LPL MAGAZINE WINTER 2015 THE GROWTH ISSUE

LPL MAGAZINE

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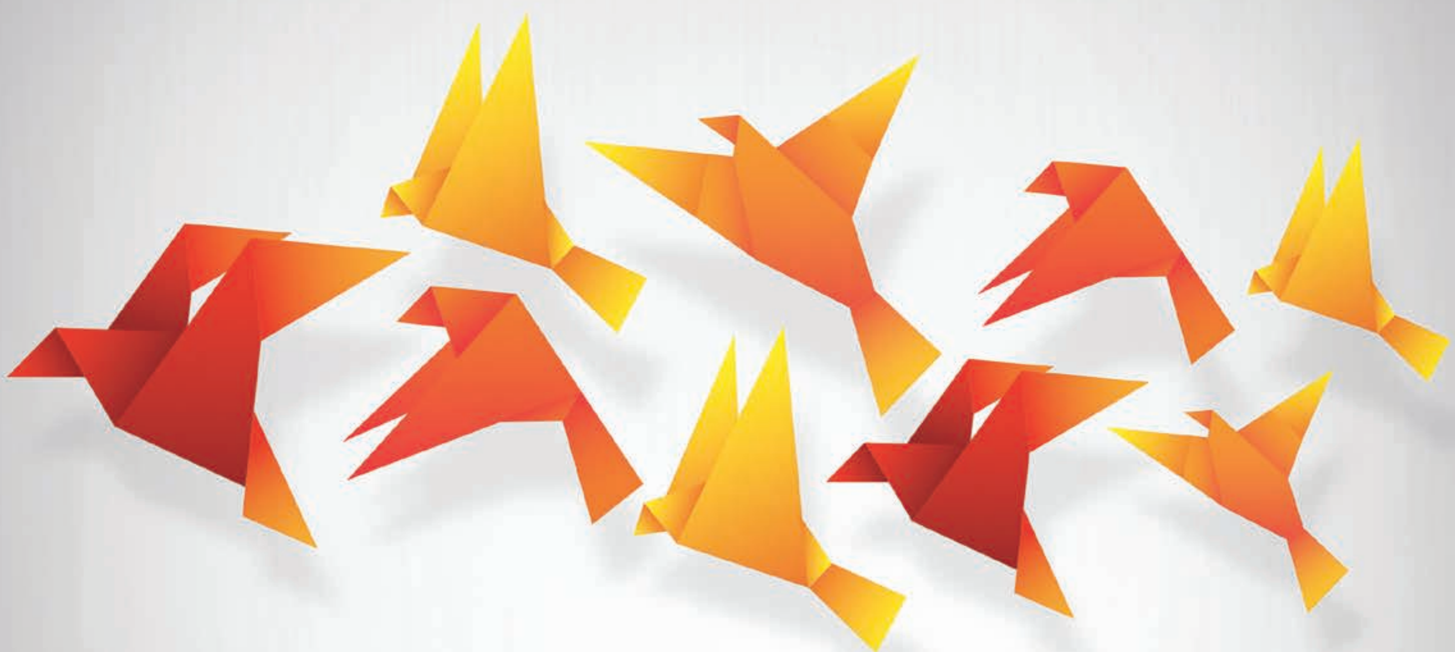
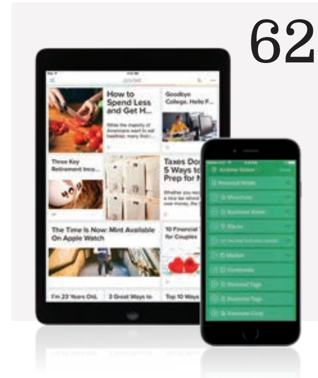
FEATURES



Have a comment or suggestion? We'd love to hear from you! Send us a note at editorial@lpl.com.

WINTER 2015



WELCOME

Reflections and Resolutions

The end of the year is an opportune time to pause and reflect on where we've been. Where did we succeed? Where can we improve? It's a time to level set, learn, and iterate around aligned goals and objectives for a new year.

When I took the role of president in March, it was clear from your feedback and our conversations that we were not delivering a level of service consistent with the tradition and heritage of our firm. Transforming your service experience became our top priority and we immediately began to implement changes to make it easier for you to do business with LPL.

2015 Reflections: Transforming Your Service Experience

▶ **Enhancing service center effectiveness**: Service is at the heart of what we do, and we're working to improve your experience with our Service teams through the evolution of our Service Center model.

Reflection: Tom Gooley was hired to lead the transformation of our Service, Trading, and Operations team and has made changes including: hiring a significant number of people in the Service Center, planning and resourcing to better manage surges in call volume, and launching specialized queues for inherently complex areas, staffed by teams with specific expertise.

▶ **Improving operational processing**: Our goal is to transition our current processes from ~15% automation to 85%, helping reduce the amount of time and effort you spend completing business with us each day.

Reflection: Since June we have launched Move Money, the new OSJ Review Tool, RegEd Xchange for annual renewals and registrations, and an improved Corporate Actions tool. We are also currently piloting a new AI Order Entry process that we anticipate will reduce not in good order submissions of alternative investments by ~90%.

Delivering a new account opening process and trading are high priorities for us in 2016. Development is currently underway and we anticipate beginning our pilot phase in Q2.

2016 Resolutions: Four Areas of Focus

As we look towards the coming year, we are committed to developing solutions to the challenges you face, making it easier for you to do business with LPL, and helping you navigate the magnitude and pace of industry change. To do that, we will concentrate our 2016 efforts around four primary areas of broad focus.

1. **Transforming Your Service Experience: Continuous Improvements**
   We recognize that there is more work to be done to transform your service experience, and we will continue to invest in timely first-call resolution through enhancing the effectiveness of our Service Center and delivering technology solutions to improve operational processing that help reduce your need to call into the Service Center. We'll also continue the multi-year effort to transition from BranchNet to ClientWorks to deliver the flexibility of multi-browser and multi-device access and enhanced capabilities and workflows.

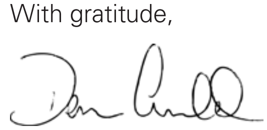
2. **Investing in Organic Growth: Supporting Your Business**
   We're committed to investing in your success and expanding the resources available to support your growth. You can read more about various paths for achieving growth on pages 18 – 45.

3. **Addressing the DOL: Preparing for a New Fiduciary Rule**
   The Department of Labor rule will have sweeping, industry-wide impact. Throughout 2015, we updated you on the status of the rule and its potential impacts, and advocated on your behalf in Washington. In preparation for the finalization of the rule in 2016, we're investing in solutions to help you comply and support you in serving your clients' needs.

4. **Investing in Advisory Platforms: Enhancements and Differentiation**
   Through competitive pricing models, platform enhancements, and new platform solutions, including the development of a robo-enabled advice solution, we're working to provide you with options to meet the varying needs of your clients while remaining competitive.

While there's more to be done, I'm confident that we are heading in the right direction. Thank you for your continued support and partnership as we work toward better supporting you and your continued success. Wishing you a happy, healthy, and prosperous 2016.

With gratitude,



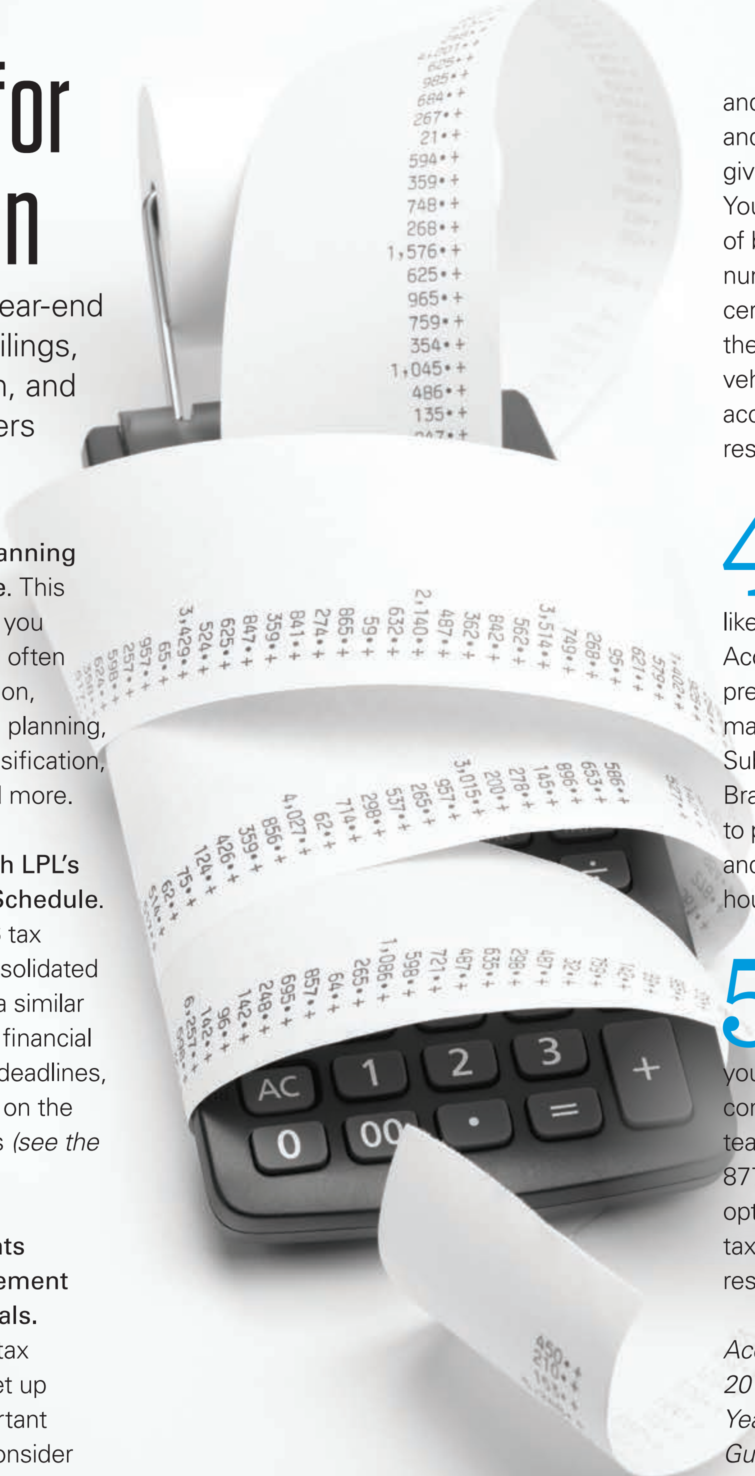
Dan Arnold,
President, LPL Financial

LPLINSIDER

The latest in products, technology, and learning from LPL

Five Tips for Tax Season

Be well prepared for year-end tax planning, 1099 mailings, income reclassification, and other tax-related matters with these five tips



1 Use LPL's Year-End Planning and Tax Season Guide. This in-depth guide will help you navigate the complex issues often encountered during tax season, including details on year-end planning, tax deadlines, income reclassification, 1099 mailing schedules, and more.

2 Become familiar with LPL's Staggered Mailing Schedule. During the 2015/2016 tax season, LPL mails 1099 Consolidated Statements in three waves (a similar process to what other major financial firms follow) to meet all IRS deadlines, reduce errors, and cut down on the need to mail corrected forms *(see the mailing schedule on page 6)*.

3 Meet with your clients early to review retirement planning and tax goals. To ensure the best possible tax outcomes for your clients, set up meetings and evaluate important year-end issues. Things to consider include deadlines for contributions and distributions, Roth conversions and other asset transfers, charitable giving, and harvesting tax losses. You may want to conduct reviews of beneficiaries and Social Security number/Tax ID changes. And for certain clients, you may also consider the use of tax-deferred income vehicles, setting up non-reportable accounts for courtesy forms, and resolving outstanding B-notices.

4 Use online resources available to you for tax season preparation. Tools like BranchNet, Move Money, and Account View are useful in helping you prepare for tax season. Make account maintenance updates and Cost Basis Subscription Requests directly from BranchNet. Move Money allows you to process checks, journals, ACHs, and wires, and Account View can house your clients' tax forms.

5 Contact us for help. A new team of subject-matter experts is now available to assist you with tax season questions and concerns. Call your dedicated Service team, or the Service Center at (800) 877-7210 and follow the menu options. Or, email our Service desk at taxseasonsupport@lpl.com and we'll respond to you within 24 hours.

Access more information about 2015/2016 tax planning, including the Year-End Planning and Tax Season Guide, by visiting the Resource Center and searching for "2015/2016 Taxes."

New Support Services Available for Retirement Plans

Designed for retirement plan advisors who are subscribed to the Retirement Partners Tool Suite, the LPL Retirement Partners **Plan Support Services** program can take over the quarterly reporting requirements that 3(21) and 3(38) fiduciary advisors face, in addition to providing RFP support.

What Can We Do For You?

- **FiRM Reports**: We'll generate quarterly FiRM Investment Monitoring Reports for your clients, and save the reports to your FiRM Fiduciary Vault, where you can quickly access them for use in your client update meetings.
- **Fee Analysis & Benchmarking**: Every two years, we'll generate a Benchmarking report for each of your plans, benchmarking the total cost of your plan compared to its peer group. It will also detail separate costs, including investment fees, recordkeeping costs, and your compensation.
- **RFP Support**: We'll help you respond to vendor and advisor RFPs for current and prospective clients, a process critical to upholding fiduciary standards.

With Plan Support Services, you can be confident that support tasks are being fulfilled with the dedication and expertise you and your clients demand.

Learn more about LPL Retirement Partners' Plan Support Services by contacting your Retirement Plan Consultant, or lplfinancialretirementplans@lpl.com.

2016 Mailing Schedule for 2015 Tax Season

During the 2015 tax season, LPL mails the 1099 Consolidated Statements in three phases to meet all IRS deadlines, reduce errors, and cut down on the need to mail corrected forms. Here's what to expect.

FEB 1

Mail Date: February 1

Impacted Accounts: 20%

1099 Consolidated (1099-DIV, 1099-INT, 1099-B, 1099-MISC, 1099-OID): Early Release
1099-R: Regulatory
1099-Q: Regulatory
5498-FMV to Beneficiaries: Regulatory

FEB 16

Mail Date: February 16 (Standard IRS Deadline)

Impacted Accounts: 70%

1099 Consolidated (1099-DIV, 1099-INT, 1099-B, 1099-MISC, 1099-OID)
Note: This wave of mailings includes accounts holding securities that may be subject to income reclassification.

MAR 15

Mail Date: March 15 (IRS 30-Day Extension)

Impacted Accounts: 10%

1099-OID/REMIC
Widely Held Mortgage Trust
1042-S
Note: This wave is used in the event that investment companies don't furnish their tax information by LPL's February 16 deadline.

For clients who receive their forms in a later mailing wave, it may be beneficial for them to file an extension with the IRS, allowing them an additional six months to complete the appropriate paperwork. Any anticipated tax payments must still be made by April 18. To determine if extensions are an appropriate strategy for those clients, consult with their respective tax professional.

Additional Mailing Dates

After these three waves, there are several other forms mailed later in the year.

March 31: Form 2439, which reports your client's portion of undistributed long-term capital gains retained by mutual funds, which your client can claim as a credit on their tax return.

April 18: Form 990-T, which reports unrelated business taxable income (UBTI) earned in an IRA on an alternative investment such as a limited partnership.

May 2: Form 5498-ESA, which reports contributions made to a Coverdell education savings account (ESA).

May 31: Form 5498-IRA, which reports contributions made to a traditional or Roth IRA for the 2015 tax year from January 1, 2015, through April 15, 2016. It includes receipt of direct rollovers and recharacterized contributions. Note: SEP and SIMPLE employer contributions are reported in the calendar year made, not the year applied.

Enhancements to MWP

A preview of some of the exciting changes announced for our Model Wealth Portfolios (MWP) platform

COMING IN JANUARY

MWP is a turnkey, outsourced asset allocation platform that provides access to a variety of strategic and tactical asset allocation models to align with any investment objective, and provides the convenience of delivering ongoing monitoring, rebalancing, and tax management services within a single account. To enhance MWP's value and ease of use, we've lowered costs, simplified navigation and availability of investment options, and added new portfolios to help address your clients' goals and objectives. As of January 1, 2016, the following enhancements will be available for all MWP platform users.

New Portfolios

- **LPL Research – American Funds® Active Core Model:** A tactical mutual fund model managed by LPL Research, built on an active core of American Funds® (no strategist fee)
- **LPL Research – Technical Equity Model:** A tactical ETF model that uses technical analysis rather than traditional fundamental and valuation analysis to invest in core equities, specific sectors, and other technically attractive opportunities
- **Morningstar – Multi-Asset High Income Model**: A tactical ETF model focused on seeking high yield with low volatility for clients entering or nearing retirement

Billing and Fee Changes

- Effective January 1, the LPL Research strategist fee and annual IRA maintenance fees will be eliminated on all new and existing accounts.
- A new MWP billing method, which converts from an aggregate fee structure to a more transparent structure that separately identifies the advisory fee, the program fee, and the strategist fee (if applicable).

Platform Navigation and Investment Strategist Support

- Easier model selection process through simplified investment options
- Enriched resources to help guide you through the platform for easier navigation of MWP and its features
- Improved reporting capabilities

If you have any questions about MWP, contact Advisory Consulting at (800) 877-7210 x6400.

New for 2016 Freedom & Director's Club Qualifiers

Introducing **Accelerate**, a new event specifically for Freedom and Director's Club qualifiers. This invitation-only event is designed to support growth while recognizing the achievements of advisors at these prestigious club levels.

As a reminder, beginning in 2016, Freedom and Director's Club qualifiers will now have access to a dedicated **relationship manager** for one-on-one practice management support and help in navigating and leveraging the resources available within LPL.

Club level qualifications will be announced in late January.

There is no assurance that Model Wealth Portfolio accounts are suitable for all investors or will yield positive outcomes. The purchase of certain securities will be required to effect some of the strategies. Investing involves risks including possible loss of principal. Investing in mutual funds involves risk, including possible loss of principal. An investment in Exchange-Traded Products (ETPs), structured as a mutual fund, note, or unit investment trust, should be considered as part of an overall program, not a complete investment program. An investment in ETPs involves risks such as: market, non diversification, price volatility, liquidity, competitive industry pressure, international political and economic developments, possible trading halts, index tracking error.

The Importance of Long-Term Care

Start planning for your clients' future care…today

There's a 70% chance your clients will need some form of long-term care after age 65[1]. But where will that care come from? Relying on a family member is generally the answer most given. What many don't consider is that 6 in 10 caregivers report making work accommodations due to caregiving responsibilities,[2] creating unintended financial consequences, not to mention the physical and emotional toll family members may incur.

In the event that long-term care is needed, long-term care insurance can help make sure that quality care is available, and that the client doesn't have to decide which savings account they'll deplete to pay for it.

When will a policy start to pay for care?

Generally, long-term care insurance policies begin to pay benefits when one of two different criteria is met and the elimination period has been met:

1. If your client is unable to perform *two* of the *six* activities of daily living (ADLs) without assistance or supervision:
   - **Continence**: Control of one's bladder and bowel movements
   - **Dressing**: Clothe oneself
   - **Toileting**: Use a toilet and perform associated personal hygiene
   - **Eating**: Feed oneself
   - **Bathing**: Bathe oneself
   - **Transference**: Move oneself into or out of a bed or a chair

2. Your client has severe cognitive impairment, such as Alzheimer's disease and other forms of dementia, which make it impossible for him or her to live independently in a safe manner.

Where can I start?

As the menu of options that can help solve for long-term care insurance protection continues to expand, we're here to help. Get in touch with a long-term care consultant for guidance in assessing which type of policy is best for your client by calling the LPL Insurance Consulting Team at (800) 877-7210 x7800, option 1.

[1] Medicare & You 2014, US Dept. of Health and Human Services, Sept 2013

[2] National Alliance for Caregiving and AARP, Caregiving in the U.S., 2015

Insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. Your financial professional can provide you with costs and complete details.

A Smoother Annuity Order Entry Process

Recent updates continue to help streamline submissions

The following changes are now live within the Annuity Order Entry (AOE) system:

- **The Transaction Rationale for Variable Annuity Replacements now autopopulates within Form F439J.** This fixes a previous defect where the rationale did not populate to the F439J form "Important Information Regarding the Fixed Annuity, Insurance, or Equity Annuity."
- **The AOE system now calculates any loss in living benefit (if applicable) and autopopulates within Form F439I.** If no loss is associated with the exchange, it will be shown as $0. *Note: For partial exchanges, you must enter the appropriate amount of the living benefit being forfeited by the client. It's important to accurately disclose this amount, which may vary depending on the treatment of reductions (i.e., dollar-for-dollar vs. proportionate). Please contact the current annuity carrier for questions about partial exchange reductions.*
- **Required fields in the AOE Funding tab now have an asterisk** denoting they must be completed to continue and submit the order. *Note: As of September 2014, all fields in AOE must be completed by advisors prior to submitting the AOE order.*

For additional questions about the Annuity Order Entry platform, please contact the Annuity Services team at (800) 877-7210 x6370.

Stay Informed!

Where to find LPL news

Daily
Resource Center
Check the home page of the Resource Center every day for the latest news and updates, as well as access to business-critical tools and resources.

Weekly
Learning Opportunities
This e-newsletter arrives in your inbox each Wednesday, featuring conference calls, webinars, and in-person training opportunities from LPL and sponsor firms.

Biweekly
Streamline News
Find top advisor rankings and anniversaries, insights from LPL Research, and technology enhancements and releases, as well as current LPL news and updates in this e-newsletter, delivered every other Tuesday.

Monthly
GRC Compliance Alert Update
On the third Thursday of each month, look for this e-newsletter, which contains critical policy updates, new processes and procedures, and important dates and deadlines.

Quarterly
LPL Magazine
If you're reading this issue, that's a good start. Look for new issues of *LPL Magazine* in your mailbox every three months.

