

A GUIDE TO FINANCIAL ADVISOR  
BUSINESS MODEL OPTIONS

What's Your  
Best Fit?

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**As a financial advisor or portfolio manager (PM) in Canada, you have a unique book of business, professional skills, and growth objectives.**

You also have a variety of business model options for how to position yourself and operate within Canada’s wealth management sector.

**The key question is:  
What’s your best fit?**

This guide aims to help you answer this question by providing:

- A clear overview of the business model options available to you
- The pros and cons of each business model
- Key considerations that may influence your decision to switch between models

There’s no one-size-fits-all in this industry. Instead, it’s about finding the best fit for your clients, your business, and your career.

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### To find the best fit for you and your clients, you have to know what's possible.

This guide covers 6 main business model options for financial advisors and PMs in Canada:

#### CIRO-registered financial advisor or PM

1. Employee of an existing CIRO-registered firm
2. Independent agent of an existing CIRO-registered firm
3. Registrant of your own CIRO-registered firm

#### Provincially registered PM

4. Employee of an existing provincially registered PM firm
5. Independent agent of an existing provincially registered PM firm
6. Registrant of your own provincially registered PM firm

Although there are other options (e.g. MFDA advisor), they fall outside the scope of this guide.



### What's the difference?

The business models in this guide differ considerably in terms of your relationship with your firm, your level of business independence, and your operational environment.

Even within the same business model, these factors can vary significantly from one firm to another.

Understanding these differences will help you determine which models best align with your business and goals.

## Organizational structure

### Salaried employee, sole proprietor, or incorporated entity?

Your options for structuring your business and receiving advisory revenue depend on your business model:

- As an employee, you operate as a salaried employee (T4); as an independent agent, you operate as a sole proprietor. In both cases, you are not permitted to receive securities revenue directly into your own incorporated entity.
- As the registrant of your own firm, you are permitted to operate as an incorporated entity. Doing so is generally considered the best way to achieve tax and other succession-related advantages.



As an independent agent, you can incorporate a management company and pay some of your fees (including insurance and planning revenues) to this entity to manage support staff, leases, etc.

### CIRO-registered financial advisors / PMs, and Provincially registered PM's

Employee of an existing CIRO-registered or provincially registered firm

Salaried employee (T4)

Independent agent of an existing CIRO-registered or provincially registered firm

Sole proprietor

Registrant of your own CIRO-registered or provincially registered firm

Incorporated entity

## Independence

### Your business, your way?

Independence covers a wide range of topics, from the clients you can work with and the services you can offer to your office environment and how you market your business.

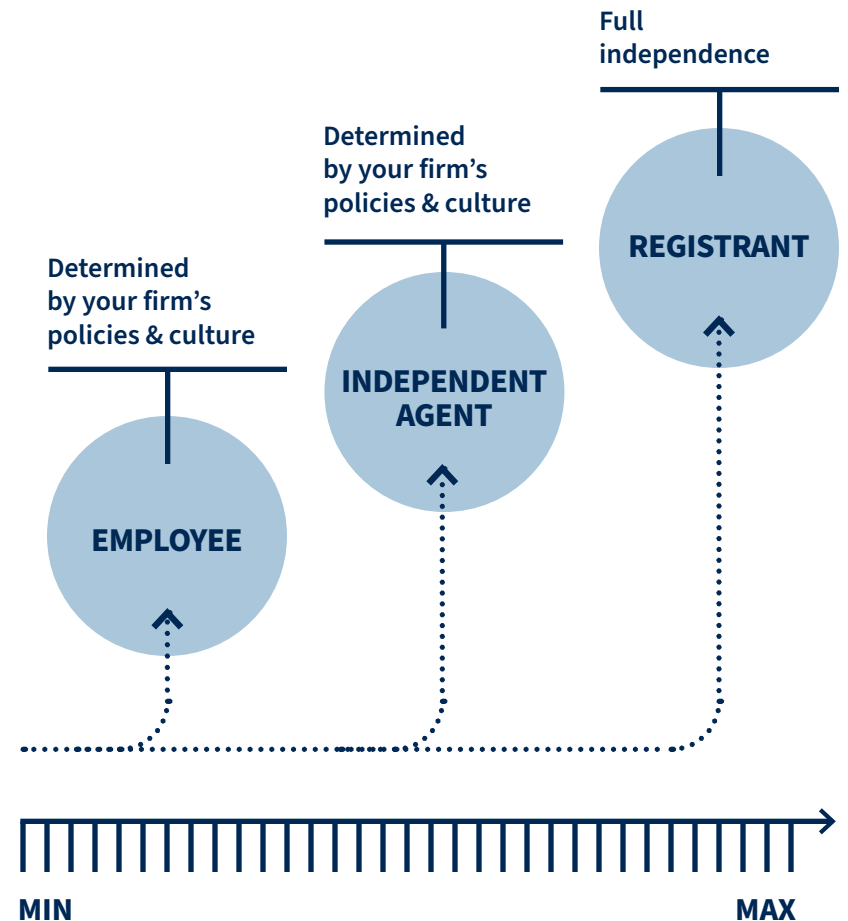
This spans a spectrum of independence. As an employee or independent agent, your level of independence depends on your firm's policies and culture. Of course, whatever your business model, your independence is framed by the regulatory environment in which you operate.

