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ADVISOR RANKINGS: TOP INDEPENDENTS

Top Independent Financial Advisors

By Steve Garmhausen Sept. 15, 2017 11:32 p.m. ET

ILLUSTRATION: BRIAN STAUFFER FOR BARRON'S

When Ric Edelman and his wife, Jean, started their financial planning practice in 1986, they faced one major obstacle. "Nobody had ever heard of financial planning," he recalls.

Entering an industry dominated by a sales culture and often-conflicted advice, pioneers like Edelman spent decades tirelessly advocating for and providing something different: independent wealth management encompassing clients' overall financial needs and providing objective advice that is in their best interests.

Top 100 Independent Financial Advisors for 2017

Top 100 Independent Financial Advisors for 2016

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holistic, and client-focused advice of the kind that Edelman and his fellow industry pioneers have forced into the mainstream.

The firms that have been providing it for decades have evolved into multibillion-dollar operations. With a consolidation of the industry in full swing, many of these firms are on acquisition binges that are fueling rapid growth. Our ranking's top 20 registered investment advisors (RIAs)—firms that register with the state or federal regulators and who accept the responsibility of a fiduciary duty to their clients— grew 23.2% in the last year, expanding average assets under management to $13.8 billion, from $11.2 billion.

"The practices became firms, and now the firms are becoming enterprises," says Rob Francais, the CEO of Los Angeles and New York–based Aspiriant.

The heads of top firms such as Edelman Financial Services, Creative Planning, and Mariner Holdings have been perennially top-ranked independent advisors in *Barron's* rankings through the years. Ric Edelman and Creative Planning's Peter Mallouk have each been our top-ranked advisor nationally for three years.

As their firms have grown, such pioneers have assumed management roles—inculcating best practices learned on the way to building their often-sizable firms. In the table below, we list 10 advisors who have moved up to assume executive roles at their rapidly growing RIA firms. Also below, we rank the Top 30 RIA firms based on assets under management, retention, and factors that contribute to providing broad and consistent service to clients. We provide our traditional ranking of the Top 100 independent advisors based on criteria outlined in the story, "Independent Advisors: 2017's Top 100."

Mariner CEO Martin Bicknell says his career evolution allows him to help clients in new ways. "The big difference is helping advisors impact clients, versus impacting clients yourself," he says. "It's allowing me to impact more clients by teaching people to do it, not just doing it."

Not surprisingly, entrepreneurs behind these now-dominant RIAs are cut from independent cloth. Francais and his brother were running a successful T-shirt screen-printing business before they were teenagers. "Our dad taught us how to negotiate with adults, and gave us room to make mistakes," he says. "And we were able to chip in and help the family."

THE GRADUATES

Top RIA firm executives who have moved up after stellar careers as advisors

Executive	Firm	Years as Top 100 Indie Advisor	Highest Ranking
Ric Edelman	Edelman Financial Services	6	1 (three times)
Peter Mallouk	Creative Planning	8	1 (three times)
Martin Bicknell	Mariner Holdings	6	2 (three times)
Ron Carson	Carson Group	10	2 (twice)
Fred Fern	Churchill Management Group	8	1
Rob Francals	Aspiriant	7	18
Brent Brodeski	Savant Capital Management	8	28
Richard M. Burridge Jr.	RMB Capital Management	7	22
Michael Stolper	Veritable	2	33
Howard Sontag	Sontag Advisory	5	5

Still, even as the businesses of Francais and his peers thrive, challenges remain. A big one is staying nimble and safeguarding an independent spirit in a fast-growing firm. It's a process that Francais calls "scaling the work of a trusted advisor." As he explains, "How to get the best thinking from the group to bear on every client relationship— that's a cultural puzzle that involves governance, management, and compensation."

This is where a rigorous hiring process is vital, adds Carson Group's Ron Carson. "As we get bigger, we spend even more time and effort on the cultural side of the business. We defend our culture by carefully adding people to our organization."