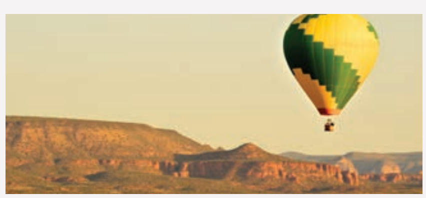
Conferences & Workshops

Our upcoming learning opportunities, designed to provide you with valuable insights and actionable knowledge

CONFERENCES

Alternative Investments Symposium

Who: Invitation-only
What: Leverage the expertise of the industry's leading minds, gain insight from proprietary research, probe product capabilities, and exchange ideas with peers from around the country. This event incorporates the most significant trends and challenges facing illiquid and liquid alternative investments, with a specific focus on preparation for key topics that will help you continue to grow your business in changing times.
When and Where:
February 17 – 19: New York City, NY
Contact: Conference Experiences at conference.experiences@lpl.com



Masters

Who: Invitation-only for Patriot's Club and Chairman's Club
What: For preeminent leaders, this elite event was designed to recognize your considerable success, provide inspiration, and uncover valuable insights that you can use in your business and your life. Held at the iconic Arizona Biltmore, a Waldorf Astoria Resort, Masters guests will experience the vibrant "Jewel of the Desert" and enjoy world-class accommodations with a rich history of presidential and celebrity visits.
When and Where (two opportunities to attend):

- March 3 – 6: Phoenix, AZ
- March 6 – 9: Phoenix, AZ

Contact: Conference Experiences at conference.experiences@lpl.com

Summit

Who: Invitation-only for Chairman's Council and Executive Council
What: Representing the pinnacle of success, this year's event is being held in London's elegant Mayfair district overlooking Hyde Park. Summit attendees will experience the luxurious delights of this cultural capital and convene to network, share learnings, and discuss solutions for our industry's most pressing challenges.
When and Where: April 2 – 6: London, England
Contact: Conference Experiences at conference.experiences@lpl.com

(continued on next page)

Conferences & Workshops *(continued)*

WORKSHOPS

Advanced WealthVision℠ Trainings

What: Gain a firm understanding of all the tools within WealthVision, and create a roadmap your office can implement to increase efficiencies. Unlock this powerful platform to help drive growth and profitability through referrals, deeper client relationships, and identified cross-selling opportunities. All interested advisors are welcome to attend.

When and Where:
- January 12 – 13: Orlando, FL
- January 26 – 27: New Orleans, LA
- February 9 – 10: San Diego, CA
- February 23 – 24: Dallas, TX

How to Register: On the Resource Center, search for "WealthVision Advanced Workshop." Please note: You must register independently for the Live Advanced Workshop Day 1 and Day 2.

Contact: The Financial Planning Group at (800) 877-7210 x6600

Learning & Development Symposiums

What: Learn best practices for leveraging LPL technology to conduct daily operations, trading, portfolio management, and executive reporting in a hands-on environment.

When and Where:
- January 12 – 14: Charlotte, NC
- February 10 – 12: San Diego, CA
- February 23 – 25: Charlotte, NC

How to Register: On the Resource Center, search for "Learning & Development Symposium" for the conference agenda, course details, and a link to register for your desired date.

Contact: Learning & Development at client.training@lpl.com

Retirement Partners Tool Suite Training

What: This comprehensive, hands-on training is ideal for Tool Suite subscribers of all experience levels. Whether you're just getting started or need a refresher on the new functionality of the recently released Plan Advice Manager, RFP Director, or the Fiduciary Vault, you'll find this session valuable for maximizing your Tool Suite subscription. We'll also review upcoming enhancements in detail, including dynamic scorecards, target date fund and index fund scoring, Advisor Dashboard, and enhanced report output.

When and Where:
February 4: San Diego, CA

Contact: LPL Retirement Plan Consulting at (866) 383-4015, option 1

Alternative Investments Workshops

What: Learn how implementing alternative investments can address your clients' income, growth, and total return needs. Discover new ways to expand your investment offering into alternative investments and learn how to position different alternative strategies.

When and Where:
- March 15: Greensboro, NC
- March 16: Houston, TX
- March 29: Seattle, WA
- March 30: Newport Beach, CA

Contact: Internal Product Consulting at LPLFinancialProductConsulting@lpl.com or (877) 877-7210 x6000

Annuities & Insurance Workshops

What: During these workshops, you'll develop an action plan with an understanding of today's product strategies to address clients' retirement needs through an expanded set of solutions for generating retirement income.

When and Where:
- February 9: Baton Rouge, LA
- February 10: Denver, CO
- February 23: Philadelphia, PA
- February 24: Minneapolis, MN
- February 25: San Francisco, CA

Contact: LPL Insurance Associates at Insurance.Associates@lpl.com or (877) 877-7210 x7800, option 1

STAY CONNECTED

Don't forget to read the weekly *Learning Opportunities* e-newsletter each Wednesday (also available on the Resource Center), your source for up-to-date information on learning opportunities available to you through LPL.

One Question, Five Answers

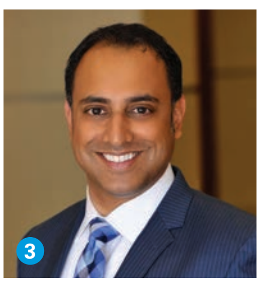
“What’s been your most successful growth driver?”


1

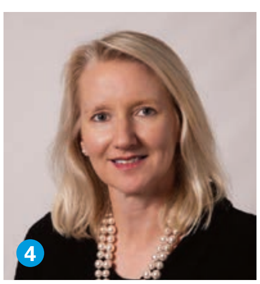
1 Don Randolph, *LPL Registered Principal, Don Randolph & Associates Investment Services*
"Everyone in my community knows who I am and what I do. This is very important for both veterans and new advisors since referrals are the best way to grow a practice. This is not a 9-to-5 profession. I remain engaged in both family and community activities in addition to my professional duties. If you want to grow your practice, you have to get to know people, or more importantly, give them opportunities to get to know you."


2

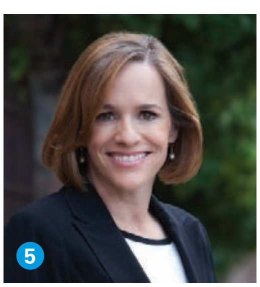
2 Stephen Brennan, *Vice President, Elements Wealth Management*
"My most successful growth driver is referrals from our branch staff. The branch staff is the face of our institution, and staff members value the relationships they build with members. Before I can earn the trust of a new client, I first have to earn the trust of the staff. I conduct training sessions during branch meetings and explain how I can help our members. I describe what happens when a member sits down in my office. More often than not, a branch referral not only leads to a new client for me, but positive feedback to the staff member who made the referral. Ultimately, the staff is confident to refer my services, and I've established a reliable pipeline of qualified opportunities to grow my practice."


3

3 Avi K. Pai, *Managing Partner, Provence Wealth Management Group*
"My biggest growth driver has been client referrals. The more time I spend cultivating relationships and building trust, the more they refer me. At this point in my career, I try to have very deep relationships with my clients so they feel like 'sharing' me is a gift to someone else. I want them to know I care about them and their values, not just their finances."


4

4 Lori Hardy Ho-Tung, *Vice President, Renasant Financial Services*
"The biggest growth driver for me this year has been referrals from existing clients. I've been pleasantly surprised by the number of client referrals sent to me over the past nine months. While I consistently remind my clients that I'm here to provide advice and help anyone else they know, these referrals seem to be generating in a more organic way. I can attribute that to long-time relationships, the service levels and active communication they receive from me, and the trust that has developed. I find clients are incorporating referrals or even testimonials into their everyday conversations with family and friends. There are still so many people out there who need our guidance and expertise."


5

5 Marit MacDonald, *LPL Registered Principal, Financial Independence*
"There have been numerous factors, such as working with a business coach to help refine my marketing strategies. But the most successful growth driver for me has been more personal. I genuinely care about my clients, my staff, and the team of people I work with at LPL, and I routinely try to let them know (in both words and deeds) a very simple truth: I could not do what I do without them." ■

INTERVIEW

Q&A

Victor Fetter

Managing Director,
Chief Information Officer

As you plan for 2016, incorporating technology may provide an avenue for you to grow your business or increase efficiency in your practice. In the following, Victor Fetter outlines where to start with new technology, what LPL solutions can be used to tackle common challenges, and why your feedback is critical to our future technology enhancements.

How can advisors maximize their investment in technology, for 2016 and beyond?
Getting the most out of the technology tools that LPL provides is a great way to avoid extra complexity or unnecessary costs. These tools have proven time and again that they put time back in your day, save you money, and elevate your client experiences. Whether it's financial planning with WealthVision℠, portfolio management with Enhanced Trading & Rebalancing, or reporting with Portfolio Manager, there's a platform available to help enhance your business. We've made improvements in every technology area over the last few years, and I encourage you to revisit them if you haven't lately.

Another way to maximize your technology investment is to take advantage of the new Vendor Affinity Program. We've negotiated discounted pricing with more than 50 various service and technology providers for the tools you use day in and day out. The program is designed to save you money, cut through the clutter of available options, and give you back the time you would've spent researching or negotiating prices. In short, we want to make it easy for you to do business in a way that benefits your bottom line.

For advisors who aren't currently taking advantage of technology solutions, but would like to in the future, what steps can be taken to get started?
One of the easiest ways to leverage technology is by using eSignature for client paperwork. This tool helps reduce manual processes, gives clients transparency into where their forms are going, and provides a fast and easy way to complete documentation. Evaluate your practice and the areas of it you may want to enhance to see what technology solutions may be a good fit.

If you want to focus on sales opportunities with prospects or current clients, use a CRM to prioritize opportunities by time to achieve success and potential profitability. Or, incorporate a financial planning tool like WealthVision to uncover your clients' financial goals and determine how your investment strategy will help achieve them.

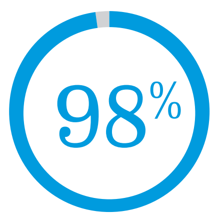
If you're trying to enhance your client experience and run more effective meetings, use performance reporting tools like Portfolio Manager or other approved consolidated reporting vendors. For productivity gains and timesavers, leverage electronic documents and processing, such as through iDoc, Move Money, Account View, and Enhanced Trading & Rebalancing. There are many options available to help you address and overcome these challenging areas.

More LPL advisors are embracing the role of Technology Ambassador. What is this role and why is it important?
The Technology Ambassador is a designated point person who serves as the official LPL technology liaison in your office. That person helps you investigate available technology opportunities, learn the ins and outs of the various platforms, and teach colleagues how to effectively use them. The Ambassador takes on the responsibility of implementing these solutions into your office culture and internal procedures. Having one, or multiple, Technology Ambassadors helps you stay current on LPL technology, provides knowledgeable resources during a tech adoption period, and demonstrates a commitment to enhancing the way you do business.

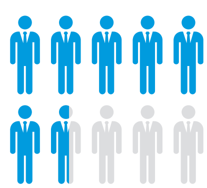
To help the ambassadors stay current, we hold a monthly Technology Ambassador call, the dates and times of which you can find in the weekly *Learning Opportunities Newsletter.* We also have a designated technology section within each edition of *Streamline News.* If you haven't already

"These tools have proven time and again that they put time back in your day, save you money, and elevate your client experiences."

Number of improvements to LPL technology tools this year



Percentage of LPL forms covered with eSignature



Two-thirds of LPL advisors are currently using Portfolio Manager

Percentage increase of CRM activation by LPL advisors

designated a Technology Ambassador in your office, I encourage you to do so.

How have you focused on enhancing the client experience through LPL's technology?
We're working to make it easier for you to run your business by incorporating straight-through processing into our technologies to help reduce not-in-good-order submissions and allow you to see the status of your request in real time, as well as developing new tools to analyze your client profiles and book of business. Move Money, the OSJ Review Tool (ORT), and the new Corporate Actions tool are all examples of these efforts, and we remain committed to developing additional tools that will make it easier for you to do business with us.

Our technology enhancements are shaped by your feedback. The Technology team uses survey responses, council discussions, and even informal conversations at conferences like Focus, to find out what functions are vital to your business and how we can make them better. Your voice has a major role in creating LPL's technology strategy. We'll continue to have feedback sessions, previews of what's ahead and demonstrations of what's new, and various pilot opportunities available for those who enjoy testing software on behalf of all LPL advisors. If you have suggestions or want to help, send us an email at suggestions@lpl.com. We look forward to hearing from you. ■

Game Planning for Retirement Income

Every month, more than a quarter of a million Americans turn 65.[1] As they kick off retirement, are they ready to tackle financial demands that may last decades? Are you?

Many Americans don't like what's on the scoreboard. Almost two-thirds of workers (64%) say they feel they're behind schedule when it comes to planning and saving for retirement.[2] Educating them to related risks and corresponding countermeasures is job one for financial professionals.

If retirement lasted only a few years, readiness might be less concerning. The reality, however, is that increasing lifespans may be accompanied by decades of post-employment exposure to wealth-depleting forces—ones such as market volatility, healthcare spending, and inflation. All are critical considerations. They may reduce retiree resources and increase the chance of exhausting retirement income.

Obstacles for retirees represent opportunities for financial professionals. Clients desire confidence that their income stream during retirement will satisfy their spending needs. Quantifying cash flow requirements and identifying sources of protected retirement income are among the elements crucial to crafting a strategy and putting it into action.

Know What You're Up Against

Faced with America's growing retirement income challenge, W&S Financial Group Distributors supports a planning process that helps financial professionals and their clients better understand the array of risk factors that impact retirement security. They include:

- Healthcare costs
- Rates and returns
- Longevity
- Inflation

Discussing key planning considerations serves a dual purpose. One, it helps capture the range of influences that affect financial security in retirement. Two, it helps examine how realistic clients are toward assessing and addressing risks.

As you help clients weigh these factors, educate them to the needs and lay the groundwork for considering strategies to manage the risks. Annuities, for one, may play a powerful role in such strategies.

What's the "Down and Distance?"

A client-centric approach begins with a reckoning of where a client stands in terms of timing, needs, and resources. Take a systematic, comprehensive look at monthly income needs and guaranteed

Using an annuity to cover expenses with guaranteed income may help remove unwanted volatility from a retirement plan.

sources (e.g., government benefits, employer pensions). Comparing the two may identify the amount of primary expenses to be covered by guaranteed income. A shortfall represents the need to be addressed.

Using an annuity to cover expenses with guaranteed income may help remove unwanted volatility from a retirement plan. Also, as protected income helps cover monthly costs, it reduces the need for drawdowns from other resources to levels that may be more readily sustained.

Take advantage of a new **"Income Fact Finder" (CF-51-23002-1505)**. Available from W&S Financial Group Distributors, it may help you quarterback an integrated process of:

- Identifying and quantifying the monthly income shortfall
- Determining what sum a client is comfortable allocating to an annuity for guaranteed income
- Reducing exposure to volatility and increasing confidence that primary expenses may be addressed for longer durations

Install the Income Playbook

Drawing up a retirement income plan is just one step. The next, putting it in to action, may be daunting. Clients may be overwhelmed by the complexity of attacking the challenge. As you work with them to identify and install strategies, help them focus on timing considerations and risk attitudes:

- How soon before the income is needed?
- How long must the income last?
- What is their view toward volatility and preference for stability versus opportunity?

Another new tool from W&S Financial Group Distributors that's ready for your use is an **"Income Playbook" (CF-51-23001-1505)**. It outlines a simple, step-by-step approach to help you help your clients put a retirement income strategy in action. It diagrams strategies that consider various annuity income options based on a client's identified time and risk parameters.

Set Up in a Strong Side Formation

Now may be a timely opportunity to focus on contractual certainty. Annuities may help boost confidence by providing a range of guaranteed elements.[3]

A strategy that may extend over decades demands that quality be a key consideration. One important perspective centers on an issuer's financial security as rated by independent insurance rating analysts. High ratings bolster your client's confidence that the retirement income can last for his or her lifetime.

Guarantees from Western & Southern Financial Group members, for example, are backed by insurance companies with records of strong ratings for financial strength, stability, and operating performance. Those ratings, and other measures of Western & Southern's financial position relative to its industry peers, can be found at WSFinancialPartners.com/Ratings.

Game Time for Income Planning

Help your clients by asking:

- Do you want to maintain your current standard of living in retirement?
- Are you confident in your ability to self-insure your retirement or would you like to contractually shift that responsibility to an insurer?
- Do you want a steady retirement income you cannot outlive?
- Do you want to lessen the impact of market volatility?

Faced with longer life expectancies and ongoing economic uncertainty, income planning has never been more important. Educate your clients to the realities. Position yourself as a resource that connects them with the building blocks to a winning strategy for retirement income. ■

About W&S Financial Group Distributors
W&S Financial Group Distributors, Inc. (WSFinancialPartners.com) distributes annuity and life insurance products from Western & Southern Financial Group member companies Western-Southern Life Assurance Company, Integrity Life Insurance Company, and National Integrity Life Insurance Company.

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[1] *FiveThirtyEight Economics,* "What Baby Boomers' Retirement Means for the U.S. Economy," May 7, 2014.

[2] Employee Benefit Research Institute, "The 2015 Retirement Confidence Survey, April 21, 2015.

[3] Guarantees vary by product. Restrictions, limitations, and additional costs may apply. See information on specific products for details.

Annuities are long-term investment vehicles designed for retirement purposes. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. Guarantees are based on the claims paying ability of the issuing company. Withdrawals made prior to age 59½ are subject to a 10% IRS penalty tax and surrender charges may apply.

Annuities are issued and guaranteed by Western-Southern Life Assurance Company, Cincinnati, OH, Integrity Life Insurance Company, Cincinnati, OH, or National Integrity Life Insurance Company, Greenwich, NY. **Securities offered by Touchstone Securities, Inc.*** Western & Southern Life operates in DC and all states except AK, ME, NH, NY, and RI. Integrity Life operates in DC and all states except ME, NH, NY, and VT, where National Integrity Life operates. W&S Financial Group Distributors, Inc. is an affiliated agency of the issuer. Issuer has sole financial responsibility for its products. All companies are members of Western & Southern Financial Group. *A registered broker-dealer and member FINRA/SIPC.

PROFILE

Getting to Know Mimi Bock

Overseeing the Marketing, Learning & Development, Conference Experiences, and Client Insights teams, Mimi Bock approaches each day with a mindset to not sweat the small stuff and to advocate for the noble profession of financial advice.

Why she considers financial services a noble profession:
Working in financial services happened almost by accident for me. After graduating college in 1985, I moved to New York City and interviewed at several different places, one of which happened to be a brokerage firm. I was hired and started my career as a sales assistant, holding many different roles within the industry throughout the past 30 years. I'm very happy it worked out the way it did. I've always thought of financial services and the role of a financial advisor as a noble profession because of the powerful impact they have on people's lives. Helping people achieve their financial and life goals is an immense responsibility, and it's in advisors' hands. I'm so proud to work every day on behalf of those who get to make such a profound difference in people's lives.

How the events of September 11 continue to influence her life:
Being in the World Trade Center on September 11 is something I will always carry with me. What I took away from that day is not to sweat the small stuff. Some days I'm better at remembering that than others, but when I find myself getting overly stressed about something, I try to take a step back and realign my perspective: "I have my life, I have my family, I have my job. Is this really worth getting stressed over?" I try to apply that in both my personal and professional lives, and that helped me to achieve some balance. I don't think of it as having a work/life balance; I have one life, and different parts of it take priority at different times. Reality is that things will never quite be equal. There are some days where it's 100% work and others where it's more spread out. It's more of an ebb and flow, and realizing that everything doesn't have neat boundaries has helped me maintain that desire to stay mindful and grateful every day.

Part of that mindset of gratitude is giving back to others, which was heavily influenced by my parents. Giving back, however small, was something that they always did—and continue to do—and their actions taught me that helping people is just what you do. Whether it's taking the time to cook for someone who is unable, or when I go cheer on my son at his football games, those moments are what motivate me to work harder and make the most of all the elements in my life.

Why learning and listening are two of her best professional lessons:
One of my greatest joys is seeing people within my teams succeed. It's my responsibility to help develop those individuals, advocate on their behalf, and support them in reaching their goals, and it's incredibly exciting to see them go on to do amazing things. My advice to those looking to grow has always been to work at something you love, work with people who you love, and always reach for the chance to play at the next level. Look for opportunities to develop and expand your skills in order to gain a rounded understanding of the business. As part of that understanding, you can learn so much from sitting down and talking through a situation with someone. My favorite part of this business has always been working with people, especially advisors, and being able to have in-depth conversations about what's working, what's not working, and what we can do better. Really taking the time to dive in, listen, and absorb what they're saying allows you to get to the root of an issue. You develop this deep level of respect and appreciation for one another and this business. ■

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sowing the see
of business grow

If your goals for 2016 include growing your business, what are you doing to make that happen?

A new year is a time for creating new beginnings and tackling new challenges. It's a motivational time, where you're building out your goals and planning how to reach them. One of your goals for 2016 may be growing your practice. In this section, we explore various paths you can take to accomplish this, including attracting new clients, deepening existing relationships, and enhancing your team. You'll find tips and tools to help you along the journey of growth.

- Create a business plan to set your course for growth.
- Review various marketing strategies to attract new clients.
- Look for new ways to serve your current clients and deepen existing relationships.
- Consider practice acquisition as a means of growth.
- Add new roles or members to your team to support additional business.
- Discover LPL resources and actionable takeaways to support your efforts.

COVER STORY

Planning for Growth

Choosing a growth strategy and creating a business plan to follow it

If you're not already in the habit of creating annual business plans, make this the year you start. Too often, advisors who readily counsel their clients on the value of making a financial plan (and sticking to it) fail to apply the same principle to their own practices. This year, take the advice you might give your clients. Set yourself on a course for success by establishing clear goals and defining key steps toward achieving them.

As with financial plans, a business plan is a commitment to a vision and a roadmap for getting there. It articulates what you hope to achieve within a certain timeframe, sets goals and milestones to keep you moving forward, and creates accountability among stakeholders.

When you have a plan in place, you're able to refer back to it throughout the year to track progress and weigh opportunities. If your goals and daily activities aren't aligned—maybe you've committed to growth in the high-net-worth market but your prospecting dollars are continually spent on mass affluent spaces—a business plan helps you identify the discrepancy so you can course-correct.

Where Do You Want to Go?

