ELITE ADVISORS' STRATEGIES FOR SUCCESSION PLANNING

Cetera Advisor Networks LLC, Member FINRA/SIPC

Cetera® ADVISOR NETWORKS

Introduction

Financial advisors build their careers helping their clients think through their financial goals to deliver a plan that helps them achieve their dreams. Although advisors are perpetually focused on achieving the best possible financial outcome for their clients, the level of detail spent on protecting the equity built in their own advisory practice is alarmingly low. Many advisors have not taken the opportunity to think through their succession plan.

Complicating the issue is the lack of standardization for the transfer of an independent practice from one firm to another. This presents real risk to advisors, their families/estates, and clients. Despite the market fragmentation, there are innovative solutions and models available to independent advisors. Broker-dealers, custodians, investment banking firms, and consulting firms have built platforms to address advisor succession planning needs. The need for advisors to think through their plan is real, given the average age of the 100,000+ independent advisors is over 50.[1]

Advisors who proactively think through their succession plan usually have a strategic objective in mind. It could be to maximize the value of the book of business they have built over a long career, to ensure their clients are matched with an advisor they trust, or to find a model where they can slowly phase out of the business at a pace of their choosing.

In addition, there is an emotional attachment at play in succession. Many advisors are unwilling to address succession for various reasons, including a sense of personal immortality, fear of boredom in retired life, lack of control, or a strong desire to continue to service clients. Despite these objectives, choosing to adopt a succession plan can help put a client's mind at ease, by answering the question "who will be my advisor in the event that you exit the business or leave suddenly?"

This report provides an overview of the key elements of constructing a succession plan and the options available in the marketplace. It has been written with an eye towards encouraging advisors to build a framework to protect their practice and begin a strategic planning process that will help maximize the value of their practice and provide a safe landing for their clients.

[1] Cerulli Quantitative Update, 2010.

Lack of Succession Planning: Risk to Independent Advisors

More than 100,000 of the 300,000 financial advisors in the U.S. are part of the independent channel. Collectively, independent advisors manage over $1.8 trillion in client assets.[2] Despite the significance of the channel as a whole, there is a significant gap in the amount of succession planning done for independent advisors. A recent survey of independent advisors shows that only 28.7 percent of survey respondents have created or are currently thinking through their succession plan.

More striking is the fact that there is no correlation between the number of years to exit and succession planning design. Despite the well-documented trend of the aging of the independent financial advisor community, advisors still lack the proactive focus to find a successor, which presents the following real risks:

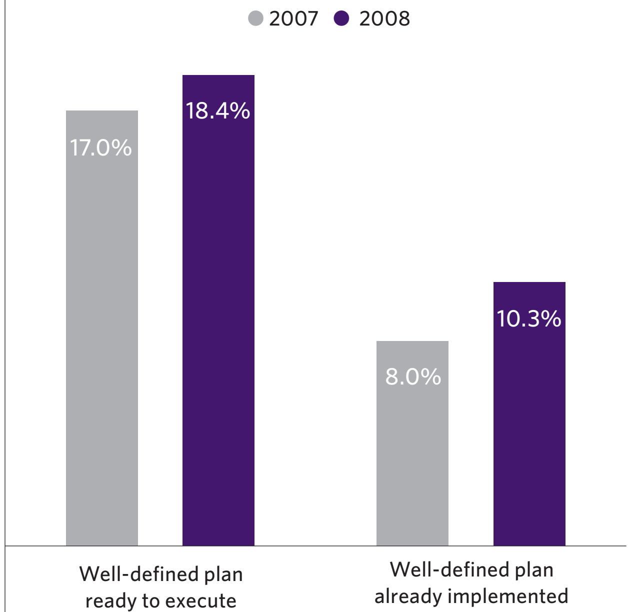
LOSS OF PRACTICE VALUE: Succession plans and enterprise value are positively correlated. Advisors who do not have a succession plan risk losing the confidence of their employees, their peers in the office, and their clients.

Timing of succession also plays a part. As an advisor becomes older, their client base may as well, which could represent risk to another advisor who wants to purchase their business.

CLIENT RISK: The market turbulence and uncertainty over the past several years can manifest itself with clients, if they are left wondering what will happen to their financial plans if something happens to their advisor. An advisor can overcome this risk by sharing with their clients a business continuity plan if something happens to them.