That's ever-more important as consolidation within the advisor industry heats up. Firms such as Aspiriant, Edelman, and Mariner are big acquirers with fine-tuned machinery for integrating new advisors.

Amid all this, the leading RIAs continue to innovate. Carson, for example, is breaking ground by making it easier for clients to switch from a high-touch service tier to a low-touch tier, and vice versa.

Don't expect this group to stop leading the way anytime soon. "I'm proud of what we have done thus far, and know that we have a lot more to do to really set the bar," says Mallouk.

Below, we profile five of the largest and fastest-growing RIA firms and the advisors-turned-CEOs who've nurtured that growth.

Edelman Financial Services
Headquarters: Fairfax, Va.
Offices: 43
Clients: 33,917
2017 Top RIA Firm Rank: 3

Edelman Financial has thrived by doing the basic things advisors are supposed to do, but usually don't.

From left, Ric Edelman, Ed Moore, and Ryan Parker of Edelman Financial Services are encouraging clients to ask them about "anything with a dollar sign." *PHOTO: MAX HIRSHFELD FOR BARRON'S*

Executive Chairman Ric Edelman cites Cerulli Associates, the financial services data research provider, which has reported that 70% of advisory firms don't do planning. "It's impossible to give a client investment recommendations if we don't understand the clients' goals and provide advice regarding all aspects of their personal finances," he says.

Not only do Edelman's 157 advisors encourage clients to ask them about "anything with a dollar sign," he says, but they also accept clients with as little as $5,000. "As long as people keep asking for our help, we'll continue to grow to serve them," he adds. Accepting a range of clients has helped the 31-year-old business grow to $19.6 billion of assets.

Edelman will soon be growing even faster, as it has recently assembled an M&A team and begun talking with potential targets. "We recognize that due to changes in the marketplace there's a tremendous opportunity to improve the quality of other advisors' practices and improve the client experience," he says.

Edelman's acquisitions won't retain a high degree of autonomy, unlike firms gobbled up by some other big buyers. The firm is highly centralized, from its branding to its investment model to its planning approach. In terms of consistency, it's a lot like Starbucks, says Edelman.

The firm's investment portfolios grow from its planning-centered approach. Its 12-year-old investing model is based on modern portfolio theory, neuroeconomics, and behavioral finance.

Portfolios are globally diversified, market timing is shunned, and investment costs are kept low. In addition, holdings are reviewed on a daily basis and rebalanced as warranted—not just once a year or once a quarter. As-warranted rebalancing has proven to reduce risk and improve returns, Edelman says.

Outside of investing and long-term planning, Edelman advisors tackle all kinds of financial tasks for their clients, even if they don't directly create revenue. They've helped clients buy cars and analyze insurance policies. They've worked with attorneys to coordinate the drafting of wills or creation of trusts. They've helped find drug-rehab programs for clients' children.

Every service must be delivered with integrity, says Edelman. In fact, that's the reason he got into the business. Early in his working life, he was a journalist when an advisor told him and his wife to lie on their mortgage application.

As the firm has scaled up, one challenge has been adding advisors who are willing to put their egos aside and buy into the Edelman way. Edelman believes that a client who asks a question of any advisor at the firm should get the same answer.

The company Edelman started with his wife in 1986 has grown to the point where it will outlive its founders. The firm has been working over the past few years to become more institutionalized and to de-emphasize the focus on the CEO. That may be tough to do, since he remains an active and nationally recognized figure, with a radio show, television appearances, and a number of books to his name.

Creative Planning's Peter Mallouk: "Even though we specialize...I think it's essential that all of our advisors are well versed across the board to be able to spot issues." *ILLUSTRATION: JASON DAILEY FOR BARRON'S*

Creative Planning
Headquarters: Leawood, Kan.
Offices: 22
Clients: 18,028
2017 Top RIA Firm Rank: 1

The 2008 financial crisis destroyed considerable wealth and more than a few financial firms. But it helped propel Creative Planning from a successful independent firm to a juggernaut.

