The Big Decision: Selecting a Wealth Platform for your Independent RIA

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Executive Summary

The financial advisory landscape has seen a surge in advisors transitioning from established wirehouses to independent Registered Investment Advisor (RIA) firms. This movement towards independence is driven by the desire for increased flexibility and greater client-centricity, as well as the potential for enhanced earnings. Notably, recent regulatory changes and technological advancements have further fueled this transition.

Dynasty Financial Partners, LLC (“Dynasty”) hired F2 Strategy to assess the impact they have on their clients’ ability to enhance operating margins, firm valuation, and growth. This research explored characteristics of firms that are in the sweet spot to benefit from the Dynasty platform, and equally as important, those firms that are not. F2 Strategy benchmarked firms within the Dynasty network against U.S. Securities and Exchange Commission (“SEC”) registered RIAs’ public data, and assessed several different operating structures’ impact on margin, valuation, and growth. This research uncovers benefits of an outsourced partnership for both existing RIAs and advisors looking to make the step into independence.

The research F2 Strategy conducted between September and December 2023 involved analyzing SEC-registered RIA data, comparing 38 Dynasty Financial Partners firms against 4,669 SEC-registered RIAs. We are defining “Dynasty Firms” as the independent RIAs that utilize Dynasty’s middle and back office support as well as their technology capabilities. The analysis focused on cohorts categorized by average client size and assets under management (AUM).

Additionally, the research formulated three technology operating models, including a Dynasty-comparable model, an all-in-one solution model, and custodial-dependent offerings models, to evaluate their feasibility and impact on operational efficiency.

The research came away with several key findings:

- Partnership with Dynasty yields compelling benefits backed by substantial numbers, particularly for firms with AUM between $300 million and $1.8 billion. Dynasty’s combination of elite technology and expert support facilitates efficient operations and aggressive business growth.
- Building a technology platform comparable to Dynasty’s is cost-prohibitive for firms under $2 billion AUM. The investment required, ongoing vendor management, and talent acquisition make it financially unfeasible for smaller firms.
- Lower-cost operating models, such as custodial-dependent or all-in-one solutions, offer cost savings but come with trade-offs in terms of scalability, capabilities, and long-term growth potential.
- Partnership with Dynasty provides the platform to significantly accelerate AUM growth, resulting in increased revenue and higher firm valuation over time. A 5-year Compound Annual Growth Rate (CAGR) analysis showcases Dynasty firms outpacing comparable RIAs by 7.91 percent.
- Independent advisors partnering with Dynasty average 42 percent more payout than at their previous firm, with some advisors increasing their gross income margin by 100 percent or more.
- For firms larger than $2 billion AUM, building proprietary technology might be considered feasible if specific criteria related to roadmap, data, talent, and valuation are met.

Choosing the right technology platform is crucial for independent advisory firms. **The research underscores that partnership with Dynasty offers substantial advantages, especially for firms within a specific AUM range.** It emphasizes the need for a strategic alignment between long-term goals and technology to select the optimal operating model.

There are many viable choices with different pros and cons to compare against Dynasty. Advisors contemplating independence can leverage this research as a guide, considering factors like cost, staffing, growth potential, and long-term strategy. The decision to partner with Dynasty or pursue alternative operating models goes beyond bottom line cost and should be based on aligning technology choices with a firm's unique business objectives.

Introduction

If it seems like you hear of a new RIA opening its doors every day, it is not your imagination. Dozens of financial advisors make the decision to leave large wirehouses and brokerage firms and establish their own independent RIA firms every year. When thinking about what is over the fence in the land of independence, there are many paths that can take you there. What has historically been missing in our industry is a math and benchmark-based approach that improves your odds of making the best decisions early.

An October 2023 Cerulli Associates' report, Independent and Hybrid Channels Lead Headcount Growth, found the number of independent RIA firms "has grown at a compound annual growth rate (CAGR) of 2.4% over the last decade, while the number of advisors operating at independent RIAs has grown at a CAGR of 5.2% over the same period."

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Advisors cite two main benefits in their decision to break away: increased flexibility and independence to serve clients as they see fit with the opportunity to earn more money.

Wealth management is a human-to-human, relationship driven business. Clients are often more connected with their advisory team than the institutional name on their statements. Independent advisors argue that they offer clients an experience with fewer conflicts of interest than those in large institutions.

