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Q:

Why are so many advisers joining the independent ranks?



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COASTAL BRIDGE ADVISORS

► **The marketplace for wealth-management services has been undergoing a period of significant evolution, with the pace of change accelerating in recent years.** In my view, these changes have improved the quality of service. Today, many investors view traditional Wall Street business models as antiquated and conflict ridden.

While many of the Street's banks and brokerage houses have responded to market demands and the competitive environment, an increasing number of advisers are leaving the brokerage world to pursue what they believe to be a more client-centric approach: working as an independent registered investment adviser.

Industry monitoring groups are charting a steady flow of assets from the broker-dealers to the independent space. So, how do we explain this trend?

As an adviser, I have always believed the most valuable product I can offer clients is truly objective advice. Having made the transition myself, I can now see clearly why many advisers believe that they can better serve their clients as representatives of an independent registered investment adviser, for the following reasons:

Standard of care: Independent registered investment advisers must adhere to the fiduciary standard. Under this standard of care, the adviser has a legal responsibility to act in his or her client's best interests and fully disclose all material information, including conflicts of interest. By contrast, broker-dealers operating exclusively under the suitability standard are required only to "suitably" accommodate their clients' objectives, time horizons and experience.

Open architecture: As an independent, the adviser often has access to a

more extensive array of products and services to offer clients. This freedom of choice allows an adviser to better tailor solutions to clients' needs, free of any pressure to propose products or services from a limited set of offerings. Not only do these options frequently extend to investment alternatives, but they also extend to the ability to reach out to accountants, lawyers and other third parties who can bring value to the client relationship.

Transparency: In addition to the exhaustive array of solutions independent advisers can offer clients, I have found that, independent advisers report in a more transparent manner relative to broker-dealers, making clear how much the client is paying and what the fee is for. At Coastal Bridge Advisors, we disclose our fee structure from the outset in a straightforward manner and do our best to ensure that clients understand it clearly.

Technology: Technology and custodial services have advanced to the point where many independent firms are arguably operating with greater flexibility and speed than their traditional counterparts. In my experience, the independent adviser can procure technology solutions that better meet—and more rapidly support—the growing demands of his or her client base.

Service: As an independent, I've seen much greater autonomy when it comes to staffing and supporting decisions. At Coastal Bridge Advisors, we work as a team in the service of the client, rather than competing—as many brokers at traditional Wall Street firms do—for a limited set of resources.

It should come as no surprise that clients are becoming more sophisticated and are demanding the same from their advisers. In my experience, clients expect services to be priced in a transparent manner, with the disclosure of financial incentives their advisers have to recommend one investment over another.

While these may seem like simple concepts, many advisers face structural challenges that limit their ability to carry out these tasks. As someone who has spent a significant portion of his career working in broker-dealer environments, I now have an even greater appreciation for the virtues of the independent adviser space and how I can best serve my clients. ●

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ABOUT COASTAL BRIDGE ADVISORS



Coastal Bridge Advisors is an independent registered investment advisor offering a full range of wealth-management services.

Often referred to as a “virtual family office,” Coastal Bridge strives to bring clarity and control to the financial lives of its clientele by delivering customized personal and business solutions. From its offices in Westport, Conn.,

and Los Angeles, Coastal Bridge services high net worth individuals, families and foundations on both coasts and nationwide.

EXPERTISE

Financial Services Experience

33 YEARS

Professional Services Provided

Financial planning, asset management, concentrated stock hedging, lending, cash management, alternative investments, due diligence and family office services

Assets Under Management

\$2.5B

(approximately, as of 12/31/2017)

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