

A PRACTICAL GUIDE FOR FINANCIAL ADVISORS

The Advisor Ownership Scorecard

12 questions that reveal what your practice is really worth — and which path pays you best.

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OCTOBER 2026

The \$390,000 Question

Take a \$2 million producer at a wirehouse.

On a 48% grid — what a \$2 million producer kept on Morgan Stanley’s 2026 schedule (Financial Planning, September 2026) — that’s \$960,000 in gross compensation. As a W-2 employee with few deductions available, taxes at an effective 40% leave roughly **\$576,000** in take-home pay.

Now run the same \$2 million as an independent practice. At a 90% payout: \$1,800,000. Subtract \$380,000 in real operating expenses — staff, office, tech, compliance, insurance — and you’re at \$1,420,000. With business deductions and proper structuring, taxes at an effective 32% leave roughly **\$966,000** in take-home pay.

The tax rates and expense figures are illustrative scenario assumptions, not industry benchmarks — actual taxes vary by state and structure.

**Same clients. Same production.
\$390,000 more per year.**

THE \$390,000 GAP, VISUALIZED

Wirehouse W-2

48% payout · 40% effective tax rate

\$576,000

Independent practice

90% payout · \$380K operating expenses · 32% effective tax rate

\$966,000

Same \$2M producer. Same clients. +\$390,000 in annual take-home. Illustrative scenario; see page text for assumptions.

That’s **\$3.9 million over a decade** — not a recruiting pitch, arithmetic. And it’s the reason **39,171 advisors changed firms in 2025** — the third straight year of increasing movement, according to ISS Market Intelligence.

This paper isn’t about whether you should leave your firm. It’s about whether you’ve run the math. Most advisors haven’t — not the real math, with after-tax take-home, control rights, and exit value on the same page.

The scorecard on page 6 takes ten minutes. It will tell you more about your economics than a decade of grid statements.

The Three Paths (and What They Actually Pay)

Every advisor with real production eventually faces the same three doors. They look similar from the outside. They are nothing alike on the inside.

THE THREE PATHS AT A GLANCE

PATH	PAID TO...	TYPICAL ECONOMICS	STRINGS ATTACHED
Recruiting check	Move you	300–400%+ of trailing-12 revenue; part upfront, the rest contingent on asset-transfer and growth targets	7–12 year forgivable loan; back-end forfeited if growth targets are missed
Sunset program	Keep you	Tiered by tenure and production; terms set by the firm	Firm controls eligibility, successor, payout cadence, and future rule changes
Equity sale	Reward ownership	11.6x EBITDA median (~1.4–3.6x revenue, by margin)	~95% retention to earn full price; terms negotiated, not dictated

Equity isn't paid to move you or keep you — it's paid because you own something transferable.

PATH 1 The Recruiting Check

Wirehouse upfront recruiting loans now run **300% to 400%+ of trailing-12 revenue** — roughly double what they were seven or eight years ago. For select teams, UBS has paid 500%+. IBD deals average around 125%.

- Part is paid upfront as a forgivable loan; the rest is contingent on asset-transfer and growth targets over several years.
- **Loan terms typically run 7–12 years**, with 10-year lockups increasingly common on larger deals. Leave in year seven of a ten-year deal and you repay three-tenths of every advance.
- Miss the growth benchmarks and the back-end evaporates — future payments are forfeited.

*A recruiting deal is paid to **move** you. It is compensation with handcuffs, not a purchase of your business. The check is real. So are the strings.*

PATH 2 The Sunset Program

Retire-in-place programs feel like selling your book. They are monetization — on the firm's terms, under the firm's rulebook, subject to the firm's future policy changes.

- Morgan Stanley's Former Advisor Program pays up to **~350% of trailing-12 revenue** at the top tier — but the enhanced "Deferred Platinum" tier, for brokers generating \$10M+ in gross revenue for three consecutive calendar years, requires a 90-day garden leave.

- Merrill's Client Transition Program has been described by industry attorneys as **the most stringent of all wirehouse retire-in-place programs**, with restrictive clauses many advisors don't fully grasp until they're inside it.

*A sunset deal is paid to **keep** you. It is permission-based: the firm controls eligibility, the successor, the payout cadence, and whether the program still looks the same in five years.*

PATH 3 The Equity Sale

Sell an ownership interest in your practice on the open market, and the pricing mechanism changes completely. Buyers pay for cash flow and retention, not grids.