Becoming independent has other attractions for advisors. First, recent regulatory changes—primarily the DOL Fiduciary Rule (The Employee Retirement Income Security Act) — have put the pressure on the financial industry to move towards client-centric and fiduciary-focused approach which aligns with the move towards the RIA model. Second, the continued industry growth of technology and support services for RIAs has lowered the barrier of entry to independence. Third, generational shift in the workforce favors the RIA model. Younger advisors are entering the industry and prefer independence, while advisors nearing retirement have more control over their business exit through a sale or succession planning.

Many advisors who choose to go independent have little to no experience with establishing or scaling a business or making the necessary decisions in how the firm will operate. One such critical decision is how to build their operating structure. They must identify the technology they need and determine whether to build a platform from scratch or partner with a firm that offers a more comprehensive solution.

With these factors in mind, Dynasty Financial Partners hired F2 Strategy to:

- Conduct research on current industry trends
- Benchmark Dynasty firms against comparable SEC RIAs
- Analyze, and compare various operating structures' impact on margin, valuation, and growth
- Analyze the 5-year compound growth of Dynasty firms vs Industry firms

This report is the culmination of that work and is intended to be used as a reference for current independent advisors and making the decision to go independent. The goal is to help them understand the key considerations of technology platforms including capabilities, budget, future growth, and valuation.

Methodology

This analysis was conducted between September and December 2023. To benchmark Dynasty firms against comparable SEC RIAs, the F2 Strategy research team analyzed SEC Registered Investment Advisor (RIA) data published as of September 2023. Exempt Reporting Advisors were not included. In total, F2 Strategy researchers analyzed 38 Dynasty Financial Partners firms against 4,669 unique SEC RIAs. F2 Strategy benchmarked Dynasty firms against comparable RIAs by client segment and total assets under management (AUM).

Analysis Cohorts

Researchers grouped the RIA firms into two cohorts by the average client size: firms with average client size of under $2 million were categorized as "Mass Affluent", and firms with an average client size between $2-50 million were categorized as "High-Net-Worth" (HNW).

Researchers used the following AUM ranges to group firms:

- *Between $180M and $300M –7 Dynasty firms compared to 1,759 SEC RIA's*
- *Between $300M and $500M –12 Dynasty firms compared to 1,264 SEC RIA's*
- *Between $500M and $800M –5 Dynasty firms compared to 822 SEC RIA's*
- *Between $800M and $1.2B – 10 Dynasty firms compared to 489 SEC RIA's*
- *Between $1.2B and $1.8B – 4 Dynasty firms compared to 335 SEC RIA's*

Dynasty firms beyond these ranges are not the primary focus of this research. When comparing growth against comparable firms, research did include two Dynasty firms beyond this AUM range as they met the criteria being observed.

Researchers removed SEC RIAs that are not comparable to a standard Dynasty firm. They also removed Private Equity firms, defined as having more than 80 percent of AUM within private assets as reported on the ADV, from this analysis. Researchers also removed five Dynasty firms as they engage in outside business beyond the standard Dynasty firm compared to the broader RIA market.

Financial Model Projections Platform Options

F2 Strategy used its extensive industry knowledge of wealth management technology providers to build three technology operating models.

1. **A technology/operating model that is comparable to Dynasty's platform.** This model has an expectation to select leading vendor tools and build proprietary technology around a robust data strategy. This presupposes firms to have comparable resources or technology partnerships to operate the business and build and integrate technology.

2. **An all-in-one solution model built primarily on Tamarac, Orion, or Black Diamond.** This operating model is dependent primarily on a single vendor to provide the core technology like, CRM, Portfolio Accounting, Portfolio Management & Trading, Proposals, Compliance, and Client Reporting. However, this model lacks the ancillary services provided by Dynasty. In this model, firms do not have a proprietary centralized data strategy but rely on the primary technology vendor's capabilities.

3. **Custodial dependent offerings models,** both pay-to-play (e.g. LPL Financial) which relies on the technology platform offered by LPL and free custodial technology (e.g. Fidelity/Schwab) because smaller firms use as much free technology as possible. This model was built to understand the bare minimum technology and operating needs required to support an RIA.

