

3xEquity

Transition Comparison Report

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3xequity

Jones, Douglas & Associates Executive Summary

Congratulations! 3xEquity has completed your Transition Comparison Report.

Based on the information you provided, the analysis of 3xEquity indicates if you were to move firms, you would be eligible for a transition package between \$2.8m and \$3.6m.

See the following pages for detailed breakdown.

Note: *All values are estimates.* Please refer to the [Statement of Conditions](#).



About Us

A financial firm that provides valuations & transition comparisons, along with many other tools. Through our sleek website, we offer real-time data analysis, which enables advisors to make crucial business decisions. If you wish to expand, sell, establish partnerships, or evaluate broker dealers; 3xEquity is the premiere online resource for growth opportunities in the financial services industry.

Contact Us





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In Alphabetical Order

	\$3,318,845
	\$3,224,728
Morgan Stanley	\$2,760,579
	\$3,416,182
	\$3,470,166
YOUR INDEPENDENT PRACTICE	\$3,649,797
SELLING YOUR INDEPENDENT PRACTICE	\$5,174,006

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3xEquity and our Valuation Service

About 3xEquity

At 3xEquity, we are a group of financial service professionals who have spent our entire careers growing one of the best firms in the country while earning many distinguished awards along the way.

3xEquity helps financial advisors:

- Determine their "Breakaway" value
- Compare transition packages of 5 broker dealers
- Project revenue over 5 years
- Compare deal terms when buying or selling
- Understand hurdles needed to attain bonuses
- Find financing for breaking away or selling a book

3xEquity can introduce advisors to new broker dealers. We can help advisors sell their business as well. We can help a junior advisor purchase a senior advisor's practice. We can even provide or refer financing. If you want the process of moving broker dealers, selling, buying or financing to be simple, financially rewarding, and conducted with the highest level of integrity, then 3xEquity could be your answer.

Valuing a Transition Package

Many factors determine the breakaway value of a business, but the key drivers are 1) Revenue, 2) Assets Under Management (AUM), 3) Years in Service, 4) Assets transferred to the new broker dealer, and 5) Revenue Growth.

The combination of these 5 factors allows 3xEquity to predict with relative accuracy the income, bonuses, and payout percentage of a transitioned advisor. The terms of the deals can be affected by factors that are not part of 3xEquity calculations including U4 violations, staff transferred, velocity, and more.

Transition Package Structure

All of the brokerage firms listed have a similar structure for achieving bonuses. Bonuses are usually payed out over 3-5 years with asset and/or revenue hurdles for an advisor to transfer and attain to earn the bonus for that year. However these bonuses come on a 6-9 year note to require the transitioned advisor to stay at the new firm. 3xEquity has acquired the details of these packages by deals that have recently been closed in the industry.

Independent Valuations

3xEquity also provides valuations for independent advisory practices. You will receive an independent comparison in this report that will show you your expected revenue as an independent advisor, as well as show what your practice would be worth in the event of a sale. Moving to an independent platform can be very lucrative to advisors, as the advisor then owns the equity in the practice, and has control over the expenses and PNL in the business.

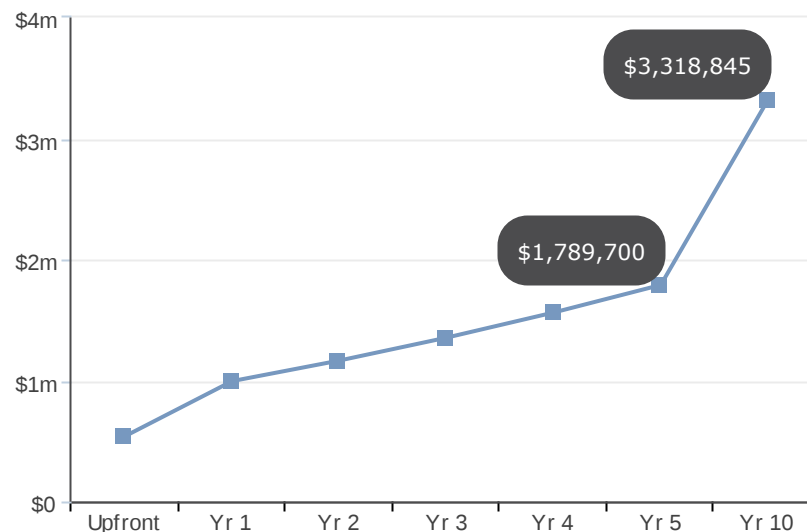
The factors used in calculating the value are the same factors that make a practice the most valuable to buy. These are: 1) Revenue, 2) Age of clients, and 3) Recurring vs non recurring revenue. 3xEquity can also help provide breakaway financing for advisors looking to move from a wirehouse to an independent platform. Go to the independent page of 3xEquity.com to learn more about your practice.



