



RETIREMENT PLAN ADVISOR BUSINESS PLANNING CONSIDERATIONS

**STATE STREET
GLOBAL ADVISORS.**

 **WISE RHINO
GROUP**
www.wiserhinogroup.com

OVERVIEW

WHAT.

- **Historical Precedent**
- **Emerging Pressures**

WHY.

- **Changing Market Dynamics**
- **Evolving Advisory Firm Service Proposition**

HOW.

- **Prioritize Business Plan**
- **Drive Enterprise Value**



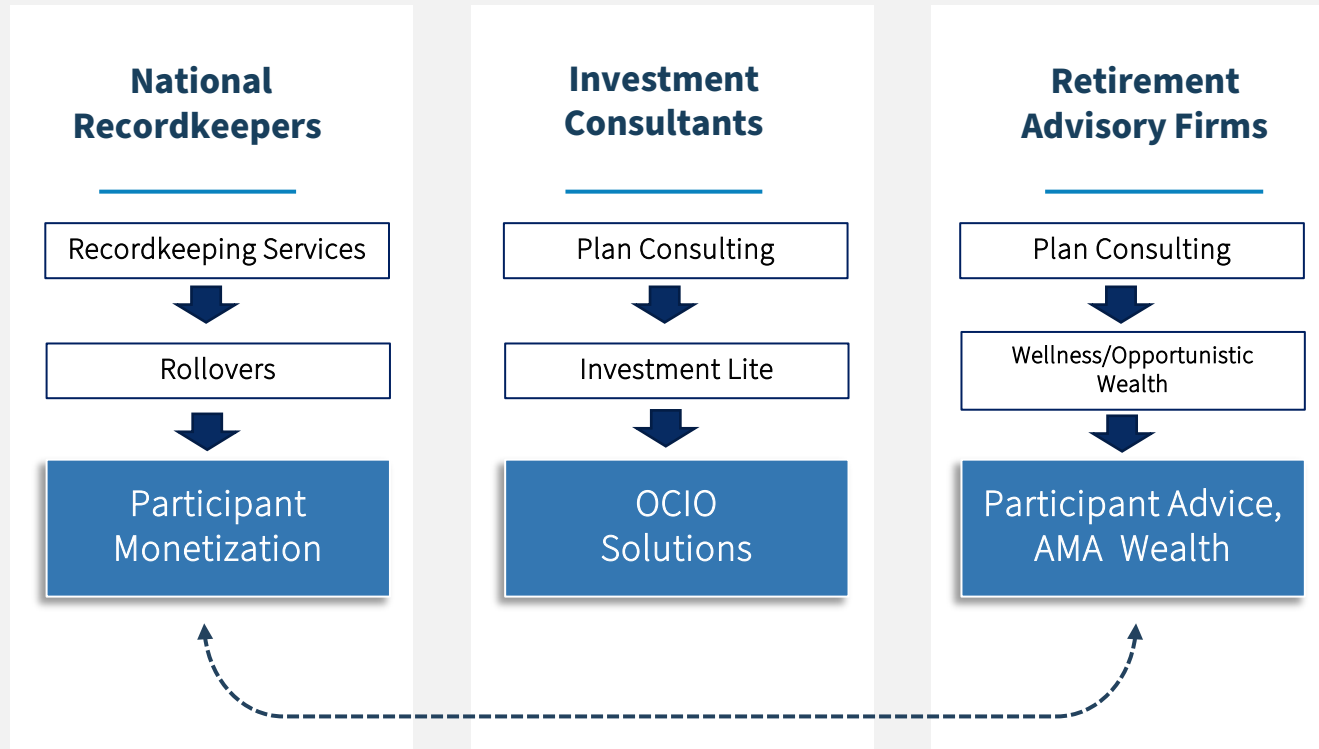
CONSIDER DOING THESE THINGS NOW

- ▶ Become a Student of the Retirement Advisory Firm Industry.
- ▶ Prioritize Business Management. Develop a Plan. Benchmark Periodically.
- ▶ Understand and Improve Your Firm Value Drivers
- ▶ Learn To Think Like A Buyer As You Build Your Business
- ▶ Seek Assistance From Experienced Advisors



