

Desk/
In-House Bank

Broker Dealer/
Wirehouse

Independent Firms/
Regional BDs

Independent Firms/
Regional BDs 1099

DBA of RIAs

RIA Hybrids/
Own RIA

Overview

Employed at a branch office. Foot traffic and bank's brand are integral.

Employed at branch office. Large corporate framework and managerial structure. Branding is key.

Employed in local office or out of one's home. More flexibility on accountability and freedom.

Can utilize local office or home-office. Advisor absorbs most or related expenses for a higher compensation/payout model.

Highly entrepreneurial. LLC/Sub S is created and you build your own firm. You take most of the risk.

Highly entrepreneurial. Enterprise business allowing one to recruit other advisors and create varied methods of margin. Have your own ADV filed with the SEC.

Best Fit For

Advisors at the very beginning and very end of their careers. Good training ground and less stressful than most roles.

Advisors that prefer structure and less capital risk as most/all expenses are covered

Advisors whose skill set is their brand, self prospect, and have the experience to succeed on their own.

Advisors that have built an established business with a strong following. Self-motivated and established. Strong entrepreneurial spirit.

Advisors that want to own 100% of something. Not afraid to put up own capital, including personal guarantees.

Advisors and ex-Wall Street corporates looking to build a business. Prepared to spend capital, have personal guarantees, and the associated regulatory risks. Emphasis on recruiting new advisors.

Products

Heavy on bank sponsored offerings, pre-set investment models, cross selling for mortgages, etc. Offerings can be pricey.

Heavy on offerings pushed by B/D. Full service from stocks, bonds, mutual funds, and lending. Top line fees.

More open architecture. Can get costly as there are many markups on offerings.

Open architecture. Usually a blend of B/D and advisory products. May look for packaged offering to manage time especially on asset allocation and money management

Open architecture. Product suite only limited by compliance and/or B/D approval.

Open architecture. Product suite only limited by compliance and/or B/D approvals. Can create own money management suite of products (e.g. SMA, mutual funds, or

Technology

Simple and basic to serve needs of branch. Usually proprietary to bank which means may be lacking versus others.

Proprietary systems. Inegrate FINRA and SEC on one workstation.

Multi-vendor but packaged in a clean deliverable by RIA. Small home office staff and vendor heavy for support and updates.

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Usually pays fees (hard dollar or AUM) for middle and back office services. Maintained by your RIA so you can focus on AUM building functions.

Garners enterprise level agreements to mark up technology and still be at market. Integral to the success of firm as scale and processes help drive margin.

Compliance

Usually highly regulated. SEC, FINRA, and many other banking regulations will need to be considered.

Highly regulated. Can be limiting with heavy documentation.

Smaller staff with opportunity for creative work arounds. Can be limiting like wirehouses.

Smaller staff with opportunity for creative work arounds, provided firm is not put at risk.

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Opportunity

Little to none. Clients are property of bank.

Limited. With non-protocol rules, non-solicitation, and garden leaves make it unlikely that clients can/will follow.

Very good. Clients garnered are clients you have earned. May have a contract that must term or be bought out prior to sell. Employee term package may have some claw backs.

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Excellent. Owning the firm offers you control and the ability to sell and transition as your contractual agreements allow.

Outstanding. Many advisors, strong vendor agreements, and scalability worth many multiples over EBIDA or free cash flow. Enhanced when you an asset manager is added, demanding even higher multiples

Less Independent

More Independent