Your first and most important step is articulating your vision. Your vision is the destination that dictates all subsequent steps. Your goals, tactics, and methods of measurement will support the vision you set for your practice.

In the early days of your business, you likely established a mission statement or guiding principles surrounding your investment philosophy and the way you work with clients. Unless you're looking for a dramatic shift, this core mission statement shouldn't need to change. Rather, your vision for growth should articulate the ideal future state for your business, whether that means increased revenue,

new households, a change in the demographic makeup of your clientele, or any number of possibilities.

Ultimately, the growth strategy you pursue will support this ideal future state, but because the two are so intertwined, it may be useful to consider your vision and growth strategy in tandem.

Choosing a Growth Strategy

When it comes to growth, you have several clearly defined options: pursue new clients through marketing efforts, deepen engagement within your existing client base, or scale your business through an acquisition. Each strategy has merits and challenges.

Attracting New Clients

Perhaps the most commonly thought-of path to growth, adding households to your business is a straightforward, easily trackable way to increase revenue. Through various marketing efforts and repeatable processes for turning prospects into clients, you can add new relationships and shape your book of business into one that fits your investment philosophy and engagement style.

If you're a newer advisor or have the capacity to manage additional relationships, attracting new clients may be an ideal growth strategy for you. You can find an abundance of resources on the Marketing Gateway, as well as a primer on marketing strategies and earning referrals on pages 24 – 27 of this magazine.

Deepening Existing Relationships

Rather than adding new relationships to your book of business, you could also increase revenue by deepening engagement with the clients you already have, bringing more of their assets under your management. Although many advisors believe they already manage all of their clients' assets, this belief is frequently inaccurate. If you're like most, your current client base offers untapped opportunity for growth.

As the industry shifts toward holistic financial guidance, now may be a good time to consider expanding your sphere of expertise and finding new ways to engage with your clients. On pages 28 – 37, read an overview of ways to uncover and take advantage of opportunities to deepen existing relationships.

Buying a Book of Business

A third option to increase revenue is to acquire another book of business. Like attracting new clients, an acquisition offers the ability to scale and shift your demographic reach. The major distinction is pace. Instead of adding new households one at a time, you acquire a whole new set of clientele in one fell swoop. While client retention is not guaranteed following your purchase, you can typically count on a substantial increase in revenue.

Start with SWOT

To help you decide where you want to go, it helps to determine your starting point. Perform a SWOT analysis to assess the strengths, weaknesses, opportunities, and threats facing your business.

Strengths and Weaknesses
Based on your previous years' results, in what areas are you most successful? Least?

Focus on internal resources. Call out key strategies, products, clients, team members, or tools. For example, you may excel in acquiring assets based on long-term, goals-based strategies, but you see significantly weaker results in transaction-based relationships.

Opportunities and Threats
Looking externally, what factors within your competitive market could you capitalize on? Which might put you at risk?

Consider economic factors; trends within the financial industry, such as new technologies and investment strategies; demographic shifts, such as an aging population or the emerging importance of millennials; factors within your client base, such as potential loss of clients to death or retention of family wealth through clients' children; and any other possible influences on your performance, both positive and negative.

Alongside performance metrics from previous years, a SWOT analysis can help you identify areas on which to focus, as well as pitfalls to avoid, when you create your business plan for growth.

As more advisors near retirement, acquisitions are becoming an attractive option to younger advisors looking to take over for or partner with advisors planning for succession. To learn more about the benefits and process of acquiring a business, see "Growth Through Acquisitions" and "A Collaborative Acquisition" on pages 40 – 43.

Steps and Accountability

Once you've articulated a vision and settled on a growth strategy, you can begin setting goals. Ideally, your goals will serve as milestones throughout the year to keep you on track toward achieving your larger vision.

Using the SMART method can help you craft goals that are:

- Specific: Unlike your objective, which can employ vague terms, your goal should address a particular area of improvement.
- Measurable: Quantify what you aim to achieve.
- Achievable: Set a target realistically within reach.
- Relevant: Align your goals with your objective.
- Time-bound: Assign a date by which the goal will be completed.

If you include each of the SMART characteristics, your goals should be straightforward to track. Establish and include measures of success in your plan. This allows you to create clear accountability on your team and delegate responsibility, where appropriate.

Methodologies and Resources

As you put your plan into writing, you may find it useful to work within a structured framework such as OGSM, which asks you to develop objectives, goals, strategies, and measures. You might also couple your plan with an analysis of your current state using a methodology such as SWOT (*see sidebar*).

Choose whatever structure—or combination of methodologies—that works for you. Format is secondary. The most important function of a business plan is establishing a vision and defining milestones that can be shared to create alignment throughout your team. ■

For additional help crafting a business plan, explore resources available on Marketing On Demand. Visit AdvisorFirst | Business Management | Start with a Business Plan.

When it comes to growth, you have several clearly defined options: **pursue new clients** through marketing efforts, **deepen engagement** within your existing client base, or **scale your business** through an acquisition.

COVER STORY

Building Up Your Book

Growing your business by employing a marketing plan to increase your clientele

As part of your business planning for 2016, your growth strategies may include adding more clients to your book of business. Developing and executing a marketing plan can be an effective way to find quality leads that can eventually turn into quality clients. Much like creating a business plan *(see page 20)*, a marketing plan requires clearly set goals, the methods needed to reach them, a dedicated budget, and an estimated timeline for completion. To develop this plan, you and your team will need to come together to set the messaging and delivery strategies for reaching new prospects.

Build a Value Proposition and Determine Your Ideal Clients

Searching for new clients isn't like throwing out a net and trawling for all the fish you can catch. It's a calculated process to find the people you want to work with—now and for years to come.

Before you begin your prospect outreach, first take a look at your current practice and what separates it from others. Your value proposition, or what makes your clients want to continue working with you and not move to another firm, includes your services, practice values, and financial experience. In one clear, concise statement, articulate your strengths and the ways in which you meet the needs of your clients. For example, you may specialize in financial planning and retirement income planning for high-net-worth individuals. Your value proposition may read something like, "We specialize in providing concierge financial planning and retirement income planning services to high-net-worth clients. Our clients receive dedicated advisor expertise, a disciplined approach to investment management, and a world-class service experience."

Being able to articulate how you serve your clients can help you figure out the type of clients you'd like to work with in the future. Evaluate your current client base, its characteristics, and how it maps to your value proposition:

- What traits are found in your best clients?
- Do you work within a specific niche, or have a niche you would like to expand in the future?
- Are you adjusting your firm to focus on more complex clients, or do you have a variety of complexity levels?

Answering these questions can help you begin to determine where you'll look for prospective clients. For example, if your client base includes a large number of doctors or medical professionals and you have a deep understanding of their financial situations, you may consider searching medical professional directories or

placing an advertisement in a publication targeted to that industry. Play to your strengths to cultivate new business.

Build Your Strategy

Now that you know whom you'd like to target, you must determine the best ways to get in front of them. Select the channels you'd like to use to reach your potential new clients, being sure to take your past marketing efforts into account: Which methods worked? Which were less successful? What was the best use of your resources? Create a mix of both tried-and-true and new strategies. It's recommended to first focus fewer of your resources on these new methods so you can evaluate how they work before adding more of your budget to it.

Some channels you may consider for your client search:

Advertising
This method allows you to broadly share a simple message. It can be as basic as placing an ad in a local publication or sponsoring a community event to build name recognition to keep you top of mind as a local, trusted resource for financial advice.

Direct Mail Marketing
Reach your prospects with one or a series of targeted mailings. First, determine what message you want to send or action you want the prospect to take, and how you want them to receive it (e.g., brochure, flyer, postcard, etc.). You may choose to buy a mailing list or have a list of potential prospects already in the works. No matter what method you choose, be sure to include a trackable action you want the prospect to take (e.g., schedule an appointment, attend an event, etc.).

Educational and Prospecting Events
Hold in-person events for prospects, such as educational seminars or how-to events. You could also hold appreciation events for current clients, where you encourage them to bring a non-client friend, family member, or colleague they feel may benefit from your services.

Knowledge Share
Demonstrate your expertise by writing a financial column for your local newspaper or city magazine, distributing a regular client newsletter,

Where Do Clients Come From?

In a 2013 survey conducted by *Financial Advisor Magazine,*[1] respondents noted the following sources to be effective in finding new clients:

72.2%
Client referrals

11.1%
Centers of influence (such as attorneys, accountants, bankers, or consultants)

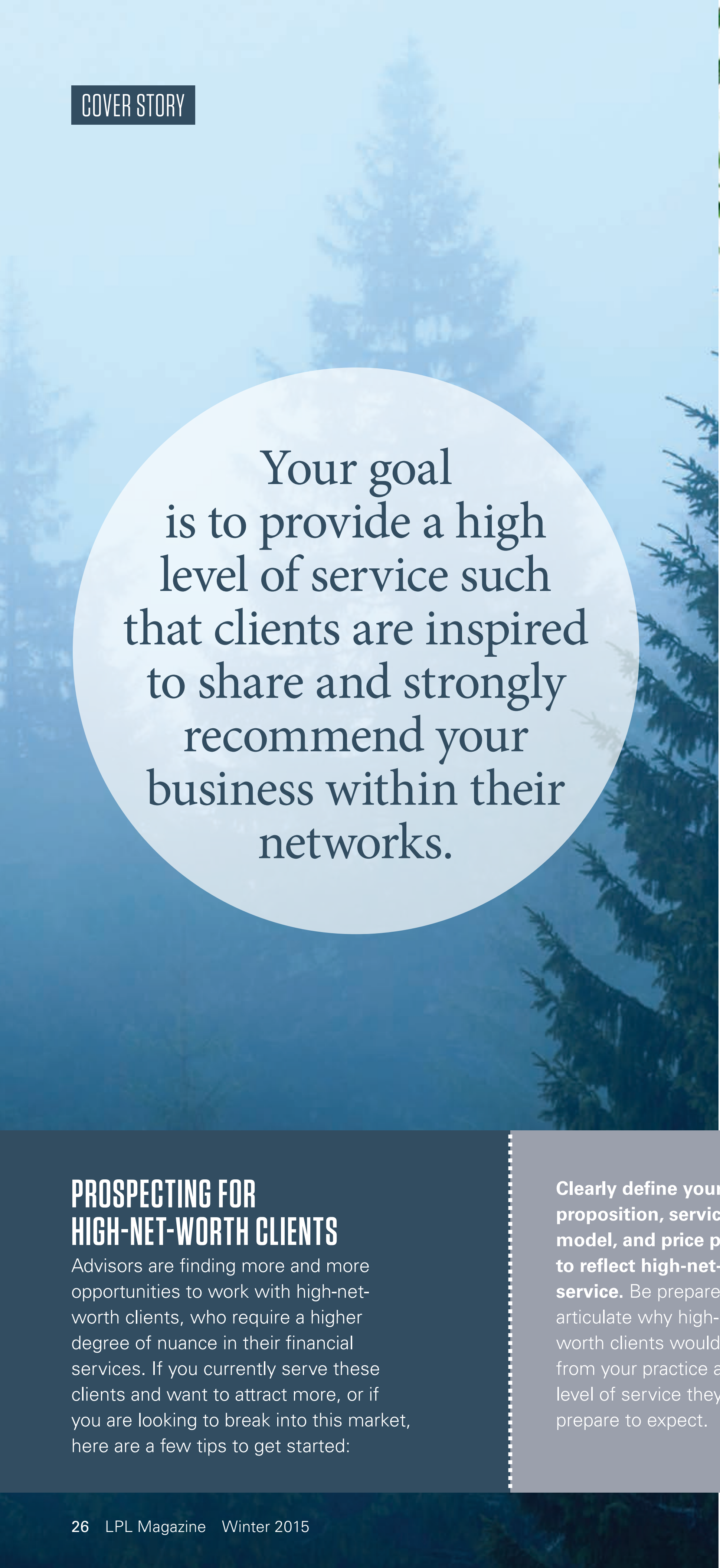
7.0%
Networking

4.7%
Non-client referrals

3.3%
Sponsored events

1.3%
Social media

0.3%
Other



> Your goal is to provide a high level of service such that clients are inspired to share and strongly recommend your business within their networks.

or introducing yourself to local and regional financial publication writers as a quotable source on financial matters. If your business's website allows, you may choose to start a blog giving advice within your area of expertise.

SEO and Website Optimization
SEO, or search engine optimization, is a process designed to increase your practice's search visibility. It can be accomplished through the incorporation of specific keywords and/or common search terms within your website content and site description. These keywords and terms should include your services and specialties so that online users looking for those items will find your website in their search. Additionally, your website should be up to date with current content, events, services, and team members.

Small Business Prospecting
If you specialize in areas that are particularly valuable to small business owners—such as retirement planning or financial planning for entrepreneurs or businesses—you may look to prospect for those individuals. Professional directories or networking groups, such as your local chamber of commerce, can be valuable to reach this target market.

PROSPECTING FOR HIGH-NET-WORTH CLIENTS

Advisors are finding more and more opportunities to work with high-net-worth clients, who require a higher degree of nuance in their financial services. If you currently serve these clients and want to attract more, or if you are looking to break into this market, here are a few tips to get started:

Clearly define your value proposition, service model, and price point to reflect high-net-worth service. Be prepared to articulate why high-net-worth clients would benefit from your practice and what level of service they can prepare to expect.

Update your collateral, marketing materials, and practice website to include high-net-worth imagery and services. Update this information in all places that may reach clients, including your website, service model agreements, and fee structures.

Social Media
Compliant company accounts for Facebook, Twitter, and LinkedIn help to establish your digital footprint and share financial knowledge. If you haven't done so already, creating a personal LinkedIn profile is also recommended to build your credibility.

Outside of a specified channel, your practice may be concentrating on building a culture of referrals. This is an organic method of client prospecting, built on word of mouth and previous positive experiences. Your goal is to provide a high level of service such that clients are inspired to share and strongly recommend your business within their networks. *For more on creating a culture for soliciting referrals, see "Building Your Business Through Referrals,"* LPL Magazine *Summer 2015*.

Regardless of the methods you choose in your marketing plan, including a process for follow-ups and active outreach is critical to stay top of mind and not let opportunities slip through the cracks. If you aren't already using one, a customer relationship management (CRM) tool can be valuable in your prospecting process. It helps with organization, scheduling, and information capture. At the very least, you should establish a process for regularly connecting with leads once you have initially attracted them.

Plan to Execute

Once you've selected your strategies, determine your timeline and budget for execution. Determine how long you'd like your campaign period to initially last (e.g., three months, six months, one year) and allocate the funds accordingly. Depending on how much you've allocated for marketing, that number will dictate the number of channels you can use, how long you can use them, and how much you can spend on each. Some channels, like social media and knowledge share, are less expensive, but require a steady time commitment. Others, like direct mail marketing or events, can require more money but may have a shorter timeframe. Use a mix of strategies that complement your availability and resources, and keep you within your budget.

To fully develop your timeline, use a calendar or a spreadsheet to map out which channels you'll employ at different points in the process. This will help you stay organized and have visibility into what efforts are in place at what time. At the end of the campaign, you can reassess the budget to see if you're able to continue your marketing. Ideally, your marketing efforts will create a return on investment that enables you to sustain them.

Review and Reevaluate

Review your progress on a regular basis. This could be as informal as a running spreadsheet updated with prospect responses, or a weekly or monthly status update meeting. You may need to readjust tactics while the campaign is still active based on performance, or shift your resources to put focus on something that has been generating positive results but needs the extra set of hands.

At the end of your timeline, review your efforts to assess which channels were most and least effective in attracting quality prospects and which converted the most prospects into new clients. These results will help inform your next marketing period: replicate efforts that were successful, discard ones that weren't, and tweak the ones that show promise. You can also determine if you require more, less, or the same amount of funds to execute your next marketing plan. ■

For additional resources on generating valuable leads for your business, log on to ClientsFirst on the Marketing Gateway.

Utilize centers of influence. Build or tap into a network of accountants, attorneys, and other professions that regularly engage with this market, and create a system of referrals among your practices.

Engage the LPL Private Client team. This team works with high-net-worth practices on a daily basis and has in-depth knowledge of the expectations and commitment needed to serve high-net-worth clients. They offer case design support, point-of-sale assistance, and education and training specifically tailored for this market. Specializations include concentrated stock management, portfolio construction, risk management, investment strategies, and wealth preservation.

To find more resources on high-net-worth clients, log on to ClientsFirst on the Marketing Gateway and search for "Winning High-Net-Worth Clients." Get in touch with the Private Client team at lplfinancial.hnwconsulting@lpl.com.

COVER STORY

Deepening Relationships to GROW YOUR BUSINESS

Strategies to gain further insight into your current clients' financial landscape

On average, investors hold almost half (46%) of their investable assets outside their primary advisor relationship.[1] If this is true for even half of your own clients, you're sitting on a substantial opportunity to expand your relationships with your current client base.

Two key strategies can help you tap into this unrealized potential for growth: data discovery and new methods of engagement.

Data Discovery

Whether by oversight or intent, clients often keep important data from their advisors. Maybe they hold old retirement accounts they've forgotten to mention, or they prefer to manage certain assets with another advisor. Maybe they've neglected to share complex familial relationships, such as first marriages, stepchildren, or special-needs dependents, which could significantly impact their savings and legacy goals.

To uncover what you may be missing, you first need visibility into the accounts outside your management, which often involves a thorough discovery process. Simply asking, "What's your financial landscape?" is rarely enough to gather complete information, so you likely need to dig deeper. Clients don't always know what they're leaving out, and asking specific questions in specific contexts can help you unearth new information.

Gaining complete visibility into your clients' finances on the household level benefits both your clients and you because it enables you to provide the best possible guidance. You might uncover opportunities to apply products and strategies toward outcomes you wouldn't otherwise know to be possible. For example, you could have clients sitting on old, out-of-surrender annuities that have the potential, under the right conditions, to triple in value with a 1035 exchange into a hybrid annuity for long-term care. But even if this transfer could benefit the client, you wouldn't be able to advise it if you were unaware of that particular asset.

Are you managing as much of your clients' assets as you could be? Each night, WealthVision℠ aggregates client data from approximately 10,000 vendors. Of about **$90 billion** in client assets pulled in nightly, **$40 billion** are in accounts for which LPL advisors are not yet the rep of record.

New Methods of Engagement

If your clients hold assets outside your management, it's possibly because that money is solving a problem you've not yet addressed. Perhaps they have an old life insurance policy that they know isn't sufficient for their needs, but they haven't been approached with a better option. Or maybe they're working with multiple advisors as a way to diversify risk.[1] Regardless of their reasons, you likely won't win that business by doing the same things you've always done. Instead, explore new ways you can help clients meet their needs.

By focusing on solutions to problems you've not yet solved—for example, beginning conversations about life insurance—you can expand your sphere of expertise while providing significant value to clients. As you're able to meet more of your clients' needs, they're able to reduce the number of avenues they pursue to reach their goals. You increasingly become a single, trusted source for holistic financial guidance.

Opportunities and Tactics

In the following pages, you can explore strategies and tools to uncover data and to engage with your clients in new ways. You'll find information about:

- **Annual reviews** and how you can best use them to gather client information and begin conversations about new products or strategies
- **Products and strategies** that can be used to either solve new problems or to aid in fact-finding
- **Adding value to families** as a way to find information about and engage with the next generation of potential clients
- **Tools and support** available through LPL to help you gain visibility into your clients' assets, to provide better guidance, and to find opportunities in the data you collect

Annual Client Review

Many advisors choose the start of a new year for an annual face-to-face with clients. A critical tool for maintaining strong relationships, the annual review can also be used as a chance to uncover valuable information about your clients' lives and financial circumstances.

Rather than treating the review as an obligation—a box to check to say you did it—use the time to engage with existing clients in new ways. In discussions about portfolio performance, you can educate, build trust, and open the door to alternate strategies. In discussions about life updates, you may learn information you might not have been privy to in the past. Approach the conversations with a mindset of discovery, of exploring new avenues for deepening the relationship, instead of viewing the meeting as a report or simple touch-base.

Portfolio Performance to Goals

Where the review is a great opportunity to educate your clients about market conditions and new or alternate strategies to help them meet their goals is following disappointing performance. If, for example, your client seeks greater protection against downside risk, you could use the review as a chance to bring up annuities or alternative investments, which have the potential to help reduce the effects of market volatility. A disappointing performance could even help strengthen your relationship, given authenticity's important role in establishing trust—by simply admitting a weakness, you boost your own credibility.[3]

Strong performance could be used as an opening to compare your results with results they've seen in assets outside your management. Ask your client about neglected assets, such as old 401(k)s, and educate them on the options for those assets.

Life Updates

Because so much can change in a year—marital status, medical considerations, deaths, etc.—a client review should also address any life changes that could potentially affect goals. Taking the time to be thorough is important because although many of these changes may seem insignificant to the client, your expertise allows you to see implications and opportunities in even minor updates.

For instance, if in your initial onboarding interview you learned your client had grown children in their 20s, do those grown children have any new children of their own? A new grandchild could be an opening for a conversation about legacy planning or education savings.

As you consider products and strategies for deepening engagement in the following section, you may find additional questions or discussion items to add to your review.

Find a number of tools and resources to help direct your reviews on the Resource Center by searching "Client Review."

Opening Conversations through Products and Strategies

Certain products and strategies naturally lend themselves to business growth due to the nature of conversations they generate and problems they solve for your clients. Variable annuities, for example, can present a reliable income stream in retirement. Alternative investments can be used in niche tax circumstances. Life insurance can reveal otherwise-hidden aspects of your clients' lives.

You may find that in exploring new ways to work with your clients, you uncover opportunities to expand your expertise, grow your base, and increase your referability.