EVOLUTIONARY SURVIVAL TO SURVIVE AND THRIVE

Historical Precedent of Change Required to Drive Revenue



UNDER PRESSURE

What Keeps Retirement Advisors Up At Night



Fee Compression

- Solutions not Products
- Doing More for Less
- Commoditization of Services



The Fight to "Own" the Participant

- Required for Revenue
- RK Focus
- Overlapping Value Prop



Health, Retirement & Wealth

- Convergence
- Client Holistic Focus
- Expand/Diversify for Margins



Consolidation

- Recordkeepers, BDs, Investment Consultants 7th inning
- Wealth and Retirement Advisors 3rd inning



Bridge to Wealth

- From want to need
- In-Plan Advice Capability
- Technology Gap



Human Capital (You)

- Age
- Career Goals/Opportunities
- Execution



Scaled Competitors

- Increase in Numbers
- Professionally Managed
- Well Capitalized



Broader Threats

- Legislation
- Other DC Players/DCIO
- Amazon/Google

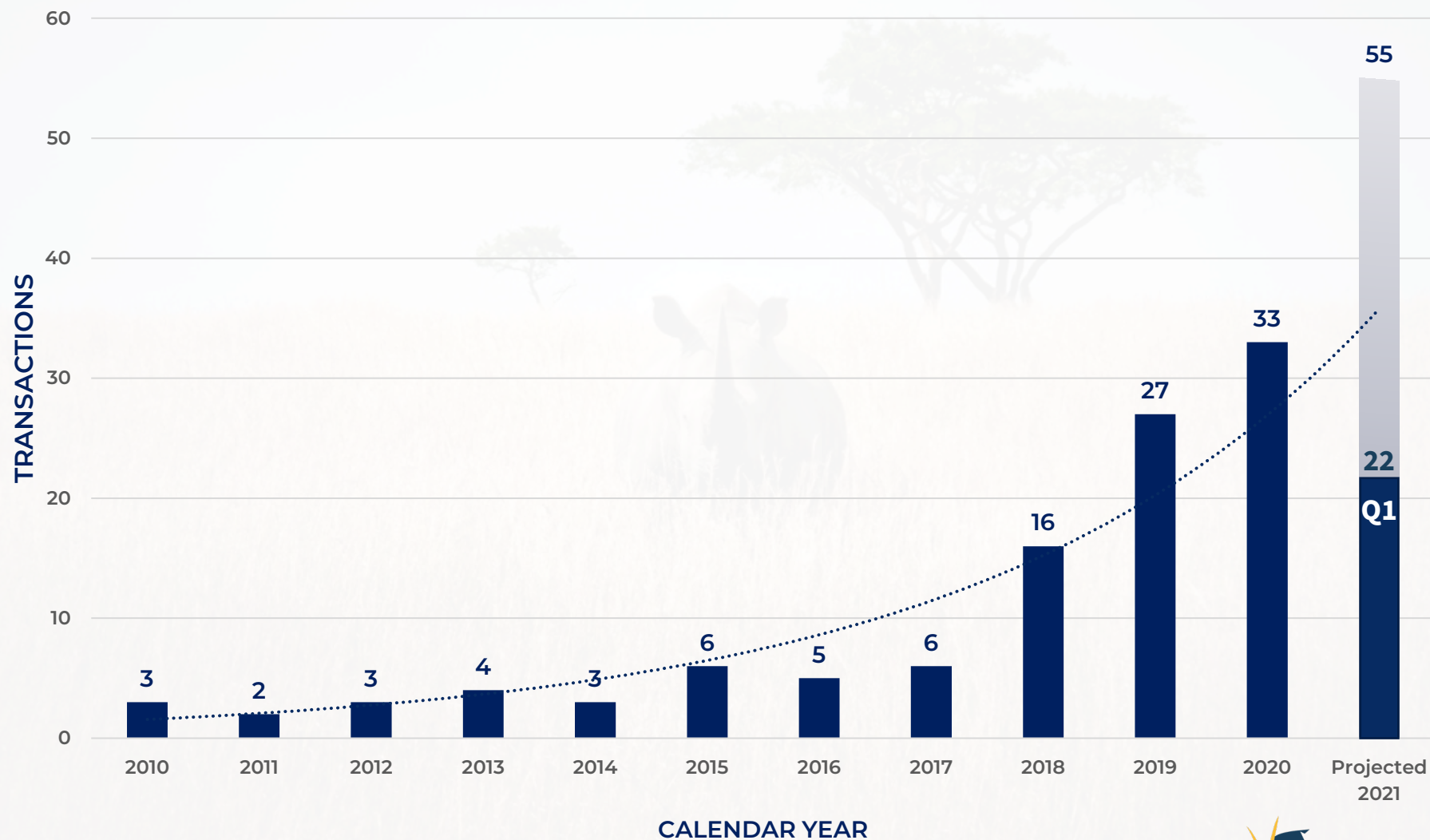


Timing of Current Market

- Current Multiple Levels
- Buyer to Seller Ratio
- Economy



STEADILY INCREASING TRANSACTION VOLUME



DRIVERS OF INCREASING RETIREMENT ADVISORY M&A

- ▶ More and Larger, Well Capitalized, Well Managed Buyers
- ▶ Larger Retirement Advisory Targets
- ▶ Validated Value
- ▶ Participant Engagement/Monetization
- ▶ Demographics
- ▶ Firm Pressures
- ▶ Opportunities



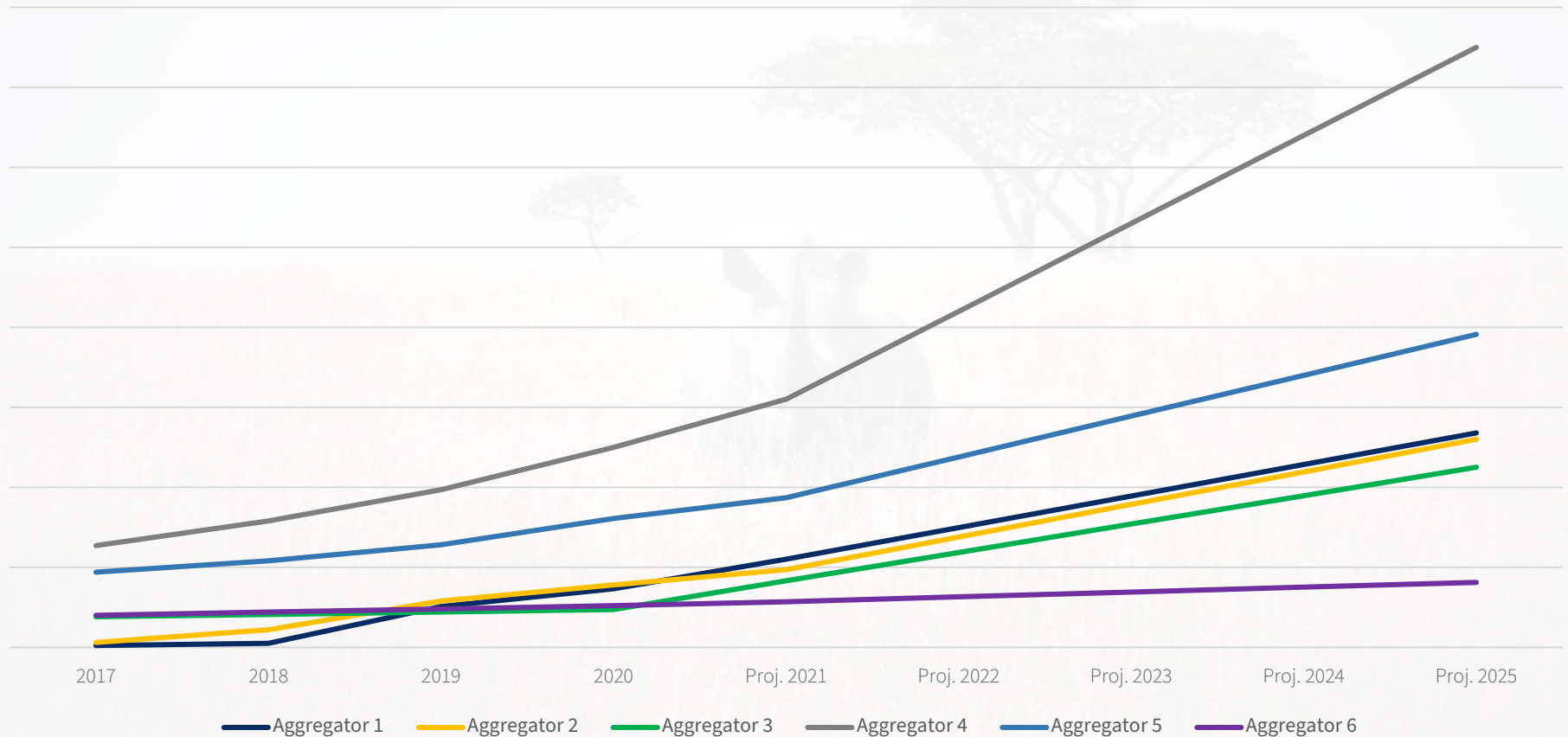
RETIREMENT ADVISORY FIRM MULTIPLES Q1 2021

