Why We Became an Independent RIA

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by Luis Strohmeier

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In mid-June, my partners and I officially announced that Midwest Financial Partners had become a new, independent RIA firm called Octavia Wealth Advisors. This transition represents a natural evolution of our service delivery at a time when more Americans than ever need quality client-focused and impartial financial advice.

We enjoyed a long history together at Midwest Financial Partners, spanning more than 20 years for the most senior members of the team. Our new firm will retain its 35 employees and continue to address the financial needs of clients at all stages of their lives, as well as work extensively in the retirement plan market with both 403(b) and 401(k) offerings.

Why did we choose to go independent?

Professional and personal factors played a part. Although it wasn’t a decision to be taken lightly, all eight partners emphatically agreed on this course of action. The partners and I always put a large focus on providing clients with conflict-free advice rather than pushing products. As our industry evolved, it became evident that the business model we wanted to create was only achievable by becoming an independent RIA.

After many years of discussion and planning, we became independent so that our business model better aligned with our values.

Recognizing risk

Were there risks in our decision to go independent? Absolutely. Our primary concern was that some clients would be worried about the change because they were unsure how it will impact them. They would not follow us and instead end up with an advisor who has little regard for their needs and best interests.

Conversely, our new status as an independent RIA enables us to be extremely flexible and adaptable to client needs so we can provide the best possible solutions for their financial lives.

Although we could have never anticipated becoming an independent RIA in the midst of a global pandemic, there were relatively few obstacles for us to overcome. Since my partners and I live in various parts of the U.S., we had already been accustomed to working remotely and using technology like Zoom.

The biggest challenge is that we’re unable to meet with our clients in person. Our clients are accustomed to coming into our offices to meet with us four or more times a year. Some of our younger clients have adapted and started using digital platforms to have video calls with us. However, some of our older clients are not used to conducting meetings through video calls.

The pandemic has also made it more difficult to transition clients at the pace we initially anticipated. With the majority of people working remotely at the companies we’re in contact with, the process has certainly been a team effort.

Importance of objectivity

Now that we’re independent, we can be entirely objective and avoid any potential conflicts of interest that might be detrimental to client relationships. As an RIA, we have a legal obligation to disclose and detail such conflicts so our clients can make educated decisions. This fiduciary role fits perfectly with our shared mission to holistically address client needs with only their best interests in mind.

Conversely, a manufacturer of financial products expects each professional representing the company to promote those
products in some way. We certainly felt that pressure during our previous roles, but stood resolute about never pushing a product on a client that might not be a good fit. Now as an independent RIA, we can devote all of our energies to identifying the best available options for clients.

It’s difficult to find conflict-free environments in any industry, yet the benefits to clients are clear. In working with an independent RIA, everybody employed by that firm must act in your best interest. When a financial advisor is a fiduciary, it’s not about driving product sales but rather creating solutions. In fact, the best solutions to a client’s needs often don’t involve selling a product.

**Attracting advisors**

As a newly independent RIA, we would like to expand. We believe our firm will be an attractive destination for many advisors who currently work for broker-dealers or wirehouses, particularly if they’re not acting in a fiduciary capacity and would like to be.

There’s great interest within the planning profession become better and reach new heights in service delivery. But it’s difficult for larger firms to adapt quickly and allow every advisor to deliver services in a fiduciary capacity. Octavia is more nimble because we’re not confined to the guardrails of an institution, so we can immediately offer that fiduciary role to advisors.

**Personal pride**

From a personal standpoint, I am proud to be a fiduciary. I have three children and if any of them choose to become financial advisors, I would want them to be fiduciaries as well. It’s just the right way to practice and that’s a legacy I’d like to leave for my clients and kids. I may not have officially been a fiduciary prior to the formation of Octavia, but I’ve always strived to act in that capacity.

All of the partners at Octavia shared the same inclination to establish a new independent RIA. We collectively sought to serve clients in a broader, more efficient and effective way, through a better investment platform, technology and choice of facilities. Above all, when we look our clients in the eye and offer advice, we want them to be certain their best interest is our only consideration.

**Why we work**

It may seem impossible to create a firm with eight people because there are so many different ideas and it may be difficult to agree on decisions. However, we aren’t eight people who have only recently crossed paths. We have all been working together for over 20 years. During those years, we were able to learn about each other’s strengths and weaknesses. After so many years, it’s become unfathomable to think of a time when we wouldn’t be working together as a team.

Some of the partners thrive in the area of estate planning while others passions lie in pensions or financial planning. We rely heavily on each other so that we’re able to provide our clients with the best advice possible.

As a team, we pride ourselves on the fact that we don’t solely work with ultra-high net worth individuals. We work with mass affluent investors who have a variety of financial goals. This is why we take the time to educate our clients on every investment option available to them. If an investor is able to make an educated decision and understand what they’re being advised on, they can also have a voice when it comes to their investments and financial health.

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