

Advisor Group Adjusts Rep Fees

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Advisor Group has been quietly implementing changes to its pricing structure, including a new bundled affiliation fee and annual fee for directly held mutual fund positions.

Advisor Group, the network of independent broker/dealers, has been making changes to prices charged to its affiliated advisors, according to a memo obtained by *WealthManagement.com*.

“This year, we are simplifying and bundling our fees and aligning nearly all pricing across the entire Advisor Group network,” according to a memo sent to Securities America, an Advisor Group broker/dealer, to its advisors. “We are also eliminating certain regulatory markups that have been charged to you in the past. As your partner, we are committed to ensuring our pricing is fair and competitive in the marketplace. We also continue to leverage our size and scale to invest in your business, and ours, to ensure we deliver optimal value to you and your clients.”

The broker/dealer network says it has been implementing these changes over the last 24 months for its pre-existing firms, meaning those that were part of Advisor Group before its acquisition of Ladenburg Thalmann; the 2023 changes apply to the Ladenburg firms, including Securities America and Triad. The pricing updates do not apply to recently acquired [Infinex](#) and [American Portfolios](#).

For one, the firm is bundling certain fees that were previously charged separately, including the advisor’s affiliation, core technology, errors and omissions (E&O),

fidelity bond, firm element (a training requirement), cyber insurance and CyberGuard program fees.

Advisor Group has joined other broker/dealers by charging a fee for mutual funds advisors hold directly at the fund companies versus those held in brokerage accounts or separately managed accounts. Advisors pay an annual fee of \$2.50 per account type for those held-away accounts. The fee will be implemented on April 1, 2023, and based on March 31, 2023, assets.

“This is a pass-through fee that we’ve historically subsidized, covering mailing costs, data feeds for aggregation and supervision, and various systems we license to offer you the flexibility to opt for direct business,” the firm said.

In 2020, [Avantax Wealth Management](#) imposed a \$60 annual fee on

advisors for directly held mutual funds. An activist investor in Avantax's parent company, Blucora, called for the firm to do away with the annual charge, which they saw as punitive for advisors that did business off the platform. The investor cited the fee when they launched a proxy battle to put their own directors on the parent company's board.

Advisor Group has also eliminated its outside business activity fee, which was \$600 a year, and replaced it with a new insurance business activity fee, a \$300 annual levy that covers the cost of additional error and commission coverage.

A new annual minimum production requirement fee will be assessed on those with an annual production of less than \$62,500. The firm, which cited overall advisor growth and ongoing regulatory scrutiny as reasons for the change, will analyze advisors' trailing 12-month production through October 2023, and assess the fee late next year or early 2024. Advisors in the first three years of their careers or in their first year at Advisor Group will be exempt.

Further, advisors' FINRA/SIPC assessment will now be based on individual production, with a \$700 minimum and \$1,500 maximum annual fee. Previously that fee was 45 basis points on nonadvisory compensation, charged weekly.

Advisor Group has also updated its fees for registered assistants. Reps will be charged \$95 a month for those assistants, compared with the previous \$50 a month. The firm will charge a new \$25 monthly fee for nonregistered assistants. These fees cover back-office support, system access, email retention and other services, the firm said.

The firm instituted a new fee on advisors who do ERISA and non-ERISA employer retirement plan business of \$21.67 per month on those with one retirement plan or \$30 a month for those with two or more plans. That includes access to Retirement Plan Advisory Group (RPAG) reporting, "which

supports Advisor Group's compliance and supervision processes."

The changes also included a number of fee reductions and credits, with FINRA annual renewal fees being cut to remove previously charged markups on state licensing fees, exam registrations, regulatory CE and special U4 registration fees. Those future fees will be passed through at cost as compared with a \$20 firm markup per item.

The firm has also reduced fees charged to advisors using Albridge Premium and MyRepChat from \$150 or \$200 per month to \$125 per month and from \$15 a month to \$10 a month, respectively.

In addition, advisors who have 50% or more of their assets "on platform" can receive a \$300 annual credit. Advisors are eligible for that credit if they have 50% or more of their assets in Direct Choice, brokerage and Wealth Management Platform business through NFS or Pershing, or write at least one life insurance policy or annuity with Highland Capital Brokerage, an Advisor Group subsidiary.

The firm has also eliminated its signature guarantee stamp, which was previously \$175 per year.

The memo also mentioned changes coming in February 2023 to [custodial fees charged to end clients](#). The firm says those changes will primarily be fee eliminations or cuts, but there are also some fee increases.

"They say the lowered costs are due to their scale, which is partially true, but it is more about earning more on money market sweep accounts," said Jonathan Henschen, founder of the recruiting firm Henschen & Associates. "If the Fed were to reverse course and drop interest rates, you'd see b/ds reverse course and raise expenses once again."

Commonwealth Financial Network recently announced that [the](#)

[firm will reduce the pricing tiers](#) on its platform by about 60%, effective Jan. 1. Commonwealth launched the platform fee four years ago, wrapping a single fee for trades in all securities for taxable accounts and IRAs. The old platform fee ranged from as low as 1 basis point for larger accounts to 12 basis points for smaller accounts. The new platform fee structure has fewer tiers, and fees range from 5 basis points to 1 basis point, depending on account sizes.

Correction: A previous version of this story suggested the pricing changes were being applied to all Advisor Group affiliates; Firms that were part of Advisor Group before the acquisition of Ladenburg Thalmann had already implemented the changes

Read the full article [here](#).