FIRM TYPE	DESCRIPTION	MULTIPLE
SCALED RETIREMENT & WEALTH FIRM -VALIDATED MODEL HIGH GROWTH	CAPTRUST PE DEAL WITH GTCR IN 2020 AT 20X	18.00 – 20.00X
INSURANCE BROKERAGE - MEGA	TOP 5 LARGEST FIRMS: AON, WILLIS, MARSH, BROWN & BROWN, GALLAGHER	16.00 – 18.00X
INSURANCE BROKERAGE – MID/LARGE	TOP 6 – 20 FIRMS: ONEDIGITAL RECAP (JUNE 2020)	14.00 – 16.00X
FULLY INTEGRATED RETIREMENT & WEALTH ADVISORY PLATFORM WITH AFFILIATES (\$15M REV +)	INDEPENDENT CENTRALIZED PLATFORM AND AFFILIATE FIRM NETWORK FOCUSED ON RETIREMENT AND WEALTH ADVISORY.	12.00 - 14.00X
RETIREMENT & WEALTH ADVISORY FIRM - REGIONAL ELITE (\$8M REV +)	REGIONALLY SCALED ENSEMBLE BUSINESS TYPICALLY WITH MULTIPLE OFFICES.	10.00 – 12.00X
RETIREMENT & WEALTH ADVISORY FIRM - ELITE (\$ 2 - \$8M REV)	ELITE SINGLE OFFICE BUSINESS	8.5 – 10.00X
RETIREMENT ADVISORY FIRM - \$ 750 - \$2M REV)	EMERGING SINGLE OFFICE BUSINESS	6.00 - 8.50X
RETIREMENT ADVISORY PRACTICE/BOOK - < \$ 750 REV	PRACTICE/BOOK OF BUSINESS	4.00 - 6.00X



AGGREGATORS GROWTH CREATING SEPARATION

RETIREMENT REVENUE (MILLIONS)



RETIREMENT ADVISORY FIRM TABLE STAKES

Retirement Advisory Firms Are Beginning Understand What They Need For 2.0



Commitment, Leadership, and Vision

- Clear roadmap to organic and inorganic growth
- Ability to articulate a clear vision around navigating the changing landscape



Culture and Community

- The alchemy of many important (but often small) things
- Retirement advisors know it when they see it



Growth Engine

- Scale through retirement, wealth and tech acquisitions
- Cross-sell other c-suite solutions and participant-based services and wealth advisory



Scalable Tech Platform/Operating Company

- Back-Office, Middle-Office, Retirement, Wealth, Monetize Participant
- Centralization of certain services to drive efficiency



Financial Firepower

- Capital and support to grow and scale towards being a strong operating company
- Acquisitions and Technology



Brand & Expertise

- Advisor recruiting brand, c-suite brand and employee level brand
- Broad capabilities



Role Expansion and Career Opportunities

- Beyond the practice to Region and Nationally
- Larger company opens more possibilities for staff

