J.D. POWER

Press Release

J.D. Power Financial Advisor Study Finds Attrition Risk Rising among Top Performers As New Regulation and Technology Create Uncertainty

COSTA MESA, Calif.: 29 June 2017 — Financial advisors are less satisfied with their firms than they were last year and the decline is sharpest among the highest producers, according to the J.D. Power 2017 U.S. Financial Advisor Satisfaction Study,SM released today. A confluence of factors, including continuing changes to compensation, uncertainty over the Department of Labor Fiduciary Rule, emerging technologies like robo-advisors and waning faith in firm leadership are all contributing to the trend.

The study measures satisfaction among both employee advisors (those who are employed by an investment services firm) and independent advisors (those who are affiliated with a broker-dealer but operate independently) based on seven key factors (in alphabetical order): client support; compensation; firm leadership; operational support; problem resolution; professional development support; and technology support. Satisfaction is measured on a 1,000-point scale. Overall satisfaction averages 719 among employee advisors, down 3 points from 722 in 2016. Independent advisors average 752, down 3 points from 755 in 2016.

"Among investors, the most affluent and profitable clients tend to be the most satisfied because they get more attention and value from their firm," said **Mike Foy, director of the wealth management practice at J.D. Power**. "With advisors, we see the exact opposite. Those just starting out get a certain degree of instant credibility with prospects from the brand as well as significant training and professional development opportunities, but for the most established advisors, the firm's value proposition can be less clear. Firms need to continue to raise their game to keep these high-producing advisors happy and productive, both to retain client assets and revenue in the short term, and also as a key part of a longer-term strategy to mentor and team with the next generation of advisors."

Following are some of the key findings of the study:

- **DOL Fiduciary Rule spurs confusion:** Among employee advisors, 41% indicate they don't completely understand the Fiduciary Rule, but 64% say they expect to lose smaller clients as a result, and 58% say they expect it to negatively affect the profitability of their practices. Additionally, 44% say the rule will make it more difficult to attract new clients and 36% say it will be harder to retain existing clients.

- **Higher producers are least satisfied employees:** While overall satisfaction among all financial advisors is down 3 points this year, the drop is more significant among higher producers. Among advisors with more than $1 million in annual production, overall satisfaction is 683, down 27 points from 2016. In contrast, among advisors with less than $250,000 in production, overall satisfaction increases to 799 from 764 in 2016.

- **Leadership, strategic vision central to winning back advisors:** More than one-fourth (27%) of higher producers say they "strongly agree" that communication from leadership is both timely and very useful. Just 35% "strongly agree" that management is leading in the right direction. The latter is especially critical now as firms navigate through transformational industry changes that potentially affect what kind of clients advisors work with, what products they sell and how they are compensated.

- **Elevated high touch support:** Top-producing advisors have both greater needs and higher expectations in terms of technology and operational support than lower producers. Top producers averaged 22 compliance contacts over the past year, compared with just 11 for lower producers, and also faced longer average resolution times. Among advisors who indicate they spent more than 5% of time on compliance, overall satisfaction scores are 148 points lower than among those who spent less time resolving compliance issues.

For more information about the U.S. Financial Advisor Satisfaction Study, visit http://www.jdpower.com/resource/us-financial-advisor-satisfaction-study.

See the online press release at http://www.jdpower.com/pr-id/2017089.

J.D. Power is a global leader in consumer insights, advisory services and data and analytics. These capabilities enable J.D. Power to help its clients drive customer satisfaction, growth and profitability. Established in 1968, J.D. Power is headquartered in Costa Mesa, Calif., and has offices serving North/South America, Asia Pacific and Europe. J.D. Power is a portfolio company of XIO Group, a global alternative investments firm headquartered in London, and is led by its four founders: Athene Li, Joseph Pacini, Murphy Qiao and Carsten Geyer.

Media Relations Contacts
Geno Effler; Costa Mesa, Calif.; 714-621-6224; media.relations@jdpa.com
John Roderick; St. James, N.Y.; 631-584-2200; john@jroderick.com

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NOTE: Two charts follow.