It's also important to recognize that increased independence typically comes as a trade-off with greater responsibility and less direct support from your firm.



Although you have more say in running your business as an independent agent, you must still meet the requirements and follow the policies set by the firm with which you are registered.

## LEVELS OF INDEPENDENCE



## Book ownership

**If you own your book, you own your future.**

Your options for structuring your business and receiving securities revenue depend on your business model.

As an employee or independent agent, whether you own your book comes down to your firm's policies and culture.

In general:

- If you're at a bank, you don't own your book
- If you're at an independent firm, you might own your book

### CIRO-registered financial advisors / PMs, and Provincially registered PMs

1. Employee of an existing CIRO-registered or provincially registered firm



Book ownership determined by your firm's policies & culture

2. Independent agent of an existing CIRO-registered or provincially registered firm

3. Registrant of your own firm



Full ownership of your book of business

## Compensation

Your business model influences the type of compensation you are allowed to receive:

- **CIRO-registered advisor or PM** You can charge commissions and transaction-based fees, fees for service, or a combination of these approaches.
- **Provincially registered PM** You may only charge fees for service; you may not charge commissions or transaction-based fees.



For the employee model in particular, your compensation structure can vary enormously from one firm to another. It may include any combination of the following: base salary, bonus, and a percentage of the fees and/or commissions paid by your clients.

Your business model also influences the percentage of total fees and/or commissions you receive:

As an employee or independent agent, you are typically paid a percentage of the fees and/or commissions paid by your clients, with your firm retaining the balance.

- As an independent agent, your payout percentage is higher than as an employee, but you also incur local overhead costs for running your business (e.g. office rent).

As the registrant of your own firm, you receive 100% of the fees and/or commissions paid by your clients.

- However, you also incur overhead costs for running your business such as registration and compliance costs, as well as custody and trade charges, unless you pass these through to your clients.

## Compensation

### CIRO-registered financial advisor or PM

1. Employee	0%–60% of the fees and/or commissions paid by your clients
2. Independent agent	60%–85% of the fees and/or commissions paid by your clients
3. Registrant	100% of the fees and/or commissions paid by your clients

### Provincially registered PM

4. Employee	0%–60% of the fees paid by your clients
5. Independent agent	60%–80% of the fees paid by your clients
6. Registrant	100% of the fees paid by your clients

Note: The ranges above are approximations of the direct drive component (i.e. fees and/or commissions) of your compensation. They can vary depending on your firm's base salary and bonus structure.



I'm able to structure my business to grow and eventually be sold in the most tax efficient manner possible."

**Rob Pollard**

Senior Vice President & Portfolio Manager  
Raymond James Ltd.

**There isn't one 'best' business model for advisors and PMs in Canada.**

Instead, each option has pros and cons, and determining the best fit for you depends on your experience, preferences, and career goals. Consider these key issues when assessing the risk/reward trade-off:

	Independence	Compensation	Operational Support
<b>Employee</b>	Independence increases along the spectrum from employee to independent agent to registrant  Increased independence also comes with risk/reward trade-offs	Potentially eligible for restricted stock units and corporate retirement plans	Almost everything is provided in a plug-and-play environment
<b>Independent agent</b>		Receive a higher payout compared with being an employee	Independence to set up your own business as you see fit while depending on your firm for key systems, compliance, etc.
<b>Registrant</b>			Responsible for all technology, but you may leverage a custodial platform for some/all administrative, technology, and product solutions

	Branding	Team Building
Employee	Little control and must remain aligned with your firm's branding policies	Potential for having a say in hiring an assistant, but otherwise the composition of your team/branch environment is largely determined by your firm or branch manager
Independent agent	Some firms allow for co-branding, meaning you develop a unique brand for your business while also leveraging your firm's brand recognition	Build your own team and company culture, which gives you greater control in shaping your working environment
Registrant	Full control over the branding of your business	



It's all about risk and reward. We counsel our clients about risk and reward, and it's the same thing when you're comparing the employee model and independent agent model."