- The **median RIA valuation hit 11.6x EBITDA in 2025**, up 5% from 2024 and up more than 40% since 2020. Quality firms routinely trade at 8–12x; premium firms go much higher.
- **2025 was a record year:** 322 announced RIA transactions (DeVoe) — or 466 by Echelon’s broader count. **74% of buyers were backed by private capital.**
- Most deals require retaining at least **~95% of revenue** to earn the full purchase price, per RIA M&A attorney Corey Kupfer. RIA client retention runs ~97%.

Here’s the part most advisors miss: a revenue multiple and an EBITDA multiple are not comparable until you convert through margin. At a 16% EBITDA margin, 9x EBITDA implies ~1.44x revenue. At 25%, ~2.25x — roughly sunset territory. At 40%, ~3.6x revenue — materially above any internal program.

*An equity sale is paid because you **own** something transferable. The buyer universe is competitive — strategics, aggregators, private-capital-backed platforms — and the terms are negotiated, not dictated.*

WHY MARGIN IS THE REAL VARIABLE: 9X EBITDA AT DIFFERENT MARGINS



Same 9x EBITDA multiple — roughly mid-range of the 8–12x quality band — very different revenue outcomes. Efficient practices capture sunset-beating economics.

A recruiting deal is paid to move you. A sunset deal is paid to keep you. Equity is paid because you own something transferable. Three instruments. Three sets of strings.

The Scorecard

For each question, circle the answer that fits best and note the points. Be honest — nobody sees this but you.

Cash Flow (your money, this year)

QUESTION 1 OF 12

Roughly what share of every revenue dollar do you keep after your firm's grid?

- ☐ 55% or more — 1 pt
- ☐ 45–55% — 2 pts
- ☐ Under 45% — 3 pts

QUESTION 2 OF 12

Over the past three years, have payout or policy changes forced you to produce more to earn the same?

- ☐ No — 1 pt
- ☐ Somewhat — 2 pts
- ☐ Yes, clearly — 3 pts

Context: on Morgan Stanley's 2026 grid, a \$1M producer kept 44% — and the 2027 grid raised every band's threshold ~10%, so advisors must produce more just to stand still.

QUESTION 3 OF 12

Have you ever modeled your after-tax take-home as an independent practice?

- ☐ Yes, and the gap wasn't compelling — 1 pt
- ☐ Never modeled it — 2 pts
- ☐ Yes, and the gap was significant — 3 pts

QUESTION 4 OF 12

How much of your compensation is deferred, contingent on hurdles, or subject to clawback?

- ☐ Little to none — 1 pt
- ☐ A meaningful share — 2 pts
- ☐ Most of my upside — 3 pts

Control (your practice, every day)

QUESTION 5 OF 12

Who decides your successor?

- ☐ I do, freely — 1 pt
- ☐ I choose from firm-approved options — 2 pts
- ☐ The firm decides — 3 pts

QUESTION 6 OF 12

Could your firm change your payout, policies, or platform economics on short notice?

- ☐ Unlikely — 1 pt
- ☐ Possible — 2 pts
- ☐ They've done it before — 3 pts

QUESTION 7 OF 12

If your firm were acquired tomorrow, how confident are you that your economics and service model stay intact?

- ☐ Very confident — 1 pt
- ☐ Somewhat — 2 pts
- ☐ Not at all — 3 pts

Context: within a year of LPL's \$2.7B acquisition of Commonwealth being announced, 654 advisors — about 22% — had joined other firms. LPL's stated target was retaining 90% of the acquired firm's assets.

QUESTION 8 OF 12

How would you describe your non-compete / non-solicit agreement?

- ☐ None, or narrow — 1 pt
- ☐ Standard for the industry — 2 pts
- ☐ Restrictive — 3 pts

Exit Value (your wealth, at the finish line)

QUESTION 9 OF 12

When do you want full optionality on monetizing your practice?

- ☐ 15+ years out — 1 pt
- ☐ 5–10 years — 2 pts
- ☐ Within 5 years — 3 pts

QUESTION 10 OF 12

Do you know what your practice would fetch under your firm’s retirement program versus a competitive market sale?

- ☐ Yes, and they’re close — 1 pt
- ☐ I have a rough sense — 2 pts
- ☐ No — or the market number looks dramatically higher — 3 pts

Context: the median RIA sold for 11.6x EBITDA in 2025. At healthy margins, that converts to well above what internal programs pay.

