# Lincoln to hit some RIAs with up to $20K in new fees

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by Bruce Kelly and featured in Investment News

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Lincoln Investment Planning Inc., a fast growing independent broker-dealer, is hitting its reps and advisers who run their own RIAs with a new, annual supervision and compliance fee of up to $20,000.

Lincoln executives sent a letter this week to those reps and advisers who have their own registered investment advisory firms to inform them of the new fee.
The supervisory fee will range from $5,000 to $20,000 and is based on the number of advisers at each practice, the assets managed – and Lincoln Investment's opinion of the risk, according to Ed Forst, the firm's CEO.

The fee hike, which is scheduled to take effect on July 1, will affect about a dozen offices of Lincoln Investment Planning reps and advisers, said Mr. Forst. Advisers will pay the fee quarterly.

The fee increase affects advisers Lincoln Investment Planning acquired in 2010 when it purchased Great American Advisors, Mr. Forst said.

"We have a handful, maybe a dozen or two [independent] RIAs that came to us in the transaction with Great American Advisors," he said.

"We felt that the supervision needed to change from what they had previously," he added. "We felt we needed to do things differently and institute different policies. One thing is a third-party audit that we are paying for."

"There was a lot of conversation with advisers" about the fee increase, Mr. Forst added.

Industry observers noted, however, that such a significant charge for supervision and compliance of an RIA is highly uncommon.

"If I was a rep with my own RIA and [the broker-dealer] imposed a $20,000 fee for supervision—that would be my signal to leave," said Jonathan Henschen, an industry recruiter. "If this fee is in addition to some sort of payout grid [for the fee-based, advisory business] like 90% or 95%, I'd say it is way out of balance with the rest of the industry."

Some firms have recently pulled back on allowing their reps to run their own RIAs, due to regulators' concerns over outside business activity, Mr. Henschen added.