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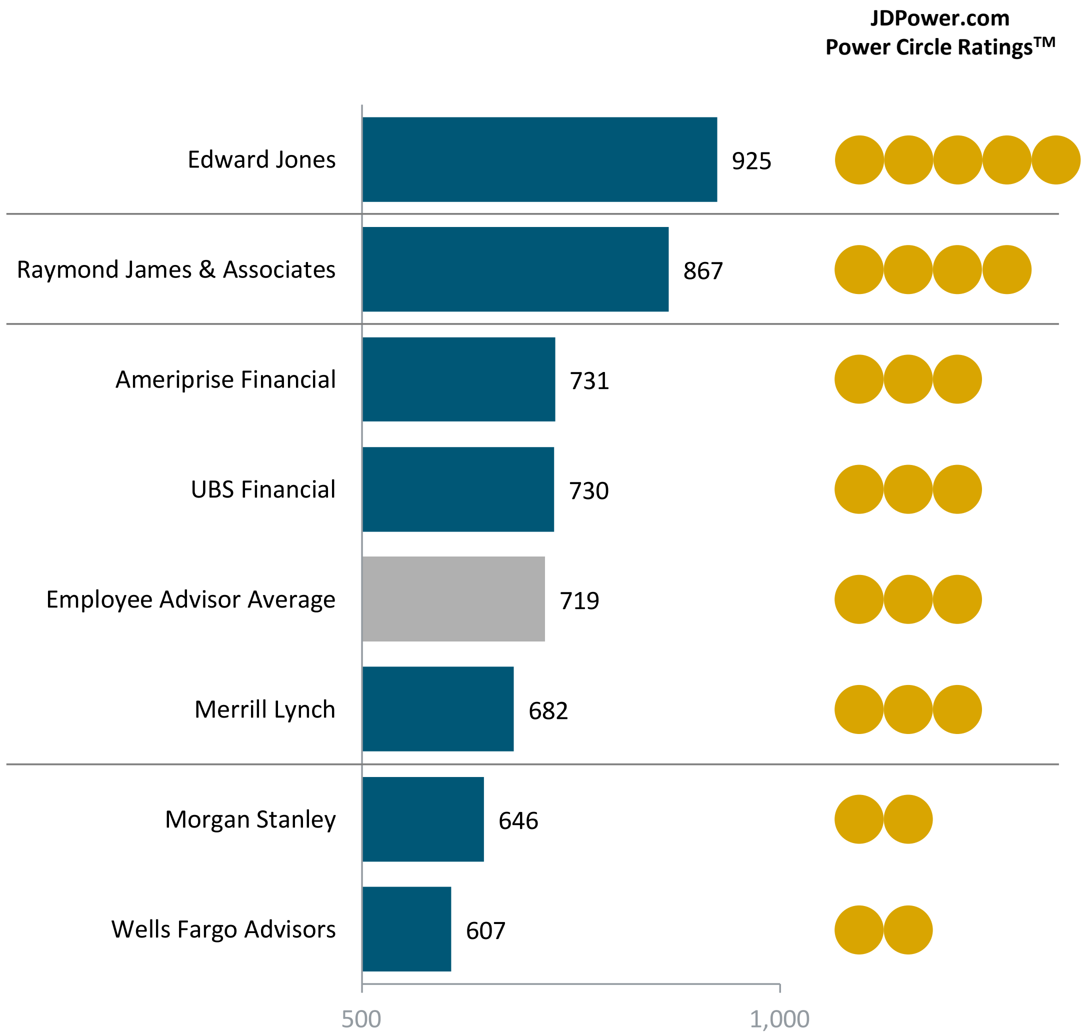
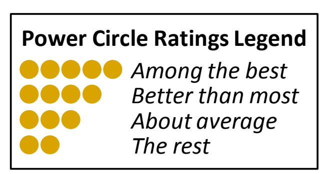
2017 U.S. Financial Advisor Satisfaction Study℠

Overall Employee Advisor Satisfaction Ranking

(Based on a 1,000-point scale)





Included in the study, but not ranked due to small sample size, are Chase, Charles Schwab, and RBC Wealth Management.

Source: J.D. Power 2017 U.S. Financial Advisor Satisfaction Study℠

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2017 Financial Advisor Satisfaction Study℠

Award-Eligible Financial Advisor Firms Included in the Study

Company	Key Executive	Company Location
Ameriprise Financial	James Cracchiolo	Minneapolis, Minn.
Edward Jones	James Weddle	St Louis, Mo.
Merrill Lynch Wealth Management	Andy Sieg	New York, N.Y.
Morgan Stanley Wealth Management	James Gorman	New York, N.Y.
Raymond James & Associates	Paul Reilly	St. Petersburg, Fla.
UBS Financial	Tom Naratil	New York, N.Y.
Wells Fargo Advisors, LLC	David Kowach	St. Louis, Mo.