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TD AMERITRADE Institutional Survey Reveals: Majority of RIAs Consider Succession Planning Important To Clients; Yet, Most Have No Formal Plan
TD AMERITRADE Institutional Launches Practice Management Resources To Help Advisors Plan Their Firm's Future

Jersey City, N.J., June 2, 2010 – A survey of 500 registered investment advisors (RIAs) released today by TD AMERITRADE Institutional, a division of TD AMERITRADE Holding Corporation (NASDAQ: AMTD), reveals a majority of independent RIAs have not planned for the formal succession of their businesses. Despite the average age of respondents being over 50, more than half of RIAs surveyed report they do not have a formal succession plan (57 percent) or business valuation (88 percent) in place.

Advisors looking to implement succession planning, value their firms and understand mergers and acquisitions (M&A) deal structure now have access to TD AMERITRADE Institutional's "Plan My Firm's Future" practice management offering, a comprehensive suite of tools, services and educational content to help advisors maximize their business value and plan a smooth transition to the next generation.

"The issue of advisors nearing retirement without formal planning is becoming increasingly important to address," said Mike Watson, director of practice management, TD AMERITRADE Institutional. "That is why we are investing in new practice management tools and services to help advisors plan for the future of their firms and the continuity of their businesses for themselves, their clients and their employees."

The quarterly survey indicates the most common succession choice for advisors with a formal succession plan is to transition their firms internally to a key employee or group of employees (49 percent). However, for those who haven't planned, finding a qualified candidate to transition their business to is the number one reason they say they don't have a formal succession plan in place (42 percent).

"While some advisors may not be ready to sell or exit the business, anticipating the unexpected and putting a plan in place for the future can help put employees and clients at ease while positioning for the long-term viability of the business," concluded Watson.

Survey findings:

- 57 percent of advisors surveyed do not have a formal succession plan, while 39 percent reported they do and 4 percent say they are developing a succession plan.
- Among the 39 percent who report having a formal succession plan, nearly half expect to appoint a successor to take over their business (49 percent), followed by selling the practice and exiting the business or merging with another firm (18 percent). Twenty-nine percent have not decided what type of succession option they will implement.
- The top five reasons for having a formal succession plan included supporting the long term viability of the firm (57 percent); satisfying client expectations that a succession plan is in place (52 percent); providing a smooth transition into retirement (36 percent); providing continuity for employees (36 percent) and enhancing the valuation of the firm (32 percent).



- Top reasons for not having a succession plan in place included no clear successor identified (42 percent); don't believe having a succession plan is important at this stage in your career (32 percent) and lack of time to develop a plan (20 percent).
- Nearly half of advisors surveyed say they know the current value of their firm (48 percent). However, only 12 percent of advisors surveyed had a formal valuation completed in the last 12 months.
- Building a wealthier book-of-business is the common path to higher valuation among respondents (61 percent). RIAs also look to improve firm valuation over the next 12 months by improving staff skills (28 percent) and adding staff (26 percent), implementing a marketing plan (48 percent), improving operational efficiency (40 percent) and investing in technology (38 percent).

TD AMERITRADE Institutional resources include:

Valuation Analyzer™ – an online tool developed by ECHELON Partners¹, which helps advisors obtain an estimate of their firm's value and an understanding of the key drivers of that value. Advisors input qualitative and quantitative variables about their businesses across 10 value-driving categories. At the end of the process, advisors are presented with a scorecard highlighting an estimated value of their practice and areas of its strengths and weaknesses. The scorecard allows advisors to see their practice holistically and strategize areas for improvements.

Educational Content – TD AMERITRADE Institutional has released a series of “How-to” guides and industry white papers developed by ECHELON Partners to help inform advisors about key succession planning issues including selling advisory firms, equity sharing opportunities along with advice and guidance on M&A. Available guidebooks include:

- 1) Buying – A Step-by-Step Process for Implementing an Effective Acquisition in the Wealth Management Industry
- 2) Succession Planning – A Detailed Plan for Building a Transferable Business Value
- 3) Continuity Planning – A Handbook for Anticipating the Unexpected in Your Business
- 4) Equity Sharing & Alternatives – A Comprehensive Manual for Developing Long-Term Incentive Programs for Wealth Managers
- 5) Merging – A Step-by-Step Process for Conducting Mergers in the Wealth Management Industry (coming soon)
- 6) Valuation – A Comprehensive Manual for Evaluating Your Firms Worth (coming soon)

Strategic Alliances –TD AMERITRADE Institutional has developed strategic relationships with investment banking and consulting firms, lawyers and accountants to help advisors with their M&A, succession planning and valuation needs.

