



TRANSITION NOW. THIS IS HOW.

Changing broker-dealers is a huge and multifaceted decision. This critical white paper offers a panoramic view of the selection and transition process, and is loaded with tips from transition experts. It explores why advisors switch broker-dealers and why they might stay with the wrong one, and provides a comprehensive, detailed plan on how to transition smoothly.



“Our transition to NPC could not have gone more smoothly,” reports John Horseman, an advisor in St. Louis, Missouri.

“From our first contact with the home office to our eventual start date, the NPC transition team went above and beyond to ensure that every detail was completed to the highest standards.

They truly exceeded my expectations.”

If you're thinking about changing broker-dealers, you're not alone. Statistics show that every year, 7 percent of independent advisors plan to transition to a new broker-dealer.¹ Are the other 93 percent happy where they are? Probably not. Chances are, many suffer in silence.

WHY ADVISORS MOVE – AND WHY THEY STAY.

Industry-wide, advisors most frequently leave their BD because they are looking for:

- **Better compensation**
- **Exceptional service**
- **Advanced technology²**

Other factors include the desire to have a comprehensive menu of products to choose from, along with faster, rep-friendly compliance and ongoing strategic growth support. Major differences in corporate culture or strategic vision may also play a part. Basically, independent advisors want a broker-dealer that puts them first and makes life easier. If you're like these advisors, you want a broker-dealer that will make a transition as smooth as possible.

Meanwhile, there are several reasons advisors stay with a less-than-stellar BD. Do any of these sound familiar?

You're afraid your clients will leave. You worry that your clients won't follow you to a new BD. But if you have a good relationship with your clients, and they're happy with your service and expertise, they'll stick with you.

It will take too long. You're concerned about the time it will take to transition your book of business to the new BD. Several factors are at play here, including the size and type of your book, your level of organization, your new BD's transition team, and your support staff. The average transition involves 30-60 days of preparation, then 60 days after the transition to move an entire book.

It will cost too much. There are a few things you can do to limit the loss of income for you and your clients, such as staying with the same clearing firm to reduce paperwork and eliminate transfer costs. Also, you can often get financial assistance to help cover transfer fees.

We hope we've allayed some of your fears. We're here to tell you that although transition is difficult, if you're unhappy with your BD, it's often worth doing.

¹ <http://wealthmanagement.com/2014-ibd-report-card/why-advisors-leave>

² The Cerulli Report, Advisor Metrics 2014



EXPLORE THE POSSIBILITIES. ASK THE RIGHT QUESTIONS.

When you reach the point where you're serious about transitioning, you want to make the best decision so you'll only have to do it once. Here are some tips for narrowing the field.

Only consider advisor-centric BDs. Make sure the BDs you're looking at know and understand representatives and their business. You want a broker-dealer that knows how to support you and help you achieve your goals.

Make sure they have the resources to focus on you. You want a broker-dealer with the time, resources and desire to meet your needs. Will they assign a relationship manager to your practice?

Check to see if they're compatible with your practice. Do they have the right selling agreements with the products you currently do business with and will want to do business with in the future? Does their E&O include Prior Acts Coverage? Are the products you sold previously covered by their E&O? Are they financially strong?

Inquire about their technology. How has their technology platform advanced over the last three years? Is their technology fully integrated? What future enhancements are they planning and when? You want a BD with the latest, most user-friendly technology because it can increase profits, save time and provide a competitive edge.

Talk to their reps. Find out if the BD responds promptly to requests and questions. What kind of support do they provide? What is their corporate culture like? Are the reps happy with the support they receive? Does the BD offer ongoing customer service training to the home office staff?

Learn about the broader offerings. Inquire about services like field support, social media, practice management, marketing and succession planning.

Ask about clearing firms, licensing and registration. If you're changing clearing firms, check with your new BD about applicable fees. Ask them to provide an expense spreadsheet that outlines the startup and ongoing costs.

How to spot a great transition team. The transition team can make your move a dream or a nightmare, so ask questions. What are the costs/fees? How experienced are they? How many transitions have they done and how complex were they? Will you have a dedicated transition manager and customized plan with a timeline? Get feedback from at least two advisors who have transitioned and have a business model similar to yours. (You can do a LinkedIn or Google search. If the advisors are nearby, you can ask to visit their offices.)



"We considered a couple different BDs," says Cindy Derso, an advisor from Marietta, Georgia. "It was night and day between them and INVEST. The minute you walk into INVEST, you feel pretty special. They're authentic. You will really want to join this team."



“I came across SII and talked with a couple of the principals at the firm and I just knew immediately that it was a good fit,” says Corey Heimensen, an advisor from Rock Rapids, Iowa. “They absolutely took the lead, held my hand and helped my staff to get through it, and it really was a quick process.”

GIVE YOUR FINALISTS THE CHANCE TO WOW YOU. COMPARE YOUR TOP CHOICES SIDE-BY-SIDE.

Now that you’ve gathered information on several broker-dealers, fire up a spreadsheet and enter the data. Some basic fields to include are upfront costs, ongoing costs, E&O fees, FINRA/SIPC assessment fee, technology fees and clearing fees.