Variable Annuities

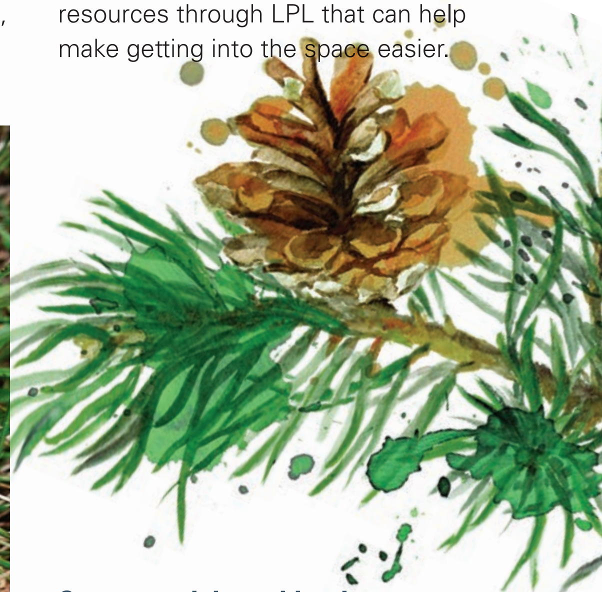
If you haven't been talking to your clients about variable annuities, now may be a great time to start. A combination of factors, including market volatility and recent changes in Social Security regulations, may be affecting your clients' anticipated retirement income. Your baby boomer clients, in particular, may find themselves scrambling to close gaps between their anticipated income and their retirement needs.

When coupled with a lifetime income benefit rider, which may be available for additional costs, variable annuities provide a great opportunity to help close those gaps. They generate a protected stream of income that can't be outlived, which is an increasingly useful benefit with life expectancy on the rise—over the past 60 years, average life expectancy has increased by more than 10 years.[4] An investor who's inadequately prepared for the length of their retirement could potentially outlive their income, but with variable annuities, you can protect against that risk.

Clients often shy away from annuities due to their perception of the price To help explain their value, it can be useful to position annuities as a form of longevity insurance. Similar to health or car insurance, you're paying a premium for protection when you need it. In the case of variable annuities, the protection is from outliving your income.

Additionally, variable annuities provide potential advantages like tax deferral, investment gains from positive market performance, and protection from downside risk. With such an attractive array of potential benefits, often the primary barrier to a client's consideration of annuities is their advisor's confidence or comfort level in explaining them.

While some advisors have historically avoided annuities due to their relative complexity, you have access to resources through LPL that can help make getting into the space easier.



Common advisor objection to annual reviews:

It seems counterproductive to spend time on reviews: "I need to grow my business."[2]

Growth doesn't always mean adding new clients to your business. It can also mean expanding your services with your current clients.

A team of expert consultants will analyze your current book of business to help you identify clients who may benefit from annuities, and will guide you through product options that may be appropriate for your clients.

To open the conversation with clients, you can use the Income Needs Analysis, available through the Investor Presentation & Proposal Tool, to identify gaps between their anticipated income and their retirement needs.

For questions or help getting started with variable annuities, reach out to the Internal Product Consulting team by calling (800) 877-7210 x7800. You can also find resources on the Resource Center by searching for "Variable Annuities."

Life Insurance

Due to the lengthy sales cycle and involved process for selling life insurance, many advisors choose not to take it on. If you're among them, you could be missing an opportunity to learn invaluable information about your clients. Rather than looking at life insurance as a product to drive financial results, it's useful to think of it as a process-driven investment in your relationships.

Unlike many investment products, which can be recommended for suitability without a complete picture of a client's life, life insurance requires deep fact-finding to determine an appropriate plan. You have to understand your clients' net worth, where their assets lie, what their income is, and how their family dynamics factor in—why they need life insurance, who they're leaving it to, what other assets would be used by surviving family members, what happens if something happens to them, etc.

While much of this information could be uncovered through the client review process, the questions surrounding legacy often lead to deeper knowledge about the family and outside life than you may otherwise learn. More knowledge leads to better guidance and additional potential opportunities with the next generation.

You also position yourself competitively in the financial advice marketplace. An increasing number of advisors are selling life insurance, and although they still represent a minority, they're taking advantage of three emerging trends:

- Investors know they need insurance, are aware they're underinsured, and overestimate the cost.
- Clients are beginning to seek and expect holistic advice from a single financial advisor.
- Traditional insurance agencies are seeing less growth than broker/dealers as insurance agents begin to add investment advice to their skill sets.

"It's working both ways," said Jason Crawford, VP, Regional Consulting, IAS Insurance Sales. "You've got investment advisors selling life insurance and insurance advisors selling investments. If you don't bring both to the table, you're leaving a crack in the door for insurance agents to own that business."

Getting Started

To open the conversation, you can begin with a simple review, asking your clients if they have insurance and what it looks like. For a natural way to broach the topic, add this as a line item to discuss in your annual client review. The setting will offer a seamless opportunity to request copies of their insurance information so you can provide feedback, which LPL can help you generate.

For more information about how LPL can help you get started with life insurance, you can find a suite of resources on the Resource Center. From the homepage, go to the Investment Planning & Solutions menu and click "Insurance." You'll find getting-started guides, information about our consulting teams, and details of the monthly onboarding call that walks anyone interested through the resources and partnership LPL can provide. You can also reach LPL Insurance Associates at (800) 877-7210 x7800.

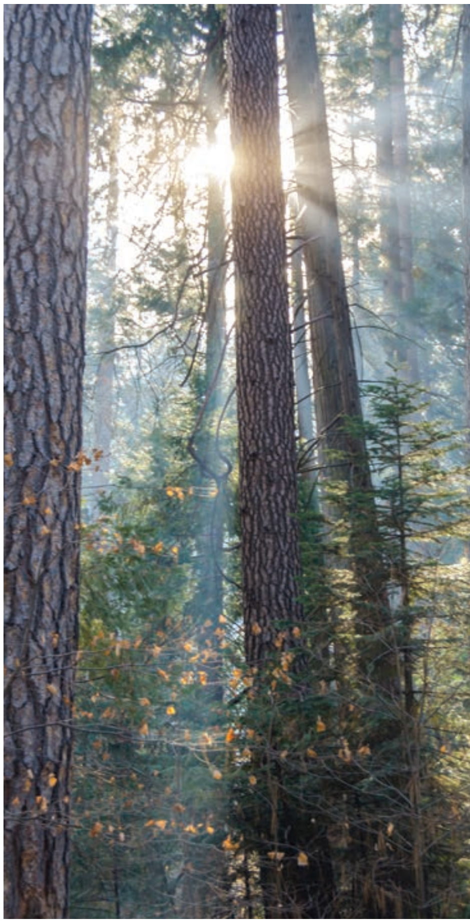
Alternative Investments

If you have clients who qualify,* certain alternative investment (AI) strategies have the potential to help you provide significant value to your clients by employing niche strategies to address unique or complex problems.

Alternatives can play several key roles in a portfolio. They have the potential to be used as an income source, a return enhancer for clients seeking growth, a risk mitigator to help smooth out the effects of volatility, and a means to achieve particular ends for clients with specific needs—for example, using an exchange fund to help a client avoid hefty capital gains tax on highly appreciated employer stock.

If your book of business contains clients with similarly specialized needs, especially in the high-net-worth space, the approach of tax season may be a good time to open a conversation about alternatives. According to a 2012 survey by Cogent Research, the primary reason clients work with multiple advisors is to diversify risk.[1] When you show an ability to solve complex problems and demonstrate savvy in a space with enormous diversification potential, you set yourself up to overcome the number one objection to using a single advisor. You're then positioned to make a stronger case for managing more of your clients' assets.

If you're interested in learning more about alternative investments, you can find guidelines, research, product offerings, workshops, and more on the



Pending AI Regulation

A new SEC-approved FINRA proposal, 15-02, will come into effect in April 2016. If you work in alternative investments, make sure you're aware of the changes. Stay abreast of news and find a selection of resources on the Resource Center by searching "15-02."

Resource Center. From the homepage, go to the Investment Planning & Solutions menu and click "Alternative Investments." You can also contact the Product Consulting Team, who can offer unbiased expert guidance, at (800) 877-7210 x6000.

Referability

In addition to helping your current clients meet their needs, expanding your expertise in any specialized arena boosts your referability. The more areas in which you become a resource for clients, the more likely they are to recommend you within their network. In some cases, like with alternative investments, this can help you move up-market to clients with a higher net worth. When you're able to solve for the kinds of unique situations that a certain demographic encounters, you're more likely to be recommended when clients' friends or colleagues encounter similar circumstances.

**Alternatives often involve high minimums, and certain regulations require specific conditions to be met for a client to qualify. LPL will analyze your client data and provide a report of your clients who qualify for alternative strategies.*

Adding Value to the Family

Your clients' families may present a valuable opportunity for deeper engagement, particularly when you make connections with the next generation. As you uncover information about family dynamics, consider ways in which you can bring your clients' children or beneficiaries into the conversation about family wealth. Not only will this help keep all stakeholders on the same page when it comes to future plans, but reaching the next generation early—well ahead of the time they're deciding what to do with an inheritance—also improves your chances of maintaining long-term relationships with the family. Even small gestures in the present could yield relationship benefits well into the future.

Trusteed IRA Strategies

For certain clients, conversations about trusteed IRA strategies may be a good opening for addressing legacies.

Whether due to a lack of confidence in beneficiaries or complex family dynamics, some clients may wish to give nuanced instructions on what happens to their retirement assets after they die. Rather than seeing large sums of money spent frivolously, or distributed unfairly among family members, they prefer to exercise a higher level of control over the money they'll leave behind.

An attractive option for many such investors is the trusteed IRA, which is essentially an IRA wrapped in a trust. During your client's lifetime, the trusteed IRA operates as any IRA would. After their passing, it abides by the rules of the trust wrapper.

Often, this strategy is used to ensure surviving children from first marriages are adequately taken care of. If, for example, your client has children from a first marriage and is also remarried, under the terms of a standard IRA, benefits would automatically pass to the surviving spouse. That spouse could then opt not to pass anything to the deceased client's first-marriage children.

Using a trusteed IRA, the client can specify exactly who gets what money, on what timeframe, and under what conditions. You can work with your clients to establish any number of rules for distributions, such as age requirements, educational restrictions, or allocations for healthcare.

After your client's passing, you can work with surviving family members to navigate the rules of the trust. Supporting the trustees in this way is

A YEAR OF REVIEW

Aside from your annual reviews, staying in touch and top of mind with your clients is critical for demonstrating your expertise and keeping their financial plans on track. The following topics are starting points for client conversations and outreach throughout the calendar year.

JAN	FEB	MAR	APR	MAY	JUN
Budgeting and Goals	Taxes	Taxes Estate Planning	Financial Literacy Month	Retirement Planning	Beneficiary Review

a great opportunity form relationships with the next generation.

If you're interested in learning more about trusteed IRAs, you can reach The Private Trust Company, N.A. at (800) 877-7210 x7990. You can also find an introductory brochure on the Resource Center by searching "Trusteed IRA."

529 Plans

If during a discovery process, you find your clients have grandchildren, you may be able to start a relationship with your clients' children by offering to set up a 529 plan for college expenses.

Because young families who could benefit from 529 plans often don't have a relationship with a financial advisor, you may be the first to reach out to them. And because the 529 plan is a one-time effort with long-lasting benefits to the family, it's a great initial interaction for forming a positive impression. Hopefully when that family needs additional financial services, you'll be top of mind.

As a bonus, you can start establishing yourself as the go-to advisor for the family. If your primary client has been working with multiple advisors, demonstrating your concern for their children and grandchildren is a great way to differentiate yourself as the client approaches retirement and starts considering legacy plans.

Compliance guidelines and a list of approved 529 plans are available on the Resource Center by searching "529 plan." You can also contact the Financial Planning Group at (800) 877-7210 x6600.

Small-Account Solutions

If your clients' children have not accumulated enough wealth to seek the guidance of a financial advisor, they may be missing opportunities to make the most of the wealth they have accumulated. You may be able to support these prospective clients with small-account solutions.

For example, LPL's Optimum Market Portfolios (OMP) platform offers a small-account solution for people with modest amounts to invest. A person or couple in their 30s with an investable $15,000 may benefit from a diversified portfolio and access to high-quality institutional managers, but if they weren't seeking an advisor, they may not be aware of an option like this.

By reaching out with a turnkey platform

Vanishing Assets

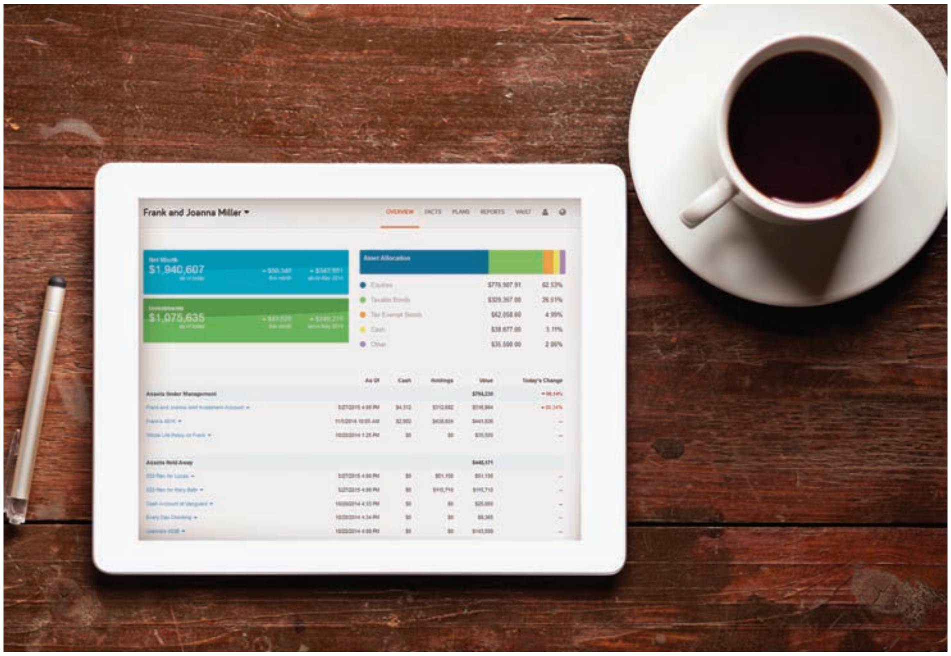
According to a study of 3,250 families by Vic Preisser and Roy Williams, 70% of family money disappears by the end of the second generation, and 90% by the end of the third. Additionally, 66% of children fire their parents' financial advisor after they receive an inheritance.[5]

You can potentially preempt asset outflow by involving the clients' children or beneficiaries in legacy planning conversations early on. Because they've worked with you before, beneficiaries are more likely to think of you as the person who manages the inheritance than as a person to call to get assets transferred.

JULY	AUG	SEP	OCT	NOV	DEC
Social Security	College Planning	College Savings Month Life Insurance Awareness Month	Required Minimum Dist.	Long-Term Care Insurance Month	Year-end Financial Review Charitable Giving

EVERY MONTH

- Send reminders for annual reviews that are occurring.
- Recognize client birthdays, anniversaries (both with the firm and in their personal lives), major life events (weddings, births, new home purchases, etc.), and holidays when applicable.



like OMP, you can establish a connection and position yourself as a resource for future financial service needs.

Additional information about Optimum Market Portfolios is available on the Resource Center by searching "OMP."

Tools and Support

As part of your affiliation with LPL, you have access to a number of teams and resources that can help you navigate any path you choose to take.

Householding with WealthVision℠

Gaining complete visibility into your clients' financial landscape has clear benefits for both your clients and you. When you can see all of their assets in one place, you're able to understand how all accounts work together, and you can provide the best possible guidance toward their goals. Rather than managing an account, you're managing their wealth on a household level.

Within LPL's suite of resources, WealthVision is the answer to householding. Although it's commonly positioned as a financial planning tool—and it offers robust functionality to guide you through that process—WealthVision can be used as a way for clients to aggregate their finances in one place.

WealthVision works by providing your client a portal to enter information from all accounts, including those outside your management. Then you're both able to see a complete picture of their finances. Often, simply being provided a tool to aggregate their accounts is enough to prompt clients to import information into the system. This can help you learn more about client assets that you may not have otherwise known about.

WealthVision and Financial Planning

Data from a 2014 analysis by LPL's Business Consulting Team shows:

- LPL advisors who use WealthVision to offer financial planning services manage 96% more assets than those who do not.
- LPL advisors generate 113% more total annual production than advisors who do not use WealthVision with their clients.
- LPL advisors who use WealthVision to offer financial planning services attract clients whose investable assets generate 113% higher revenue per account on average and open 233% more new accounts compared to clients who work with advisors who do not offer planning services through WealthVision.
- When compared with all LPL IAS advisors, WealthVision subscribers averaging more than 100 clients in the system have:
  - 19% larger account size
  - 42% higher total GDC growth
  - 34% more revenue per account
  - 321% more insurance revenue

To get the householding functionality of WealthVision without comprehensive financial planning features, you can opt for the lighter version of the tool, which comes with a substantially lower subscription fee.

If you're interested in using WealthVision, in any capacity, the Resource Center offers a number of getting-started guides when you search "WealthVision." You can also reach the Financial Planning Team at (800) 877-7210 x6600 for any questions about the tool or financial planning.

Advisory Consulting

Advisory Consulting is available as a consultative partner to help you uncover data and find opportunities to engage with your clients in new ways. Upon request, the team will review your client data and provide a diagnostic report, customized to you. This Business Analysis Report (BAR) shows areas where you're performing well, what areas could be strengthened, what clients represent opportunities, the value of your time, and how you compare to top-producing advisors.

When you request a consultation, you'll be sent a password-protected BAR document with all your data. Turnaround is dependent on demand and conflating obligations, but you can typically expect your report within a week. After that, you can request time with a member of the Advisory Consulting team, who can walk you through the information and help you strategize next steps.

To request a consultation or BAR, contact your dedicated advisory consultant or email LPLFinancialAdvisoryConsulting@lpl.com.

Additional Support

Take advantage of LPL's consulting teams and the resources available on the Resource Center. Chances are, you're sitting on substantial growth opportunities within your current book of business, and you have access to the tools and support to help you achieve it. ■

[1] http://blog.helpingadvisors.com/2012/10/09/finding-hidden-assets/

[2] Financial Advisor Guidebook: The Effective Client Review, AllianceBernstein Investments, Inc., 2007.**

[3] "Principles of Persuasion," Noah Goldstein, Advisory Leaders Forum, UCLA Anderson, June 2015.

[4] http://aging.senate.gov/crs/aging1.pdf

[5] http://www.investmentnews.com/article/20150713/FEATURE/150719999/the-great-wealth-transfer-is-coming-putting-advisers-at-risk

**Available on the Resource Center

A note about 1035 exchanges: Prior to recommending liquidation or replacement of a client's existing fixed/indexed annuity or other investment product to a client, advisors must make a reasonable determination that the client would benefit from the transaction. Fixed/Indexed Annuity exchange transactions must be evaluated for potential surrender charges, surrender period, loss of existing benefits, net investment benefit to the client, as well as history of exchanges within the past 36 months. It is important to remember that older fixed annuity contracts will likely have higher guaranteed minimum interest rates compared to the rates available on today's new products.

Variable annuities are long-term, tax-deferred investment vehicles designed for retirement purposes and contain both an investment and insurance component. They have fees and charges, including mortality and expense risk chanrges, administrative fees, and contract fees. They are sold only by prospectus. Guarantees are based on the claims paying ability of the issuer. Withdrawals made prior to age 59 1/2 are subject to 10% IRS penalty tax and surrender charges may apply. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. The investment returns and principal value of the available sub-account portfolios will fluctuate so that the value of an investor's unit, when redeemed, may be worth more or less than their original value.

Riders are additional guarantee options that are available to an annuity or life insurance contract holder. While some riders are part of an existing contract, many others may carry additional fees, charges, and restrictions, and the policy holder should review their contract carefully before purchasing. Guarantees are based on the claims paying ability of the issuing insurance company.

Alternative investments may not be suitable for all investors and involve special risks such as leveraging the investment, potential adverse market forces, regulatory changes, and potentially illiquidity. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

Investment in exchange funds is suitable only for sophisticated investors whom an investment in the fund does not constitute a complete investment program and who fully understand, and are willing to assume, the risks involved in the fund. The possibility of partial or total loss of the fund's capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of such loss.

All Optimum Funds are offered by prospectus only. Investors should consider the investment objectives, risks and charges, and expenses of the investment company carefully before investing. Prospectuses contain this and other information about the Investment company and should be read carefully before investing. Delaware Investments is the marketing name for Delaware Management Holdings, Inc. and its affiliates.

Redefining the Path to Growth

Gulf Coast Wealth Management uses growth potential analysis to achieve greater client asset growth

Using client data and LPL's Program Growth Model (PGM), Gulf Coast Wealth Management achieved an impressive 137% growth in revenue and become the fastest growing and highest margin unit of the $1 billion-asset Gulf Coast Bank & Trust in New Orleans.

Where They Started

Slade Simons, executive vice president of Gulf Coast Wealth Management, joined the bank in 2007 to help build the wealth management group and ultimately grow total bank revenue. Leadership at the bank knew there was an opportunity to capture additional assets from existing customers but didn't yet have a scientific method of calculating the real potential of the wealth management business.

Simons and the team looked to the existing book of business for ideas and to LPL for assistance. The group began using PGM, which combined LPL client data with customer data from all areas of the bank. The result was a graphical representation of bank customers with wealth management products and services, highlighting segments offering the greatest growth opportunity. With this information, Simons could analyze how significantly even a 1% asset growth increase in a particular client segment would impact revenue.

Using these multidimensional analytical tools, Simons determined that increasing asset growth from existing clients to 53% would help the bank achieve its three-year asset goals without bringing on a single new client.

Driving Growth

Ideal clients for growth opportunities were identified based on five factors. Asset figures were important, but the most critical factor was the intangible quality of the relationship, Simons explained. Since PGM provides drill-down capability, Simons and the team reviewed details of each client relationship and determined if it was one the team wanted to continue nurturing.

"Our success is a direct result of increasing assets by focusing on quality relationships with the type of clients we want to work with," Simons explained. "Our mantra is, 'Do everything you can for every client every time.' Our five advisors don't have revenue goals; they have asset goals. If you can increase assets, revenue will come."

To maximize these relationships, the wealth management group works closely with interested lenders in the commercial and retail divisions of Gulf Coast Bank & Trust. By collaborating on asset capture and household penetration analysis, lenders and bankers can identify opportunities to grow their business as well. "The tools put us on the same side and gives us a common path to walk down," Simons said. "We work together to increase wallet share on all bank products, including loans and deposits."

