FIDELITY INSTITUTIONAL INSIGHTS

Top 5 Reasons to Consider Going Independent

Firm leaders share their motivations for choosing the path of independence

96%

of advisors who made the move to an independent firm are happy with their decision.[4]

Independence has been the fastest-growing form of advisor affiliation over the last 10 years.[1] By 2025, Cerulli Associates projects that more than a quarter of the industry's assets will be managed by advisors in RIA channels (independent and hybrid).[2]

For investors, demand for financial advice is expected to increase over the next few years, with an anticipated faster-than-average growth rate of 7% through 2028.[3]

Why are so many advisors and teams opting to go independent and start their own firms?

Top 5 influencing factors for going independent

There are a variety of factors influencing an advisor's decision to move. Our experience in working with thousands of advisors and teams who have broken away has helped us identify their top five considerations.

1. **More freedom and control**
2. **Ability to provide a higher level of client service**
3. **Access to better tools and resources**
4. **Opportunity to maximize revenue**
5. **More opportunity for growth**

1 More freedom and control

Many firm leaders and advisors who seek independence want the ability to focus on the type of clients they believe they can best serve. They also want the ability to build the infrastructure and team their way to support those clients. This includes being able to determine their own fee structure, select the products and services they want, and hire the advisors and back-office support associates who will best support their business model.

"Coming from a big firm, you don't get to have your own identity. It was so exciting to build our own brand and express ourselves on our website and in the physical space you walk into. Our office really represents who we are as a firm. It's not stuffy, it's not overly serious. It feels like a warm, casual, energetic place. That's what we want clients to feel when they come in."

—**Jennie Sowers,** partner at Kore Private Wealth

2 Ability to provide a higher level of client service

The ability to focus on a client's best interests and goals without the pressure of hitting sales goals is a motivating factor for many advisors looking to make the move to independence. Advisors want the freedom to meet their clients where they are, personalize the client experience to match their needs, and have the ability to serve clients holistically.

"Most of us worked in the wirehouse world for 20+ years, and were very accustomed to it. Our clients became increasingly frustrated that we couldn't provide holistic advice. We couldn't provide what we felt were compelling alternative investment opportunities. We felt highly constrained in our ability to provide the type of financial advice for our clients that they deserved—so we solved the problem by going independent."

—**Darren Henderson,** founding partner at Corient Capital Partners

3 Access to better tools and resources

Today's independent advisors can pick and choose what's best for their practices. They can choose the "best in breed" from different technology vendors, and access RIA platforms that provide them with integrated technology, investment and planning solutions, as well as ongoing operational, compliance, and marketing support. Ultimately, the freedom of choice for independent advisors allows them to pass that freedom on to their clients. When considering a move to help expand their choices, firm leaders and advisors may align with custodians with experience in RIA-specific focus areas, with services ranging from launching an RIA practice to helping optimize your business for growth.

"My a-ha moment was the ability to give choice to clients. Let's take lending as an example. A lot of clients like to borrow using their portfolio as collateral for maybe a real estate deal or a private business. And, when you're at one firm, generally speaking, you can only borrow from that firm. Today, when a client wants a loan, we can have several financial institutions effectively bid for our client's business with us advocating to find the best fit. That's something we couldn't do before. And you can extrapolate that to a number of different areas throughout the business."

—**Matt Liebman,** co-founder and CEO of Amplius Wealth Advisors

4 Opportunity to maximize revenue

As the fastest growing category, many advisors are choosing an RIA model to go independent. Depending on the RIA model they choose, advisors may be able to determine how much of their revenue they keep. They can also build equity and create a profitable succession plan, which they may not have been able to control in previous settings.

According to Fidelity's 2020 Advisor Movement Study, advisors who switched firms experienced a **30% average increase in asset growth** versus the prior year.[4]

5 More opportunity for growth

A move to independence can provide more opportunity for growth, both organically and inorganically. With the freedom to provide emerging solutions to clients, for example, advisors can acquire more assets from existing clients, as well as attract, develop, and retain new clients. Independent firms also have the ability to recruit new advisors who have existing books of business to help bolster their firm.

"The great thing about being an independent firm is that we can add resources within the firm to actually deal with the new clients that we bring in. Working at a large firm, there were real restrictions on who you could hire. Now, we're running our own business, so it's really exciting to be able to manage that business in a way that is smart and capable, while also having the resources necessary to truly deliver to our clients."

—**Ben Sax,** partner at Kore Private Wealth

You don't have to go it alone

As with any journey, it is important to find the right guide to help you along the path to independence and beyond.

To learn more about your options for independence, visit i.fidelity.com/goingindependent or call us at 800-735-3756.

"I look back on what it took to start this firm, and we really could not have just done this on our own. Fidelity has been there throughout this entire process, so we're very, very appreciative of it. And on a daily basis, we are able to speak with people at Fidelity who want to help our business and help us. They want to make sure we get everything solved for our clients in a timely manner."

—**Amir Monsefi,** co-founder and CEO of AIRE Advisors

Endnotes

[1] Cerulli Associates, Taking Control: Exploring Independence, June 13, 2022.

[2] Cerulli Associates, U.S. Advisor Metrics 2021: Client Acquisition in the Digital Age, February 2021.

[3] Bureau of Labor Statistics, Occupational Outlook Handbook: Personal Financial Advisors, 2021.

[4] 2020 Fidelity Financial Advisor Community—Advisor Movement Study. Fielded February 14, 2020–March 4, 2020.

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