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TD Ameritrade Institutional Finds Brokerage Environment is Driving Registered Reps to Consider Going Independent

New Survey Gauges Breakaway Broker Sentiment, Identifies Top Catalysts for Making a Move

JERSEY CITY, N.J., Dec. 18, 2017 – Nearly a decade since the financial crisis, the breakaway broker movement remains alive and well, as the brokerage environment continues to drive registered representatives to consider moves to independence, a new TD Ameritrade Institutional¹ survey finds.

More than half of breakaway brokers -- that is, those who are considering making a move from full-service broker-dealers to become independent registered investment advisors ("RIAs") -- are dissatisfied with their employers on multiple levels, including corporate culture, leadership, career opportunities and compensation, according to TD Ameritrade Institutional's *2017 Break Away to Independence Survey*.

Indeed, just 12 percent of breakaways say they are satisfied with their current employer overall.

The survey connected with 134 brokers who said they intend to go independent within the next three years. On average, these survey participants oversaw \$274 million in client assets, have been with their current firm for 12 years and in the industry for 18 years.

Nearly half of breakaways surveyed expect the brokerage industry to deteriorate significantly in 2018. These brokers say that the regulatory environment is the industry's biggest hurdle, followed by changing compensation structures and reputational issues.

"There is an undercurrent of discontent as disenchanting brokers navigate the second half of their careers," said Scott Collins, Director of Brokerage Independence, TD Ameritrade Institutional. "Midcareer breakaways have enough tenure to realize that they have options, and that the independent RIA path can offer a better way to serve clients and advance their careers."

The Lure of Independence

Starting their own RIA firm or merging their business into existing firms are the preferred exit strategies for breakaways. The survey found that greater independence and flexibility in serving clients is what breakaways want most in making a move. The opportunity to earn more money ranked second, followed by wanting control over day-to-day operations.

Breakaways are confident in their ability to succeed as independent financial advisors, whether on their own or as part of a team.

Confidence to Make a Move

The survey also found that going independent does not have to mean going it alone.

Fifty-eight percent of breakaways expect to move as a team. Meanwhile, 87 percent have confidence that, when they decide to go, their team will leave along with them, and 71 percent are certain that their clients will follow them.

Nearly 80 percent say they will be able to get the support and guidance they need to succeed once independent. The support will come largely from friends and former colleagues who are already independent, and also from their RIA custodian.

Concerns About Independence

To be sure, the survey found that the career-changing move to independence is not one that brokers consider lightly. More than a third of breakaways say they have considered doing so before but have stopped short of following through.

So what holds some brokers back? Half of breakaways say concerns over legal and compliance management give them pause, and a quarter says that the act of transitioning seems like it could be difficult.

Breakaways reported that the DOL's Fiduciary Rule is a factor in determining the timing of when they will go independent. Though 55 percent are waiting to see how the rule will impact them before moving, 26 percent they may move sooner because of it.

Independent RIAs Offer Encouragement

For a reality check on what it is really like to be an independent RIA, 55 percent of breakaways have reached out to friends and colleagues who have already transitioned. Most came away from these conversations even more motivated to move, hearing comments such as, "good idea," "better compensation" and "more control".

"Becoming an independent RIA can be transformational for financial advisors who want to break out of employee-employer mold and gain control of how they serve clients," said Collins. "They need to do their research and understand all their options, but independence may be the right choice for them and for their clients."

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About the Survey

The TD Ameritrade Institutional *2017 Breakaway to Independence Survey* was developed to understand what motivates seasoned financial professionals at full-service broker-dealers to consider a move to the independent RIA channel. In September 2017, 134 participants who indicated they planned to go independent within two to three years completed an online survey by Market Strategies on behalf of TD Ameritrade Institutional. Survey respondents were, on average, 46 years old and indicated they were handling \$273.8 million in client assets. Respondents also indicated they had worked as financial advisors for an average of 18 years, and were with their current employer for 12 years on average. The margin of error for this survey is +/- 5.8%.

TD Ameritrade Institutional and Market Strategies International are separate and unaffiliated and not responsible for each other's services and policies.

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[TD Ameritrade Institutional](#) is a leading provider of comprehensive brokerage and custody services to more than 6,000 fee-based, independent RIAs and their clients. Our advanced technology platform, coupled with personal support from our dedicated service teams, allows investment advisors to run their practices more efficiently and effectively while optimizing time with clients. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a brokerage subsidiary of TD Ameritrade Holding Corporation.

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