Revenue Growth and Firm Valuation Methodology

To calculate revenue growth and firm valuation, researchers used the same cohort methodology above to compare Dynasty firms with like RIAs. The 5-Year AUM Compound Annual Growth Rate (CAGR) was calculated using the total AUM as reported in the September 2018 and September 2023 SEC data on Registered Investment Advisors. The firms analyzed were at least six years old. The total CAGR of 20 Dynasty firms was compared against 3,258 RIAs and used to project AUM growth and firm valuation differences between Dynasty CAGR vs. Non-Dynasty CAGR. Researchers used the assumptions for Revenue (73bps), EBITDA Margin (30 percent), and Valuation Multiple (10x) for Dynasty and Non-Dynasty firms in the valuation projections.

Research Goals

The goal of this analysis was to answer these primary questions:

1. When does it make sense for firms to partner with Dynasty? What are the characteristics of firms optimally suited for partnership with Dynasty?
2. What would it take for a firm to build a comparable experience if not partnering with Dynasty?
3. What do other options (all-in-one and custodial-dependent model) look like outside of Dynasty?
4. Does partnership with Dynasty impact operating margin, growth, and firm valuation?

Research Outcomes

The results of this research generated five key points which will be explored in this paper.

1. Partnership with Dynasty is supported by compelling numbers and tangible benefits.
2. It is cost-prohibitive for firms under $2 billion AUM to build Dynasty-like technology platform on their own.
3. Firms can operate at a lower cost than partnering with Dynasty but there are opportunity costs.
4. Dynasty firms grow AUM at a faster pace than comparable RIAs which increases firm valuation over time, and advisors who partner with Dynasty significantly increase their payout.
5. Larger firms with substantial resources may benefit from building proprietary technology to integrate with leading tools rather than partnering with Dynasty.

Dynasty's Platform by the Numbers

Early on, independent firms must decide how they will manage the administrative end of their businesses. Today, every firm needs a wide array of capabilities including technology, marketing, finance, and operations. RIAs may choose a do-it-yourself approach that offers the freedom to build a customized system, but can lead to many complex decisions leaders may not have time or interest in making; or an all-in-one solution that can reduce decision-making but comes with guardrails and limitations compared to partnering with a firm like Dynasty Financial Partners that combines leading technology and professional services to support the expansive needs of an independent RIA.

When compared to these industry options, Dynasty partnership is backed by compelling numbers and tangible benefits. Dynasty's combination of access to an elite technology platform and an expert support team allows RIAs to operate efficiently while aggressively focusing on growing their business. F2 Strategy's analysis revealed that firms between $300 million and $1.8 billion AUM are in a sweet spot for partnering with Dynasty. Specifically, current Dynasty firms within this cohort are staffed at or below 69 percent of the RIA industry average of 15 for total employees, a marker of efficiency.

Firms between $300 million and $1.8 billion AUM are in a sweet spot for partnering with Dynasty.

DYNASTY FIRMS BY AUM COMPARED TO RIA EMPLOYEE AVERAGES

This table shows Dynasty firms as segmented by AUM with their average employees compared to the comparable RIA employee averages.

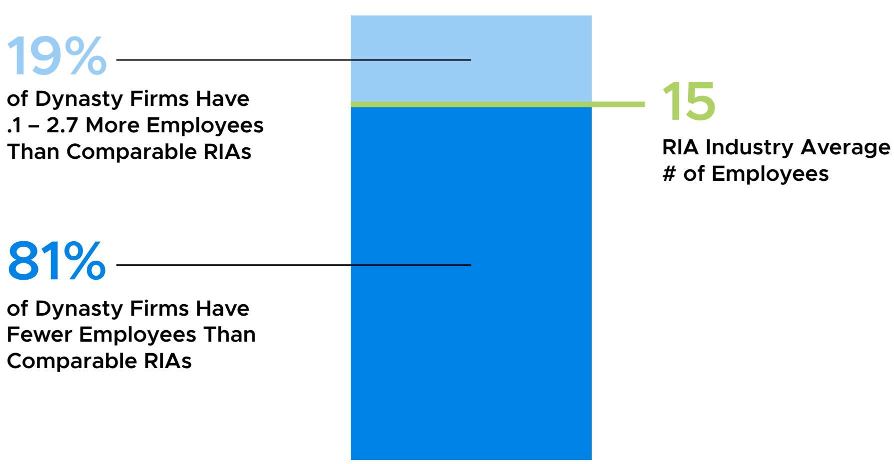
AUM RANGE	# OF DYNASTY FIRMS	# OF RIA FIRMS	DYNASTY TO INDUSTRY EMPLOYEE RATIO	DYNASTY: AVERAGE # OF EMPLOYEES	SEGMENT: AVERAGE # OF EMPLOYEES
>300M<500M	12	1264	64.24%	5.92	9.21
>500M<800M	5	822	63.44%	8.80	13.87
>800M<1.2B	10	489	66.94%	14.20	21.21
>1.2B<1.8B	4	335	54.75%	15.00	27.40
GRAND TOTAL	31	2910	69.86%	10.23	14.64

