

Don't just break away. Break through.

Your guide to independence



Today, more and more financial advisors are breaking away and choosing independence as an RIA — from starting their own firms to joining an existing firm or something in between.

Transitioning a financial advisory practice is not without its challenges, so why are so many advisors choosing the RIA business model?

Would the future growth of your business benefit from an independent RIA model?

And how can **BNY Mellon | Pershing** help?

“The only question we ask ourselves now is, why didn’t we do this sooner?”

— JACK PETERSEN, SUMMIT TRAIL ADVISORS

Interested in learning more about your path to independence?

Contact a Business Development Officer at (800) 445-4467 or visit perishing.com/breakaway to get started.

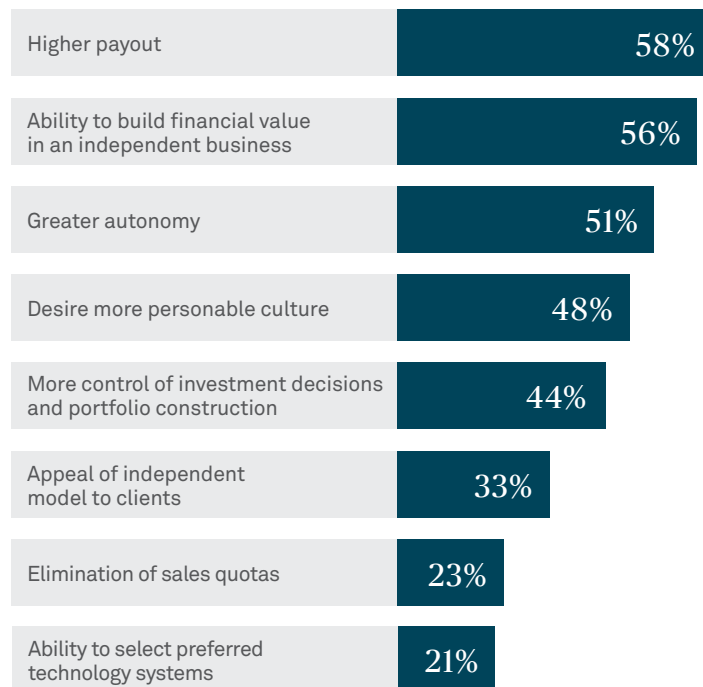
Unlock your true value

While all advisors have individual reasons for choosing the RIA model, there are key factors driving the movement. Advisors recognize the entrepreneurial benefits this business model provides. As they make the fundamental shift from employee to business owner, they have the freedom to create a business that matches their vision and the flexibility to choose the products, services and business methods that best suit clients' needs.

AS AN RIA YOU CAN:

- Create business value
- Take greater control of revenue and expenses
- Offer your clients greater flexibility in investment choices
- Make decisions over staffing and compensation
- Serve your clients more effectively acting as a true fiduciary

FACTORS THAT INFLUENCE ADVISORS' DESIRE FOR SWITCHING TO THE INDEPENDENT MODEL



Note: Respondents include employee advisors (wirehouse, bank BD, insurance and regional) who prefer the IBD, RIA or dually registered channels.

Sources: Cerulli Associates, in partnership with the Investments & Wealth Institute (formerly IMCA) and the Financial Planning

Association® (FPA®)Source: The Cerulli Edge, Advisor Edition, Q1, 2020.



Explore your options

Advisors transitioning into an RIA business model have more options than ever before. Our Business Development Officers can help you explore your options for independence, understand the differences among various RIA models, and determine the right fit for your business objectives and aspirations.

CHOOSE A BUSINESS MODEL THAT WILL ALLOW YOU TO THRIVE

Join an IBD with a Corporate RIA	Join a Strategic Acquiring Firm	Join an Existing Independent RIA	Start an Independent RIA with a Platform Support Partner	Start an Independent RIA
<ul style="list-style-type: none"> • Solo practice • Prescribed solutions • Associated with provider brands • Significant commission business • Provider-driven compliance environment 	<ul style="list-style-type: none"> • Strong shared values, client fit and mutual interest with acquiring firm • Established firm presence, business model and support • Give up some control in exchange for full or partial monetization 	<ul style="list-style-type: none"> • Strong shared values, client fit and mutual interest with RIA Firm • Established firm presence, business model and support • Flexibility in ownership, partnership, leadership opportunity and liquidity 	<ul style="list-style-type: none"> • Independent with support • Liquidity, initial capital and proven support model while maintaining maximum independence • Values the expertise, leverage, and economies of scale from partner 	<ul style="list-style-type: none"> • Possess an entrepreneurial mindset with the vision and drive to build a firm from scratch • Complete control over all decisions affecting firm and clients • Longer term view of building enterprise value

