



# **Factors You Should Not Overlook in Selecting a Broker-Dealer or a Registered Investment Advisor**

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Questions for independent financial professionals in choosing a firm



## YOU CAN'T OVERDO DUE DILIGENCE

At Cambridge, we take great pride in our purpose to make a difference in the lives of our financial professionals, while they in turn serve their investing clients.

Choosing a broker-dealer or registered investment advisor is like choosing a life partner. It can be one of the most important decisions you ever make. The number of unsettling questions can be overwhelming. Is this person the right fit for me? Will they stick by me through thick and thin? Do they share my life values and purpose? Making the plunge and committing to a partner is not always easy, but it is among the greatest decisions of your life.

For independent financial professionals, many of these same questions and uncertainties are bubbling beneath the surface when deciding between firms – whether you are seeking to partner with a broker-dealer, a registered investment advisor (RIA), or both. In making such a big decision about a business partner, it is critical to let your values lead the way. What do you stand for? What do your clients need? What is your business culture? What are the goals for your business? Taking the time to reflect

and answer some of these key questions will help you successfully identify the partner firm that aligns with your purpose and vision.

At Cambridge, we take great pride in our purpose to make a difference in the lives of our financial professionals, while they in turn serve their investing clients. We accomplish this by following the values that have guided us from the very start – integrity, commitment, flexibility, and kindness. Purpose and values guide our firm as we focus on meeting, and exceeding, the expectations of over 3,600 independent financial professionals choosing to partner with Cambridge. As you conduct your due diligence and consider your choices, it is important to know what to look for. The following information will walk you through important factors that financial professionals often overlook when selecting a partner firm.

# FINANCIAL STABILITY

In most industries, including the financial services industry, size does not necessarily mean stability. The financial crisis of 2008-2009 proved this as firms deemed “too big to fail” fell in spectacular fashion. Choosing to align with a firm that has a stable financial base is essential, regardless of the firm’s size.

Cambridge is proud of its financial discipline and track record for thoughtful growth and profitability. We encourage you to compare us with other firms you are considering so that you can make a long-term decision and select a stable partner. Since our early years, we have been committed to financial discipline, including limited debt, and smart growth. We are among the top 10 independent broker-dealers in terms of total revenues.<sup>1</sup>

## SIZE

You need to find the firm that is right for you – not too big, not too small. Very large firms may be so big that you will not receive the personalized level of service you are seeking. On the other hand, small firms may not have the requisite resources to help you achieve your desired success. Identifying a firm that provides the right mix of high-quality personalized service and innovative resources you need for your business and clients – is your ideal.

Cambridge continues to grow, and our family now includes more than 3,600 independent financial professionals. Our intelligent flexibility and healthy financial growth allows us to support financial professionals in ways that lead to mutual success. Our approach to technology, social networking, and practice management, for example, is what has led our financial professionals to recognize us as an award-winning firm multiple times.<sup>2</sup>

## STRENGTH OF MANAGEMENT

Warren Buffett is known for evaluating the strength, structure, and integrity of management when he evaluates a company. The quality of management and the level of expertise of those steering the ship are key drivers of financial professional satisfaction. Minimal debt, long-term planning, and investing in a service model that provides meaningful value are the staples of a high-performing broker-dealer or RIA.

At Cambridge, we understand the importance of leadership and culture. Our core values and purpose guide our management and associates as we strive to provide our financial professionals with industry-leading service quality. We have a deep bench for our senior leadership team and they are dedicated to preserving our culture and shared sense of values.



# SUPPORT FOR DIVERSE BUSINESS MODELS & SPECIALIZATIONS

Flexibility has become one of the leading qualities financial professionals look for in a broker-dealer or RIA. If you want the freedom and flexibility to serve clients your way, make sure the firm you choose can support your business model. Many firms may be more limited in what they actually offer, which also limits you and your clients. Ask the firm how they will allow you to manage advisory accounts and your business overall.