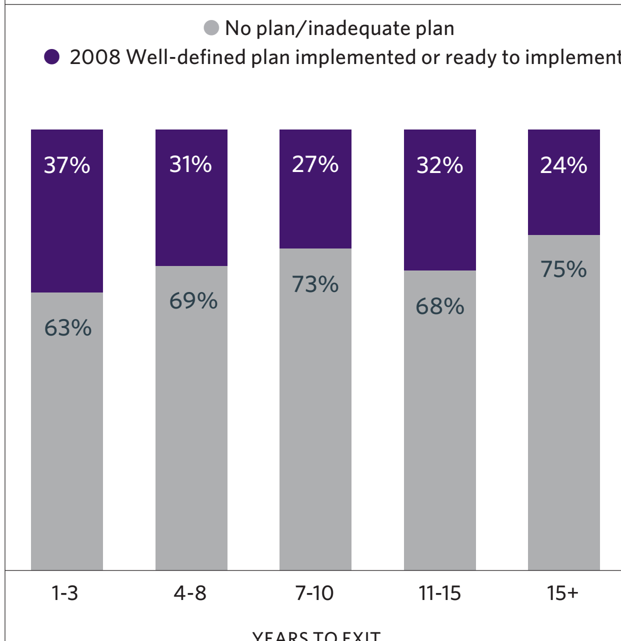
POTENTIAL FOR SLOWER GROWTH: Advisors who do not have a succession plan may lack the focus to continue to add clients, build relationships with the next generation of investors, or educate clients about their next step once they exit the business. Even if an advisor is not in "growth mode," having a succession plan may motivate an advisor to stay on track with their business plan.

Advisor Succession Planning Progress



SOURCE: MOSS ADAMS/INVESTMENT NEWS: 2010 FINANCIAL PERFORMANCE STUDY OF ADVISORY FIRMS

Succession Plan by Years to Exit



SOURCE: MOSS ADAMS/INVESTMENT NEWS: 2010 FINANCIAL PERFORMANCE STUDY OF ADVISORY FIRMS

[2] Cerulli Quantitative Update, 2010.

EMPLOYEE COMMITMENT: For larger advisors who have partners, junior advisors, or assistants, a succession plan builds a common understanding for the future. Having a plan can increase employee alignment, which in turn will help keep a practice stable and growing.

IMPACT ON FAMILY: The lack of a succession plan represents real risk to an advisor's family/estate. First and foremost, FINRA does not allow commissions and advisory fees to pass through to a non-registered spouse in the event of death or disability. Although many advisors believe "that would never happen to me," the reality is it can and does! Dave Hubbard, President at Exemplar Financial Network, notes *"Our advisors are required to sign an initial buy/sell agreement up front to protect their interests. We add value by working with them to create a more strategic plan once they are settled."*

On the surface, it would seem every advisor would want to have a succession plan to limit these risks. For some, it is not that easy. Succession planning is a personal and emotional exercise. Some of the primary objections to not creating a plan include a sense of immortality, denial that it is important, ego, and lack of trust with a potential buyer. Advisors may need assistance getting started with succession planning, and having a strategic partner on their side of the table can be a catalyst to get started.

Linking a Succession Plan to a Business Plan

Succession planning is a very personal and introspective exercise. It forces an advisor to answer some very significant questions about their business such as:

- How long do I want to continue to service clients?
- What will I do when I'm no longer in financial services?
- Can I trust another advisor to service my clients?
- Will approaching my clients with my intention to exit the business trigger their exit instead?

Advisors seeking to evaluate their succession options must first think through their strategic goals and objectives in their personal life, then align them with their business objectives. If an advisor commits to building a business plan, the outcome will make succession planning far more efficient and will begin establishing what the succession plan could look like. Without true business objectives driving a succession plan, the results will be marginal or may never come to pass. A plan without defined objectives, dates, and stakeholders is really not a plan, but a dream!

Younger advisors and advisor teams earlier in their careers should not rule out the need for succession planning. Advisors can create a new growth opportunity for their business through becoming a safe landing for advisors seeking to exit the business.

Dan May, President and CEO of AdvisorNet Financial, stated, *"We have an advisor who has built an ensemble team by building a model for advisors to transition their business. We can add value for them by connecting them to other advisors who are selling."* Broker-dealers like Cetera Advisor Networks have put resources and focus on ensuring advisors within their network have opportunities to interact with one another, increasing the opportunity for a succession to happen within the network, which can lead to a better outcome for advisors and their clients.

