

ADVISOR In Transition

Brought to you by Pershing LLC, a BNY Mellon Company

Business Model Comparison Chart

	Bank	Full Service Firm	Independent Broker-Dealer	Independent Registered Investment Advisor (RIA)	Start Your Own Registered Investment Advisor
Overview	You are fully affiliated as an employee of your parent company. Advisors working within a private wealth unit usually are assigned a book of business at the time of employment.	You are fully affiliated with your employer and part of a large national or regional firm. Advisors employed by wirehouses and regional firms are employees within a branch network setting.	You affiliate with a broker-dealer to support your commission and fee business as an independent contractor or an employee. You have greater freedom over brand, compliance, product and marketing.	You affiliate with an existing RIA as an employee or contractor. You gain access to the benefits of the RIA channel, with support provided by an existing firm.	You gain complete control of your practice as an RIA. You may also adopt a hybrid approach and affiliate with a broker-dealer to accommodate the commission side of your business.
Payout	W-2 employee with base salary, bonus and deferred compensation tied to revenue production hurdles.	W-2 employee and you are "paid out" a percentage of your production that hits the "grid." Production is a subset up total revenue generated for the wirehouse.	1099 employee with greater control over your revenue and expenses. You keep more of the revenue you generate in exchange for less integrated support from your broker-dealer.	RIAs are business owners that retain 100% of the revenue they generate. By joining an RIA, you have the opportunity to control your economics and have the opportunity to grow faster. You are paid flat fee or percentage of assets under management vs. getting paid for product sales.	RIAs are business owners that retain 100% of the revenue they generate. By starting an RIA, you gain complete control of your economics, including establishing your fee schedule for clients. Advisors that adopt a hybrid model receive a payout from their broker-dealer based on the production they generate.
Product Access	Limited to products approved by parent company.	Limited to products approved by parent company. As an employee of your firm, you have limited access to any third-party solutions.	Broad product menus offered and greater choice in advisor programs and options. Many firms will permit access to third-party programs with compliance approval. There is little-to-no investment product manufacturing.	RIAs leverage open architecture platforms from RIA custodians such as Pershing, LLC. RIAs may also access investment products from additional third-party investment firms.	RIAs leverage open architecture platforms from RIA custodians such as Pershing, LLC. Hybrid advisors leverage their independent broker-dealer platform and have access to the same RIA custody product platforms.
Branding and Marketing	Required to follow company brand standards. Limited-to-no flexibility to build personalized marketing solutions.	Required to adhere and follow corporate standards. Limited flexibility to build personalized marketing solutions. Some firms will allow you to "private label" your practice or build a brand within an advisory team construct.	Have the option to leverage your firm's marketing programs or establish your own boutique brand within the framework of your broker-dealer.	Enjoy the benefits of working with a firm that has an established boutique brand and reputation in al RIA firms will work with you to establish your own brand identity.	Opportunity to establish your boutique brand and control of the deployment of your marketing dollars and activities. Hybrid advisors may choose to leverage some or all of the marketing capabilities of their broker-dealer.
Technology	Turnkey solution from home office.	Turnkey solution from home office.	Technology support varies from one firm to the next. Most firms usually provide a turnkey solution, while providing you the option to leverage third-party solutions.	RIAs provide a ready-to-use technology infrastructure. Given their complete independence, RIAs select best-in-class solutions to meet the needs of their practice and potentially yours.	Starting your own practice offers the opportunity to select technology solutions based on the unique needs of your practice.

(continued)

Business Model Comparison Chart (continued)

	Bank	Full Service Firm	Independent Broker-Dealer	Independent Registered Investment Advisor (RIA)	Start Your Own Registered Investment Advisor
Compliance and Control	Oversight is provided by branch management and/or corporate offices. Limited flexibility outside company standards.	Oversight is provided by branch management and/or corporate offices. Limited flexibility outside company policies and procedures.	Oversight is usually provided by a combination of a local OSJ (i.e., branch manager) and the home office. Independent broker-dealer compliance varies from firm to firm.	RIA oversight is regulated by the SEC or at the state level. By joining a firm, you usually leverage the firm's existing compliance infrastructure.	RIA oversight is regulated by the SEC or at the state level. You assign a chief compliance officer to manage your firm's compliance. A hybrid advisor's broker-dealer is required to provide oversight on your broker dealer business and your RIA business.
Ease of Advisor Client Transition	Office setup and infrastructure provided by company. Limited product menus could make transitioning client relationships challenging.	Office setup and infrastructure provided by company. Limited product menus could make transitioning your client relationships challenging.	Office setup and infrastructure may be supported by the parent company or you may have the option to build on your own. Transferring client relationships is usually easier given the portability of products.	RIAs offer a broad spectrum of transition support from ready-to-use office space to transition assistance from existing staff.	By establishing an RIA, your new firm is responsible for client transitions. Custodians like Pershing provide teams and resources to help you streamline this process.
Platform Support and Resources	Hub and spoke model provides you with access to various product specialists at the local level.	You are assigned client assistants and support based on production level. You have access to other experts and resources throughout the firm.	Different firms provide varying degrees of support. You gain freedom to build your own support resources at the local level in exchange for keeping more of the revenue you generate.	RIAs offer turnkey support models for advisors joining their firms. You gain the benefits of this model without having to build it yourself.	Leverage the platform of an RIA custodian and build capabilities based on the unique needs of your business. You have the opportunity to build your firm the way you want and have complete control over staffing, HR, your expense structure and office.
Ability to Build Equity	Limited practice value given the revenue and advisory contract is between the client and the bank vs. the client and your advisory practice.	Limited ability to monetize and build transferable equity in your practice. Retiring advisors may have access to "sunset" programs to transition business to another advisor in the branch office.	As an independent contractor, you become a business owner and increase the equity in the practice you are building.	In the RIA channel, you have the opportunity to maximize the value of your advisory practice. Many RIA affiliation models provide you with complete book ownership and/or the opportunity to become a partner in the firm you are joining.	The RIA and hybrid channels provide you with complete ownership and control over your practice and revenue. Advisors have the opportunity to build true enterprise value in a saleable entity.