Since our founding in 1894, we at Ameriprise Financial have stayed true to our mission: To help people feel confident about their financial future. Our strength, integrity, our breadth of services and personal relationships have made us America's leader in financial planning.

	ASSETS TRANSFERRED	REVENUE ACHIEVED	ESTIMATED BONUSES	ESTIMATED INCOME	ANNUAL COMP (INCOME + BONUS)	ACCUM TOTAL COMP
UPFRONT	—	—	\$540k	—	\$540k	\$540k
YEAR 1	\$80m	\$338k	\$320k	\$135k	\$455k	\$995k
YEAR 2	\$80m	\$405k	—	\$170k	\$170k	\$1.2m
YEAR 3	\$80m	\$450k	—	\$189k	\$189k	\$1.4m
YEAR 4	\$80m	\$495k	—	\$208k	\$208k	\$1.6m
YEAR 5	\$80m	\$518k	—	\$228k	\$228k	\$1.8m
YEAR 10	\$129m	\$833k	—	\$367k	\$367k	\$3.3m

Estimated Total Compensation



Total Bonuses

\$860,000

5-Year Income

\$929,700

5-Year Payout Rate

42%

5-Year Total Comp (Income + Bonuses)

\$1,789,700

Estimated 10-Year Total Compensation (Income + Bonuses)

\$3,318,845



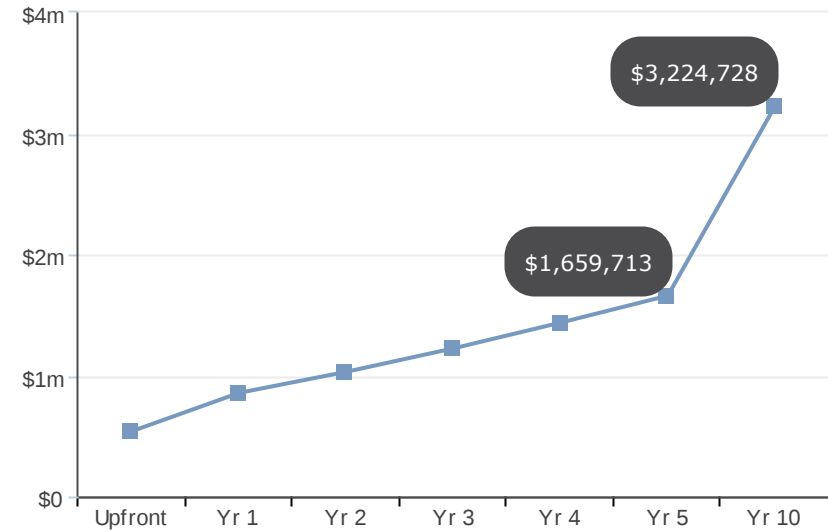


Merrill Lynch

Merrill Lynch is one of the world's premier providers of wealth management, securities trading and sales, corporate finance and investment banking services. Working with our clients as strategic partners, we create and execute winning solutions, for their financial and investment needs.

	ASSETS TRANSFERRED	REVENUE ACHIEVED	ESTIMATED BONUSES	ESTIMATED INCOME	ANNUAL COMP (INCOME + BONUS)	ACCUM TOTAL COMP
UPFRONT	—	—	\$540k	—	\$540k	\$540k
YEAR 1	\$80m	\$338k	\$180k	\$137k	\$317k	\$857k
YEAR 2	\$80m	\$405k	—	\$174k	\$174k	\$1.0m
YEAR 3	\$80m	\$450k	—	\$194k	\$194k	\$1.2m
YEAR 4	\$80m	\$495k	—	\$213k	\$213k	\$1.4m
YEAR 5	\$80m	\$518k	—	\$223k	\$223k	\$1.7m
YEAR 10	\$129m	\$833k	—	\$388k	\$388k	\$3.2m