“The crisis was a wake-up call to nearly everyone, and people across the country started to look at all their options,” says Peter Mallouk, president and chief investment officer of the Leawood, Kan.–based firm. After emerging from the experience in unusually good shape, Creative Planning’s clients “went from being loyal clients to fierce advocates,” he says.

Within a few years, Mallouk and company went from managing $500 million to billions, and they haven’t looked back. More recently, Creative partnered with coach and business strategist Tony Robbins, a champion of independent fiduciary advisors who provides referrals and serves as the firm’s director of investor psychology.

Creative Planning grew from Mallouk’s early career as an estate-planning attorney. In that role, he supported advisors at 11 brokerage houses. Making his rounds, Mallouk perceived the need for a coordinated approach, with a broad set of advisory services under one roof.

“Given that I was spending my days filling in a segment of wealth-management services for other advisors, it became clear to me there was a need for a more coordinated approach,” he says.

The firm he joined in 2004 now boasts $26.4 billion of assets, 22 offices, and 237 advisors—the most of any firm in our ranking. Those advisors don’t face the business-generation demands of their counterparts at big Wall Street firms: Creative’s clients—often professionals and entrepreneurs Mallouk refers to as “the multimillionaires next door”—usually seek out the firm.

On the other hand, Creative’s advisors must undergo intensive training and quickly get up to speed on a broad catalog of financial knowledge. “Even though we specialize, with each advisor focused on their particular skill set, I think it’s essential that all of our advisors are well versed across the board to be able to spot issues better served by colleagues within the firm,” says Mallouk.

Clients might need help with estate settlement, business planning, charitable planning, or other complex needs. Creative, staffed with attorneys and certified public accountants along with planners and investing pros, does everything in-house.

FOR A LARGER VERSION OF THE TABLE, CLICK HERE .

Creative’s scale and independence have enabled the firm to gain access to investments such as private equity funds and private placements that its clients would not necessarily be able to tap elsewhere. And it wields its clout to win price breaks from investment providers. “Many

THE TOP 30 RIA FIRMS

The nation's largest independent advisory firms have their sights set on growth, and an accelerating consolidation in the industry is likely to fuel it.

