

WHY OUTSOURCING DURING UNCERTAINTY MAKES SENSE

REP AS PM CASE STUDY

“*Let your small accounts grow into your core solution—it pays you and the client to do so.*”

It's no secret that financial advice adds value to your clients' ability to achieve their financial goals. The proof is in countless anecdotes you have as financial professionals, as well as the handful of recent studies showing that the value of advice equates to roughly 3 percent per year (the Dalbar Study, Vanguard, Envestnet, etc.) Kestra Financial strives to empower your ability to maximize value in your client relationships.

With the uncertainty of the market, many financial professionals have chosen the route of representative as portfolio manager (Rep as PM) for every client segment of their book. The initial decision is often cost related. But does it make sense to continue to dedicate time and effort to ALL accounts? Or, does it pay to outsource accounts below a certain threshold? The following case study shows analysis performed by the Wealth Consulting Team.

The cost-benefit analysis below shows the approximate cost of Financial Professional as Manager relative to a third-party manager.

FINANCIAL PROFESSIONAL INPUTS

Assets on AdvisorEnterprise: **\$75,000,000**

Account size: **\$75,000**

Ticket Charges

Number of positions: **10**

NTF: **3**

TF: **40**

Free Ticket: **3**

Equity: **0**

Rebalance frequency: **Annual**

Manager for Comparison: **Journey**

Manager Fee: **25 bps**

Custody Fee: **0**

OUTPUT 1: REP AS PM

Rep as PM Account Fees		BPS
Platform Fee	\$ 82.50	11
Financial Professional Fee	\$ 750.00	100
Ticket Charges	\$ 140.69	18.76
Total Client Fee	\$ 973.19	129.76

OUTPUT 2: THIRD-PARTY STRATEGIST

Rep as PM Account Fees		BPS
Platform Fee	\$ 187.50	25
Financial Professional Fee	\$ 750.00	100
Total Client Fee	\$ 937.50	125
Savings with Strategist	\$ 35.69	4.76

As the case study shows, it pays to outsource accounts of \$100,000 and below. We can personalize this analysis for you and your business model based on your specific manager search, scale, and investment process. Let your small accounts grow into your core solution – it pays you and the client to do so.

Contact Kestra Financial recruiting at **800-508-SOAR** or advisorrecruiting@kestrafinancial.com to generate a proposal that can save you time and money.