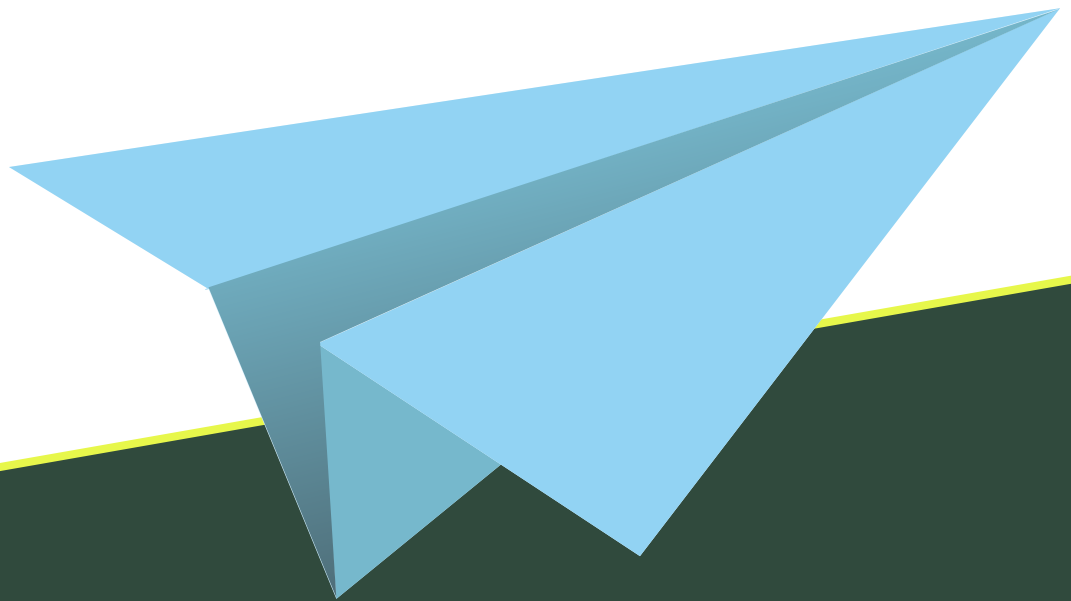


So, You've Decided to Break Away from Your Wirehouse—Now What?



If you're thinking that now is the [right time to leave your wirehouse](#), you've already taken the biggest step on your journey to independence. While you'll likely face some challenges along the way, with the right planning and preparation, you should find that the process is not as complex as you may fear. Follow the steps below and see how the move to independence can be one of the most rewarding decisions you've ever made—for yourself and your clients.

1 Do Your Due Diligence

Know what requirements your wirehouse has regarding resignation. There are numerous rules and regulations—especially if your firm is not part of the protocol—regarding client contact and retention, so you'll want to be prepared. Hire a securities attorney who has experience helping advisors like you, so you can ensure that you have the guidance you need to navigate this new path forward.

2 Decide on an Affiliation Model

You have several options when it comes to how you want to affiliate. Do you want to keep your commission business or transition to fee-only? Do you want to rely on the firm you partner with to oversee the regulatory aspects of your business? Answering these questions will help you decide which affiliation model is right for you and your clients:

- **Dual registration.** If any part of your business is commission-based, and you'd like to keep that business when you move, you may want to consider dual registration. As a Registered Representative/Investment Adviser Representative, you'll have the flexibility to continue working on commission while also doing advisory business for clients who prefer to pay a fee for your services.
- **Investment Adviser Representative (IAR).** If you'd prefer to drop your commissions, work solely as a fee-based advisor, and promote yourself as a fiduciary, you can work as an IAR of an existing Registered Investment Adviser. This will also allow you to drop your FINRA registration and receive compliance oversight from the firm you affiliate with.
- **Registered Investment Adviser (RIA).** If you want to work as a fee-based advisor, you may also choose to establish your own RIA. In this model, you are responsible for your own compliance oversight.
- **Hybrid RIA.** You can continue working as a Registered Representative and still run your own RIA if you choose. Under this model, you'll affiliate with a broker/dealer to process your commission business, but you'll be responsible for compliance oversight of your fee-based business.

For some, the thought of going independent *and* changing their business to 100 percent advisory may seem overwhelming. If you're not ready to go fee-only, but it's something you're considering for the future, you're not alone. Many firms can offer a glide path to help you make that move when you're ready. Consider affiliating with a firm that can help you seamlessly transition from one business model to another when the time comes.