RANK '17	RANK '16	Firm	Location	Top Executives	Clients	Advisors	Offices	States
1.	2.	**Creative Planning**	Leawood, Kan.	Peter Mallouk, Jim Williams	18,028	237	22	11
2.	1.	**Mariner Holdings**	Overland Park, Kan.	Martin Bicknell, Cheryl Bicknell	14,000	169	26	16
3.	3.	**Edelman Financial Svcs**	Fairfax, Va.	Ryan Parker, Ric Edelman	33,917	157	43	16
4.	4.	**United Capital Financial Adv**	Newport Beach, Calif.	Joe Duran, Gary Roth	19,612	138	84	28
5.	5.	**Silvercrest Asset Mgmt Group**	New York	Richard R. Hough III, David J. Campbell	689	27	7	4
6.	NR	**Veritable**	Newtown Square, Pa.	Michael A. Stolper, John J. Scuteri	218	48	3	2
7.	7.	**Moneta Group Investment Adv**	Clayton, Mo.	Thomas E. O'Meara, Keith Bowles	4,389	87	2	1
8.	6.	**BBR Partners**	New York	Brett Barth, Evan Roth	130	25	4	2
9.	NR	**Ehrenkranz Partners**	New York	Andrew Sommers, John Ehrenkranz	135	6	1	1
10.	9.	**Aspiriant**	Los Angeles	Rob Francais, Bret Magpiong	1,600	67	10	6
11.	8.	**Brownson, Rehmus & Foxworth**	Chicago	Susan Shacklette, John Lafferty, Steve Rehmus	459	16	4	4
12.	11.	**Buckingham Strategic Wealth**	St. Louis, Mo.	Adam Birenbaum, David Levin	4,900	135	19	14
13.	15.	**Oxford Financial Group**	Indianapolis	Jeffrey H. Thomasson, Lisa Walker	900	26	5	5
14.	NR	**Pathstone Federal Street**	Englewood, N.J.	Steve Braverman, Allan Zachariah	334	54	7	7
15.	12.	**Johnson Investment Counsel**	Cincinnati	Jason O. Jackman, Bret H. Parrish	3,708	31	5	1
16.	NR	**Evercore Wealth Mgmt**	New York	Jeff Maurer, Chris Zander	600	25	4	4
17.	19.	**Tiedemann Wealth Mgmt**	New York	Michael Tiedemann, Craig Smith	438	23	6	5
18.	17.	**CV Advisors**	Aventura, Fla.	Elliot Dornbusch, Alexandre Mann	62	5	1	1
19.	14.	**Athena Capital Advisors**	Lincoln, Mass.	Lisette Cooper, Leonard Lewin	42	14	2	2
20.	NR	**Sontag Advisory**	New York	Michael Delgass, Howard Sontag	1,257	9	1	1
21.	NR	**Carson Group**	Omaha, Neb.	Ron Carson, Aaron Schaben	10,502	110	52	28
22.	18.	**Savant Capital Mgmt**	Rockford, Ill.	Brent R. Brodeski, Richard A. Bennett	4,259	41	13	3
23.	20.	**RMB Capital Mgmt**	Chicago	Richard M. Burridge, Jr., Frederick Paulman	2,277	21	17	12
24.	NR	**Churchill Mgmt Group**	Los Angeles	Fred A. Fern, Randy C. Conner	5,157	38	11	14
25.	NR	**Frontier Investment Mgmt**	Dallas	Gary Schoen, Richard Sowden	1,257	20	7	5
26.	NR	**WMS Partners**	Towson, Md.	Timothy W. Chase, Pace Kessenich	298	23	1	1
27.	NR	**Signature Family Wealth Adv**	Norfolk, Va.	Randy Webb, Anne Shumadine	165	11	3	1
28.	NR	**Ferguson Wellman Capital Mgmt**	Portland, Ore.	Jim Rudd, Steve Holwerda	783	21	1	1
29.	NR	**Summit Trail Advisors**	New York	Jack B. Petersen, David Romhilt	270	14	4	4
30.	NR	**Joel Isaacson**	New York	Joel S. Isaacson, Stanley Altmark	883	16	1	1

NR=Not ranked.

firms have their own products to peddle, even independent firms; others are truly independent but don't bring the negotiating power to the table," Mallouk says. "In recent years, we've been able to deliver on both."

Creative's portfolios might include a small portion of more-aggressive investments such as high-yield bonds and micro-cap stocks, but nothing more exotic than that. "I am willing to accept investments that can bend in exchange for returns," says Mallouk. "But above all else, we are always doing our best to avoid investments that can break."

Unlike many big independent firms, Creative doesn't expect acquisitions to account for much of its growth. "I'd rather work to create something that clients want to choose on their own, rather than buy clients," Mallouk says.

Aspiriant's John Allen, left, with Rob Francais are striving for a trillion dollars in assets and 100,000 employees. *PHOTO: KARL KAUL FOR BARRON'S*

Aspiriant

Headquarters: Los Angeles, New York

Offices: 10
Clients: 1,600
2017 Top RIA Firm Rank: 10

Rob Francais, CEO of Aspiriant, has ambitious goals for the firm: He ultimately wants $1 trillion of assets under management and 100,000 employees, and offices in every major U.S. city.

This might sound like a pipe dream, until you consider how far Aspiriant has come in a short time. The New York and Los Angeles–based advisory firm has amassed $11.2 billion of assets, nearly 200 employees, and offices in 10 cities. It has patiently built a model for acquiring and integrating other firms, which it can now execute over the decades to come.

