

2019 Financial Advisor Transition Survey Report



Unlocking the truth behind financial advisor transitions

A comprehensive report on the motivations and experiences of advisors transitioning to a new broker dealer.

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Executive Summary

“Wall Street Fights To Keep Brokers” -WSJ

Few within the financial advisory industry were likely caught off guard by that headline in the Wall Street Journal on November 27, 2017. Blasted in large type, it was an admission of a trend at or near its peak.

Advisors were moving to new broker dealers in ever-growing numbers and industry executives were searching for answers as to why.

Big name broker dealers, including Morgan Stanley and UBS, had exited the Broker Protocol, the defacto “Treaty of Paris” that laid out rules and rights in broker recruiting, little of which seemed to advantage advisors.

Wells Fargo seemed forever on the edge of calamity, dinged up by a series of ethical snafus (and worse) that maligned a once-prized brand reputation.

National Planning Holdings was acquired by LPL, awakening some advisors to the prospect that their career’s may not be fully within their control.

And seemingly on and on.

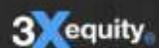
Since 2012, 3xEquity has worked with thousands of advisors, securing transition offers and helping them find their best fit. We saw trends among the advisors who called us or found our website, but we were curious to expand the net in order to gain a broader knowledge of how and why advisors transition.

Utilizing information from Discovery Data we conducted a survey of advisors who had transitioned in the prior two years.

We are excited to share our findings in this report in hopes that the themes we uncovered prove valuable to advisors considering a transition, as well as to broker-dealers curious to know what they can do to secure top talent (and retain existing talent on their teams).



We help financial advisors control the transition conversation and maximize the opportunity.



Survey Results Themes

In reviewing the results of the survey we saw four main themes revealed by respondents.

Loyalty Is Rare. If You Find It, Keep It.

Mark Twain famously quipped, "Loyalty to the Country at all times. Loyalty to the Government when it deserves it." Our survey respondents told a similar story when it came to their broker dealer.

According to our the survey data, if Twain were a financial advisor he may have noted, "Loyalty to the Client at all times. Loyalty to the Broker Dealer when it deserves it."

Seriously, Who Moved My Cheese?

Change may be a constant, but advisors who responded to our survey pointed again and again to change as a primary factor in their decision to jump ship.

From disruptions due to acquisition to changes in compensation and fee structures, data showed that shuffling the deck sends advisors to the exits.

Your Confidence Will Be Rewarded

Though it may sound like advice from a fortune cookie, collected data showed that an advisors confidence is very likely to be rewarded when it comes to a transition to a new broker dealer.

From % of assets moved to a willingness to move again (see chart below), advisors signaled that moving to a new broker dealer was a worthwhile exercise.

One Is Not A Sample Size

We live in a world of nearly infinite choice and for the majority of advisors looking to transition, that ability to choose meant securing more than one transition offer.

Most advisors fit into a sweet spot of having received 2-4 offers, providing them the opportunity to compare and contrast transition packages and future opportunities with a new broker dealer.

Respondent Demographics

The pool of eligible respondents included only financial advisors who had transitioned to a new broker dealer in the prior 24 months. This was based on data provided by Discovery Data.

