FINRA
Financial Industry Regulatory Authority

Issues to consider when your broker changes firms

You're receiving this notice because your broker has changed firms. If you're thinking about whether to follow your broker or stay with your current firm, it's a good idea to examine key issues that will help you make an informed decision.

A good relationship with your broker is surely valuable to you, but it's not the only factor in determining what's in your best interest. Before making a final decision, talk to your broker or someone at your current firm about the following questions, and make sure you're comfortable with the answers.

Could financial incentives create a conflict of interest for your broker?

In general, you should discuss the reasons your broker decided to change firms. Some firms pay brokers financial incentives when they join, which could include bonuses based on customer assets the broker brings in, incentives for selling in-house products or a higher share of commissions. Similarly, some firms pay financial incentives to retain brokers or customers. While there's nothing wrong with these incentives in either case, they can create a conflict of interest for the broker. Whether you stay or go, you should carefully consider whether your broker's advice is aligned with your investment strategy and goals.

Can you transfer all your holdings to the new firm? What are the implications and costs if you can't?

Some products, such as certain mutual funds and annuities, may not be transferable. If that's the case, you'll face an additional decision if you follow your broker to the new firm: whether to liquidate the non-transferable holdings or keep just these holdings at your current firm. Either way, there could be costs to you, such as fees or taxes if you liquidate, or different service fees if you leave some assets at the current firm. Your broker should be able to explain the implications and costs of each scenario.

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What costs will you pay—both in the short term and ongoing—if you change firms?

In addition to liquidation fees or taxes if you sell non-transferable assets, you may have to pay account termination or transfer fees if you close your current account, or account opening fees at the new firm. (Even if the new firm waives its fees as an incentive to transfer, that wouldn't reduce any transfer or closure costs at your current firm.) Moving forward, the new firm may have a different pricing structure for maintaining your account or making transactions (such as fee-based instead of commissions, or vice versa), which could increase or lower your account costs. Your broker should be able to explain the pricing structure of the new firm and how your ongoing costs would compare.

How do the products at the new firm compare with your current firm?

Of course, not all firms offer the same products. There may be some types of investments you've purchased in the past or are considering for the future that aren't available at the new firm.

If that happens, you should feel comfortable with the products they offer as alternatives. If you tend to keep a lot of cash in your account, ask what investment vehicles are available at the new firm for the cash sweep account and whether the interest rate would have an effect on your return.

What level of service will you have?

Whether you follow your broker to the new firm or choose another broker at your current firm, consider whether you'll have access to the types of service, support and online resources that meet your needs.

&Partners, LLC Transition Compensation Disclosure

When financial professionals affiliate with us, they will in most cases receive transition compensation in the form of cash, forgivable loans, or equity in the Firm's holding company, Ampersand Partners, LLC. These payments create incentive for financial professionals to encourage you to move your assets to &Partners. Please review the Firm's Regulation Best Interest Disclosure Document, and Form ADV 2A and 2B brochures. Additionally, contact your financial professional or &Partners at 615-255-6431 if you have questions about these transition arrangements.