Finding the Right Succession Model

There is a difference between a strategic and a tactical succession plan. A tactical succession plan is usually a stop-gap measure to protect the advisor in case of an unforeseen event. A strategic succession is the outcome of a business planning process with a specific end game in mind. Although a succession plan is unique to each advisor, there are prevailing options in the industry for the independent advisor.

INTERNAL SUCCESSION

The financial advisor decides to sell and transfer their practice to another advisor within their practice, a junior advisor, or a family member. In this model, the advisor focuses on developing and nurturing the next generation. This creates a win/win scenario as the advisor can help mentor the successor, continue to service clients, and grow practice revenue with the junior advisor.

Advisors usually start down this path by "teaming up" with an OSJ or branch office. Based on each advisor's time horizon and succession needs, a definitive operating agreement or buy/sell agreement is created to outline the succession plan's provisions.

Financial transactions are usually completed via a combination of cash and an "earnout," defined as an annuity of installments over a defined period, usually three to five years. This approach can also increase the value of an advisor's practice, given the combined practice is larger and presents less risk to all parties.

SUCCESSION PLAN OPTIONS

1. Internal succession
2. Sell to a like-minded advisor or peer
3. Sell to a financial institution

INTERNAL SUCCESSION

Benefits
- Control
- Client retention
- Ensure legacy

Risks
- Lack of financing
- May sell for a discount
- Advisor alignment

Financial Transaction
- Cash and earnout
- Flexible time period

Client Impact
- Low
- High retention

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SELL TO A LIKE-MINDED ADVISOR

This model is usually leveraged by the solo practitioner who wants to sell their practice to a peer outside of their existing firm. In some cases the selling advisor will put the practice up "for sale" and market it through their broker-dealer and/or other institutions. Usually this process takes an extended period of time involving a matchmaking and a courtship process.

Terms are usually a combination of cash and earnout, similar to an internal succession. Most sophisticated buyers will also seek an independent appraisal of the seller's practice and look to negotiate terms that will mitigate risk.

For independent advisors who have an established network of advisors, working on the same platform can be a tremendous benefit. Finding an advisor who uses the same systems, has a similar investment philosophy, and leverages the same broker-dealer can minimize any client disruption, which in turn can help increase the value of the selling advisor's practice.

SELL TO A FINANCIAL INSTITUTION

For larger advisors or independent advisors with strong ties to their broker-dealer, a sale to a financial institution could be an option. The advisor is usually required to stay with the buyer for a period of time to ensure clients transition. Over the past several years, new firms have entered the market to aggregate or "roll up" advisor practices.

These firms usually have predefined transaction terms including a combination of cash and stock in the financial institution. The stock element could represent an equity upside to the selling advisor at some point in the future. These firms may also offer lucrative financial packages, but be careful —the terms of these agreements may have certain hurdles favoring the buyer, leaving the selling advisor carrying the risk.

All succession plan models are viable for independent advisors. The broader challenge is finding the right match, one that meets the succession planning needs of the advisor. Many financial advisors lack the time and knowledge to find the right suitor. In addition, the market for buyers is extremely fragmented, requiring the advisor seeking a succession to spend their time and money ineffectively.

SELL TO A LIKE-MINDED ADVISOR

Benefits
- Higher value transaction
- Retains client experience
- Large market of buyers

Risks
- Buyer terms
- Client retention
- Employees

Financial Transaction
- Cash and earnout
- Defined time period

Client Impact
- Medium
- High retention expected

SELL TO A FINANCIAL INSTITUTION

Benefits
- Can maximize value
- Defined exit
- Buyer capital

Risks
- Buyer terms
- Least amount of control

Financial Transaction
- Cash/stock and earnout
- Defined time period

Client Impact
- Medium to high
- Uncertain

Protecting Practice Value Built Over a Career

MITIGATING RISK

Once an advisor has selected the succession model for their practice, a key immediate step is designing a tactical plan to protect their equity until the more strategic succession plan is executed. Although no advisor expects to be hit by the proverbial bus, care should be taken to make sure the advisor's interests are protected.