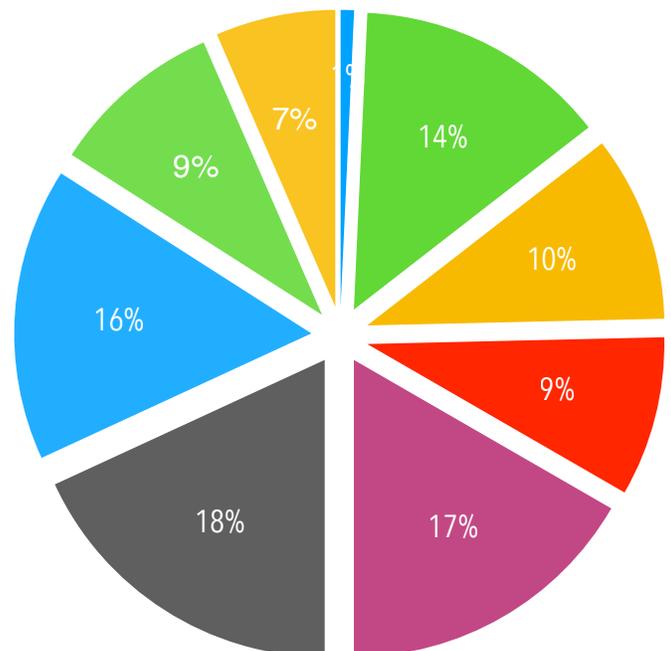
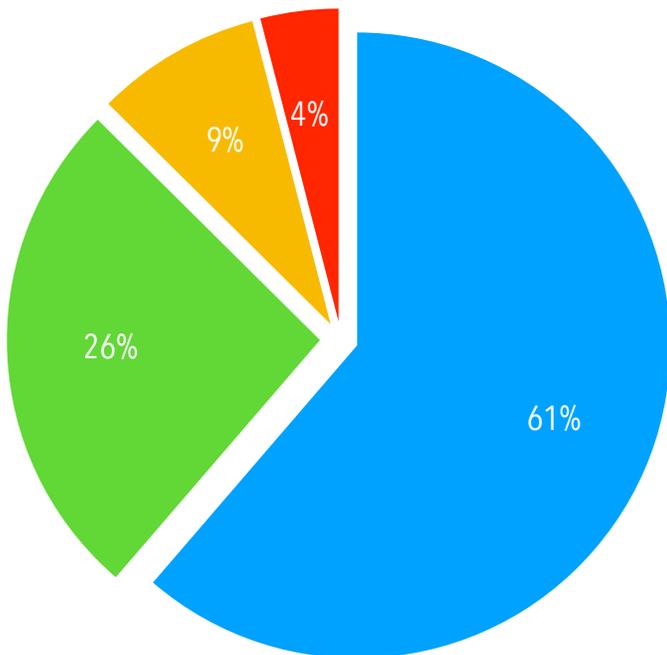
The top of the bell curve for the “age you were when you transitioned to your current BD” was in the 50-65 range.

Q. How long have you been in the industry?

Q. What age were you when you transitioned to your current BD?

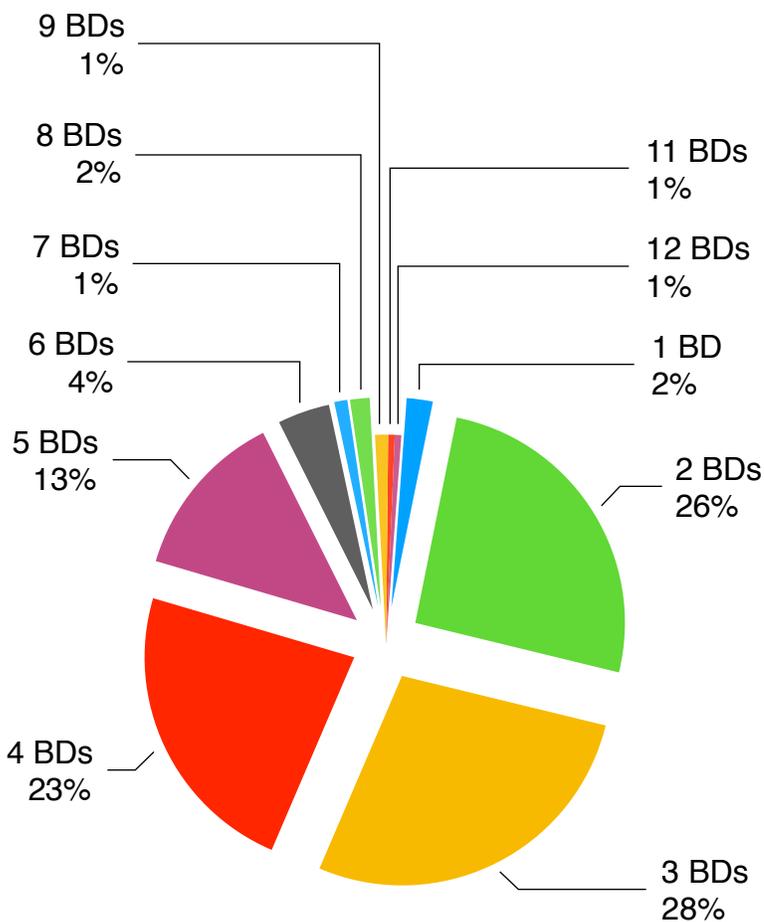
- 20+ years
- 11-20 years
- 6-10 years
- 0-5 years

- 20-29
- 30-39
- 40-45
- 46-49
- 50-55
- 56-59
- 60-65
- 66-69
- 70+



Loyalty Is Rare. If You Find It, Keep It.

