



The Rep Letter

Dated February 2015

THE TIES THAT BIND

Recently Morgan Stanley announced an expansion of its deferred compensation program of between six and eleven percent. With the new scheme, advisors see as much as fifteen percent of their compensation deferred (less for smaller producers). According to those familiar with the matter those deferrals will consist of seventy-five percent cash (vesting in eight years) and twenty-five percent MS stock (effectively vesting in four years). This of course has obvious financial advantages for the firm, such as reducing compensation costs for several years etc. However, such programs are more than a little detrimental for the Rep. Such disadvantages include a smaller paycheck in an increasingly difficult environment, significantly increasing the cost of leaving the firm, and of course the risk that the deferred compensation may for one reason or another never be paid.

We do not wish to single out Morgan Stanley. Indeed such schemes, in many different forms, are commonplace among “traditional” firms and have been for many years. Edward Jones calls one of one of theirs “limited partnerships.” I myself abandoned well over one hundred thousand dollars in stock options when I resigned from A.G. Edwards to form this firm.

Our point is moving one’s business to an independent platform, such as ours, not only dramatically increases ones income, but also opens substantial savings opportunities such as (but certainly not limited to) the establishment of a proper defined benefit plan. Then, of course, there are the lifestyle changes.

For those with the courage to explore them, the possibilities are nearly unlimited.

Michael C. Jordan
President

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Polar Investment Counsel Inc. is an independent broker dealer.

The firm’s senior principal, Michael Jordan has over forty years of industry experience.

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