The Road Ahead

For Gulf Coast Wealth Management, identification was just the first step in asset capture. "PGM goes a step further to analyze the bank's program structure and the changes needed to achieve full potential, including staffing, training, client onboarding, and relationships with other areas of the bank," said Rob Comfort, executive vice president, Institution Services at LPL.

For example, Simons discovered that one advisor had captured a significant 70% of the assets of clients with between $250,000 and $750,000 in assets. The wealth management group met to discuss how this advisor achieved such a high penetration in the hope of replicating that success in other client segments and with other advisors.

Analysis of asset capture and household penetration served as the starting point of Gulf Coast Wealth Management's growth trajectory. By using the discovered data to build a strategic plan for asset capture, the firm now has a strategic path toward continued growth, based on its unique market and client base.

"Translating the numbers and analysis is critical to executing our growth plans," Simons said. "We can define our strategy, set goals for each milestone, and reach our full potential." ■

For more information on the Program Growth Model, please contact your Institution Services Growth Consultant. To learn more about Gulf Coast Wealth Management, please visit www.gulfcoastwealthmanagement.com.

about the program growth model

LPL's Program Growth Model combines analytical tools with an in-depth planning process. Institutions can now:

- Analyze the real growth potential of the wealth management business.
- Develop a blueprint for achieving their growth potential by optimizing their structure at the program, region, territory, branch, and advisor levels.
- Execute those growth plans to capitalize on opportunities available within their own territories and client bases.

To get started, contact your Institution Services Growth Consultant today.

COVER STORY

GROWTH through Acquisitions

Buying a book of business has the potential to double your practice in the time it takes to sign your name—would you be ready?

As the advisor population ages—43% are over the age of 55[1]—a significant growth opportunity is emerging. Because selling all or a portion of one's book of business is a popular exit and monetization strategy, the market may soon see an influx of prospective sellers. If you're looking to scale your business, now may be a good time to consider acquisitions as a growth strategy.

Acquisitions require a particular set of circumstances to be successful. Your business needs to be large enough going into the purchase that you're prepared to scale, and the value of each new client in the acquisition should be equal to or greater than the cost of obtaining that client through organic growth.

Additionally, because you'll be taking on a whole new client set, your success will depend on your ability to juggle the history and expectations established by another advisor while working to integrate new clients and employees, where applicable, into your practice and culture. If that sounds like a good match for your skill set, acquisitions may be a growth strategy worth pursuing.

Assessing Your Readiness

While there's no definitive set of conditions that indicate buying a business would be the right move, certain considerations can help you get an idea, such as your capacity for growth and what you hope to gain from the purchase.

What's Your Capacity?

How much growth could your current infrastructure and resources support? Do you have the tools and bandwidth to effectively serve each new household? What additional staff support would you need?

"You need to ask yourself, 'Can I double my client set overnight?" said Greg Gessert, VP, Strategic Business Solutions, Strategic Acquisitions. "'Do I have the infrastructure and resources, as well as time, to effectively double the number of households that we serve?' If you can say yes, you're likely in a good position to acquire a business. Even if you have another 25–30% capacity, that's great, you just need to know what size businesses you should be looking at."

Knowing your capacity will help you recognize when a potential deal is too large to handle with your current resources. At that point, you can decide whether you'd like to bring in additional staff to make it work or pursue a smaller, more manageable book of business.

What are Your Goals?

In addition to revenue, what do you hope to gain from your acquisition? Are you looking to increase your numbers within an area of expertise? Would you like to expand beyond your specialty and bring in complementary talent? Do you want to join forces with another advisor or maintain control yourself?

Your goals will help inform what kinds of deals would be a good fit for you. If, for example, you're looking to expand beyond your specialty, you'll likely want to seek arrangements that include bringing in new talent. You may want to hire key support staff or bring in the selling advisor to continue managing the client relationships.

Finding Sellers

Once you have an idea of the kinds of acquisition opportunities you'd like to pursue, you can begin prospecting sellers. A variety of tools and services are available to help you make connections, but in many cases, relationships between buyers and sellers are established through personal networks.

"You can certainly wait for deals to hit brokers," Gessert said, "but keep in mind you're possibly competing with 10, 15, 20, or 100 other buyers using that same brokerage service. In most of the deals that we assist with, the buyer and seller already know each other."

For the best chances of finding a deal, begin looking within and expanding your personal network and centers of influence. Gessert recommends attending conferences, wholesaler meetings, and LPL study groups with other advisors, as well as putting yourself on broker sites or matchmaking lists. At LPL, you can sign up for internal matchmaking services by filling out a buyer interest form, which can be found on the Strategic Acquisitions page on the Resource Center. You may also consider third-party brokers, such as FP Transitions, Succession Resource Group, Advisor Box, and Succession Link.

"In order to be successful at acquiring businesses, you need to be aggressive doing it," Gessert said. "If you're not, somebody else is, and they're going to establish that connection before you do."

Structuring the Deal

Deal structures can take many forms and may include things like the option to hire staff or the ability to work with another advisor under the same DBA (Doing Business As). In "A Collaborative Acquisition" on page 43, you can read about an advisor who purchased half of a book of business and is currently working under a DBA with the seller in a successor capacity.

As far as the actual transaction is concerned, the most common sale structure consists of a down payment and some form of seller financing via an asset purchase agreement. Down payments typically range between 25 to 40% of the total deal price with seller financing comprising the balance, usually placed on a performance-based promissory note. Additionally, several new types of alternative deal structures


For the best chances of finding a deal, begin looking within and expanding your personal network and centers of influence.

COVER STORY

Factors in Business Valuations

Third-party vendors that specialize in valuations consider a combination of the following to determine a business's value:

- **Assets**: How much revenue does the business generate, and from how many clients?
- **Cash flow quality**: How sustainable is the current revenue stream? Factors such as the average age or wealth index of the current client base influence this metric.
- **Transition risk**: How likely are the current clients to transition from the seller to the buyer? If client retention poses substantial difficulty, the buyer may not realize the business's full revenue, which could negatively impact valuation.
- **Market demand**: What is the business's type, size, and geographic location? Some firms apply adjustments to valuations based on how these factors position the business within the marketplace.

Valuation specialists use a discounted cash flow model when valuating businesses, which considers cash flow quality and transition risk. You can find reduced rates on third-party firms, such as FP Transitions and Succession Resource Group, through the Vendor Affinity Program.

To learn more, contact the Strategic Acquisitions team at practice.acquisitions@lpl.com or search "Strategic Acquisitions" on the Resource Center.

are beginning to take shape as practices become increasingly complex.

If you're interested in acquiring a business, but the down payment gives you pause, you may want to consider LPL's Acquisition Loan Program. It helps buyers come up with some of the upfront funds to get deals going.

Valuing the Business

A business can be valued in a variety of ways, through LPL or a number of third-party vendors. There are two primary methodologies: absolute and relative. An absolute valuation looks at cash flows, assets, and replacement costs, while a relative method factors in similar sales and multiples of key income-statement line items.

When you go through LPL, the prospective purchase will be valued on a discounted cash flow model, which is based on transition and cash flow quality risks.

Getting Support

If acquiring a book of business is an attractive opportunity for you and you'd like to learn more, LPL's Strategic Acquisitions Team offers a number of services to help you get started. They'll work with you to get on matchmaking lists, assist with the Acquisition Loan Program, and provide consultative guidance at various stages in the process. ■

Contact the team at practice.acquisitions@lpl.com, or search "Strategic Acquisitions" on the Resource Center, where you'll find a planning guide, information about the loan program, a sample deal structure, and more.

[1] http://www.fa-mag.com/news/43--of-all-advisors-are-approaching-retirement--says-cerulli-16661.html

A Collaborative Acquisition

How two advisors worked together to plan a smooth succession through a partial buyout

In 2012 Steve Fuller was in a successor position for another advisor. During his 11 years in that role, the advisor's retirement kept getting pushed further and further out, and Fuller began to realize the two no longer shared the same vision. That's when a mentor connected him to Doug Stafford.

At the time, Stafford was looking for someone to take over a portion of his practice and work alongside him at Financial Strategies in Longview, WA. He was beginning the process of planning his succession, and his hope was to find a buyer with whom he'd enjoy working, and to whom he could eventually sell the entire practice.

When Stafford and Fuller met, they both felt a certain synchronicity. Not only did they enjoy each other's company, but they had complementary goals, aligned values, and similar styles of working with clients.

"We both felt very strongly that we wanted to be substantive and authentic advisors," Fuller said. "We talked about how we work with clients and what our investment philosophy is, and we had a lot in common. Because we'd be working together, that fit was especially important. If he and I liked each other, that could be great, but if we didn't have a shared philosophy on investments, that could be very problematic. Fortunately for us, that wasn't an issue."

Feeling that their values and investment philosophies were well aligned, Stafford offered to sell Fuller a portion of his book. Fuller accepted, and the two worked with a third-party vendor to value the business. Because they'd be working together closely going forward, both advisors appreciated the neutrality and objectivity a third-party vendor offered. LPL's Strategic Business Solutions and Business Development teams provided assistance with the deal structure and transition plan. Once the terms were settled, Fuller used LPL's Acquisition Loan program to assist with a down payment and transition assistance to support a move from his former broker/dealer to LPL.

"In the span of six months, I changed broker/dealers, moved all my clients over from my old firm, and then took on this new book of business from Stafford," Fuller said, "but I saw a unique opportunity to grow my business, so for me, all the change was worth it."

Once the deal was signed, Fuller began meeting with new clients and quickly learned that acquiring business from another advisor comes with its own unique challenges. His early appointments taught him a few valuable lessons, primarily the importance of having a plan for the direction of the relationship and fully articulating your value proposition.

"You can't buy relationships," Fuller said. "I've had clients for more than 10 years in my original practice, and now I have clients who have the history and the goodwill carried forward from Doug, but it's not the same as the clients you've built from the ground up. Just because you have experience and previous success doesn't mean you're going to be able to show up and impress everyone in the room. You have to be able to articulate your vision and excite the people in front of you."

After some minor initial attrition, which Fuller noted is a natural part of any acquisition, both advisors and their clients are happy with the transition. Plans for Stafford's eventual exit have not yet been determined, but for now, Fuller appreciates knowing he'll be with Financial Strategies for the long term, and that he no longer has to constantly question what's on the horizon.

Fuller would recommend a similar partial-buyout strategy to any advisor.

"Acquisitions are going to be aligned in greater numbers with the trends in our industry. I think the average age of advisors is around 60 now, so you have a lot more advisors looking for an out," Fuller said. "There's a big opportunity for younger to mid-career advisors who are organized, have had some success on their own, and are ready to take that next step." ■

For more information about acquiring a business, contact the Strategic Acquisitions Team at practice.acquisitions@lpl.com, or search "Strategic Acquisitions" on the Resource Center, where you'll find a planning guide, information about the loan program, a sample deal structure, and more.

For more about Financial Strategies in Longview, WA, go to www.financialstrategiesnw.com.

Financial Strategies and LPL Financial are separate entities.

COVER STORY

Building a Team-Based Practice

The roles and responsibilities within an ensemble financial firm

It takes a village to effectively run a financial practice. Who's in yours?

Building a team-based practice can offer several benefits to your business. Having additional staff might mean you're able to handle more clients or offer more services, or it can allow for team members to focus more on their core competencies instead of juggling multiple roles at once (or, in some cases, all the roles at once). Most importantly, it enables a renewed focus on and increased time spent working with clients.

Reviewing your business goals can help you determine how effectively your practice is running and what gaps or opportunities may currently exist. If you're considering building, or adding to, your team-based practice as part of your business planning process, here are some questions to consider:

- Does our current scale allow us to serve our ideal client base effectively?
- Are we maximizing the resources we currently have?
- What additional services, if any, do we want to offer clients?

Take these answers into account and let them steer your staffing decisions as you position your practice for growth.

Who's on Your Team?

Associate or Junior Advisors

Adding associate or junior advisors can strengthen a team in multiple ways. First, additional resources to meet with and assist clients on a day-to-day basis may potentially allow you to serve more clients, as there are more people to offer customized support. Second, having advisors at various levels can better allow you to provide different levels of support for clients who require various levels of complexity and knowledge of their accounts. Finally, junior advisors offer quality opportunities for mentorship

and teaching, and are natural choices to grow within the business when it becomes time to implement a succession plan.

Subject-Matter Experts
To offer specialized services to clients, consider adding subject-matter experts as associates within the firm. Examples include financial planners, retirement plan specialists, estate planners, and tax strategists. These services can be offered as part of a holistic financial practice in conjunction with investment services.

Professional Staff
To round out and complement your business activities, you may include staff in various functions such as marketing, compliance, operations, and technology. These positions can add value by performing client outreach and practice promotion; regulatory oversight; hiring and office management; and technology implementation and training, respectively. You may also look to provide additional value-add services to clients by having an on-staff CPA and attorney, who can consult on tax and estate planning strategies, as well as provide guidance on internal business functions.

Administrative and Support Staff
These team members uphold the day-to-day client service standards of your practice. From organizing schedules and cultivating a welcoming office environment, to planning client outreach and appreciation events, these individuals are invaluable for keeping the team running smoothly and clients happy. ■

Need help in building your team? The LPL HR Partners team is available to help you find talent, coach you on interviewing techniques, and provide guidance for hiring strong team members. To find out more, search "Human Resources Partners" on the Resource Center.

before you grow

Before adding to your team, make sure you have the space and/or funds to accommodate new team members.

Create a budget and rollout plan to determine when it makes the most financial sense to add personnel so that the team growth is stable and sustainable. Take into account what resources you truly need to run and grow your practice in a calculated way that aligns with your goals and effectively meets your clients' needs.

PERSPECTIVE

Forging Our Path Forward

By Mark Casady, Chairman & CEO

At the end of each year, I like to set aside time to reflect on all that has transpired over the last 12 months. Although we have faced some challenges, I am proud of all that we have accomplished together this year.

This year, LPL celebrated an exciting milestone, remaining the number-one independent broker/dealer for the past 20 consecutive years (based on total revenues, *Financial Planning* magazine, June 1996–2015). I'm also proud that LPL remains a top destination for advisors looking to move and has an industry-leading retention rate.

Today, LPL is one of the fastest-growing custodians in the industry, and we recently climbed three spots to number 23 in *Barron's* annual ranking of top high-net-worth managers in the U.S., based on assets under management for client accounts of $5 million and up. These achievements are a direct result of your hard work and dedication to your clients.

Accelerating Your Growth

Looking ahead, we remain focused on reducing complexity and supporting you in a smarter, more personal way. While our strategy hasn't changed, the work we have done on the front end of our long-term plan—including building out our technology infrastructure and strengthening our risk profile—will begin to accelerate our ability to better support your growth and success going forward. There is more work to do to strengthen our foundation, but the momentum is beginning to shift as we enter a more growth-oriented phase of our strategy.

Transforming into a World-Class Service Organization

First, we know that the enhancements we are making to our service organization are central to enabling your growth. Both Tom Gooley, managing director of Service, Trading, and Operations, and Tim Hodge, our head of service, are focused on transforming LPL into a world-class service organization. Tom has a plan and has started implementing it by hiring a significant number of staff in the Service Center, revamping service training, and reviewing team structures and experimenting with specialized queues for things like money movement and retirement-related support. Some things will be seen and felt more quickly than others, but we are excited about our progress.

We also know that having more time to spend with your clients or prospective clients and taking advantage of the tools and resources available to you at LPL are essential for you to grow your business. We're helping to position you for success by simplifying policies and procedures, providing a modern, easy-to-use interface with the rollout of ClientWorks, and expanding relationship and practice management support by hiring additional business consultants to support you.

Finding More Ways to Make You More Efficient and Effective

Technology will play a substantial role in making you more efficient and effective through the use of automation, which will continue to intensify in this next phase of our strategy. The Move Money tool, OSJ Review Tool (ORT), and Corporate Actions tool are all examples of this, and we remain focused on developing others that will make it easier for you to complete business transactions. Our new robo solution is also being developed as a way for you to expand your services to new and different client segments while serving current clients in even more efficient and effective ways.

Moving forward, we will focus on helping you work smarter by leveraging the large amounts of data that run through our systems to provide you actionable insights, including new client management features in ClientWorks that offer advanced analytic tools. We will also use big data to enhance our internal efficiency to predict things like call volumes to best support your needs.

I am excited about our path forward together. We appreciate your continued and ongoing support, and look forward to a successful 2016. Cheers to a happy and healthy holiday season. ■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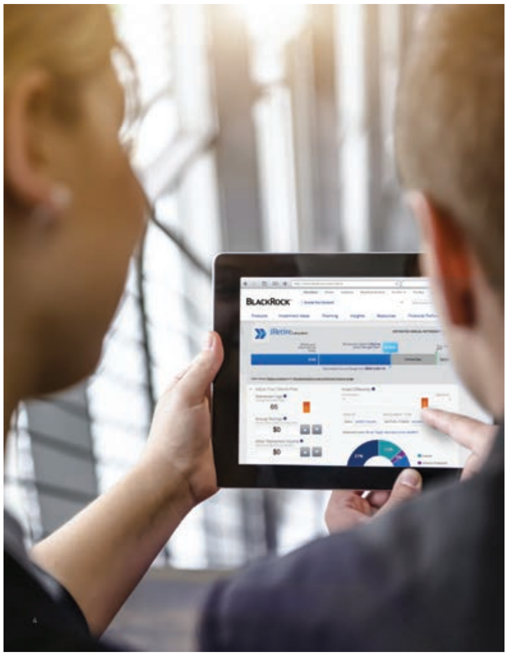


Reframing the retirement problem, to help solve it in a whole new way

Typically, advisors help clients manage market risk. But at BlackRock, we believe when investing for retirement, the advisor and client need to manage both market risk and longevity risk.

By Chip Castille, Managing Director, BlackRock Chief Retirement Strategist

Today we're living longer than ever before. And longer retirements mean that many people are facing a gap between where they stand today and the income they'll really want each year in retirement.

Take for example a client who's 55 years old with $775,000 in savings. She comes to you and states she wants to retire in ten years. Is there a gap between what she has and what she might want? How do you help her understand the steps she might need to take?

Planning and investing for an efficient retirement income stream that may need to last two or three decades is extremely difficult using traditional approaches. Without knowing how long your client will live, it's nearly impossible to construct a saving and spending strategy that doesn't leave significant resources in reserve to "self-insure" against longevity risk.

To help change this, BlackRock has developed a flexible retirement framework that can help you guide your client's savings and spending in a more efficient, understandable way. At its foundation are the innovative BlackRock CoRI Retirement Indexes™.

Focusing on the Number that Really Matters: Income

The Indexes provide an estimated cost of retirement income beginning at age 65. The Indexes are transparent, process-driven, and based on objective, publicly available data including interest rates, a cost of living adjustment, and mortality tables.

Here's why they're so powerful: The estimated cost of retirement income establishes a theoretical *risk-free rate of retirement,* or a baseline income stream your client could expect if she were to choose to annuitize her nest egg.

How does that work? Let's take a look at a sample application of this concept:

For actuarial reasons, you select the CoRI Index for the year she turns 65. The index is expressed as the cost per dollar of estimated guaranteed income. In this example, let's say the cost is $15.00. Estimating the income your client could expect is then simple arithmetic:

$775,000 ÷ $15.00 = $51,666
(Her savings) ÷ (Cost of income) =
(Income she could expect)

She can now set $51,666 as her expected baseline retirement income based on her current savings. However, let's say she wants more income, $75,000 a year, from her savings. How much would she need today to achieve it? This is also simple to calculate:

$75,000 x $15.00 = $1,125,000.
(Desired income) x (Cost of income) = (Savings needed)

That means she would need $1,125,000 saved today to set $75,000 as her baseline income. These are concrete numbers that a client can immediately and intuitively understand. And, because actuarial tables are used in determining the cost of guaranteed income, longevity considerations are built into the estimate.

Implementing the Framework

Once you have established a retirement income baseline, it's time to start building a strategy to help achieve and maintain that income.

Your client would need an estimated $1,125,000 saved *today* to potentially achieve her income goal. However, her cost of retirement income (measured by her CoRI Index) will grow as she approaches age 65 due to the effects of changing interest rates and life expectancy projections. Fortunately, the estimated increase in the price of income is trackable. In our example, the cost per dollar of income is expected to increase from $15.00 today to $22.20 when your client reaches 65.

It therefore becomes a matter of establishing an annual savings plan and building a portfolio with a sufficient expected return to outpace the projected increase in the cost of income. This will allow your client to grow her wealth appropriately to meet her $75,000 per year retirement income goal. **Table 1** shows what her strategy might look like.

Table 1: A Sample Retirement Strategy

Investor Current Age	55
Investment Portfolio • Investment Return • Investment Risk	$775,000 7.0% 13%
Annual Savings	$8,000
Years to Save	10 years
Desired Annual Spending	$75,000
Years to Spend	Life

For illustrative purposes only. Does not represent an actual account.

This strategy would increase your client's wealth to an *expected* $1,665,000 in ten years, which would be enough to fund her annual income target. This framework is dynamic, meaning that you can adjust her strategy to make up for *unexpected* returns.

Let's say your client had an investment return of only 6% next year. In response, she can increase her savings by $250 per year and rebalance her portfolio so that it now has an expected return of 7.1%. This combination helps to put her back on track to catch up to the cost of retirement income over the remaining nine years.

This is only one example of how a flexible, dynamic retirement management strategy incorporating the CoRI Retirement Indexes builds on the foundation of work you already do and excel at—setting a risk and return policy appropriate for your clients' needs—to add a new level of clarity to retirement planning, and help start closing the gap to the income they want each year in retirement.

To help advisors bring even further clarity to the retirement income conversation, the methodology of the CoRI Indexes underpins iRetire, a whole new investing approach from BlackRock that can help close the gap between where your clients are today and the annual income they really want each year, for all those years. ■

» Engage your clients and reframe the conversation around the number that really matters—the income they could have each year in retirement.

PROFILE

Getting to Know Rob Pettman

A lifelong learner, Executive Vice President Rob Pettman manages the Product Management team with a thirst for knowledge and a desire to give back to others.