**Bernardine Perreira**

Financial Advisor  
Perreira Wealth Advisory of Raymond James Ltd.

## What it takes to switch

Switching from one business model to another can vary in complexity and difficulty based on several factors.

These include the specific models you're switching between, where you're located, and whether you are also changing firms. Each business model has requirements related to consider:

- Financial resources
- Relevant investment management experience
- Appropriate securities licensing

In addition, there are general requirements that will help to facilitate any change in business model, including:

- A mentor or experienced peer
- Transition support
- Planning and patience
- Strong client relationships
- Entrepreneurial mindset



When it comes to succession planning, I have little trust in bank-owned firms to do what is best for my clients and my team.”

### Wayne McNeill

Senior Vice President & Wealth Advisor  
Raymond James Ltd.



*If you're considering an independent agent or registrant business model, prepare to look after everything, big and small - from HR management and operations oversight to buying copier paper.*

## What are the barriers?

Changing business models is a significant step and may require you to overcome certain barriers, such as:

- Awareness (you can't switch to a new business model if you don't know it exists)
- Fear of the unknown
- Meeting licensing and proficiency requirements when switching between CIRO and provincial registration
- Navigating a complex transition process
- Shifting clients from a commission and Transaction-based model to a fee-based model
- Risk of client dissatisfaction or alienation under the new model

### None of these barriers is insurmountable.

What it takes to succeed is thoughtful planning, sound advice, and a clear understanding of where you're headed with your business and career.



Consider what support you need to get up and running, what your short-term and longterm priorities are, and how important true, full independence is to you.”

#### **Rene Babin**

Financial Advisor  
Raymond James | Rene Babin

## Tips for finding your fit

### ▶ Do your due diligence

If you are considering switching to a different business model, speak with colleagues or a mentor with firsthand experience who can help you understand the opportunities and requirements.

### ▶ Adopt a long view with a stepwise approach

Going from employee of an existing firm to registrant of your own firm is a big leap in terms of required experience and financial resources. A stepwise approach in which you go from employee to independent agent to registrant can be a good way to reduce the risk and friction of this transition.

### ▶ Seek out a firm offering multiple business models

Changing business models is much easier if you can do it within the same firm. Firms offering multiple business models can give you greater flexibility and support to transition at the right time for your business and career.



## What's right for others may not be right for you.

Finding the business model that fits best with your needs and aspirations may take time, but it is worth the effort if it leads to greater professional alignment and satisfaction.



*Keep in mind that the best fit for your business may change over the course of your career.*

## Best fit questionnaire

### Need help identifying the right business model for you?

Start by answering these questions:

1. What's best for your clients – your current business model or a different one?
2. What aspects of your practice do you like best?
3. How big is your book of business currently, and what do you see as its realistic growth potential over the medium term?
4. What are your succession plans/aspirations for your book of business? Does your current business model allow for your ideal succession outcome?
5. What securities licenses do you currently hold?
6. Do you have entrepreneurial experience?
7. Would you enjoy the sometimes gritty operational aspects of running a business?
8. Do you have a solid team that can form the core of your own business?



At first, I was looking at going straight from an employee model at a bank to an independent agent model at Raymond James, but I realized that changing firm and model would be too much change at one time.”

#### **Terry Wright**

Wealth Management Advisor & Senior Portfolio Manager  
LT Wealth Management Partners of Raymond James Ltd.

## Key takeaways

**For financial advisors and PMs, finding the right business model is about determining where you can truly thrive.**

So how can you determine your best fit? Start here:

1. Educate yourself on the business models available to you
2. Assess your current business and where you want to take it
3. Weigh the risk/reward trade-off for different models
4. Find a mentor or peer and lean on their experience and expertise
5. To switch models, plan thoroughly and do your due diligence
6. Recognize that your best fit may change throughout your career

**Finding your best fit comes down to finding the sweet spot – for your clients, your business, and your career. Good luck!**



To me, buying a building, ordering paper, running a business – this is what I like to do. I like doing the work. That’s why for me, the independent agent model is the best option.”

### **Les Consenheim**

Portfolio Manager & Wealth Advisor  
Consenheim Wealth Management of Raymond James Ltd.

# A better future for you and your clients

It's natural to worry about client retention when considering a move, but don't let that hold you back if a new firm is the right fit for you and your clients.

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## Ready to move forward with confidence?

Contact us to discuss opportunities at Raymond James, or for more discussion and insights related to advisor opportunities.

[www.raymondjames.ca/choiceoftopadvisors](http://www.raymondjames.ca/choiceoftopadvisors)  
[topadvisors@raymondjames.ca](mailto:topadvisors@raymondjames.ca)

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