QUESTION 11 OF 12

How important is leaving a transferable asset — to heirs, junior partners, or a future buyer?

- ☐ Not a priority — 1 pt
- ☐ Somewhat important — 2 pts
- ☐ Very important — 3 pts

QUESTION 12 OF 12

If you couldn’t work tomorrow, who captures your practice’s value?

- ☐ My family or heirs, in full — 1 pt
- ☐ Partially — 2 pts
- ☐ Mostly the firm — 3 pts

What Your Score Means

Add up your points and find your band.

WHERE DID YOU LAND?

12–18 W-2 still working	19–27 Take a real look	28–36 Ownership economics
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12 – 18

THE W-2 MODEL IS STILL WORKING FOR YOU

Your economics, control, and exit path are aligned with where you are. The highest-value move right now is optimizing inside your current structure — negotiate your team agreement, understand your retirement program’s actual triggers, and re-take this scorecard annually. Things change: grids change, programs change, firms get acquired.

19 – 27

YOU’RE IN THE ZONE — INDEPENDENCE DESERVES A REAL LOOK

You’re feeling the friction the industry data describes: 39,171 advisors changed firms in 2025, and cumulative 2021–2025 flows show retail RIAs gaining 9,525 advisors while wirehouses lost 8,017. You’re not imagining it. This is the band where a confidential, no-pressure conversation about your specific numbers pays for itself — even if you stay.

28 – 36

YOUR ECONOMICS ARE POINTING AT OWNERSHIP

Advisors in this band are typically leaving significant money on the table every year they wait — in take-home pay, in control, and in enterprise value that compounds. With 35% of advisors — managing roughly 40% of industry client assets — expected to retire over the next decade, the market for well-run practices has rarely been stronger. The question isn’t whether your practice has value. It’s whether you capture it or your firm does.

7 Questions to Ask Before You Sign Anything

Whether it's a recruiting deal, a sunset program, or a sale — ask these before the ink dries. The answers matter more than the headline number.

1

What happens if I leave early?

Exactly what do I repay, on what schedule, and what triggers it?

2

How much of the back-end is contingent — and on what?

Get the asset-transfer and growth hurdles in writing, with the math.

3

What are the retention triggers on any retirement payout?

What client-retention percentage unlocks full economics, and who measures it?

4

Who approves my successor — and can the firm change the program?

If the rules can be rewritten after you commit, price that risk.

5

What happens to my economics if the firm is acquired?

(See: 654 former Commonwealth advisors joined other firms within a year of the LPL acquisition announcement.)

6

In a sale, what revenue retention earns full price?

The market standard is ~95%. Know where the cliffs are.

7

Show me the after-tax math, not the headline number.

A 400% headline at a 45% tax drag with up to a decade of handcuffs is a different instrument than it appears.

The Succession Clock

This section isn't about you retiring tomorrow. It's about the market you're operating in.

35% of advisors — managing roughly 40% of industry client assets — are expected to retire over the next decade.

The largest generational transfer of practices in industry history is underway — and much of it has no succession plan.

Source: Cerulli Associates (via AdvisorHub, September 2026)

THE SUCCESSION WAVE



- **35% of advisors**
expect to retire within a decade
- **~40% of industry assets**
changing hands over the next decade

Source: Cerulli Associates (via AdvisorHub, September 2026).

More than a quarter of advisors planning to retire over the next decade are still uncertain about their succession plans. Roughly three-quarters cite the time it takes to train a successor on the business as a major challenge.

What does that mean for you? Two things:

- 1. If you're a buyer or successor**, the largest generational transfer of practices in industry history is underway — and most of it has no plan.
- 2. If you're a seller within ten years**, scarcity cuts in your favor right now: record deal volume (322–466 transactions in 2025), record valuations (11.6x EBITDA median), and a buyer universe that's 74% backed by private capital and hungry for quality practices. DeVoe notes 2026 deal pacing has cooled — owners delaying, not abandoning, sales amid uncertainty. Windows like this don't stay open forever.

YOUR NEXT STEP

The scorecard takes ten minutes. The conversation takes fifteen.

If your score put you in the zone — or if you just want to see your real numbers run side by side — that's a conversation worth having. Confidential, no pressure, no trace. Your firm will never know we talked.

TEXT THE WORD

SCORECARD

to **917-678-8967**

No comment. No DM. Nothing on LinkedIn — just a private text.

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Sources

Every figure in this paper is drawn from published industry research. Full credit to the firms and publications below.

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