization published:

“The RIA and dually registered advisor channels are the only ones that had a positive annual growth rate in advisor numbers over the last five years. The growth is mostly from attracting advisors out of other channels.”



RIAs Vs. Hybrid RIAs

What is an RIA?

A Registered Investment Advisor (RIA) is a firm or individual that provides fee-based financial advice and investment management services. RIAs operate under fiduciary standards, meaning they must always act in their clients' best interests. Advisors affiliated with an RIA typically charge fees based on assets under management (AUM), flat fees, or hourly rates.

Key Features of an RIA:

- **Fee-Based Services:** RIAs primarily offer advisory services for a fee.
- **Fiduciary Duty:** Advisors must prioritize clients' best interests.
- **Regulatory Oversight:** RIAs are regulated by the SEC or state securities authorities, depending on their AUM.

What is a Hybrid RIA?

A Hybrid RIA blends the fee-based services of an RIA with the commission-based offerings of a broker-dealer (BD). This model allows advisors to maintain dual registration, enabling them to provide a broader range of financial products and services to their clients. Dual registration allows advisors to be both a registered representative with a BD while concurrently being an investment advisor representative of an RIA as well. Some RIAs have in-house or affiliated broker-dealers whereas other RIAs partner with a third party to offer brokerage services. As the fastest-growing advisor segment, the Hybrid RIA model is familiar to most in the industry and continues to grow in popularity.

Key Features of a Hybrid RIA:

- **Dual Registration:** Advisors are registered with both an RIA and a broker-dealer.
- **Mixed Compensation:** They can earn fees for advisory services and commissions for selling financial products.
- **Regulatory Oversight:** Compliance responsibilities are shared between the RIA and the broker-dealer, involving both SEC/state regulations and FINRA requirements.



Differences & Similarities

Differences



Compensation Structure:

- RIAs: Primarily fee-based, charging clients based on AUM, flat fees, or hourly rates.
 - Hybrid RIAs: Combination of fee-based and commission-based compensation, allowing advisors to offer both advisory services and financial products.
-



Regulatory Complexity:

- RIAs: Regulated by the SEC or state authorities, with a focus on advisory services.
 - Hybrid RIAs: Subject to dual regulatory oversight from both the SEC/state authorities and FINRA, leading to more complex compliance requirements.
-



Product Offerings:

- RIAs: Typically limited to fee-based advisory services and may have restricted access to commission-based products like insurance.
- Hybrid RIAs: Offer a broader range of financial products, including mutual funds, alternative investments, annuities, and insurance, catering to diverse client needs.

Similarities



Client-Centric Approach:

Both models emphasize providing personalized financial advice tailored to client needs.



Independence:

Advisors in both models enjoy significant autonomy in managing their own practices and making investment decisions.



Fiduciary Standard:

Advisors in both models adhere to fiduciary duties when offering fee-based advisory services, ensuring client interests come first.

How Do I Choose Between an RIA and a Hybrid RIA?

Choosing between an RIA and a Hybrid RIA depends largely on an advisor's business goals, preferred compensation structure, and willingness to navigate regulatory complexities. RIAs offer a client-centric, fee-based model with a strong fiduciary focus, ideal for advisors seeking autonomy and a direct alignment of interests with their clients. In contrast, Hybrid RIAs provide a versatile platform for advisors wanting to combine advisory services with commission-based product offerings, catering to diverse client needs and revenue opportunities, but also introducing conflicts of interest at times and raising scrutiny on the advisor. By understanding the key similarities and differences between these models, financial advisors can make informed decisions that best align with their professional aspirations and client service philosophies.