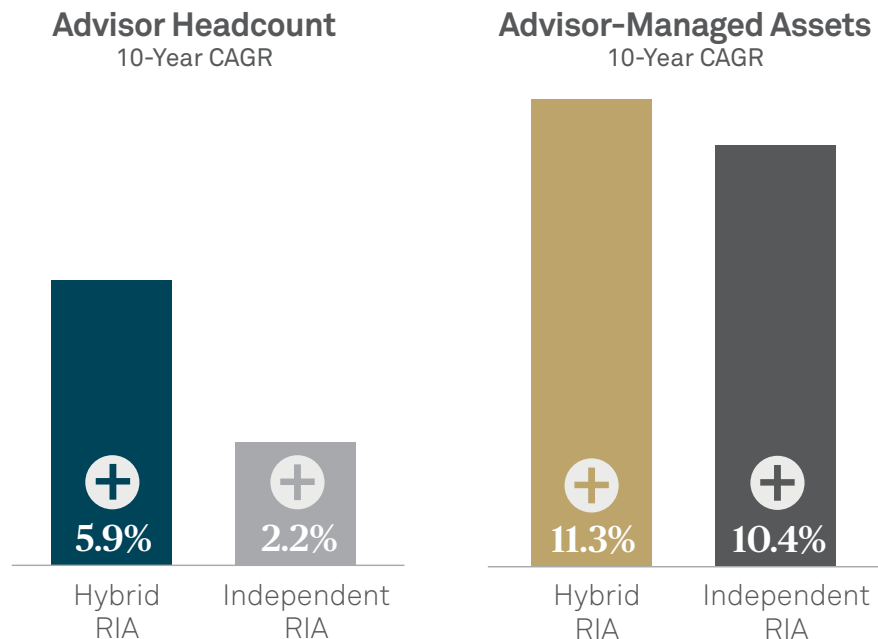
COMPREHENSIVE SUPPORT MODEL → **COMPLETE INDEPENDENCE**

TRENDING UP

The number of RIAs has grown significantly in recent years, and that number is expected to keep growing.

Sources: Cerulli Associates, Meridian IQ, Investment Company Institute, Insured Retirement Institute, VARDS, Strategic Insight/SIMFUND, Investment News, Judy Diamond, Department of Labor, PLANSPONSOR, S&P Capital IQ MMD, Financial Planning, Financial Advisor Magazine, Investment Advisor Magazine, and Cerulli Associates, in partnership with the Investments & Wealth Institute, WealthManagement.com, and the Financial Planning Association® (FPA®)

10-YEAR GROWTH BY CHANNEL, 2009-2019



Explore the financial benefits

Whether as an individual or as a team, the economics of starting or joining an RIA firm can be attractive. Pershing will help you through the financial decision-making process—and with the ongoing management of your independent firm.

Custom Financial Analysis

Created specific to your business

Realize the Value Creation of Your Firm


A comparison of current value vs future value of establishing your own firm

Assess Your Start-Up Costs

Provides clear visibility into the transition from employee to owner

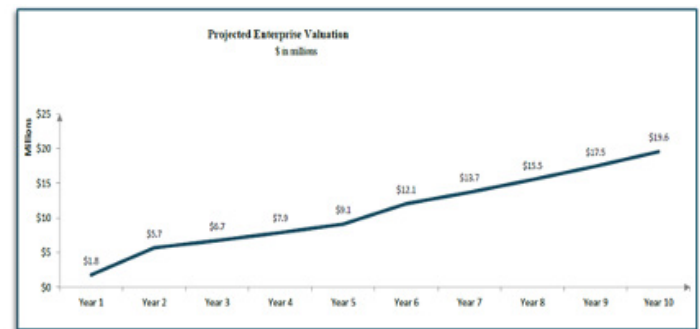
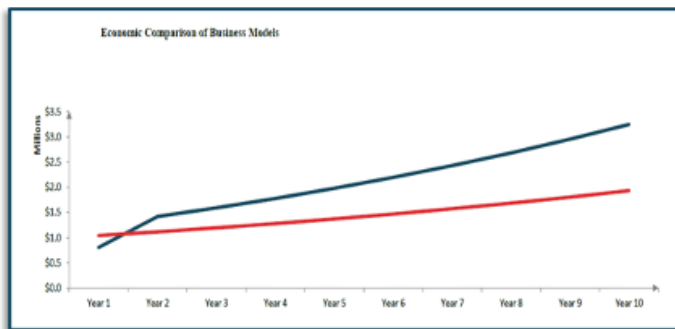
Review Key Business Metrics