Firms that lean into Dynasty's expertise reduce the need to find, manage, and retain internal staff. The research found that 29 out of 36 (80.6 percent) of Dynasty firms under $2 billion AUM have fewer total employees than their comparable SEC RIAs, resulting in savings on total employee cost, a component of the business case for partnering with Dynasty. An independent firm not using Dynasty must hire or outsource resources focused on running the business such as a CFO, COO, Technology, Marketing, and Operations personnel supporting clients, trading, fees processing, and more.

However, it is not a guarantee that a Dynasty firm will employ less than a comparable RIA. Research found that Dynasty firms below $2 billion AUM, 7 out of 36 (19.4 percent) have more employees than the comparable average, ranging between 0.1 to 2.7 additional employees. Four of the seven Dynasty firms are below $300 million AUM, suggesting that the smaller the firm the less wiggle room they have for total employees potentially explaining the deviation from the mean.

TOTAL EMPLOYEES OF DYNASTY FIRMS COMPARED TO RIA INDUSTRY

Dynasty firms under $2B AUM



The data shows that as Dynasty firms grow, they do not have to add headcount at the rate of other RIA's, since they can utilize the resources provided by Dynasty. In fact, 28 out of 31 (90 percent) Dynasty firms between $300 million and $1.8 billion AUM employ less resources than comparable RIAs.

On average, these Dynasty firms have five less employees than the comparable RIA segment. F2 Strategy estimates that this saves these firms more than $25 million in annual employee costs in aggregate.

The Cost of Building a Comparable Technology Platform

Firms under $2 billion AUM typically do not build their own comprehensive technology platform because the significant investment and specialized resources required makes it cost prohibitive.

It takes a large investment for an RIA to build something comparable to the Dynasty platform. First, a firm would have to find, select, and contract with leading technology vendors that are a right fit for the makeup of the firm. Additionally, the firm would be responsible for the ongoing vendor management to ensure they are taking full advantage of the product, while also ensuring a steady and stable relationship. Finally, this firm would need to build proprietary technology that seamlessly integrates with their chosen vendor tools – Dynasty has built (and continues to add) proprietary technology that fills the gaps between capabilities not supported in leading vendors.

From F2 Strategy's experience, the costs to implement vendor technology and fill the gaps with proprietary technology requires an investment of $1-5 million dollars for firms in this AUM range. Ongoing team and support costs for continued innovation would require additional expenditure, raising this barrier further.

Another barrier to do-it-yourself is the cost of talent. F2 Strategy's analysis shows the cost to hire the talent to build the technology is significantly more expensive than engaging in a Dynasty partnership. For example, a $300 million firm would need to spend over 40 percent of revenue to build a technology platform that approximates Dynasty's capabilities compared to an average of about 15 percent of revenue for partnering with Dynasty.

Additionally, after building the platform, full time technical resources to appropriately develop, manage, and continuously deploy proprietary technology releases would be necessary. Primarily due to costs and access to human capital, F2 Strategy does not see small firms being able to build an equivalent experience to Dynasty.

The Tradeoffs of Lower Cost Models

There are viable operating models with lower costs than using the Dynasty platform, but they come with opportunity costs and different capabilities that deserve consideration. Two common lower cost options are the simple custodial technology dependent model and the all-in-one operational model. F2 Strategy reviewed a sample of non-Dynasty firms under $500 million AUM. About half of the firms had access to an all-in-one platform as reflected in their client portal, while the other half showed no access to all-in-one technology. Based on this data, one can deduce that this half is primarily using the technology of their custodian.