Gladstone's View on RIAs

Gladstone Wealth Partners ("Gladstone") provides financial advisors with the flexibility to choose between an RIA Only Model and a Hybrid RIA Model, catering to varying advisor needs and client preferences. By offering these two distinct options, Gladstone enables advisors to tailor their practice to their strengths and goals. The RIA Only Model is ideal for advisors focused on fee-based advisory services and seeking to operate under a fiduciary standard, ensuring they can provide personalized, client-centered advice. Conversely, the Hybrid RIA Model benefits advisors seeking to offer a combination of fee-based and commission-based services, allowing them to diversify their revenue streams and cater to a broader range of client needs. This dual-model approach not only provides advisors with greater autonomy and control over their practice but also ensures robust support and resources from Gladstone, facilitating a seamless transition to independence and fostering long-term growth and success.



Supported Independence

As financial advisors seek greater autonomy and control over their practices, many are exploring the journey toward independence. These advisors are generally interested in the RIA model; however, advisors who are breaking away or going out on their own for the first time are generally going to find an RIA or Hybrid RIA to join as their first step to independence. Starting a stand-alone RIA is costly and cumbersome and, without proper planning, can negatively impact client relationships.

Within the RIA space, an increasingly popular route is the Shared ADV or Tuck-In Model, which provides a unique blend of independence and support. If you're considering this path, it's crucial to understand what this model entails and how it can benefit your practice.

What is the Shared ADV or Tuck-In Model?

The Shared ADV or Tuck-In model allows financial advisors to operate under the umbrella of an established Registered Investment Advisor (RIA) while maintaining a significant degree of autonomy. This model enables advisors to leverage the resources, compliance infrastructure, and brand recognition of the parent RIA, commonly referred to as the "Shared ADV," while running their own independent practice. While advisors can leverage the parent company's brand recognition and off-the-shelf marketing tools, one advantage of these models is that advisors can create their own unique brand identity so their clients know them under a name other than the parent RIA. This is a benefit to advisors who might want to leave this type of affiliated model and start their own RIA without losing the identity they have become known for with clients and prospects.

Is the Shared ADV or Tuck-In Model Right for You?

While the Shared ADV or Tuck-In model offers numerous benefits, it's essential to evaluate whether it aligns with your long-term goals and vision for your practice. Consider the following factors:

- **Level of Independence:** Determine how much autonomy you desire. While the Shared ADV model provides substantial freedom, some advisors may prefer the complete independence that comes from establishing their own RIA.
- **Support Needs:** Assess the types of support that are most critical for your success. Whether it's compliance, technology, or operational assistance, ensure that the parent RIA can effectively meet these needs.
- **Cultural Fit:** The culture and values of the parent RIA should align with your own. A strong cultural fit will enhance your experience and ensure a harmonious working relationship.

Key Advantages of the Shared ADV or Tuck-In Model



Regulatory and Compliance Support:

Transitioning to independence often comes with complex regulatory and compliance requirements. By tucking into an existing RIA or Hybrid RIA (collectively referred to as “RIA”), advisors can offload much of this burden, relying on the parent firm’s established compliance protocols and expertise. This allows you to focus more on serving your clients rather than navigating regulatory hurdles.



Brand Recognition and Credibility:

Building credibility as a new independent advisor can take time. By aligning with an established RIA, you immediately benefit from their brand recognition and reputation. This association can instill confidence in your clients and prospects, providing a solid foundation upon which to grow your business. For those advisors who are working with an RIA that provides the freedom to create and brand your own DBA (Doing Business As), which gives you a visual identity unique to you and your value proposition.



Access to Advanced Technology and Resources:

Established RIAs typically invest heavily in technology and resources to support their advisors. By joining an RIA with a Shared ADV, you gain access to cutting-edge tools, platforms, and systems that might otherwise be cost-prohibitive as an independent advisor starting from scratch. This could include CRM systems, financial planning software, and marketing tools, all designed to enhance your practice's efficiency and client service.



Peer Support and Collaboration:

Being part of a larger organization fosters a sense of community and collaboration. You can connect with other like-minded advisors, share best practices, and leverage collective knowledge. This peer support network can be invaluable, especially during the initial stages of your journey toward independence.