At Cambridge, we offer you support based on our long-standing appreciation and support for the diverse financial professional business structures and business models represented by those who have joined the Cambridge family. This means we recognize that what we understand about one does not always hold true for another, and we apply our approach based on intelligent flexibility. In terms of advisory, we have had a fee focused or fee only solutions platform in place for many years. Advisor Advantage® is our fee only platform offering the choice for a fee only financial professional to use Cambridge Investment Research Advisors, Inc. (CIRA), the corporate RIA, or their independent RIA. Many of Cambridge's advice solutions are available through Advisor Advantage, and financial professionals still have access to WealthPort®, CLIC®, Cambridge Source, Practice Management, and coaching, consulting, and education; as well as networking with like-minded financial professionals through specialized event opportunities. As has been the case for many years, approximately 87 percent of the financial professionals with Cambridge are registered with Cambridge's broker-dealer and using CIRA.

Advisory has been a long-standing specialization for many financial professionals with Cambridge, but we are now further categorizing types of advisory business, such as advisor-directed or third-party managed models. Other specializations include serving high-net-worth investors, retirement, college funding, small business, next gen, growth-oriented, and so on. As momentum builds amongst our financial professionals in any one specialization, we will explore additional solutions for that specialization. Our intent regarding these business specializations is to identify the categories that could most benefit from a unique approach from us in our interactions with a financial professional focused on a specialization.

## REGULATORY COMPLIANCE

How a firm implements regulation and compliance can make or break your business. Ask the firm you are considering to explain their approach to compliance and how they protect their financial professionals while embracing the flexibility you need to do what is best for your clients – no one knows your clients better than you.

We pride ourselves on offering “common sense compliance” support to our financial professionals for their independent businesses. How do we do it? We understand compliance is not a ‘one-size-fits-all’ with the various business models we support. We are here to keep your practice compliant while you satisfy the unique financial needs of your clients, as well as your need for efficiency and effectiveness in managing your business.

# CHOICE & OPEN ARCHITECTURE

A firm with a strong bench of experts can also provide you with guidance on a variety of fee based strategies and assist you in finding the right fit in terms of third-party money managers. You also need a firm with expertise to help you navigate the complexities of alternative and traditional investments. A firm with strong bench of experts can also provide you with guidance on a variety of fee based strategies, and assisting you in finding the right fit in terms of third-party money managers.

At Cambridge, we provide guidance and support regarding a wide variety of possible options for your clients and your business model. We support open architecture with choices for financial professional focused solutions – regardless of your preference for being fee focused or fee only. As part of our support for you and your business, Cambridge has agreements and relationships with more than 60 product companies. This means you have access to the products, resources, and training that you need to best serve your clients. In addition, Cambridge has a thorough due diligence process supporting this broad and robust product footprint. We invite you to ask questions and carefully examine our due diligence process.

# HIGH PAYOUTS WITH HIDDEN FEES

Some firms will offer high payouts and transition packages to get your attention, only to take much of it away through affiliation fees, mark-ups, or platform charges that you may not think to ask about. Some firms may also finance high payouts and transition packages with proprietary products, sales of riskier products reflecting higher commissions, or by aggressively recruiting marginal producers.

Cambridge has found that the best way to create a compensation package is to customize for each financial professional. This flexibility gives you a variety of strategic options, including payout, platform costs, ticket charges, and ancillary fees – negotiable based on a customizable approach. Of course, this also includes transition packages, which are always fully negotiable. We believe our customized approach is appealing to many financial professionals and gives us a competitive edge.

# CLEARING & CUSTODY OPTIONS

Whether you are considering switching the firm you trust to hold your client assets or staying the same, finding the right broker-dealer or registered investment advisor who allows freedom of choice is few and far between. Your selection of clearing and custody firms will help you best serve your clients and lead to overall service satisfaction.

Maintaining our commitment to offering choice to financial professionals, Cambridge clears through Fidelity Custody and Clearing Solutions® and its broker-dealer National Financial Services LLC, as well as Pershing LLC. Available custody options are TD Ameritrade, Fidelity Institutional Wealth Services, Charles Schwab, and Pershing Advisor Solutions to name a few. We believe the choice of clearing and custody firms is yours, not ours.



## FLEXIBLE TECHNOLOGY

You should be able to use technology based on your preferences for your business. Some firms mandate specific business technologies. In addition to not meeting your business needs and preferences, required use of technology can make the transition experience even more difficult. The time and effort required to adjust to new financial planning technologies and CRM systems can put unnecessary strain on you and your business.