Helps you manage and grow your firm



Proforma Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
Revenue						
Fee Revenue	\$ 2,419,706	\$ 2,960,378	\$ 3,170,565	\$ 3,395,675	\$ 3,636,768	\$ 5,124,635
Commission Revenue	\$ 65,655	\$ 80,325	\$ 86,028	\$ 92,136	\$ 98,678	\$ 139,049
Planning or Retainer Fees	\$ 1,200	\$ 1,285	\$ 1,376	\$ 1,474	\$ 1,579	\$ 2,225
Investment Management Fees	\$ 5,000	\$ 5,355	\$ 5,735	\$ 6,142	\$ 6,579	\$ 9,270
Lending	\$ 2,500	\$ 2,678	\$ 2,868	\$ 3,071	\$ 3,289	\$ 4,635
Insurance	\$ 2,500	\$ 2,678	\$ 2,868	\$ 3,071	\$ 3,289	\$ 4,635
Other Fees	\$ 1,000	\$ 1,071	\$ 1,147	\$ 1,228	\$ 1,316	\$ 1,854
Total Revenue	\$ 2,497,561	\$ 3,053,769	\$ 3,270,587	\$ 3,502,798	\$ 3,751,497	\$ 5,286,302
Assets Under Management (AUM)	\$ 356,343,750	\$ 381,644,156	\$ 408,740,891	\$ 437,761,495	\$ 468,842,561	\$ 660,654,479
Total Revenue, % of AUM	0.70%	0.80%	0.80%	0.80%	0.80%	0.80%
Fee Revenue, % of Fee-Based AUM	0.68%	0.78%	0.78%	0.78%	0.78%	0.78%
Direct Expense						
Professional Salaries or Commissions Paid						
Owners - Advisers	\$ 474,537	\$ 484,027	\$ 493,708	\$ 503,582	\$ 513,654	\$ 567,115
Owners - Investment Managers/Research	\$ 9,990	\$ 10,190	\$ 10,394	\$ 10,602	\$ 10,814	\$ 11,939
Non-Owners - Advisers	\$ 242,263	\$ 247,109	\$ 252,051	\$ 257,092	\$ 262,234	\$ 289,527
Non-Owners - Investment Managers/Research	\$ 19,980	\$ 20,380	\$ 20,788	\$ 21,203	\$ 21,628	\$ 23,879
Professional Bonuses/Incentive Comp						
Owners - Advisers	\$ 64,937	\$ 66,235	\$ 67,560	\$ 68,911	\$ 70,289	\$ 77,605
Owners - Investment Managers/Research	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Owners - Advisers	\$ 34,966	\$ 35,665	\$ 36,378	\$ 37,106	\$ 37,848	\$ 41,787
Non-Owners - Investment Managers/Research	\$ 4,995	\$ 5,095	\$ 5,197	\$ 5,301	\$ 5,407	\$ 5,970
Referral Fees to Other Professionals/Organizations	\$ 42,459	\$ 43,308	\$ 44,174	\$ 45,057	\$ 45,958	\$ 50,742
Total Direct Expense	\$ 894,127	\$ 912,009	\$ 930,250	\$ 948,855	\$ 967,832	\$ 1,068,564