Operational Efficiency:

The Shared ADV model offers operational efficiencies that can be crucial for scaling your practice. The parent RIA can handle administrative tasks, back-office support, and even marketing efforts, allowing you to devote more time and energy to client-facing activities and business development.

Unified Independence with Gladstone

At Gladstone Wealth Partners, we are committed to empowering advisors on their journey toward independence. Our Shared ADV model is designed to provide the perfect blend of freedom and support, ensuring that you are in business for yourself, but not by yourself.

Additionally, as a valued advisor with Gladstone, you have the freedom to create your own brand using a DBA ("Doing Business As"), tailoring your business identity to perfectly match your practice's vision and values. This enables you to stand out in a crowded marketplace by establishing a distinct brand that resonates with your target audience.

On the other hand, if you wish to capitalize on our established presence, you can align your branding with Gladstone Wealth Partners. This option is ideal for advisors who wish to benefit from an existing and recognized brand while still enjoying the independence of running their own practice.

For advisors wanting a unique identity, Gladstone offers branding and website support through trusted partners who can help pre- or post-transition. We also have other ways to support your marketing and business development efforts, including a variety of lead-generation services, content providers, and social media managers.

Whether you choose to blaze your own trail with a personalized DBA or connect with clients through the trusted Gladstone brand, we're here to help you get started and grow your practice as an independent advisor. In fact, the community of leaders and advisors at Gladstone, is committed to your success and we believe you'll thrive as part of our vast network of independent advisors.

Gladstone: More Than An Organization, A Community of Independent Advisors



What to Look for When Evaluating RIAs to Associate With

Reputation and Track Record

Research the RIA's reputation within the industry. Look for firms with a proven track record of success and positive reviews from other advisors. A reputable firm can provide credibility and attract more clients to your practice.

Support and Resources

Evaluate the level of support and resources offered by the RIA. This includes technology platforms, marketing support, compliance assistance, and continuing education opportunities. A firm that provides robust support can help you focus on serving your clients and growing your business.

Cultural Fit & Community

Ensure that the RIA's values and culture align with your own. A good cultural fit can lead to a more harmonious working relationship and a better overall experience for you and your clients.

Compensation Structure

Understand the compensation structure and how it aligns with your financial goals. Look for transparency in fee arrangements and ensure that the structure allows you to maximize your earnings while providing fair value to your clients.