At Cambridge, we actively support a variety of CRM, financial planning, and research tools – and it is highly likely you will be able to use your preferred FinTech options. Of course, if you're not happy with what you are using now, we have the expertise and resources to help you consider and choose from a variety of Fintech alternatives to best serve your business objectives.

## RECRUITING

Many firms are so focused on recruiting new financial professionals that they fail to keep promises to existing financial professionals. If you are focused on building your business, finding a suitable partner to support your recruiting strategies is important to consider. As a firm with a proven track record of recruiting success, Cambridge can assist you with existing talent acquisition efforts, or we can work collaboratively to design marketing initiatives that will attract the skilled financial professionals you're looking for.

We offer focused support and resources to help you be successful in your recruiting efforts. We encourage you to join us at a Cambridge event where we regularly feature business builder focused sessions. You will hear directly from Cambridge business builders as to how we partner with them in their recruiting efforts.

## YOU MANAGE YOUR BUSINESS

You are an independent financial professional and you manage your business. You need a firm to partner with that respects and values your independence and need to serve your clients, your way.

At Cambridge, we believe it is both a privilege and an obligation to serve our family of financial professionals. We work for you – you do not work for us. We continually assess our performance using feedback and satisfaction surveys directly from financial professionals.



# MOST IMPORTANTLY, CULTURE

One of the four pillars of Conscious Capitalism, a business philosophy designed by Whole Foods Founder and CEO John Mackey<sup>3</sup>, is the principle of higher purpose – the idea that all companies should exist for a reason that extends far beyond simply making a profit. Another is the principle of conscious culture, which encourages companies to foster an environment built on accountability, transparency, integrity, and loyalty, to name a few.<sup>4</sup>

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Great companies  
have great purpose.

**John Mackey**  
CEO, Whole Foods

As an independent financial professional with values and purpose, you should be looking for firms that match your internal makeup. You want to find a firm that will support you throughout your journey, and finding the right fit in a partner is paramount. Just as your clients had the freedom of choice to select you as their financial professional, you have that same freedom to choose the financial firm for your business.

At Cambridge, culture counts and values matter most. Our purpose is to make a difference in the lives of our financial professionals, their clients, and our associates. This purpose drives us forward every day. We are motivated to provide you innovative technologies and financial solutions that make serving your clients and managing your business easier. It's why we continue to strive for flexibility, giving you access to a variety of products and tools that will put you and your clients in the best position to be successful.

**At the end of the day, our business is to serve you and your clients.**

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## **About Cambridge**

Cambridge Investment Group, Inc. is a financial solutions firm focused on serving independent financial professionals and their investing clients. Cambridge offers a broad range of choices for independent financial professionals regarding solutions for advice, growth, technology, and independence. Cambridge's national reach includes: Cambridge Investment Research Advisors, Inc. – a large corporate RIA; and Cambridge Investment Research, Inc. – an independent broker-dealer, member FINRA/SIPC, that is among the largest internally controlled independent broker-dealers in the country.

Cambridge Investment Research, Inc.  
1776 Pleasant Plain Road | Fairfield, Iowa 52556  
877-688-2369 | [JoinCambridge.com](https://www.joincambridge.com)



<sup>1</sup>Salinger, T. (2020). IBD Elite 2020: Which independent broker-dealers produce the most revenue? *Financial Planning*. Retrieved from <https://www.financial-planning.com/list/top-independent-broker-dealers-by-revenue-ibd-elite-2020>

<sup>2</sup>Broker-Dealer of the Year; *Investment Advisor* magazine, 2020-2012, 2010, 2008, 2007 division IV; 2003 Division III.

<sup>3</sup>Conscious Capitalism, Inc. (n.d.). Learn what we do. *Conscious Capitalism*. Retrieved from <https://www.consciouscapitalism.org/learn-what-we-do>

<sup>4</sup>Conscious Capitalism, Inc. (n.d.). Conscious culture. *Conscious Capitalism*. Retrieved from <https://www.consciouscapitalism.org/conscious-culture>

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