Q. How many broker dealers have you been with in your career?

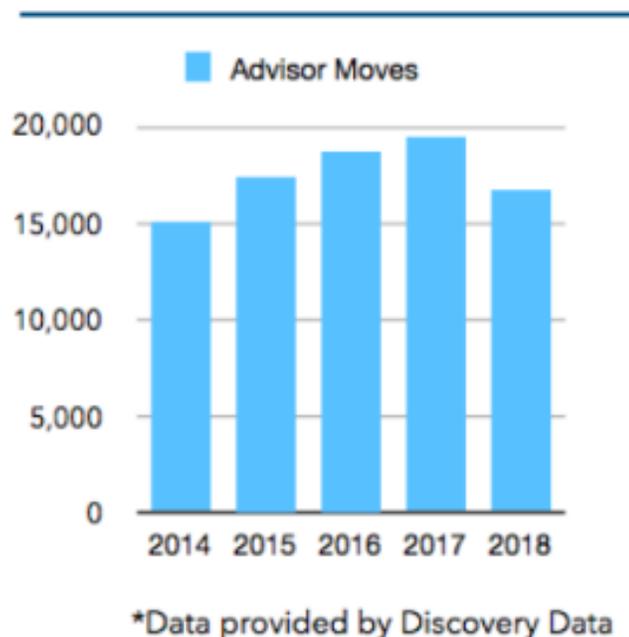


We asked a series of questions designed to determine and define "loyalty" for financial advisors. Consistent with trends in other industries, the days of the "company man" have passed.

What we found was financial advisors are loyal, but not to their broker dealers. They are loyal to their customers as well as to themselves and the idea of furthering their careers.

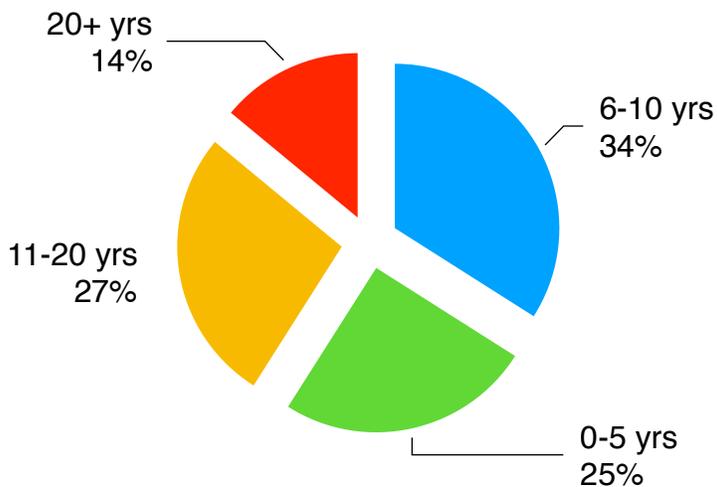
Key takeaways

- 77% of survey respondents have been with between 2 and 4 different broker dealers during their career.
- The outliers at the top end of the scale seem to imply that changes BDs is either not a difficult process and/or it is lucrative enough to put up with any pain.



Loyalty Is Rare. If You Find It, Keep It.

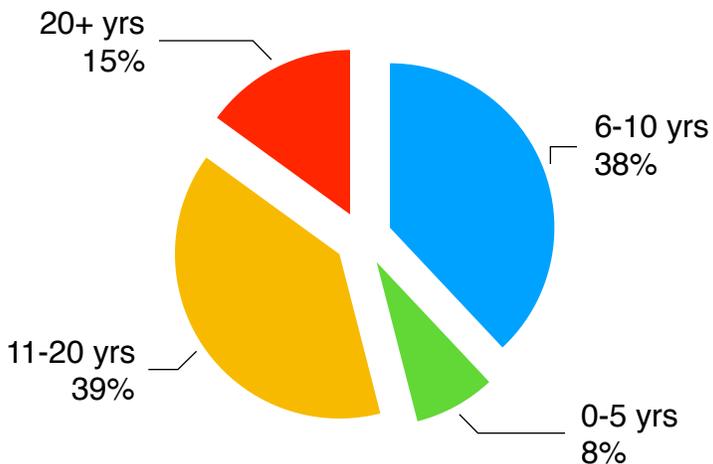
Q. How long had you been with your prior broker dealer?