Estimated Total Compensation



Total Bonuses

\$720,000

5-Year Income

\$939,713

5-Year Payout Rate

43%

5-Year Total Comp (Income + Bonuses)

\$1,659,713

Estimated
10-Year Total
Compensation
(Income + Bonuses)

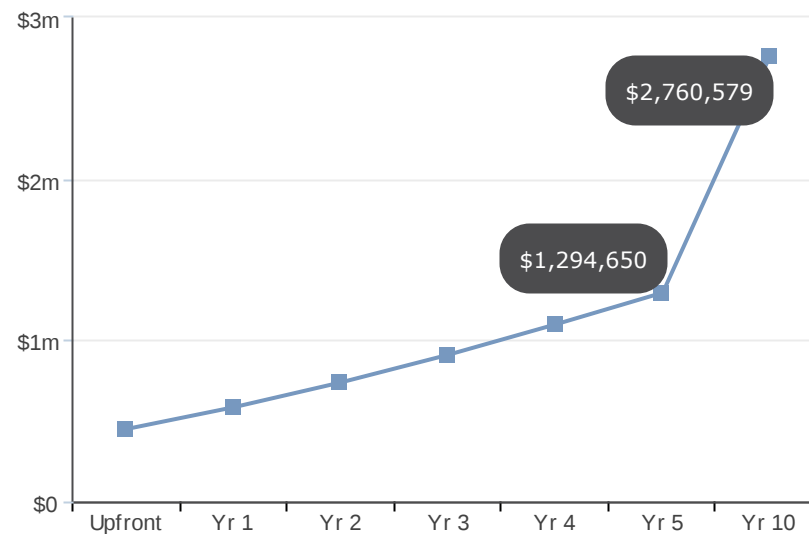
\$3,224,728

Morgan Stanley

Since its founding in 1935, Morgan Stanley and its people have helped redefine the meaning of financial services. The firm has continually broken new ground in advising our clients on strategic transactions, in pioneering the global expansion of finance and capital markets, and in providing new opportunities for investors.

	ASSETS TRANSFERRED	REVENUE ACHIEVED	ESTIMATED BONUSES	ESTIMATED INCOME	ANNUAL COMP (INCOME + BONUS)	ACCUM TOTAL COMP
UPFRONT	—	—	\$450k	—	\$450k	\$450k
YEAR 1	\$80m	\$338k	\$68k	\$68k	\$135k	\$585k
YEAR 2	\$80m	\$405k	—	\$154k	\$154k	\$739k
YEAR 3	\$80m	\$450k	—	\$171k	\$171k	\$910k
YEAR 4	\$80m	\$495k	—	\$188k	\$188k	\$1.1m
YEAR 5	\$80m	\$518k	—	\$197k	\$197k	\$1.3m
YEAR 10	\$129m	\$833k	—	\$358k	\$358k	\$2.8m

Estimated Total Compensation



Total Bonuses

\$517,500

5-Year Income

\$777,150

5-Year Payout Rate

35%

5-Year Total Comp (Income + Bonuses)

\$1,294,650

Estimated
10-Year Total
Compensation
(Income + Bonuses)

\$2,760,579

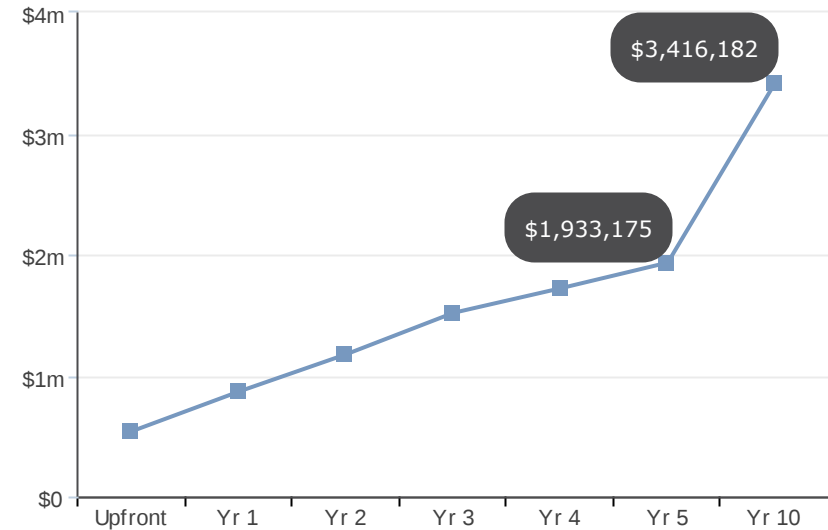


UBS

UBS draws on its 150-year heritage to serve private, institutional and corporate clients worldwide. Its business strategy is centered on its pre-eminent global wealth management businesses and is complemented by its Global Asset Management business and its Investment Bank.