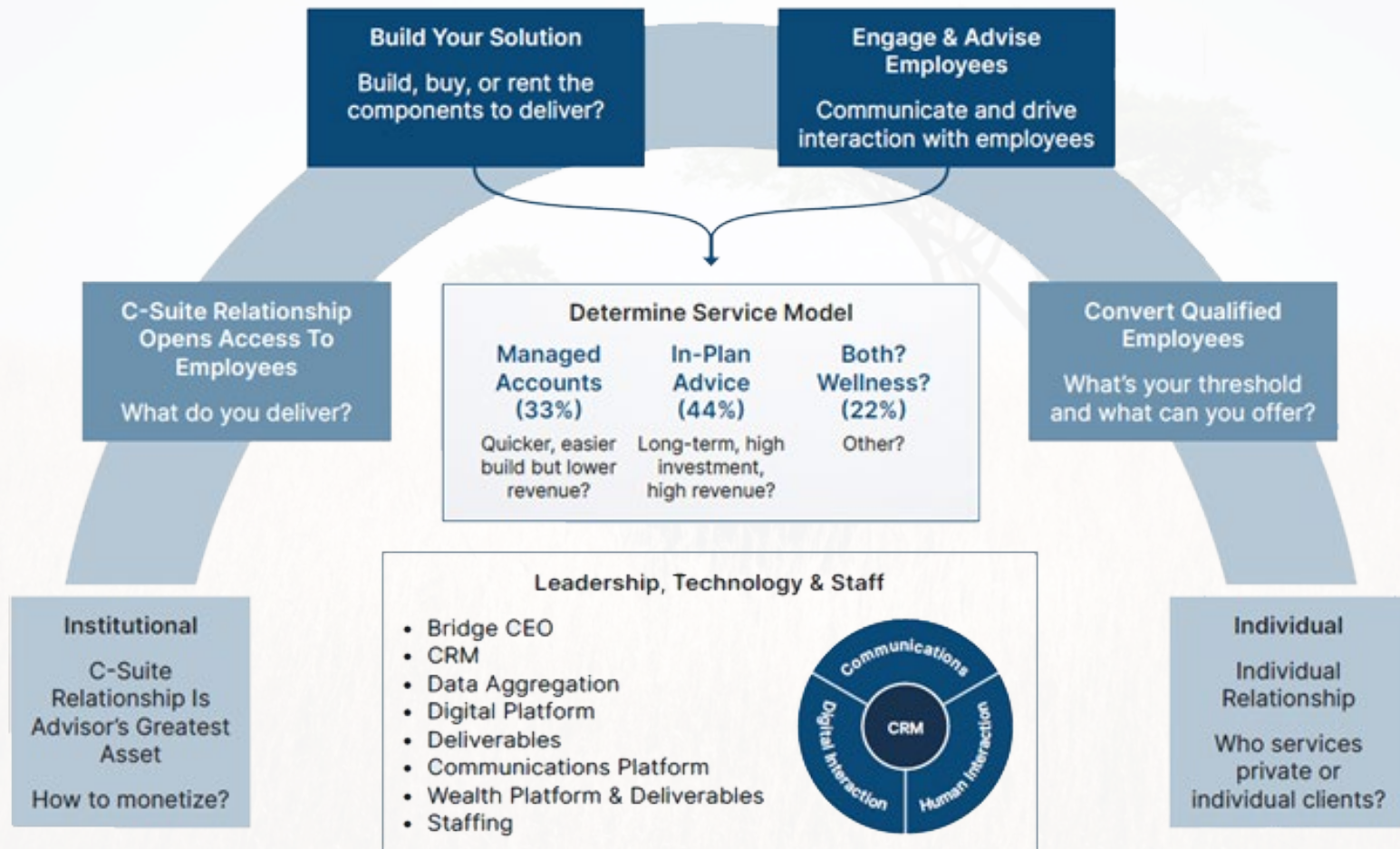


Proven Post Merger Integration Model

- Experienced with an effective transition blueprint
- Impacts partners, staff and clients



THE BRIDGE



THINK LIKE A BUYER

How to Drive Enterprise Value in Your Business

Service Model Drivers

- Plan Investment Solutions/Managed Accounts
- Participant Advice
- Wealth Advisory
- Employee Benefits+

Fundamental Drivers

- Revenue Size
- Predictable and Recurring Revenue and Trend Line
- Margin/EBITDA and Trend Line
- Client Concentration Risk
- Leadership Capabilities and Brand
- Geography

Variable Drivers

- Client Demographics and Tenure
- Team Capabilities, G2, Recognition and Brand
- Breadth of Services
- Organic Growth Strategies and Results
- Cost Structure, Platform & Technology



BUSINESS PLAN CONSIDERATIONS

Understanding Where You Are Now Is The First Step

Business Analysis Considerations

1. Understand the Current Market Valuation of your Firm.
2. Benchmark and outline the Strengths, Weaknesses, Opportunities and Threats of your business relative to the broader marketplace.
3. Identify the Gaps & Liabilities facing your firm, as well as where to focus today to drive greater Enterprise Value. Improve on specific value drivers.
4. Outline the potential options for you, your firm and your employees which may include acquiring, merging, or selling.



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THE RETIREMENT INDUSTRY'S MOST EXPERIENCED & TRUSTED M&A ADVISORY FIRM

Providing Retirement Industry firms a unique
resource and catalyst in pursuit of
accelerated growth and sustained competitive success