Dave Hubbard cautioned, *"Years ago, we had a commission-based advisor who fell off a ladder making a simple home repair. Shockingly, the advisor passed. There was no buy/sell agreement in place and we could not provide the advisor's spouse with any residual income. We made a commitment to our team that we would never let that happen to another advisor again."*

Advisors at any given moment should be able to answer the following questions and risks:

- Have I identified an advisor to take care of my clients in case I die or am disabled?
- Is there adequate insurance in place for my family?
- Do I have a real buy/sell agreement in place, not a handshake agreement? Are terms clearly defined if something happens to me?
- Do I work with a broker-dealer who can help an advisor buy my business so my heirs can realize the value of my business?

No advisor wants to admit something can happen to them. However, the risk of doing nothing is far worse than the economic risk if an unfortunate event happens. Broker-dealers like Cetera Advisor Networks can help an advisor limit the exposure to these risks.

MAXIMIZING PRACTICE VALUE

Protecting practice value is very important. Equally important is maximizing the total value of the practice. Not all advisor books are created equal. Buyers in the market are willing to pay more—or less—based on several primary drivers, including:

ANNUITIZED REVENUE VERSUS COMMISSION: Revenue derived from annuitized investments is more attractive to a buyer versus commission revenue. Commission revenue is still attractive, but it does not command the same valuation.

SIZE OF BOOK: There is a direct correlation between practice value and size—it matters! Larger advisory practices sell for a higher valuation multiple than smaller practices. If an advisor wants to maximize their value, achieving higher levels of production is critical.

GROWTH TRAJECTORY: Advisors who have demonstrated a history of growth will be more attractive and valuable to a buyer. Why? Usually the advisor will be asked to remain with the buyer for a defined period, and buyers may provide incentives to continue to grow the business until the advisor exits.

CLIENT DEMOGRAPHICS: The most critical driver of value is client demographics. A buyer may look for significant discounts or concessions if they perceive clients are at risk or there is a potential for revenue declines. Sophisticated buyers will look at the following elements, among others:

- **Average household size:** Larger average household size is highly attractive.
- **Household concentration:** Buyers look for a mix of large, medium and small clients. If a smaller number of large clients represent a high percentage of assets or revenue, this may be considered risky to the buyer.
- **Revenue on client assets:** The average amount of revenue per investment client or household. The higher the revenue, the higher the value.
- **Client retention:** Has there been significant turnover within the practice?
- **Relationship with the next generation:** Are there multi-generational relationships in place with the advisor's clients?
- **Client age:** How old are the advisor's clients? Books of business with a balanced distribution of clients (younger clients who are accumulating assets and older clients who are drawing down significant assets) are the most desirable.

The same rules of practice value hold true for internal successions. For example, a junior advisor may not be willing to buy an advisor out if they perceive clients and revenue are at risk once the seller leaves. Planning for succession requires sound practice and business management. Buyers will be more attracted to advisors who have prepared their clients for succession.

"Advisors should be coaching their clients that they won't be around forever. For the advisors we partner with, we encourage a team-based approach over several years to get the client comfortable with the new advisor or team."

—John Cartwright, Regional Director of Financial Network

The Benefits of a Regional Based System

The market for advisor transitions and succession is extremely fragmented. Independent advisors can be at an extreme disadvantage if they lack an advocate and a support model.

"Our advisors are a family. We know their spouses, their kids, and their hopes and dreams. We look for the best possible outcome for our advisors and their clients. When an advisor is considering a transition, they can tell we have a different approach!"

—John Brackett, Principal of BAR Financial, LLC

No matter what succession planning strategy you decide, regional based systems such as Cetera Advisor Networks' can offer significant succession planning benefits, including:

THE ABILITY TO PARTNER WITH A REGION: Unlike many broker-dealers who have a home office or centralized structure, a regional based approach allows for the advisor to partner with a leadership team "on the ground" who can support their business now and at the time of succession. Regional leaders work like in-house consultants providing training, coaching, development, practice support, and succession planning support.

WORKING WITHIN A REGIONAL MODEL HELPS MITIGATE SUCCESSION PLANNING RISKS: Not all broker-dealers will seek to protect an advisor's family in case of an unforeseen event.

ACCESS TO FINANCING: One of the largest barriers to internal succession or a sale to a "like-minded" advisor is the lack of capital. Broker-dealers who are able to provide financing to buyers have a tremendous advantage. Access to financing helps facilitate transactions.

ABILITY TO CONNECT: Advisors in other channels or at various broker-dealers can spend months or even years looking for the right succession partner. A regional structure offers a system where advisors can get to know their peers and leadership, which in turn facilitates successful matches.