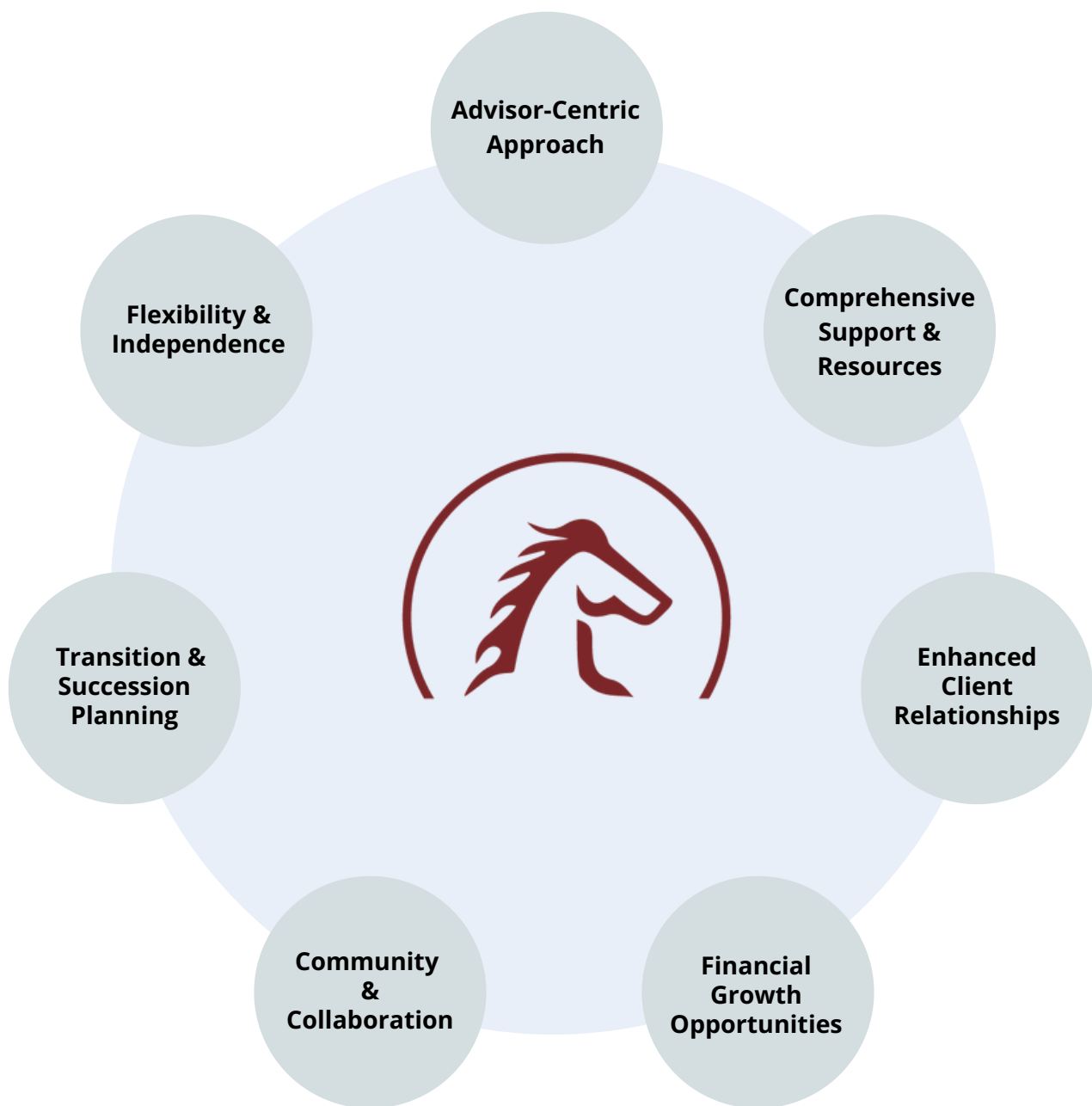
Client Transition Process

Assess the ease of transitioning your clients to the new RIA. A smooth transition process is crucial to maintaining client trust and minimizing disruptions to your practice. Look for firms that offer comprehensive transition support, including client communication strategies and administrative assistance.

Succession & Retirement Planning

Evaluate the succession and retirement planning offers, which can provide substantial benefits, ensuring continuity of client service and enhanced resources. Ensure the RIA will facilitate a smooth transition for your clients, preserving the trust and relationships you've built over the years, which helps to secure your legacy and maintain your high standards of client care.

Why Financial Advisors Should Join Gladstone Wealth Partners





Advisor-Centric Approach

Gladstone Wealth Partners was established by financial advisors who understand the unique challenges and rewards of working in this profession. This advisor-centric approach ensures that your needs and goals are at the forefront of everything we do.

Tailored Support

We recognize that no two practices and no two advisors are alike. Our engagement model is customized to meet your practice's specific needs, providing you with the tools and resources necessary for success. This starts at the outset of our relationship and continues throughout our working together because we are committed to knowing you and your practice.



Comprehensive Support and Resources

Regulatory and Compliance Assistance

Navigating the complex regulatory environment can be daunting. At Gladstone, we provide robust compliance support, ensuring you can focus on what matters most—serving your clients.

Advanced Technology

Access to cutting-edge technology is vital in today's competitive market. We offer advanced tools and platforms designed to enhance your efficiency, streamline operations, and improve client service.