	ASSETS TRANSFERRED	REVENUE ACHIEVED	ESTIMATED BONUSES	ESTIMATED INCOME	ANNUAL COMP (INCOME + BONUS)	ACCUM TOTAL COMP
UPFRONT	—	—	\$540k	—	\$540k	\$540k
YEAR 1	\$80m	\$338k	\$200k	\$128k	\$328k	\$868k
YEAR 2	\$80m	\$405k	\$142k	\$166k	\$308k	\$1.2m
YEAR 3	\$80m	\$450k	\$158k	\$185k	\$342k	\$1.5m
YEAR 4	\$80m	\$495k	—	\$203k	\$203k	\$1.7m
YEAR 5	\$80m	\$518k	—	\$212k	\$212k	\$1.9m
YEAR 10	\$129m	\$833k	—	\$358k	\$358k	\$3.4m

Estimated Total Compensation



Total Bonuses

\$1,039,250

5-Year Income

\$893,925

5-Year Payout Rate

41%

5-Year Total Comp (Income + Bonuses)

\$1,933,175

Estimated
10-Year Total
Compensation
(Income + Bonuses)

\$3,416,182



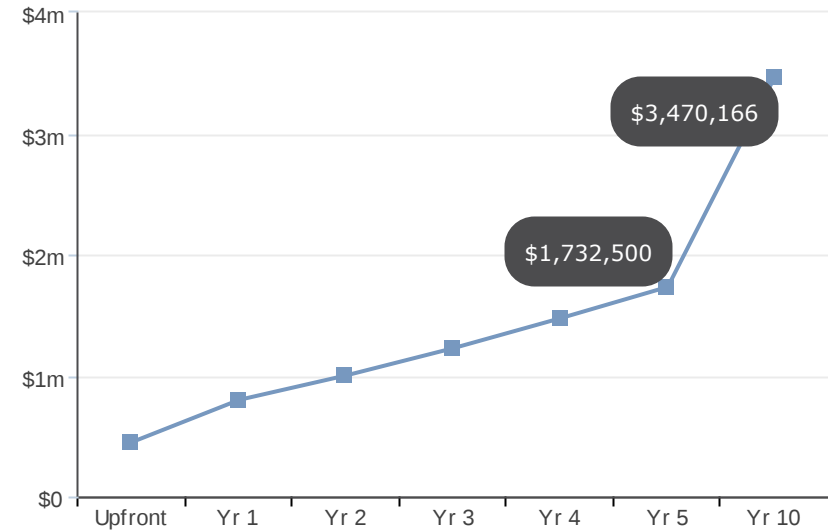


WELLS FARGO

Wells Fargo Advisors is one of the nation's premier financial services firms, serving and advising clients nationwide with over 15,000 Financial Advisors. As the heir to some of America's most respected regional firms, Wells Fargo Advisors have retained a strong and abiding commitment to exceptional service.

	ASSETS TRANSFERRED	REVENUE ACHIEVED	ESTIMATED BONUSES	ESTIMATED INCOME	ANNUAL COMP (INCOME + BONUS)	ACCUM TOTAL COMP
UPFRONT	—	—	\$450k	—	\$450k	\$450k
YEAR 1	\$80m	\$338k	\$180k	\$169k	\$349k	\$799k
YEAR 2	\$80m	\$405k	—	\$203k	\$203k	\$1.0m
YEAR 3	\$80m	\$450k	—	\$225k	\$225k	\$1.2m
YEAR 4	\$80m	\$495k	—	\$248k	\$248k	\$1.5m
YEAR 5	\$80m	\$518k	—	\$259k	\$259k	\$1.7m
YEAR 10	\$129m	\$833k	—	\$417k	\$417k	\$3.5m

Estimated Total Compensation



Total Bonuses

\$630,000

5-Year Income

\$1,102,500

5-Year Payout Rate

50%

5-Year Total Comp (Income + Bonuses)