“Aspiriant was born with a vision of being a national organization, and we were born into a 100-year plan,” says Francais.

Early this year, Apiriant bought Silicon Valley–based Stanford Investment Group, which had 272 clients and $850 million of assets under management.

Francais, who started his career as a certified public accountant with Deloitte, wants the company to be known for more than its size. The employee-owned firm is committed to holistic, fiduciary wealth advice, and with an abundance of accountants, lawyers, and financial planners on staff, it’s built to deliver.

Its bench depth has allowed the firm to tackle complex, years-long projects. One involved 15 years of planning to sell a company in which 11 family members owned stakes.

Aspiriant teams worked intensively with each of the owners, who ranged in age from 15 to 72. The effort included determining estate taxes, insurance, liquidity needs, entity structures, legal jurisdictions, and financial goals for each client. “All those pieces of their puzzle were defined and put on the table, and with the matriarchs and patriarchs, we began to put the pieces together,” says Francais. “It took us almost five years, while we were also managing their [regular financial] affairs.”

Aspiriant is the product of a 2008 merger between Francais’ Quintile Wealth Management, in Los Angeles, and San Francisco–based wealth manager Kochis Fitz. The firm has since absorbed several others, all of which have adopted the Aspiriant brand.

Aspiriant touts a fiduciary, client-centered culture. And Francais and his colleagues believe big firms like theirs can, and should, do more to exercise their fiduciary responsibility. For small advisory firms, being a fiduciary might simply mean choosing successful, cost-competitive investment managers for clients.

Aspiriant decided a few years ago that its size allows it to best serve clients by creating its own mutual funds. Subadvised by top outside managers, the three funds feature low costs and tax advantages that are unavailable in comparable outside funds. The in-house funds have raised eyebrows in the fiduciary advisor community because of the potential appearance of a conflict of interest. But Francais insists they're not a money-maker for the firm, and says clients encouraged the firm to create them.

It hasn't been easy building Aspiriant as an independent, holistic, fiduciary firm, while continually integrating outside firms into the company. But having done the hard work, Francais and company now own a competitive advantage. "From our culture to our core values to our succession model, I could give you a playbook and I'd still have an advantage," Francais says, "because we've worked through the execution."

Mariner Holdings' Martin Bicknell used the 2008 market crash to acquire advisors. *PHOTO: JASON DAILEY FOR BARRON'S*

Mariner Holdings
Headquarters: Overland Park, Kan.
Offices: 26
Clients: 14,000
2017 Top RIA Firm Rank: 2

For Mariner, the years following the 2008 market crash represented a massive opportunity to acquire advisors shed by Wall Street firms walloped by the crisis.

"We made a conscious decision to just go get talent," says CEO Martin Bicknell. "Some of the people we were able to attract wouldn't have picked a firm of our age and size, if not for that turmoil."

In 18 months, Mariner grew its advisor base by 250%, setting itself up for swift growth. Mariner's wealth-management unit now has $16.8 billion in assets under management, while its parent company, Mariner Holdings, manages almost $42 billion, including asset-management positions.

The foundation of the business, Bicknell says, is a commitment to putting clients' needs first. It's something he learned early in his career at A.G. Edwards, the regional securities firm acquired by Wachovia Securities in 2007. "Watching how Ben Edwards put clients first molded our approach to Mariner from the beginning," he says.

The firm stands out in the investing landscape because of its willingness to steer an appropriate portion of clients' capital into investments with liquidity premiums such as private equity, real estate, and debt. "We're firm believers that before you start your asset allocation, it's really important to understand the liquidity portion and what percentage of assets can be tied up based on your net worth, objectives, and time horizon," says Bicknell.

Mariner complements its investing with a well-rounded suite of wealth-management services. Those include "family-office lite" services like bookkeeping or tax preparation. "A lot of times we do work for a [modest] retainer that has nothing to do with investing."

