

EXPLORING INDEPENDENCE AS AN RIA: Key considerations for starting vs. joining a firm

If you are seeking greater control and considering alternative advisory models for your practice, the Registered Investment Advisor (RIA) channel may more effectively enable you to meet the needs of your clients—due to such benefits as open architecture, greater flexibility, control and potential financial rewards.

SHOULD YOU START YOUR OWN RIA FIRM OR JOIN AN EXISTING ONE?

As you consider the independent RIA business model, think about whether you prefer to start a new RIA firm or join one that already exists. Below are some considerations to help you.

START A NEW RIA FIRM

If you are a true entrepreneur, consider starting your own firm.

- You may want to see your name on the door and, in exchange, be willing to accept the responsibilities and risks associated with owning a business, such as staffing and revenue and expense management.
- You will have complete control—choosing the custodian that will hold your assets, execute and settle trades, and provide the products and services you need to run the business.

“To be able to create my own culture was extremely important, and most of all I wanted to move away from a production culture. The only way that I found to do that was to establish an RIA firm; to have control, alignment and purity is what really drove me to do this.”

— Dorie Rosenband, &Wealth Partners*

BECOME PART OF AN RIA FIRM

If you want to have input on—but not sole responsibility for—important aspects of the business such as compensation, expense management and marketing, consider joining an existing RIA firm.

- This may allow you to gain a partnership or an equity stake, in addition to the freedom to run your own practice.
- At the same time, you may benefit from the structure and security of joining an existing firm whose culture aligns with your approach.

“We have a sophisticated client base and needed an infrastructure tailored specifically for them. By joining a firm like Convergent Wealth Advisors, the infrastructure was already in place, such as manager research, technology and operations. This allowed us to remain focused on our clients and their investment needs versus organizational and business management issues.”

— Lori Van Dusen, Convergent Wealth Advisors, Institutional Group*

SUMMARY OF KEY CONSIDERATIONS FOR STARTING VS. JOINING AN RIA FIRM

You want to . . .	Your options within the RIA Model	You can . . .
Own your own business and have complete control	Run everything in-house	<ul style="list-style-type: none"> • Maintain complete control and responsibility • Obtain immediate equity and potentially improve compensation while assuming the entrepreneurial risks • Make all business decisions independently • Shape a firm culture and service model that reflect your values
Own your own business but not manage an office environment	Outsource the back-office management	<ul style="list-style-type: none"> • Scale by outsourcing operational functions • Work with a firm that provides turnkey back-office solutions • Offset some of the risks of starting a business with the potential rewards of full ownership
Become part of a larger RIA organization and benefit from the centralized infrastructure	Affiliate with a consolidator	<ul style="list-style-type: none"> • Benefit from the capabilities and infrastructure of a large RIA firm • Maintain a high level of freedom and control • Potentially monetize part or all of your book of business • Take advantage of potential shared ownership in the parent company
Become part of a small team as a co-owner or principal	Join a boutique firm	<ul style="list-style-type: none"> • Reduce the risks associated with starting a business • Potentially pursue the option to become a partner in the firm • Select the cultural fit that's right for you

Your Schwab Business Development Officer can help educate you on your options and offer sources of information.

AS THE INDUSTRY'S PIONEER AND LEADING CUSTODIAN, SCHWAB CAN HELP YOU SEIZE INDEPENDENCE

For more than 20 years, Schwab Advisor Services has been serving independent advisors. Through Schwab Advisor Services and the support of a dedicated transition team, you can make a successful move to the independent RIA model that you decide works best for you. Schwab's support and tailored approach will allow you to make the most of your independence and help you achieve the long-term success you envision.

PURSUE INDEPENDENCE WITH CONFIDENCE: TALK TO SCHWAB TODAY

Whether you decide to start your own firm or join an existing one, Schwab can help. To learn more about how you can take advantage of the RIA opportunity, contact your Schwab Business Development Officer, call **877-314-7821** or visit backingtheindependent.com.

* The third-party firms mentioned in this document should not be construed as a recommendation, endorsement or sponsorship by Schwab, nor are they and their employees affiliated with or employed by Schwab. Experiences expressed concerning becoming an RIA are not guarantees of future performance or success and may not be representative of your experience.

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