\$1,732,500

Estimated
10-Year Total
Compensation
(Income + Bonuses)

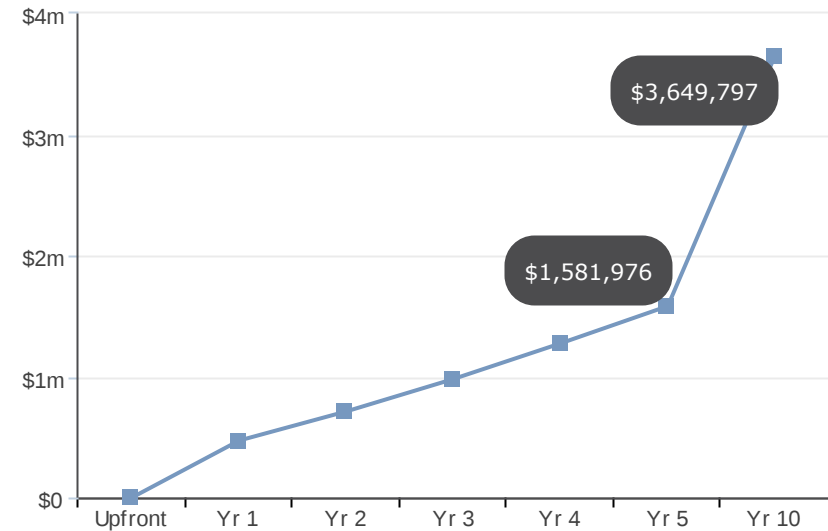
\$3,470,166

YOUR INDEPENDENT PRACTICE

Moving to an independent platform will give an advisor control over his/her business. The largest benefit to becoming an independent advisor is the equity ownership in the practice, which allows an advisor to sell the practice at any time, and not be confined to a 9 year commitment at a firm.

	ASSETS TRANSFERRED	REVENUE ACHIEVED	ESTIMATED BONUSES	ESTIMATED INCOME	ANNUAL COMP (INCOME + BONUS)	ACCUM TOTAL COMP
UPFRONT	—	—	—	—	—	—
YEAR 1	\$80m	\$338k	\$270k	\$201k	\$471k	\$471k
YEAR 2	\$80m	\$405k	—	\$241k	\$241k	\$712k
YEAR 3	\$80m	\$450k	—	\$268k	\$268k	\$980k
YEAR 4	\$80m	\$495k	—	\$295k	\$295k	\$1.3m
YEAR 5	\$80m	\$518k	—	\$308k	\$308k	\$1.6m
YEAR 10	\$129m	\$833k	—	\$496k	\$496k	\$3.6m

Estimated Total Compensation



Total Bonuses (Assumed 60% of Trailing 12)

\$270,000

5-Year Income (Assumed expenses 40% of Trailing 12)

\$1,311,976

5-Year Payout Rate

85%

5-Year Total Comp (Income + Bonuses)

\$1,581,976

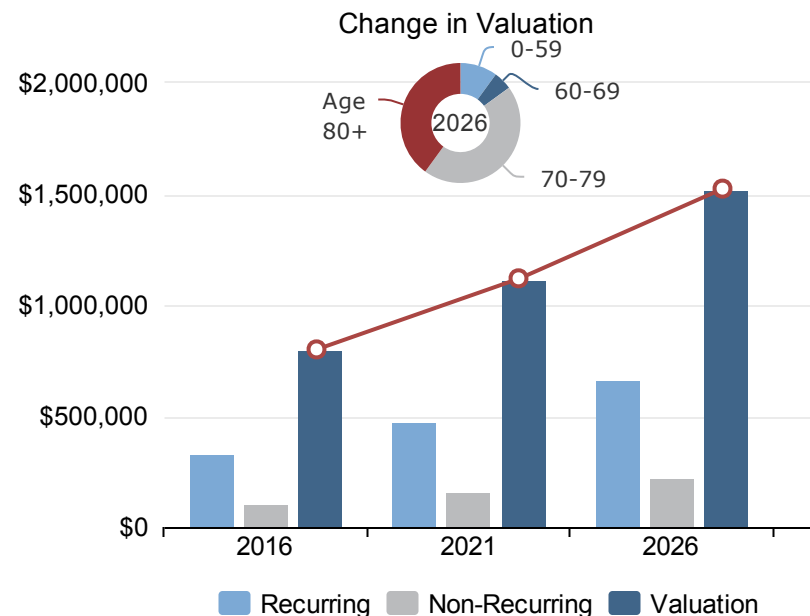
Estimated 10-Year Total Compensation (Income + Bonuses)

\$3,649,797

SELLING YOUR INDEPENDENT PRACTICE

3xEquity has also given you the value of your business in the event of a sale. The largest benefit to becoming an independent advisor is the equity ownership in the practice. This allows an advisor to sell the practice at any time while not confined to a 9 year commitment to a firm.