How natural curiosity led him to product management:
As far back as middle school, I knew that financial services was the path for me. And after graduating from college, I joined a practice as a junior advisor, then eventually started and ran my own firm. I worked at that, then joined LPL on the product consulting desk. I set out to learn as much as I could about products—going as far as taking prospectuses home at night to read, absorb, and really get into the details of these offerings. During the day, I would regularly talk to portfolio managers because the questions I had from those late-night readings were so detailed. I've always had that curiosity and thirst for knowledge, especially around products and determining what they truly entail. Now, as the head of the Product Management team, I'm able to harness my past experience as an advisor to inform what investment options are available and how knowledge and resources are provided for them in a useful way. It's an invaluable sense of perspective.

Why guiding others matters:
I'm grateful to have worked for an industry veteran when I first graduated from college who really helped shaped the foundation of my career. He taught me the ins and outs of our business, selling techniques, and the soft business skills I needed to be successful. He was the first in a series of mentors I've been fortunate to have throughout my professional life, each providing guidance at a different evolutionary point in my career. And just as I learned valuable lessons from those mentors, I think it's extremely important to pass your knowledge and experience along to others. Sometimes it's through a more structured, long-term mentorship, and sometimes it's as simple as casual conversation. Being able to talk through a situation and provide an example from your own life, or to connect people with someone who may be able to help are incredibly powerful ways to help make a difference in someone's professional development.

Regardless of how the relationship starts or is defined, I continually seek opportunities to support others the way my mentors have supported me.

How he turns a personal passion into giving:
Between work and spending time with my wife and two young children, my days can get pretty hectic. I use cycling as a way to manage stress and blow off steam, and when I'm able, I bike to work. It's a 20-mile commute, so I can clear my head and tackle any problems I may be facing. I save the especially complex challenges I'm working through for one particularly steep hill near the office. It's amazing what I'm able to come up with while trying to take my mind off of that incline!

Cycling is also a great passion for a lot of other people at LPL, and a few years ago, we decided to form an LPL team to participate in the MS 150, a two-day, 150-mile bike ride to raise money for the National Multiple Sclerosis Society. At our first event three years ago, we had eight riders. We've since grown to 36 team members, raising around $50,000 for this year's event. It's something I look forward to each year, not only for the ability to give back and raise money for a great cause, but also for the sense of community and team building that goes into it. Something really awesome happens when you get a group together united for a common good; that sense of camaraderie and accomplishment in completing a challenging physical event with a group of people just as dedicated as you are is very unique. It's a fantastic experience, and I'm fortunate that we have a welcoming environment and willing teammates at LPL to continue riding each year. ■

INSIGHTS

ASK Research Mailbag

Your source for answers to some of the most frequently asked questions from our ASK Research Mailbag this quarter.

What impact does the slowing Chinese economy have on global growth?
Chinese economic growth, as measured by gross domestic product (GDP), has been slowing for years, from low double-digits (10 – 14%) for the better part of the 2000s, to high single-digits (7 – 9%) in recent years, as measured by The World Bank. Despite China's ongoing slowdown since 2010, media attention increased sharply in late August 2015 as the Chinese stock market corrected significantly.

For S&P 500 profits, global and U.S. growth matter, and the decision by Chinese authorities in early August to devalue the yuan (making Chinese exports less expensive to world markets but raising the cost of exporting to China) is often cited as a drag on global growth. While the U.S. has only limited direct exposure to China's economy, the spillover effect of slower growth in countries like Australia, Brazil, and South Korea on the U.S. economy is more pronounced. In addition, the slowdown in China contributed to lower global commodity prices like oil, which is a net positive for the U.S. economy, as a net importer of oil. China is one of the world's largest economies, but the impact on the U.S. has been relatively muted due to low export exposure.

The U.S., China, the Eurozone, and Japan account for nearly two-thirds of global economic activity; thus, these areas are where global growth matters the most. The Chinese economy is still growing, albeit at a slower pace. While the fears of a "hard landing" in China persist, the market continues to expect global GDP growth will accelerate through 2017, aided by lower oil prices and stimulus from two of the three leading central banks in the world.

Where is the best place to find your most recent capital market assumptions (CMA) and strategic asset allocation guidance?
We recently released our *2015 Strategic Asset Allocation: Process & Implementation*, which provides insight into the process we used to develop our new strategic asset allocation portfolios and an update on our CMAs and methodology. We also published two companion pieces: 1) *Strategic Asset Allocation: Asset Class Primer*, an overview of each of the asset classes within our strategic asset allocation models, rationale for inclusion in models, key risk factors, and comprehensive analytics; and 2) *Strategic Asset Allocation: Executive Summary*, a high-level snapshot of our primer's core components. All of these documents can be found on the Resource Center. ■

Have a question for our Research team? Contact us at ask.research@lpl.com.

LPL Research: By the Numbers

A snapshot of growth trends in China—demographic shifts and increasing labor costs may mean continued slow growth.

$10.3 trillion — China's 2014 gross domestic product (USD)

9.5% — China's average economic growth rate of the past 10 years

49% — Increase in China's labor force over the past 30 years

-17% — Estimated decrease in China's labor force over the next 30 years

14% — Average annual growth in Chinese manufacturing wages over the past 10 years

Source: The World Bank, China Ministry of Labor and Social Security

PERSPECTIVE

LPL Research: Your Strategic Partner

By Anthony Valeri, Senior Vice President and Market Strategist

Time is an important, but limited, commodity—to spend more time with clients and prospects, you need to free up time elsewhere. The previous *LPL Magazine* discussed the benefit of building personal relationships with clients and leveraging the tools LPL makes available to grow a successful practice. LPL Research can help you outsource some or all of your portfolio management and investment research as your "outsourced" chief investment officer.

Studies show advisors who outsource functions have higher gross dealer commission (GDC) and faster growth rates. Advisors risk experiencing slowing growth rates as investment management absorbs more of their time. In the extreme, investment performance or client relationships may suffer as client portfolio management takes on a greater burden in an expanding practice. Working alongside LPL Research for investment management expertise allows you to reallocate that time to prospects and existing clients.

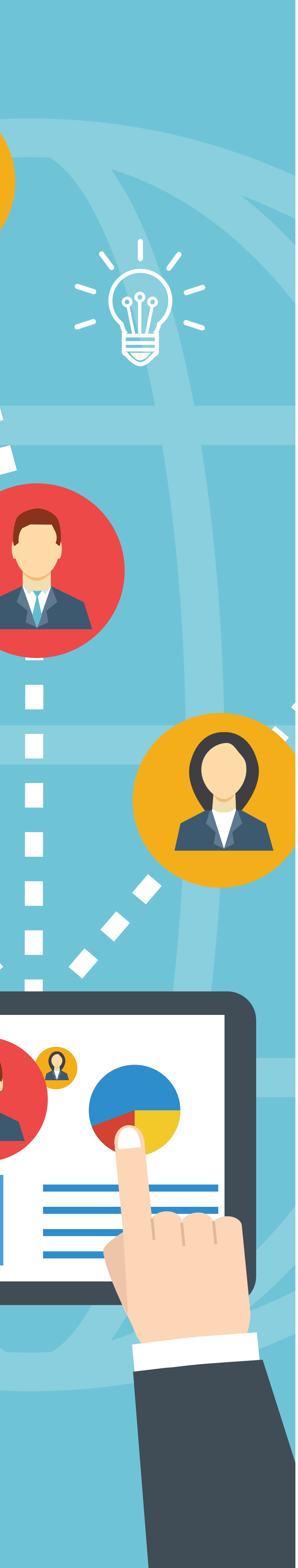
The LPL Research centrally managed platforms can be a great way to leverage the more-than-60-employee team. We offer a variety of investment solutions for your clients including small account solutions, high-net-worth offerings, and thematic models that focus on income generation, socially responsible strategies, downside protection, or more aggressive implementations. Depending on the degree of active management preferred, we offer both tactical and strategic models, as well as mutual fund, exchange-traded fund, and combination models.

LPL Research does not have the conflicts of interest that impede other firms from providing unbiased, conflict-free advice. LPL doesn't create proprietary products nor use its balance sheet to purchase and hold investment products with the goal of reselling to existing clients. We simply seek to provide the best investment products and investment strategy guidance, all while providing you and your clients with multiple portfolio solutions.

Our investment process starts with a longer term, two- to five-year outlook and generates appropriate risk and return estimates (capital market assumptions) for all asset classes. While we rely on capital market assumptions, we're also mindful of the current macro-environment and adjust assumptions accordingly for our more tactical portfolios. All our models strive to outperform their respective benchmarks over the longer term: Strategic portfolios typically see less trading while tactical portfolios are based on our strategic portfolios but involve more frequent trading to take advantage of short-term opportunities.

Multiple Research teams—investment strategy, portfolio analytics, and due diligence—collaborate daily to ensure portfolios are on track to meet their desired mandates. A quantitative team supports each group to provide performance attribution and key risk metrics. Members from each team work on investment committees that oversee a set of models. We believe these cross-functional teams provide for more comprehensive oversight and a set of checks and balances.

To support transparency of how clients are invested, the Research team creates and publishes a suite of communications to complete the role of outsourced CIO. Trade commentaries,



quarterly commentaries, and webinars are available to help you understand how the models performed, how they're tracking to their objectives, and how they're positioned to take advantage of opportunities going forward. Also worth noting, as of January 2016, the management fee for these portfolios will be eliminated, saving additional expense.

LPL Research also produces client-approved market insights that you can leverage. The Outlook provides our forecast for the economy and stock and bond markets, ultimately serving as our investing blueprint. For more timely, actionable investment insights, three weekly publications discuss the markets and economy, and a bi-monthly portfolio compass provides our views on asset classes, regions, and sectors of both the equity and fixed income markets.

On an ad-hoc basis, we provide client-approved letters around events causing heightened volatility or questions from clients, which can be personalized using your letterhead or DBA. Additionally, the charts within our client materials are available for you to download on a standalone basis, with the proper disclosures included, so that you can immediately download and use them in client presentations.

Freeing up your time is not the only benefit to an outsourced CIO approach for asset management. Ever-changing regulations and increased scrutiny of portfolios allows you to shift some of your fiduciary burden. Growing and managing complex investments requires a deep team with varied expertise devoted to the diverse sectors of today's market. Portfolios need real-time, full-time management and, as you know, building and maintaining an in-house investment team can be both challenging and cost prohibitive. As a trusted financial advisor, your time is best spent with existing and prospective clients.

Done properly, an outsourced CIO approach will help you spend more time serving your clients and growing your practice. ■

To learn more about LPL's centrally managed platforms, log on to the Resource Center and click on the platforms listed under "Investment & Planning Solutions."

Anthony Valeri, SVP, Research leads the Research department's Thought Leadership initiative and is also responsible for developing and articulating investment strategy. He is a CFA and contributes to several Research publications.

LPL's Centrally Managed Platforms

Model Wealth Portfolios (MWP)

The MWP platform leverages LPL Research and vetted external strategists to design a variety of strategic and tactical asset allocation models to align with any investment objective, from the conservative to the aggressive. MWP allows you to outsource tasks ranging from asset management to account administration and rebalancing.

Optimum Market Portfolios (OMP)

Optimum Market Portfolios (OMP) combines a diverse series of mutual funds with an asset allocation strategy that includes automatic portfolio rebalancing. OMP provides you the opportunity to deliver sound investment advice to clients with modest amounts to invest while still maintaining a high-functioning, proficient business process.

Personal Wealth Portfolios (PWP)

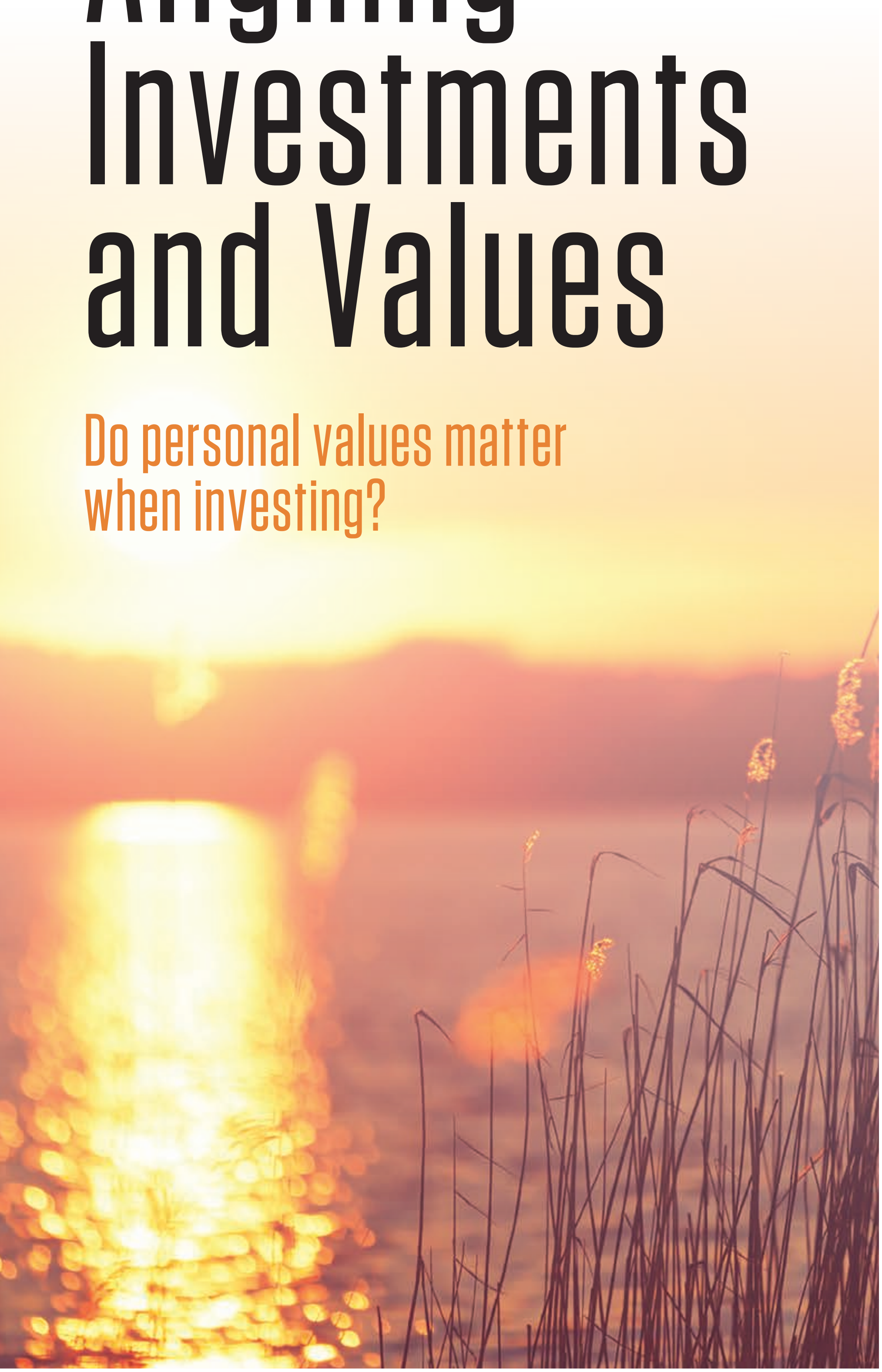
Personal Wealth Portfolios (PWP) provides the framework to deliver sophisticated investment strategies for your high-net-worth clients in an efficient way. PWP delivers separately managed accounts, mutual funds, and exchange-traded products in a single, easy-to-implement account that can be customized depending on the client's risk tolerance. PWP portfolios benefit from the expertise and resources of LPL Research, which constructs asset allocation models, selects quality managers, and provides ongoing due diligence and monitoring.

Investing in mutual funds and ETFs involve risk, including possible loss of principal. Managed and exchange-traded investments have specific risks such as management, concentration, and liquidity risk. Please read the fund's prospectus for more information on risks, fees, and other important information.

INSIGHTS

Aligning Investments and Values

Do personal values matter when investing?



A recent survey reported that approximately 60% of investors had interest in investments that represent their personal values, but 77% indicated they were not aware of these investment options.* In other words, a majority of investors expressed interest in investing to reflect their personal values but less than a quarter actually acted on their beliefs. The survey suggests that more investors would potentially better align their investments and their values, but simply do not know how to achieve this desired outcome for their portfolios. Despite a large number of available tools, inconsistent concepts and terminology can create confusion for those seeking to add a "personal values" orientation to their portfolios.

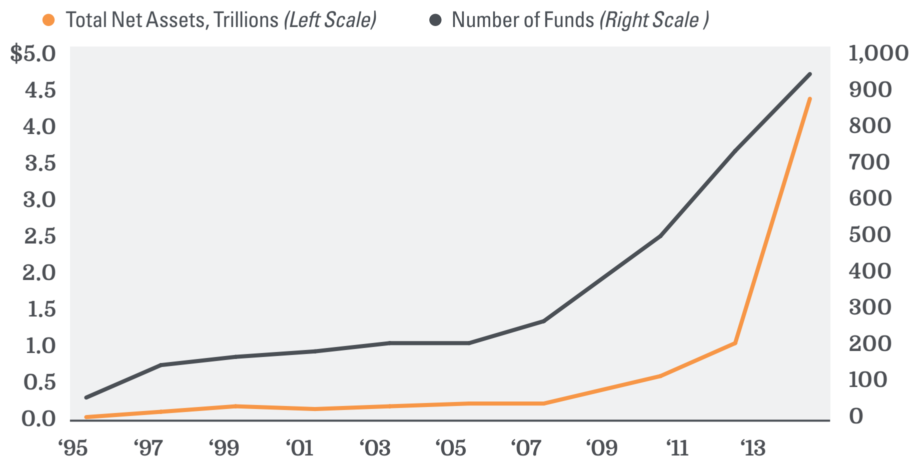
Values-based investing has drawn investors with a wide variety of motives and values, and its general appeal has spurred massive growth in recent years. Contributing to this growth is the fact that these strategies can fit into a broad range of product types and asset classes, from stock purchases, mutual funds, and exchange-traded funds, to equities, fixed income, and real estate.

Figure 1 shows the growth that occurred in this area of the U.S. market over the past 20 years, in both the number of fund offerings and assets under management. Values-based investing is even more popular overseas, with an estimated 59% of assets falling under ESG (environmental, social, and governance) investment processes in Europe, compared to approximately 18% in the U.S., according to the 2014 Global Sustainable Investment Review.

*According to a 2014 TIAA-CREF survey.

It's commonly assumed that investors in the millennial generation are more focused on values-based investing, consistent with the common narrative that millennials represent a new wave of socially responsible thinking. However, this assumption ignores the fact that their baby boomer parents set the groundwork for socially responsible thinking (and investing) decades ago. The multigenerational, broad-based appeal of values-based investing, along with an increased focus on sustainability and other social issues within the U.S., makes it easy to understand why demand for these types of investments has skyrocketed in the last 10 years.

FIGURE 1 **OFFERINGS AND ASSETS IN THE VALUES INVESTING SPACE HAVE SEEN STRONG GROWTH**



Source: LPL Research, SIF 2014 Report on U.S. Sustainable, Responsible, and Impact Investing Trends (November 2014) 09/22/15

Totals above represent products that incorporate environmental, social, and governance factors into their investment management process. For 2014, this includes 480 registered investment companies (open- and closed-end mutual funds, variable annuity subaccounts, and ETFs) managing $1.94 trillion in assets, 336 alternative investment products (private equity, venture capital, and hedge funds) managing $224 billion, and 109 other institutional pooled products managing $2.15 trillion.

Values-Based Investing isn't a New Concept

Despite this recent increase in demand, values-based investing isn't a new concept. Traditionally, investors used what came to be called socially responsible investing (SRI) to reflect their values in their portfolios. Many of the basic SRI concepts were introduced in the 1960s and 1970s by religious institutions and other investors who did not want to participate in or benefit from certain activities. This frequently involved alcohol, tobacco, contraception, and gambling, with many organizations also banning companies involved in certain medical procedures, firearms, and military equipment. The implementation of the SRI process varies by the investor, but typically includes three common elements:

1. Certain investments are excluded from the portfolio (known as a negative screen).
2. The decision to exclude an investment may be made without consideration to portfolio return.
3. The investor's primary goal is to disassociate from an activity; changing corporate behavior is usually a secondary consideration at best. For example, few investors believe that refusing to own tobacco stocks will stop the production of cigarettes or cause people to stop smoking.

ESG: A More Flexible Approach

ESG investing is an evolution of the SRI concept, but with a different approach. Though some use the terms interchangeably, a distinction can be drawn between the two based on how these concepts are incorporated into the portfolio management process and what investors are attempting to achieve. Whereas SRI is an "allow/disallow" decision, ESG methods give a company a score, which can be used along with other data points when deciding to buy a company. Some investors use ESG scores to evaluate individual positions, while others may use them to evaluate their entire portfolio.

Additionally, unlike traditional SRI investors, ESG investors are often trying to change behavior. Some ESG investors may attempt to effect what they believe will be positive social good by advocating for changes in corporate policies. Some investors believe that if companies with higher ESG scores have better stock performance, more companies will adopt measures to improve their scores.

ESG scores are available from several providers that use differing methodologies, but companies are evaluated in the following areas: environmental, social, and governance.

Environmental

A company can attain a high environmental score by conducting its operations in a way sensitive to its environmental impact, whether it's a manufacturing company that focuses on sustainable production, or a service-providing company that operates out of a LEED-certified (Leadership in Energy & Environmental Design) headquarters. A core business that benefits the environment, such as by providing alternative energy or providing services that improve energy efficiency, may also result in high environmental scores. In contrast, companies that engage in natural resource extraction often have low scores. But even here, there may be some variation. For example, a mining company with a poor track record on environmental issues may have a lower score even relative to peers. The lower score may reflect a higher probability of fines or other regulatory actions, or the potential for an accident that would impact not only the environment, but also the company's earnings.

Social

Companies that conduct their business in a way considered responsible with respect to workers and communities tend to have a high social score. These may include companies that demonstrate:

- Strong safety records with respect to both customers and employees
- A history of good labor relations
- A history of providing generous healthcare and retirement benefits, educational support, and other assistance

Some investors believe that if companies with higher ESG scores have better stock performance, more companies will adopt measures to improve their scores.