COMPARISON OF OPERATIONAL MODELS CAPABILITIES AND COST

	CUSTODIAL-DEPENDENT	ALL-IN-ONE	DYNASTY
Broad Capabilities	✗	✓	✓✓
Enables Scalability	**Limited**	✓	✓✓
Efficient Processes	**Manual**	✓	✓✓
Ability to Handle Multi-Custody	✗	✓	✓✓
Ancillary Services	✗	✗	✓✓
Hard Cost of Firm's Total Revenue	**5-11%**	**8-13%**	**15%**

Simple Custodial-Dependent Operational Model

RIAs can build a simple model that is dependent on low-cost custodial technology. While this can help eliminate technology costs, it often requires a higher level of internal resources to make up for the lack of technology. For example, some firms create their own client reporting/portfolio analytic systems within Microsoft Excel. These firms depend heavily on the manual accumulation of data and reporting through this inexpensive tool. This takes time for someone to build and validate the data and may take time away from revenue generating activities. While the overall cost is lower, the firm may lose opportunities to increase revenue.

F2 Strategy research shows that this operating model can be about half the cost of partnership with Dynasty. It found that firms dependent on custodial technology see costs between 5-11 percent of revenue in this operating model, compared to an average of about 15 percent for Dynasty partnership. However, the savings in this model come with risks and complications.

Scalability is limited. At some point, firm growth will be impeded. The manual data entry required will become too cumbersome and time-consuming and the firm will need to replace it with industrial strength reporting and an automated process or stifle its own growth.

Also, a multi-custody approach would be difficult to maintain. Manual data entry is challenging when processes are built off a single custodian; going multi-custodial would mean compounding different manual processes which may require more resources or technology to make efficiencies. At some point these challenges support firms looking to other options.

All-In-One Operational Model

Another option for RIAs is an all-in-one technology platform such as those offered by Envestnet (Tamarac), Black Diamond, and Orion. All-in-one platforms deliver broad capabilities ranging from CRM, portfolio rebalancing, performance reporting, client portals, billing and data analytics, and firm business reporting. In the F2 Strategy analysis, RIAs built on all-in-one models can cut costs significantly compared to technology platform providers like Dynasty but receive fewer overall capabilities. This analysis discovered that an operating model based on the all-in-one is less than the cost of partnership with Dynasty—estimated between 8-13 percent of revenue, compared to an average of about 15 percent for partnering with Dynasty. However, even similar capabilities like CRM and Business Reporting of all-in-one solutions are hard to compare to the high quality of Dynasty solutions.

Beyond technology, Dynasty provides partners with a flexible investment platform, M&A capital strategies, marketing, compliance, operational support, and business growth support which RIAs using an all-in-one model must spend time finding and managing internal resources for these extended services as well as external advisors to help navigate broader strategic questions. Ultimately, bottom-line cost is not the only factor to consider in designing the best operating model for RIAs under $2 billion AUM. Firms that do not look beyond cost alone miss the chance to pinpoint where their long-term strategy aligns with the best operating model.

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Accelerated Growth, Increased Payouts, and Valuation

While cost and efficiency of staffing are both important measures, firms must also consider firm growth rate to aid in their decision to partner with Dynasty or do it themselves. The key question this research considered is: Does partnership with Dynasty support accelerated growth compared with other RIAs?

To answer this question, F2 Strategy's research analyzed the 5-year Compound Annual Growth Rate (CAGR) of AUM as reported in the Form ADVs for Dynasty firms and their comparable RIAs of the same segment. It focused on a data population of firms at least six years old. Firms with average clients greater than $50 million, firms focused on private assets, and firms focused on asset management only were removed. This left 20 Dynasty firms and 3,451 RIAs.

The Dynasty firms had a 14.3 percent 5-Year AUM CAGR. Dynasty firms AUM as reported in the SEC Form ADV in September 2018 was collectively $16.3 billion and in September 2023 was $31.8 billion. The comparison group of RIAs had a 6.39 percent 5-Year AUM CAGR. These firms AUM as reported in the SEC Form ADV in September 2018 was collectively $1.67 trillion and in September 2023 was $2.28 trillion. Dynasty firms outpace comparable RIAs by 7.91 percent in the 5-Year AUM CAGR.

DYNASTY FIRMS 5-YEAR AUM CAGR COMPARED TO RIA INDUSTRY

Dynasty Firms	**14.3%**
Comparable RIAs	**6.4%**

This data supports the argument that the broad access to the resources Dynasty provides its partners is the framework to accelerate growth. Accelerating growth in AUM has direct impacts to growing revenue over time. This research estimates Dynasty partnership for a $450,000,000 firm will result in more than $5 million in revenue over five years compared to the do-it-yourself approach. Even more significantly, F2 Strategy's research estimates that partnership with Dynasty can result in 43 percent higher firm valuation through accelerated AUM growth.