Key takeaways

- Tenure is no guarantee of loyalty, as 50% of advisors had been with their prior broker dealer between 11-20 years.
- Moving within your first 5 years in the industry isn't easy, but it is not impossible. 26% of respondents were in this stage of their career.

Q. What's the longest amount of time you spent with one broker dealer?

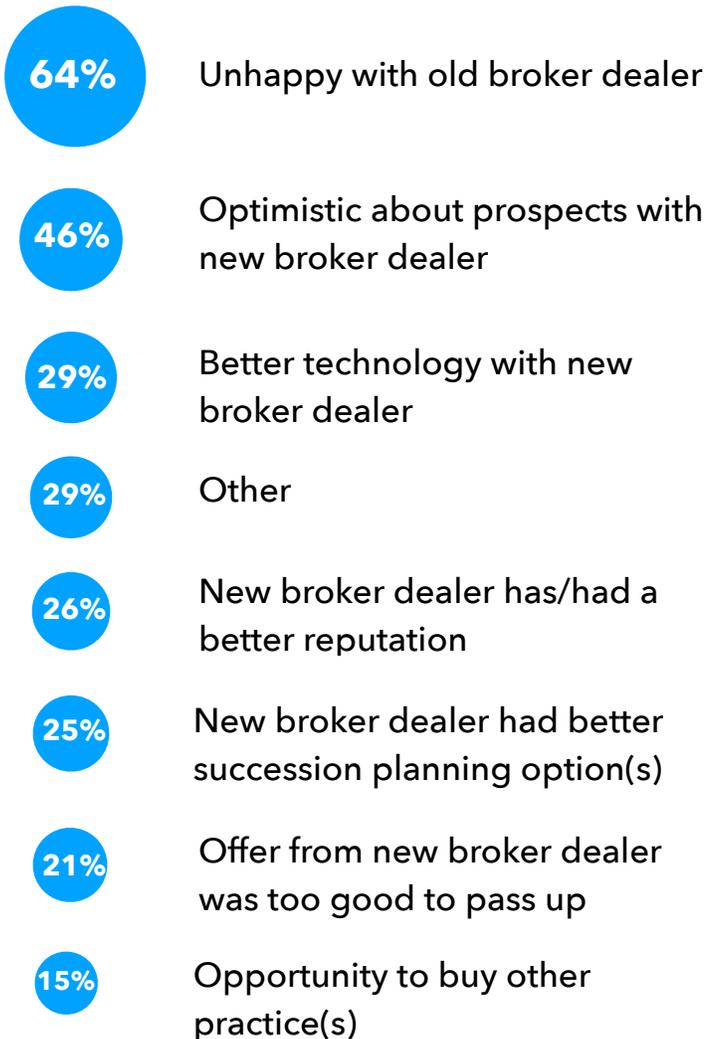


Advisor Insights

There is little or no stigma attached with moving around throughout one's career.

Seriously, Who Moved My Cheese?

Q. Why did you move to your current broker dealer? (up to 3 choices)



We went looking for the “straw that broke camels back,” asking advisors for the top 3 reasons why they made the jump to a new broker dealer.

The results clearly reflect the realities of the industry at this moment, with unwelcome changes, dinged up reputations, and outdated technology pushing advisors to make the leap.

Key takeaways

- For all the money that broker dealers spend on recruiting it seems odd that retention doesn’t appear to be a major focus.
- Money may make the world go ‘round, but less than 1/4 of the advisors who responded noted that was the reason they made the jump.
- Reputation and technology ranked higher than the transition offer being too good to pass up.

Advice from advisors

“My payout is actually 3% less than with my old BD, but the efficiencies gained through my new BD’s system are just above and beyond and more than make up for that.”

