

## LPL Aims to Be the Go-To Network for Wirehouse Breakaways

By Stephanie Forshee October 6, 2020

**LPL Financial** is making one thing clear in 2020: It's evolving to support as many independent advisors as it can, while aiming to be the go-to network for wirehouse breakaways.

The advisory firm, independent broker-dealer and RIA custodian rolled out two new affiliation models amid the global pandemic — both aimed at W-2 employee advisors.

While some aspects of the rollout might have been slower than initially planned, they're still adding up to help LPL become “a wealth management platform that supports advisors and meets them however they want to run their practices,” says Rich Steinmeier, managing director and divisional president of business development at LPL.

“We've listened to advisors,” Steinmeier says. “Hopefully, we've delivered something that will resonate very well.”

LPL launched the Strategic Wealth Services affiliation model in April and unveiled its independent employee model in August.

“We feel pretty good about the momentum,” Steinmeier says. “And we've got a really robust pipeline there.”

Steinmeier declines to share projections for the growth in advisors or firms joining these two models launched this year, but says LPL expects to “be a very significant player” for wirehouse breakaways.



*Rich Steinmeier*

“I would be disappointed if we weren’t one of the top players ... advisors would choose to join inside of the next year,” he says.

LPL has been “far beyond” just an independent broker-dealer for “at least a decade,” he adds.

Steinmeier refers to the new affiliation models as the “next steps in our journey from our legacy of an independent broker-dealer to supporting a hybrid model to supporting an RIA-only model to now supporting advisors who have traditionally shied away from moving into independence — not because they didn’t want to be there, but because they viewed it as a bridge too far.”

### ***The two models***

Strategic Wealth Services — aimed at wirehouse breakaways and advisors in the employee channel — offers support such as financial budgeting, real estate sourcing, build-out, payroll and employee benefits, brand development and more. The model also offers on-site assistance with the transition, from planning through execution. The model also offers support for day-to-day operations, with each firm getting access to a business consultant, a chief financial officer, a senior marketing partner and one or more administrative assistants for remote support. There are no out-of-pocket costs for advisors, but it comes with a service fee.

North Bend Wealth Management, which has \$225 million in client assets, is one of four RIAs that have joined LPL’s Strategic Wealth Services platform. The others are River’s Edge Wealth Partners with \$500 million in client assets; Claritas Financial Partners, a three-person advisory team with \$305 million in client assets; and Ashworth Financial Group with \$300 million in client assets.

The independent employee model offers payouts ranging from 50% to 70% and comes with no platform, transaction or administrative fees. It offers offices and technology solutions and a suite of employee benefits. It also offers business consulting services for strategic growth; a dedicated marketing professional to help with branding and marketing; administrative support; and support and capital for growing or monetizing their business.

Allen & Co. of Florida, which was acquired by LPL in August 2019, is so far the only firm in the independent employee model.

## ***Autonomy, extra help***

Marc DeCicco and Tad Wilson, both managing partners at North Bend in Vienna, W.Va., were previously registered with Wells Fargo Clearing Services for 23 and 26 years, respectively, before moving to the LPL network this year. The two had been exploring breakaway options and “started to get serious” about LPL in February, according to DeCicco.

DeCicco says the business partners wanted autonomy and the ability to make decisions about client relationships.

Being “career wirehouse guys,” the pair chose LPL to “have a more comfortable transition with the added support services,” DeCicco says. “To have extra help provided is priceless.”

The pandemic led to some unexpected delays, DeCicco says. But since North Bend officially launched in September, LPL has helped create the firm’s branding, gave it accounting support and provided an off-site virtual assistant to help the staff, he says.

For Anthony Frigoletto, another breakaway advisor from Wells Fargo, chose LPL because it provided the “lean-in, straightforward approach” he was looking for. He was previously registered with Wells Fargo Clearing Services for 18 years.

Frigoletto, managing partner at River’s Edge in Red Bank, N.J., says he shopped around and found LPL's affiliation model to be the best choice, financially, for him and his team.

LPL offers the “best of both worlds” due to the support it provides with compliance and business management, according to Frigoletto.

“At the wirehouse, they pose as having the capability of the family office, but it's really just a selling machine, gathering data and then data mining to to drive revenue,” he says.

“I think a lot of people are leaving that part of the world, because it's hard to sit on the same side of the table with your clients when your behavior's often being driven by big corporations, that sometimes don't have their interests aligned with, neither mine or the clients.”



*Marc DeCicco*

## ***Thousands of options for advisors***

Steinmeier expects the concept of affiliation models “to go away” — perhaps in a year or two — because there will be hundreds or even thousands of “discrete different options ... to toggle on and off.” At least that’s LPL’s goal, he says.

“We’re re-architecting our systems right now,” he says.

The models rolled out this year for independent employees are “the next step in the evolution of wealth management support from LPL to advisors,” he says. “Ultimately, our end state is that advisors define exactly how they want their practice to be run, and we are bending to support them.”

He wants advisors to see that “LPL is to surround me with the capabilities that helped me fulfill the promise of my practice. That’s the journey we’re on.”

Steinmeier likens LPL’s future model to the business model of ice cream chain ColdStone Creamery, where customers choose each ingredient they want in their ice cream, versus buying a pre-made combination of flavors.

Affiliation models today are “an accumulation of capabilities that we think would best fit an advisor in their practice,” he says. “In the end, we’d like to get away from that bundling of capabilities and allow advisors to discretely say exactly what they want to support their practice.”

Over time, Steinmeier expects LPL to have “an individual support model for every advisor’s practice.”