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Independent advisors partnering with Dynasty average 42 percent more payout than at their previous firm, with some advisors increasing their gross income margin by 100 percent or more. The payout structure for advisors varies significantly between traditional wirehouse firms and Dynasty partner firms. At a wirehouse, advisors typically receive a gross payout of between 46-50 percent of revenue, with top advisor payout just above 50 percent and an average of 3-5 percent in non-cash deferred compensation and non-reimbursable expense, for a comparable net payout between 44-47 percent. Advisors who choose to go independent and leverage platforms like Dynasty can experience a significantly higher comparable net payout, of approximately 62 percent of revenue at scale. The data shows that Dynasty advisors experience an average of more than 1,700 bps more payout than in their prior channel.

NET PAYOUT COMPARISON - DYNASTY PARTNER ADVISORS VS. TRADITIONAL FIRM ADVISORS

This chart compares the average advisor payout at traditional firms vs. Dynasty partner firms. F2 Strategy used actual advisor payout data before and after partnership with Dynasty. Additionally, this compares the Dynasty data with Financial Planning data on advisors generating $1 million and $2 million in revenue.

		GROSS PAYOUT			NET PAYOUT		
		Current Dynasty Network Advisors	*Advisors Generating $1mm Revenue	*Advisors Generating $2mm Revenue	Current Dynasty Network Advisors	*Advisors Generating $1mm Revenue	*Advisors Generating $2mm Revenue
Prior Channel	Wirehouse	46.7%	46.7%	50.5%	45.1%	43.7%	46.9%
Prior Channel	Regional BD/Other	53.2%	51.4%	55.3%	47.2%	47.5%	50.5%
Prior Channel	Existing RIA	45.1%			45.1%		
Today	Dynasty	62.0%			62.0%		

* *www.financial-planning.com averages*

DYNASTY PARTNER ADVISORS AVERAGE NET PAYOUT MARGIN WIN

This chart shows the average additional marginal payout Dynasty advisors experience versus their previous firms.

		Current Dynasty Network Advisors	*Advisors Generating $1mm Revenue	*Advisors Generating $2mm Revenue
Prior Channel	Wirehouse	+37.4%	+42.0%	+32.2%
Prior Channel	Regional BD/Other	+31.4%	+30.5%	+22.8%
Prior Channel	Existing RIA	+37.5%		

* *www.financial-planning.com averages*

While traditional institutions provide a stable and established environment, the relatively lower payout may be attributed to the extensive infrastructure, support services, and brand recognition they offer to advisors. Advisors at these firms often benefit from access to a wide range of resources, research, and training, but this comes at the cost of lower payout on production. Conversely, the independent model allows advisors to have more control over their practice, offering the flexibility to choose their own investment strategies and business approach. Dynasty provides support in areas such as technology, compliance, and operations, enabling advisors to maintain their independence while still benefiting from a robust infrastructure.
The higher payout percentage reflects the reduced overhead and shared costs, making the independent route an appealing option for entrepreneurial advisors seeking greater financial autonomy and flexibility in their practice.

Does it Make Sense to Build Proprietary Technology?

As noted above, it is cost prohibitive for firms under $2 billion AUM to build a comparable platform to Dynasty, but at what point does it make sense for an RIA to expand and build proprietary technology?

Here are some key considerations as firms endeavor to expand technical capabilities:

- **Roadmap** – Forward looking firms document their technology roadmap (a strategy that lays out the sequenced plan to enable firm systems, processes, and people to provide better experiences for clients.) This plan is the foundation in working with vendor technologies and developing internal capabilities when it makes sense. There is no threshold for the size of the firm needing a roadmap. Firms of every size should know what is ahead on their technical journey, right sized for their firm. A successful roadmap will serve as the driving guide through the technology journey.

- **Data** – The foundation of innovation firmly rests on data. Generally, firm data are spread throughout many disparate systems (multiple custodians and multiple vendors across systems for CRM, Portfolio Management, Reporting, Planning, Billing, and more). This can result in numerous internal processes that often are manually stitched together, dragging on productivity.

  Commonly, large firms focus on owning and organizing data from every source. This research finds that firms above $2 billion AUM have increased resources to build or outsource an internal data strategy encompassing a data lake or warehouse, business intelligence reporting, and enhanced data integrations, which is a critical first step. Finally, the industry is captivated by the idea of Artificial Intelligence (AI) delivering the next iteration experience, but to benefit from AI, firms must first have a robust data strategy in place, which requires resources and talent.