YEAR	ANNUAL COMP (INCOME + BONUS)	ACCUM TOTAL COMP	VALUATION	ACCUM TOTAL COMP + SALE
UPFRONT	—	—	\$800k	\$800k
YEAR 1	\$471k	\$471k	\$855k	\$1.3m
YEAR 2	\$241k	\$712k	\$914k	\$1.6m
YEAR 3	\$268k	\$980k	\$978k	\$2.0m
YEAR 4	\$295k	\$1.3m	\$1m	\$2.3m
YEAR 5	\$308k	\$1.6m	\$1m	\$2.7m
YEAR 10	\$496k	\$3.6m	\$2m	\$5.2m



Today's Valuation

\$800,002

5-Year Valuation

\$1,120,221

5-Year Total Comp + 5-Year Valuation

\$2,702,197

10-Year Valuation

\$1,524,209





10-Year Total Compensation + 10-Year Sale

\$5,174,006

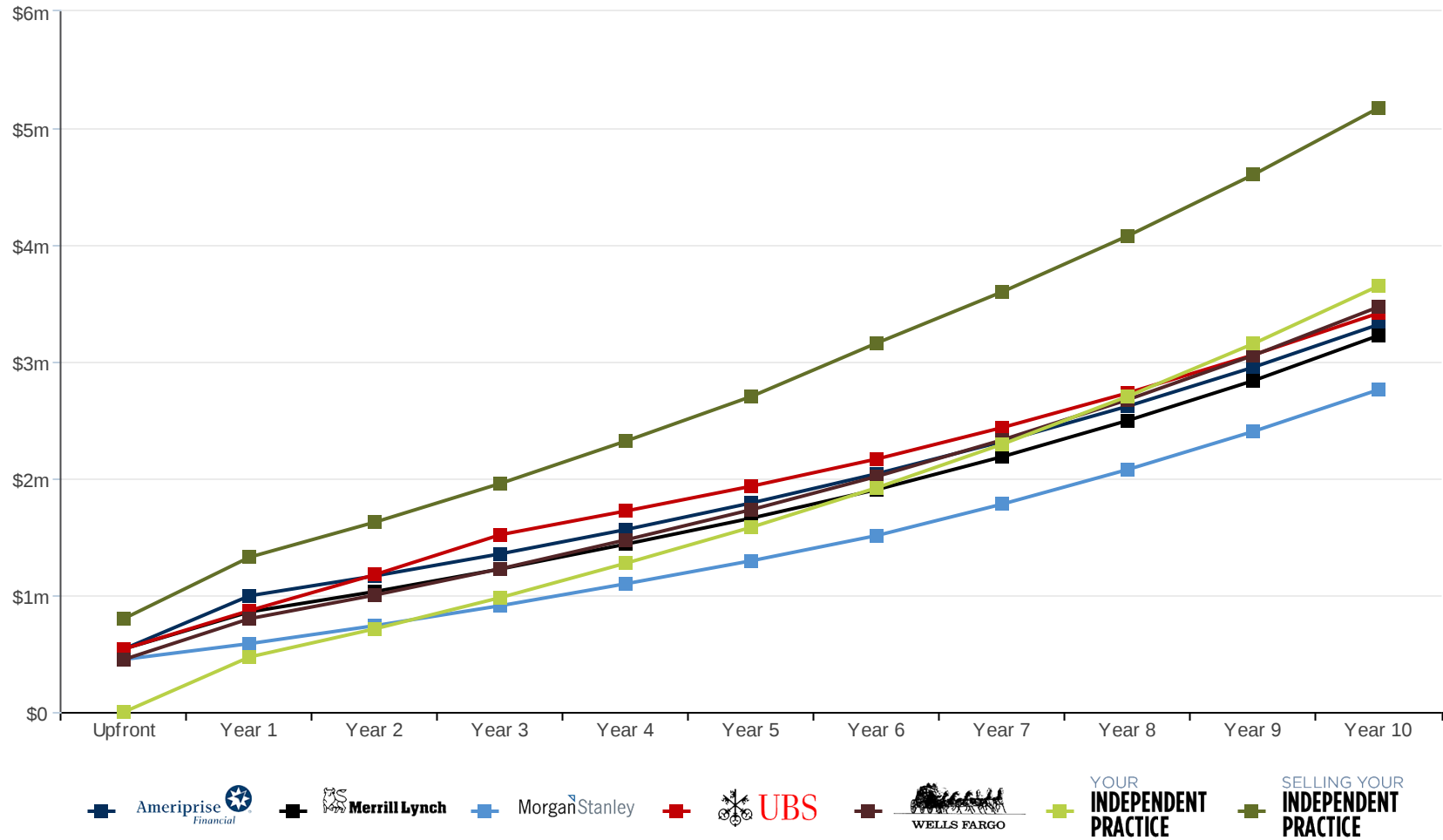
Jones, Douglas & Associates

Compensation Comparison Table

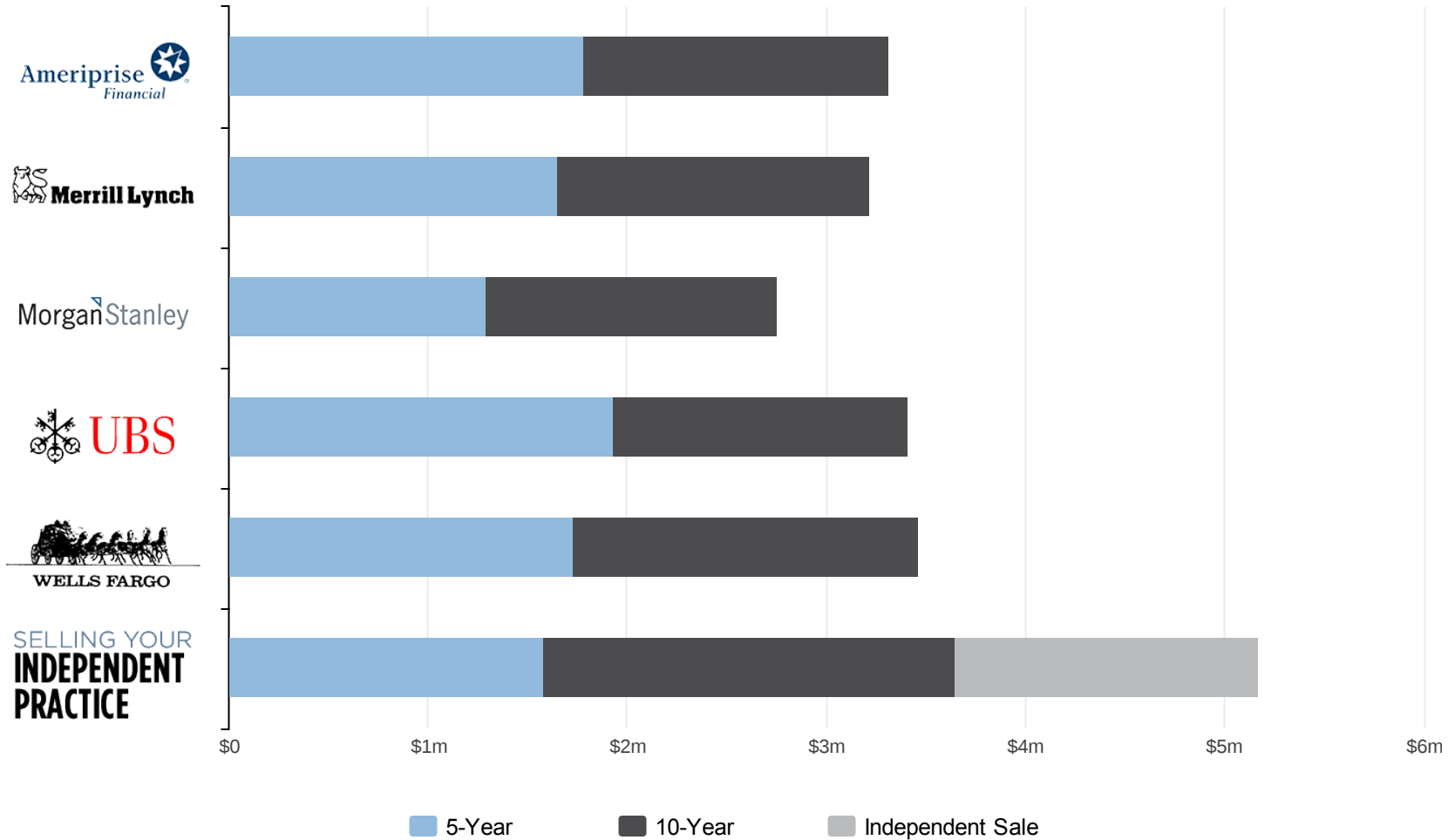
Use this comparison table to analyze your transition options side by side. Compare the 5 listed companies and your option of becoming an independent financial advisor.