Many of these issues are particularly important for companies operating in developing countries without strong governmental protections for workers or consumers. Companies may be particularly scrutinized for issues of child or prison labor. As with environmental issues, a poor social score may indicate additional financial risk. For example, a company operating in an area where bribes and corruption are common may have a low social score because these activities may open up the company to criminal liability.

Governance

Companies earn a high ESG score on governance issues largely by having policies that include the separation of chairman and chief executive officer, and the use of outside directors for audit,[1] executive compensation, and other committees. Gender and ethnic diversity on boards and in senior management are also considerations.

Overall, the ESG framework can be summarized as an evaluation of a company's relationship with the planet, the community in which it operates, including its workers, and its shareholders.

Standards for SRI and ESG Evaluation

One difficulty facing investors who are adding either SRI or ESG considerations to their portfolios is how to evaluate a company. Some cases are obvious. If investors do not want to profit from alcohol, they would not buy a brewery. However, SRI issues are seldom so clear cut. Some investors don't want to own defense contractors; however, many technology companies sell equipment to the military. Does the investor really not want to invest in a technology company because the army uses its microchips or its operating software?

The difficulties in implementing ESG-based strategies can be even more complicated. What represents a good environmental commitment? Are natural gas companies good for the environment because natural gas

Despite a large number of available tools, inconsistent concepts and terminology can create confusion for those seeking to add a “personal values” orientation to their portfolios.

is cleaner than the coal or oil it often replaces? Or are natural gas companies bad because natural gas is still a fossil fuel and is extracted by drilling?

To assist investors with these issues, a variety of organizations have created ways to consider companies in the context of ESG or SRI investing. Some have created lists of companies that would be screened out by SRI investors. Data providers, including Bloomberg, Sustainalytics, and in the near future, Morningstar, offer services that provide ESG scores for companies in their databases in the same way they publish valuation, earnings growth statistics, or other information. Though the scoring systems share some similarities, they aren’t standardized, resulting in different providers reporting different rankings for the same company. Additionally, some providers extend rankings beyond stocks to fixed income—and in some cases even mutual funds, exchange-traded funds, and separately managed accounts—through review of the product’s underlying holdings.

However, at the end of the day, no organization “owns” ESG, acts as a clearinghouse for information, or has the final authority for its promotion. Perhaps the organization that best fills this role is the United Nations, through its sponsorship of the Principles of Responsible Investment (UNPRI). The UNPRI works to increase awareness and adoption of ESG by asset managers, investment service providers, and investors. Investors are asked to sign a six-point pledge, vowing to implement ESG concepts and promote ESG to others. However, the wording of the pledge is vague and does not provide clear guidelines on how to evaluate investment, leaving the definition of ESG open to interpretation and ultimately determined by the investor.

Doing Well by Doing Good? Analyzing ESG Performance

The satisfaction that comes from aligning one’s portfolio with one’s personal beliefs may be enough for some, but most investors also require a competitive return. One of the first questions usually asked when introducing ESG investing is, “How will it impact my returns?”

The results of the numerous academic and industry studies have been mixed, with some studies reporting that values-based portfolios outperform and others suggesting the opposite. The majority of the results do suggest that a properly constructed ESG portfolio can perform on par with a traditional portfolio. This may be due to potentially lower risks from, for example, regulatory litigation and labor unrest, which can, in turn, lead to

FIGURE 2 **PERFORMANCE COMPARISON FOR ESG INDEXES**

Index Name	1 Year	2 Years	3 Years	5 Years	7 Years	10 Years
MSCI USA Index	11.32%	14.16%	17.76%	16.41%	9.94%	7.87%
MSCI USA ESG Index	7.92%	12.12%	17.40%	14.88%	9.59%	7.30%
ESG Benefit	-3.40%	-2.04%	-0.36%	-1.53%	-0.36%	-0.56%
MSCI World ex-USA Index	-1.60%	6.84%	11.78%	7.91%	2.95%	
MSCI World ex-USA ESG Index	0.31%	7.79%	12.58%	8.81%	4.02%	
ESG Benefit	1.91%	0.95%	0.80%	0.90%	1.07%	
MSCI Emerging Markets Index	-13.07%	0.30%				
MSCI Emerging Markets ESG Index	-7.62%	4.34%				
ESG Benefit	5.44%	4.04%				

Sources: LPL Research, FactSet, MSCI 09/22/15

Data are as of 07/31/15.

The performance data presented represents past performance and is no guarantee of future results. All indexes are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

cheaper access to capital and stronger stock performance. Remember, because there's no universal ESG standard, each study used its own criteria for ESG, which may have contributed to differing results.

MSCI, a leading developer of market indexes, maintains ESG versions of several of their popular indexes comprised of companies that score well based on MSCI's institutional ESG research process. The broad sector weightings of the indexes are similar to their traditional counterparts, though there are some differences at the industry and security level. **Figure 2** shows the performance difference between standard and ESG indexes for U.S., developed foreign, and emerging markets indexes.

Based on this data, it appears ESG investing may work better overseas, and particularly in emerging markets, though the short two-year timeframe makes it difficult to determine if this trend is sustainable. The ESG performance discrepancy varies significantly from year to year as well, making even the 10 years of data available for U.S. markets likely too short to make a helpful forecast. Risk-adjusted performance also matches up with the performance shown below, with ESG strategies showing better risk-adjusted performance for both emerging and developed foreign markets, but slightly worse risk-adjusted performance for the U.S. across time frames.

Accessing SRI and ESG Products

Figure 3 provides the names of several companies that specialize in SRI and/or ESG investing. The socially responsible investment offerings column indicates whether a company has SRI (negative screening) offerings, and the UNPRI signatory column indicates whether a company has signed the UNPRI pledge, meaning that it has, among other things, committed to incorporate ESG issues into its investment analysis and decision-making processes.

Currently, more individual funds identify themselves as SRI rather than ESG, even though many more institutional investors embrace the ESG concept. Why is this? It may be that the relatively simple nature of SRI, with only a few factors to consider an "allow/disallow" outcome, lends itself more easily to creating a separate vehicle for investment. It is amenable to a "product" orientation. ESG is by far more nuanced, with many concepts that may impact a portfolio decision but are not by themselves likely to be the deciding factor. Therefore, ESG is a "process" orientation.

Conclusion

Regardless of the terminology used—SRI, ESG, or values-based investing—this concept is a long-practiced investment technique that's becoming mainstream. It's estimated that approximately 18%[2] of all professionally managed assets in the U.S. currently have some sort of SRI/ESG consideration in the investment process, and this number is likely to continue to grow over time as millennials appear ready and willing to continue the focus on sustainability initiated by their baby boomer parents.

As more products and information become available, we anticipate that these ideas may become even more widely accepted, perhaps to the point where they're standard considerations for most investment managers, making it much easier for investors to implement a portfolio that aligns their investments with their values. ■

[1] Though independent directors on the audit committee are mandated in the U.S. by the Sarbanes-Oxley Act, it is not a universal requirement.

[2] According to the 2014 Global Sustainable Investment Review

The opinions voiced in this material are for general information only and are not intended to provide or be construed as providing specific investment advice or recommendations for your clients. There is no assurance that the techniques and strategies discussed are suitable for all investors or will yield positive outcomes. The purchase of certain securities may be required to affect some of the strategies. Investing in mutual funds and ETFs involve risk, including possible loss of principal. Investing in foreign and emerging markets securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

FIGURE 3 **PROVIDERS OF SRI AND ESG INVESTING SERVICES**

Company Name	Socially Responsible Investment Offerings	UNPRI Signatory (ESG Incorporated in Investment Process)
Mutual Fund Companies		
Fred Alger Management, Inc.	✓	✓
Parnassus Investments	✓	✓
Neuberger Berman Group, LLC	✓	✓
Ariel Investments	✓	
Pax World Investments	✓	✓
PIMCO	✓	✓
TIAA-CREF	✓	✓
Trillium Asset Management	✓	✓
Calvert Investments	✓	✓
Domini Social Investments	✓	✓
Exchange-Traded Fund (ETF) Companies		
PowerShares	✓	
iShares	✓	
Barclays	✓	
Separately Managed Account (SMA) Investment Firms		
Dana Investment Advisors	✓	
Neuberger Berman	✓	✓
Trillium Asset Management	✓	✓
Third-Party Data Providers		
Bloomberg		✓
Morningstar (est. late 2015)		✓
Sustainalytics		✓
Model Wealth Portfolios (MWP) Models		
LPL Research Socially Responsible Investing	✓	

Sources: LPL Research, FactSet, MSCI 09/22/15

Data are as of 07/31/15.

Eaton Vance
Investment Managers

Make taxes less taxing

$4.85 trillion: That's how much Americans will pay in total taxes in 2015, accounting for 31% of the national income.[1] For the highest earners, taxes on some forms of investment income may top 50%—that means half of every dollar earned is consumed by taxes.

While many investors focus on the effects of various costs on pretax returns, fewer appreciate the true impact taxes have on their portfolios. With higher tax rates now a reality—and the potential for increased rates on investments in the future—there's no better time to help your clients take a holistic view of tax management.

The tax challenge

Looming capital gains may be too much for your clients to swallow. Presidential campaign rhetoric indicates that higher tax rates and longer holding periods to qualify for long-term status are a possibility. The good news is that you serve as a critical tax partner for your clients by pursuing a year-round tax-efficient investing strategy.

For example, in August 2015, the S&P 500 sold off sharply due to concerns over China's slowing growth. In all likelihood, your clients' stock portfolios quickly turned to red from green. However, the S&P 500 has since recovered from those sharp losses. If your clients waited until the end of 2015 to do any tax loss harvesting, they likely missed an opportunity to book those losses.

Take action for your clients

By pursuing a sound, tax-aware investment approach, both high-net-worth and less affluent clients may be able to optimize the likelihood of reaching their long-term goals. With a year-round effort, your clients may be able to minimize their tax bills. Consider the economic value of what you could deliver with your efforts.

One of the first steps toward tax efficiency that you can take with your clients is to determine what their actual tax rate is on various forms of investment income. At Eaton Vance, we built an Investment Tax Center that includes an interactive tax calculator to help determine the different tax rates on:

- U.S. treasuries
- Municipal bonds (in-state and out-of-state)
- Taxable fixed income
- Dividends (qualified and nonqualified)
- Capital gains (short and long term)
- Withdrawals from retirement accounts

The results can help your clients consider some straightforward steps to lower the impact of taxes significantly. This may help them keep more of what they earn today and if tax rates increase in the future.

Partner with a leader in tax-efficient investing

At Eaton Vance, we think about taxes and their impact on investment portfolios year-round. Partner with us and take full advantage of our strategies, tools, and resources.

We have one of the broadest selections of tax-efficient investment solutions in the industry, including a lineup of tax-advantaged municipal income products and separately managed accounts:

In the early months of the year leading up to Tax Day, taxes are a top priority.

JANUARY 2016
Help your clients gather tax documents, receipts, W-2 forms, and interest income statements.

MARCH 15, 2016
Corporate tax returns are due.

APRIL 18, 2016
Tax Day

APRIL 19, 2016
Tax Day
(MA and ME residents)

Get started today to prepare for Tax Day

DEC-APR

DEC 2015 — Meet with your clients to help with end-of-year tax planning.

MAY 2016 — Discuss new tax-efficient investing options with your clients.

JUN 2016 — Rebalance a portfolio after Tax Day using a disciplined approach to tax loss turnover.

Help your clients after the tax bill is paid

MAY-JUN

Manage end-of-year tax strategies

OCT-DEC

OCT 2016 — Estimated capital gains distributions are released.

NOV 2016 — Reach out to clients' CPAs.

DEC 2016 — Consider last-minute charitable gifts and donations, or tax loss harvesting.

[1] Source: Tax Foundation as of 3/30/2015.

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- The most actively managed tax-managed equity funds (open-and closed-end) as of 9/30/2015[2]
- The only manager with more than $10 billion in both actively managed tax-managed equity and municipal bond assets (open- and closed-end) as of 9/30/2015[2]
- The longest history in the tax-managed equity space with Eaton Vance Tax-Managed Growth Fund 1.0, dating to 1966
- $96.5 billion in tax-managed assets under management as of 9/30/2015

Take the next step toward tax efficiency

It's time to make taxes less taxing on your clients. It's not too late to act. With the year almost over and Tax Day on the horizon, your clients need to be thinking now about the impact of taxes on their portfolios. Steps you can take with your clients now include:

- Review capital gains exposure.
- Discuss gifting plans with your clients.
- Review concentrated portfolio positions.
- Consider tax loss harvesting to offset gains elsewhere.

Once you have reached out to your clients, contact us to find out how we can help you and your clients with these important investment tax issues. To help you with tax planning ahead of Tax Day, LPL is partnering with Eaton Vance on a series of conference calls and webinars to help you connect better with your clients. Register today to gain access to Eaton Vance's thought leaders on tax-related issues and investment strategies.

To learn more, visit eatonvance.com or call us at **800.836.2414.**

Innovative wealth strategies

With our deep experience, highly personalized approach, and suite of specialized products and strategies, Eaton Vance is positioned to help advisors address the most pressing issues facing sophisticated investors today.

Parametric Tax-Managed Core™[3]
(Available through Manager Select/Manager Access/Manager Access Network)
A customizable approach to lower the tax burden on equities:
- A high level of customization defines our approach
- Opportunity to harvest capital losses to help offset gains realized elsewhere in the portfolio
- **SMA features:** Fund in-kind, help unwind concentrated positions, raise cash tax-efficiently, and identify holdings for charitable giving

Tax-Advantaged Bond Strategies (TABS) Laddered Municipal Portfolios[4]
(Available through Manager Select/Manager Access/Manager Access Network)
A tailored, engineered approach to municipal bond investing:
- Professionally managed portfolio that fits clients' risk tolerance and income needs
- Customizable: Clients have the freedom to select geographic preference, maturity range, and credit quality
- Ease of transition from existing portfolio of municipal bonds to TABS Laddered Municipal Portfolios

Municipal bond offerings
(Eaton Vance National Municipal Income Fund – EIHMX recommended in SAM and is in MWP models)
Our suite of municipal bond products (funds and SMAs) may help address many tax-exempt investment needs, from income to total return, from national to state-specific, from short term to long term, and from highly rated to high yield.

Tax-managed equity offerings
Eaton Vance has the longest history in the tax-managed equity space dating to 1966. We offer a full family of tax-managed equity mutual funds and separately managed accounts that cover a broad spectrum of asset classes, sectors, and market capitalizations.

[2]Source: Strategic Insight Simfund. [3]This separately managed account strategy is offered through Parametric Portfolio Associates LLC. Parametric Portfolio Associates LLC, is a majority-owned subsidiary of Eaton Vance Corp. [4]Separately managed account offered through Eaton Vance Management.

The information contained herein has been prepared solely for informational purposes and is not intended as tax advice. Investors should consult a tax and/or legal advisor before making any tax-related investment decisions.

Investing entails risks and there can be no assurance that Eaton Vance, or its affiliates, will achieve profits or avoid incurring losses.

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Before investing, investors should consider carefully the investment objectives, risks, charges and expenses of a mutual fund. This and other important information is contained in the prospectus and summary prospectus, which can be obtained from a financial advisor. Prospective investors should read the prospectus carefully before investing.

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Join us in 2016 for a three-part tax webinar series.

1
Washington, Wall Street, and a World of Uncertainty
Thursday, January 21
11:00 a.m. PT / 2:00 p.m. ET

2
The After-Tax Advisor: How to Differentiate Yourself and Your Approach
Thursday, February 18
11:00 a.m. PT / 2:00 p.m. ET

3
Managing Taxes with Innovative Strategies
Thursday, March 17
11:00 a.m. PT / 2:00 p.m. ET

Log on to learning.lpl.com for more information and to register for these events.

Eaton Vance Investment Managers

Tools of the Trade

Richard (Rich) Kitick of OnPath Financial, LLC shares what technology the firm's team uses to deliver an exceptional client experience.

Rich Kitick
Managing Partner
Firm: OnPath Financial LLC in St. Charles, IL

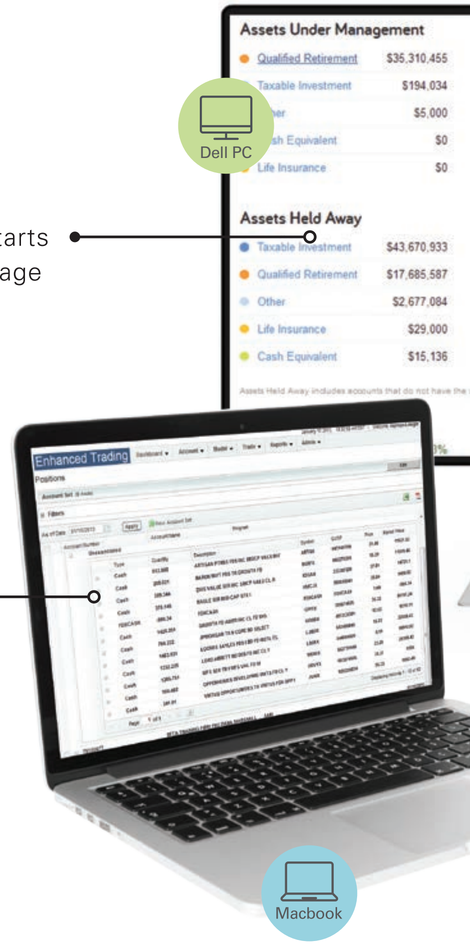
About the Firm: The OnPath Financial team applies its intellectual resources and financial acumen toward helping to manage, preserve, and enhance clients' wealth. The three managing partners use a team approach, focusing on collaboration, cross-training, and increased performance that's greater than its individual parts. The team is an equal split of men and women, spanning various ages and career paths, making them well equipped to handle the clients and unique situations that come to the firm.

Size: More than 400 households with approximately $200 million in assets

Specializations: Wealth management, financial planning, investment services, insurance services, and employee benefits

www.onpathfinancial.com

LPL Platforms

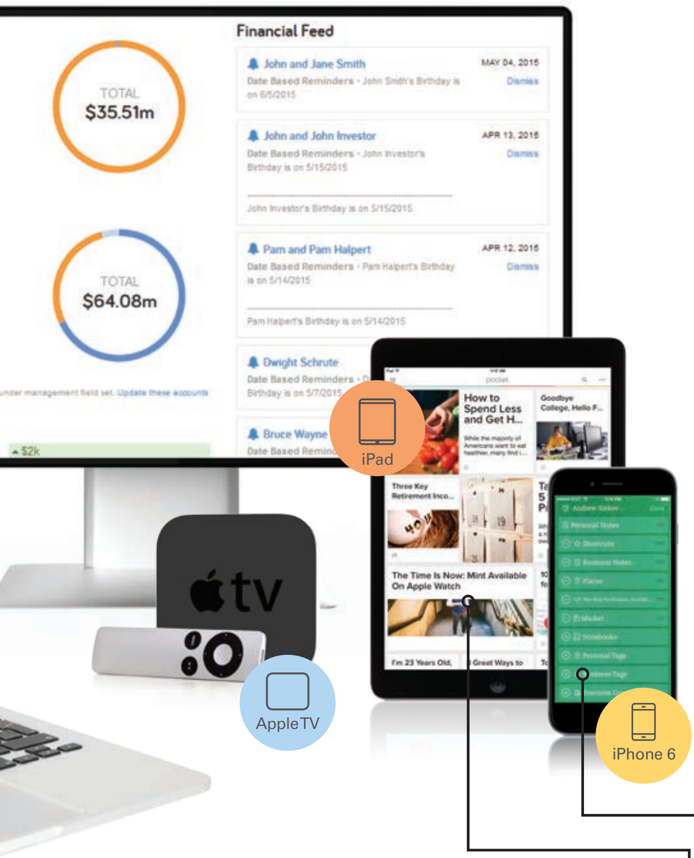


- **WealthVision**SM: Every client relationship starts with a financial plan: "Even if we don't manage 100% of the assets in every financial plan, WealthVision helps us deliver a holistic client experience by knowing the big picture. Over time, as we prove that we understand our clients' hopes, dreams, and goals, they'll continue to consolidate assets with us. Without the financial plan, we'd lose that opportunity."
- **Enhanced Trading & Rebalancing (ETR):** Uses ETR to manage SWM and manage and rebalance accounts in minutes. "Without ETR, we could never do effective investment management for over 400 households. It saves us valuable time that we can invest in either deepening the relationship with our current clients, or prospecting for new ones."
- **Alternative Investment Order Entry:** Participating in the ClientWorks pilot: "The current AI process is labor-intensive, involves a lot of forms, and is tedious to justify suitability for our clients. As part of the AI Order Entry pilot, I can already see how the automation will allow us to save time and avoid any unnecessary delays or mistakes when we offer alternative investments to our clients."
- **Account View and eDelivery:** OnPath Financial has approximately 60% of their clients using Account View, and of those, around 75% have elected eDelivery for investor statements, and almost 100% have elected eDelivery for QPRs and trade confirmations.
- **eSignature:** Offering convenient digital paperwork solutions: "We're big fans of the efficiency that eSignature provides. We've adopted it for the majority of paperwork we send to LPL."

Rich's Top Tips for Technology Adoption

Don't Be Afraid

"You have to experiment to get to the next level. We realized long ago that we wanted some sort of financial planning software, but we never, ever imagined how WealthVision would help us change our practice. If we had been afraid to try, or afraid to get started, we would never be able to serve over 400 households like we do today."



Rich's Office Setup

- Dell Optiplex 380 and 3010 desktop computers with HP 2010i dual-monitors
- iPhone 6 and iPad Air Tablet
- Apple TV for presenting client information on screen, using Macbook and iPad controls

Where LPL Financial does not manage, endorse, or prohibit the use of third-party products used by our advisors, all third-party tools need to be in accordance with LPL's BOSP and are subject to GRC Examinations.

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LPL Financial and OnPath Financial, LLC are separate entities.