LIMIT TRANSITION RISK: A trigger for an investment client to leave a financial advisor is a transition from one broker-dealer to another. Executing a succession plan with an advisor who works at the same broker-dealer may limit the economic risk created when making a sale.

Pulling It All Together

Once an advisor thinks through a desired succession plan, there is still work to be done to take the plan from concept to reality from both business and legal perspectives. Similar to a complicated wealth management plan for an investment client, for a succession plan the devil is in the details. Advisors in a regional based system have a built-in support network to help implement their succession plan. Succession planning is usually a one-time event, and leveraging the knowledge of regional based experts may be a wise decision versus going it alone.

CONTINGENT SUCCESSION PLAN

The main element of a contingent succession plan is a buy/sell agreement. This agreement is executed to protect the advisor in case of death or disability. The agreement can be drafted as a one-way buy/sell or a two-way buy/sell, meaning each advisor agrees to buy the other advisor's business if an unforeseen event happens. The agreement outlines the following, including but not limited to:

BUYING AND SELLING PARTIES: Clearly defines the entities involved in the transaction.

VALUATION METHODOLOGY: What the economic consideration of the transaction will be. This approach can be very simplistic or can require a full appraisal (valuation) of the practice to determine value. Buy/sell agreements may not require a valuation at all. The two parties may agree on sharing revenue with the other party's estate or designee for a defined period.

INSTALLMENT SCHEDULE: When payment is due from the buyer to the seller. This is an enforceable part of the legal agreement. Many buy/sell agreements will have earnout schedules and provisions to protect the advisor in case a transition does not occur.

ADDITIONAL TERMS: Any agreement between the two parties is unique to their situation and may include additional items. These could include agreements to stay with a certain broker-dealer, agreement not to "sell" the business for a defined period, or protections for an advisor's estate or designee. A clause detailing a non-compete with the selling advisor so they can't set up shop across the street before a certain period of time is often added here.

In addition to a buy/sell agreement, many advisors will purchase "key man" life insurance to help fund the purchase of the other advisor's book. These are usually term policies with the settlement value set to the approximate value of the book value of an advisor's practice.

PROACTIVE SUCCESSION PLAN

Independent advisors have options to exit the industry and sell their practice. To get from A to B, the advisor will need to find the right buyer. The numbers and types of potential buyers are vast, but finding the right suitor is difficult. There are, however, resources available to the advisor:

REGIONAL LEADERS: As mentioned earlier, a powerful benefit of the regional broker-dealer model, such as Cetera Advisor Networks, is providing introductions to potential buyers in the advisor's local market.

INDUSTRY ASSOCIATIONS: Industry associations provide networking opportunities and can help advisors gain introductions to potential suitors.

INVESTMENT BANKS AND CONSULTANTS: For these industry experts, it is their full-time job to help advisors transition. Services and costs for these experts may vary, but they provide the advisor with deep outside expertise to protect a selling advisor's interest.

ONLINE RESOURCES AND TOOLS: These include firms who provide listing services for buyers and sellers to outline their intent for a potential transaction.

Once a potential buyer is identified for an advisor exiting the business, additional due diligence will be required. Before this process begins, both parties will usually sign a letter of intent, which outlines the preliminary terms of a deal. This is not a binding agreement, but indicates a path to get to a definitive agreement (the actual buy/sell document).

In terms of due diligence for the seller, they may want to research the buyer to make sure their needs and intentions will likely be met. This may include gaining confidence that the buyer has the capital or financing in place to complete the transaction, gaining comfort the buying advisor will service clients appropriately in the future, and determining if the buyer has a similar business and client service philosophy.

Buyers will also want to complete due diligence on the advisor exiting the business. This will include researching the advisor's client base and client service model to understand the risks and the overall attractiveness of the seller. This will usually include an appraisal of the advisor's business, either completed by the buyer or completed by an independent or objective third party. These processes usually trigger negotiations of price and terms, which ultimately will determine if the transaction is completed or not.

If the parties are able to come to a definitive agreement, there is additional work to close the transaction, including but not limited to client communication, technology and systems consolidation, modifying client agreements, updating regulatory documentation, completing legal documentation, and notifying employees and other parties as appropriate. Once a transaction becomes effective, the selling advisor will normally take an active role to ensure a successful transition of clients, which could take anywhere from two to three years. Some transactions are even more long-term in nature, where the advisor will stay with the buyer for five years or even longer. The difference is the selling advisor has realized the economic value of the business they built, and now becomes more of an employee assisting the buying advisor.

