



Ryan Shannon
Investment Advisor

In the Press:

PIONEER PRESS

A Newfangled Way to Expand

Nicole Garrison-Sprenger February 3, 2007

Ameriprise Financial could go on a buying binge in 2007.

No, the Minneapolis-based financial planning company won't be snapping up competitors like Merrill Lynch or RBC Dain Rauscher. But it is giving its network of 7,500 franchised advisers the money and the means to expand their practices by acquiring nearby competitors — a first for the 112-year-old firm.

The approach also appears to be a novel one in the industry, said Ryan Shannon, an investment adviser with Webb Financial Group in Bloomington. Though smaller financial advisers often merge and big companies often recruit teams of advisers from competitors, Shannon said **he hadn't heard of advisers affiliated with big brokerages like Ameriprise making acquisitions of entire financial-planning businesses.**

Late last year, with the help of a third party, FP Transitions, Ameriprise put together a program that helps its advisers identify nearby independent financial advisers that are looking to sell their practices. The program also helps the Ameriprise advisers determine how much the targets are worth and then guides them through the acquisition process. By boosting the portfolios of some of its advisers, Ameriprise hopes to get a bigger piece of the U.S. financial-planning pie.

"The good news is most of our advisers have built their business through strong client service to existing clients, who then refer people into the business," said Kim Hoversten, vice president of strategy and

practice acquisitions for Ameriprise's U.S. Advisor Group. "The bad news is that's still a somewhat slow growth process."

There are roughly 100,000 independent financial advisers in the United States, according to market research firm Tiburon Strategic Advisors. More than half of independent reps are over the age of 50, says Tiburon, which means they are nearing retirement. Nearly 70 percent of the reps in that age bracket don't have a succession plan in place.

"The approach also appears to be a novel one in the industry"

- Ryan Shannon

That's where Ameriprise sees an opportunity.

As a firm that's carved its niche around serving the massive baby boomer population, Ameriprise considers itself quite adept at helping people retire and come up with a succession plan.

"We talk so much about baby boomers and how that relates to consumers," Hoversten said. "There are financial advisers out there that are nearing retirement who have the same need."

Most of the practices up for grabs generate roughly \$300,000 in revenue and have \$30 million in assets under management and 200 to 300 clients, Hoversten said.

Sometime this quarter,

the company will unveil a loan program that will give its advisers the funds they need to make acquisitions. Ameriprise Bank, which the company formed in fall 2006, will service the loans.

That's not to say making such deals will be easy.

Ameriprise advisers aren't the only ones looking to expand their practices. For every financial advisory business on the sale block, there can often be 30 inquiries and three to four offers, according to FP Transitions research.

Some independents wonder just how many of their peers will embrace the idea of selling their practices to a big company like Ameriprise.

The vast majority of independent reps don't want to be part of a larger company because they like being their own boss, Tiburon research shows.

"I think they would be resistant to going back to the wirehouse because a lot of them came from the wirehouse," Shannon said. A wirehouse, in industry lingo, refers to a large brokerage firm.

Ameriprise officials understand there may be cultural differences to overcome and the program they've developed to help with the acquisition program addresses those differences.

"These people aren't looking to sell their business to just anyone," Hoversten said. "They want to know that over the long term their clients will be taken care of and this new person will continue to work with them toward their financial goals."