Visit the home office. By now you know a lot about your top choices. Narrow the list to two or three broker-dealers and visit their home offices to meet the staff and transition team. Alert the BD about areas of special focus that are important to your practice (retirement plans, advisory, etc.), so they can schedule plenty of time with that department.

Pay attention to your overall impression. Are they courteous and professional? What’s the culture like? Is the staff experienced and tenured? Do they have firm-wide customer service standards to meet your expectations? Do they focus on organic growth? Did you meet the president, senior executives and staff members?

See if the transition team shines. In addition to the questions you’ve already asked about the transition team and process, here are some critical topics to address in person:

- What pre- and post-transition support will they provide?
- How will the team work with your staff?
- Will they have a detailed timeline with milestones and deadlines for all involved?
- Will they host weekly conference calls with you and your staff?
- Will they provide on-site training and support?
- What other types of training do they provide?
- Can you download your client contact information into their CRM system?
- Do you understand what your responsibilities will be and what theirs will be?
- How long will they assist, post-transition?
- Did they provide a detailed checklist of tasks that need to be completed, and clarify which party will take ownership?
- Did they provide referrals?



CHOOSE YOUR NEW PARTNER. GO WITH THE BROKER-DEALER THAT “GETS” YOU – AND YOUR BUSINESS.

Armed with information and impressions from the office visits, you now can confidently choose your new BD. Remember that, above all, you want a strong partner you can rely on. Your BD has the tools and technology to support you as you grow and reach your goals. It will also keep you ahead of your competitors.

In the short term, you also want a BD with an excellent transition team and customized plan. The ideal team is experienced, knowledgeable and ready to shepherd you through the process. They will make transitioning your book of business a top priority.

LET THE TRANSITION BEGIN!

Realize that a successful transition starts with you, and the best transition team in the world can't do everything themselves. Listen to your transition team, follow the plan they've created for you, reply to questions and requests promptly, and attend weekly conference calls. Your hard work will be rewarded with a smoother transition.

WRAP THINGS UP WITH YOUR CURRENT BROKER-DEALER

Here's a list of things to consider prior to resigning.

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|---|---|
| <input type="checkbox"/> Check your rep agreement for advance termination notice requirements; payment of commissions after you leave (does your BD pay 30 or 60 days out?); non-solicit language | <input type="checkbox"/> Set a transition date and build your transition timeline accordingly |
| <input type="checkbox"/> Check your current BD's privacy policy | <input type="checkbox"/> Be mindful of your pending commissions to ensure they are received (just in case your BD decides not to pay or holds the payment for 60+ days) |
| <input type="checkbox"/> Run a list of products you currently do business with and ensure the new BD has the respective selling agreements in place | <input type="checkbox"/> Accounts that have debit card/check writing privileges and/or periodic investment or systematic withdrawals will need to be re-established |
| <input type="checkbox"/> If your current rep agreement allows, run a list of all your accounts. You will want to use this as a checklist to confirm your accounts have moved over post-transition | <input type="checkbox"/> Complete all registration paperwork, including Form U4, and get confirmation that all is in good order |
| <input type="checkbox"/> Give your current marketing pieces (stationery, websites, social media, seminars, etc.) to the new broker-dealer's compliance department to review | <input type="checkbox"/> If you are eligible for transition monies, ensure that your new BD has the appropriate documentation in good order |



“I'm so much happier. I have much less stress,” notes Brian LaHue, an advisor in Corydon, Indiana. “I tell all my friends who are reps about ICA, and my goal is to get some of them to come over to the bright side.”



“Why transition to INVEST?” asks Bill McAndrew of Fidelity Asset Management Services. “They have the friendly, knowledgeable people and the tools you need to get the job done.”

REALIZE BIGGER SUCCESS WITH NPH.

Your success is largely measured by how many clients you attract, keep and help reach their financial goals. Whether you serve a particular niche, manage a platoon of advisors or are a partner in a small office, you want to be successful. A smooth transition puts you on a path to success paved with state-of-the-art tools and resources such as:

- **Practice Management** – Learn best practices for strategy, marketing, business evolution, personnel management and other critical aspects of your business.
- **Advisor Dashboard** – Award-winning,* cloud-based front office platform
- **WealthONE®** – Use our advisory platform to manage client accounts and save time with paperless, easy-to-use, turnkey investment solutions

Each product and service offering is fully backed by a team of experts that’s ready to help you. We’ll give you customized training and support, answer all your questions and be there when you need us. Why do we do this? Because no broker-dealer network takes care of advisors like NPH. Your success is our only priority, and we do everything we can to help you reach your goals.

NPH (National Planning Holdings, Inc.) is a broker-dealer holding company with a new way of looking at the advisor/broker-dealer relationship. We champion every advisor’s desire to run their business on their terms, and we do everything we can to make this happen. We strive to build trust and deliver excellence to every advisor every day, fueled by our focus, passion and commitment.

In short, we want to be the broker-dealer every advisor wants to call home.

JOIN THE NPH NETWORK. Come see how great life can be with us.



* Bank Insurance & Securities Association (BISA) Technology Innovation Award, 2014.

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