NEW YORK – September 10, 2014 – NFP Advisor Services, which provides technology, service and asset management platforms to financial advisors, including RIAs and hybrids, and is a business segment of NFP, a leading provider of benefits, insurance and wealth management services, today published the results of a study that reveals what separates an alpha acquisition (one in which advisors rated “very satisfied”) from non-alpha and near-alpha acquisitions.

The results of the study, titled “Alpha Acquisitions: Maximizing the Return on your Practice Investment,” suggest a set of best practices by following the actions of the 25 percent of advisors surveyed who achieved alpha acquisitions.

“An aging advisor population means many mergers and acquisitions can be expected in the advisor space. In order for these acquisitions to be successful, a diligent implementation of best practices is required,” said James Poer, President of NFP Advisor Services. “By taking control of the process, buyers improve their chances for an alpha acquisition and their clients experience smoother transitions.”

The study, published by NFP Advisor Services and produced by leading independent research firm Aite Group, found that identifying a suitable practice, client retention and agreeing on practice valuation are among the most common challenges faced by advisors.

After reviewing and analyzing the findings, NFP Advisor Services offers several steps that financial advisors should take to overcome these challenges and produce an alpha acquisition:

1. **Take your time to find the right match:** Of advisors who have achieved an alpha acquisition, 32 percent looked for a target for three or more years, compared with 13 percent and 20 percent of advisors who made near-alpha and non-alpha acquisitions, respectively. Seventy percent of non-alpha acquirers searched for an acquisition for two years or less.

2. **Use a holistic, realistic valuation approach:** The valuation process is seen as somewhat or very difficult across the board. Alpha acquisitions cost an average revenue multiple of 1.55x, compared to 1.34x and 1.27x for near-alpha and non-alpha acquisitions, respectively. Alpha acquisitions favor assets under management, client service model, revenue mix, business longevity and cash flow over other valuation metrics.

3. **Manage the transition for success:** The study found that the most successful acquisitions required one year or less for the transition period. Nearly 50 percent of alpha acquisitions conducted one or several meetings with clients to brief them on the change and transition. In 52 percent of alpha acquisitions, the previous owner left the practice in one year or less. However, it’s important to consider retaining staff; in fact, 57 percent of alpha acquisitions retained all staff members versus only 19 percent of non-alpha acquisitions.

“The study confirms that advisors can achieve successful acquisitions, but a carefully planned approach is needed. Often, a seasoned professional with experience -- such as your broker/dealer -- can help navigate the many challenges that face buyers and sellers,” added Poer.

The analysis in the study leverages an online May 2014 Aite Group survey of 401 financial advisors, of which 100 financial advisors have made a practice acquisition.

To request the white paper, please visit: [http://marketing.nfp.com/alphaacquisition](http://marketing.nfp.com/alphaacquisition).
About Aite Group
Aite Group is an independent research and advisory firm focused on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, securities & investments, and insurance, Aite Group’s analysts deliver comprehensive, actionable advice to key market participants in financial services. Headquartered in Boston with a presence in Chicago, New York, San Francisco, London, and Milan, Aite Group works with its clients as a partner, advisor, and catalyst, challenging their basic assumptions and ensuring they remain at the forefront of industry trends. Aite Group is not affiliated with NFP or its subsidiaries.

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National Financial Partners Corp. (NFP), along with its benefits, property & casualty and life insurance, and wealth management businesses, provides diversified advisory and brokerage services to companies and high net worth individuals.

NFP operates in three business segments. The Corporate Client Group provides corporate and executive benefits, property & casualty insurance, and retirement plans. The Individual Client Group provides retail and wholesale life insurance brokerage and wealth management advisory services. Advisor Services Group supports independent financial advisors by offering broker/dealer and asset management products and services.

Most recently, NFP was ranked by Business Insurance as the 5th-largest benefits broker by global revenue, 4th-largest U.S.-based privately owned broker and 11th-largest Broker of U.S. Business. PlanSponsor has named NFP the 5th-largest executive benefits provider of nonqualified deferred compensation plans by number of plans. The company also operates a top 10 independent broker/dealer as ranked by WealthManagement.com.

For more information, visit www.nfp.com.

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