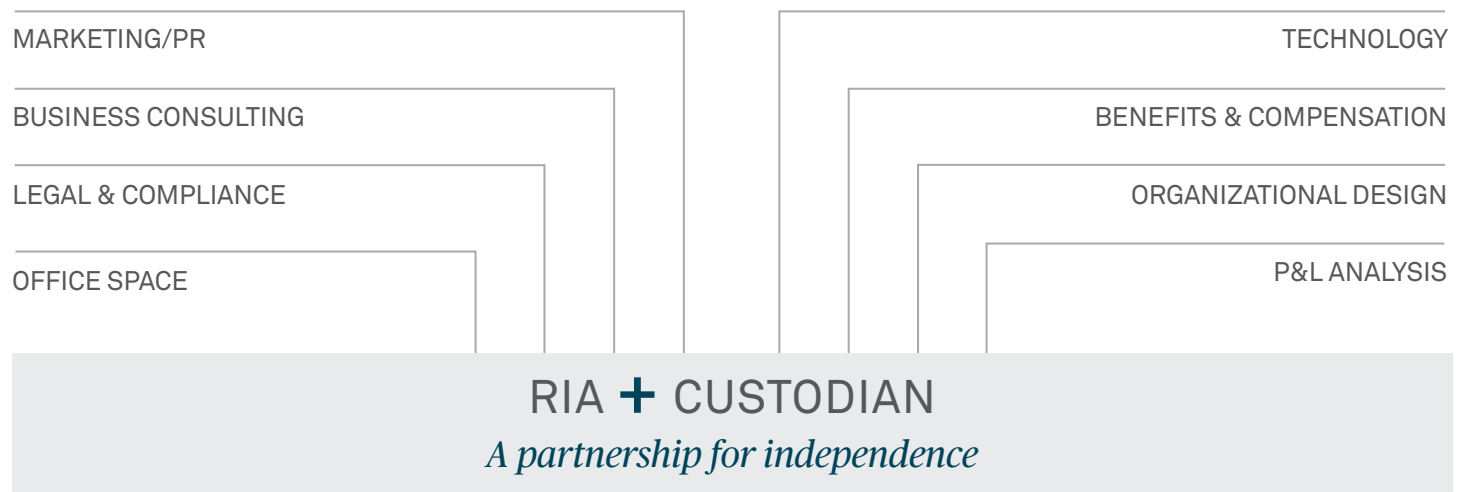


We can start you on your journey

Your custodian plays a vital role, guiding you throughout the decision making process. Our Business Development Officers can lead you through things to consider when thinking about a move including:

- Evaluating the earnings implications of various RIA models
- Developing a transition plan
- Connecting you with critical consulting services

YOU'LL NEED A NETWORK OF SUPPORT AND BUSINESS CONSULTING SERVICES



Transition support is critical

The successful transition of existing clients is critical, and with expert guidance by your side, you don't need to go it alone.

MINIMIZE DISRUPTION, GAIN EFFICIENCIES, AND IMPROVE THE CLIENT EXPERIENCE

We have the experience as the industry leader to provide exceptional and seamless service before, during and after your transition. Our transition specialists collaborate closely with you to develop a customized plan that is tailored to your business goals and ensures a seamless transition for your clients.



Highly experienced transition team with senior leaders and specialized management to give you personalized attention start to finish



Communication, training and hands-on support are an integral part of every phase of transition and the ongoing relationship



Detail-oriented plans take into account each step of the process and the impact on home office, advisor and investor



Pershing's model allows you to outsource what makes sense for your business—based on personalized business planning

“We’ve discovered that the custodian is the key to a successful transition. They can give you guidance every step of the way.”

— MARGARET DECHANT, CEO AND PARTNER, 6 MERIDIAN

We can help you achieve your strategic vision and create a strategy for growth

WE SUCCEED WHEN YOU SUCCEED WELL BEYOND YOUR TRANSITION

Our premier business-consulting program is designed to help you embrace change, make informed decisions, and build and grow your business. We can benchmark your firm, measure your progress and provide you with action steps for achieving your short- and long-term goals.

Our RIAs enjoy specialized business-building guidance and shared knowledge through whitepapers, webcasts and videos, social media content, industry conferences and events, practice management solutions and more.

“They are our partner and I appreciate that. Our business has specific needs and they listen to us; they care about our clients and they work with us to resolve challenges.”

— JIM MAHER, FOUNDER AND CEO, ARCHFORD CAPITAL STRATEGIES



Dedicated to serving independent RIAs for over 20 years

WHY BNY MELLON | PERSHING?

If you are considering a future as an independent RIA, we consider everything to help you move forward with confidence.

We are the leading custodian for growth-minded advisory firms, and proud to call many of the largest RIA firms our clients.

Unlike our competitors, we compete for you, rather than against you — to help you manage all aspects of your business and better serve your clients:

- Our purely business-to-business focus offers you unbiased access to a vast universe of global RIA solutions.
- Our high-touch approach means that our service team works with fewer clients so you get the attention you deserve.
- We bring together the best people and practices across our enterprise to all aspects of your business in order to deliver excellent client service, innovative technology, financial solutions and practice management to help you thrive.

HELPING YOU SUCCEED

- Exceptional financial strength for your clients' peace of mind
- Private banking solutions from BNY Mellon through the Pershing platform
- Access to both bank and brokerage custody through a unified technology platform
- Global investment solutions to meet the highly complex needs of wealthy clients
- Cutting-edge solutions offering clients new revenue opportunities from their current portfolios
- Flexible and open architecture technology
- Seamless account opening and onboarding processes
- Premier business and technology consulting solutions to help you grow your business

Want to learn more?

Contact a Business Development Officer

Call **(800) 445-4467**

Visit [pershing.com/breakaway](https://www.pershing.com/breakaway)

Consider Everything



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