Case Study #1:

BAR Financial, LLC, Raises the Bar

BAR Financial is a fee-oriented region of Cetera Advisor Networks, with a broad spectrum of advisors that includes some large advisor teams. In addition, BAR is an extremely family-oriented organization. John Brackett, Principal, explained, *"We are driven by values here at BAR. We want to get to know our advisors' spouses and their families. Our advisors' spouses come to our hosted events and we make a point of ensuring them that we value their input. We make sure to instill the confidence in these families that they will be protected when their spouse's career comes to a close."*

BAR has a team of practice management experts who are constantly striving to help advisors make their business better, an important distinction of a regional based model. Succession planning is a key element of the equation. They have helped their advisors with more than 50 succession planning transactions including various types of transactions including mergers, acquisitions, and combinations of advisor practices. BAR sees succession planning as a growth lever for their business. Being able to connect the right buyer and seller increases the growth trajectory of both parties.

For example, a senior advisor was looking to exit the business, but his book was made up primarily of A share mutual funds. The residual trails had some value, but clients would be at risk once the advisor retired. BAR connected the advisor with a fee-based team who saw an opportunity to convert the A shares to fee-based planning. This was a win for clients and increased revenue for the buyer. The retiring advisor joined the team for a year or two to communicate the changes to clients and manage the transition. Mr. Brackett noted, *"What a great outcome for the retiring advisor. He was able to make his clients part of a team who could take care of them and the next generation, while still increasing the value of the business."* This type of experience is truly "raising the bar" of advisor support.

Case Study #2:

Exemplar Financial Network Protects Its Team

Based in the Chicago area, Exemplar Financial Network has a broad and sophisticated practice management offering including succession planning, sales and marketing, technology, and financial planning. Dave Hubbard, President, noted, *"We work with our advisors to develop a plan to grow their business. We consult to find out where they need help and then we work with them to shore up any weaknesses."* Exemplar delivers on their promise with more than 75 education sessions to choose from per year.

Over the years, Exemplar has been involved with more than 40 transactions with a high level of success. In addition to their practice management capability, the regional based structure has been a key element of their success, along with the financing capability offered by Cetera Advisor Networks, their broker-dealer.

Mr. Hubbard explained, *"All our advisors are required to sign a buy/sell agreement when they come in the door. We have practice management consultants in-house to maximize the value of an advisor's business and find the right buyer."* One example of the firm's success is helping a junior/senior advisor team realize a win/win scenario. The senior advisor was looking to retire, but the junior advisor did not have the capital to buy the senior advisor's share. The senior advisor was looking for immediate liquidity, which ruled out an earnout agreement. Exemplar in turn added value by limiting transition risk, validating the value a regional based broker-dealer model can provide.

Exemplar was brought into the equation and found a third-party buyer to help facilitate the transaction. *"We found a scenario where the buyer could deliver capital to the senior advisor and provide an even better home for the junior advisor. The outcome was the senior advisor received more for his share of the practice and the junior advisor was relieved of business management responsibilities he didn't want anyway. He's now growing his business faster,"* Mr. Hubbard said.

Case Study #3:

Financial Network Creates a Big Tent

One of the founding regions in Cetera Advisor Networks, Financial Network, based in Gardena, Calif., has created a culture where client-focused advisors become a part of a collaborative and family-orientated advisor team. John Cartwright, Regional Director, commented, *"We have 90 representatives in 12 offices; our goal is to work with advisors who share our values."*

Cartwright's region has deep expertise in succession planning. The region encourages advisors to create interim agreements until formal succession planning can take place. This need is even more critical given Mr. Cartwright estimates about 30 advisors on his team will retire within 10 years. He noted, *"We create an environment where advisors can work within our network to facilitate transactions. It's our goal to have our advisors work together and get to know each other to create matches. We have had significant success matching more junior advisors with somebody seeking to exit the business."*

Cartwright's region leverages the power of their broker-dealer's financing capability to help deals happen. Having a succession plan happen within the region is a tremendous benefit. *"We see so many of our advisor peers acting like gunfighters, given the nature of their broker-dealer system. Advisors come here when they see the power of our connection with advisors."* A big tent indeed.