Anticipating continued growth, Mariner is focused yet again on adding staff, in this case financial planners, who are in short supply throughout the industry. "Our favorite way to do this is to find young educated talent and train them from scratch," says Bicknell.

The firm guards against the cultural decay that can set in with big companies. "We talk about accountability all the time," he says. "We all have a responsibility to police the firm."

Like many other large RIA firms, Mariner is an active acquirer of smaller firms that lack succession plans, are being squeezed by competition and regulation, or both. It has acquired nine firms in the past five years.

Mariner handles back-office functions for its acquired practices—regulatory compliance, human resources, technology—and shows them how to improve their service and grow their businesses. Starting two years ago, it has insisted that newly acquired practices adopt the Mariner brand. "We used to be of the belief that it didn't matter," says Bicknell. But client confusion over multiple brands prompted the firm to change course.

One part of the business Bicknell is particularly proud of is the fact that outsiders want to work there. "Most of the people at this firm came to us because they knew someone inside the firm, even with most of our acquisitions," he says. "To me, that's a great sign that people are trying to surround themselves with people like them."

Ron Carson, of Carson Group, is making it easy for clients to choose the option of switching to a lower-fee service model. *ILLUSTRATION: CHRIS COUNCIL FOR BARRON'S*

Carson Group
Headquarters: Omaha, Neb.
Offices: 52
Clients: 10,502
2017 Top RIA Firm Rank: 21

You wouldn't think that an advisory firm would openly offer clients the option of switching to a lower-fee service model. And you sure wouldn't think they would make the process easy. But that's exactly what Carson Group plans to do starting next year.

"It's the ultimate win for the client," says CEO Ron Carson. "People don't want to feel trapped."

Like Carson Group, the best independent firms get to the top by innovating, and they continue once they're there. That Carson's firm is an innovator comes as no surprise to those who know him.

In junior high school, Carson ran a scheme in which he imported fireworks from China, brought them to school, and sold them to other kids. "If my locker had exploded, it would have blown up half the room it was next to," he says.

While wealth management is a less explosive business, Carson gives his team a high degree of autonomy and direct stakes in the company's success. Nearly 60% of the team members participate in equity compensation plans. "We all feel like we're owners in the business," says Teri Shepherd, Carson's chief financial officer and chief operating officer.

Carson Group also has a sister company in which 11 executive business coaches work with over 5,000 advisors at more than 1,200 firms. The feedback from these coaches helps

Carson stay on the edge of innovation. “It’s a huge advantage to have such real-time intelligence coming in daily,” he says.

Carson Group’s pivotal moment came in 1994, when its founder attended an informational meeting about an innovation known as fee-based accounts. “I came out of that meeting going, ‘This is going to be huge,’ ” he recalls.

Carson would end up splitting from his business partner and going all-in on the fee-based approach, which enables a more holistic wealth-management approach. The move ended up benefiting clients and the business alike. “We are able to tell the client that there are no hidden fees, no backdoor payments, nobody making anything off them that they’re not aware of,” says Carson. “And there’s no conflict of interest in the way we’re delivering advice.”

Such thinking is behind the current plan to let clients easily change service tiers. By empowering clients, the firm is also helping to ensure that they don’t leave Carson altogether.

“Today, if a traditional client is not happy with what they’re getting for what they’re paying, they need to have an uncomfortable conversation about their fee, or leave the firm,” says Carson. “By the end of 2018, they’ll be able to move up or down the value chain without friction.”

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Using an online tool, clients will move to or from a traditional, full-service relationship with a higher fee; a cheaper “bionic” relationship involving a robo-advisor and less human contact; and a pure digital platform. They’ll also be able to choose a percentage-of-assets fee or a retainer fee for each service tier.

On the investment front, Carson believes that patience and planning trump stock-picking. “Investor behavior, and not what you own, is going to drive your success,” he says. “That’s why the planning and service model is critical.”

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