Vendor Affinity Program Usage

- **Redtail CRM:** After some time using Salesforce CRM, they decided to transition to Redtail CRM for the overall simplicity and ease of use: "By having a dashboard of opportunities with each client, it holds each of our team members accountable for following up on the activities and opportunities that lead to client satisfaction and additional revenue."
- **Riskalyze:** Analyzing clients' levels of risk tolerance while creating financial plans: "Being able to put a number to a prospect's risk tolerance and current investment allocations is critical to the financial planning process. Riskalyze helps us discuss risk with our clients and really understand their comfort."
- **Constant Contact:** Sending messages to larger audiences, and using the analytics to understand how they are being read: "We compare our email open rates and click-throughs to industry averages, and Constant Contact helps us judge how effective our marketing campaigns are. We like how easy it is to use one of their communications templates to send out LPL Research information through email."

Apps and Services

- **Evernote Premium:** An application that allows you write, collaborate, and present on multiple devices: "I like the convenience of taking notes, clipping pictures, and even emailing myself when I just have my smartphone with me."
- **Pocket:** An iOS application that allows users to save web-based content to read later offline. "I feel like it makes better use of any downtime to have the articles I need to catch up with on hand, even if I don't have WiFi or internet access."
- **Podcasts:** Learning and listening on the go: "Whether it's LPL's Morning Commentary or other podcasts, being able to listen to podcasts while I'm in the car or other places allows me to be productive even during my downtime."

You Don't Have to be an Expert

"Don't feel like you need to have answers to every single question before you get started. Take it one step at a time and you'll learn as you go. You'll find bits and pieces of any technology that you can use as you learn. It may feel uncomfortable at first, but don't let that stop you from getting started."

Rely on Each Other

"We leverage technology to deliver exceptional service. Anyone in our office can access the client notes in Redtail CRM, pull up client documents in iDoc, and even initiate documents that require both a client and advisor signature using eSignature. If these processes weren't automated, we'd lose valuable hours trying to keep track of every aspect of the client relationship." ■

Q&A

Matt O'Connor

Director, North American Distribution, American Funds

Executive Leadership Lessons

How do you define leadership?
Leadership is about creating and clarifying a mission. At times, organizations can sway from the mission, and a leader must keep it at the forefront to guide decision-making. At American Funds, our singular mission is to deliver superior long-term investment results. Nothing is more essential than always placing our investors' interests first. And while simple to state, it can be difficult to achieve. We need the whole team to deliver. As leaders, we work hard to attract, support, and, most importantly, enable our associates to do their best work and to always act with integrity.

When leadership works well, your team will tell you when company values aren't being upheld, and you'll hear them and act. The best leaders are guardians of company values, mission, and culture.

What does it mean to live your values?
The most important thing is to have consistency between your words and actions. By doing so, you encourage others to do the same, and it spreads through the organization. I like to say, "If you know your values, choices are easy." For us, this means doing what's in the best interest of our investors. We recognize it's often difficult for investors to hand over their life savings to an investment firm to manage. It requires trust, which is at the core of our investor and advisor relationships. Our culture and values shape our future success as much as our results and service.

What would you say are your guiding principles?
Remember why we're here: We're here for our investors and to help people have the best retirement possible. We believe an investor will have better outcomes with financial advice. We must always act with integrity, consistency, and accountability, while demonstrating our respect for individuals.

Focus on the long term: This is our guiding investment philosophy, and it can require patience to not overreact, especially during periods of market volatility. We have an over-80-year history of investing and a commitment to rigorous analysis that allows us to make good investment decisions for the long term.

Invest in people and values: We try to bring together a team of good people whose values are consistent with our mission.

What advice do you give to new team members?
I tell them they were asked to join us to bring new perspectives and fresh thinking, and to create change, as we value outside experience and knowledge. But before driving change, a new associate should take time to understand why we got to where we are. Find the person who takes the opposite approach, talk to and learn from them, and thoughtfully decide what change is needed—and we'll all help you. ■

PERSPECTIVE

A Laser Focus on the Future

By John Shrewsbury and Janet Walker, Partners, GenWealth Financial Advisors

Each September, we begin to plan for the upcoming year and ultimately unveil those plans to our team at an annual staff retreat late in the year. 2016 presents many challenges and opportunities based on the evolution of our practice and the winds of change blowing through our profession. Our firm has grown each year since joining LPL in 2005. Next year, we plan to begin the journey from an emerging financial firm to expanding within Arkansas and across the South.

One of the largest elements of our planning is the Department of Labor Fiduciary Rule, which, in whatever form it ultimately takes, will bring change and opportunity to every independent firm. In various ways, each of the items on our planning list connects back to those changes that are likely to take place. We believe the DOL will create an environment where advisors will be compelled to either affiliate with a large operation, build their own large operation, or possibly leave the profession. The regulatory environment may also make it more difficult for prospective recruits to make the transition to become an advisor. At GenWealth, we developed three new advisors in 2015 and transitioned an administrative assistant to a client-facing representative. We plan to do more of the same in 2016 to further our vision of opening new offices.

As we look to expand our practice, we are focused on improving our value proposition to advisors in order to form strategic relationships and possible acquisitions of those looking to merge or leave the business. We have spent a significant amount of time working with our relationship management team at LPL, as well as practice management consultants, to position ourselves for this opportunity. All of our existing staff has been challenged to become registered and raise their expertise in order to facilitate growth.

To complement these efforts, we are also engaging our staff on improving our value proposition for our clients. In the coming years, it will be even more important to communicate our value to our clients and to deliver on it. The media and politicians would have our clients believe that "cheaper is better" and that there is little to be gained by engaging an advisor. We intend to combat that false premise directly by addressing financial planning issues before our clients know they have a problem. We are firmly convinced that advisors who position their value on portfolio performance are making a grave mistake since they largely cannot control the outcome. We believe "advisor alpha" is delivered by addressing real-life financial issues, many times before the client knows they have the need.

2016 will demand three things: Laser-focus on the vision for your practice that's adapted to a changing landscape, a system to drive the change you envision, and the discipline to grind through the day-to-day work to implement that change. To do anything otherwise runs the risk of being swept away by the winds of change that are swirling around us with ever-increasing intensity. ■

> "We are firmly convinced that advisors who position their value on portfolio performance are making a grave mistake since they largely cannot control the outcome."

GenWealth Financial Advisors is based in Bryant, Arkansas. The firm specializes in financial and retirement income planning. LPL Financial and GenWealth Financial Advisors are separate entities.

PACIFIC LIFE

Women

An $11.2 Trillion Opportunity

Who has primary decision-making authority over 39% ($11.2 trillion) of the nation's investable assets? *Women.*

In fact, nearly half that amount, $5.1 trillion, is managed *solely* by women. Yet, astoundingly, 53% of high-net-worth women in a recent study said they have no financial advisor. Among those who do have an advisor, 67% said their advisors don't understand them or are not interested in them.[1]

This is a tremendous opportunity for financial advisors looking to increase their assets under management—and who are ready to learn what understanding female clients truly means. The result of not understanding? That may be reflected in these statements from an *Investment News* article:

- "70% of women fire their advisors within one year of the death of their spouse."[2]
- "Women who get divorced often find new advisors around the time they say goodbye to their partners."[2]

For broker/dealer use only.

In other words, your female clientele may require a different approach—an approach that acknowledges a woman's individual financial needs—in order to ensure they remain clients.

At Pacific Life, we're constantly focused on new ways to help you build your business—and that includes attracting and retaining female clients. That's why, beginning now and continuing over the next several months, we'll be rolling out a new series of resources for financial advisors titled *"Women. Retirement. Confidence."* Included will be case studies, client conversation tools, research-based articles, a client seminar, and practice management strategies. The goal is to help you develop a distinctive style of service for women designed to help your practice stand out and your clients stay with you.

Our first resources in the *"Women. Retirement. Confidence."* campaign are available now on our website at **www.PacificLife.com**. Or call your Pacific Life consultative wholesaler at **(800) 722-2333** and let us know how we can help you connect with and retain more female clients.

For additional information about seminars and other topics covered in this article, contact your Pacific Life consultative wholesaler at **(800) 722-2333**. In New York: **(800) 748-6907.**

PRACTICE "PERSONAL FOCUS"

You can often deepen client loyalty and generate added business by letting your married female clients know you see them as more than part of a couple.

- In client meetings, pay attention to how verbal and comfortable the woman seems to be. If you feel she's not expressing her opinions, try to draw her out with a few specific questions directed only to her.
- Send clients notes that acknowledge special events relating to them as individuals, such as birthdays, job anniversaries, or promotions.
- Be aware of your own style during a couples meeting. Talk directly to, and make frequent eye contact with, both clients. Work to give clients equal time to express views and ask questions.

ASK US ABOUT PRESENTING A WOMEN'S SEMINAR

Pacific Life's Retirement Strategies Group can help you present a seminar designed especially for female clients on possible solutions for reaching their financial goals during retirement.

[1] Center for Talent Innovation. "Harnessing the Power of the Purse." May 2014. Survey participants were women earning at least $100,000 annually or with at least $500,000 in investable assets.

[2] "5 Surefire Strategies to Strengthen Relationships with Women in Couples." *InvestmentNews.com*. May 8, 2014.

Advisor and Financial Institution Welcome

Thousands have made the move to LPL. We're proud to welcome these advisors and financial institutions that have recently joined us.*

	Advisor Name	Location	Prior Firm
A	Jeffrey Ackler	Tavares, FL	Charles Schwab
	Francisco Anguita Veliz	Washington, DC	Morgan Stanley
	James Aoki	Ogden, UT	Ameriprise Fin. Svcs..
	Matthew Arnold	Minnetonka, MN	Thrivent Inv. Mgmt.
B	Kevin Barletta	Hawthorne, NY	Ameriprise Fin. Svcs.
	Timothy Barnard	Escondido, CA	UnionBanc Investment Services, LLC
	Santiago Bedoya	Washington, DC	Morgan Stanley
	Michael Benkovic	Harrisburg, PA	FSC Securities
	John Black	Rock Hill, SC	Cetera
	Brian Boehle	Des Peres, MO	Edward D. Jones & Co.
	Ryan Boutwell	Minnetonka, MN	CAPFinancial Securities, LLC
	Robert Bradford	Houston, TX	Lucia Securities, LLC
	Barbara Brennan	Humbertus, WI	Associated Sec. Corp.
	David Brown	Houston, TX	J.P. Morgan
	Tamara Brown	Evansville, IN	Merrill Lynch
	Jeffrey Brown	San Diego, CA	Wells Fargo Securities
	Dustin Buck	Fair Oaks, CA	Ameriprise Fin. Svcs.
	John Burnette	Vestavia Hills, AL	Ameriprise Fin. Svcs.
C	Jeffrey Callahan	Tampa, FL	Allstate Financial
	Stephen Campbell	Gastonia, NC	Raymond James

	Advisor Name	Location	Prior Firm
	Edward Carlton	Summerville, SC	Wells Fargo Advisors
	Ronald Case	Camillus, NY	Cadaret Grant & Co.
	Michael Castle	Mason City, IA	Northwestern Mutual
	Ernest Ceccato Jr.	Hickory, NC	Wells Fargo Advisors
	David Choi	Irvine, CA	Wescom Financial Services
	George Christie Jr.	Camillus, NY	Cadaret Grant & Co.
	Frederic Claghorn	Mount Pleasant, SC	ProEquities, Inc.
	Christopher Coffin	Mandeville, LA	J.P. Morgan
	Stephen Colonna	Quincy, MA	Signator Inv. Inc.
	Joseph Combest	Duncan, OK	Purshe Kaplan Sterling
	Steven Crump	Creve Coeur, MO	Wells Fargo Advisors
D	Howard Dal Monte	Mesa, AZ	Wells Fargo Advisors
	Ilia Dalea	Westlake Village, CA	D.A. Davidson & Co.
	Douglas Daniels	Salt Lake City, UT	Cuso Fin. Services
	Christopher Davis	Bentonville, AR	Edward D. Jones & Co.
	Scott Dean	Willis, TX	J.P. Morgan
	Donald Delmonte	Marlton, NJ	Lincoln Financial Advisors
	Andrew Denney	Springfield, MO	Cambridge Inv. Svcs.
	John Donnelly	Plymouth, MN	Transamerica Financial
	Jeffrey Dunn-Bernstein	Oregon City, OR	Edward D. Jones & Co.

* These advisors joined LPL Financial between August 1, 2015 and October 31, 2015.

	Advisor Name	Location	Prior Firm
E	William Eaton	Dayton, OH	Sterne Agee Fin. Svcs.
	William Eaton	West Palm Beach, FL	Wells Fargo Advisors
	Lee Edson	Spicewood, TX	SagePoint Financial
	William Eldridge	Marlton, NJ	Lincoln Financial Advisors
F	Kirk Feret	Paramus, NJ	J.P. Morgan
	Timothy Forsman	St Petersburg Beach, FL	JHS Capital Advisors, LLC
	Matthew Fountain	Sarasota, FL	Ameriprise Fin. Svcs.
	John Foxworthy	Ft. Wayne, IN	Fidelity Brokerage
	Jared Friedman	Santa Monica, CA	Morgan Stanley
	James Frigstad	Bismarck, ND	Thrivent Inv. Mgmt.
G	Frank Galzarano	Cherry Hill, NJ	H.D. Vest
	Matthew Gentry	Bryan, TX	Securities America
	Robert Georgiou	Coral Springs, FL	Securian Fin. Svcs.
	Steven Glasberg	Westlake Village, CA	D.A. Davidson & Co.
	Adam Gould	DeWitt, NY	J.P. Morgan
	Vladimir Greben	Owings Mills, MD	J.P. Turner & Co.
H	Thomas Hagen	Mason, OH	Sterne Agee Fin. Svcs.
	Jonathan Haugen	Bismarck, ND	Thrivent Inv. Mgmt.
	Mark Hayek	St. Louis, MO	Wunderlich Sec. Inc.
	Eugene Heffron	Wichita, KS	Cetera
	Donald Heitz	Fort Walton Beach, FL	First Command Fin.
	Gary Hensley	Sandy, UT	Securities Service Network, Inc.
	Ty Hensley	Charlotte, NC	Cetera
	Charles Hickmore	Las Vegas, NV	Charles Schwab & Co.
	Shane Hill	Idaho Falls, ID	Wells Fargo Securities
	James Hopper	Dyersburg, TN	First Citizens Securities Corporation
	Robert Horn	Harrison, OH	Money Concepts
	Linda Horn-Grubbs	Harrison, OH	Money Concepts
	Melanie Housden	Hamilton, TX	Edward D. Jones & Co.

	Advisor Name	Location	Prior Firm
I	Anthony Iuso	Summit, NJ	Wells Fargo Advisors
J	Ethan Jacobson	Cedar Falls, IA	J.P. Morgan
	Michael Jennings	Macomb Twp., MI	CCO Investment Svcs.
	Melody Johnson	Blairsville, GA	First Citizens Investor Svcs.
K	Clay Kearney	Metairie, LA	Capital One Inv.
	Ryan Kelly	Roseville, CA	First Brokerage America, LLC
	Dean Khatib	West Des Moines, IA	Wells Fargo Advisors
	Joseph Koury	Coral Springs, FL	Securian Fin. Svcs.
L	Aaron Lampert	El Cajon, CA	J.P. Morgan
	Daniel Laraway	Scottsdale, AZ	First Allied Sec.
	Daniel Larsen	Salt Lake City, UT	Cuna Brokerage Svcs.
	Robert Lasher	Brewton, AL	Investors Capitol
	Patrick Latta	Asheville, NC	Valic Fin. Adv.
	Robert Leach	Los Gatos, CA	Wells Fargo Advisors
	Katrina Lessard	Scottsdale, AZ	First Allied Sec.
	James Lewis	Indianapolis, IN	J.P. Morgan
	Jeremy Lewis	Spokane, WA	Waddell & Reed
	Donald Link	Florham Park, NJ	Fidelity Brokerage
	Holly Lovell	Tyler, TX	Edward D. Jones & Co.
	Paul Loyacono Jr.	Ridgeland, MS	Stephens Inc.
	Andrew Lubben	Alpharetta, GA	Ronald Blue & Co.
	Evan Lunsford	Terre Haute, IN	Edward D. Jones & Co.
M	Ryan Mackinder	Macomb Twp., MI	J.P. Morgan
	Robert Martin	Columbus, OH	Wells Fargo Advisors
	John McCoy	Annapolis, MD	TIAA-CREF Individual
	Michael McDonald	Portland, OR	US Bancorp
	Eddie McGregor	Benton, KY	Money Concepts
	Courtney McHarg	Sacramento, CA	Ameriprise Fin. Svcs.
	Mark McKeel	Monona, WI	Associated Inv. Svcs.

Advisor and Financial Institution Welcome

	Advisor Name	Location	Prior Firm
	David Medlin	Colleyville, TX	Ameriprise Fin. Svcs.
	Steven Merline	Denmark, WI	US Bancorp
	Matthew Meyer	Centerville, OH	Pruco Securities, LLC
	Jessyca Miller	Ft. Worth, TX	BBVA Compass Inv. Sol.
	H. Modglin	West Des Moines, IA	Investacorp
	Elizabeth Moore	Newport News, VA	HTK
	Edward Morrissey	Wexford, PA	Waddell & Reed
	Daniel Murphy	Cincinnati, OH	Sterne Agee Fin. Svcs.
N	Alan Nadolna	Kenilworth, IL	Correll Co. Inv. Svcs.
	Thomas Neess	Mason, OH	Sterne Agee Fin. Svcs.
	Blake Nelson	Centerville, UT	Voya Fin. Adv.
O	Kenneth Olson	Sartell, MN	1st Global Cap. Corp.
P	Joel Palatnik	Plantation, FL	Raymond James
	Dwight Peterson	Danville, CA	National Planning Corporation
	Paul Pignone	Salem, NH	Fidelity Brokerage
	Steven Pinedo	Modesto, CA	American Inv.
	Jared Powell	Johnstown, CO	Waddell & Reed
R	Marshall Rains	Marion, AR	Edward D. Jones & Co.
	Brett Robinson	Wheaton, IL	Edward D. Jones & Co.
	Sean Rooney	Rockville Centre, NY	Oppenheimer & Co.
	Michael Rosenthal	Greenwood Village, CO	Wells Fargo Advisors
	Jason Rouslin	Westerly, RI	Edward D. Jones & Co.
	Michael Ruiz	Carlsbad, CA	City National Securities, Inc.
	Dominick Ruiz	Los Gatos, CA	Wells Fargo Advisors
	Alan Runkel	Cincinnati, OH	Sterne Agee Fin. Svcs.
	Ronnie Rushing	Mansfield, TX	Southwest Securities
S	Bradley Scott	Mansfield, TX	Southwest Securities

	Advisor Name	Location	Prior Firm
	Lisa Seran	Napa, CA	Cetera
	David Sharp	Lafayette, IN	Cetera
	Derek Simkowitz	Kennebunk, ME	Cetera
	John Simmons	Columbia, TN	Investors Capitol
	Lamar Simpson	Sacramento, CA	Ameriprise Fin. Svcs.
	John Sloop Jr.	Rock Hill, SC	Cetera
	Sergio Soto	Houston, TX	Citigroup Global Mrkt.
	Bana Soumetho	Austin, TX	Charles Schwab
	Marc Specht	New York, NY	Ameriprise Fin. Svcs.
	Roy Spinks	Metairie, LA	Capital One Fin. Adv.
	Daniel Sturm	Leesburg, VA	Mass Mutual
	Hannah Swigert	Centerville, OH	Prudential Securities
T	Richard Tarbell	San Antonio, TX	Ameriprise Fin. Svcs.
	Michael Tervo	Plymouth, MN	UBS Fin. Svcs. Inc.
	William Thompson	Mason, OH	Sterne Agee Fin. Svcs.
	Sandra Torres	San Diego, CA	Cuso Fin. Services
	Ryan Turner	Salt Lake City, UT	Cuso Fin. Services
V	Tim Viohl	Dubuque, IA	Cetera
W	Katie Weibel	Orchard Park, NY	M&T Securities
	James Weikart	Asheville, NC	Ameriprise Fin. Svcs.
	Peter Weil	St Petersburg, FL	RBC Cap. Markets Corp.
	Nicholas Wiedrich	Bismarck, ND	Thrivent Inv. Mgmt.
	Kirk Wilkerson	Alpharetta, GA	Ronald Blue & Co.
	Lance Williams	Hattiesburg, MS	Northwestern Mutual
	James Wilterdink	West Des Moines, IA	Wells Fargo Advisors
Z	Jason Zamora	Boerne, TX	Next Financial Group
	Susanne Zito	Sacramento, CA	J.P. Morgan


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Resolution

Fast Facts

45% of Americans **usually** make New Year's resolutions.[1]

Only **46%** of resolutions are **kept** half the year or longer.[1]

34% are **money** related.[1]

{MYTH} It takes 21 days to form a **habit**.

- On average, most people succeed at forming a new habit within 66 days of repeated practice.[2]
- Some people even take up to 254 days.[3]
- Habit formation is more successful when you have concrete actions (put away $20 each week) vs. vague ideas (save more).[4]

Top 10 New Year's Resolutions for 2015[1]

10. Spend More Time with Family
9. Fall in Love
8. Help Others Reach Their Dreams
7. Quit Smoking
6. Learn Something Exciting
5. Stay Fit and Healthy
4. Enjoy Life to the Fullest
3. Spend Less, Save More
2. Get Organized
1. Lose Weight

Through the **Years**

4,000 years ago, the ancient Babylonians were the first to ring in a new year by celebrating the first full moon after the spring equinox.[5]

2,000 B.C. — 46 B.C. — 1752 A.D. — 2016 A.D.

England and its colonies made January 1 the beginning of the year in 1752 A.D., long after Julius Caesar did in 46 B.C.[5]

[1] http://www.statisticbrain.com/new-years-resolution-statistics/

[2] http://positivepsychologynews.com/news/emily-vansonnenberg/2011020116315

[3] http://www.resolutiontweet.com/focus-on-daily-habits-and-know-the-facts-about-21-days/

[4] https://www.psychologytoday.com/blog/the-fallible-mind/201304/it-takes-emotion-not-facts-change-habit

[5] http://www.history.com/topics/holidays/new-years/interactives/new-years-by-the-numbers