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- **Talent** – Talented technical resources are needed to innovate, and growing RIAs often have this talent hole to fill. Firms need a robust recruitment strategy, actively seeking professionals well-versed in data architecture, data engineering, AI, and emerging technologies, or they need an outsource partner. Firms like F2 Strategy and Dynasty both fill a unique spot in the market to address this talent gap.

- **Valuation** – Having done many firm assessments, F2 Strategy observes those that have exceptional technology platforms driven by automated processes and robust data consistently delivering delightful client experiences are the firms receiving maximum valuation.

Only when a firm believes it has the resources to effectively address each of these considerations should they embark on a path toward proprietary technology.

Conclusion

Making the decision to establish and operate an independent RIA is the first of many important decisions. Dynasty is a good choice for entrepreneurial advisors seeking independence, but it's not the only viable option. While this analysis focused on firms between $180 million and $1.8 billion AUM, larger firms are benefiting from using the Dynasty platform. All decisions are made easier when there is sound research and data to use as a reference. This guide and the research behind it should provide such support for firms choosing their technology platform and operating model. It directly indicates:

- Firms with between $300 million and $1.8 billion AUM are realizing valuable benefits from partnering with Dynasty.
- Firms smaller than $300 million may have to trade capabilities for cost savings.
- Entrepreneurial advisors who partner with Dynasty can accelerate growth to increase revenue and increase the valuation of their firm.
- Advisors partnering with Dynasty on average experience a significant net payout increase when going independent.
- Firms larger than $2 billion can consider building proprietary technology if their internal systems meet certain criteria, though many may choose to partner with Dynasty after considering the pros and cons.

Firms must use cost, staffing, and growth potential as factors in this decision. Most importantly, they must pinpoint exactly where their long-term strategy aligns with technology to select the ideal operating model. On the journey to independence, advisors must examine the details to see if partnership is best aligned with who they are and what goals they aim to achieve.

Disclaimer: The content in this white paper is for informational purposes only. Sources used are deemed to be reliable. The AUM CAGR and payout percentages discussed in this white paper are based on historical data and is not indicative of future results. It is important for readers to understand the underlying methodology and assumptions used.

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About the Author – F2 Strategy

F2 Strategy is a consulting firm helping complex RIA, wealth, bank/trust and family office firms improve their technical capabilities to build exceptional client and advisor experiences. Led by former executives of a wide range of top-rated wealth firms and family offices, F2 Strategy combines their results-driven management strategy with industry-leading, proprietary research to create customized high-tech solutions.

A diverse, creative, and people-centric company, F2 Strategy believes the right technology has the power to support us all to reach the highest level of connection. F2 Strategy was founded in 2016 in San Francisco, has 100+ employees and 3,400 consultants globally.

About Dynasty Financial Partners

Dynasty Financial Partners is a provider of technology-enabled wealth management solutions and business services for financial advisory firms primarily focused on serving high net worth and ultra-high net worth clients. Dynasty provides access to a comprehensive platform of software and technology tools, business services and holistic investment management capabilities through an open-architecture platform delivered via a suite of proprietary and third-party technologies. Dynasty's technology, tools and services provide advisory firms the supported independence to launch their business, scale their operations and grow their firms — both organically and inorganically — while also allowing them to be more focused on and better equipped to serve their clients.

For more than fourteen years, Dynasty has championed the benefits of independent wealth management for high net worth and ultra-high net worth clients and has contributed to the movement of assets from traditional brokerage channels to the independent channels of wealth management. As Dynasty is becoming a recognized industry leader, Dynasty has differentiated itself by developing competitive strengths, including a deep understanding of and strong relationship with its clients, a comprehensive offering of services and technology-enabled solutions, the ability to leverage its size and breadth to invest, the flexibility and seamlessness enabled by a modular technology solution, the entrepreneurial culture and experienced and committed management team. Dynasty is committed to continually growing its business by facilitating existing advisory firm clients' growth, onboarding new clients, increasing the clients' use of its broader capabilities, launching additional solutions, and facilitating complementary acquisitions.

Need Help Building Your Platform?

For further information about Dynasty partnership, please contact Dynasty Financial Partners.
For further information about technology research and industry trends, please contact F2 Strategy.