Case Study #4:

AdvisorNet Financial Turns Succession Into Growth Lever

AdvisorNet Financial is a Midwest-based region. A unique element of their model is that 38 advisors are owners of the firm; there is currently a waitlist for new owners! This type of structure provides increased transparency which has led to strength and stability.

The AdvisorNet model also includes field consultants who work with advisors on practice management opportunities, including succession planning. Dan May, President and CEO, said, *"We are an objective advocate for advisors at AdvisorNet. We are flexible with our offering and are as transparent as possible. We don't push anything; we find it a win/win to have our advisors tell us what they need to grow their businesses. As a result, advisors see us as an invaluable partner for succession planning."*

An example of AdvisorNet's success is evidenced by helping an advisor create a platform for advisors exiting the business. As previously discussed, providing matchmaking for an advisor who needs to execute a succession plan is how regional-based broker-dealers differentiate themselves.

Mr. May explained, *"One of our new top advisors came to us 10 years ago looking to grow, he had identified a large producer inside our network who was looking to retire. We helped find financing and worked with him to create a platform for growth; he now has four other advisors working with him on his team. This advisor's platform is now attracting other advisors inside and outside the network when they are looking toward a phased-in or full retirement. This has turned into a significant growth engine for us and them."*

Conclusion

Succession planning is one of the most personal and complicated decisions an advisor makes in their career. Marrying personal and business goals with a well-thought succession plan can help maximize practice value, protect an advisor's heirs, and provide a great outcome for clients with a new advisor. An advisor's unwillingness or inability to create a succession plan creates risk for clients and the advisor's family.

For independent advisors, a regional based system can yield tremendous value and benefits. This model allows for a network of team-based professionals with a certain commonality in culture, platform, technology, reporting, and service model. These elements allow for a regional leader to add value to succession planning through coaching, development, and the ability to help match the advisor exiting the industry with a like-minded professional who can purchase the selling advisor's practice. Firms like Cetera Advisor Networks have well-established regional teams with a track record of succession planning success.

About Cetera Advisor Networks

Cetera Advisor Networks LLC is an independent broker-dealer and registered investment adviser firm who utilizes a unique regional director model to support financial advisors through the entire life cycle of their business. Cetera Advisor Networks is able to build and support regional teams through local service, regional offices and a national home office, facilitating the success of its approximately 3,000 financial professionals.

Cetera Advisor Networks, a part of Cetera Financial Group, Inc., is a member of the Securities Investor Protection Corporation (SIPC) and a member of the Financial Industry Regulatory Authority (FINRA). For more information, visit ceteraadvisornetworks.com.

About Cetera Financial Group

Cetera Financial Group is the retail advice platform of RCS Capital Corporation (NYSE: RCAP) that delivers the benefits of scale to its family of independent broker-dealer firms and registered investment advisers while providing a framework that nurtures relationships, unique cultures and unbiased objectivity. As the second largest independent financial advisor network in the nation by number of advisors and a leading provider of investment programs to financial institutions, Cetera Financial Group provides award-winning wealth management and advisory platforms, comprehensive broker-dealer and registered investment adviser services, and innovative technology to its family of broker-dealer firms nationwide.

Through those firms, Cetera Financial Group offers the stability of a large and well-capitalized broker-dealer and registered investment adviser, while serving independent and institutions-based financial advisors in a way that is customized to their individual needs. Cetera Financial Group is committed to helping advisors grow their businesses and strengthen their relationships with their investor clients. All of Cetera Financial Group's broker-dealer firms are members of FINRA/SIPC. For more information, visit ceterafinancialgroup.com.

About Advisor Growth Strategies (AGS)

Advisor Growth Strategies (AGS) is a leading consulting firm serving the wealth management community. AGS provides customized solutions for independent firms seeking to aggressively grow their business. With over 20 years of industry experience, AGS brings unique insight to the financial advisor market. AGS are recognized industry experts, providing advisors with cutting edge intellectual capital and practical solutions to help them grow and develop successful practices. AGS clients include some of the largest and most sophisticated advisors and financial services firms across the U.S. To learn more about AGS, please visit our website at www.advisorgrowthllc.com

For more information, please contact:

Cetera Advisor Networks LLC
Member FINRA/SIPC
200 N. Sepulveda Blvd.
Suite 1300
El Segundo, CA 90245
310.326.3100
ceteraadvisornetworks.com

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