Marketing and Business Development:

Our dedicated marketing team helps you build and execute effective strategies to grow your practice. From digital marketing campaigns to personalized branding, we equip you with everything needed to attract and retain clients.



Enhanced Client Relationships

Bespoke Solutions

By joining Gladstone, you can offer more personalized and tailored services to your clients without the constraints of larger institutions. This flexibility allows you to meet your clients' unique needs more effectively and create truly one-of-a-kind strategies when warranted.

Strong Client Retention

Our comprehensive support helps you maintain strong client relationships, foster loyalty, and ensure the continuity of the personalized service you have always offered. We aim to provide you with a robust support system so you can focus on what matters most to you - your clients.



Financial Growth Opportunities

Revenue Potential

Our business model is designed to maximize your earning potential. By reducing your overhead costs and providing access to premium resources, you can increase profitability and achieve greater financial success. Additionally, your payout at an independent firm is likely to be higher than what you received at a wirehouse, broker-dealer, or bank.

Equity Sharing and Ownership

We offer opportunities for equity sharing and ownership, allowing you to build long-term value in your practice and plan your financial future.



Community and Collaboration

Peer Network

Join a community of like-minded financial advisors who share your drive and passion. Our network fosters collaboration, knowledge sharing, and mutual support, enriching your professional experience.

Mentorship Programs

Benefit from mentorship and guidance from experienced advisors who have successfully navigated the path to independence. Learn best practices and gain insights that can help you grow your practice.



Succession and Transition Planning

Seamless Transitions

Whether you're onboarding, planning for retirement, or considering a succession strategy, Gladstone provides comprehensive transition support. From internal succession planning to external buyer matching, we help ensure a smooth and successful transition out of the industry. For new advisors, we assign a transition coordinator who is dedicated to helping you transition your book of business and maximize the number of clients who move with you to Gladstone.

Legacy Preservation

We help preserve your legacy by finding the right successors or buyers who align with your values and client service standards as you approach retirement or new career ventures.



Flexibility and Independence

Unified Independence

Gladstone Wealth Partners offers the perfect balance of independence and support. You have the freedom to run your practice as you see fit, coupled with the backing of a robust infrastructure and expert team. We call it unified independence over supported independence (a common term in our industry) because we think it more accurately describes the camaraderie, community, and culture of our team.

Customized Solutions

Our flexible solutions are designed to adapt to your evolving needs and preferences, empowering you to make decisions that best serve your clients and business. These solutions might encompass new office space or joining an event you throw for clients because customized solutions don't have to be only for investment portfolios. At Gladstone, we believe they should be for advisors too and we go out of our way to try and meet you where you're at with your practice and goals.



Interested in Unified Independence With Gladstone?

Let's Talk

Our leadership team looks forward to speaking with you.

+908-719-1313

Learn More

Visit our website to learn more and how we can support you.

www.whywouldyoustay.com

About Gladstone Wealth Partners

Gladstone Wealth Partners helps advisors transition to independence by providing comprehensive support and resources tailored to their needs. From seamless transition assistance to robust business development strategies, Gladstone ensures advisors are equipped to build and grow their practices successfully. Additionally, ongoing operational support and access to advanced technology platforms allow advisors to maintain high levels of service and efficiency, empowering them to focus on their clients and business goals.

2500 N. Military Trail, Suite 225, Boca Raton, FL 33431

www.whywouldyoustay.com



©2024 Gladstone Wealth Partners

Securities offered through LPL Financial, Member [FINRA/SIPC](#). Advisory Services may be offered through LPL Financial or Gladstone Institutional Advisory, a Registered Investment Advisor. Gladstone Institutional Advisory LLC, Gladstone Wealth Group and Gladstone Advisors are separate entities from LPL Financial.

The content is developed from sources believed to be providing accurate information. This material was developed and produced by [Azella Advisor](#) ("AZELLA") to provide information on a topic that may be of interest. AZELLA is not affiliated with an SEC-registered investment advisory firm. The opinions expressed and material provided are for general information.