TD AMERITRADE Institutional PracticeLink^{SM(2)} – a powerful resource developed to refer and match advisors looking to develop a succession plan, join an existing RIA or expand their business through mergers and acquisitions. PracticeLink is available to RIAs who custody assets with TD AMERITRADE Institutional and prospective advisor clients such as breakaway brokers.

For more information on business planning resources and tools, please contact TD AMERITRADE Institutional at 800-444-6100 or visit www.maximizemyriabusiness.com.

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Survey Methodology

These results are based on a survey conducted by Maritz, Inc. on behalf of TD AMERITRADE Institutional. 500 RIAs participated in a telephone survey between April 7-22, 2010. RIAs who custody with TD AMERITRADE Institutional, as well as other independent RIAs from across the country were asked to



share their views on the economic outlook for their firms and the advisor market in general. The margin of error in this survey is $\pm 4.4\%$. This means that in 19 cases out of 20, survey results based on 500 respondents will differ by no more than 4.4 percentage points in either direction from what would have been obtained by seeking the opinions of all eligible RIAs. Maritz, Inc. and TD AMERITRADE Institutional are separate, unaffiliated companies and are not responsible for each other's products and services.

About Maritz

St. Louis-based Maritz is a sales and marketing services company, which helps companies achieve their full potential through understanding, enabling, and motivating employees, channel partners, and customers. Maritz provides market and customer research, communications, learning solutions, incentive initiatives, rewards and recognition, effective meeting, event and incentive travel management services, and customer loyalty programs. For more information, visit www.maritz.com or contact 1-877-4MARITZ.

About TD AMERITRADE Institutional

TD AMERITRADE Institutional is a leading provider of comprehensive brokerage and custody services to over 4,000 fee-based, independent Registered Investment Advisors and their clients.⁽³⁾ Our advanced technology platform, coupled with personal support from our dedicated service teams, allows investment advisors to run their practices more efficiently and effectively while optimizing time with clients.

www.tdainstitutional.com

About TD AMERITRADE Holding Corporation

TD AMERITRADE Holding Corporation (NASDAQ: AMTD), through its brokerage subsidiaries,⁽⁴⁾ combines innovative trading technology, easy-to-use and understand [trading tools](#), investment services, investor education and superior client service to create a market-leading financial services experience. Now home to the award-winning thinkorswim trading technology⁽⁵⁾ and the Investools investor education program, TD AMERITRADE provides millions of retail investors, traders and independent registered investment advisors with the tools, service and support they need to help build confidence in today's rapidly-changing market environment. For more information and resources for journalists, please visit the [TD AMERITRADE newsroom](#) at www.amtd.com

⁽¹⁾ TD AMERITRADE Institutional Valuation Analyzer™:

TD AMERITRADE Institutional Valuation Analyzer is designed for use by financial professionals, primarily registered representatives and/or registered investment advisors. This service provides an assessment and analysis regarding issues surrounding business valuation. It is intended to be a guideline and general analysis, benchmarks and comparisons contained are not meant as recommendations by TD AMERITRADE or ECHELON Partners, a company not affiliated with TD AMERITRADE. Each business and situation is unique, and while the information provided aids in understanding the financial and business implications of a decision, the information should not be used in isolation. TD AMERITRADE Institutional Valuation Analyzer™ is a service provided by ECHELON Partners, and any information entered into the TD AMERITRADE Institutional Valuation Analyzer™ is subject to ECHELON Partners' privacy policy. Neither TD AMERITRADE nor ECHELON Partners shall be liable for the result of action taken by users of this service. Access to the tool is provided by TD AMERITRADE Institutional as a service to financial advisors that custody assets with TD AMERITRADE Institutional. TD AMERITRADE does not guarantee nor is it responsible for the completeness or accuracy of the data provided by third-party firms, the firm's privacy policies or for the quality of any third party firms product or service. For more information about ECHELON Partners, please go to www.echelon-group.com.

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⁽³⁾ TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA.

⁽⁴⁾ TD AMERITRADE, Inc., member FINRA (www.FINRA.org) /SIPC (www.SIPC.org) /NFA (www.nfa.futures.org) and TD AMERITRADE Clearing, Inc., member FINRA/SIPC.

⁽⁵⁾ thinkorswim, prior to joining TD AMERITRADE, earned 4.9 stars, the top score, in the category "Trading Technology", and was rated #1 overall online broker in *Barron's* ranking of online brokers, 3/15/2010. thinkorswim was evaluated versus others in eight total categories, including trade experience, trading technology, usability, range of offerings, research amenities, portfolio analysis and reporting, customer service and education and costs. thinkorswim topped the list in 2006, 2007, 2009, and 2010 with the highest weighted-average score. *Barron's* is a registered trademark of Dow Jones & Company © 2006–2010.