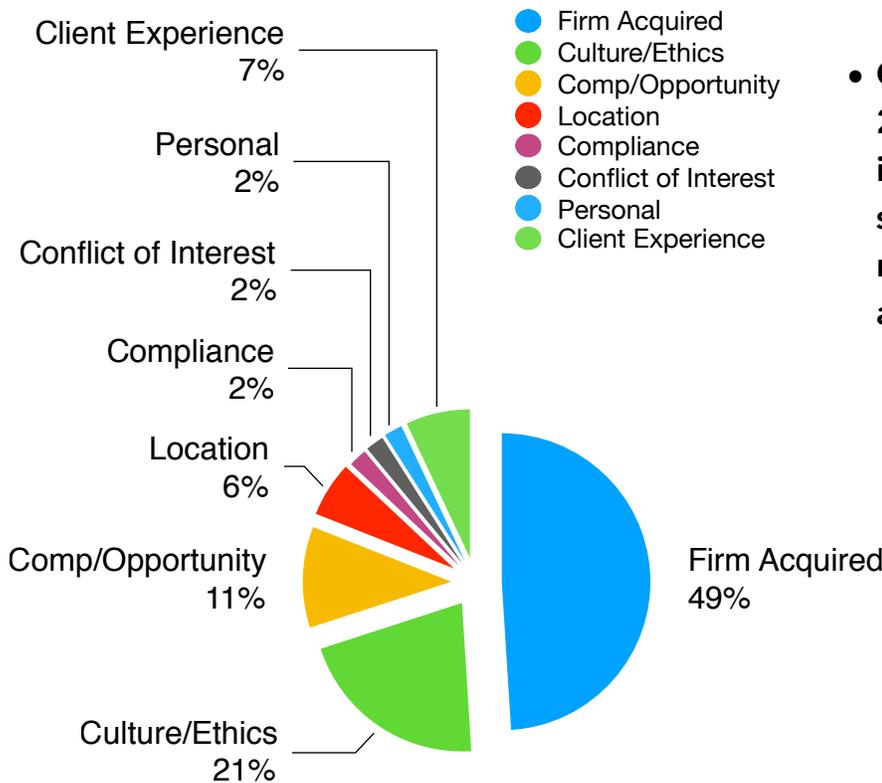
Seriously, Who Moved My Cheese?

Nearly 30% of respondents noted "Other" as one of the 3 reasons they decided to move to a new broker dealer. We dug deeper into their answers to see if any trends arose.

Q. Why did you move to your current broker dealer? (up to 3 choices)

Unpacking the "Other's"

29% Other



Key takeaways

- Combined with the 64% who cited "Unhappy with current BD" from the overall results, the 49% here who noted that their firm was acquired, it becomes clear that few people take kindly to decisions about their career being made for them.
- Culture was an important factor for 21% of respondents. In follow-up interviews, one respondent specifically noted, "(My) new firm is much more aligned with my values and philosophy."

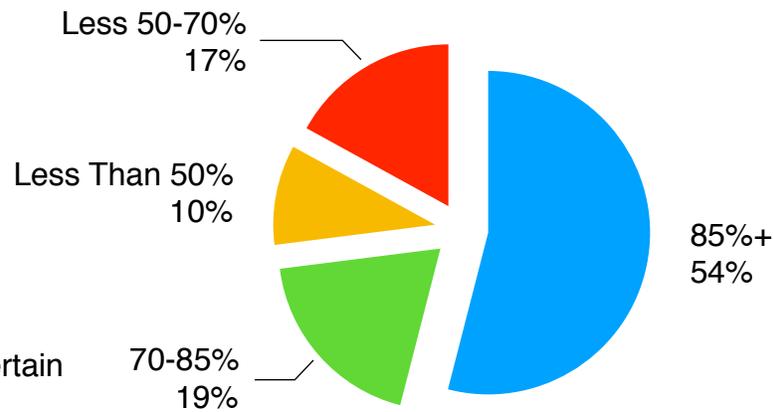
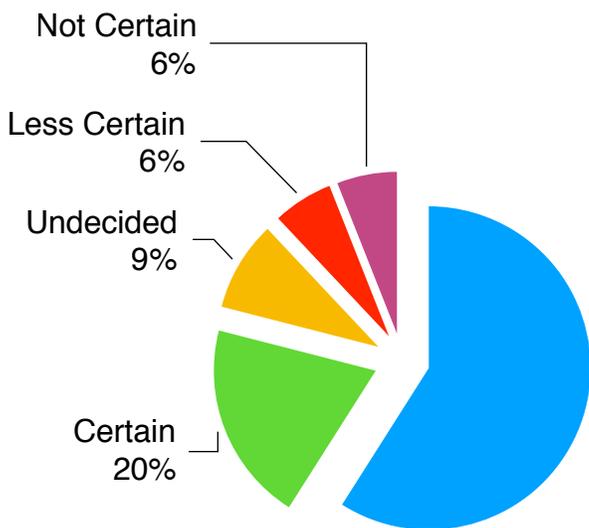
Your Confidence Will Be Rewarded

Many a self-help book has started out with the phrase, "What would you do if you knew you could not fail?" Though nothing in life is a certainty (except perhaps death and taxes), the odds of "failing" in a transition appear low.

