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The Grass Really is Greener for Breakaway Brokers: For Many, With Independence Comes Greater Control and Higher Earnings, Survey Conducted for TD Ameritrade Institutional Finds

Forty-four Percent of Potential Breakaways Say They Will Go Independent in the Next Year

JERSEY CITY, N.J. – July 2, 2019 – The independent registered investment advisor (RIA) channel is as attractive as ever to brokers seeking greater control over their careers and their ability to serve their clients, not to mention a higher standard of living for themselves, according to a recent survey conducted for [TD Ameritrade Institutional](#)¹.

According to the *2019 Breakaway to Independence* survey, 44 percent of potential breakaway brokers – those at national and regional firms or independent broker-dealers who are considering a move to independence within three years -- say will make their move within the next year. And 46 percent of potential breakaways feel even more strongly about switching to independence than they did at the end of 2018.

According to Discovery Data², the independent RIA continues to attract more breakaways than any other in 2018, with a net gain of 3,184 advisors, compared to wirehouses, which had a net loss of 1,247 representatives.

The primary drivers to independence – more control, more independence, and the opportunity to build equity in a sustainable business -- are consistent with previously reported TD Ameritrade Institutional findings³. Potential breakaways also reiterated in this year's survey that their biggest sources of dissatisfaction with their current firms are the corporate culture, strategic direction and their firms' compensation plans.

"The independent path remains top of mind for brokers," said Scott Collins, managing director of institutional consulting for TD Ameritrade Institutional, where he oversees recruiting of breakaway brokers as new RIA clients. "It's not hard to see why: independent RIAs can provide comprehensive, professional advice and they have an alignment of values and interests with their clients."

Other motivations to move also remain: potential breakaways say that their current firms are more constrained by the regulatory environment and pricing pressures, which impacts the ability of brokers to attract new clients and increase revenue.

But deciding on the right time to transition can be challenging, regardless of sentiment. Brokers surveyed reported holding off on going independent amid heightened market volatility so they can spend more time with clients and on managing their practice.

Breakaways Want More: Control, Compensation and Camaraderie

Ninety-three percent of breakaway brokers believe that the independent channel offers them at least as much income as, if not more than, their current firms. In fact, 36 percent of these brokers say they would move immediately if they knew their income would be slightly higher – that is, between 5 to 20 percent

more than what they make today. That crowd would swell to 87 percent if their compensation was more than 20 percent higher in their first year in the independent channel.

The ability to have more control, together with the potential for higher income, are the top reasons brokers want to go independent, but the majority do not want to go it alone. Thirty-six percent of potential breakaways envision themselves acquiring or merging with another business on the road to becoming an independent RIA. And nearly a third (33 percent) want to join an existing firm.

Fear of the Unknown Remains a Hurdle

On the surface, many of today's potential breakaways seem to be ready to make a move: 99 percent say their clients choose to work with them individually because of a personal, trusted relationship, and three out of four say they do not need a big national brand behind them to grow their business.

But for more than half of the brokers surveyed, the unknowns hold them back from switching to the independent RIA channel.

Yet, according to those who have already become independent RIAs, these fears are largely unfounded. Eighty percent of those surveyed say the transition to the RIA model was easier than they imagined, 72 percent transitioned all the clients they wanted to keep, and 64 percent found that running their own business was easier than they had expected.

Further, 69 percent of RIAs agreed that breaking free of a national brand was better for their bottom lines, and a similar amount said that technology was even better than they had expected. Indeed, 83 percent of advisors in the survey said their quality of life had improved once they became an independent RIA.

“Those who choose the independent RIA route and enjoy its flexibility and leading-edge technology tell us they should have done it sooner -- or that the reward has far outweighed any risk,” said Collins. “Advisors say they can't imagine not being an independent RIA. They relish having full responsibility and authority for their success and being able to run their firms and manage their clients in the way they think is best.”

About the Survey

The TD Ameritrade Institutional *2019 Breakaway to Independence Survey* was developed to understand what motivates seasoned financial professionals at full-service broker-dealers and independent broker dealers across the country to consider a move to the independent RIA channel. From April to May 2019, 118 brokers who indicated they planned to go independent within two to three years, along with 337 advisors who were already at an independent RIA (“breakaways”), completed an online survey by Escalent on behalf of TD Ameritrade Institutional. Broker respondents were, on average, 50 years old and indicated they were handling close to \$95 million in client assets. These respondents indicated they had an average of 18 years' experience, and were with their current employer for 10 years on average. “Breakaway” respondents were, on average, 50 years old and stated their firms handled an average of \$213.5 million in client assets. These respondents indicated they had worked as financial advisors for an average of 15 years and were with their current firm for 12 years, on average. The margin of error for this survey is +/- 5.8%.

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



About TD Ameritrade Institutional

[TD Ameritrade Institutional](#) empowers more than 7,000 independent registered investment advisors to transform the lives of their clients. It provides powerful technology and resources that help simplify running a business and let advisors spend more time doing what matters most — serving their clients. Through meaningful innovation, steadfast advocacy and unwavering service, TD Ameritrade Institutional supports RIAs as they build businesses that positively impact their clients and communities. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC, a brokerage subsidiary of TD Ameritrade Holding Corp.

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¹ TD Ameritrade Institutional is a division of TD Ameritrade, Inc., a brokerage subsidiary of TD Ameritrade Holding Corporation

² Discovery Data, Rep Movement 2018

³ [2017 Breakaway to Independence Survey](#), TD Ameritrade Institutional, December 2017

Source: TD Ameritrade Holding Corporation