3 Determine Your Method of Independence

Once you've selected an affiliation model, you can decide which path to independence you'd like to take. If you want to retain your commission business, you'll need to affiliate with a broker/dealer. And if you'd like to work as an IAR, you'll need to partner with an RIA for compliance oversight. But you still have decisions to make:

- **Go fully independent.** If you opt to open your own RIA, you have full freedom to control how your business operates, where assets are custodied, and what technology platforms you use. You're also responsible for your own compliance, so hiring or outsourcing a chief compliance officer is necessary.
- **Affiliate with an RIA-broker/dealer.** Working as a Registered Representative and/or an IAR requires compliance oversight, so you'll need to partner with a firm that can provide that. The good news is that many firms also offer back-office services, including operations, marketing, and planning support.
- **Join an existing firm.** To ease the burden of starting your own business, you may want to consider partnering with an established advisor or group of advisors. This can reduce startup costs, eliminate the need to create your own brand, and provide the support you need during your transition.

4 Choose the Right Firm

Unless you've chosen the fully independent route, you'll need to find an RIA-broker/dealer to partner with. The firm that can best help you on your way to independence depends on your unique circumstances and what you're looking for in a partner. Choosing the right firm can make the difference between a rewarding journey and a challenging struggle, so be sure to keep a few things in mind. When doing your research, you'll want to be sure you find:

- **A good fit.** Culture can make a big difference in finding success with a firm. Make sure you find a partner whose mission and values align with your own.
- **Investment solutions.** One of the reasons you're likely leaving the wirehouse is to have more flexibility in how you invest your clients' assets. Be sure the firm you work with can provide the options you're looking for.
- **Infrastructure.** The technology and tools you use to run your business will affect how well you are able to serve your clients. Be sure to find a firm that can provide the infrastructure you need.
- **Service and support.** Identify a partner who will, through an integrated set of human and technological resources, add more client-facing time to your day. This is infrastructure for your future growth engine!
- **Transition.** A successful move to independence means ensuring that the majority of your clients move with you. The right partner can make the transition process a seamless one.

5 Prepare for the Move

At the wirehouse, you are bound by the decisions of the company on everything from where the office is located to what the stationery looks like. The good news about going independent is that all those decisions are now yours to make. But there's also a lot to think about:

- **Your clients.** Your clients are your business, so you'll want to do everything you can to ensure that they make the move with you. While you won't be able to alert them to your pending move ahead of time, you will want to work with your securities attorney on ways to announce your new business. When you have officially resigned and are affiliated with your new firm, be prepared to discuss why you made the move with your clients when they contact you.

- **Real estate.** Where your office is located and how it's set up will create a first impression for your clients, old and new. You'll want to make sure the space is welcoming, functional, and one you're happy to walk into each day.
- **Technology.** With a wirehouse, all your hardware and software needs are provided. Now, you'll have to consider what computers, telephones, and other office equipment you'll need. You'll also want to consider what software (e.g., CRM and planning tools) is best suited for the way you do business. The firm you affiliate with should have options to help you make these decisions.
- **Marketing.** Now that you're heading out on your own, you get to name your business. This can be an exciting challenge, but it's one you won't want to take lightly. As with your office, your new brand—which starts with a name and logo—will speak to your clients and prospects about who you are and what you can offer them. Once you have a name, you'll also need to have stationery and business cards made up, as well as get started on a new website.
- **Staff.** Make human resources decisions with the kind of service you'll be providing in mind. Do you have a small client base that can be served by you and an assistant? Or will you need additional staff, such as a junior advisor or paraplanner?
- **Financing.** With all that you'll need to get your business up and running, you may need to figure out how you'll pay for it. If you need financing, the firm you affiliate with should be able to offer you a loan to help you get started.

6 Make It Official

During your planning and preparation phase, you likely settled on the best date to resign from your wirehouse. While you may want to jump in headfirst on your join day, there are a few things you need to do to make it official:

- **Craft your resignation letter.** You'll need to draft a resignation letter to your former firm. It's best to have your securities attorney review it before signing and submitting it.
- **Transfer your registrations.** Once you have officially resigned, you'll work with your new firm's compliance or licensing department to have your FINRA securities registrations transferred—or dropped if you're going fee-only. If you are establishing your own RIA, you will work with the state or SEC to register it.
- **Moving accounts.** Once you have been approved to do business, and after your clients have expressed interest in moving with you, you may begin gathering their data and transferring accounts to your new firm. Be sure to consult with your securities attorney about any restrictions on client communication.
- **Build your business.** If you've prepared ahead of time, you should have all the tools—a website, marketing materials, and a social media plan—to begin prospecting for new business. You're no longer bound by your wirehouse, so you're free to work with whom you choose.

Breaking away from the wirehouse for the independent channel is a life-changing move. But if you've decided it's what's best for you, your clients, and your business, you've already taken the biggest step. With careful planning and preparation, and the right partner beside you, you'll find it's easier than you thought it would be. And the only concern you'll be left with is why you didn't do it sooner.



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