We asked respondents about their confidence before the move and then to share their real-life results. In the end, most were spot-on with their confidence.

Q. When you were considering a move to your new broker dealer, how certain were you that 70% of your AUM would transfer with you?

Q. How much of your assets were you able to transfer to your current broker dealer?

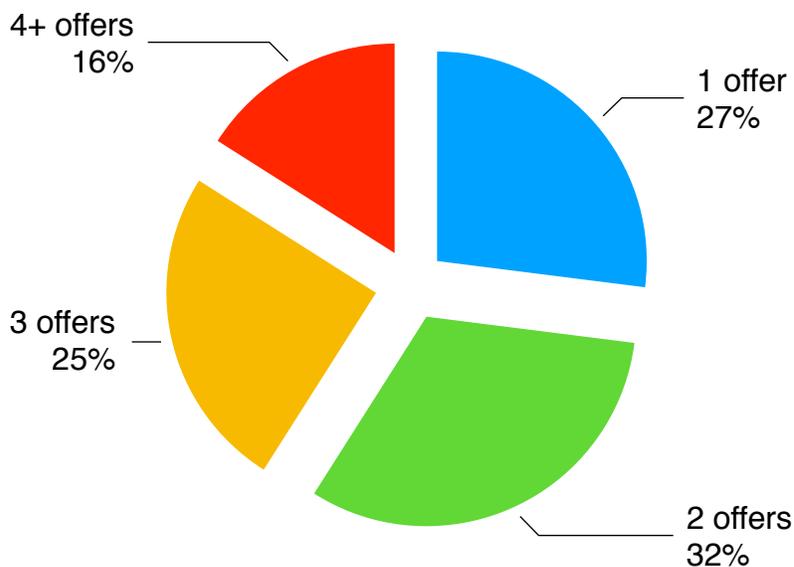


Key takeaways

- 79% of survey respondents were "Very Certain" or "Certain" that they would be able to move 70% of their assets to their new broker dealer.
- 73% of survey respondents were able to move 70% of their assets.
- 54% of survey respondents were able to move 85% of their assets.

One Is Not A Sample Size

Q. How many transition offers did you consider?



Brooks Brothers makes over 100 different kinds of suits. Ping makes 11 different drivers. Life is about choices.

In the open marketplace that is financial advisor transitions, choice abounds and survey respondents told us they took advantage of the opportunity secure multiple offers.

Key takeaways

- 41% of survey respondents considered 3+ offers.
- Advisors who considered only 1 offer were less likely to predict they would move broker dealers again (60% said no or were undecided) vs. those who considered 3 offers (44% said no or were undecided).

Major finding

Nearly 75% of advisors considered 2 or more transition offers, with the sweet spot being 2-3 offers.

About 3xEquity

Disrupting An Entire Industry To Assist Advisors

In 2017, 3xEquity introduced “Instant Offer,” a 100% anonymous, online process for securing multiple transition offers from top broker dealers.

This revolutionary process shifted control of the transition conversation, placing it firmly in the hands of advisors.

To date, 3xEquity has delivered over 1,000 offers to financial advisors just like you.

If you're curious about a **transition to a new broker-dealer**, there is no easier way to secure your best offers.

- **Get multiple offers from top broker-dealers.**
- Quick, easy, and stress-free process.
- 100% confidential.

Visit www.3xequity.com/transitioning to begin.

Your Partner Through The Transition Process

Securing multiple offers is just one part of our holistic approach to advisor transitions. No one understands the landscape of broker dealers, and their points of differentiation, better than the team at 3xEquity.

With offers in hand we work with advisors to:

- Determine “must haves”
- Identify best fit
- **Maximize compensation**

No matter where you are in the transition process, a discussion with 3xEquity can illuminate opportunities that you might have missed.

Go ahead, leverage our experience to achieve your career and financial goals.

Give us a call at 855-491-2910 or visit www.3xequity.com.



THE AUTHORITY ON ADVISOR TRANSITIONS
Unparalleled guidance from offers all the way through to switching firms