	UPFRONT BONUS	YEAR 1 INCOME + BONUS	YEAR 2 INCOME + BONUS	YEAR 3 INCOME + BONUS	YEAR 4 INCOME + BONUS	YEAR 5 INCOME + BONUS	5-YEAR TOTAL COMPENSATION	PAYOUT	YEARS 6-10 TOTAL COMPENSATION	10 YEAR TOTAL COMPENSATION
 Ameriprise Financial	\$540,000	\$455,000	\$170,100	\$189,000	\$207,900	\$227,700	\$1,789,700	43%	\$1,529,145	\$3,318,845
 Merrill Lynch	\$540,000	\$316,688	\$174,150	\$193,500	\$212,850	\$222,525	\$1,659,713	44%	\$1,565,015	\$3,224,728
Morgan Stanley	\$450,000	\$135,000	\$153,900	\$171,000	\$188,100	\$196,650	\$1,294,650	39%	\$1,465,929	\$2,760,579
 UBS	\$540,000	\$328,250	\$307,800	\$342,000	\$202,950	\$212,175	\$1,933,175	42%	\$1,483,007	\$3,416,182
 WELLS FARGO	\$450,000	\$348,750	\$202,500	\$225,000	\$247,500	\$258,750	\$1,732,500	50%	\$1,737,666	\$3,470,166
YOUR INDEPENDENT PRACTICE	\$0	\$470,813	\$240,975	\$267,750	\$294,525	\$307,913	\$1,581,976	85%	\$2,067,821	\$3,649,797
SELLING YOUR INDEPENDENT PRACTICE							\$2,702,197			\$5,174,006

Jones, Douglas & Associates Breakeven Comparison Graph



Jones, Douglas & Associates 5 & 10 Year Compensation Graph



Jones, Douglas & Associates Report Inputs

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We include here key data points that we think are most important for your transition comparison report.

Practice Metrics

NAME	VALUE	DEFINITION
Revenue	\$450,000	Gross income for the Last Twelve Months (LTM).
Assets Under Management	\$100,000,000	Assets Under Management, or AUM, is the total amount of assets your practice is managing.
Years in Service	15	The number of years you have been advising your client base.
Assets Attained Year 1	80%	What percentage of your current assets do you think will transfer during the first year.
Assets Attained Year 2	80%	What percentage of your current assets do you think will transfer during the second year.
Assets Attained Year 3	80%	What percentage of your current assets do you think will transfer during the third year.
Assets Attained Year 4	80%	What percentage of your current assets do you think will transfer during the fourth year.
Assets Attained Year 5	80%	What percentage of your current assets do you think will transfer during the fifth year.

NAME	VALUE	DEFINITION
Revenue Achieved Year 1	75%	What percentage of your current revenue do you think will transfer during the first year.
Revenue Achieved Year 2	90%	What percentage of your current revenue do you think will transfer during the second year.
Revenue Achieved Year 3	100%	What percentage of your current revenue do you think will transfer during the third year.
Revenue Achieved Year 4	110%	What percentage of your current revenue do you think will transfer during the fourth year.
Revenue Achieved Year 5	115%	What percentage of your current revenue do you think will transfer during the fifth year.
Average Rate of Return	6%	After you charge your asset fee, what annualized rate of return do you predict to earn for the next 5 years for your client assets?
Net Asset Flow	1%	Are your net asset flows on average positive or negative? What is your percentage per year?
Recurring Revenue	75%	Recurring revenue is generally referred to as fee-based income or recurring income, not transactional income.

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